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Foreword

This publication, *EU Funds in Central and Eastern Europe (CEE) – Progress report 2007–08*, has been compiled by KPMG’s Public Sector team in Budapest based on input from other KPMG practices in CEE.

Countries in the CEE region have entered an exciting yet difficult period since joining the European Union in 2004 and 2007. This is the first phase of aligning national level priorities with EU priorities to take advantage of the vast amounts of EU financial support available for development. It is the responsibility of the individual member states to utilise the support appropriately thus accelerating development and meeting objectives of the European Union.

Developing an appropriate, focused strategy for the allocation of EU funds is only the first, though perhaps the most important, step of implementing the EU cohesion policy. Apart from strategy development, countries also have to take special care of their implementation and monitoring procedures. It is also essential that experience and best practices are to be collected and disseminated.

The purpose of this publication is to give an overview of the progress achieved during the first two years of the 2007-13 perspective regarding the implementation of EU co-funded programmes. In light of the current financial crisis this support accounts for the majority of resources available for development in this region.

I hope that this booklet assists stakeholders to develop a comprehensive picture on the implementation status in each of the CEE countries and the region as a whole.

The outlook was prepared in March 2009, involving 10 KPMG practices in CEE. Our gratitude goes out to all of our individuals who provided country level inputs and were part of the preparation process. I would also like to thank my colleagues, Balázs Mezősi for managing, and Judit Kertész for assisting in the project.

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Introduction

Purpose of this document

This document gives you...

- an overview of the application of EU funds at the CEE level
- details on EU co-funded programme implementation in the 2007–08 period
- a broad overview of lessons learnt during 2007–08 by country
- remarks on the effects of the financial crisis on the application of EU funds by country

Structure of this document

1. Introduction
2. CEE overview
3. Country overviews

Need

- EU funds are an essential factor for development in every CEE country, accounting for 2.1–5% of annual GDP. In addition, as a result of the current financial crisis – though not affecting EU programmes in 2007-08 – other development sources are becoming scarce.
- There is a need for an overview and comparison of the implementation status of EU co-funded programmes at the CEE level.

Purpose

- To give an overall picture of available budgets during the 2007–13 period, allocations and contracted grants volume at the CEE level in 2007–08
- To provide details on certain EU co-funded programmes and their progress by country (overview, programme details, programme and allocation structure, etc.)

Structure

This document consists of the following sections:

- Introduction
- CEE overview on EU funded interventions, corresponding budgets for the 2007–13 period, and allocation volumes and ratios for the 2007–08 period
- Overviews on the interventions, budgets and progress of EU programmes at the country level

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Definitions

CEE
There are numerous definitions of the CEE region. Within the context of this outlook we include Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.

Please note the following:
• Although in some classifications Austria is considered to be part of the CEE region, the context of CEE for this report is in reference to formerly socialist countries otherwise referred to as the ‘Eastern Bloc’ or transformation economies.
• We have focused on present EU member states, therefore we have not included Croatia, Serbia, Macedonia, Kosovo and Moldova, although we agree that in many cases they are regarded as CEE countries.

EU Funds
There are numerous funds, supports, grants, initiatives and other programmes that provide the financial background for national projects from the central EU budget. However, within the framework of this document we concentrate on a selected segment of EU financial support:
• We cover Structural Funds (including European Regional Development Fund, European Social Fund and the Cohesion Fund), and rural development and fisheries funds (European Agriculture Fund for Rural Development and European Fisheries Fund).
• We do not cover other structural, agricultural, rural development, fisheries related programmes and Interreg programmes.
• We do not cover community initiatives, separate financial instruments, direct supports, framework programmes, etc.

Available budget 2007–13
“Available budget 2007–13” means the sum of national public and EU financial contributions (i.e. the amount accessible for applicants, or potential beneficiaries) which has been previously presented in the National Strategic Reference Framework of each country and has been approved by the European Commission.

Time-proportional available budget 2007–08
Assuming an even distribution of the seven year budget the time-proportional available budget for 2007–08 equals the two seventh part of the available budget for 2007–13. However, while we are aware that this even distribution differs from the actual plans, it facilitates comparison of progress across individual countries.

Allocated grants (for supported projects)
Supported projects are those that have been awarded by the Managing Authority, meaning that they will receive grants. We use this status in order to eliminate institutional capacity problems resulting in long lead times for contracting the final beneficiaries; therefore this category includes the official “winners” of the applications.
Progress ratio
Progress ratio equals the actual allocated amount of grants in 2007-08 divided by the budget available for 2007–13.

Time-proportional progress 2007–08
Time-proportional progress equals the actual allocated amount of grants in 2007–08 divided by the time-proportional available budget for 2007-08.

Contracted grants
Contracted grants are the amounts for which the contract has been signed by the competent authority (Managing Authority or Intermediary/Implementing Body) and the final beneficiary.

Intervention type
Intervention types used in this document are not based on any official classification; these rather give a useful tool that is based on generally used terms (such as transport or healthcare).

EU funds available for the 2007–13 period

<table>
<thead>
<tr>
<th>EU funds available for the 2007–13 period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structural Funds</strong></td>
</tr>
<tr>
<td>• European Regional Development Fund (ERDF)</td>
</tr>
<tr>
<td>• European Social Fund (ESF)</td>
</tr>
<tr>
<td>• Cohesion Fund (CF)</td>
</tr>
<tr>
<td><strong>Rural development and fishery related funds</strong></td>
</tr>
<tr>
<td>• European Agricultural Fund for Rural Development (EAFRD)</td>
</tr>
<tr>
<td>• European Fisheries Fund (EFF)</td>
</tr>
</tbody>
</table>

**Structural Funds**
- European Regional Development Fund (ERDF)
  The ERDF aims to promote economic and social cohesion by correcting the main regional imbalances and participating in the development and conversion of regions, while ensuring synergy with assistance from other Structural Funds.
- European Social Fund (ESF)
  The aim of the ESF is to support the European Employment Strategy as part of the Agenda 2000 reform of the Structural Funds and to guarantee consistency and complementarity in the measures taken to improve the workings of the labour market and to develop human resources.
- Cohesion Fund (CF)
  The aim of CF is to co-fund actions in the fields of the environment and transport infrastructure of common interest with a view to promoting economic and social cohesion and solidarity between member states.

**Rural development and fishery related funds**
- European Agricultural Fund for Regional Development (EAFRD)
  The aim of the EAFRD is to improve the competitiveness of agriculture and forestry, the environment and rural land management, as well as improve the quality of life and diversification of the rural economy.
- European Fisheries Fund (EFF)
  The aim of the EFF is to provide financial assistance to help implement the latest reform of the Common Fisheries Policy (CFP) and to support the restructuring that has become necessary as the sector has developed.
Methodology

All data included in this section are based on individual, publicly available country level information deriving from CEE countries that participated in the preparation of this report. Country figures have been collected by local KPMG practices, GDP and population data originate from the Eurostat database. They have been aggregated to provide a basis for the analysis of the CEE region as a whole identifying the similarities and differences within the countries.

Objectives

- Provide an overview of basic CEE country information
- Aggregate data for EU funds and available budget in CEE countries for the period 2007–13
- Present the progress achieved in application of EU funds in 2007–08
- Give an overview and analysis of the main similarities and differences observed related to the allocation and progress in application

General approach

- Classification of intervention types is identical to what we applied in the previous KPMG study: EU Funds in Central and Eastern Europe, 2008.
Basic CEE information on EU funds 2007–13

The 10 CEE countries joined the European Union in two waves:

- On 1 May 2004 the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia
- On 1 January 2007 Bulgaria and Romania

Two of the CEE countries have already adopted the euro: Slovenia in January 2007 and Slovakia in January 2009.

In the outlook we focus on three types of framework programmes, including:

- National Strategic Reference Frameworks (co-funded from ERDF, ESF and CF)
- Rural development programmes (co-funded from EAFRD) and
- Fisheries programmes (co-funded from EFF)

The total of EU funds available for CEE countries equals EUR 216.11 billion. The majority of this amount originates from Structural Funds resources, while rural development and fisheries related funds constitute almost 19% of the total contribution.

Poland and the Czech Republic account for more than 50%, which complemented with the share of Hungary and Romania, constitutes almost 80% of the total EU funds available in CEE. Countries with a relatively smaller population (the Baltic States and Slovenia) altogether hold a 10% share.
Progress achieved during the application of EU funds, 2007–08

Launch of framework programmes

The launch dates of the EU co-funded programmes were different in each member state according to approvals by the European Commission and local authorities. The first calls for tenders were announced in four main waves in the CEE countries:

- **First half of 2007**: Hungary, Slovenia and the Czech Republic
- **Second half of 2007**: Bulgaria, Poland and Estonia
- **First half of 2008**: Latvia, Romania and Slovakia
- **Second half of 2008**: Lithuania

Differences in the launch dates could be considered as reasons for the relatively high variance of progress which is shown in the table below.

Progress of framework programmes

During the first two years of the implementation of framework programmes almost EUR 30 billion grants were allocated, constituting 11% of the EUR 265.96 billion available budget.

Based on the time-proportional available budget (EUR 76 billion) the progress is 39% of available funds allocated.

<table>
<thead>
<tr>
<th>EU Funds 2007–13 (bn EUR)</th>
<th>Bulgaria</th>
<th>Czech Republic</th>
<th>Estonia</th>
<th>Hungary</th>
<th>Latvia</th>
<th>Lithuania</th>
<th>Poland</th>
<th>Romania</th>
<th>Slovakia</th>
<th>Slovenia</th>
<th>CEE total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available budget 2007–13 (bn EUR)</td>
<td>11.37</td>
<td>33.86</td>
<td>5.82</td>
<td>34.52</td>
<td>7.93</td>
<td>10.04</td>
<td>108.13</td>
<td>33.53</td>
<td>14.75</td>
<td>6.01</td>
<td><strong>265.96</strong></td>
</tr>
<tr>
<td>Time-proportional available budget 2007–08 (bn EUR)</td>
<td>3.25</td>
<td>9.67</td>
<td>1.66</td>
<td>9.86</td>
<td>2.27</td>
<td>2.87</td>
<td>30.89</td>
<td>9.58</td>
<td>4.21</td>
<td>1.72</td>
<td><strong>75.99</strong></td>
</tr>
<tr>
<td>Time-proportional available budget 2007–08 per capita* (EUR)</td>
<td>425</td>
<td>932</td>
<td>1,240</td>
<td>982</td>
<td>997</td>
<td>852</td>
<td>811</td>
<td>445</td>
<td>780</td>
<td>848</td>
<td><strong>744</strong></td>
</tr>
<tr>
<td>Allocated grants 2007–08 (bn EUR)</td>
<td>1.37</td>
<td>7.73</td>
<td>0.74</td>
<td>8.80</td>
<td>1.32</td>
<td>n/a</td>
<td>3.16</td>
<td>2.94</td>
<td>1.93</td>
<td>1.37</td>
<td><strong>29.34</strong></td>
</tr>
<tr>
<td>Allocated grants 2007–08 per capita* (EUR)</td>
<td>179</td>
<td>744</td>
<td>760</td>
<td>884</td>
<td>591</td>
<td>n/a</td>
<td>82</td>
<td>136</td>
<td>357</td>
<td>676</td>
<td><strong>287</strong></td>
</tr>
<tr>
<td>Contracted grants 2007–08 (bn EUR)</td>
<td>1.20</td>
<td>5.30</td>
<td>0.45</td>
<td>5.80</td>
<td>1.06</td>
<td>n/a</td>
<td>3.16</td>
<td>1.36</td>
<td>1.06</td>
<td>1.12</td>
<td><strong>20.52</strong></td>
</tr>
<tr>
<td>Contracted grants 2007–08 per capita* (EUR)</td>
<td>157</td>
<td>511</td>
<td>200</td>
<td>583</td>
<td>475</td>
<td>n/a</td>
<td>82</td>
<td>51</td>
<td>196</td>
<td>555</td>
<td><strong>201</strong></td>
</tr>
<tr>
<td>Progress based on allocated grants</td>
<td>12%</td>
<td>23%</td>
<td>13%</td>
<td>25%</td>
<td>17%</td>
<td>n/a</td>
<td>3%</td>
<td>9%</td>
<td>13%</td>
<td>23%</td>
<td><strong>11%</strong></td>
</tr>
<tr>
<td>Time-proportional progress based on allocated grants</td>
<td>42%</td>
<td>80%</td>
<td>45%</td>
<td>89%</td>
<td>58%</td>
<td>n/a</td>
<td>10%</td>
<td>31%</td>
<td>46%</td>
<td>80%</td>
<td><strong>39%</strong></td>
</tr>
</tbody>
</table>

*based on 2008 population data (source: Eurostat)
For seven countries out of 10 the progress ratio is above the average 11%. In most cases there is obviously a clear link between the date of launching the framework programmes and the implementation progress.

Based on the progress ratio four clusters have been identified:

- **Top performers (23% to 25% progress)**
  The Czech Republic, Hungary and Slovenia have achieved the most progress till the end of 2008. This is partly because these countries were among the pioneers to launch their EU co-funded programmes.

- **Above average performers (12% to 17% progress)**
  Despite the late start, Estonia and Slovakia could achieve 13% of progress. In this respect the progress can also be regarded as outstanding in Latvia as the programmes there were only announced in the first half of 2008.

  Bulgaria launched its programmes prior to Slovakia and this contributes to the fact that progress realised there is close to the average – though it exceeds the CEE average figure.

- **Below average performers (3% to 9% progress)**
  In the case of Romania the relatively late start of the programmes resulted in progress slightly below the CEE average.

  In Poland the high volume of funds available hinders the speed of the implementation progress, although the programmes were announced in the second half of 2007.

- **No progress**
  Although some programmes for the government sector have been launched in Lithuania in late 2008, there are no results yet on the progress of the implementation.
Time-proportional progress in 2007–08 by country

In order to allow comparisons of the allocated grants in 2007-08 to time-proportional plans, in this section we assume that the 7-year available budget is distributed evenly for the seven years of the programme duration.

![Graph showing time-proportional progress in 2007–08 by country](image)

- **Progress ratio 2007–08 compared to the time-proportional available budget 2007–08**

  - **Hungary**: 89%
  - **Czech Republic**: 80%
  - **Slovenia**: 80%
  - **Estonia**: 61%
  - **Latvia**: 58%
  - **Bulgaria**: 42%
  - **Romania**: 36%
  - **Slovakia**: 31%
  - **Poland**: 10%
  - **Lithuania**: 0%

100% = Time-proportional available budget 2007–08

The 10% allocation ratio of Poland has a major influence on the average time-proportional progress ratio due to the high volume of the available budget.
Implementation progress 2007–08 by intervention types

Available budget 2007–13* (EUR million)

<table>
<thead>
<tr>
<th>Intervention type</th>
<th>Bulgaria</th>
<th>Czech Republic</th>
<th>Estonia</th>
<th>Hungary</th>
<th>Latvia</th>
<th>Lithuania</th>
<th>Poland</th>
<th>Romania</th>
<th>Slovakia</th>
<th>Slovenia</th>
<th>CEE total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>1,127</td>
<td>4,489</td>
<td>581</td>
<td>4,578</td>
<td>435</td>
<td>794</td>
<td>10,215</td>
<td>2,917</td>
<td>1,031</td>
<td>1,196</td>
<td>27,363</td>
</tr>
<tr>
<td>Energy</td>
<td>n/a</td>
<td>286</td>
<td>145</td>
<td>407</td>
<td>0</td>
<td>665</td>
<td>3,144</td>
<td>726</td>
<td>199</td>
<td>n/a</td>
<td>5,572</td>
</tr>
<tr>
<td>Environment</td>
<td>1,754</td>
<td>4,897</td>
<td>839</td>
<td>4,342</td>
<td>1,415</td>
<td>1,279</td>
<td>9,250</td>
<td>5,437</td>
<td>2,060</td>
<td>n/a</td>
<td>31,273</td>
</tr>
<tr>
<td>Healthcare</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>330</td>
<td>n/a</td>
<td>635</td>
<td>0</td>
<td>285</td>
<td>n/a</td>
<td>1,251</td>
<td></td>
</tr>
<tr>
<td>Human resource development</td>
<td>1,165</td>
<td>3,972</td>
<td>896</td>
<td>2,917</td>
<td>1,239</td>
<td>1,076</td>
<td>12,985</td>
<td>4,803</td>
<td>2,512</td>
<td>1,051</td>
<td>32,616</td>
</tr>
<tr>
<td>Public administration</td>
<td>174</td>
<td>1,503</td>
<td>n/a</td>
<td>4,568</td>
<td>n/a</td>
<td>847</td>
<td>611</td>
<td>235</td>
<td>922</td>
<td>114</td>
<td>8,974</td>
</tr>
<tr>
<td>R&amp;D, innovation</td>
<td>n/a</td>
<td>3,222</td>
<td>365</td>
<td>991</td>
<td>620</td>
<td>755</td>
<td>10,500</td>
<td>646</td>
<td>1,384</td>
<td>473</td>
<td>18,567</td>
</tr>
<tr>
<td>Rural development and fisheries</td>
<td>3,349</td>
<td>3,622</td>
<td>1,747</td>
<td>5,000</td>
<td>2,086</td>
<td>2,236</td>
<td>25,773</td>
<td>9,888</td>
<td>1,315</td>
<td>1,177</td>
<td>56,191</td>
</tr>
<tr>
<td>Settlement development</td>
<td>1,547</td>
<td>2,051</td>
<td>457</td>
<td>1,967</td>
<td>310</td>
<td>866</td>
<td>2,257</td>
<td>617</td>
<td>614</td>
<td>n/a</td>
<td>10,675</td>
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<tr>
<td>Transport</td>
<td>1,938</td>
<td>8,600</td>
<td>719</td>
<td>7,897</td>
<td>1,603</td>
<td>1,279</td>
<td>29,911</td>
<td>6,966</td>
<td>3,969</td>
<td>1,889</td>
<td>64,772</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>314</td>
<td>1,220</td>
<td>72</td>
<td>1,536</td>
<td>222</td>
<td>243</td>
<td>3,166</td>
<td>1,296</td>
<td>459</td>
<td>110</td>
<td>8,637</td>
</tr>
<tr>
<td><strong>CEE total</strong></td>
<td><strong>11,368</strong></td>
<td><strong>33,862</strong></td>
<td><strong>5,821</strong></td>
<td><strong>34,524</strong></td>
<td><strong>7,928</strong></td>
<td><strong>10,042</strong></td>
<td><strong>107,997</strong></td>
<td><strong>33,530</strong></td>
<td><strong>14,751</strong></td>
<td><strong>6,009</strong></td>
<td><strong>265,830</strong></td>
</tr>
</tbody>
</table>

* n/a means that there is no separate priority for that types of interventions. In most cases it practically means that there is no funds available for that particular type of intervention.

Allocated grants 2007–08* (EUR million)

<table>
<thead>
<tr>
<th>Intervention type</th>
<th>Bulgaria</th>
<th>Czech Republic</th>
<th>Estonia</th>
<th>Hungary</th>
<th>Latvia</th>
<th>Lithuania</th>
<th>Poland</th>
<th>Romania</th>
<th>Slovakia</th>
<th>Slovenia</th>
<th>CEE total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>113</td>
<td>1,144</td>
<td>80</td>
<td>1,857</td>
<td>203</td>
<td>0</td>
<td>192</td>
<td>117</td>
<td>162</td>
<td>501</td>
<td>4,168</td>
</tr>
<tr>
<td>Energy</td>
<td>n/a</td>
<td>73</td>
<td>11</td>
<td>14</td>
<td>n/a</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>1</td>
<td>n/a</td>
<td>105</td>
</tr>
<tr>
<td>Environment</td>
<td>395</td>
<td>1,428</td>
<td>22</td>
<td>573</td>
<td>287</td>
<td>0</td>
<td>113</td>
<td>2,116</td>
<td>333</td>
<td>n/a</td>
<td>5,267</td>
</tr>
<tr>
<td>Healthcare</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>152</td>
<td>n/a</td>
<td>n/a</td>
<td>4</td>
<td>0</td>
<td>20</td>
<td>n/a</td>
<td>176</td>
</tr>
<tr>
<td>Human resource development</td>
<td>107</td>
<td>1,012</td>
<td>205</td>
<td>173</td>
<td>209</td>
<td>0</td>
<td>1,280</td>
<td>544</td>
<td>785</td>
<td>258</td>
<td>4,574</td>
</tr>
<tr>
<td>Public administration</td>
<td>55</td>
<td>383</td>
<td>n/a</td>
<td>645</td>
<td>n/a</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>16</td>
<td>4</td>
<td>1,203</td>
</tr>
<tr>
<td>R&amp;D, innovation</td>
<td>n/a</td>
<td>222</td>
<td>47</td>
<td>80</td>
<td>18</td>
<td>0</td>
<td>422</td>
<td>0</td>
<td>111</td>
<td>33</td>
<td>932</td>
</tr>
<tr>
<td>Rural development and fisheries</td>
<td>207</td>
<td>468</td>
<td>279</td>
<td>1,604</td>
<td>209</td>
<td>0</td>
<td>724</td>
<td>108</td>
<td>342</td>
<td>277</td>
<td>4,217</td>
</tr>
<tr>
<td>Settlement development</td>
<td>217</td>
<td>523</td>
<td>56</td>
<td>172</td>
<td>75</td>
<td>0</td>
<td>33</td>
<td>0</td>
<td>1</td>
<td>n/a</td>
<td>1,077</td>
</tr>
<tr>
<td>Transport</td>
<td>258</td>
<td>2,187</td>
<td>36</td>
<td>3,211</td>
<td>247</td>
<td>0</td>
<td>29</td>
<td>22</td>
<td>1</td>
<td>205</td>
<td>6,195</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>12</td>
<td>287</td>
<td>5</td>
<td>599</td>
<td>76</td>
<td>0</td>
<td>243</td>
<td>28</td>
<td>156</td>
<td>91</td>
<td>1,497</td>
</tr>
<tr>
<td><strong>CEE Total</strong></td>
<td><strong>1,365</strong></td>
<td><strong>7,725</strong></td>
<td><strong>740</strong></td>
<td><strong>8,879</strong></td>
<td><strong>1,323</strong></td>
<td><strong>0</strong></td>
<td><strong>3,147</strong></td>
<td><strong>2,935</strong></td>
<td><strong>1,927</strong></td>
<td><strong>1,369</strong></td>
<td><strong>29,412</strong></td>
</tr>
</tbody>
</table>

* n/a indicates there is no separate priority for these types of interventions. In most cases it means practically that there are no funds available for that particular type of intervention.
Allocated grants 2007–08 split by intervention type

In the period of 2007–08 more than 50% of the allocated grants split among three intervention types:

- transport,
- environment, and
- human resources development.

Additionally, the chart below shows that 83% of the allocated grants applies to five intervention types.

Although it is an objective of the European Union that R&D and innovation projects receive a significant share of Community funds, only 3% of the allocated grants supported these types of projects in the first two years of the implementation.

Progress ratio 2007–08 based on available budget 2007–13

<table>
<thead>
<tr>
<th>Intervention type</th>
<th>Bulgaria</th>
<th>Czech Republic</th>
<th>Estonia</th>
<th>Hungary</th>
<th>Latvia</th>
<th>Lithuania</th>
<th>Poland</th>
<th>Romania</th>
<th>Slovakia</th>
<th>Slovenia</th>
<th>total CEE progress</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>10%</td>
<td>25%</td>
<td>14%</td>
<td>36%</td>
<td>47%</td>
<td>0%</td>
<td>2%</td>
<td>4%</td>
<td>16%</td>
<td>42%</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>Energy</td>
<td>n/a</td>
<td>25%</td>
<td>8%</td>
<td>3%</td>
<td>n/a</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>n/a</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Environment</td>
<td>23%</td>
<td>29%</td>
<td>3%</td>
<td>13%</td>
<td>20%</td>
<td>0%</td>
<td>1%</td>
<td>39%</td>
<td>16%</td>
<td>n/a</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>46%</td>
<td>n/a</td>
<td>n/a</td>
<td>1%</td>
<td>n/a</td>
<td>7%</td>
<td>n/a</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>Human resource development</td>
<td>9%</td>
<td>25%</td>
<td>23%</td>
<td>6%</td>
<td>17%</td>
<td>0%</td>
<td>10%</td>
<td>11%</td>
<td>31%</td>
<td>25%</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>Public administration</td>
<td>32%</td>
<td>25%</td>
<td>14%</td>
<td>n/a</td>
<td>0%</td>
<td>16%</td>
<td>0%</td>
<td>2%</td>
<td>4%</td>
<td>n/a</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>R&amp;D, innovation</td>
<td>n/a</td>
<td>7%</td>
<td>13%</td>
<td>8%</td>
<td>3%</td>
<td>0%</td>
<td>4%</td>
<td>0%</td>
<td>8%</td>
<td>7%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Rural development and fisheries</td>
<td>6%</td>
<td>13%</td>
<td>16%</td>
<td>32%</td>
<td>10%</td>
<td>0%</td>
<td>3%</td>
<td>1%</td>
<td>26%</td>
<td>24%</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>Settlement development</td>
<td>14%</td>
<td>25%</td>
<td>12%</td>
<td>9%</td>
<td>24%</td>
<td>0%</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>n/a</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Transport</td>
<td>13%</td>
<td>25%</td>
<td>5%</td>
<td>41%</td>
<td>15%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>n/a</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>4%</td>
<td>24%</td>
<td>7%</td>
<td>39%</td>
<td>34%</td>
<td>0%</td>
<td>8%</td>
<td>2%</td>
<td>34%</td>
<td>63%</td>
<td>17%</td>
<td>23%</td>
</tr>
<tr>
<td>Total progress</td>
<td>12%</td>
<td>23%</td>
<td>18%</td>
<td>25%</td>
<td>17%</td>
<td>0%</td>
<td>3%</td>
<td>9%</td>
<td>9%</td>
<td>23%</td>
<td>11%</td>
<td>14%</td>
</tr>
</tbody>
</table>

- Progress ratio less than 50% of the average
- Progress ratio between 50% and 90% of the average
- Progress ratio greater than 90% of the average

*n/a indicates there is no separate priority for these types of interventions. In most cases it means practically that there are no funds available for that particular type of intervention.
At a country level the progress ratio of environment, technical assistance, and economic development intervention types is excelling. As regards total CEE progress by intervention type, settlement development and rural development and fisheries are falling well behind the average progress ratio.

**Time-proportional progress 2007–08 by intervention type**

At the CEE level transport is leading the ranks with the most funds (EUR 6.2 billion) allocated on a two-year time-proportional basis. Environment, human resource development, rural development and economic development related interventions allocated around EUR 4-5 billion each. Four other intervention types (public administration, settlement development, R&D, innovation and technical assistance) possess volumes of around EUR 1 billion. Healthcare and energy interventions have hardly started.

**Progress ratio in 2007–08 compared to the time-proportional available budget 2007–08 by intervention type**

There are six intervention types whose standing lies over the 40% average figure: technical assistance, environment, economic development, human resource development, healthcare and public administration. The progress ratio figures are less variant in this case than in the respective country round-up.
Progress ratio based on the time-proportional available budget 2007-08 by country

The figures in the table below show the time-proportional progress ratio of each country by intervention type. One hundred per cent means that the whole amount of the two-year time-proportional budget has been allocated. ‘n/a’ indicates that there is no separate priority for these types of interventions. In most cases it means practically that there are no funds available for that particular type of intervention.

### Allocation ratio based on time-proportional available budget 2007–08 by country

<table>
<thead>
<tr>
<th>Intervention</th>
<th>Bulgaria</th>
<th>Czech Republic</th>
<th>Estonia</th>
<th>Hungary</th>
<th>Latvia</th>
<th>Lithuania</th>
<th>Poland</th>
<th>Romania</th>
<th>Slovakia</th>
<th>Slovenia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>35%</td>
<td>89%</td>
<td>48%</td>
<td>127%</td>
<td>163%</td>
<td>0%</td>
<td>7%</td>
<td>14%</td>
<td>55%</td>
<td>147%</td>
</tr>
<tr>
<td>Energy</td>
<td>n/a</td>
<td>89%</td>
<td>27%</td>
<td>12%</td>
<td>n/a</td>
<td>0%</td>
<td>1%</td>
<td>0%</td>
<td>1%</td>
<td>n/a</td>
</tr>
<tr>
<td>Environment</td>
<td>79%</td>
<td>102%</td>
<td>9%</td>
<td>46%</td>
<td>71%</td>
<td>0%</td>
<td>4%</td>
<td>136%</td>
<td>57%</td>
<td>n/a</td>
</tr>
<tr>
<td>Healthcare</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>161%</td>
<td>n/a</td>
<td>n/a</td>
<td>2%</td>
<td>n/a</td>
<td>25%</td>
<td>n/a</td>
</tr>
<tr>
<td>Human resource development</td>
<td>32%</td>
<td>89%</td>
<td>80%</td>
<td>21%</td>
<td>59%</td>
<td>0%</td>
<td>34%</td>
<td>40%</td>
<td>109%</td>
<td>86%</td>
</tr>
<tr>
<td>Public administration</td>
<td>112%</td>
<td>89%</td>
<td>n/a</td>
<td>49%</td>
<td>n/a</td>
<td>0%</td>
<td>57%</td>
<td>0%</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>R&amp;D, innovation</td>
<td>n/a</td>
<td>24%</td>
<td>45%</td>
<td>28%</td>
<td>10%</td>
<td>0%</td>
<td>15%</td>
<td>0%</td>
<td>28%</td>
<td>24%</td>
</tr>
<tr>
<td>Rural development and fisheries</td>
<td>22%</td>
<td>45%</td>
<td>56%</td>
<td>112%</td>
<td>35%</td>
<td>0%</td>
<td>10%</td>
<td>4%</td>
<td>91%</td>
<td>82%</td>
</tr>
<tr>
<td>Settlement development</td>
<td>49%</td>
<td>89%</td>
<td>43%</td>
<td>31%</td>
<td>85%</td>
<td>0%</td>
<td>5%</td>
<td>0%</td>
<td>1%</td>
<td>n/a</td>
</tr>
<tr>
<td>Transport</td>
<td>47%</td>
<td>89%</td>
<td>17%</td>
<td>142%</td>
<td>54%</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
<td>0%</td>
<td>38%</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>14%</td>
<td>82%</td>
<td>23%</td>
<td>136%</td>
<td>119%</td>
<td>0%</td>
<td>27%</td>
<td>7%</td>
<td>44%</td>
<td>291%</td>
</tr>
</tbody>
</table>

- below 50% of the time-proportional progress ratio
- time-proportional progress ratio between 50% and 90%
- progress ratio exceeding 90% of the time-proportional progress ratio
Summary of findings

Progress breakdown by country and intervention type
• During the first two years of implementation EUR 29.34 billion has been allocated: the CEE countries altogether have been granted 11% of their total available budget for 2007–13.
• There is a relatively broad range of progress figures across CEE. Countries can be categorised based on their progress ratio, beginning with the best performers standing at 23–25% on the upper end, and ranging 0% to 9% on the lower end.
• Grants were allocated for 11 different intervention types among which transport, environment and human resources development absorbed the largest volume of funds. However, when comparing progress ratios by intervention type on a 2007–08 basis the order changes: the best performers are environment, economic development and technical assistance.

The following tables present a summary of the best performing countries and intervention types for 2007–08.

Countries with the most progress by intervention type

<table>
<thead>
<tr>
<th>Country</th>
<th>Based on allocated grants</th>
<th>Based on progress ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Intervention type</td>
<td>mEUR</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Environment</td>
<td>395</td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>Transport</td>
<td>2,187</td>
</tr>
<tr>
<td>Estonia</td>
<td>Rural development and fisheries</td>
<td>279</td>
</tr>
<tr>
<td>Hungary</td>
<td>Transport</td>
<td>3,211</td>
</tr>
<tr>
<td>Latvia</td>
<td>Environment</td>
<td>287</td>
</tr>
<tr>
<td>Lithuania</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Poland</td>
<td>Human resource development</td>
<td>1,280</td>
</tr>
<tr>
<td>Romania</td>
<td>Environment</td>
<td>2,116</td>
</tr>
<tr>
<td>Slovakia</td>
<td>Human resource development</td>
<td>785</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Economic development</td>
<td>501</td>
</tr>
</tbody>
</table>

Interventions with the most progress by country

<table>
<thead>
<tr>
<th>Country</th>
<th>Based on allocated grants</th>
<th>Based on progress ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>Hungary</td>
<td>1,657</td>
</tr>
<tr>
<td>Energy</td>
<td>Czech Republic</td>
<td>73</td>
</tr>
<tr>
<td>Environment</td>
<td>Romania</td>
<td>2,116</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Hungary</td>
<td>152</td>
</tr>
<tr>
<td>Human resource development</td>
<td>Poland</td>
<td>1,280</td>
</tr>
<tr>
<td>Public administration</td>
<td>Hungary</td>
<td>645</td>
</tr>
<tr>
<td>R&amp;D, innovation</td>
<td>Poland</td>
<td>422</td>
</tr>
<tr>
<td>Rural development and fisheries</td>
<td>Hungary</td>
<td>1,604</td>
</tr>
<tr>
<td>Settlement development</td>
<td>Czech Republic</td>
<td>523</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>Hungary</td>
<td>599</td>
</tr>
<tr>
<td>Transport</td>
<td>Hungary</td>
<td>3,211</td>
</tr>
</tbody>
</table>
Bulgaria

Basic country information (2008)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>7.64 million</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>EUR 4,470</td>
</tr>
<tr>
<td>EU member since</td>
<td>1 January 2007</td>
</tr>
</tbody>
</table>

Basic EU programme information

In the 2007–13 period Bulgaria has three major EU co-funded framework programmes:

- **National Strategic Reference Framework** (NSRF) covering seven Operational Programmes (OPs) with EUR 6.67 billion contribution from the Funds;

- **National Strategic Plan for Agricultural and Rural Development** (NSPARD) with a total Community contribution of EUR 2.61 billion; and

- **National Strategic Plan for Fisheries and Aquaculture** (NSPFA) with EUR 80 million from EFF.

Basic EU funds information

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU funds total</td>
<td>EUR 9.36 billion</td>
</tr>
<tr>
<td>EU funds per capita</td>
<td>EUR 1,230</td>
</tr>
<tr>
<td>EU funds per year per GDP</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

EU funds information

In the 2007–13 period Bulgaria has been granted EUR 9.36 billion from the EU budget. Complemented with national public contribution, it amounts to EUR 11.37 billion.

Proportionally, the EU funds per capita value in Bulgaria is EUR 1,230, which is below the respective average figure for CEE.

The total sum of EU funds per year constitutes 3.9% of the annual GDP (calculated on 2008) of the country.
Bulgaria has allocated 12% of the total budget available for EU co-funded development.

- Concerning the **National Strategic Reference Framework** Bulgaria allocated EUR 1.16 billion, which is 14% of the available budget.

- As part of the **National Strategic Plan for Agricultural and Rural Development**, EUR 207 million was allocated accounting for 6% of the budget available for seven years.

- Even though the **National Strategic Plan for Fisheries and Aquaculture** has already been launched, there is no official data about the results of the implementation. The available budget for NSPFA is EUR 107 million for 2007–13.

The overall progress of the Bulgarian EU co-funded framework programmes stands at 12%, which means that by the end of 2008 EUR 1.37 billion had been allocated to final beneficiaries. This progress ratio is slightly above the average for CEE countries.

**Progress by programme**

The table which follows contains the amounts of EU funds, the available budget for 2007-13, the allocated and contracted grants amount and the progress achieved concerning the framework and operational programmes in Bulgaria during 2007-08.
Bulgaria

---|---|---|---|---|---
I. National Strategic Reference Framework
  Administrative Capacity OP | 6,674 | 8,019 | 1,158 | 1,066 | 14%
  Environment OP* | 1,466 | 1,801 | 395 | 367 | 22%
  Transport OP** | 1,624 | 2,003 | 258 | 258 | 13%
  Development of the Competitiveness of the Bulgarian Economy OP | 988 | 1,162 | 113 | 109 | 10%
II. National Strategic Plan for Agricultural and Rural Development | 2,609 | 3,242 | 207 | 132 | 6%
III. National Strategic Plan for Fisheries and Aquaculture | 80 | 107 | n/a | n/a | n/a
Total | 9,363 | 11,368 | 1,365 | 1,198 | 12%

* Transport OP progress calculation is based on contracted grants

- Framework Programme
- Sectoral OP
- Regional OP
- Technical Assistance OP

The Administrative Capacity OP, which has the second lowest budget among the OPs, exhibits the greatest progress: 31%. An overall EUR 55 million worth of grants was allocated by the end of 2008 under this OP covering good governance, human resources management and e-governance development related areas. The progress of the Environment OP also exceeds 20% with EUR 396 million worth of allocated grants.

It should be noted that in the case of Transport OP the amount of the contracted grants includes contracts signed up to 16 January 2009 between beneficiaries and contractors before the approval of the application forms. The difference between allocated and contracted grants is due to the fact that the amount of allocated grants contains a sizeable transportation project (EUR 240 million) for the building of a metro in Sofia which was approved in a special procedure by the European Commission.

With respect to the only regional development OP, 14% was allocated from the EUR 1.6 billion budget.

The progress of the rural development related programme is falling behind with an 8% progress ratio, while – according to an official report – after a two-year delay two measures were launched under the National Strategic Plan for Fisheries and Aquaculture on 16 December 2008; as of the preparation of the analysis, we do not have any information about the grant allocation.

The Rural development programme is separate from the Programme for the Bulgarian Fisheries Sector. Although the latter started after a 2-year delay, the former started much earlier – in the spring of 2008.
Progress by intervention type

General description
The average progress ratio by intervention type is 13%.
The best performing areas are public administration and environment whose progress registers 32% and 23% respectively.

Comparison with budget
It is remarkable that in the case of public administration related interventions, 32% of the available budget has been allocated. However this is partly due to the fact that it has the lowest budget out of the intervention types (EUR 181 million) excluding the Technical Assistance OP. Environmental interventions have shown the second best progress with 23%.

R&D and innovation, healthcare and energy related interventions are included in the Bulgarian programmes for 2007-13, though not as separate priorities.

Comparison with other CEE countries
When compared to other CEE countries, Bulgaria’s progress in the utilisation of EU funds is below the average CEE level.

One of the reasons for this is that, as for the newest EU members the programme procedures have only just begun for Bulgaria and Romania.

In case of the Bulgarian framework programmes, the progress ratio of the intervention types is:

**Exceptional** in environment and public administration, but

**Lagging behind** in technical assistance and rural development and fisheries in comparison with the average CEE figures.
Lessons learnt on the implementation of EU co-funded programmes, 2007–08

Despite the concerns about the readiness of the Bulgarian administration and private actors to absorb the available EU funds, sufficient interest was shown and capacity improved to prepare projects meeting the criteria of the Operational Programmes in 2007-08. In order to strengthen the capacity of the Audit Authority, it was transformed from a Directorate within the Ministry of Finance into an Executive Agency. Furthermore, according to public information, a two-year framework agreement was signed between the Ministry of Finance and the Big Four services firms with the purpose of building capacity and improving the effectiveness of the Audit Authority.

An inter-ministerial group was established to prepare recommendations for simplification of the procedures as regards the utilisation of EU funds. Its first meeting was held at the beginning of January 2009. In order to address the issue of conflict of interest in the process of utilisation of EU funds, in November 2008 the Bulgarian Parliament adopted a Conflict of Interest Prevention and Disclosure Act.

As of 1 January 2009, the Public Procurement Act was amended by introducing specific procedures for improving the publicity of tenders, as well as implementing preliminary control over procurement procedures specifically financed by EU funds.

**Successful achievements**

- All the Operational Programmes have been launched and, except for the Programme for the Bulgarian Fisheries Sector, contracts have been signed with beneficiaries.
- Fast growth as regards the volume of contracting of projects under the OPs. As of 1 June 2008, the total number of contracts signed under all Operational Programmes is 365 totalling EUR 54.4 million; EUR 4 million has been paid out. By comparison, as of 16 January 2009, there were 1,570 contracts signed in the amount of EUR 1.06 billion, and EUR 22.28 million had been paid.

**Room for improvement**

- Need for further simplification of procedures concerning the utilisation of EU funds.
- Slow start of the Operational Programmes. The launch of the Operational Programmes did not happen before mid-2007, which caused a delay in the spending of the indicative budget.
- Need to enhance the administrative capacity of EU Funds implementing bodies.

The effects of the financial crisis on EU programmes

The impact of the global financial crisis was becoming ever more apparent in Bulgaria at the beginning of 2009, and it is expected that more public entities and private actors will rely on funds from the EU programmes.

Minister of Finance, Plamen Oresharski, has offered reassurance that the banking system in Bulgaria is stable despite the global financial crisis, and the government is ready to support any financial institution as necessary. There are also plans to raise the amounts of advance payments to beneficiaries under operational programmes as an anti-crisis measure.
Basic country information

<table>
<thead>
<tr>
<th>Basic country information (2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population: 10.38 million</td>
</tr>
<tr>
<td>GDP per capita: EUR 14,700</td>
</tr>
<tr>
<td>EU member since: 1 May 2004</td>
</tr>
</tbody>
</table>

EU programme information

In the 2007–13 period, the Czech Republic has three EU co-funded framework programmes:

- **National Strategic Reference Framework** (NSRF) covering 17 OPs (eight thematic, seven regional and two Objective 2 OPs) with a total Community contribution of EUR 26.2 billion;

- **Rural Development Programme** (RDP) including agricultural and rural development interventions, with a total EU contribution of EUR 2.81 billion; and

- **National Strategic Fisheries Plan** (NSFP) including fisheries and aquaculture sector interventions, with EUR 27 million of EFF funding.

EU funds information

The Czech Republic was granted an EU funded budget of EUR 29.13 billion in total for the 2007–13 period. Complemented with national public contribution, it totals a sum of EUR 33.83 billion available for development.

Proportionally, the EU funds per capita value in the Czech Republic is EUR 2,810, which is slightly higher than the respective CEE average figure.

The EU funds per year figure constitutes 2.7% of the annual GDP (calculated for 2008) of the country.
2007–08 progress report

The country has allocated altogether 23% of the total budget available for EU co-funded development.

- Within the National Strategic Reference Framework the Czech Republic allocated EUR 7.25 billion in grants to final beneficiaries, which equals one quarter of the total amount available for seven years.

- Concerning the Rural Development Programme the allocated amount totals EUR 453 million, which is 13% of the total budget for 2007–13.

- In the case of the National Strategic Fisheries Plan the progress ratio exceeds the respective data of the RDP, though the allocated amount of grants hardly reaches EUR 7 million.

For Czech framework programmes the progress ratio equals 23%; rural and fisheries programmes are lagging behind compared to NSRF.

Progress by programmes

The European Commission has approved all OPs at the end of 2007 except for the Research and Development for Innovation OP which was approved in October 2008.

The following table contains the amounts of EU funds, the available budget 2007–13, the allocated and contracted grants’ amount and the progress achieved concerning the framework and operational programmes in the Czech Republic during 2007–08.
## Operational Programme Title

The following table provides a breakdown of EU funds, available budget, allocated grants, contracted grants, and progress based on allocated grants for various Operational Programmes (OPs) in the Czech Republic for the period 2007–13.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. National Strategic Reference Framework</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment OP</td>
<td>26,284</td>
<td>30,220</td>
<td>7,255</td>
<td>5,039</td>
<td>24%</td>
</tr>
<tr>
<td>Human Resources and Employment OP</td>
<td>4,910</td>
<td>5,065</td>
<td>1,471</td>
<td>1,152</td>
<td>29%</td>
</tr>
<tr>
<td>Education for Competitiveness OP</td>
<td>1,828</td>
<td>2,152</td>
<td>548</td>
<td>28</td>
<td>25%</td>
</tr>
<tr>
<td>Enterprise and Innovation OP</td>
<td>3,042</td>
<td>3,578</td>
<td>910</td>
<td>6</td>
<td>25%</td>
</tr>
<tr>
<td>Transport OP</td>
<td>5,770</td>
<td>6,793</td>
<td>1,727</td>
<td>2,503</td>
<td>25%</td>
</tr>
<tr>
<td>Integrated OP</td>
<td>1,578</td>
<td>1,862</td>
<td>473</td>
<td>12</td>
<td>25%</td>
</tr>
<tr>
<td>Research and Development for Innovations OP</td>
<td>2,071</td>
<td>2,436</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Prague OP – Adaptability</td>
<td>108</td>
<td>128</td>
<td>35</td>
<td>30</td>
<td>27%</td>
</tr>
<tr>
<td>Prague OP – Competitiveness</td>
<td>235</td>
<td>276</td>
<td>75</td>
<td>7</td>
<td>27%</td>
</tr>
<tr>
<td>North-East OP</td>
<td>657</td>
<td>773</td>
<td>197</td>
<td>158</td>
<td>25%</td>
</tr>
<tr>
<td>Central Bohemia OP</td>
<td>559</td>
<td>658</td>
<td>167</td>
<td>116</td>
<td>25%</td>
</tr>
<tr>
<td>Central Moravia OP</td>
<td>657</td>
<td>773</td>
<td>197</td>
<td>72</td>
<td>25%</td>
</tr>
<tr>
<td>South-West OP</td>
<td>620</td>
<td>729</td>
<td>185</td>
<td>125</td>
<td>25%</td>
</tr>
<tr>
<td>North-West OP</td>
<td>746</td>
<td>878</td>
<td>223</td>
<td>243</td>
<td>25%</td>
</tr>
<tr>
<td>Moravia-Silesia OP</td>
<td>716</td>
<td>843</td>
<td>214</td>
<td>86</td>
<td>25%</td>
</tr>
<tr>
<td>South-East OP</td>
<td>704</td>
<td>829</td>
<td>211</td>
<td>210</td>
<td>25%</td>
</tr>
<tr>
<td>Technical Assistance OP</td>
<td>246</td>
<td>292</td>
<td>74</td>
<td>0</td>
<td>25%</td>
</tr>
<tr>
<td><strong>II. Rural Development Plan</strong></td>
<td>2,815</td>
<td>3,606</td>
<td>463</td>
<td>255</td>
<td>13%</td>
</tr>
<tr>
<td><strong>III. National Strategic Fisheries Plan</strong></td>
<td>27</td>
<td>36</td>
<td>7</td>
<td>9</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,126</strong></td>
<td><strong>33,862</strong></td>
<td><strong>7,725</strong></td>
<td><strong>5,303</strong></td>
<td><strong>23%</strong></td>
</tr>
</tbody>
</table>

Most of the OPs are allocating resources at a steady pace and have spent around a quarter of their 2007–13 budgets in 2007–08.

On a time-proportion basis the Research and Development and Innovation OP is lagging behind compared to other OPs as it was launched at the beginning of March 2009.

So far most progress is shown by the Environment OP with 29%. The rest of the Operational Programmes (except for the R&D OP) have allocated around 25% of their available budgets. The Rural Development Plan progress ratio stands at 13%.

As far as the National Fisheries Plan is concerned the progress of the framework programme is significant considering that it was launched in June 2008.

The implementation system of the Czech Republic is still focused on closing the 2004–2006 programming period; the administrative capacity of the 2007–2013 period is thus expected to increase soon.
### Progress by intervention types

#### General description
The areas with the most progress are environment, settlement development, economic development, energy, human resources development and transport. In the Czech Republic none of the OPs included any healthcare related interventions.

#### Comparison with budget
The progress ratio is the highest for the environment related interventions (29%) which have the most funds available for the period 2007–13.

Although the OP specifically targeting R&D and innovation interventions was launched recently, R&D interventions in other OPs achieved a progress ratio of 7%.

#### Comparison with other CEE countries
Compared to other CEE countries the progress of the Czech Republic concerning the utilisation of EU funds is outstanding, at 23% of the total available budget. The reason for this might be the relatively early launching date of the OPs.

For the Czech framework programmes the progress ratio is:

- **Exceptional** in environment and settlement development related interventions, and
- **Lagging behind** in research & development and Innovation intervention types compared to other countries within CEE.
Lessons learnt on the implementation of EU co-funded programmes, 2007–08

The Czech Republic has made considerable progress in the area of methodological governance of projects financed from EU sources. Controversial issues have been settled especially in areas of public procurement and conditions for state aid provision. Processes management of national financial sources important for co-funding of the projects has been streamlined ensuring all required financial sources for providers. On the basis of previous experience more emphasis is put on an effective monitoring system, which is being constantly improved according to requirements regarding the efficient spending of funds. All the activities involving the increasing of awareness and promotion of programmes have been strengthened. In addition, a new motivational system for public administration employees taking part in the application of Structural Funds has been established.

Successful achievements

- New user-friendly internet applications (enabling an applicant to submit all documents electronically) have been created following the simplification of the system of receiving and assessing the applications.
- The resources have been provided in time and at required amounts on the national level.

Room for improvement

- The process of approving particular programmes by the European Commission was slow – for instance the Research and Development for Innovation OP was approved in October 2008.
- The fragmented coordination of drawing and management of individual programmes on the national level endures.
- Drawing down resources from the Structural Funds is still administratively arduous.

The effects of the financial crisis on EU programmes

Under the financial crisis the Czech Government intends to focus on investments into infrastructure and on regional, including environmental, projects. On the other hand, in order to support economic growth more emphasis is being put on the successful utilisation of EU Funds.

So far it seems that final beneficiaries are able to cope with problems regarding investment and employment retention rules and these regulations will not create obstacles for successful project retention.

However, small sized private enterprises are having difficulties with obtaining resources to finance their projects, which prevents some of them from utilising EU funds to realise their own development plans.
Basic country information

**EU programme information**

For the 2007–13 period, Estonia has three major EU co-funded programmes:

- **Estonian Development Plan** (EDP) covering three OPs with EUR 3.4 billion contribution from the Funds;

- **Estonian Rural Development Programme** (ERDP) including agricultural and rural development interventions, with a Community contribution of EUR 715 million; and

- **National Fisheries Operational Programme** (NFOP) with EUR 85 million of EFF funding.

**EU funds information**

Estonia was granted an EU funded budget of EUR 4.2 billion for the 2007–13 period. Complemented with national public contribution a total sum of EUR 5.82 billion is available for development purposes.

The EU funds per capita figure in Estonia is EUR 3,140, which is well above the respective CEE average figure.

The amount of the calculated annual EU funds constitutes 3.8% of the annual GDP of the country (calculated for 2008).
Overall progress

The country has allocated altogether 13% of the total budget available for EU co-funded development.

### Progress summary

<table>
<thead>
<tr>
<th>Available budget</th>
<th>EUR 5.82 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated grants</td>
<td>EUR 0.74 billion</td>
</tr>
<tr>
<td>Total progress</td>
<td>13% of total budget allocated</td>
</tr>
<tr>
<td>First call for tenders</td>
<td>November 2007</td>
</tr>
</tbody>
</table>

- For the **Estonian Development Plan**, EUR 0.46 billion has been allocated to the final beneficiaries, which is a bit more than a tenth of the total amount available between 2007 and 2013.

- Concerning the **Estonian Rural Development Programme**, the allocated amount totals EUR 0.3 billion, which equals 17% of the total budget for seven years.

- In the framework of the **National Fisheries OP**, EUR 1 million has been allocated to beneficiaries.

On a time-proportion basis both the Estonian Development Plan and the Estonian Rural Development Programme have been progressing adequately. However the 1% progress figure for the National Fisheries OP is well behind schedule.

### Progress by programmes

The table which follows contains the amounts of EU funds, the available budget for 2007–13, the allocated and contracted grants amount and the progress achieved concerning the framework and operational programmes in Estonia during 2007–08.
### Operational Programme Title

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Estonian Development Plan</td>
<td>3,403</td>
<td>4,074</td>
<td>461</td>
<td>47</td>
<td>11%</td>
</tr>
<tr>
<td>Human Resources Development OP</td>
<td>392</td>
<td>462</td>
<td>134</td>
<td>7</td>
<td>29%</td>
</tr>
<tr>
<td>Development of Economic Environment OP</td>
<td>1,404</td>
<td>1,700</td>
<td>166</td>
<td>23</td>
<td>10%</td>
</tr>
<tr>
<td>Development of the Living Environment OP</td>
<td>1,607</td>
<td>1,912</td>
<td>162</td>
<td>17</td>
<td>9%</td>
</tr>
<tr>
<td>II. Estonian Rural Development Programme</td>
<td>715</td>
<td>1,642</td>
<td>278</td>
<td>110</td>
<td>17%</td>
</tr>
<tr>
<td>III. Fisheries Operational Programme</td>
<td>85</td>
<td>106</td>
<td>1</td>
<td>0</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,203</strong></td>
<td><strong>5,821</strong></td>
<td><strong>740</strong></td>
<td><strong>157</strong></td>
<td><strong>13%</strong></td>
</tr>
</tbody>
</table>

- Framework Programme
- Sectoral OP

The progress figures for the different OPs show significant variations from 1% to almost 30%. The reason of the 11% progress ratio of Estonian Development Plan might be that the programme implementation for the 2007-13 period only began in November 2007.

At the level of the operational programmes, the Human Resources Development OP has shown great progress with 29% of its funds allocated, while the Fisheries OP has hardly started to absorb funding.

The reasons for the relatively low figure regarding progress in the case of the Economic Environment and Living Environment OPs is twofold: these interventions traditionally include large investment projects with longer lead times and on the other hand possess a larger budget compared to the Human Resources OP (42% and 47% compared to 11% of all Structural Funds programmes).

The best performing programme so far is the Estonian Rural Development Programme, which could allocate 17% of the available resources for 2007–13. The reason for its progress lies partly in the fact that the implementation procedures used in rural development are different from that of the Structural Funds programmes.
Progress by intervention type

**General description**

The best performing areas are human resource development, rural development and economic development, while energy and transport related interventions have hardly started. There are no healthcare and public administration development related interventions in Estonia.

**Comparison with budget**

Compared to the initial budget allocation structure it is apparent that rural development measures are taking the lead, with human resource development interventions (23% of the budget) ranked second on the basis of relative progress.

It can be noted that while these two types of interventions possess the most budget they have also performed best during the first two years of implementation.

The mid-budget interventions (economic development, R&D, transport, settlement development, etc.) have shown medium progress (5–15%).

**Comparison with other CEE countries**

In light of other CEE countries’ data the progress ratio of Estonia’s framework is above the average figure in the CEE region.

One of the reasons for this might be the relatively late start of the implementation (November 2007).

Considering the Estonian framework programmes, the progress ratio of the intervention types is:

- **Exceptional** in R&D and innovation intervention types, and
- **Lagging behind** in environment related interventions compared to the CEE average.

---

**Progress ratio by intervention type**

<table>
<thead>
<tr>
<th>Intervention Type</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>14%</td>
</tr>
<tr>
<td>Energy</td>
<td>8%</td>
</tr>
<tr>
<td>Environment</td>
<td>3%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>n/a</td>
</tr>
<tr>
<td>Human resource development</td>
<td>23%</td>
</tr>
<tr>
<td>Public administration</td>
<td>n/a</td>
</tr>
<tr>
<td>R&amp;D, innovation</td>
<td>13%</td>
</tr>
<tr>
<td>Rural development and fisheries</td>
<td>16%</td>
</tr>
<tr>
<td>Settlement development</td>
<td>12%</td>
</tr>
<tr>
<td>Transport</td>
<td>5%</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>7%</td>
</tr>
</tbody>
</table>

---

**Summary by intervention type**

**Most progress**

1. Human resource development (23%)
2. Rural development and fisheries (16%)
3. Economic development (14%)

**Least progress**

1. Environment (3%)
2. Transport (5%)
3. Energy (8%)
Lessons learnt on the implementation of EU co-funded programmes, 2007–08

Estonia has already received EU funding both in the pre-accession period and in 2004–06 as a new member state. However, preparing for and starting the first full period of implementation proved to be a new experience for the country. The table below contains the most characteristic successes and weaknesses identified during the first two years of programme implementation.

### Successful achievements

- The EU funds communication strategy has been very successful and according to a recent survey, 95% of participants are aware of different grants supporting development in Estonia.
- Successful implementation of projects in 2004–06 provided a strong foundation for the following period.

### Room for improvement

- Long start-up period due to legislative delays, development of the necessary structures and training employees for managing authorities.
- High level of bureaucracy in the application process (e.g. one application for an EU grant was 4,000 pages long).
- Applicants face difficulties with accessing funds for own contributions.

In order to speed up the use of EU grants the public and private sectors need to work more closely together in Estonia. Public sector institutions should help the private sector as managing authorities in the application and implementation processes, for example with training and consultations.

### The effects of the financial crisis on EU programmes

As a result of the present financial crisis domestic consumption has dropped dramatically.

The Estonian government has decided to increase the amount of EU grants for small and medium sized enterprises for innovation and export development projects.

Export sector enterprises will also have better opportunities for receiving government support in covering the necessary national contribution.

There are several actions planned by the Managing Authority to make the application process easier and faster.

In forthcoming years the money from EU funded programmes will prove of great importance in the building and construction sector as local companies decrease their budgets for future investments.

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Hungary

Basic country information

<table>
<thead>
<tr>
<th>Basic country information (2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population: 10.05 million</td>
</tr>
<tr>
<td>GDP per capita: EUR 10,480</td>
</tr>
<tr>
<td>EU member since: 1 May 2004</td>
</tr>
</tbody>
</table>

EU programme information

In the 2007–13 period Hungary has three major EU co-funded framework programmes:

- **New Hungary Development Plan (NHDP)** covering 15 OPs (seven sectoral, six regional, one Objective 2 and one technical assistance OP) with EU funds of EUR 24.92 billion;

- **New Hungary Rural Development Programme (NHRDP)** including rural development interventions with an EU contribution of EUR 3.81 billion; and

- **Fisheries Operational Programme (FOP)** with EUR 34 million of EFF funding.

EU funds information

<table>
<thead>
<tr>
<th>EU funds information</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU funds total: EUR 28.76 billion</td>
</tr>
<tr>
<td>EU funds per capita: EUR 2,860</td>
</tr>
<tr>
<td>EU funds per year per GDP: 3.9%</td>
</tr>
</tbody>
</table>

For the 2007–13 period Hungary was granted an EU funded budget of EUR 28.76 billion. Complemented with the national public contribution the available budget 2007–13 totals EUR 34.52 billion.

Proportionally, the EU funds per capita figure stands at EUR 2,860, which is well above the respective CEE average figure.

The total sum of yearly EU funds constitutes 3.9% of annual GDP (calculated for 2008) of the country.

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2007–08 progress report

The country has allocated altogether 25% of the total budget available for EU co-funded development.

- Within the frameworks of the **New Hungary Development Plan** Hungary allocated EUR 7.2 billion to final beneficiaries, which is one quarter of the total amount available for seven years.

- Concerning the **New Hungary Rural Development Programme** the allocated amount totals EUR 1.6 billion, which is a little less than a third of the total 2007–13 budget.

- The **Fisheries Operational Programme** has not yet been launched.

Regarding Hungary’s two framework programmes it is apparent that both the NHDP and the NHRDP are making good progress on a time-proportional basis. The progress of both framework programmes has met preliminary expectations, with NHRDP performing even better than average.

**Progress by programme**
The following table contains the amounts of EU funds for 2007–13, the available budget 2007–13, the allocated and contracted grants 2007–08 and the progress based on allocated grants.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I. New Hungary Development Plan</td>
<td>24,922</td>
<td>29,319</td>
<td>7,197</td>
<td>5,804</td>
<td>25%</td>
</tr>
<tr>
<td>Transport OP</td>
<td>6,223</td>
<td>7,322</td>
<td>3,234</td>
<td>2,756</td>
<td>44%</td>
</tr>
<tr>
<td>Economic Development OP</td>
<td>2,496</td>
<td>2,936</td>
<td>991</td>
<td>899</td>
<td>34%</td>
</tr>
<tr>
<td>Electronic Public Administration OP</td>
<td>358</td>
<td>422</td>
<td>132</td>
<td>127</td>
<td>31%</td>
</tr>
<tr>
<td>State Reform OP</td>
<td>147</td>
<td>172</td>
<td>42</td>
<td>31</td>
<td>24%</td>
</tr>
<tr>
<td>Environment and Energy OP</td>
<td>4,179</td>
<td>4,916</td>
<td>730</td>
<td>505</td>
<td>15%</td>
</tr>
<tr>
<td>Social Renewal OP</td>
<td>3,483</td>
<td>4,097</td>
<td>470</td>
<td>370</td>
<td>11%</td>
</tr>
<tr>
<td>Social Infrastructure OP</td>
<td>1,949</td>
<td>2,293</td>
<td>212</td>
<td>139</td>
<td>9%</td>
</tr>
<tr>
<td>Central Hungary OP</td>
<td>1,487</td>
<td>1,726</td>
<td>679</td>
<td>494</td>
<td>39%</td>
</tr>
<tr>
<td>South Great Plain OP</td>
<td>749</td>
<td>881</td>
<td>153</td>
<td>77</td>
<td>17%</td>
</tr>
<tr>
<td>South Transdanubia OP</td>
<td>705</td>
<td>830</td>
<td>137</td>
<td>88</td>
<td>17%</td>
</tr>
<tr>
<td>West Pannon OP</td>
<td>464</td>
<td>546</td>
<td>89</td>
<td>57</td>
<td>16%</td>
</tr>
<tr>
<td>Central Transdanubia OP</td>
<td>508</td>
<td>598</td>
<td>70</td>
<td>40</td>
<td>12%</td>
</tr>
<tr>
<td>North Great Plain OP</td>
<td>975</td>
<td>1,147</td>
<td>100</td>
<td>70</td>
<td>9%</td>
</tr>
<tr>
<td>North Hungary OP</td>
<td>904</td>
<td>1,063</td>
<td>67</td>
<td>26</td>
<td>6%</td>
</tr>
<tr>
<td>Implementation OP</td>
<td>315</td>
<td>371</td>
<td>91</td>
<td>127</td>
<td>25%</td>
</tr>
<tr>
<td>II. New Hungary Rural Development Programme</td>
<td>3,806</td>
<td>5,159</td>
<td>1,604</td>
<td>0</td>
<td>31%</td>
</tr>
<tr>
<td>II. Fisheries Operational Programme</td>
<td>34</td>
<td>46</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>28,762</td>
<td>34,524</td>
<td>8,800</td>
<td>5,804</td>
<td>25%</td>
</tr>
</tbody>
</table>

Among the sectoral operational programmes three are well above the time-proportional progress. So far the best performers are the Transport OP, Economic Development OP and Economic Public Administration OPs whose progress figures exceed 30% of the total available budget. The two social programmes are lagging behind at 11% and 9% despite the fact that the Social Renewal OP was among the first launched programmes.

The progress of regional OPs is considerably below that of the sectoral OPs except for the Central Hungary OP whose progress is outstanding at 39% (EUR 679 million). The reason for this achievement could be that the first applications were able to be submitted from March 2007. Another five regional OPs are at somewhere between 12–17%, but even their total amount does not reach that of the Central Hungary OP. There are two North Hungarian OPs whose progress is under 10%.

The Hungarian Rural Development Programme exhibits 31% progress while the Fisheries OP has not yet been launched.

The Hungarian public bodies responsible for the management and implementation of the rural development programme for 2007–13 have been paying special attention to the needs of the agricultural sector and rural communities which contributed significantly to the present level of fund use. In order to reflect agricultural and rural needs, the timing of introducing the priorities and measures and defining the conditions for grants have all been well prepared.
Progress by intervention type

General description
Breakdown of the progress of the intervention types results in a broad range of progress: the progress of the interventions ranges from 3% to 46%. The average progress ratio is 23%.

Comparison with budgets
Based on the volume of the allocated grants transport, economic development and rural development related interventions are taking the lead with EUR 6.47 billion out of the entire allocation of EUR 8.8 billion.

Areas showing the most progress are healthcare, transport and economic development, while human resource development and energy related interventions have hardly begun.

Comparison with other CEE countries
Compared to other CEE countries the progress of Hungary concerning the utilisation of EU funds is outstanding.

The reason for this is a clear government strategy for increasing absorption through quick launch of the applications and granting access to the entire 7-year budget for many interventions.

Within the Hungarian framework programmes, the progress ratio is:

Exceptional in transport and rural development, and

Lagging behind in human resources development and settlement development related interventions compared to the CEE average.
Lessons learnt on the implementation of EU co-funded programmes, 2007–08

Despite the fact that Hungary has had previous EU related funding experience, there was still room for improvement during the first two years of programme implementation. The table below contains the most characteristic successes and weaknesses identified during these two years of programme implementation.

**Successful achievements**

- Strategic foundation for the development of EU funded programmes (national level strategies were developed to spur EU planning)
- Building on previous experiences in certain areas (e.g. mid-term evaluation of Economic Competitiveness OP 2004–06)
- More focused selection of target groups
- Centralised institutional system (merging of intermediary bodies)
- Use of internet based IT solutions to facilitate the application process.

**Room for improvement**

- Certain EU funded applications do not have a strong underlying government concept
- Lack of evaluations and prior impact assessments to assist 2009–10 action planning process in case of some priorities
- Uncertainties in the new financial instruments related programmes (JEREMIE)
- Programme demarcation resulted in inequitable access to finance in rural areas (mainly in enterprise development interventions)

The effects of the financial crisis on EU programmes

Due to the financial crisis measures have been initiated in 2009 to ease the new challenges facing applicants and beneficiaries. It is even more difficult to access development capital and to meet growth, employment and other financial criteria for the implementation period.

The modifications concentrate on creating less strict eligibility criteria: increasing funding intensity and grant sums, decreasing growth expectations for the period after the realisation of the development. Additionally, a rearrangement of budgets from the less to the more popular applications is under preparation.
Basic country information

<table>
<thead>
<tr>
<th>Basic country information (2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population: 2.27 million</td>
</tr>
<tr>
<td>GDP per capita: EUR 10,180</td>
</tr>
<tr>
<td>EU member since: 1 May 2004</td>
</tr>
</tbody>
</table>

Basic EU programme information
In the 2007–13 period, Latvia has three major EU co-funded framework programmes:

- **New Latvia Development Plan** (NLDP) covering three OPs with a EUR 4.53 billion from Community funds;

- **New Latvia Rural Development Programme** (NLRDP) including rural development interventions, with EUR 1.04 billion contribution from Funds; and

- **National Fisheries Operational Programme** (NFOP) with an EUR 125 million from EFF funding.

EU funds information
In the 2007–13 programming period Latvia was granted EUR 5.70 billion in grants from community resources, which equals EUR 7.93 billion including the national public contribution.

In Latvia the EU funds per capita figure is EUR 2,510 which is the lowest among the Baltic countries though still significantly above the respective CEE average figure.

The yearly EU contribution constitutes 3.5% of the country's annual GDP (calculated at 2008).
Overall progress

The country has allocated altogether 17% of the total budget available for EU co-funded development.

Progress summary

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated grants:</td>
<td>EUR 1.32 billion</td>
</tr>
<tr>
<td>Total progress:</td>
<td>17% of total budget allocated</td>
</tr>
<tr>
<td>First call for tenders:</td>
<td>January 2008</td>
</tr>
</tbody>
</table>

- The progress ratio of the **New Latvian Development Plan** is 19%, which results in EUR 1.11 billion of allocated grants.

- In the framework of **Latvia Rural Development Programme** altogether EUR 181 million (9%) has been allocated, which is almost one-fifth of the total available budget for seven years.

- The progress of the **National Fisheries OP** stands at 12% of the total available budget.

On a time-proportion basis the progress of the New Latvian Development Plan and Latvia Rural Development Programme have met expectations. The National Fisheries OP is also on the right track especially compared to the respective data of other CEE countries.

**Progress by programme**

The next table contains the amounts of EU funds, the available budget 2007–13, the allocated and contracted grants amount and the progress achieved concerning the framework and operational programmes in Latvia in 2007–08.
--- | --- | --- | --- | --- | ---
I. New Latvia Development Plan | 4,529 | 5,754 | 1,114 | 914 | 19%
  Human Resources and Employment OP | 549 | 657 | 144 | 115 | 22%
  Entrepreneurship and Innovations OP | 737 | 1,084 | 238 | 225 | 22%
  Infrastructure and Services OP | 3,243 | 4,013 | 731 | 574 | 18%
II. Latvia Rural Development Programme | 1,041 | 1,937 | 181 | 123 | 9%
III. National Fisheries Operational Programme | 125 | 237 | 28 | 28 | 12%
Total | 5,695 | 7,928 | 1,323 | 1,065 | 17%

Framework Programme
- Sectoral OP

The progress ratio of the three OPs within the New Latvian Development Plan is 21% on average, achieving a better standing than the rural development and fisheries programmes.

All OPs have exhibited very similar progress so far: the Human Resources Development OP and Entrepreneurship and Innovation OPs, both at 22%, while the Infrastructure and Services OP – which had the most available funds for the seven year period – is lagging behind only by 4%.

For all the programmes more than half of the allocated funds have been disbursed to the beneficiaries.

As far as Fisheries are concerned the progress of the Latvian programme is outstanding compared to other fisheries related framework programmes in the CEE region.
Progress by intervention type

General description
Generally, the progress for intervention types is well balanced, equalling on average 21%.

Comparison with budget
During the last two years interventions related to economic development have shown the best progress ratio (47%), which is an outstanding result on a time-proportion basis. Additionally there are three more intervention types where this ratio equals to or exceeds 20%.

Latvian programmes do not include any interventions which directly support the healthcare or energy sector or the development of public administration.

Comparison with other CEE countries
Compared to other CEE countries Latvia’s utilisation of EU funds is above the CEE average, despite the implementation process starting relatively late compared to other countries in the region.

For Latvian EU co-funded programmes the progress ratio of the intervention types is:

Exceptional in the case of economic development interventions, and

Lagging behind in R&D and innovation related interventions compared to CEE allocation data.
Lessons learnt on the implementation of EU co-funded programmes, 2007–08

Latvia has already received EU funding both in the pre-accession period and in 2004-06 as a new member state. However, when preparing for and starting the first full period of implementation Latvia faced new challenges. The table below shows the most characteristic successes and weaknesses that have been identified during the first two years of programme implementation.

**Successful achievements**

- Evaluation of projects takes a shorter time than in the previous EU programming period (2004–06)
- Less strict requirements (for example the need for procurement before project application is approved)
- Project applications are easier to fill out and the number of documents to be submitted has decreased
- The government has shortened the time necessary for processing paying documents from the Intermediate Body to the Paying Authority.

**Room for improvement**

- The established EU Structural Funds management system consists of too many institutions
- Development of programming documents takes too much time – at the beginning of 2009 some of the necessary programmes still had not been approved
- Programmes are too fragmented (too few funds for too many activities).

Latvia should take further steps to make its EU management system more efficient in order to speed up EU investments to stop the rapid slowdown of the economy. The government should also introduce a Public Private Partnership (PPP) model which should be combined with EU programmes on a project based level, especially in energy and heating, water supply and the healthcare sectors.

**The effects of the financial crisis on EU programmes**

As a result of the financial crisis some of the activities (mainly those financed from ESF) have been temporarily suspended and will not be implemented in 2009. Additionally, in 2009 the government has started to redesign some programmes by increasing the amount of grants to maximum intensity and by introducing advance payments.

Regarding economic development, entrepreneurs are facing significant difficulties in receiving loans from commercial banks, thus the Government has started to speed up the introduction of financial instrument programmes such as export guarantees, loan guarantees, loans and risk capital.

Realisation of EU funded projects is at risk for public sector players such as municipalities which have strict budget frameworks as well. Costs for building infrastructure are decreasing and the Government is willing to utilise such funds with the same EU programme budget. Due to the financial crisis submitted applications have not reserved the allocated volume per call for projects in case of agriculture related programmes.
Basic country information

<table>
<thead>
<tr>
<th>Basic country information (2008)</th>
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</thead>
<tbody>
<tr>
<td>Population: 3.37 million</td>
</tr>
<tr>
<td>GDP per capita: EUR 9,590</td>
</tr>
<tr>
<td>EU member since: 1 May 2004</td>
</tr>
</tbody>
</table>

EU programme information

In the 2007–13 period, Lithuania has three major EU co-funded programmes:

- **New Lithuanian Development Plan** (NLDIP) covering four OPs (three sectoral and one technical assistance OP) with EUR 6.77 billion contribution from EU funds;

- **New Lithuanian Rural Development Programme** (NLRDP) including rural development interventions, with EUR 2.17 billion community contribution; and

- **Operational Programme for Lithuanian Fisheries** (OPLF) sector which grants EUR 71 million from EFF.

<table>
<thead>
<tr>
<th>EU funds information</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU funds total: EUR 9.01 billion</td>
</tr>
<tr>
<td>EU funds per capita: EUR 2,680</td>
</tr>
<tr>
<td>EU funds per year per GDP: 4%</td>
</tr>
</tbody>
</table>

EU funds information

In the 2007–13 programme period Lithuania was granted EUR 9.01 billion from EU funds which equals EUR 10.04 billion in grants complemented by national public contribution.

EU funds per capita is EUR 2,680 which is above the CEE average figure, and the EU funds per year per GDP (calculated on 2008) is 4%, the second highest ratio among the CEE countries.
**2007–08 progress report**

**Overall progress**

<table>
<thead>
<tr>
<th>Progress summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated grants: 0</td>
</tr>
<tr>
<td>Total progress: 0% of total budget allocated</td>
</tr>
<tr>
<td>First call for tenders: December 2008</td>
</tr>
</tbody>
</table>

The distribution of the three framework programmes as follows:

Fund allocation in Lithuania required more time because of the simplification of legislative procedures and the start of the financial crisis affecting national budget resources.

Within the three framework programmes rural development and fisheries, transport and environment related interventions have the most funds available in the budget for 2007–13.

**Available budget by intervention types**

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Lessons learnt on the implementation of EU co-funded programmes, 2007–08

Due to obstacles in the current implementation procedure some features of the implementation in the 2004–06 period are outlined as follows:

**Successful achievements**

- Fast preparation of legal documentation and implementation of procedures according to the EU regulations
- Successful implementation of infrastructure development projects (especially Cohesion Fund) and Human Resources Development OP.

**Room for improvement**

- Complicated bureaucratic requirements for procedures
- Difficulties with environmental project implementation
- SFMIS (EU Structural Funds for information system) only partially implemented.

The effects of the financial crisis on EU programmes

On 13 March 2009, the European Investment Bank agreed disbursement of EUR 1.13 billion of European Union funds (30% of its credit line) for the financing of three national operation programmes within the Lithuanian Development Programme.
Basic country information

**EU programme information**

In the 2007–13 period, Poland has three major EU co-funded programmes:

- **National Cohesion Strategy** (NCS) covering 21 OPs (four sectoral, 16 regional and one technical assistance OP) with Community contribution of EUR 65.31 billion;

- **Rural Development Programme** (RDP) including rural development interventions, with EUR 17.15 billion from EAFRD; and

- **National Fisheries Operational Programme** (NFOP) with an EUR 652 million budget from EFF.

**EU funds information**

Altogether Poland was granted an EU funded budget of EUR 83.12 billion for the 2007-13 period. Complemented by national public contribution it results in a total sum of EUR 108.13 billion available for development purposes.

Proportionally, the EU funds per capita value in Poland is EUR 2,180, which is below the respective CEE average figure.

The total sum of yearly EU funds constitutes 3.3% of the annual GDP of Poland (calculated for 2008).
Overall progress

Progress summary

<table>
<thead>
<tr>
<th>Available budget</th>
<th>EUR 108.13 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated grants</td>
<td>EUR 3.16 billion</td>
</tr>
<tr>
<td>Total progress</td>
<td>3% of total budget allocated</td>
</tr>
<tr>
<td>First call for tenders</td>
<td>October 2007</td>
</tr>
</tbody>
</table>

The country has allocated altogether 3% of the total budget available for EU co-funded development.

- Within the frameworks of the Polish National Cohesion Strategy 3%, EUR 2.43 billion of the available budget for 2007–13 was allocated.
- For the Rural Development Programme the allocated and contracted amount totals EUR 724 million, which is only 3% of the seven year budget.
- National Fisheries OP has not yet been launched.

This low level of grant applications should be improved shortly as a large number of calls for tender was launched at the end of 2008 and the dynamics of application of EU funds is increasing. By the end of 2008 the necessary changes in legislation and regulations were made and the Polish government plans to claim over EUR 4 billion of payments from the European Commission in 2009.

Progress by programmes

The following table contains the amounts of EU funds, the available budget 2007–13, the allocated and contracted grants amount and the progress achieved concerning the framework and operational programmes in Poland during 2007–08.
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I. National Cohesion Strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Capital OP</td>
<td>65,315</td>
<td>82,086</td>
<td>2,433</td>
<td>2,433</td>
<td>3%</td>
</tr>
<tr>
<td>Innovative Economy OP</td>
<td>9,707</td>
<td>11,420</td>
<td>1,387</td>
<td>1,387</td>
<td>12%</td>
</tr>
<tr>
<td>Development of Eastern Poland OP</td>
<td>2,274</td>
<td>2,675</td>
<td>92</td>
<td>92</td>
<td>3%</td>
</tr>
<tr>
<td>Infrastructure and Environment OP</td>
<td>279,14</td>
<td>375,656</td>
<td>13</td>
<td>13</td>
<td>0%</td>
</tr>
<tr>
<td>Opolskie OP</td>
<td>427</td>
<td>503</td>
<td>39</td>
<td>39</td>
<td>8%</td>
</tr>
<tr>
<td>Kujawsko–Pomorskie OP</td>
<td>951</td>
<td>1,119</td>
<td>63</td>
<td>63</td>
<td>6%</td>
</tr>
<tr>
<td>Lesser Poland OP</td>
<td>1,290</td>
<td>1,518</td>
<td>70</td>
<td>70</td>
<td>5%</td>
</tr>
<tr>
<td>Silesia OP</td>
<td>1,714</td>
<td>2,017</td>
<td>80</td>
<td>80</td>
<td>4%</td>
</tr>
<tr>
<td>Lubelskie OP</td>
<td>1,166</td>
<td>1,360</td>
<td>41</td>
<td>41</td>
<td>3%</td>
</tr>
<tr>
<td>Lower Silesia OP</td>
<td>1,213</td>
<td>1,100</td>
<td>33</td>
<td>33</td>
<td>3%</td>
</tr>
<tr>
<td>Podlaskie OP</td>
<td>636</td>
<td>750</td>
<td>16</td>
<td>16</td>
<td>2%</td>
</tr>
<tr>
<td>Świętokrzyskie OP</td>
<td>726</td>
<td>854</td>
<td>17</td>
<td>17</td>
<td>2%</td>
</tr>
<tr>
<td>Łódzkie OP</td>
<td>1,090</td>
<td>1,282</td>
<td>22</td>
<td>22</td>
<td>2%</td>
</tr>
<tr>
<td>Lubuskie OP</td>
<td>439</td>
<td>517</td>
<td>4</td>
<td>4</td>
<td>1%</td>
</tr>
<tr>
<td>Mazovia OP</td>
<td>1,831</td>
<td>2,155</td>
<td>14</td>
<td>14</td>
<td>1%</td>
</tr>
<tr>
<td>Greater Poland OP</td>
<td>1,273</td>
<td>1,688</td>
<td>11</td>
<td>11</td>
<td>1%</td>
</tr>
<tr>
<td>Zachodniopomorskie OP</td>
<td>835</td>
<td>983</td>
<td>5</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>Podkarpackie OP</td>
<td>1,136</td>
<td>1,345</td>
<td>5</td>
<td>5</td>
<td>0%</td>
</tr>
<tr>
<td>Pomerania OP</td>
<td>886</td>
<td>1,227</td>
<td>4</td>
<td>4</td>
<td>0%</td>
</tr>
<tr>
<td>Warmińsko–Mazurskie OP</td>
<td>1,044</td>
<td>1,228</td>
<td>4</td>
<td>4</td>
<td>0%</td>
</tr>
<tr>
<td>Technical Assistance OP</td>
<td>517</td>
<td>1,089</td>
<td>88</td>
<td>88</td>
<td>8%</td>
</tr>
<tr>
<td>II. Rural Development Programme</td>
<td>17,151</td>
<td>25,060</td>
<td>724</td>
<td>724</td>
<td>3%</td>
</tr>
<tr>
<td>III. National Fisheries Operational Programme</td>
<td>652</td>
<td>979</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

Total | 83,118 | 108,125 | 3,157 | 3,157 | 3% |

- Framework Programme
- Sectoral OP
- Regional OP
- Technical Assistance OP

Out of the 21 OPs of the National Cohesion Strategy there is one OP whose progress ratio is greater than 12% of the seven year budget, which is an average ratio among all programmes in the CEE region. The amount of the allocated grants for the Infrastructure and Environment OP and the Development of Eastern Poland OP are significantly lagging behind other sectoral OPs.

For the 16 regional programmes the average progress ratio is 2%. Only three of the ROPs have a progress ratio over 5% and 10 are under 3%. The best performing ROP is Opolskie OP whose progress ratio reaches 8%.

The progress of the Rural Development Programme is the same as the National Cohesion Strategy, with a progress ratio barely reaching 3%.

The National Fisheries OP has not yet been launched. An act for supporting the sustainable development of the fishery sector via use of EFF is now being hammered out by the Polish Parliament. Depending on the duration of the legislative process, the National Fisheries OP is planned to be launched in the 3rd quarter of 2009.
Progress by intervention type

General description
The breakdown of the progress of the intervention types results in a very broad scale of progress: the progress of the interventions ranges from 0.2 to 16%. The average of the progress ratio is 4%.

Comparison with plans
The best progress is shown by the intervention supporting public administration, with a progress ratio of 16%. This intervention has however the lowest available budget for the seven years.

Only two intervention types exceed the 10% progress ratio, while no grants have been allocated to transport programmes thus far.

Having the highest available budgets, the allocation progress of transport and rural development related interventions stand at just 0% and 3% respectively.

With the highest available budgets, transport and rural development intervention types’ allocation progress stands at only at 0% and 3 percent, respectively.

Comparison with other CEE countries
Compared to other CEE countries Poland’s utilisation of EU funds is significantly lower partly due to the slow evaluation procedure.

Within the Polish framework programmes, the progress ratio of intervention types is:

Exceptional in public administration related interventions, and

Lagging behind in energy and environment interventions compared to the CEE average for all interventions.
Lessons learnt on the implementation of EU co-funded programmes, 2007–08

Nearly all Operational Programmes are now up and running in Poland. After a few pilot calls for tenders in several priority areas, documentation for the use of potential beneficiaries was improved; in some cases the selection criteria were clarified. Additional effort was made to shorten the evaluation period of the proposals; however it still takes about six months from the closure of the call until a grant contract is signed.

Regarding the implementation of programmes co-funded from Structural Funds – as well as its national co-funding rules – changes in regulations were introduced in the autumn of 2008 aiming at increasing the efficiency of their use and facilitating their financial implementation. Additional legislative effort was put into improving public procurement regulations, especially in the context of implementation of large infrastructural projects in the field of transport.

Successful achievements

• Promotion campaigns regarding availability of Structural Funds in Poland reach a wide range of potential beneficiaries.
• The number of proposals submitted to the call, as well as the interest in applying for Community Funds, is constantly growing.
• Competition implies that a more thorough project planning process is required to win a grant. Thus, the quality of applications is improving.

Room for improvement

• A grant awarding procedure for individual projects was introduced to facilitate implementation of projects that are strategic to development of the Polish economy. However, the lists of individual projects are being constantly updated either due to change in the political priorities of the Government or because the beneficiaries do not comply with the provisions of the pre-contracts and do not provide the requested documentation necessary for timely implementation of the projects.

The effects of the financial crisis on EU programmes

In order to minimise the influence of the financial crisis on the Polish economy, in 2009 the government has introduced measures to facilitate the use of Structural Funds. In order to improve the accessibility of funding the possibility to use pre-financing for investment projects by companies and local governments was started. Rules for transferring resources from the central budget to local governments will be changed in order to facilitate co-financing of Structural Funds projects. Competition will also be introduced between regional operational programmes. As a result it is expected that those programmes, and priorities within those programmes, which are implemented the fastest and the most efficiently will be allocated additional resources from the forecasted reserves from the National Cohesion Strategy. Additionally there is a plan to focus on efficiency improvements for the institutional structures in charge of Structural Funds in Poland.
Basic country information

<table>
<thead>
<tr>
<th>Basic country information (2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population: 21.53 million</td>
</tr>
<tr>
<td>GDP per capita: EUR 6,370</td>
</tr>
<tr>
<td>EU member since: 1 January 2007</td>
</tr>
</tbody>
</table>

EU programme information

In the 2007–2013 period, Romania will benefit from EU funds allocated mainly through three programmes:

- The **National Development Plan** (NDP) was implemented through OPs under the “Convergence” Objectives (five sectoral, one regional and one technical assistance OP) with EUR 19.21 billion from Structural Funds and under the “European Territorial Cooperation” Objectives;

- **Rural Development Policy (RDP)** including rural development interventions, with EUR 8.02 billion of Community contribution; and

- **National Fisheries Operational Programme (NFOP)** with EUR 231 million of EFF resources.

EU funds information

- **EU funds total**: EUR 27.47 billion
- **EU funds per capita**: EUR 1,280
- **EU funds per year per GDP**: 2.9%

EU funds information

In the period of 2007-13 Romania will be granted EUR 27.47 billion of EU funds. Together, with national public contribution the entire amount to be allocated equals EUR 33.53 billion.

The EU funds per capita figure is EUR 1,280, which is significantly below the average figure for CEE.

The total sum of annual EU funds constitutes 2.9% of the annual GDP of the country (calculated at 2008), which is the lowest ratio among the CEE countries.
2007–08 progress report

The country has allocated altogether 9% of the total budget available for EU co-financed development.

- Regarding the Romanian National Development Plan (NDP), during the first two years of implementation EUR 2.83 billion was allocated, which is 12% of the 7-year budget.

- The progress ratio of the Rural Development Policy is significantly below the respective ratios of NDP (1%, or EUR 108 million).

- The National Fisheries OP (NFOP) has not yet been launched. The first open calls for tenders were scheduled for early April 2009. The reason for the low RDP allocation might be that the programme was launched only in March 2008. Regarding the Rural Development Policy, the database on applications is not yet available.

Progress by programme

The following table contains the amounts of EU funds, the available budget 2007–13, the allocated and contracted grants amounts and the progress achieved concerning the framework and operational programmes in Romania during 2007–08.
### Operational Programme Title

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>I. National Development Plan</strong></td>
<td>19,212</td>
<td>23,251</td>
<td>2,827</td>
<td>1,250</td>
<td>12%</td>
</tr>
<tr>
<td>Environment OP</td>
<td>4,512</td>
<td>5,611</td>
<td>2,126</td>
<td>589</td>
<td>38%</td>
</tr>
<tr>
<td>Human Resources Development OP</td>
<td>3,476</td>
<td>4,089</td>
<td>305</td>
<td>305</td>
<td>7%</td>
</tr>
<tr>
<td>Increase of Economic Competitiveness OP</td>
<td>2,554</td>
<td>3,011</td>
<td>94</td>
<td>94</td>
<td>3%</td>
</tr>
<tr>
<td>Transport OP</td>
<td>4,566</td>
<td>5,698</td>
<td>25</td>
<td>n/a</td>
<td>0.4%</td>
</tr>
<tr>
<td>Administrative Capacity Development OP</td>
<td>208</td>
<td>246</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Regional OP</td>
<td>3,726</td>
<td>4,384</td>
<td>276</td>
<td>261</td>
<td>6%</td>
</tr>
<tr>
<td>Technical Assistance OP</td>
<td>170</td>
<td>213</td>
<td>2</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td><strong>II. Rural Development Policy</strong></td>
<td>8,022</td>
<td>9,971</td>
<td>108</td>
<td>108</td>
<td>1%</td>
</tr>
<tr>
<td><strong>III. National Fisheries Operational Programme</strong></td>
<td>231</td>
<td>308</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>27,465</td>
<td>33,530</td>
<td>2,935</td>
<td>1,358</td>
<td>9%</td>
</tr>
</tbody>
</table>

- Framework Programme
- Sectoral OP
- Regional OP
- Technical Assistance OP

The very first call for tender (funded from the Environment OP) was announced in October 2007. After the first two years of the implementation period the progress ratio of the OP reached 38%, which is an outstanding result. The progress of the rest of the OPs is under 10%. For the Human Resources OP the progress figure is 7%. The fact that only one out of the four priorities has been launched so far explains the low progress ratio (0.4%) of the Transport OP.

Concerning the Administrative Capacity Development OP there are no allocated grants yet as the programme was launched in February 2009.

The process of the implementation of the only regional operational programme is also lagging behind with a progress ratio of 6%.

The reason for the low progress ratio might be that most of the OPs were launched in the second half of 2008 and the application evaluation process has gone slowly. For this reason most of the applications are still in their initial stages.
**Progress by intervention types**

**General description**
Generally there is an uneven distribution among the progress by intervention type. The best ratio is 39% and the lowest is 0%. The reason for this might be that the interventions were launched fairly recently and only a few grants have been allocated so far.

**Comparison with budget**
Among the different intervention types the best performing areas are environment and human resource development related projects, while the progress of other intervention types is significantly lower. There are no healthcare related interventions in Romania.

**Comparison with other CEE countries**
Comparing the progress ratio by interventions the Romanian ratio is below the CEE average due to the slow evaluation procedure.

After the first two years of implementation, within the Romanian framework programmes the progress of the intervention types is:

- **Exceptional** in environment type interventions, and
- **Lagging behind** in energy, settlement development, public administration and R&D related interventions compared to the respective CEE figures.

---

**Progress ratio by intervention type**

<table>
<thead>
<tr>
<th>Intervention Type</th>
<th>Progress Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>4%</td>
</tr>
<tr>
<td>Energy</td>
<td>0%</td>
</tr>
<tr>
<td>Environment</td>
<td>39%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>n/a%</td>
</tr>
<tr>
<td>Human resource development</td>
<td>11%</td>
</tr>
<tr>
<td>Public administration</td>
<td>0%</td>
</tr>
<tr>
<td>R&amp;D, innovation</td>
<td>0%</td>
</tr>
<tr>
<td>Rural development and fisheries</td>
<td>1%</td>
</tr>
<tr>
<td>Settlement development</td>
<td>0%</td>
</tr>
<tr>
<td>Transport</td>
<td>0.3%</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Summary by intervention type**

**Most progress**
1. Environment (39%)
2. Human resource development (11%)

**Least progress**
1. Energy, Public administration, R&D and innovation, Settlement development (0%)
2. Transport (0.3%)
Lessons learnt on the implementation of EU co-funded programmes, 2007–08

During 2007–08 it became apparent that proper programming was crucial. There is indeed a need to better match deficiencies in a sector to resources from EU funds – both business and authorities need to have the open calls calendar beforehand. It is also important that the bureaucracy imposed by the Romanian authorities should not exceed the EU administrative requirements.

In order to allocate grants efficiently, both authorities and the business sector need to have better information and understanding of EU funding. Requirements should be simplified and kept to a minimum; further steps need to be taken to shorten the evaluation periods, public procurement and reimbursement processes; applicant guides should follow these changes accordingly.

Successful achievements

- Adequate programming, completed in due time
- Corresponding state aid schemes generally available in 2008
- Necessary institutions and law in place by 2008
- Open calls for tenders launched for almost all priority axes/measures
- High interest shown by private companies (the value of applications submitted reached 20 times the available EU + national budget).

Room for improvement

- Insufficient promotion/explanation of EU funding basis
- Highly technical language in Applicant Guides
- Overall low efficiency of civil servants involved in EU funding
- Very slow evaluation
- Insufficient number and quality of evaluators
- Not all state aid schemes were made available in due time
- Low interest from local authorities in co-financing their activity from EU funds
- Insufficient transparency or scheduling of programmes
- Excessive amounts of redundant paperwork by applicants.

The effects of the financial crisis on EU programmes

The first warning about the imminent approaching of the economic downturn immediately led to a higher interest in EU funding from both business and public authorities as an alternative for financing business and public needs. The first signs of an actual crisis were associated with a spectacular increase of credit costs, even for already contracted credits. As a reaction to this, the population started to have second thoughts about applying for credits.

Further on, as a reply to the population’s increasing incapacity to pay credit instalments, the banks started to stop granting all types of credits. As a result, credits for pre-financing and bridge financing have become almost unavailable. The immediate impact on businesses’ access to EU funding is that companies see themselves unable to secure advance payments in order to conclude individual financing contracts, even if their applications were selected for funding. It is expected that this might lead to more difficulties in the application of EU funds.

However, the EC promised a general increase of advance payments for public authorities and the availability of advances for business. It is expected that such advances will manage to compensate in part the lack of available credit and to move forward the EU funds implementation process.

Overall, in the context of the economic crisis, a much greater interest is expected in non-reimbursable funding as compared to more prosperous times, as a rather inexpensive application of supporting the business and public sectors.

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### Basic country information (2008)

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>5.40 million</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>EUR 6,870</td>
</tr>
<tr>
<td>EU member since</td>
<td>1 May 2004</td>
</tr>
</tbody>
</table>

### EU programme information

In the 2007–13 period, Slovakia has three major EU co-funded programmes:

- **National Strategic Reference Framework (NSRF)** covering 11 OPs (eight sectoral OPs, one regional, one Objective 2 OP and one technical assistance OP) with a total Community contribution of EUR 11.36 billion;

- **National Strategic Rural Development Plan (NSRDP)** includes rural development interventions, with EU funds of EUR 1.97 billion; and

- **National Strategic Plan of Fisheries (NSPF)** with a budget of EUR 14 million from EFF.

### EU funds information

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU funds total</td>
<td>EUR 13.34 billion</td>
</tr>
<tr>
<td>EU funds per capita</td>
<td>EUR 2,470</td>
</tr>
<tr>
<td>EU funds per year per GDP</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

Slovakia received an EU funded budget of EUR 13.34 billion for the 2007–13 period. Supplemented by national public contribution it results in a total sum of EUR 14.75 billion available for development purposes.

Proportionally, EU funds per capita value in Slovakia is EUR 2,470, which can be regarded as moderate compared to the CEE average.

The total sum of annual EU funds makes up 5.1% of the annual GDP (calculated for 2008) of the country.
Overall progress

Slovakia has distributed altogether 13% of the total budget available for EU-co-financed development.

<table>
<thead>
<tr>
<th>Progress summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated grants:</td>
</tr>
<tr>
<td>Total progress:</td>
</tr>
<tr>
<td>First call for tenders:</td>
</tr>
</tbody>
</table>

- Within the National Strategic Reference Framework (NSRF) Slovakia has distributed EUR 1,585 million to the final beneficiaries, which is almost one-eighth of the total amount available for seven years.

- The National Strategic Rural Development Plan’s (NSRDP) allocated amount equals EUR 342 million, which is about one-quarter of the total budget for seven years.

- The National Strategic Plan of Fisheries (NSPF) has not been launched until the end of 2008.

Concerning the first two Slovakian framework programmes, the NSRF is slightly behind while the NSRDP is advancing well. The progress of both framework programmes has met preliminary expectations, with NSRDP performing even better than the average.

Progress by programme

The following table outlines the amounts of EU funds, the available budget 2007–13, the amount of allocated and contracted grants and the progress achieved in the framework and operational programmes in Slovakia in 2007–08.
## Operational Programme Title

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I. National Strategic Reference Framework</td>
<td>11,361</td>
<td>13,435</td>
<td>1,586</td>
<td>717</td>
<td>7%</td>
</tr>
<tr>
<td>Employment and Social Inclusion OP</td>
<td>882</td>
<td>1,037</td>
<td>329</td>
<td>310</td>
<td>32%</td>
</tr>
<tr>
<td>Education OP</td>
<td>618</td>
<td>727</td>
<td>117</td>
<td>96</td>
<td>16%</td>
</tr>
<tr>
<td>Competitiveness and Economic Growth OP</td>
<td>772</td>
<td>908</td>
<td>161</td>
<td>14</td>
<td>18%</td>
</tr>
<tr>
<td>Environment OP</td>
<td>1,800</td>
<td>2,118</td>
<td>358</td>
<td>94</td>
<td>17%</td>
</tr>
<tr>
<td>Health OP</td>
<td>250</td>
<td>294</td>
<td>30</td>
<td>30</td>
<td>10%</td>
</tr>
<tr>
<td>Research and Development OP</td>
<td>1,209</td>
<td>1,423</td>
<td>117</td>
<td>78</td>
<td>8%</td>
</tr>
<tr>
<td>Informatisation of Society OP</td>
<td>993</td>
<td>1,168</td>
<td>12</td>
<td>12</td>
<td>1%</td>
</tr>
<tr>
<td>Transport OP</td>
<td>3,207</td>
<td>3,846</td>
<td>14</td>
<td>7</td>
<td>0,4%</td>
</tr>
<tr>
<td>Regional OP</td>
<td>1,445</td>
<td>1,700</td>
<td>383</td>
<td>28</td>
<td>23%</td>
</tr>
<tr>
<td>Bratislava Region OP</td>
<td>87</td>
<td>99</td>
<td>5</td>
<td>1</td>
<td>5%</td>
</tr>
<tr>
<td>Technical Assistance OP</td>
<td>98</td>
<td>115</td>
<td>60</td>
<td>47</td>
<td>52%</td>
</tr>
<tr>
<td>II. National Strategic Rural Development Plan</td>
<td>1,969</td>
<td>1,297</td>
<td>342</td>
<td>342</td>
<td>26%</td>
</tr>
<tr>
<td>III. National Strategic Plan of Fisheries</td>
<td>14</td>
<td>19</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,343</strong></td>
<td><strong>14,751</strong></td>
<td><strong>1,927</strong></td>
<td><strong>1,059</strong></td>
<td><strong>13%</strong></td>
</tr>
</tbody>
</table>

- Framework Programme
- Sectoral OP
- Regional OP
- Regional competitiveness and employment OP (objective 2)
- Technical Assistance OP

Disparity in the levels of progress of the programmes appears considerable. As regards the National Strategic Reference Framework the Transport OP, the Information Society OP, the Health OP and the Bratislava Region OP are lagging. The National Strategic Plan of Fisheries has not yet been started.

Up to this point, within the National Strategic Reference Framework the Technical Assistance OP and the Employment and Social Inclusion OP have reached the most advanced status with 32% and 52% of their budgets already allocated, as the first call for tenders was only launched in February 2008.

The National Strategic Rural Development Plan is also well ahead, with 26% of its budget allocated, having been launched in February 2008.
Progress by intervention types

General description
The average progress of allocated EU funds reaches 13%.

Technical assistance, human resource development, and rural development are the areas with the best progress, whilst transport, settlement development, energy and public administration have just started, or have hardly been launched yet.

Comparison with budget
It is remarkable that compared to the initial budget allocation structure, transport interventions – having the highest ratio (29%) in the available budget – have just been launched. The most progress can be observed in the case of human resource development, with 31% of the available budget allocated.

The fact that healthcare projects have not yet started shows not much difference in the overall progress ratio, as settlement development and energy related interventions have the lowest budgets out of the intervention types (EUR 614 million and EUR 198 million, respectively).

Based on the available data there seems to be no link between the development intentions (budgets) and the realisation of the objectives (progress) in Slovakia.

Comparison with other CEE countries
Compared to other CEE countries the progress of Slovakia concerning the utilisation of EU funds is above the average progress ratio.

Within the Slovakian framework programmes the progress ratio of the intervention types is generally:

**Exceptional** in human resource development, technical assistance and rural development type of interventions, and

**Lagging behind** in settlement development and transport related projects compared to the relevant CEE averages.

### Progress ratio by intervention type

<table>
<thead>
<tr>
<th>Intervention Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>16%</td>
</tr>
<tr>
<td>Energy</td>
<td>0.4%</td>
</tr>
<tr>
<td>Environment</td>
<td>16%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>7%</td>
</tr>
<tr>
<td>Human resource development</td>
<td>31%</td>
</tr>
<tr>
<td>Public administration</td>
<td>2%</td>
</tr>
<tr>
<td>R&amp;D, innovation</td>
<td>8%</td>
</tr>
<tr>
<td>Rural development and fisheries</td>
<td>26%</td>
</tr>
<tr>
<td>Settlement development</td>
<td>0.2%</td>
</tr>
<tr>
<td>Transport</td>
<td>0.02%</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>34%</td>
</tr>
</tbody>
</table>

### Summary by intervention type

**Most progress**
1. Technical assistance: (34%)
2. Human resource development (31%)
3. Rural development (26%)

**Least progress**
1. Transport (0.02%)
2. Settlement development (0.2%)
3. Energy (0.4%)
Lessons learnt on the implementation of EU co-funded programmes, 2007–08

The introduction of the euro helped to eliminate exchange rate impacts and simplify the financial management of EU funds. Managing bodies improved their publicity and education activities as well as access to information for potential applicants. Despite pessimistic estimates for the period of 2004–2006, Slovakia achieved a very high use of EU funds by the end of 2008: 91.98% of the total allocated budget was spent. Additionally, the Act on EU funds has been issued. The introduction of flat rates on European Social Fund (ESF) as well as on European Regional Development Fund (ERDF) funded projects is being considered in order to make the financial process and control easier.

Successful achievements

- Central coordination and management of EU funds using ERDF and ESF has been achieved
- A common financial management system has been established for all OPs with one certification and payment body
- A common management system was designed and implemented
- One central audit authority has been established to cover all OPs
- A central IT monitoring system for all OPs funded by ERDF and ESF is in operation which enables recording of financial data as well as monitoring actual workflow of projects
- Advance payment for ESF projects are enabled based on positive experience from the last programming period.

Room for improvement

- Preparation, finalisation and approval of OPs has been achieved at the end of 2007
- A relatively large number of OPs in relation with the total allocated budget, which leads to more fragmented and complicated implementation
- Disputes concerning public procurement processes and their control.

The effects of the financial crisis on EU programmes

As a result of the current financial crisis the limits for state aid have been increased. More focus has been put on large infrastructure projects which are expected to have a positive impact on the employment rate. National projects in the public sector are to be emphasised in order to prevent financial crisis impacts and support those affected by, for example, mass lay-offs.

The acceleration of JEREMIE implementation and SME projects, especially in the area of transfer to innovative technologies, is also supported by the Slovakian government.
Basic country information (2008)

Population: 2.03 million
GDP per capita: EUR 18,200
EU member since: 1 May 2004

Basic EU programme information

In the 2007–13 period Slovenia has three major EU co-funded programmes:

- **National Development Plan** (NDP) covering three OPs (two sectoral, one regional OP) with a total EU contribution of EUR 4.1 billion;

- **National Strategic Plan for Rural Development** (NSPRD) including rural development interventions, with EUR 0.9 billion from EAFRD; and

- **National Strategic Plan of Fisheries Development** (NSPFD) with a budget of EUR 22 million from EFF.

EU funds information

In the period of 2007-13, Slovenia will be granted EUR 5.02 billion of EU funds, which is complemented by national public contributions to a total of EUR 6.01 billion.

In Slovenia the EU funds per capita figure reaches EUR 2,480, which is highly above the average figure of the CEE.

The total sum of annual EU funds constitutes 1.9% of the annual GDP of the country (calculated for 2008).
Slovenia

2007–08 progress report

The country has allocated altogether 23% of the total budget available for EU co-funded development.

- During the first two years of implementation EUR 1.1 billion was allocated within the National Development Plan, which is 23% of the total available budget for the period 2007–13.

- In the framework of the National Strategic Plan for Rural Development, EUR 279 million in grants was allocated by the end of 2008.

- The National Strategic Plan on the Development of Fisheries (NSPDF) has not yet been effectively operationalised.

Generally the progress ratios of the EU programmes are high compared to the respective data in the CEE region. The figure of 23% for the NDP is encouraging considering that the programme was launched in June 2007. The progress of allocating grants within the RDP appears to be on the right track as well.

Progress by programme

The following table contains the amounts of EU funds, the available budget 2007–13, the allocated and contracted grants amount and the progress achieved concerning the framework and operational programmes in Slovenia in 2007–08.
## Operational Programme Title

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I. National Development Plan</td>
<td>4,101</td>
<td>4,824</td>
<td>1,091</td>
<td>846</td>
<td>23%</td>
</tr>
<tr>
<td>Human Resources Development OP</td>
<td>1,710</td>
<td>2,011</td>
<td>610</td>
<td>552</td>
<td>30%</td>
</tr>
<tr>
<td>Environmental and Transport Infrastructure Development OP</td>
<td>756</td>
<td>889</td>
<td>241</td>
<td>212</td>
<td>27%</td>
</tr>
<tr>
<td>Strengthening Regional Development Potentials OP</td>
<td>1,636</td>
<td>1,924</td>
<td>240</td>
<td>82</td>
<td>12%</td>
</tr>
<tr>
<td>II. National Strategic Plan for Rural Development</td>
<td>900</td>
<td>1,160</td>
<td>279</td>
<td>279</td>
<td>24%</td>
</tr>
<tr>
<td>III. National Strategic Plan on the Development of Fisheries</td>
<td>22</td>
<td>29</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>5,023</td>
<td>6,013</td>
<td>1,369</td>
<td>1,124</td>
<td>23%</td>
</tr>
</tbody>
</table>

- Framework Programme
- Sectoral OP
- Regional OP

Among the three OPs within the National Development Plan, the best performer is the Human Resources Development OP with EUR 610 million in allocated grants, which means that 30% of the available budget has been allocated in the first two years of the implementation. Proportionally, the Environmental and Transport Infrastructure OP performs quite well: 27% of the available budget has been allocated (EUR 241 million).

The progress of the regional OP is over 10% though it was launched last among the NSRF OPs at the end of 2008.

Within the Rural Development Plan, by the end of 2008 public tenders were published for all of the foreseen interventions and 24% of the grants was allocated (EUR 279 million). According to EU statistics, Slovenia is among the best performers among the new member states in allocating rural development funds.
Progress by intervention types

General description
The progress ratio according to intervention types varies widely from 4% to 83%, the latter number being outstanding among the CEE countries’ evaluations. The average progress ratio in the country is around 25%.

Comparison with budget
Based on the last two years’ data the best performing area is Technical assistance, but the progress of economic development related interventions is also outstanding, at over 40%.

The progress of human resources development and rural development related interventions also slightly exceeds expectations with progress ratios over 24%.

Comparison with other CEE countries
Compared to other CEE countries the progress of Slovenia regarding the utilisation of EU funds is above the CEE average.

The reason for this might be that the OPs were already launched in June 2007.

Considering the Slovenian EU co-funded programmes, the progress ratio of the intervention types is:

**Exceptional** in the case of interventions which support economic development, rural development, and

**Lagging behind** in public administration and R&D related interventions compared to the CEE allocation average.

### Progress ratio by intervention type

<table>
<thead>
<tr>
<th>Intervention Type</th>
<th>Progress Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>42%</td>
</tr>
<tr>
<td>Energy</td>
<td>n/a</td>
</tr>
<tr>
<td>Environment</td>
<td>n/a</td>
</tr>
<tr>
<td>Healthcare</td>
<td>n/a</td>
</tr>
<tr>
<td>Human resource development</td>
<td>25%</td>
</tr>
<tr>
<td>Public administration</td>
<td>4%</td>
</tr>
<tr>
<td>R&amp;D, innovation</td>
<td>7%</td>
</tr>
<tr>
<td>Rural development and fisheries</td>
<td>24%</td>
</tr>
<tr>
<td>Settlement development</td>
<td>n/a</td>
</tr>
<tr>
<td>Transport</td>
<td>11%</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>83%</td>
</tr>
</tbody>
</table>

### Summary by intervention type

**Most progress**
1. Technical Assistance (83%)
2. Economic development (42%)
3. Human resource development (25%)

**Least progress**
1. Public administration (4%)
2. R&D and development (7%)
3. Transport (11%)
Lessons learnt on the implementation of EU co-funded programmes, 2007–08

Within the framework programmes there were no activities performed in 2007 which could have influenced the goals that had been set. This is explained by the fact that Slovenia only received the EC Decision on the acceptance of the National Development Plan in November, and for the National Strategic Plan for Rural Development in September 2007. The National Strategic Plan on the Development of Fisheries was adopted by the European Commission on 19 November 2008. Despite the efforts to obtain required data from the relevant management authorities, there is no information available on the NDP aside from cumulative numbers.

Among other relevant issues, according to government sources the annual budgets were over ambitiously set as the inflow of EU funds was considerably smaller than planned.

In the period of 2007–2008, 84.6% of expected funds were allocated, and 65.6% of the planned value was contracted.

Successful achievements

• Exceptional progress for rural development related interventions.

Room for improvement

• Insufficient interest of applicants for certain measures.

The effects of the financial crisis on EU programmes

The Government’s priority has primarily been towards those tenders, which represent a response to the current financial and economic crisis. These measures include:

1. Increasing the volume of funds for the co financing of new technological equipment
2. Publishing a public tender for strategic R&D projects for the private sector
3. Granting additional funds to the Ministry of Labour, Family, and Social Affairs (employment with shorter work hours, self-employment, etc.)
4. Directing additional funds for the OPHRD (young researchers programme, healthcare informatisation)
5. Reduce administrative obstacles and increase spending in areas which might increase the competitiveness of the economy.

This is especially urgent in case of the RDP where there is a lessened interest on behalf of the applicants, especially with measures that require a higher share of one’s own participation in the investment financing scheme.

Specific areas where these measures apply include infrastructure development (information, transport), R&D, and human resources, while trying to mitigate the negative effects on the economy (by introducing, for example, shorter working hours). Additionally, by mid 2009 Slovenia plans to submit proposals of modification of the RDP to the European Commission, in order to change certain requirements and co-financing rates, where possible, to improve conditions for drawing funds.
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