

## Evolution of National Strategic Plans implementation in Central and Eastern European countries

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Integration in European Union assumes obtaining certain benefits. In March 2010 the European Commission launched the 2020 Strategy for a sustainable growth. The objective is to overcome the effects of economic crisis from 2008 and prepare the EU economy for the next decade. The absorption of European funds help the convergence of Central and Eastern European Countries. The paper proposes an integrated analysis of National Strategic Plans implementation using data provided by European and national statistics institutions. The main objectives of Central and Eastern European Countries should be maximizing European funds absorption in order to continue the integration and decrease disparities.

**Key words:** regional integration, budget, European funds, regional politics, national strategic plan

**JEL CODE:** F02, F15, P47

### 1. Introduction

Structural and Cohesion Funds and the allocation strategies of EU member countries, represents essential elements for implementing European cohesion policy. National Strategic Reference Frameworks have a decisive role in developing operational programs that will be approved by the European Commission, respectively in the utility and efficiency of European funds that will be absorbed. Within these operational programs are established areas of intervention, priority axes and types of eligible activities, essential information for project preparation by potential beneficiaries. Managing Authorities sign financing contracts with beneficiaries of approved projects, and ensures compliance with specific conditions on project implementation in accordance with the Community applicable regulations and national legislation in force.

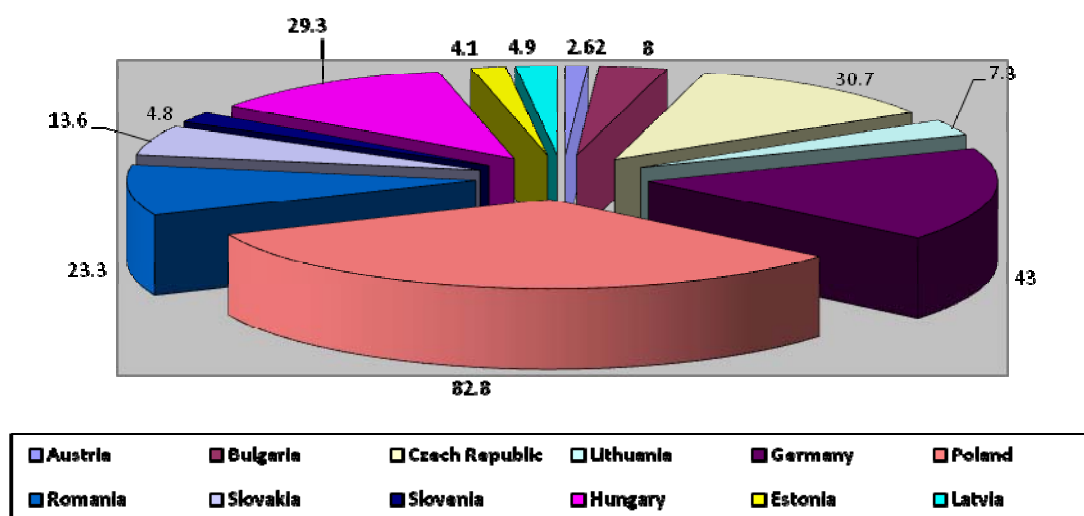
When we talk about European funds we are discussing about contract rates and effective payment rates. The contracting rate is the ratio between the value of contracts approved and available budget for 2007-2013, and effective payments rate is the ratio between the amounts actually paid and the available budget for 2007-2013.

The projection of financial framework for 2014- 2020 is structured into five chapters:

- Smart and inclusive growth
- Sustainable growth
- Global Europe
- Administration
- Security and Citizenship

The total budget of the European Union for 2014- 2020 framework is 960 billion, lower than 2007- 2013 framework that was 994 billion.

Figure 1 European budget 2014-2020



Source: EUROSTAT

Due to problems encountered in the implementation of the National Strategic Plans, European Union decided to reduce the allocation of European funds for 2014-2020 frameworks, according to the absorption rate of the previous period.

## 2. Methodology

The adoption and implementation of National Strategic Plans are influenced by a great variety of local, national and European decisions. In order to reach the objective of the present paper, numerous sources and materials have been appealed, focusing on data regarding European funds. This paper aims is to conduct and develop an objective analysis of the current state of European funds absorption and implementation in Central and Eastern European Countries, using data and statistics provided by European and national statistics institutions.

## 3. The progress of National Strategic Plans implementation in Central and Eastern European Countries

**Austria** structure of National Strategic Reference Framework for 2007- 2013 cover seven Operational Programmes, with 2,62 billion euro available budget, containing complemented national public contribution.

By the end of 2011, Austria received from the EU about 49% of the allocated budget.

Table 1 Implementation degree of Operational Programmes

Operational Programmes	Convergence objective	Regional competitiveness	Territorial cooperation
Budget 2007-2013 (mil euro)	240	2120	260

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

**Bulgaria** structure of National Strategic Reference Framework for 2007- 2013 cover 7 Operational Programmes, with 8 billion euro available budget, containing complemented national public contribution. By the end of 2011, Bulgaria had contracted 6,3 billion euro, which is 4/5 of the available budget (79%) and has been paid out to the beneficiaries 1,5 billion euro, which is 1/5 of the available budget (19%).

**Czech Republic** structure of National Strategic Reference Framework for 2007- 2013 cover 17 Programmes, eight sectorial, seven regional and two operational programs. The community contribution is complemented by national public resources, providing a total budget of 31 billion euro. By the end of 2011, Czech Republic had contracted 22,2 billion euro, representing 72% of the available budget and has been paid out to the beneficiaries 11,8 billion euro, representing 40% of the allocated budget.

**Estonia** structure of National Strategic Reference Framework for 2007- 2013 cover 3 Operational Programmes, with a total budget of 4,1 billion euro, containing community contribution complemented by national public contribution. By the end of 2011, Estonia had contracted 3,8 billion euro, representing 94% of the available budget and has been paid out to the beneficiaries 1,8 billion euro, representing 44% of the allocated budget.

**Table 2 Implementation degree of Operational Programmes**

Operational Programmes	Budget 2007-2013	Contracted grants	Paid grants	Contracted ratio	Payment ratio
3	Mil. EURO	Mil. EURO	Mil. EURO	%	%
<b>Total</b>	<b>4108</b>	<b>3859</b>	<b>1805</b>	<b>94%</b>	<b>44%</b>

Source: KPMG Report 2011

**Latvia** structure of National Strategic Reference Framework for 2007- 2013 cover 3 Operational Programmes, with a total budget of 4,9 billion euro containing community contribution complemented by national public contribution. By the end of 2011, Latvia had contracted 4,2 billion euro, representing 87% of the available budget and has been paid out 2,1 billion euro, representing 44% of the allocated budget.

**Table 3 Implementation degree of Operational Programmes**

Operational Programmes	Budget 2007-2013	Contracted grants	Paid grants	Contracted ratio	Payment ratio
3	Mil. EURO	Mil. EURO	Mil. EURO	%	%
<b>Total</b>	<b>4941</b>	<b>4277</b>	<b>2151</b>	<b>87%</b>	<b>44%</b>

Source: KPMG Report 2011

**Lithuania** structure of National Strategic Reference Framework for 2007- 2013 cover 4 Operational Programmes, with a total budget of 7,3 billion euro containing community contribution complemented by national public contribution. By the end of 2011, Lithuania had contracted 5,8 billion euro, representing 78% of the available budget and the amount of paid grants reached 3,2 billion euro, representing 43% of the allocated budget.

**Table 4 Implementation degree of Operational Programmes**

Operational Programmes	Budget 2007-2013	Contracted grants	Paid grants	Contracted ratio	Payment ratio
4	mil EURO	mil EURO	mil EURO	%	%
<b>Total</b>	<b>7431</b>	<b>5799</b>	<b>3232</b>	<b>78%</b>	<b>43%</b>

Source: KPMG Report 2011

**Germany** structure of National Strategic Reference Framework for 2007- 2013 cover 36 Operational Programmes, with a total budget of 43 billion euro containing community contribution complemented by national public contribution. By the end of 2011, paid grants reached 52% of the total allocated budget for the seven year period.

**Table 5 Implementation degree of Operational Programmes**

Operational Programmes	Convergence objective	Regional competitiveness	Territorial cooperation
<b>Budget 2007-2013 (mil euro)</b>	<b>21800</b>	<b>20300</b>	<b>900</b>

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

**Poland** structure of National Strategic Reference Framework for 2007- 2013 cover 21 Operational Programmes, 4 sectorial, 16 regional and 1 technical assistance, with a total budget of 82,8 billion euro containing community contribution complemented by national public contribution. By the end of 2011, Polish beneficiaries had signed contracts for 52,4 billion euro, representing 63% of the available budget and 23 billion euro was disbursed to the beneficiaries, which represents 28% of the total allocated budget for the seven year period.

**Romania** structure of National Strategic Reference Framework for 2007- 2013 cover 7 Operational Programmes, 5 sectorial, 1 regional and 1 technical assistance, with a total budget of 23,3 billion euro containing community contribution complemented by national public contribution. By the end of 2011, România had been contracted grants for 14,6 billion euro, representing 63% of the available budget and 3,2 billion euro was disbursed to the beneficiaries, which represents 14% of the total allocated budget for the seven year period.

**Table 6 Implementation degree of Operational Programmes**

Operational Programmes	Budget 2007-2013	Contracted grants	Paid grants	Contracted ratio	Payment ratio
7	mil EURO	mil EURO	mil EURO	%	%
Total	<b>23,251</b>	<b>14,610</b>	<b>3,152</b>	<b>63%</b>	<b>14%</b>

Source: KPMG Report 2013

**Slovakia** structured National Strategic Plan for 2007- 2013 on 11 Programmes, 8 sectorial, 1 regional, 1 operational, and 1 technical assistance, with a total budget of 13,6 billion euro containing community contribution complemented by national public contribution. By the end of 2011, Slovakia had been contracted grants for 8,6 billion euro, representing 64% of the available budget and 3,8 billion euro was paid to the beneficiaries, accounting for 28% of the total budget allocated for seven years.

**Table 7 Implementation degree of Operational Programmes**

Operational Programmes	Budget 2007-2013	Contracted grants	Paid grants	Contracted ratio	Payment ratio
11	mil EURO	mil EURO	mil EURO	%	%
Total	<b>13,600</b>	<b>8,661</b>	<b>3,842</b>	<b>64%</b>	<b>28%</b>

Source: KPMG Report 2013

**Slovenia** structured National Strategic Plan for 2007- 2013 on 3 Programmes, 2 sectorial and 1 regional, with a total budget of 4,8 billion euro containing community contribution complemented by national public contribution. By the end of 2011, Slovenia had been contracted grants for 2,8 billion euro, representing 64% of the available budget and 1,8 billion euro was paid to the beneficiaries, accounting for 38% of the total budget allocated for seven years.

**Table 8 Implementation degree of Operational Programmes**

Operational Programmes	Budget 2007-2013	Contracted grants	Paid grants	Contracted ratio	Payment ratio
3	mil EURO	mil EURO	mil EURO	%	%
Total	<b>4825</b>	<b>2858</b>	<b>1849</b>	<b>59%</b>	<b>38%</b>

Source: KPMG Report 2013

**Hungary** structure of National Strategic Reference Framework for 2007- 2013 cover 15 Operational Programmes, with a total budget of 29,3 billion euro containing community contribution complemented by national public contribution. By the end of 2011, Hungary had contracted 18,8 billion euro, representing 64% of the available budget and the amount of paid grants reached 8,3 billion euro, representing 28% of the allocated budget.

**Table 9 Implementation degree of Operational Programmes**

Operational Programmes	Budget 2007-2013	Contracted grants	Paid grants	Contracted ratio	Payment ratio
15	mil EURO	mil EURO	mil EURO	%	%
Total	<b>29319</b>	<b>18837</b>	<b>8337</b>	<b>64%</b>	<b>28%</b>

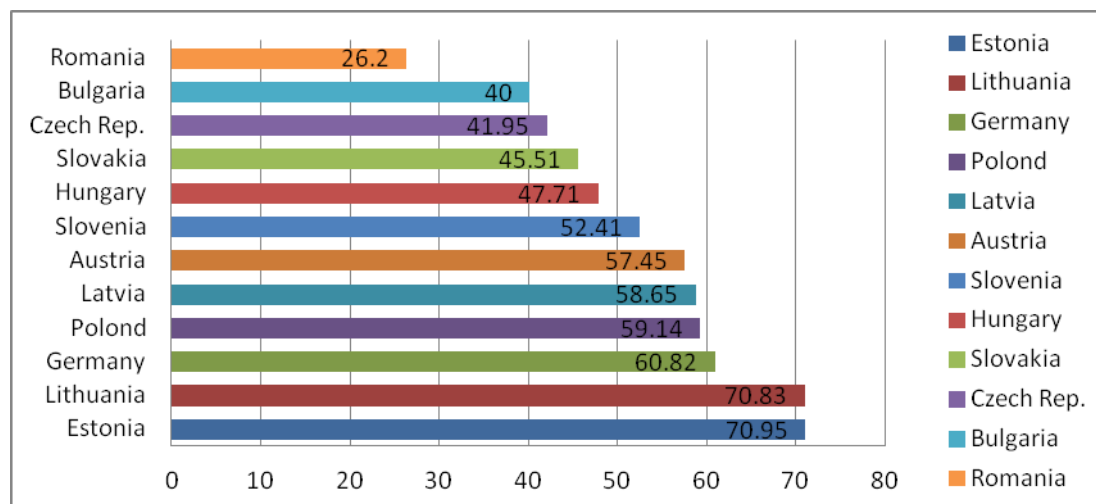
Source: KPMG Report 2013

#### 4. Conclusions

Over the period of implementation of EU funds, changes occur regarding the percentage of implementation of structural and cohesion funds, compared to the national allocation for the period. For the period 2007 - 2013 there are differences between allocations and actual payments made to European Member States by the European Commission.

Thus, in June 2013 Romania has reached about 26% absorption rate of European funds allocated. Estonia ranks first with an absorption rate of about 71%.

**Figure 2 Central and Eastern European absorption rate of European funds – June 2013**



Source: [http://ec.europa.eu/regional\\_policy/thefunds/funding/index\\_en.cfm](http://ec.europa.eu/regional_policy/thefunds/funding/index_en.cfm)

The desire for accession of the countries of Central and Eastern Europe to the European Union was based on various reasons, specific to each country, but the economic reasons were considered primordial to political and social ones.

Attracting and absorbing European funds undoubtedly lead to an increase in consumption, business and the economy as a whole. However, it must not lose sight of efficiency and the use of funds allocated by each government so as to ensure maximization of economic impact. European funds are an important indicator for the current European economy, taking into account the trend of the last twenty years.

In these latter days we hear discussions about European funds absorption and the percentage drawn, but the problem is not necessarily about how much had been absorbed, although it is important the amounts, but is the way in which we use this percentage and how well these funds are orientated to the specific needs of countries and citizens.

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