

## **Efficiency expenditure of the repaid EU structural funds assets**

### **SIA "Baltic Project Consulting" 19.04.2008. - 20.08.2008.**

In accordance with the Contract concluded on 26th April 2008 between the Ministry of Finance and the „Baltic Project Consulting”, the specific aim of the evaluation was to identify the use by the recipients of the reimbursement of the EU Structural Funds co-financing under the SPD (Single Programming Document) measures. In particular, the effectiveness of the financing for development of the organization (commercial operator, non governmental organization, farmer, physical person, etc.) should be evaluated.

In accordance with the Terminology Commission of the Academy of Science, the „effectiveness” is understood as a degree to which the system or its parts achieve the intended result (perform its function) in comparison with the resources utilised. The degree to which the system or its parts achieve the intended result in comparison with the resources utilised is measured by different indicators. Under this evaluation the use of the reimbursement of the EU Structural Funds co-financing for development of the organization was assessed (purpose, degree, influence of the external factors). The effectiveness of the EU Structural Funds management system was analysed, since it influences the timeliness of the reimbursements, and the associated administrative burden upon the recipients of the Structural Funds. The Structural Funds recipients were asked relevant questions, the analysis of the answers is included in this evaluation report.

In accordance with the Technical Specification the evaluation considered a limited group of Structural Funds recipients (commercial operators, non governmental organizations, farmers, physical persons) - the government bodies were excluded. No data were obtained and analysed regarding influence of the EU funding upon such macroeconomic data as budget balance, productivity, inflation and trade balance, since these issues have been assessed in detail under other evaluations<sup>1</sup>.

Under this evaluation the survey among the recipients of EU co-financing reimbursement was performed. The general population included 5825 recipients which were registered in the data base as finished projects. The eligible financing of these projects comprised 480 065 718 LVL, out of which the eligible financing from the Structural Funds comprised 220 643 768,20 LVL. Questionnaires were sent to 2215 recipients. 415 answers were received, out of which 32 organizations answered that no reimbursement had been received. These answers were excluded from the analysis. Two more questionnaires were excluded from the analysis, since they represented one organization. 381 filled in questionnaires were included in the analysis.

On the basis of the recipients answers’ and results of the interviews, the conclusions and recommendations have been made.

---

<sup>1</sup> Association „Baltic International Centre of Economics’ Policy Studies”, „Evaluation of the EU funds impact upon macroeconomics” Report of the II phase, July, 2008.

- The effectiveness of the Structural Funds administration system has a direct influence upon the effectiveness of the Structural Funds' reimbursement. Delays in commencement of the projects and slow administration process of the reimbursement documentation in combination with the external factors (increase of costs in 2004 – 2006 in the construction sector and other sectors) have affected the overall increase of projects' costs, thereby leading to decreased effectiveness.

- The funds reimbursed from the Structural Funds have been mainly directed to the development related goals, e.g., purchase of equipment and training. This is based upon the planning documents and comparatively favorable bank loan policy in 2004-2006. It is concluded that the funds reimbursed from the Structural Funds have had a positive impact upon the national economy since they have supported competitiveness of the companies and labor force.

- Most part of the Structural Funds recipients express willingness to implement projects during the new 2007-2013 period if the Structural Funds intensity remained the same. However, some groups, in particular the commercial operators point out at the negative overall economical situation, which coincides with the changes of the Structural Funds requirements (diminished intensity of the Structural Funds support, and more complicated demands regarding participation). The combination of these factors diminishes accessibility of the Structural Funds for entrepreneurs.

- Some groups (in particular, NGOs, municipalities) are more than other depending upon the Structural Funds availability for implementation of the projects. This is supported by recipients answers, that the projects would not be implemented without Structural Funds support. In Latgale region there are more than in other regions repetitive, small scale and soft projects. If viewed in combination with the lower development indicators than in other regions it could be assumed that for some groups the Structural Funds provide important monetary income. Although the evaluation results do not directly support or oppose this assumption, the analysis of the projects' recipients, size and measures evidence that in this region the recipients have more interest to implement financially small scale projects, which have large portion of costs for administration, management and implementation personnel.

The evaluation was performed during May – August 2008. The team of experts: Iveta Baltiņa, Sanita Vanaga and Krišjānis Veitners. The coordination of the experts' team was performed by Ieva Belte, the executive director of „Baltic Project Consulting”.