

PUBLIC HEARING

COMMITTEE ON BUDGETARY CONTROL



European Parliament

Tuesday 14.07.2015 – **16:00-18:30**
ALTIERO SPINELLI BUILDING – ROOM **A1G-3**

“The use of EU funds in Member States in partnership with companies (contractors or subcontractors) outside of a given Member State”

Chair: Ingeborg Gräble
Rapporteur: Ryszard Czarnecki



Speakers:

Rudolf NIESSLER, *Director responsible for Policy, DG REGIO,
European Commission*

Jerzy DROŹDŹ, *Former Ambassador, Deputy Head of Permanent
Representation of the Republic of Poland to the EU*

Eszter VITÁLYOS, *State Secretary, Hungarian Prime Minister's Office*

Roland BLOMEYER, *Blomeyer & Sanz*



PROGRAMME

Hearing on "The use of EU funds in Member States in partnership with companies (contractors or subcontractors) outside of a given Member State"

14 July 2015 (16.00-18.30)

Brussels, ASP 1G-3

- 16.00 h Opening
Dr. Inge GRÄßLE, Chair of the Committee on Budgetary Control (CONT)
- 16.05 h Introduction
Ryszard CZARNECKI, Vice-President of the European Parliament, rapporteur

1st panel: The stakeholders

- 16.15 h Who benefitted from ERDF assistance in countries that joined the EU in 2004 during the programming period 2007-2013?
Rudolf NIESSLER, Director responsible for Policy, DG REGIO, European Commission
- 16.35 h Who benefitted from ERDF assistance during the programming period 2007-2013 in Poland?
Jerzy DRODZ, Former Ambassador
Polish Chamber of Commerce (Director of the Foreign Affairs Department)
Deputy Head of Permanent Representation of the Republic of Poland to the EU
- 16.55 h Who benefitted from ERDF assistance during the programming period 2007-2013 in Hungary?
Eszter VITÁLYOS, State Secretary
Hungarian Prime Minister's Office (State Secretariat for Development Policy)

17.15 h Questions and answers

2nd panel: The academic view

17.30 h Who benefitted from ERDF assistance in countries that joined the EU in 2004 during the programming period 2007-2013? - An academic view
Roderick ACKERMANN, Blomeyer & Sanz

17.50 h Questions and answers

18.15 h Closing remarks

Ryszard CZARNECKI, Vice-President of the European Parliament, rapporteur



USE OF EU FUNDS IN MEMBER STATES IN PARTNERSHIP WITH COMPANIES (CONTRACTORS AND SUBCONTRACTORS) OUTSIDE OF A GIVEN MEMBER STATE

Prepared for the Committee on Budgetary Control

08/07/2015

Briefing

EN

For further information, please contact: poldep-budg@ep.europa.eu

SUMMARY

This note provides background information for the topics which are to be discussed at the Committee on Budgetary Control hearing of 14 July 2014, "Use of EU Funds in Member States in partnership with companies (contractors and subcontractors) outside of a given Member State".

It also points to information resources providing more data, research result and reports about the particular set of questions, as well as about Cohesion policy in general.

1. INTRODUCTION

Article 174 of the Treaty on the Functioning of the European Union (TFEU) provides that, in order to strengthen its economic, social and territorial cohesion, the Union is to aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, and that particular attention is to be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps.

Regional Policy targets regions and cities in the European Union in order to support job creation, business competitiveness, economic growth, sustainable development, and improve citizens' quality of life. Regional Policy is delivered through three main funds: the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF).

Between 2007 and 2013, the period of primary interest of the hearing, total cohesion budget amounted to €347 billion; for 2014-2020, € 351.8 billion has been set aside for Cohesion Policy, which represents almost one third of the total EU budget.

On the top of its direct aim of reducing development disparities between the regions, regional policy also mitigated the impact of the financial crisis which started in 2008 by supporting public investment and deploying EU investments flexibly (reprogramming of funds and/or by raising the co-financing rate). Without Cohesion Policy, public investment in the less developed Member States would have collapsed by an additional 45% during the crisis.

(source: European Commission).

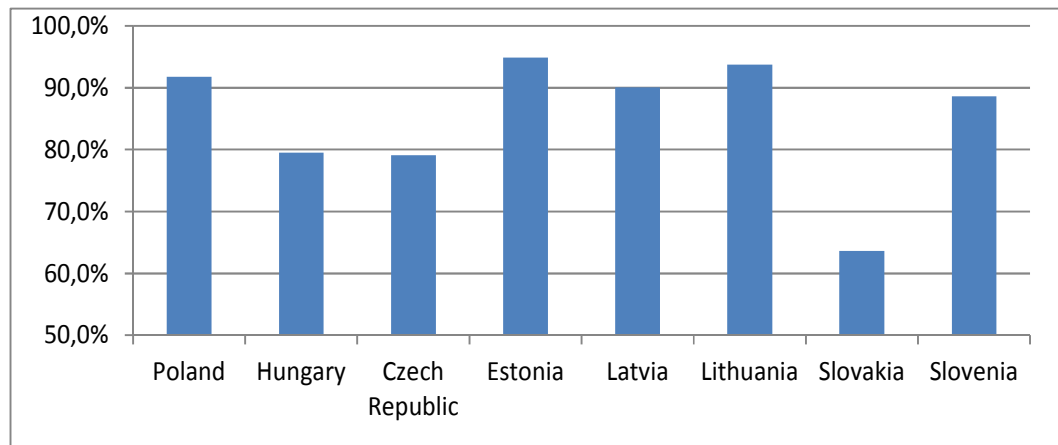
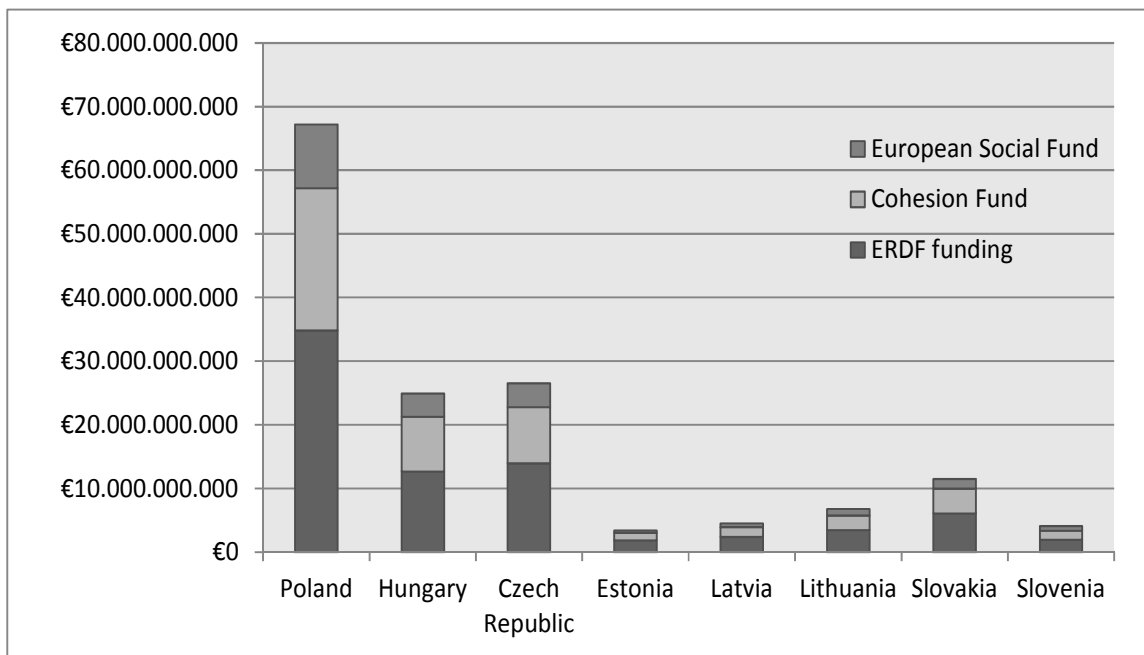
2. BUDGETARY DATA 2007-2013 AND OUTCOMES

The following tables and charts show the Cohesion budget for the 2007-2013 period of the Member States which present interest to this hearing (that is, the eight Central and Eastern European states which joined the Union in 2004, with a closer look at the cases studies (Poland and Hungary)).

2.1. BUDGETARY DATA FOR CEE 2007-2013

2.1.1. The table and charts show EU Cohesion Policy funding that is invested over the period 2007-2013 in Central and Eastern European Countries which joined the EU in 2004, and the absorption rate:

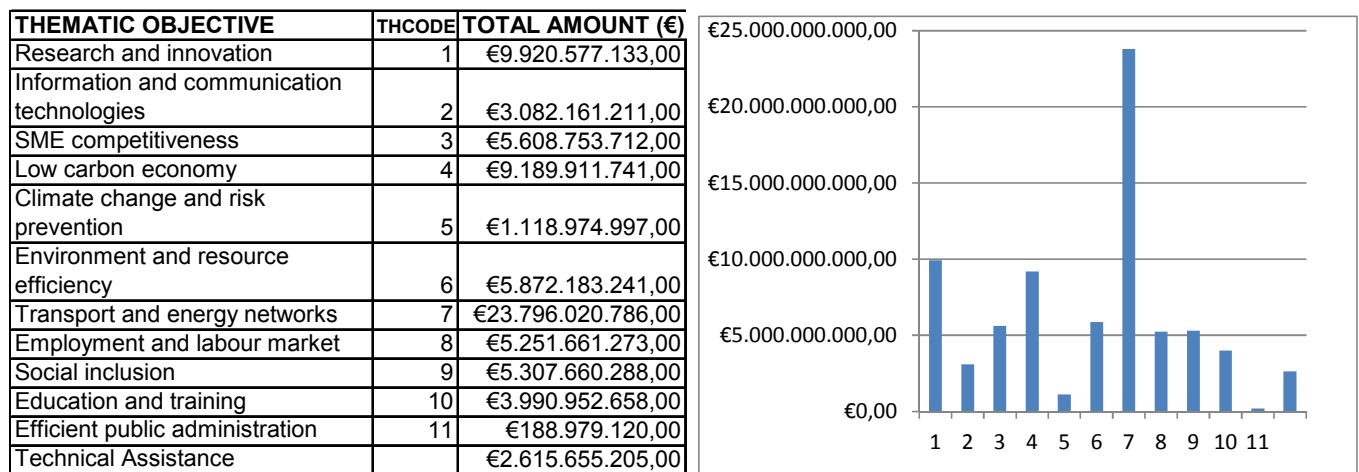
MS	ERDF funding	Cohesion Fund	European Social Fund	Total	Absorption (%)
Poland	€34.791.000.148	€22.387.151.159	€10.007.397.937	€67.185.549.244	91,8%
Hungary	€12.638.528.106	€8.642.316.217	€3.626.879.916	€24.907.724.239	79,5%
Czech Republic	€13.932.831.854	€8.819.022.439	€3.787.795.992	€26.539.650.285	79,1%
Estonia	€1.860.211.106	€1.151.731.446	€391.517.329	€3.403.459.881	94,9%
Latvia	€2.407.567.364	€1.539.776.553	€583.103.717	€4.530.447.634	90,1%
Lithuania	€3.441.950.353	€2.305.235.743	€1.028.306.727	€6.775.492.823	93,7%
Slovakia	€6.099.989.765	€3.898.738.563	€1.497.739.439	€11.496.467.767	63,6%
Slovenia	€1.933.779.408	€1.411.569.858	€755.699.370	€4.101.048.636	88,6%



Source: European Commission (<https://cohesiondata.ec.europa.eu/>)

2.2. POLAND

2.2.1. The table and chart show breakdown of the available funds by thematic objective for Poland:



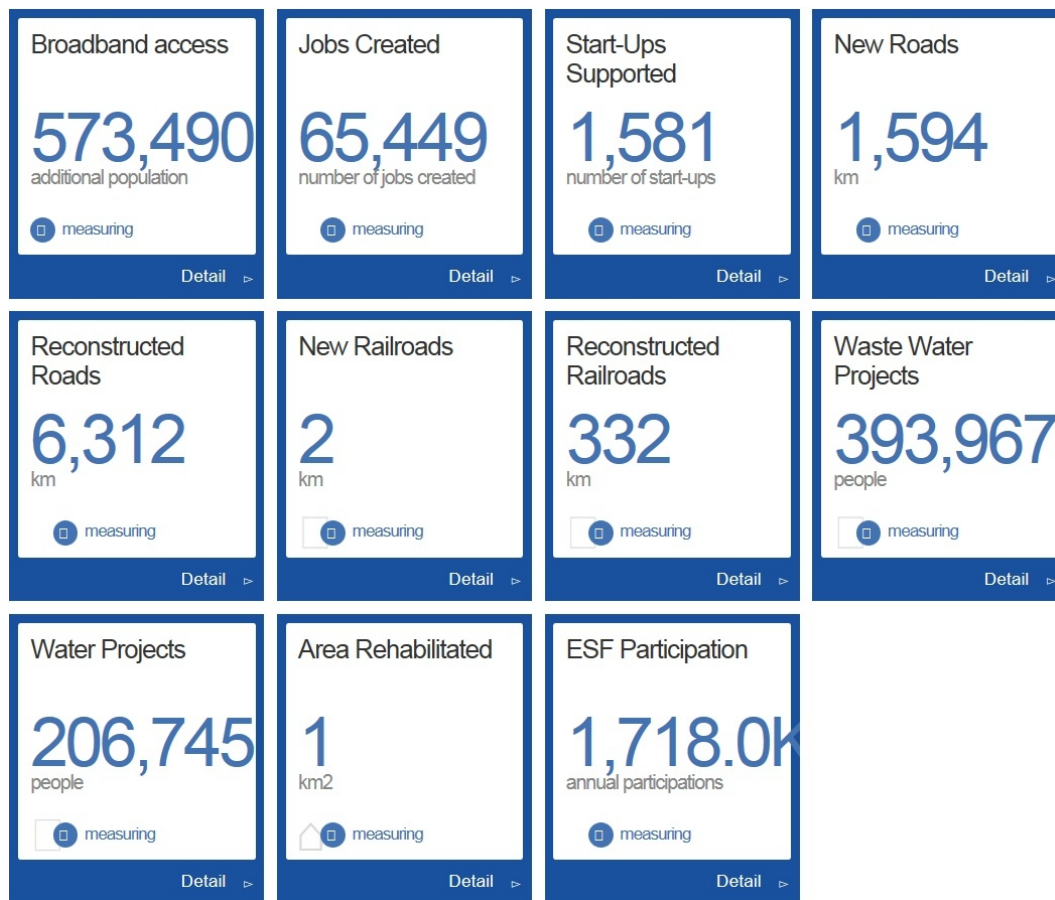
Source: European Commission (<https://cohesiondata.ec.europa.eu/>)

3. The table shows growth of GDP 2008-2011, Employment rate change 2008-2014 and Employment rate in 2014 in Poland by NUTS (Nomenclature of Territorial Units for Statistics, abbrev. for French "Nomenclature des unités territoriales statistiques") region:

NUTS CODE	NUTS NAME	Growth of GDP per head in real terms, 2008-2011	Employment rate change 2008-2014	Employment Rate 2014
PL11	Łódzkie	2,89	2,20	62,0%
PL12	Mazowieckie	4,11	1,20	63,7%
PL21	Małopolskie	2,47	2,90	68,2%
PL22	Śląskie	2,99	2,00	68,0%
PL31	Lubelskie	2,03	1,10	63,2%
PL32	Podkarpackie	2,70	5,80	64,6%
PL33	Świętokrzyskie	1,64	2,60	65,5%
PL34	Podlaskie	2,43	2,70	65,8%
PL41	Wielkopolskie	2,47	1,60	64,4%
PL42	Zachodniopomorskie	2,55	-1,10	60,4%
PL43	Lubuskie	2,12	1,80	65,7%
PL51	Dolnośląskie	3,32		65,3%
PL52	Opolskie	1,38	1,30	69,9%
PL61	Kujawsko-Pomorskie	1,50	1,60	70,6%
PL62	Warmińsko-Mazurskie	2,43	2,40	68,8%
PL63	Pomorskie	3,34	3,10	67,9%

Source: European Commission (<https://cohesiondata.ec.europa.eu/>)

Cohesion outputs for Poland

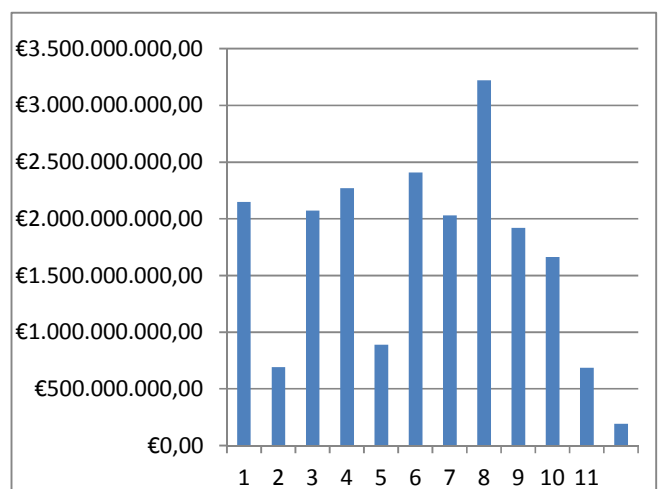


For details, see: European Commission <https://cohesiondata.ec.europa.eu/>

2.3. HUNGARY

2. The table and charts show breakdown of the available funds by thematic objective for Poland and Hungary:

THEMATIC OBJECTIVE	THCODE	TOTAL AMOUNT (€)
Research and innovation	1	€2.148.860.450,00
Information and communication technologies	2	€689.265.295,00
SME competitiveness	3	€2.071.435.900,00
Low carbon economy	4	€2.270.984.948,00
Climate change and risk prevention	5	€888.196.396,00
Environment and resource efficiency	6	€2.409.232.830,00
Transport and energy networks	7	€2.028.574.663,00
Employment and labour market	8	€3.221.926.379,00
Social inclusion	9	€1.919.732.120,00
Education and training	10	€1.664.600.173,00
Efficient public administration	11	€684.855.782,00
Technical Assistance		€193.449.129,00



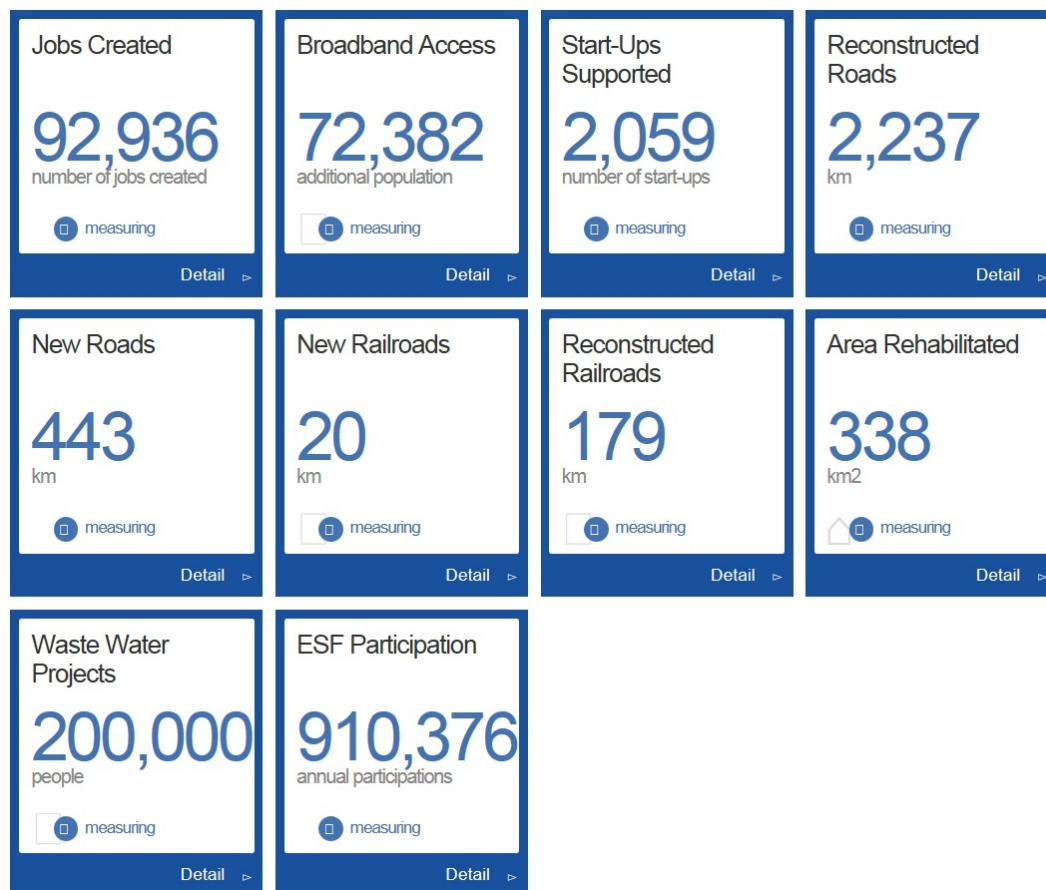
Source: European Commission (<https://cohesiondata.ec.europa.eu/>)

3. The table shows growth of GDP 2008-2011, Employment rate change 2008-2014 and Employment rate in 2014 in Poland and Hungary by NUTS (Nomenclature of Territorial Units for Statistics) region:

NUTS CODE	NUTS NAME	Growth of GDP per head in real terms, 2008-2011	Employment rate change 2008-2014	Employment Rate 2014
HU10	Közép-Magyarország	-0,69	1,70	71,1%
HU21	Közép-Dunántúl	-2,64	-0,20	68,4%
HU22	Nyugat-Dunántúl	0,11	-0,40	67,3%
HU23	Dél-Dunántúl	-2,56	-2,50	70,7%
HU31	Észak-Magyarország	-2,68	-2,90	68,1%
HU32	Észak-Alföld	-1,32	-0,30	65,3%
HU33	Dél-Alföld	-2,61	0,30	67,0%

Source: European Commission (<https://cohesiondata.ec.europa.eu/>)

Cohesion outputs for Hungary



For details, see: European Commission <https://cohesiondata.ec.europa.eu/>

Source: European Commission (<https://cohesiondata.ec.europa.eu/>)

3. AVAILABE DATA AND RESEARCH

Comprehensive and detailed information is available on the European Commission website:

<https://cohesiondata.ec.europa.eu/> and
http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1

The particular question raised by the hearing has not been addressed by a dedicated study. However, there has been a number of events, research activities, reports and studies on subjects closely related to the issues touched upon in the hearing.

Among most recent notable events and developments in the field should be mentioned FP7 research project "GRINCOH" (Growth-Investment-Cohesion) in Central and Eastern Europe which looked at the influence of Cohesion policy in the Central and Eastern European countries from 2004 to the present. GRINCOH final conference took place on 26-27 February 2015 at Warsaw University:

<http://www.grincoh.eu/>

Few weeks before that, 4-6 February 2015, took place Second EU Cohesion Policy Conference "Challenges for the New Cohesion Policy in 2014-2020: An Academic and Policy Debate" organised in Riga by the Latvian Presidency. Various papers were presented on many countries, and Eastern European Countries were extensively covered:

<http://www.regionalstudies.org/conferences/conference/challenges-for-the-new-cohesion-policy-in-2014-2020-an-academic-and-policy>

KPMG in Central and Eastern Europe annually publishes reports on "EU Funds in Central and Eastern Europe". Their latest, 7th edition, subtitled "Progress Report 2007-2014", provides general overview of CEE, as well as country overviews:

<http://www.kpmg.com/CEE/en/IssuesAndInsights/ArticlesPublications/Documents/EU-Funds-in-Central-and-Eastern-Europe-2007-2014.pdf>

More specific and closer to the focus of the hearing is study on "Evaluation of benefits to the EU -15 countries resulting from the implementation of Cohesion Policy in the Visegrad Group countries", which looked into additional exports from EU15 to the V4 related to implementation of the Cohesion Policy in 2004-2015 period (2011-2015 being a forecast).

study: https://www.ewaluacja.gov.pl/Documents/Final_report_EU-15_V4.pdf

its summary: https://www.ewaluacja.gov.pl/Documents/Summary_EU-15_V4.pdf; webpage (in Polish): https://www.ewaluacja.gov.pl/wiadomosci/strony/ocena_korzysci_uz_panstwa_ue15_pol_wysz_24042012.aspx)

Finally a study on "The Economic Return of Cohesion Expenditure for Member States" has been carried out earlier for Parliaments Committee on Regional Development via Policy Department for Structural and Cohesion Policies, which has looked at the issue from a different perspective (published in May 2009):

http://www.europarl.europa.eu/meetdocs/2009_2014/documents/regi/dv/pe419106_pe419106_en.pdf

If you require additional information or assistance in context of abovementioned research materials, please, contact Policy Department on Budgetary Affairs poldep-budg@ep.europa.eu, or directly Rudolfs Verdins (rudolfs.verdins@ep.europa.eu).

Speakers' Biographies

Jerzy DROŹDŹ, Former Ambassador

Deputy Head of Permanent Representation, Head of Chancellery, Head of Protocol

Born 1953, Miechów Poland

Graduate in international relations (Institute of International Relations in Moscow)

Since 19.07.2004 -

Minister Counsellor, Head of Chancellery, Permanent Representation of Poland to the European Union

2003-2004

Deputy Director, Foreign Affairs Department, Chancellery of the Prime Minister of Poland, Warsaw

2002-2003

Head of Section (Central & South-Eastern Europe), MFA, Warsaw

1999-2002

General Consul of Poland, Brussels

1999-2002 - General Consul of Poland, Brussels and Luxemburg

1995-1999

General Consul of Poland, Lille

1992-1995

Counsellor - Representative of the Polish Chamber of Commerce in France, Bureau of the Economic and Commercial Counsellor, Embassy of Poland, Paris

1990-1992 - Senior Expert, Department of Europe, MFA

1985-1990

Second Secretary, Embassy of Poland, Ankara

1982-1985

Diplomatic Protocol, MFA, Warsaw

1981-1982

General Consulate of Poland, Istanbul


1979-1981

Ministry of Foreign Affairs (MFA), Warsaw

Speaks English, French, Russian & Turkish

Married: Urszula Drożdż (graduate in history & journalism); two sons (Bartłomiej and Wojciech)

Presenters form

Name	Eszter VITÁLYOS
Organization	Prime Minister's Office of Hungary
Position	State Secretary for EU Developments
Short professional introduction of the presenter (max. 60-80 words)	Eszter Vitályos was born in Budapest, Hungary. Having obtained her law degree from Pázmány Péter Catholic University in 2005 she started working at CIB Bank as head of the customer service division. Her career in public administration began in 2006 at the Municipality of Leányfalu as she became the Head of the Mayor's Cabinet and Head of Secretariat. Between 2006-2012 she was Deputy Mayor in Pócsmegyer. From 2010 she started working for the Hungarian Parliament, in the Cabinet of Municipalities. Between 2012-2013 she worked at the Prime Minister's Office Heading the Department of Policy Coordination. She started working as Vice President responsible for legal and financial affairs of the National Development Agency in August 2013. As of January 2014 she was first Deputy State Secretary than State Secretary for EU Developments at the Prime Minister's Office of Hungary.
e-mail address (publishable)	eszter.vitalyos@me.gov.hu
Photo	

Presenters form

Name	Roderick ACKERMANN
Organization	Blomeyer & Sanz
Position	Director, Evalutility Ltd
Short professional introduction of the presenter (max. 60-80 words)	Roderick Ackermann is a UK-based researcher/ evaluator with 20 years international experience, mainly in Central and Eastern Europe and Turkey. Since 2007 he has focused on research and evaluation for European institutions. Prior to this, he led teams responsible for the evaluation of pre-accession assistance to Turkey (2004-2007) and Bulgaria (2001-2003). He has collaborated with Blomeyer & Sanz on many projects, including previous European Parliament studies.
e-mail address (publishable)	roderick@evalutility.com
Photo	