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IMPLEMENTATION OF STRUCTURAL SUPPORT FROM EUROPEAN UNION FOR LITHUANIA TO THE END OF 2009

WYKORZYSTANIE ŚRODKÓW FINANSOWYCH UNII EUROPEJSKIEJ NA LITWIE DO KOŃCA 2009 ROKU

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Abstract. From 1 May of 2004, when Lithuania becomes member of the EU, the opportunity for Lithuania to benefit from European Union structural assistance became realistic in 2004–2006 Single Programming Document (SPD) and the Cohesion Fund Strategy for 2004–2006. The whole of this period, support for the SPD and Cohesion Fund projects was 5.9 billion Litas. Lithuania was also receiving assistance under the Transition Facility. The latter is to continue the Lithuanian institution-building and help address gaps in the administrative capacity to implement Community legislation and enforce it. 2007–2013, EU structural assistance Lithuania shall be granted by the European Social Fund, European Regional Development Fund and the Cohesion Fund under the 2007–2013 EU structural assistance in the recovery strategy (more than 23 billion Litas). The aim of article is analyze the implementation of EU assistance for Lithuania 2007–2013 years

Key word: Action Programmes, implementation of European structure funds, Lithuanian Single Programming Document, structural support.

Słowa kluczowe: litewski jednolitym dokument programowy, programy operacyjne, wsparcie strukturalne, wykorzystanie funduszy strukturalnych UE.

INTRODUCTION

When Lithuania became an EU member she was taking part in various programs of the European Communities in order to support member countries cooperation in various specific areas such as the European Community policies.

The aim of the research of this article is to analyze the implementation of EU assistance for Lithuania 2007–2013 years.

The tasks of the research:

- to analyze of economic and social situation of the republic of Lithuania;
- to review European structural assistance for Lithuania for the period 2007–2013;
- to present the distribution of responsibilities among institutions, who administrated EU structure assistance;
- to present the action program steering committees.

The article used the following reaserch methods: analysis of scientific literature, comparative analysis, analysis of statistical data.

THE ECONOMICAL AND SOCIAL SITUATION OF THE REPUBLIC OF LITHUANIA

According to the depth of the downturn Lithuania remained second in the Baltic countries, and the duration of the recession in Lithuania – the shortest.

Annual 2009 Latvia's real GDP would decline rate was 18 percent (Latvian Ministry of Finance forecast), and Estonia – 14.5 percent (Estonian Ministry of Finance forecasts). Lithuanian GDP decline rate last year was 15 percent (Lithuanian Department of Statistics of the first estimate).

In the fourth quarter of 2009 gross domestic product at current prices in Lithuania amounted to 23 801.4 million Litass and in comparison with 2008, quarter fell 12.8 percent, while compared with 2009 the third quarter – 4.6 percent (measured using changes in the scope of a chain of indicators). (Previously published in the fourth quarter of the first GDP estimate was 23 898.3 million Litass and, compared with the 2008 October–December, fell 13 percent. But in comparison with 2009 the previous quarter – 4.9 percent).

Revision of the quarterly GDP estimate for the annual change in GDP has remained the same (–15 percent). Rated for 2009 GDP amounted to 92.35 billion Litass.

In 2009 in the fourth quarter, preliminary data was negative record of all business activities and results of non-market services. The most rapid decline of construction (43.2 percent), Trade, transport and communications (13.2 percent), financial intermediation and real estate and other business services (11.6 percent), Industry and Energy (8.7 percent) corporate value added. More slowly added value decreased administration and defence, education, health care and social work activity group (1.9 percent), agricultural enterprises (0.3 percent).

Compared to 2008 during the relevant period consumer spending in October–December, declined the most during the year (–15.6 percent). Household final consumption expenditure in the fourth quarter fell 18.2 percent. Government and non-profit institutions serving households, final consumption expenditure declined more slowly – 8 and 6.2 percent. The downward trend in expenditure on capital formation – Gross fixed capital formation decreased by 35.4 percent compared with last year. However, compared to 2009 the previous quarter, the second consecutive quarter of positive observed slight changes (growth of 0.3 percent).

The significant drop in demand in foreign markets, and severely declining domestic consumption of goods and services exports and imports in the fourth quarter, compared to 2008 October–December, decreased by 8 and 18.5 percent.

EUROPEAN STRUCTURAL ASSISTANCE FOR LITHUANIA FOR THE PERIOD 2007–2013

Total allocation of EU structural assistance for Lithuania for the period 2007–2013, provided from the European Social Fund, European Regional Development Fund and Cohesion fund, amounts more than 23 billion Litass. This equals to an additional annual state budget. Structural assistance for Lithuania for the period 2007–2013 will be allocated in accordance with National general strategy: the Lithuanian Strategy for the use of European Union Structural Assistance for 2007–2013 (approved the European Commission on the 26 th of April, 2007) and with operational programs for implementation of this strategy.

Primary purpose of employment of ES structural assistance, according to the strategy, is to rapidly improve conditions to invest, work and live in Lithuania, to support economy so its products would reach all citizens of Lithuania. Operational Programmes will support implementation of goals and tasks set in the strategy.

Operational Programme for the Development of Human Resources for 2007–2013 is dedicated to mobilization of all employable Lithuanian citizens, since investments to knowledge, competence, activity and enterprise of people of Lithuania ensures long term economical growth. 13.8% of EU structural funds are allocated to this program.

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It is estimated that the largest part of funds – 45.72% – will be allocated to Operational programme for the Economical Growth for 2007–2013. Extremely important is that 10% will be allocated to scientific researches and technological development of competitiveness and growth of economy.

Only during the 2009 year signed contract amount of funding allocated for specific projects the funds will exceed 10 billion Litass (the 2007–2008 year, this amounted to only about 1.2 billion Litass).

Currently implemented in Lithuania in 1273 projects funded for 2007–2013 period of EU funds (and contribute to the financing of national and private funding of the projects).

EU financial support are distributed all over Lithuania and invested not only in business development projects and road infrastructure, but also in schools, hospitals and other public buildings and the renovation of the labor exchange, skills development, social inclusion programs.

At 2010 Lithuanian State Budget income will help the EU support funds, which are difficult economic times will be invested in all segments of the economy in order to help maintain a healthy national economy, business and jobs. EU assistance funds provided in the state budget, but these funds will be diverted to flow through the region and reach the whole of Lithuania.

At 2010 State budget EU aid amounted 7.89 billion Litass. Compared to this year, the EU planned to use aid funds 1.47 billion Litass more than in 2009. Only the EU funds through the state budget total expenditure in 2009 compared with increases of 2 per cent. Co-financing share of the national budget is allocated 964 million Litass (2009 – 658 million Litass). This significant amount of co-financing is needed to ensure support for the EU funds.

At 2010, the EU funds will be invested in all areas of the country's economy, but certainly the largest proportion of paid economy – 4.9 billion Litas, i.e. 866 million Litas more than in 2009. These funds will be invested in projects for small and medium enterprises and export promotion, transport infrastructure upgrading, research and development, leading to economic competitiveness.

For Environment projects would be invest in 2010 the 649 million Litas of EU assistance and will be used for upgrading water systems, contaminated land management and building energy efficiency. These funds administered by the Environmental Projects Management Agency.

For social security will be used in 2010 year 493 million. Litas and there will be about 151 million Litas more than in 2009 year 25 million Litas will be co-funding from the state budget. The projects in social security will be administering by Social Security and Labor Ministry.

For educational Lithuania in 2010 year get 900 million Litas assistance, i.e. about 548 million Litas more than in 2009. About 42 million Litas will be co-funding for projects in this area administering the Education and Science Ministry. Social and education funds are being invested in the formation of active labor market measures, promotion of entrepreneurship, life-long learning and improving conditions for research scientists.

For health protection in 2010 are provided about 225 million Litas, i.e. 74 million. Litas more than in 2009. These funds will be used for health services and improve access to quality of health protection. Those projects will be administering by Ministry of Health. The co-financing by Ministry of Health will be 12 million Litas.

For public order and public security are provided 448 million Litas of EU assistance. Those funds will be administered by the Ministry of Internal Affairs. Co-financing would be about 30 million Litas from state budget. These funds will be invested in human resources, the implementation of projects aimed at strengthening administrative capacity, public administration efficiency and public service quality improvement.

DISTRIBUTION OF RESPONSIBILITIES AMONG INSTITUTIONS

Operational Programme for Promotion of Cohesion for 2007–2013 should embody a vision of more harmonious society. For improvement of environment and quality of residency, by minimizing differences between separate regions, it is allocated 39.08% of total funds from EU structural assistance for the period 2007–2013.

Technical assistance Operational Programme for 2007–2013 – is a special program for administration of thematic programs of actions. 1.4% of EU structural funds were allocated for this program.

Functions and responsibilities of institutions divided into two levels: strategic and administrative. The functions of strategic level carried out by the Coordinating Body, i.e. the Ministry of Finance and Intermediate Bodies, i.e. responsible ministries, and, at the municipal level, also Regional Development Councils. Administrative and technical functions were performed by the following institutions – Managing Authority, Certifying Body, Paying Authority and Implementing Agencies.

Operational Programme/Priority	Intermediate Body	Implementing Agency
1. Operational programme for development of human resources		
1.1. High quality employment and social coverage	Ministry of Social Security and Labor	Support Foundation European Social Fund Agency
1.2. Life-long learning	Ministry of Education and Science	Support Foundation European Social Fund Agency
1.3. Enhancement of investigators' abilities	Ministry of Education and Science	Support Foundation European Social Fund Agency
1.4. Strengthening of administrative capacities and increasing public administration effectiveness	Ministry of the Interior	Support Foundation European Social Fund Agency
1.5. Technical assistance	Ministry of Finance	PI Central Project Management Agency
2. Operational programme for economic growth		
2.1. Economic competitiveness and economic growth and technological development	Ministry of Economy Ministry of Education and Science	PI Lithuanian Business Support Agency PI Central Project Management Agency
2.2. Increasing of business productivity and improving of business environment	Ministry of Economy	PI Lithuanian Business Support Agency
2.3. Information society to everyone	Information Society Development Committee under the Government of the Republic of Lithuania	PI Central Project Management Agency
2.4. Main economic infrastructure	Ministry of Transport Ministry of Economy	Transport Investment Directorate PI Lithuanian Business Support Agency
2.5. Trans-European Transport Network development	Ministry of Transport	Transport Investment Directorate
2.6. Technical assistance	Ministry of Finance	PI Central Project Management Agency
3. Operational programme for cohesion promotion		
3.1. Local and urban development, preservation of cultural heritage and nature and readjustment for tourism development	Ministry of the Interior Ministry of Economy Ministry of Environment	PI Central Project Management Agency PI Lithuanian Business Support Agency Environmental Projects Management Agency under the Ministry of Environment
3.2. Quality and accessibility of public services: health, education and social infrastructure	Ministry of Health Ministry of Education and Science Ministry of Social Security and Labor	PI Central Project Management Agency
3.3. Environment and harmonious development	Ministry of Environment Ministry of Economy Ministry of Transport	Environmental Projects Management Agency under the Ministry of the Environment PI Lithuanian Business Support Agency Transport Investment Directorate
3.4. Technical assistance	Ministry of Finance	PI Central Project Management Agency
4. Operational programme for technical assistance		
4.1. Technical assistance for administration of the EU structural assistance received under the Convergence Objective	Ministry of Finance	PI Central Project Management Agency

The Coordinating Body (the Ministry of Finance) coordinate planning and use of the EU structural assistance, establish the general management and control system, monitor and control the system. The functions of Managing, Certifying and Paying Agencies and Bodies, following the requirements of EU Regulations, assigned to individual units of the Ministry of Finance. The Managing Authority responsible for the management and implementation of the Operational Programmes, following a sound financial management principle. The Certifying Body responsible for certification of payment applications and their submission to the European Commission. The Paying Authority shall be responsible for the receipt of payments from the European Commission and payment of funds to project operators.

Intermediate Bodies are the Ministry of Environment, Ministry of Social Security and Labor, Ministry of Transport, Ministry of Health, Ministry of Education and Science, Ministry of Justice, Ministry of Economy, Ministry of the Interior and Information Society Development Committee. At strategic level, these institutions responsible for planning and use of assistance for specific sectors of the economy, as well as for the preparation of Operational Programme Complements, establishment of assistance utilization priorities and selection criteria. The ministries are planning, what part of the EU structural assistance to designate to the projects selected during the regional project selection, what part of the EU structural assistance to the projects selected during the state project selection and to the projects selected by tender. They will develop guidelines for applicants for assistance, establish call for tender conditions and set the amounts of funds for a particular call.

THE ACTION PROGRAM STEERING COMMITTEES

The Action Program Steering Committees are interdepartmental working group, consisting of the Minister of Finance of the Republic of Lithuania.

Action programs represent the three management committees for 2007–2013 European Union structural assistance programs of action: Human Resource Development, Growth and Cohesion Promotion Action.

Each action program management committee monitors the progress of implementation of action programs, investigates problems of implementation. It may submit proposals to the EU's support for the distribution of leadership and coordinating authorities on:

- action programs, its annexes and the improvement of the training;
- allocation of responsibilities and functions between the institutions, Lithuanian implementation of the 2007–2013 EU structural support for the use of strategy and action programs;
- the management and control systems;
- project administrative and financial rules, legislation development;
- costs and funding eligibility rules, and their downstream legislation development;
- EU structural assistance in the evaluation plan for the design, development and implementation;
- technical assistance to the administration and financing of improvement of the rules;
- managing the implementation of the functions delegated authority;
- methodological documents of the EU structural assistance in the management of demand.

The Action Program Management Committee shall assist the authorities deal with the various EU support for issues concerning the management and perform other legal acts of the Republic of Lithuania functions assigned to it.

The Action Program Management Committee shall meet at least once a quarter. During the meetings, operations management committee members share best practices of EU support for the administration, review and discuss the current status of implementation of the measures and make proposals for legislation to improve, get acquainted with the latest information on the management and control system evaluation, and the newly-adopted, and (or) is scheduled for the Republic of Lithuania and the European Commission document, governing the European Union support for the administration.

Meetings involving foreign experts to share best practice management of EU assistance.

CONCLUSIONS

According to the depth of the downturn Lithuania remained second in the Baltic countries, and the duration of the recession in Lithuania – the shortest.

Annual 2009 Latvia's real GDP would decline rate was 18 percent (Latvian Ministry of Finance forecast), and Estonia – 14.5 percent (Estonian Ministry of Finance forecasts). Lithuanian GDP decline rate last year was 15 percent (Lithuanian Department of Statistics of the first estimate).

From 1991 Lithuania received EU financial assistance under PHARE (preparation for the EU membership), ISPA (assistance for transport and environment sectors) and SAPARD (assistance for agriculture sector).

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Streszczenie. Od 1991 Litwa otrzymywała pomoc finansową ze środków zagranicznych w ramach trzech programów UE: PHARE (unijne wsparcie przedakcesyjne), ISPA (wsparcie dla transportu i środowiska) i SAPARD (wsparcie dla rolnictwa). Już jako członek UE w latach 2004–2006 uzyskała na projekty współfinansowane z funduszy strukturalnych 5,9 mld litów. W latach 2007–2013 kwota tego finansowania wzrosła do ponad 23 mld litów. Celem artykułu jest przedstawienie poziomu i kierunków wykorzystania środków z funduszy strukturalnych UE współfinansujących projekty na Litwie. Przedstawione w artykule dane wskazują, że Litwa zajmuje pierwsze miejsce wśród nowych krajów członkowskich UE i trzecie wśród wszystkich krajów UE pod względem wydatkowania środków z funduszy strukturalnych UE. Do końca 2009 roku wykorzystano na Litwie 796,86 mln euro, co stanowi 11,8% przyznanych Litwie środków na współfinansowanie projektów z funduszy strukturalnych UE na lata 2007–2013.