

Cohesion Policy and other EU assistance programmes in 2014-2020

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Cohesion Policy in 2014-2020: How much in EU funds will flow into CEE?

Analysis of total allocation for 2014-2020

The European Commission has just published the final figures for allocation of the cohesion policy 2014-2020 for individual member states. In general, the released figures have not brought too much of a surprise, although the more detailed insight brings some interesting outcomes.

The financial assistance from EU structural and investment funds for CEE could become a **stimulus similar to the Marshall plan** for Western Europe after World War II. The total budget for the cohesion policy 2014-2020 which is implemented by the European structural and investment funds was already fixed in December 2013. The amount for 2014-2020 reaches **EUR 351.9 bn** in current prices and is **1.3 % higher** than in 2007-2013.¹

CEE-6 (Croatia, Czech Republic, Hungary, Poland, Romania and Slovakia) with earmarked EUR 167.1 bn. will **get about half of the total cake**. Comparing with 2007-2013 period it is **11 % more**. In the best case scenario the effective utilisation of this huge amount of money will **raise the economic and social potential** of CEE countries on the completely upper level, and the difference between the Western and Eastern member states in the EU will slowly come close to the end.

The satisfying absorption level in CEE should lead to the faster convergence. If the European funds are used effectively for investments that spur the growth, the pace of development should accelerate. We estimate that in 2014-2020 budgeting period EU funds should contribute to growth figure from 0.3pp to as much as 0.8pp on average, depending on the amount of funds allocated and the current stage of country's development. As one can expect, the EU funds should have bigger impact on less developed countries (such as Romania) and smaller influence on more developed countries (such as Czech Republic). If the countries are successful in utilization of EU funds, the differences in stage of development between the countries should steadily diminish and distinction into the developed and emerging economies of the EU will no more follow the former Iron Curtain.

As of 2012, it was only the **Czech Republic** and **Slovakia** from CEE-6 that beat some of the old member states (namely Greece and Portugal) in terms of economic performance². If the potential of EU funds is fully utilised, we can estimate that other CEE countries (especially **Poland** and **Hungary**) have potential to surpass the struggling economies of the southern periphery of the Eurozone by 2020 as well. **Romania** and **Croatia** have the longest path ahead on their convergence trip. If they overcome all the obstacles from the 2007-2013 period in utilizing money from EU funds (this is especially the case of Romania) they will by 2020 achieve the same level of economic performance as the current leaders among the CEE-6.

To fully utilize the potential of money from the European structural and investment funds, lots of work needs to be done. In order to increase the absorption capacity of CEE-6, we recommend a set of measures. Most of them will need to be adopted on the national level: a significant **decrease of bureaucracy**, a more **transparent process of projects selection** to avoid (a suspect) of corruption, higher **quality of performance of public administration**, **simplification of the implementation system** with a smaller number of operational programmes and shorter deadlines in accessing and contracting the projects, wider cooperation with pre- and co-financing commercial banks. But we can identify some proposals for absorption improvement also on the cross-border level (more intensive cooperation between countries in the region) and the EU level (more public information on the absorption rates in individual member states).

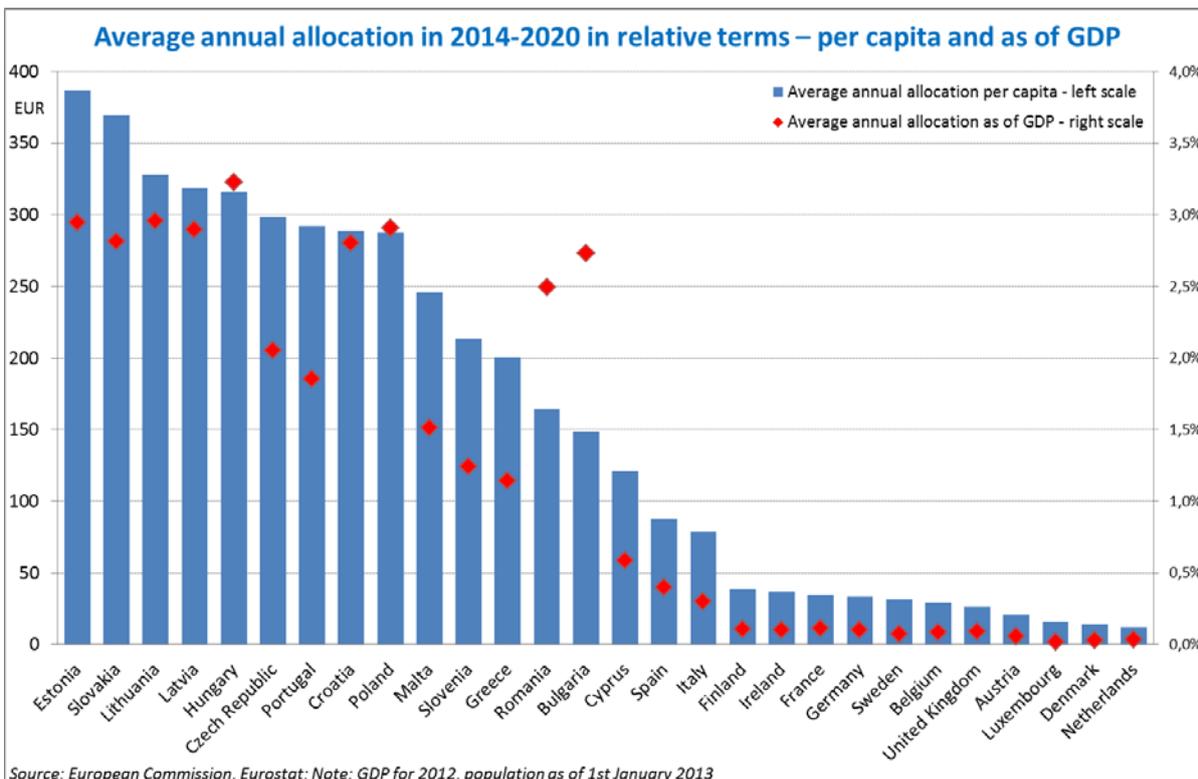
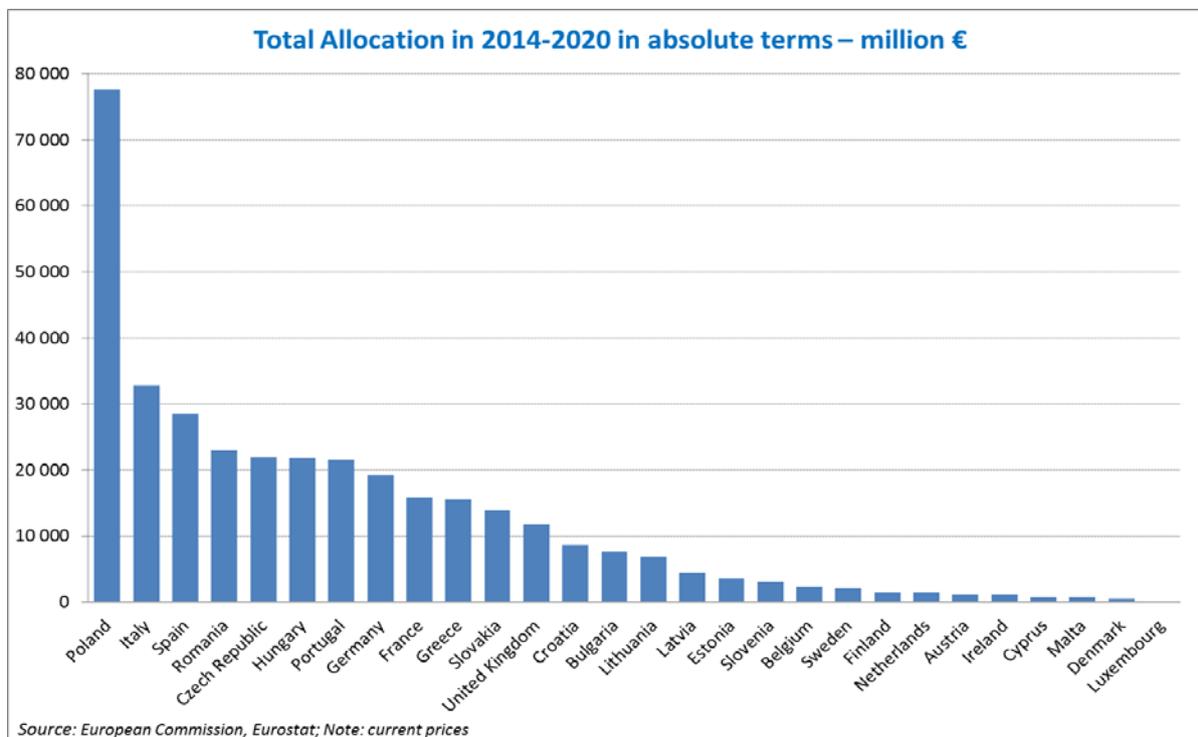
Winners and losers of the EU funds allocation battle

Poland could be named as the main winner of tough negotiations over the billions of euros from the EU funds. The biggest economy in the CEE will welcome EUR 77.6 bn between 2014 and 2020, which is the largest amount among all the EU member states. Moreover, **Poland** is one of the few countries that will receive an increased amount of financial means compared to the allocation for the European cohesion policy in the 2007-2013 period.

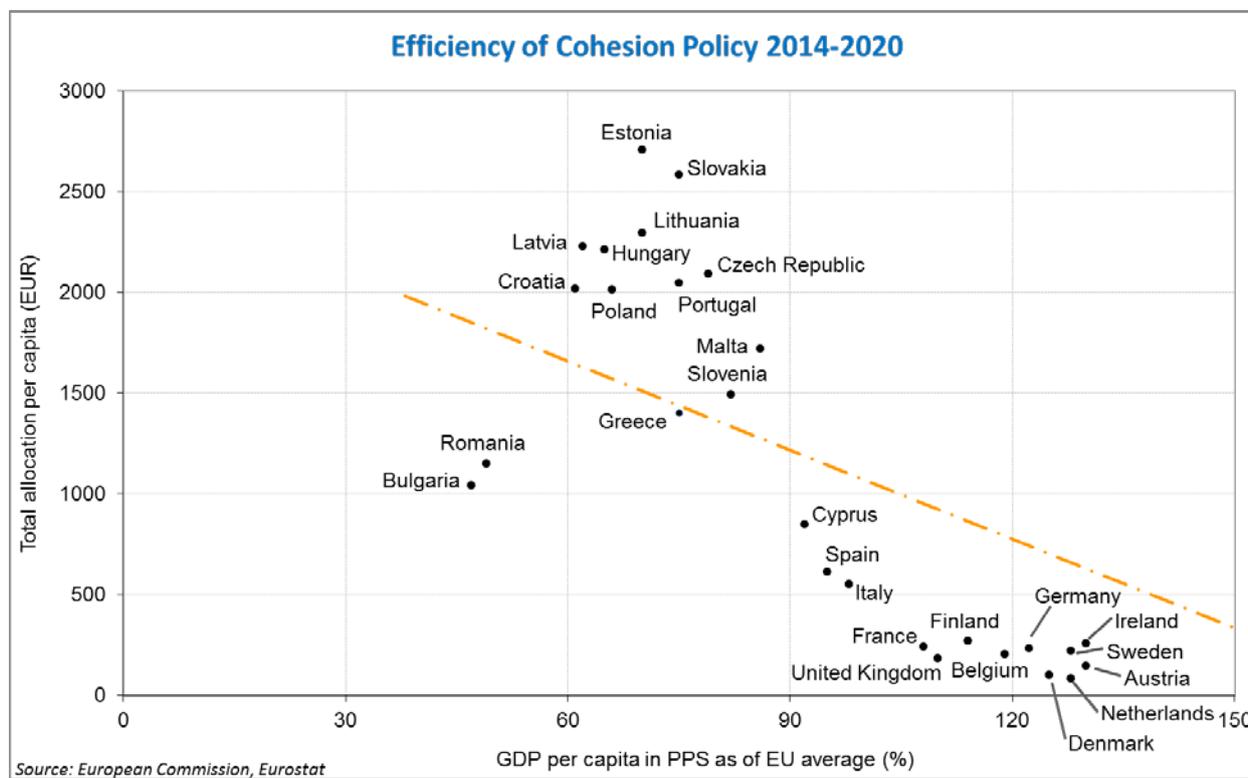
¹ Adjusted for changes in price level, the amount would be 8.5 % lower.

² Described as GDP per capita in purchasing power standards.

Since the absolute amount of money from the EU funds reflects the size of the economy and population, the amounts expressed as of the number of citizens could be a more appropriate indicator for judging the success of individual member states in the EU funds negotiation battle. In the category average annual allocation per capita, the winner is **Estonia** (roughly 387 EUR per capita per year) followed by **Slovakia** and **Lithuania**. An interesting view is also offered by the total allocation divided by the total size of the economy expressed by the total GDP in current prices. From analysing the indicator of the annual average allocation as of GDP, it is clear that the most money from EU funds in relative terms will go to **Hungary** (3,2 % of GDP per year), ahead of **Lithuania** and **Estonia**.



From comparing the cohesion policy allocation per capita with the economic development (in GDP per capita as of EU average), in the all 28 member states we can confirm or reject the **basic principle of the cohesion policy**, which is to start up and speed up the convergence process in the under-developed member states.

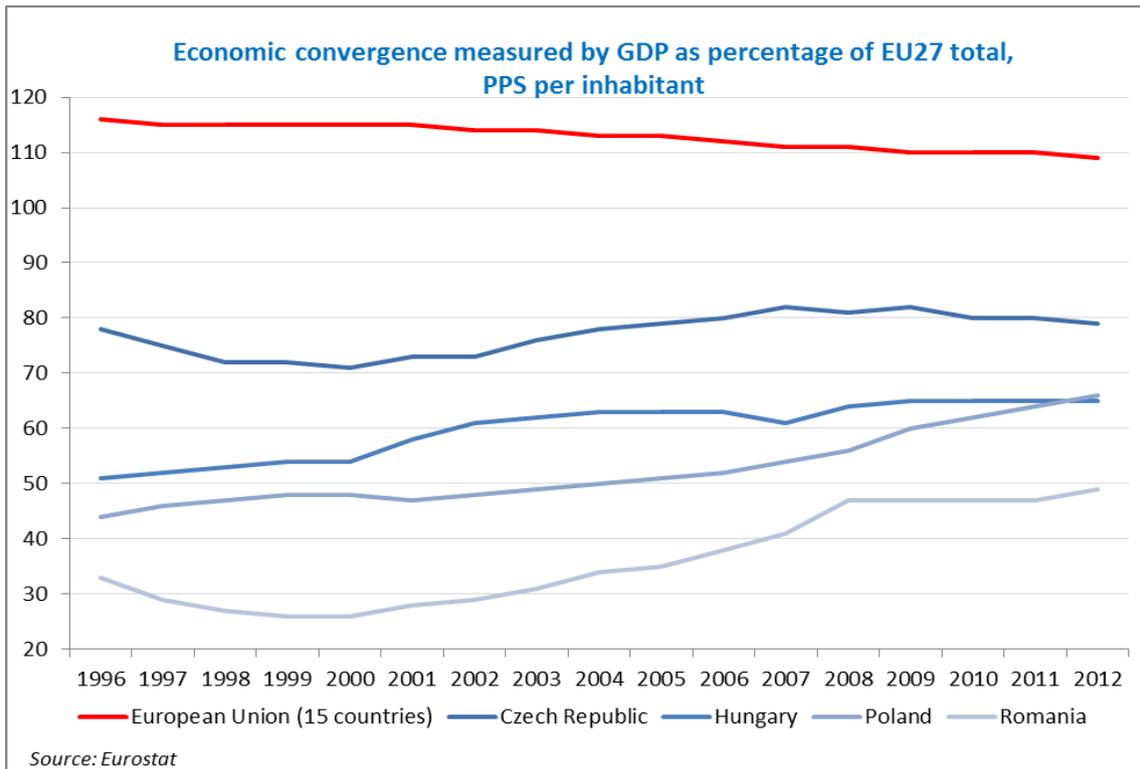


In general we can conclude that the more developed a country's economy is, the less money it will receive from EU structural and investment funds. But beside this general pattern, we can identify some deviations.

Romania and **Bulgaria**, both the least developed members of the EU, receive fewer subsidies – expressed per capita – from EU funds than they should. On the other hand, most CEE countries (especially **Estonia** and **Slovakia**) will welcome more money within the EU cohesion policy in 2014-2020 than corresponds to their actual economic performance. One explanation is that the CEE countries were more successful in the negotiations in the EU. Another explanation is that we should take into account not only the funds within the Cohesion policy, but also the financial assistance from other European programmes – mainly from the Common Agriculture Policy. And in this policy, both Balkan countries with a high share of agriculture receive sufficient amounts of subsidies.

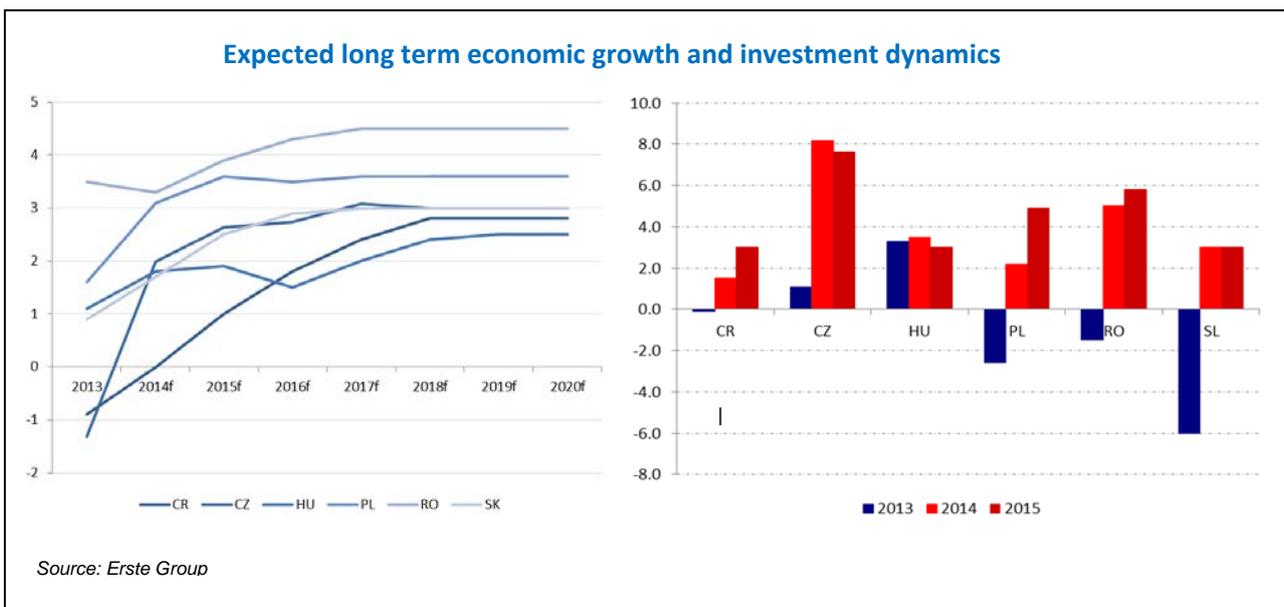
Impact of EU funds in 2014-2020 on economic performance

Since transition, CEE countries have been growing dynamically. Before the crisis, the average rate of growth for CEE-6 was 3.8%, while EU15 expanded by 2.3% on average. In consequence, CEE economies have been steadily converging to the European level. Throughout that time, the level of GDP as a percentage of EU27 visibly increased across CEE region. For example, Hungarian and Polish GDP levels were close to 50% of total EU27 in the middle of nineties, and, twenty years later, it is almost as high as 70% of total EU27. Further, Czech Republic and Slovakia are already categorized as developed or advanced economies. Moreover, we believe that CEE-6 has potential to outperform the “old Europe” and we expect these economies to grow twice as fast as Eurozone this year. Moreover, the growth should become more balanced, driven not only by net exports, but also by increasing private consumption and investment. This year, for the first time since crisis, we expect positive investment dynamics in all CEE countries and the upward trend should remain in following years as well. In our view, one of the reasons to be optimistic in this category is the upcoming inflow of EU funds. In our view, investment undertaken thanks to EU funds (either in physical or human capital as well as building the appropriate institutional framework) supported the economic development throughout the last decade and fostered the convergence of CEE countries.

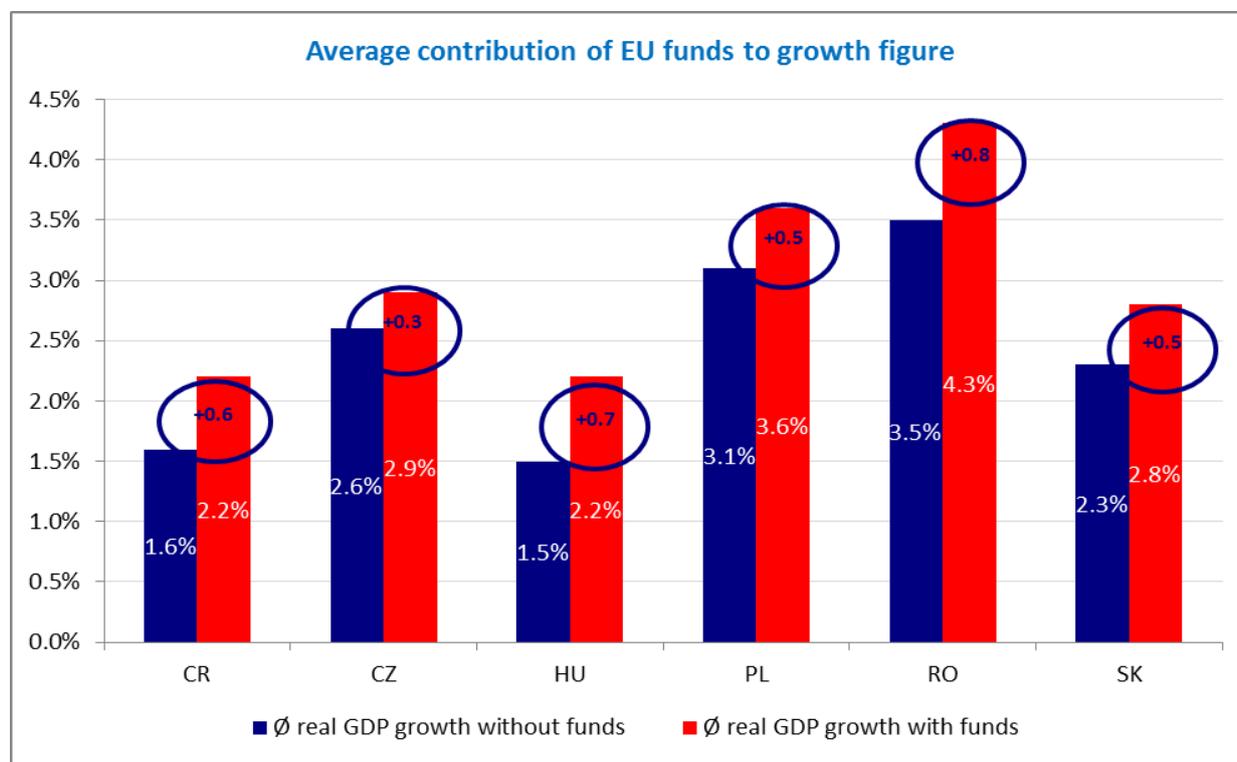


We expect that the upcoming budgeting period should be no different. Majority of CEE-6 countries plan to spend a considerable share of allocated EU funds on development of infrastructure network. Building road and railway network should have positive influence not only on the growth figure itself (through higher investment level), but also on the attractiveness of the country as investment destination. Well-developed connections between major cities may contribute to development of the region long after the EU funds are gone, for example by attracting investors or increasing the mobility of labour force.

Another factor worth highlighting is that CEE countries will face the opportunity to boost the R&D and spending on education. Although CEE-6 are still catching-up, the long term and sustained development requires the economic growth to become knowledge and innovation based. The support in form of EU funds may occur to be a unique chance to help the CEE economies to become more innovative that should support long-term growth potential.



All in all, we estimate that all CEE-6 should benefit from EU funds, to a different degree however. Czech Republic as most developed economy among all CEE-6 should enjoy economic growth, on average, higher, by roughly 0.3pp due to inflow of EU funds. The average contribution coming from utilizing EU funds for Poland and Slovakia should be around 0.5pp, slightly less than for Croatia, for which our estimate point to 0.6pp positive contribution to growth figure. Hungary and Romania, in our view, should enjoy the biggest positive impact of additional 0.7pp and 0.8pp respectively.



Overview of drawing of EU funds in CEE in 2007-2013

A quick proxy of ability of EU member states to effectively use the money from EU funds in 2014-2020 could be the result of **drawing the EU money in 2007-2013**. Here are the figures for CEE-12 countries.

State of EU funds implementation in 2007-2013 in CEE-12

Member state	Allocation (EUR bn)	Payments (EUR bn)	Absorption rate
1. Estonia	3.4	2.8	81.3%
2. Lithuania	6.8	5.3	78.8%
3. Poland	67.2	45.6	67.9%
4. Latvia	4.5	3.0	66.0%
5. Slovenia	4.1	2.6	62.9%
6. Cyprus	0.6	0.4	61.3%
7. Hungary	24.9	14.8	59.3%
8. Slovakia	11.5	6.0	52.6%
9. Czech Republic	26.5	13.6	51.1%
10. Malta	0.8	0.4	50.3%
11. Bulgaria	6.7	3.3	49.5%
12. Romania	19.1	7.2	37.8%
TOTAL	176.1	104.9	59.6%

Source: European Commission, data for ERDF, CF and ESF as of December 2013; absorption rate equals payments divided allocation

The champions at EU funds utilisation among the CEE-12 countries are all the **Baltic states**. Only **Poland** at the 3rd place with a 67.9 % payment rate ranked among them. **Hungary** with a 59.3 % utilisation rate was 7th.

The **Czech Republic** has been suffering from too complicated of an implementation system with too many programmes and with half of utilised EU funds (as of December 2013) occupied 9th place. Its eastern neighbour Slovakia registered a slightly higher payment rate (52.6 %) and 8th place among CEE-12 countries.

At the last place there is **Romania**, the newcomer to the European Union from 2007. The provisional poor result could stem from the shortage of experience and weak performance of public administration. Until December 2013 Romania received only a bit more than a third of the allocation for 2007-2013.

We have to admit that all the above mentioned figures are only provisional. Due to the rule "N+2" the countries have two more years, meaning until the end of 2015, to spend the money from EU coffers devoted to the 2007-2013 period. For **Slovakia** and **Romania** applies the "N+3".

Lessons learnt from 2007-2013 and proposals for improvement

To utilize the full potential of the EU funds in 2014-2020 the CEE countries should learn the lessons from the past programme period of 2007-2013 and adopt some changes and measures:

- **Blame and shame** – The European Commission should more practise the "blame and shame game" in EU Cohesion policy. Although the EC gathers all the relevant information regarding the absorption in individual member states, there is no regular assessment report on this policy being published. If the EC on a monthly basis produced a report on EU funds absorption in all EU member states, the countries with the poorest results could be more under public pressure to eliminate their obstacles and improve their absorption.
- **More intensive cooperation** – The CEE countries need to tackle similar problems, and therefore they should benefit from higher cross-border cooperation in the region through methods as more frequent sharing of experience, sharing of best practices and benchmarking (i.e. comparing their absorption rates and outcomes with the best outcomes among CEE countries)
- **Simple implementation system** – More often means less. This same applies for the situation in the implementation system among some CEE countries (especially the Czech Republic). Too many operational programmes run by the too many managing authorities make the whole system too complicated to final recipients and discourage some potential applicants from applying for a subsidy.
- **Decrease general bureaucracy** – This recommendation is closely linked to the previous one, as too complicated of an implementation system often equals high and widespread bureaucracy. Therefore, in some countries the low absorption is linked to the high bureaucratic burden associated with the projects (e.g. Slovakia, Poland). Complicated bureaucratic procedures are probably the most common disincentive to start the application process in the first place.
- **Increase transparency** – In some countries there appeared serious doubts about the fairness of EU subsidies allocation to final recipients and somewhere (the Czech Republic) even some criminal activities regarding the distribution of EU funds. Making the project selection process more transparent and fair will improve the image of all EU cohesion policy instruments in individual member states and will lead to realising only the best projects.
- **Time matters** – The long periods of time spent on project assessment and contracting is another challenge for some CEE countries (mainly Romania) for the future programme period 2014-2020. It could be achieved by higher performance of relevant state authorities.
- **Consult the banks** – The private banks play an important role in the whole process of implementation because they provide the EU subsidy recipients with bank pre- and co-financing. If the projects do not receive bank financing they will not be realised. The EU subsidies should be granted only to the subjects with viable projects from the private banks' perspective.

Preferred area of support from EU funds in CEE-6 in 2014-2020

After the final decision of cohesion policy allocation for individual member states, the negotiations between the states and European Commission over the preferred areas of financing could start. Since the process is at the very beginning, we cannot comment on the decided outcomes. Therefore, we will rather make a recommendation regarding which areas in the CEE countries should be preferably supported from the European structural and investment funds.

Czech Republic

The total allocation from EU structural and investment funds in 2014-2020 for the Czech Republic is **EUR 22.0 bn**, which amounts to EUR 299 per capita annually and 2.1% of GDP.

The biggest share of subsidies from European structural and investment funds in 2014-2020 should go to **infrastructural projects**, mainly in the area of transport, with earmarked almost 30 % of the allocation. Projects supporting **R&D and all kinds of education** should receive approximately one fifth of the Czech allocation for 2014-2020). Roughly the same amount of money from EU funds should flow into the projects focusing on low carbon economy, climate change issues and **environmental protection**. One tenth of the total financial allocation should be invested into **business sector support** (mainly to SMEs) and ICT development.

Around 15 % of the total allocation should be invested in the labour market, social inclusion issues and work & life balance topics. The rest 5 % of total allocation should finance the administration capacity building and technical assistance.

Slovakia

The total allocation from EU structural and investment funds in 2014-2020 for Slovakia is **EUR 14.0 bn**. It means annually 369 EUR per capita and 2.8 % GDP.

The number of operational programmes is likely to decrease to nine during the new programme period, and funds are likely to be redistributed in order to improve the drawing (which has been rather poor).

Education and research have been among the least drawn programmes and are likely to lose a portion of the allocation in favour of other programs - especially infrastructure. **Infrastructure** will be the main priority for 2014 - 2020, as the highway network is still far from complete. This is perceived as a major obstacle to attracting foreign investors to the eastern part of the country. Hence, as much as 26 % out of the total EU funds allocated for Slovakia will be used for infrastructural projects. Apart from that, programmes concerning the **labour market** (especially those concerning the long-term and youth unemployed) are likely to get more funding, as the country has the 6th highest unemployment rate in the EU. Hence, the Human resources program should get 13 % of the funds. Other priorities include **Research and innovation** (14.5%) and **Environment** (20.6%).

Hungary

The total allocation from EU structural and investment funds in 2014-2020 for Hungary is **EUR 21.9 bn**. It means annually 316 EUR per capita and 3.2 % GDP.

The largest (indicative) target areas for improvement according to a document by the Planning Office of National Economy are fostering **employment and mobility** (about 18%) and **improving competitiveness of SMEs** (similar amount). The government communicates that about 60% of EU funds should directly support economic development and employment.

On the other hand, while above 10% is planned to **foster R&D and enhancing innovation**, only about 7% is planned for **education, improving skills of the labour force** and fostering **life-long-learning** altogether. Given that one of the largest bottlenecks for Hungary's economy is the inability to employ large numbers of people due to inadequate skills and education, this area should deserve higher attention. Against this backdrop, while it is appreciated that the government wants to allocate huge amounts of money to foster employment and remove mobility burdens, we think that the latter problems can also be helped by other measures (eg. weakening the incentives for home ownership, or supporting commuting and transport of the employed).

Romania

The total allocation from EU structural and investment funds in 2014-2020 for Romania is **EUR 23.0 bn**. It means annually 164 EUR per capita and 2.5 % GDP.

The biggest share of this amount will go to **environment** and **transport** (more than 20%, each), but less than 8% to education. In our view, **education** and **health** are two key areas where much more funds should be allocated in the upcoming years as those two sectors are heavily under-financed. Medical services are in poor shape (lack of medical equipment in public hospitals, obsolete hospitals and medical units, doctors' fleeing to western countries). As for the education, an increasingly higher number of primary schools in the rural areas have been shut down, making it difficult for children to reach school, while the dropout rate is worrisome. Higher and more efficient funding for these two sectors – health and education – should be considered also from the perspective of Romania's need to **increase its R&D spending**, from 0.5% of GDP in 2012 to 2% of GDP by 2020.

Croatia

The total allocation from EU structural and investment funds in 2014-2020 for Croatia is **EUR 8.6 bn**. It means annually 289 EUR per capita and 2.8 % GDP.

Several segments where to put the money from European structural and investment funds could be identified as the key ones. But according to our analysis we would like to highlight investment into the transport infrastructure, most notably **railways** and **ports**. Another big topic in Croatia for the programme period 2014-2020 will be **energy efficiency** and **renewable sources of energy**. We see huge potential also in support of ICT, especially in **development of IT infrastructure** such as extending the broadband Internet coverage or projects such as e-Healthcare or e-School, i.e. public services upgrades to produce a more competitive environment. The last but not least area deserving investment from EU funds involves the broad topic of **competitiveness & employment**, i.e. supporting SME, promoting R&D, education and active employment policies.

Poland

The total allocation from EU structural and investment funds in 2014-2020 for Poland is **EUR 77.6 bn**. It means annually 288 EUR per capita and 2.9 % of GDP.

The money from EU structural and investment funds in 2014-2020 flowing to Poland will be divided among a few categories such as infrastructure and environment, development, R&D, education and digitalisation of the country.

The biggest share of subsidies, i.e. slightly more than a third of all funds, will be invested in **infrastructure and environmental projects**. For example, Poland shall continue building the S7 road between Cracow and Warsaw and further to Gdansk, for which around EUR 1.7 bn in a subsidy was planned in the previous budgeting period. This and other infrastructure projects, which will be able to utilize as much as EUR 19 bn in a subsidy, shall finally result in an express road and railway network connecting all major cities.

Development and education are next in the queue as there are around 15% of all subsidies planned for projects in these two categories. Development program sets ambitious goal that aims at increasing the amount of funds that are spent on R&D. The new, bottom-up approach should encourage the entrepreneurs to take advantage of roughly EUR 8.6 bn to increase their investment in R&D. These projects can help the economy to transform from a catching-up stage to balanced growth based on innovation. Another EUR 4.1 bn, among all, should be investment in education and training in order to promote employment, as improvement of labour market conditions, especially to support unemployed youth (where the unemployment rate exceeds 25%) is another priority in 2014-2020.

Apart from operational programmes realised at the national level, there are 16 programmes that will introduced **at the regional level**. Regional government will be managing around 40% of all funds.

CEF – support of transport, energy and ICT infrastructure in 2014-2020

The Connecting Europe Facility (CEF) is one of the most important programmes that are part of the 2014-2020 EU financial framework. The CEF budget will **support strategic projects in the areas of transport, energy and telecommunication infrastructure**. Currently in the EU, these infrastructure networks are incomplete and ineffective, and in some important areas they do not even exist. The approved total allocation for the CEF is 33.3 billion euros.

That amount is financed from:

- a) **heading 1a:** Competitiveness for Growth and Jobs in the amount of 21.9 billion euros, of which:
 - aa) 15 billion euros is for transport,
 - ab) 5.9 billion euros is for energy,
 - ac) 1.1 billion euros is for digitalisation.
- b) **heading 1b:** Economic, social and territorial cohesion (from the Cohesion Fund), in the amount of 11.3 billion euros, with that total amount intended for transport.

The main aims of the CEF are:

- development of a performing, sustainable and effective connection of transport, energy and telecommunications networks;
- development of missing cross-border ties, and
- elimination of problems that have existed so far along the main trans-European transport corridors.

The CEF will enable the implementation of several important projects in individual states **with cross-border impacts**. Success from the programme will be enjoyed both by businesses and citizens.

The successful implementation all the planned projects from new CEF program will support the further integration, closer cooperation among member states and as the final goal will **enable Europe to fully use the potential of internal market** as it eliminates some serious bottlenecks in transport and energy infrastructure. The CEF will also facilitate the expansion of **high-speed broadband internet** access for households.

Most important projects from CEF for CEE-6

Czech Republic

According to our analysis we see the highest potential in CEF program in the project of the modernisation and increase of the transport capacity of the **railway Nürnberg – Prague and Munich – Prague**. The Czech Republic is an export oriented economy, and its main trading partner is Germany, to which around a third of Czech exports are directed. The increase of the capacity of the railway connection to Germany will further support trading ties between these two countries and potentially also the volume of the Czech exports to the markets in the largest European economy. Therefore, these two projects will have the biggest positive long-term impact for the Czech economy.

Slovakia

We regard the **JANAF-Adria pipelines** as the most important projects which will be supported from CEF in 2014-2020. The pipeline reconstruction and expansion has the potential to further improve the energy security of Slovakia (which has been traditionally very dependent on the Russian oil transported via Ukraine through the Druzhba pipeline). Besides, the increased capacity would likely result in higher transit volumes and thus additional revenues for the state. Also, Slovak refineries could benefit from the possibly lower costs of crude oil.

Hungary

Looking at the CEF program for transport, energy & ICT infrastructure projects, we highlight those projects which improve the north-south cross-border infrastructure. For example, the **'Budapest-Zvolen'** road improvement, or the **'Budapest-SRB border'** rail improvement seems a good idea in our opinion. Tackling these infrastructure bottlenecks could help strengthen local businesses, which will be able to gain access to a larger, regional market more easily.

Improving north-south energy infrastructure bottlenecks can also help to further diversify energy supply alternatives in the region.

Romania

We think the rail **project Arad – Brasov – Bucharest – Constanta** that will connect the Western border of Romania with the Black Sea coast on the Eastern border, under the Rhine – Danube corridor project of the European Commission, would make a major contribution to economic growth, both during the construction stage and after 2020. Reduced transportation time for freight and passengers should encourage foreign investors and local entrepreneurs to open new businesses in Southern and Eastern Romania, areas that were somewhat neglected until now due to poor infrastructure. At the same time, this could be an important step in the strategy of the Romanian government and private business sector to revive tourism on the Black Sea coast and improve the service balance in the current account.

Croatia

The **railway project from Rijeka – Zagreb – Hungarian border** would essentially be the vast upgrade of the existing infrastructure aiming to connect the northern Adriatic, most notably the port of Rijeka, to Zagreb (potential logistics hub) and further to Hungary and CEE. The project has the potential to mobilise the ailing construction industry for the mid-term period of time, with further spill-over effects on the certain segments of the industry. Additionally upon competition it would allow the port of Rijeka to expand significantly, given the geographical competitiveness and the removed bottleneck close to Rijeka that was preventing capacity developments. Therefore logistics and transport are seen as profiting from the project in the long run. The fact that Croatia has already a very well developed highway infrastructure, with limited further investments envisaged, provides significant manoeuvring space to the government to support the project.

Poland

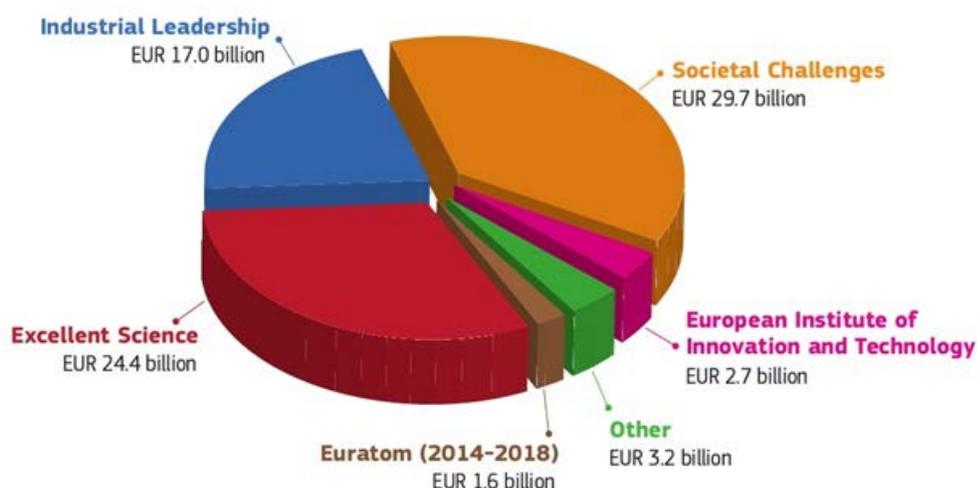
Further improvement in the road and railway network is crucial for Poland as it increases the attractiveness of the country as the investment destination. We believe that the **Baltic-Adriatic corridor** is one of the most important projects as it will improve not only domestic infrastructure but also cross-border connections. Moreover, that corridor is connected to other important traffic routes and has a potential to become an efficient transport chain for Central Europe not only in terms of passenger traffic but also for the flow of goods. We believe that the project will stimulate the economic development of the regions along the corridor.

Horizon – support of R&D in 2014-2020

Horizon 2020 is the EU's biggest research and innovation programme with a seven-year budget worth nearly €80 billion. The amount is financed from the **heading 1a: Competitiveness for Growth and Jobs** of Multiannual Financial Framework. The goal of this programme is to ensure Europe produces world-class science, removes barriers to innovation and makes it easier for the public and private sectors to work together in delivering innovation.

This programme is one of the communitarian programs which are distributed on the EU level, not on the national one. There are **no pre-defined national allocations for individual member states** and their subjects. The subjects from all the EU-28 and their projects have to compete to receive the support from the Horizon programme.

HORIZON 2020 BUDGET (in current prices)



Source: European Commission

Horizon 2020 is built around **three basic pillars**:

1. **Support for "Excellent Science"** – including grants from the European Research Council for top scientists, Marie Skłodowska-Curie fellowships for younger researchers, Future and emerging technologies which supports collaborative research and European Research Infrastructures, including e-Infrastructures
2. **Support for "Industrial Leadership"** – including grants for small and medium-sized enterprises, indirect finance for companies through the European Investment Bank and other financial intermediaries
3. **Support for research to tackle "societal challenges"** – including support for research towards meeting seven main challenges:
 - Health, demographic change and well being
 - Food safety, sustainable agriculture and forestry, maritime and inland water research and the bio economy
 - Secure, clean and efficient energy
 - Smart, green and integrated transport
 - Climate action, environment, resource efficiency and raw materials
 - Inclusive, innovative and reflective societies
 - Secure societies

Annex I: Country overview - Projects that could receive financing from the CEF

The Czech Republic

TRANSPORT PROJECTS	
Baltic – Adriatic corridor	
• Bielsko Biala – Žilina	Road
• Katowice - Ostrava - Brno - Wien & Katowice - Žilina - Bratislava - Wien	Rail
Orient/East-Med corridor	
• Dresden – Praha; Praha – Breclav; Praha - Brno – Breclav; Breclav – Bratislava	Rail
• Hamburg – Dresden – Praha – Pardubice; Děčín locks	IWW
Rhine – Danube corridor	
• Ostrava / Prerov – Žilina – Košice – UA border; München – Praha; Nürnberg – Praha	Rail
• Zlín – Žilina	Road
Other sections – Cross-Border	
• Wrocław – Praha; Priority Projects as defined in Annex III of Decision 661/2010 (Prague - Linz, New Highcapacity rail: Central Trans-Pyrenees crossing, "Iron Rhine" (Rheidt-Antwerpen))	Rail
• Nowa Sól – Hradec Králové; Brno – AT border	Road
ENERGY PROJECTS	
• Internal line between Vernerov and Vitkov, Vitkov and Prestice, Prestice and Kocin, Kocin and Mirovka, Mirovka and Cebin	Electricity EAST
• Poland - Czech Republic Interconnection [currently known as Stork II] between Libhošť – Hať (CZ/PL) – Kedzierzyn (PL); Lwowek-Odolanow pipeline; Odolanow compressor station; Czeszów-Wierzchowice pipeline; Czeszów-Kielczów pipeline; Zdieszowice-Wrocław pipeline; Zdieszowice-Kędzierzyn pipeline; Tworog-Tworzen pipeline; Tworóg-Kędzierzyn pipeline; Pogorska Wola-Tworzen pipeline; Strachocina – Pogórska Wola pipeline	Gas EAST
• Bidirectional Austrian – Czech interconnection (BACI) between Baumgarten (AT) – Reinthal (CZ/AT) – Breclav (CZ)	
• Connection to Oberkappel (AT) from the southern branch of the Czech transmission system	
• Litvinov (Czech Republic)-Spargau (Germany) pipeline: the extension project of the Druzhba crude oil pipeline to the refinery TRM Spargau	Oil Supply Connections in Central Eastern Europe (OSC)

Source: European Commission

Slovakia

TRANSPORT PROJECTS	
Baltic – Adriatic corridor	
• Bielsko Biala – Žilina	Road
• Katowice - Ostrava - Brno - Wien & Katowice - Žilina - Bratislava - Wien	Rail
Orient/East-Med corridor	
• Breclav – Bratislava; Bratislava – Hegyeshalom	Rail
Rhine – Danube corridor	
• Ostrava/Prerov – Žilina – Košice – UA border; Wien – Bratislava / Wien – Budapest / Bratislava – Budapest	Rail
• Zlín – Žilina	Road
• Komárom – Komárno; Danube (Kehlheim - Constanța/Midia/Sulina)	IWW
Other sections – Cross-Border	
• Budapest – Zvolen	Road
ENERGY PROJECTS	
<ul style="list-style-type: none"> • Interconnection between Gőnyű (HU) and Gabčíkovo (SK) • Internal line between Velký Ďur and Gabčíkovo (SK) • Extension of Győr substation (HU) • Hungary - Slovakia interconnection between Sajóvánka (HU) and Rimavská Sobota (SK) • Interconnection between Kiszvárd area (HU) and Velké Kapušany (SK) • Internal line between Lemešany and Velké Kapušany (SK) 	Electricity EAST
<ul style="list-style-type: none"> • Poland – Slovakia interconnection; Rembelszczynna compressor station; Rembelszczynna-Wola Karczewska pipeline; Wola Karczewska-Wronów pipeline; Wronów node; Rozwadów-Końskowola-Wronów pipeline; Jarosław-Rozwadów pipeline; Hermanowice-Jarosław pipeline; Hermanowice-Strachocina pipeline • Slovakia – Hungary Gas Interconnection between Vel'ké Zlievce (SK) – Balassagyarmat border (SK/HU) - Vecsés (HU) 	Gas EAST
<ul style="list-style-type: none"> • Bratislava-Schwechat-Pipeline: pipeline linking Schwechat (Austria) and Bratislava (Slovak Republic) • JANAF-Adria pipelines: reconstruction, upgrading, maintenance and capacity increase of the existing JANAF and Adria pipelines linking the Croatian Omisalj seaport to the Southern Družhba (Croatia, Hungary, Slovak Republic) 	Oil Supply Connections in Central Eastern Europe (OSC)

Source: European Commission

Hungary

TRANSPORT PROJECTS	
Mediterranean corridor	
• Rijeka – Zagreb – Budapest; Pragersko – Zalalövő; Boba- Székesfehérvár; Budapest-Miskolc-UA border	Rail
• Lendava – Letenye; Vásárosnamény-UA border	Road
Orient/East-Med corridor	
• Bratislava – Hegyeshalom; Tata – Biatorbágy	Rail
• Mosonmagyaróvár – SK Border	Road
Rhine – Danube corridor	
• Wien – Bratislava / Wien – Budapest / Bratislava – Budapest; Budapest – Arad; Arad - Brašov - București - Constanta; Craiova – Bucharest	Rail
• Komárom – Komárno; Danube (Kehlheim - Constanța/Midia/Sulina); Bucharest – Danube Canal	IWW
Other sections – Cross-Border	
• Budapest – Zvolen (HU-SK)	Road
• Budapest – SRB Border	Rail
ENERGY PROJECTS	
<ul style="list-style-type: none"> • Interconnection: Žerjavenec (HR)/Heviz (HU) and Cirkovce (SI); Gőnyű (HU) and Gabčíkovo (SK); Kisvárdá area (HU) and Velké Kapušany (SK) • Internal lines between Divača and Beričevo (SI); Beričevo and Podlog (SI), Podlog and Cirkovce (SI); Velký Ďur and Gabčíkovo (SK); Lemešany and Velké Kapušany (SK) • Extension of Győr substation (HU) • Hungary - Slovakia interconnection between Sajóvánka (HU) and Rimavská Sobota (SK) 	Electricity EAST
<ul style="list-style-type: none"> • Slovakia – Hungary Gas Interconnection between Vel'ké Zlievce (SK) – Balassagyarmat border (SK/HU) - Vecsés (HU) • Városföld-Ercsi– Győr pipeline + enlargement of Városföld Compressor station + modification of central odorization, Ercsi-Százhalombatta pipeline, Csanádpalota or Algyő compressor station • Romanian – Hungarian reverse flow at Csanádpalota or Algyő (HU) • Gas pipeline Constanta (RO) – Arad – Csanádpalota (HU) [currently known as AGRI], LNG terminal in Constanta (RO) • Hungary – Slovenia interconnection (Nagykanizsa – Tornyiszentmiklós (HU) – Lendava (SI) – Kidričevo) 	Gas EAST
<ul style="list-style-type: none"> • Gas pipeline from the EU to Turkmenistan via Turkey, Georgia, Azerbaijan and the Caspian [currently known as the combination of the "Trans Anatolia Natural Gas Pipeline" (TANAP); • the "Expansion of the South-Caucasus Pipeline" (SCP-(F)X) and the "Trans-Caspian Gas Pipeline" (TCP)]; • Gas compression station at Kipi (EL); 	Southern Gas Corridor (SGC)

<ul style="list-style-type: none"> Gas pipeline from Greece to Italy via Albania and the Adriatic Sea [currently known as the "Trans-Adriatic Pipeline" (TAP)]; Gas pipeline from Greece to Italy via the Adriatic Sea [currently known as the "Interconnector Turkey-Greece-Italy" (ITGI)]; Gas pipeline from Bulgaria to Austria via Romania and Hungary 	
<ul style="list-style-type: none"> JANAF-Adria pipelines: reconstruction, upgrading, maintenance and capacity increase of the existing JANAF and Adria pipelines linking the Croatian Omisalj seaport to the Southern Druzhba (Croatia, Hungary, Slovak Republic) 	Oil Supply Connections in Central Eastern Europe (OSC)

Source: European Commission

Croatia

TRANSPORT PROJECTS	
Mediterranean corridor	
<ul style="list-style-type: none"> Rijeka – Zagreb – Budapest; Ljubljana – Zagreb 	Rail
<ul style="list-style-type: none"> Rijeka 	Port
Rhine – Danube corridor	
<ul style="list-style-type: none"> Slavonski Brod 	Port
<ul style="list-style-type: none"> Danube (Kehlheim - Constanța/Midia/Sulina); Sava 	IWW
Other sections – Cross-Border	
<ul style="list-style-type: none"> Dubrovnik – HR/ME border 	Road
<ul style="list-style-type: none"> Zagreb – SR border 	Rail
ENERGY PROJECTS	
<ul style="list-style-type: none"> Interconnection between Banja Luka (BA) and Lika (HR); Žerjavenec (HR)/Heviz (HU) and Cirkovce (SI) Internal lines between Brinje, Lika, Velebit and Konjsko (HR); Divača and Beričevo (SI); Beričevo and Podlog (SI); Podlog and Cirkovce (SI) 	Electricity EAST
<ul style="list-style-type: none"> LNG Regasification vessel in Krk (HR); Gas pipeline Zlobin – Bosiljevo – Sisak – Kozarac – Slobodnica (HR); LNG evacuation pipeline Omišalj – Zlobin (HR) – Rupa (HR) / Jelšane (SI) – Kalce (SI) or Gas pipeline Omišalj (HR) – Casal Borsetti (IT) Interconnection Croatia – Slovenia (Bosiljevo – Karlovac – Lučko – Zabok – Rogatec (SI)) Ionian Adriatic Pipeline (Fieri (AB) – Split (HR)) 	Gas EAST
<ul style="list-style-type: none"> JANAF-Adria pipelines: reconstruction, upgrading, maintenance and capacity increase of the existing JANAF and Adria pipelines linking the Croatian Omisalj seaport to the Southern Druzhba (Croatia, Hungary, Slovak Republic) 	Oil Supply Connections in Central Eastern Europe (OSC)

Source: European Commission

Romania

TRANSPORT PROJECTS	
Orient/East-Med corridor	
• Budapest – Arad – Timișoara – Calafat; Vidin – Sofia – Burgas/TR border Sofia – Thessaloniki – Athens/Piraeus	Rail
• Vidin – Craiova	Road
Rhine – Danube corridor	
• Budapest – Arad; Arad - Brașov - București – Constanta; Craiova – Bucharest	Rail
• Komárom – Komárno; Main – Main-Donau-Canal; Danube (Kehlheim - Constanța/Midia/Sulina); Bucharest – Danube Canal	IWW
• Giurgiu, Galați	Port
• Constanta	Port, MoS
Other sections – Cross-Border	
• Timișoara – Serbia border; Iasi-Republic of Moldova border; Suceava-Ukraina border	Rail
• TarguNeamt–Ungheni	Road
Other Core Network	
• Alba-Iulia – Turda – Dej – Suceava – Pașcani – Iași; Bucuresti – Buzau; Ploiesti-Suceava	Rail
ENERGY PROJECTS	
<ul style="list-style-type: none"> • Internal lines between Dobrudja and Burgas (BG); Vidno and Svoboda (BG); Svoboda (BG) and the splitting point of the interconnection Varna (BG) - Stupina (RO) in BG; Cernavoda and Stalpu (RO); Gutinas and Smardan (RO); Gadalin and Suceava (RO); Portile de Fier and Resita (RO); Resita and Timisoara/Sacalaz (RO); Arad and Timisoara/Sacalaz (RO) • Interconnection between Resita (RO) and Pancevo (RS) 	Electricity EAST
<ul style="list-style-type: none"> • Integration of the Romanian transit and transmission system; Reverse flow at Isaccea • Construction of new storage facility on the territory of Bulgaria; Chiren UGS expansion; South Kavala storage in Greece; Depomures storage in RO • Gas pipeline Constanta (RO) – Arad – Csanádpalota (HU) [currently known as AGRI]; LNG terminal in Constanta (RO) 	Gas EAST
<ul style="list-style-type: none"> • Gas pipeline from the EU to Turkmenistan via Turkey, Georgia, Azerbaijan and the Caspian [currently known as the combination of the "Trans Anatolia Natural Gas Pipeline" (TANAP), the "Expansion of the South-Caucasus Pipeline" (SCP-(F)X) and the "Trans-Caspian Gas Pipeline" (TCP)]; Gas compression station at Kipi (EL); Gas pipeline from Bulgaria to Austria via Romania and Hungary; Gas pipeline from Greece to Italy via Albania and the Adriatic Sea [currently known as the "Trans-Adriatic Pipeline" (TAP)]; Gas pipeline from Greece to Italy via the Adriatic Sea [currently known as the "Interconnector Turkey-Greece-Italy" (ITGI)] • Sub-marine gas pipeline in the Caspian Sea from Turkmenistan to Azerbaijan [currently known as the "Trans-Caspian Gas Pipeline" (TCP)]; Upgrade of the pipeline between Azerbaijan and Turkey via Georgia [currently known as the "Expansion of the South-Caucasus Pipeline" (SCP-(F)X)]; Sub-marine pipeline linking Georgia with Romania [currently known as "White Stream"] 	Southern Gas Corridor (SGC)

Source: European Commission

Poland

TRANSPORT PROJECTS	
Baltic – Adriatic corridor	
• Gdynia – Katowice; Warszawa – Katowice; Wrocław – Poznań – Szczecin/Świnoujście; Katowice - Ostrava - Brno - Wien & Katowice - Žilina - Bratislava - Wien	Rail
• Gdynia, Gdańsk; Świnoujście, Szczecin (Port) + Bielsko Biala – Žilina (Road)	Port + Road
North Sea – Baltic corridor	
• Tallinn - Riga - Kaunas – Warszawa; BY border - Warszawa - Poznań - DE border	Rail
• Via Baltica Corridor	Road
Other sections – Cross-Border	
• Wrocław – Praha; Kędzierzyn Koźle – Chałupki-granica	Rail
• Nowa Sól – Hradec Králové	Road
Other Core Network	
• UA Border – Kraków – Katowice – Wrocław – Dresden	Rail
ENERGY PROJECTS	
• Interconnection between Eisenhüttenstadt (DE) and Plewiska (PL); Vierraden (DE) and Krajnik (PL); Hydro-pumped storage in Poland - Młoty	Electricity EAST
• Internal lines between Krajnik and Baczyna (PL); Mikułowa and Świebodzice (PL); Coordinated installation and operation of phase shifting transformers on the interconnection lines between Krajnik (PL) – Vierraden (DE) and Mikulowa (PL) – Hagenwerder (DE)	
• LT part of interconnection between Alytus (LT) and LT/PL border	Electricity Baltic Energy Market Interconnection Plan
• Internal lines between Stanisławów and Olsztyn Mątki (PL); Kozienice and Siedlce Ujrzanów (PL); Płock and Olsztyn Mątki (PL)	
• Poland - Czech Republic Interconnection (Stork II) between Libhošť – Hať (CZ/PL) – Kędzierzyn (PL); Lwówek-Odolanów pipeline; Odolanów compressor station; Czeszów-Wierzchowice pipeline; Czeszów-Kielczów pipeline; Zdżieszowice-Wrocław pipeline; Zdżieszowice-Kędzierzyn pipeline; Tworóg-Tworzen pipeline; Tworóg-Kędzierzyn pipeline; Pogórska Wola-Tworzen pipeline; Strachocina – Pogórska Wola pipeline	Gas EAST
• Poland – Slovakia interconnection; Rembelszczyzna compressor station; Rembelszczyzna-Wola Karczewska pipeline; Wola Karczewska-Wronów pipeline; Wronów node; Rozwadów-Końskowola-Wronów pipeline; Jarosław-Rozwadów pipeline; Hermanowice-Jarosław pipeline; Hermanowice-Strachocina pipeline	
• Poland–Denmark interconnection "Baltic Pipe"; Poland-Lithuania interconnection [currently known as "GIPL"]; Capacity extension of Swinoujście LNG terminal in Poland; Upgrade of entry points Lwówek and Włocławek of Yamal-Europe pipeline in Poland	Gas Baltic Energy Market Interconnection Plan (BEMIP)
• Adamowo-Brody pipeline: pipeline connecting the JSC Ukrtransnafta's Handling Site in Brody (Ukraine) and Adamowo Tank Farm (Poland)	Oil Supply Connections in Central Eastern Europe (OSC)
• Construction of Oil Terminal in Gdańsk; Expansion of the Pomeranian Pipeline: loopings and second line on the Pomeranian pipeline linking Plebanka Tank Farm (near Płock) and Gdańsk Handling Terminal	

Source: European Commission

Annex II: Total allocation of the EU Cohesion policy for 2014-2020

	Total allocation (mil. €)	Total allocation per capita* (€)	Average annual allocation (mil. €)	Average annual allocation per GDP**	GDP per capita as of EU average***
Belgium	2 283.9	204.6	326.3	0.1 %	119 %
Bulgaria	7 588.4	1 041.7	1 084.1	2.7 %	47 %
Czech Republic	21 982.9	2 090.4	3 140.4	2.1 %	79 %
Denmark	553.4	98.8	79.1	0.0 %	125 %
Germany	19 234.9	234.5	2 747.8	0.1 %	122 %
Estonia	3 590.0	2 709.8	512.9	2.9 %	70 %
Ireland	1 188.6	258.9	169.8	0.1 %	130 %
Greece	15 521.9	1 403.1	2 217.4	1.1 %	75 %
Spain	28 559.5	611.5	4 079.9	0.4 %	95 %
France	15 852.5	241.5	2 264.6	0.1 %	108 %
Croatia	8 609.4	2 020.0	1 229.9	2.8 %	61 %
Italy	32 823.0	549.9	4 689.0	0.3 %	98 %
Cyprus	735.6	849.6	105.1	0.6 %	92 %
Latvia	4 511.8	2 229.4	644.5	2.9 %	62 %
Lithuania	6 823.1	2 295.9	974.7	3.0 %	70 %
Luxembourg	59.7	111.2	8.5	0.0 %	262 %
Hungary	21 905.9	2 210.8	3 129.4	3.2 %	65 %
Malta	725.0	1 720.6	103.6	1.5 %	86 %
Netherlands	1 404.3	83.7	200.6	0.0 %	128 %
Austria	1 235.6	146.2	176.5	0.1 %	130 %
Poland	77 567.0	2 013.0	11 081.0	2.9 %	66 %
Portugal	21 465.0	2 046.8	3 066.4	1.9 %	75 %
Romania	22 993.8	1 148.5	3 284.8	2.5 %	49 %
Slovenia	3 074.8	1 493.5	439.3	1.2 %	82 %
Slovakia	13 991.7	2 585.9	1 998.8	2.8 %	75 %
Finland	1 465.8	270.1	209.4	0.1 %	114 %
Sweden	2 105.8	220.4	300.8	0.1 %	128 %
United Kingdom	11 839.9	185.3	1 691.4	0.1 %	110 %
EU 28	351 854.2	693.7	50 264.9	0.4 %	100 %
CEE-6	167 050.6	1 884.4	23 864.4	2.7 %	n/a

Source: European Commission; *) population as of 1st January 2013, **) GDP for 2012, ***) GDP/cap in 2012 in purchasing power standard, not FX

Annex III: Net position of EU member states towards EU budget in 2004-2012

EUR mil	Net position	Income from EU budget				Contribution to EU budget			
		Total	Agriculture	Structural actions	Other	Total	VAT-based own resource	GNI-based own resource	Other
Poland*	52 087.1	78 732.2	25 489.5	46 421.0	6 821.7	26 645.0	4 059.3	17 783.2	4 802.6
Greece	46 710.8	65 879.1	33 801.6	28 186.2	3 891.3	19 168.3	3 060.4	12 846.1	3 261.8
Portugal	25 409.4	39 557.8	10 509.5	27 406.7	1 641.7	14 148.4	2 258.4	9 668.4	2 221.6
Spain	24 031.2	114 551.8	56 649.4	52 026.4	5 876.0	90 520.6	13 434.7	59 916.1	17 169.7
Hungary*	17 369.6	25 069.4	8 971.7	14 000.7	2 097.1	7 699.8	1 029.6	5 186.4	1 483.7
Belgium	13 044.7	53 691.0	7 086.4	3 056.7	43 547.9	40 646.3	3 930.1	20 581.7	16 134.6
Romania**	10 066.5	17 542.0	7 503.8	4 364.0	5 674.1	7 475.5	897.1	5 183.0	1 395.4
Czech Republic*	10 003.4	21 305.4	6 640.0	12 597.1	2 068.3	11 302.0	1 582.5	7 361.4	2 358.0
Luxembourg	9 806.5	12 154.7	432.3	234.9	11 487.5	2 348.2	377.1	1 645.8	325.2
Lithuania*	8 612.5	11 008.8	3 480.8	5 669.5	1 858.5	2 396.3	312.6	1 540.3	543.4
Slovakia*	6 297.8	11 187.5	3 723.0	6 298.7	1 165.8	4 889.6	564.8	3 218.8	1 106.1
Ireland	6 031.0	19 074.7	14 555.0	2 818.7	1 701.0	13 043.7	1 972.7	8 386.2	2 684.8
Bulgaria**	5 333.5	7 542.3	2 547.0	2 420.0	2 575.2	2 208.7	299.8	1 416.3	492.7
Latvia*	4 415.4	5 984.4	1 818.3	3 438.4	727.7	1 569.0	195.6	1 058.0	315.4
Estonia*	3 220.8	4 479.2	1 154.8	2 740.3	584.1	1 258.4	180.1	782.9	295.4
Slovenia*	1 945.5	5 051.5	1 503.7	2 517.4	1 030.4	3 106.0	443.9	1 917.1	745.0
Croatia***	796.8	796.8	0.0	0.5	796.2	0.0	0.0	0.0	0.0
Malta*	496.3	1 007.5	100.7	392.6	514.2	511.1	72.1	312.1	126.9
Cyprus*	45.2	1 547.6	486.0	379.5	682.1	1 502.4	209.2	905.0	388.3
Finland	-3 395.7	11 885.1	7 711.3	2 403.9	1 769.8	15 280.8	2 179.7	10 672.7	2 428.4
Austria	-5 403.2	15 982.7	11 229.0	2 307.9	2 445.7	21 385.8	2 949.2	16 415.5	2 021.2
Denmark	-7 240.3	13 419.2	10 156.6	982.3	2 280.3	20 659.5	2 536.2	13 795.8	4 327.5
Sweden	-12 226.1	14 130.8	8 707.1	2 473.9	2 949.7	26 356.9	2 775.1	20 736.7	2 845.1
Netherlands	-32 451.8	18 766.7	10 060.9	3 160.0	5 545.9	51 218.5	5 172.4	34 291.8	11 754.3
Italy	-40 360.3	93 019.9	50 252.7	31 692.0	11 075.2	133 380.1	17 737.0	91 191.3	24 451.8
France	-44 197.7	120 906.9	85 847.5	22 336.0	12 723.4	165 104.6	24 620.9	114 743.0	25 740.8
United Kingdom	-49 212.6	65 324.2	36 460.8	18 567.1	10 296.3	114 536.8	25 114.6	109 753.8	-20 331.7
Germany	-90 549.8	107 866.2	59 810.6	34 374.5	13 681.1	198 416.0	22 556.5	146 683.8	29 175.6

Source: European Commission; *) EU member since May 2004, **) EU member since January 2007, ***) EU member since July 2013