The purpose of this article is to establish the social and/or economic impact of the implemented Cohesion Fund (CF) projects on development of regions of Latvia. Three tasks are addressed to achieve this goal – to study CF projects by regions; analyse distribution of funding by sectors of economy and their compliance with CF objectives; to draft recommendations for improving the absorption of funds and achieving the goals of the European Union (EU) regional policy. The article consists of three chapters, an introduction and conclusions. New scientifically grounded recommendations are developed for improving socio-economic impact of the CF in Latvia. The key recommendation relates to the EU involvement in dealing with problems of increase in costs, namely – by proving that the increase in costs affects several of the new EU member states or Community regions, the EC will have to take part in addressing the problem. Further assessment of the socio-economic impact of the CF on development of regions of Latvia requires additional research.

Key words: Cohesion Fund, project, regional development.

Introduction

The topicality of this article is determined by the fact that Latvia as the EU member state has an access to significant financial assistance through Community financial instruments including the CF. Inflow of such funds into Latvia is essential for the development of the environmental sector and the transport sector, as well as for the national economy in general. A characteristic feature of the CF is that it co-finances particularly important environmental protection and transport infrastructure projects, the implementation of which significantly affects the quality of life of many people in Latvia. There are many project implementations which without this significant financial assistance would be impossible or would have to be postponed for several years, their scale would be smaller and consequently their impact – less significant. Therefore, it is crucial to distribute these funds purposefully and competently and absorb them as efficiently as possible.

However, such goals require an adequate scientific basis of the economy. At the same time the uniqueness and substantial scale of the projects make them scientifically interesting as objects or subjects of research. Scientific publications in European countries already include the results of some studies on the support of EU financial instruments, including the operation of the CF in Latvia (Pilvere et al., 2006; Millere, 2006); the topic has been addressed also by Polish, Lithuanian and other European researchers (Mickiewicz et al., 2006; Čiulevičiene et al., 2004). Nevertheless, analysis of such publications leads to the conclusion that the impact of CF funds absorption on development of national economy and decreasing disparities in development levels among the regions of Latvia has been so far insufficiently scientifically studied (Āboliņa, 2007).

Taking into consideration that the attracted significant funds have to be absorbed over the few coming years it is important to study the progress in absorption of the funds in order to avoid possible mistakes and to ensure full absorption of the funding. It is important to identify and analyse the mistakes made in the course of already implemented projects. Particular attention must be paid to distribution of the funds – especially when investing money in less developed regions.

At the beginning, when studying the CF administration system and the monitoring system of EU financial support under the Cohesion Fund (Āboliņa, 2007), particular attention was paid to compliance of the administration system with EU legislation and national legislation of the Republic of Latvia, the project implementation system, and its stages. Also, the funding monitoring system was studied and recommendations were provided on improving it. The studies revealed that the system has been built according to EU and national legal acts, yet it needs to be improved to increase the efficiency of the absorption and monitoring processes and to guarantee that irregularities are avoided in project implementation or that such shortcomings are eliminated already during project implementation so that it does not lead to sanctions from the side of the EU.

The research covered in this article has been based on the following hypothesis – absorption of CF funding...
allocated to regional development can be improved by linking project objectives to national strategic development plans and regional development concept papers, particularly focusing on the problems of the least developed regions and to development of strategically important objects.

The purpose of the research is to establish the socio-economic impact of the implemented CF projects on development of regions of Latvia.

Within this purpose the following terms of reference have been identified:
• to study CF projects by regions;
• to analyse distribution of funding to sectors of economy and their compliance with CF objectives;
• to prepare recommendations for improving the absorption of funds and achieving the goals of the EU regional policy.

Materials and methods used in addressing these terms of references.

For implementing the research programme and fulfilling the terms of reference, information is searched in electronic databases as well as scientific publications; legal acts of Latvia and the EU are used, as well as statistical data and unpublished materials of the Ministry of Finance. An analysis method has been used in the research to assess and analyze the distribution of funds by regions and economic sectors, as well as a comparative method to prove and assure that projects are implemented in compliance with the objectives of the Latvian and EU regional policy. The logical construction method for defining the possibilities for improving the absorption system of CF funding is used as well.

Results and Discussion

1. Cohesion Fund projects by regions

EU financial support under the CF has been available to Latvia since 2004 when Latvia joined the EU, and the amount of this support in the 2004-2006 programming period was EUR 515 million. Before that, in 2000-2004, Latvia had access to co-financing from ISPA (Instrument for Structural Policies for Pre-accession) – EUR 195 million. These projects are now co-financed by the CF (European Commission, 2007). All committed funds in the amount of EUR 710 million shall be absorbed by 2010.

As can be seen from Council Regulation (EC) No. 1164/94 of 16 May 1994 establishing a Cohesion Fund, Article 2(1), ‘the Fund shall provide financial contributions to projects, which contribute to achieving the objectives laid down in the Treaty of the European Union, in the fields of the environment and trans-European transport infrastructure networks in Member States with a per capita gross national product (GNP), measured in purchasing power parities, of less than 90% of the Community average which have a programme leading to the fulfilment of the conditions of economic convergence referred to in the Article 104c of the Treaty’ (European Commission, 1999). Distribution of CF projects by regions of Latvia is shown in Table 1.

<table>
<thead>
<tr>
<th>Regions</th>
<th>Number of projects</th>
<th>Total Project funding</th>
<th>Of which CF funding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>M EUR</td>
<td>Share, %</td>
</tr>
<tr>
<td>Trans-regional</td>
<td>11</td>
<td>537.17</td>
<td>39.56</td>
</tr>
<tr>
<td>Riga</td>
<td>15</td>
<td>242.89</td>
<td>17.88</td>
</tr>
<tr>
<td>Kurzeme</td>
<td>9</td>
<td>255.71</td>
<td>18.82</td>
</tr>
<tr>
<td>Latgale</td>
<td>6</td>
<td>90.36</td>
<td>6.65</td>
</tr>
<tr>
<td>Zemgale</td>
<td>3</td>
<td>222.45</td>
<td>16.38</td>
</tr>
<tr>
<td>Vidzeme</td>
<td>2</td>
<td>9.59</td>
<td>0.71</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>1358.17</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: the author’s calculations based on the data of the Ministry of Finance (2007).

As can be seen from Table 1, in the programming period 2000-2006 funding was mainly attracted to trans-regional projects.

Some of the most evident examples are investments in improvement of roads. One of the main objectives is the improvement of the Via Baltica Pan-European transport corridor. For achieving this objective several projects are implemented, which together are part of the Via Baltica road improvement scheme according to the national ISPA strategy of Latvia. Altogether, five projects are implemented to improve and reconstruct the Via Baltica, and total eligible expenditure of these projects amounts to EUR 184.83 million, EUR 72.5 million of which is CF co-financing (Ministry of Finance, 2007).
A particularly important project for Latvia is the construction of Saulkrasti bypass and improvements of the Via Baltica on the main state road A1 (Riga – Ainaži). Total eligible expenditure of this project is EUR 123.99 million, of which EUR 40.02 million is CF co-financing. In Skulte rural municipality, a 20.2 km long road with an 11.5 m wide bituminous concrete surface was built. The bypass has 17 various traffic constructions – bridges, overpasses, pedestrian tunnels and access roads, with a total length of 13 km. Seven two-level road overpasses with lighting were constructed, as well as eight new bridges. For the needs of pedestrians and cyclists two tunnels were built, as well as footpaths with a total length of 4.4 km. In several locations anti-noise walls, solid and wire fences were erected, and fir-tree hedges were planted. The project also included reconstruction of the existing road in the section between Lilaste and Skulte. This is the first newly-built road since Latvia regained independence. Additional benefits from implementing the project include the significant amount of travelling time saved by avoiding driving through Saulkrasti town, as well as improved traffic safety and air quality in the town (Ministry of Finance, 2007).

A huge amount of funds has been invested specifically into the Riga region. In the region, a total of 15 CF projects are being implemented; thus, 21.5% of funding available through the CF is used in Riga region. However, this share is not particularly big taking into consideration that Riga planning region is home to almost half (48%) of the population of Latvia (Ministry of Regional Development and Local Government, 2007). In Riga region, the most interesting projects which are socially most important for the people of the region are projects in water services sector, such as development of water services in Riga and Jūrmala.

Within the framework of the project for development of water services in Riga measures were implemented for improving the quality of drinking water and ensuring sewage treatment. Within the framework of the project reconstruction was completed in ‘Zākumuiža – D’ – one of the drinking water sources – by constructing nine new wells, laying 4.4 km of piping, constructing a 2000 m³ water reservoir, reconstructing one and building one new pumping station, as well as implementing a control and automation system of the station. The construction of sewage tunnel-collector between Vairoga Street and Gaujas Street was completed – a 2.1 km long tunnel-collector was constructed as well as 13 access shafts. Within the framework of the project approximately 59 km of sewage pipelines and approx. 33 km of water mains were constructed, as well as 6 sewage pumping stations. CF contributed more than EUR 20 million to the project.

In the city of Jūrmala, the biggest benefits of the implemented project were the reconstruction of two iron removal stations and construction of one new station in Kauguri. This project also involved a significant CF contribution – EUR 10 million.

Some of the projects implemented in Riga region were technical assistance projects with the objective of facilitating implementation of CF projects in Latvia. When analyzing data in Vidzeme region, where 10.6% of Latvia’s population lives, it must be concluded that this region cannot be proud of large amounts of CF funding; although the figure is a relative one, because Vidzeme region is being supported through various trans-regional projects, for instance – in the towns of Limbaži and Valmiera significant funds are being invested in developing water and sewage systems within the framework of the Eastern Latvia river basin project.

When studying Kurzeme region, where 13.5% of Latvia’s population lives, it can be seen that it has received a very high proportion of overall available CF funding – 18.61%. Among the more interesting projects implemented in this region are those connected with waste management, development of water services, development of port access roads, as well as improvement of the heat supply system in Ventspils city. This is the first project of this type in Latvia, and in the result of it a connection between the heat supply networks of both banks of the Venta River will be constructed, as well as building of a co-generation (combined heat and power) plant by using the best available technology for the coal-powered CHP plants – circulating boiling layer technology.

In Zemgale region, three large projects are being implemented attracting 13.83% of CF funding. This includes two road projects, a project for Jelgava city water services, and Zemgale region waste management project, the purpose of which is to create an environmentally-friendly, economically stable and sustainable solid waste management system in Zemgale region, which will fully comply with national and EU requirements.

In Latgale region, six separate CF projects are being implemented, together representing 6.83% of the total CF funding. These include projects for development of water services in Rēzekne and Daugavpils, as well as three projects in the field of waste management. A noteworthy project is the construction of the reception yard at the Rēzekne Railway Station II, which includes construction of a new reception yard with six full-length railway tracks, one 106-metre long railway track, sidetracks for trains, tracks for railway machinery, as well as 27 rail switch points, telecommunications and power.
supply systems, an administrative building, reception yard infrastructure, extended signal and switch control tower, and development of the atmospheric pollution control system (Ministry of Finance, 2007).

When analysing distribution of CF funding among planning regions of Latvia, as well as development indices of planning regions for 2006 (Table 2), it can be concluded that serious consideration must be paid to the distribution of funds to ensure achievement of CF goals – social and economic cohesion not only among EU member states but also among different regions of a country.

<table>
<thead>
<tr>
<th>Planning region</th>
<th>Territorial development index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riga region</td>
<td>1.011</td>
</tr>
<tr>
<td>Kurzeme region</td>
<td>-0.520</td>
</tr>
<tr>
<td>Zemgale region</td>
<td>-0.574</td>
</tr>
<tr>
<td>Vidzeme region</td>
<td>-0.851</td>
</tr>
<tr>
<td>Latgale region</td>
<td>-1.341</td>
</tr>
</tbody>
</table>

Source: Data of the State Regional Development Agency (2007).

It must be noted that it is difficult to assess the impact of trans-regional projects on the development of individual regions as the goals of these large-scale transport projects are much more global than environmental projects. It must be taken into account that the CF co-finances the road projects that correspond to Trans-European Transport Networks (TEN-T). Thus, the regions where such roads are located are in a more favourable situation compared to regions where unfortunately there are no such roads with importance at the European level. However, it should be underlined again that any investment in improving the road infrastructure is important for the development of the national economy.

### 2. Distribution of funding by sectors of economy and compliance with Cohesion Fund objectives

In the previous programming period 2000-2006, according to Council Regulation (EC) No. 1164/94 of 16 May 1994 establishing a Cohesion Fund, Article 10(2), 'A suitable balance shall be struck between projects in the field of the environment and projects relating to transport infrastructure. This balance shall take account of the Article 130s (5) of the Treaty', CF funding was distributed evenly between environmental and transport sectors, as well as allocated to one technical assistance project aimed at increasing the capacity of the Managing Authority (European Commission, 1999).

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total CF funding</th>
<th>Funding for approved ISPA projects</th>
<th>Funding for CF projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>257,933,331</td>
<td>38,864,826</td>
<td>219,068,505</td>
</tr>
<tr>
<td>Environment</td>
<td>257,933,331</td>
<td>76,447,053</td>
<td>181,486,278</td>
</tr>
</tbody>
</table>


As shown in Table 3, co-financing of the CF for the programming period 2004-2006 has been distributed in line with the requirements of the Regulation.
Table 4

Cohesion Fund funding available to Latvia, distribution by sectors of the national economy, total amounts 2000-2006

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of projects</th>
<th>Total eligible expenditure for a project M EUR</th>
<th>Average value of a project, M EUR</th>
<th>CF co-financing M EUR</th>
<th>Total, %</th>
<th>For the sector, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>6</td>
<td>377.37</td>
<td>62.90</td>
<td>150.93</td>
<td>40.0</td>
<td>21.2</td>
</tr>
<tr>
<td>Railways</td>
<td>5</td>
<td>260.77</td>
<td>52.15</td>
<td>159.40</td>
<td>61.1</td>
<td>22.4</td>
</tr>
<tr>
<td>Roads and railways, total</td>
<td>11</td>
<td>638.14</td>
<td>58.01</td>
<td>310.33</td>
<td>48.6</td>
<td>43.7</td>
</tr>
<tr>
<td>Airport</td>
<td>1</td>
<td>23.50</td>
<td>23.50</td>
<td>16.56</td>
<td>70.4</td>
<td>2.3</td>
</tr>
<tr>
<td>Ports</td>
<td>2</td>
<td>43.40</td>
<td>21.70</td>
<td>24.40</td>
<td>58.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Transport sector, total</td>
<td>14</td>
<td>705.04</td>
<td>50.36</td>
<td>351.29</td>
<td>49.9</td>
<td>49.4</td>
</tr>
<tr>
<td>Waste management</td>
<td>10</td>
<td>98.81</td>
<td>9.88</td>
<td>55.33</td>
<td>56.0</td>
<td>7.8</td>
</tr>
<tr>
<td>Development of water services</td>
<td>11</td>
<td>426.42</td>
<td>38.76</td>
<td>234.81</td>
<td>61.6</td>
<td>33.0</td>
</tr>
<tr>
<td>Development of heat supply</td>
<td>1</td>
<td>81.21</td>
<td>81.21</td>
<td>34.61</td>
<td>42.6</td>
<td>4.9</td>
</tr>
<tr>
<td>Environmental sector, total</td>
<td>22</td>
<td>606.44</td>
<td>27.56</td>
<td>324.75</td>
<td>57.9</td>
<td>45.7</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>10</td>
<td>46.69</td>
<td>4.67</td>
<td>34.76</td>
<td>76.6</td>
<td>4.9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>46</td>
<td>1,358.17</td>
<td>29.52</td>
<td>710.78</td>
<td>54.3</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: the author’s calculations using the data of the Ministry of Finance (2007).

From the information provided in Table 4 and its analytical study several conclusions can be made:

- Traffic quality development projects have received the largest CF support – half of the funding available;
- A relatively large amount of funds have been allocated also to development of other branches of transport infrastructure – airports and ports; while all branches of this infrastructure together account for 49.4% of CF co-financing;
- Particularly favourable support is provided to water services development projects – 33% of CF co-financing and 29.1% of total funding;
- The rate of CF co-financing differs significantly among different sectors – if technical assistance projects are not taken into consideration, then the highest rate – 70.4% of project expenditure is co-financed for the airport development; similarly, railways have received a higher rate of support than road projects. This can be explained by the problems Latvian railways encounter when faced with the need for integration into the overall European railway network.

3. Discussion on better solutions for achieving the goals of the EU regional policy in Latvia

Considering the above, there is a substantial potential for improving the absorption mechanisms of EU CF funding. The first and main problem to be discussed and solved is the distribution of funding among regions in Latvia.

Analysis of macroeconomic and regional statistical data points out the need to act carefully to ensure that investment of significant CF funding into improving international competitiveness of Riga planning region (capital of Latvia) does not create new problems for Riga and other regions of Latvia, because the disparities in levels of development among regions of Latvia are significant not only in comparison to other EU member states but also within Latvia.

Of course, such redistribution of funds by shifting the focus to development of peripheral regions must be in line with the main principles of EU regional policy and objectives of the Cohesion Fund, since by increasing competitiveness of regions they will achieve the CF objectives more quickly.

However, it must be taken into consideration that channelling CF funding to Riga planning region carries
the risk that the development rate of Riga planning region may greatly exceed the development rates of the rest of Latvia, and Riga may be included in a NUTS 2 level region. This means that Riga planning region will no more be eligible for CF funding. This fact must be taken into account when planning allocation of funds in the new programming period to avoid situations when significant funds are spent on planning and drafting a project, yet its implementation is impossible, because project expenditure is recognised as ineligible.

3.1 Problems in the construction sector

One of the biggest problems that could dramatically reduce absorption of CF funding is the current unexpected situation in the construction market. CF projects are characterised by their large scale – generally overall project expenditure is at least EUR 10 million. This means there are large-scale procurements for these projects; they are often announced EU-wide to ensure compliance of public procurement procedures with requirements of the legislation. Due to the huge size of these projects, there are only few companies in Latvia that have the capacity to implement them. In addition, often there are situations when companies specialising in, for example, development of water service projects, move to the real estate sector, in particular - housing construction.

The restricted market does not promote competition. Unfortunately, our market is not attractive enough for international construction companies. In particular the lack of competition hampers implementation of good-quality and fixed-term projects.

It must be understood that attracting major companies requires favourable conditions and an interesting, attractive business environment. Currently, this is to large extent threatened not only by the weak legislation environment in, for instance, the construction sector, but also migration of labour, leading to insufficient supply of inexpensive labour, which initially was one of the factors attracting foreign companies to Latvia.

Currently, solutions are being looked for by informing foreign embassies on the announced tenders, and large-scale procurements are divided into lots as required by the law, in order to increase the number of potential tenderers.

Even when informing foreign embassies there is a risk that foreign companies will still not show interest in these tenders because it is difficult to enter this market not only because of the migration problems, but also due to the poor legislation environment, which discourages rapid entry of foreign companies into Latvia. Likewise, not always these promotion campaigns guarantee the entry of new operators into the market, even if they reach the target audience.

When dividing procurement tenders into lots, there is a risk of violating tender procedures. Such splitting of procurement tenders would require gaining additional confidence that these procurement tenders comply with the EU and Latvian legislation, to avoid the threat of ineligibility of funds. Thus, it would create additional bureaucratic burden for implementation of projects. Still this solution, by eliminating problems at the very beginning of project implementation, would reduce the potential risk of significant funds being declared ineligible for reimbursement from the Community budget.

Therefore, this would be one of the best and most favourable solutions to the problem in implementation of large-scale projects. By splitting the largest procurement tenders into lots preconditions would be created, so that also regional and/or smaller companies could participate in the tenders, which otherwise not always meet the requirements of these large-scale tenders. Correspondingly, this would promote a more positive competition, which would improve the quality and progress of implementation.

The next recommendation is that the government should more carefully plan funds and inform the public on their absorption and the timeframe for absorption. Accurate information that, for instance, during the following seven years a certain amount of funds will be invested into implementing projects for development of water services, could promote entry of new companies into the particular market segment. Similarly, the government should review which are its key sectors, development of which has stagnated, yet which are crucial for development of the national economy or, for example, implementation of directives (in the sector of water management); therefore, it should plan the state aid to business development by taking into consideration the importance of the particular company in the development of the national economy.

3.2 Increase in costs

The problem discussed in the previous chapter leads to the next problem – increase in costs, which can threaten successful and high-quality implementation of several CF projects.

Often, in order to solve a problematic situation, additional funds are requested from the state or the EC budget. Unfortunately, not always these institutions can provide for the growing needs. The cost increase causes situations where project implementers have to reduce the scale of planned projects to be able to implement
the project at all and to achieve the planned goals. However, it is possible if the implementing body is not a state budget institution, e.g., joint stock company Latvian State Roads, or if already during the planning stages various alternatives for achieving goals are provided for the project (Ministry of Finance, 2008).

In order to avoid such problems, initial planning of projects must be performed very carefully. If works, costs and possible risks are planned in detail, it is possible to avoid abnormal and unjustified increase in costs during the implementation of a project. Furthermore, in the future, these cost increase risks should be shared between the contracting authority and the contractor. This would solve situations where a company that has been awarded a tender and proved its ability to perform the works for a certain amount of money suddenly announces a year later that it had not included something in the plans or that prices in separate market segments have increased.

In our fast-changing economic environment such projects should include a reserve for the purposes of safeguarding particularly against unplanned, sudden and unexpected cost increase caused by circumstances beyond the contractor’s control, i.e., force majeure.

Another yet underused option is involving the EC in dealing with the problems of cost increase. Although individual member states have shown some initiative to increase the role of the EC in dealing with the problems caused by cost increase, this is the area which requires more active steps from the side of member states including Latvia. Member states need to draw the EC’s attention to this problem, as it is not the problem characteristic to a single member state but to whole regions of the EU.

Currently, the Baltic States in particular are facing problems of cost increase, which in some instances reaches even 300% of planned costs. For other Cohesion countries this problem is not so striking, for example in Poland, where the CF support is the biggest compared to other CF countries – EUR 4.18 billion, cost increase does not exceed 30% of planned costs. Malta and the Czech Republic for the time being do not have such a problem, which can be explained by the fact that for Malta CF co-financing and the number of projects is significantly smaller than in Latvia – only EUR 21.94 million. In the Czech Republic, where CF financing is EUR 936.05 million, the situation is better, because in this country there is carefully developed construction legislation in place, which requires careful estimation of all planned construction expenditure.

Cooperation of the Baltic States must be developed for raising this issue at the EU level by proving that it is indeed a problem of the whole Community, as it affects a large territorial region of it, and other member states also experiencing this problem should be involved as far as possible. If it is proven that this problem is important at the EU level, the EC will have to get involved in dealing with it not only by financially supporting the hardest-affected member states, but in other ways as well, e.g., by agreeing that within the framework of a project indicators to be achieved can be reduced, or even by considering the possibility to extend the timeframe allowed for implementing the requirements established in directives. Another solution that could be proposed by the EC is to postpone implementation of individual stages of projects to the next programming period, as a result of which additional funds would be freed up that could be used to cover the cost increase in other projects and ensure achievement of goals of at least these projects. However, as already mentioned before, this issue must be considered in the context of understanding shown by the EC in form of agreeing to extend the deadlines for implementation of directives (with regard to environmental projects).

**Conclusions and Recommendations**

1. Large-scale CF projects are being implemented in Latvia; they attract EUR 1.4 billion, yet they do not particularly promote reduction of disparities in socio-economic conditions among the regions of Latvia, as the largest part of this investment is concentrated in Riga and Kurzeme regions.
2. CF co-financing is distributed evenly between environmental protection and transport infrastructure projects, in line with EU requirements.
3. A large proportion of the CF co-financing allocated to transport infrastructure goes to Latvian railways with less being allocated to motor roads. In the area of environmental protection, projects for development of water services dominate absolutely both in terms of number of projects and amount of funds.
4. Channelling CF funding to Riga planning region carries the risk that the development rate of Riga planning region may greatly exceed the development rates of the rest of Latvia, and Riga may be included in NUTS 2 level and will not receive financing of CF in future.
5. Large-scale procurements should be divided into lots to allow also regional and/or smaller companies to participate in procurement tenders, which otherwise not always meet the requirements of these large-scale tenders. Correspondingly, this would promote a more positive competition, which would improve project quality and progress of implementation of these projects.
6. The unplanned cost increase causes situations where project implementers have to reduce the scale of planned projects.

7. If works, costs and possible risks are planned in detail, it is possible to avoid abnormal and unjustified increase in costs during the implementation of a project.

8. Cost increase risks should be shared between the contracting authority and the contractor.

9. The results of the research corroborated the hypothesis that absorption of CF funding can influence the growth of less developed regions more efficiently if project objectives are linked to national regional strategy plans.

References


