

# EVALUATION AND BARRIERS TO USE THE EU FUNDS IN POLAND UNDER NATIONAL STRATEGY COHESION AND REGIONAL OPERATIONAL PROGRAMMES

---

*Petro Kurmaiev<sup>1</sup>,  
Agnieszka Pawlak-Wolanin<sup>2</sup>*

## **Abstract**

---

Higher growth and higher employment growth in all regions of the European Union – a main theme, which defines cohesion policy and its instruments for 2007-2013 (the completion of expenditures from EU budget just coming in the end of 2015). The Structural Funds are an instrument for structural policies implemented by the EU and formed in order to restructure and modernize the economies of the Member States. Restructuring and modernization of the economies of states which are part of the European Union are the basic tasks of the EU structural policy. The tasks of the EU structural policies are very crucial for the development of character throughout the EU, because the effect of increasing the economic and social cohesion of the Union.

This article attempts to assess the use of EU funds in Poland as part of a national strategy for cohesion and regional operational programs for the period 2007-2013. Moreover, presented barriers restricting the development of Polish entrepreneurship and identifies the possibility of overcoming them as part of state policy, with particular emphasis on the capacity to absorb the funds that come from the Structural Funds.

**Key words:** Structural Funds, National Cohesion Strategy, Regional Operational Programmes, cohesion policy, barriers to the development

---

<sup>1</sup> PhD, Professor, Pavlo Tychyna Uman State Pedagogical University, Ukraine.

<sup>2</sup> PhD, Eng., Copper Region Professional College in Lubin, Poland

## Introduction

---

It is estimated that at the moment Poland reveals no critical hazards when it comes of effective use of EU funds. In contrast, the main attention is focused on quality and effects achieved of the use of European funds. As a result of the mobilization and high acceleration of contracting the Structural Funds in 2010, 2011 and 2012 brought a marked slowdown in the rate of growth. According to the Ministry of Regional Development, at the end of August 2012 value of the grant agreements amounted to 215.4 billion zł, which represents 77% of the available allocation (in 2011 it was 64 per cent). This means that for eight months of 2012 increased level of contracting by 1.4 percentage points, while in the same period of 2011 increase was at the level of more than 3.2 percentage points. The increase in contracts in 2012 was as particularly slower than in the second half of 2011. The release of this rate contributed to the appreciation of the zloty and the transfer of the use of new tranches of EU funds from the reserve workmanship and the technical provisions. By contrast, Poland is doing better in the spending of EU funds. The value of the expenditure in the EU in payment applications submitted by beneficiaries by the end of August 2012 amounted to 114.6 billion zł, or 41% of the available allocation (in 2011 – 24.1 per cent.). In 2012 the level of expenditure increased by 16.9 percentage points during the same period of 2011 by 5.5 percentage points. In contrast, spending in 2012 was significantly slower than in the second half of 2011.

### 1. Structure of using the EU funds

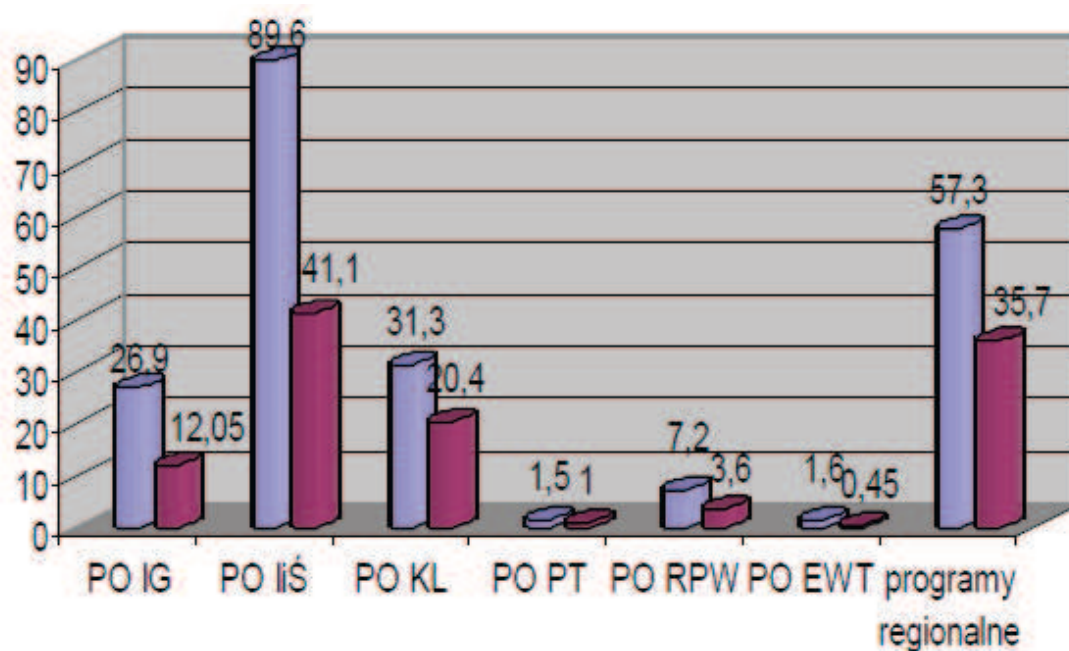
---

The most advanced in terms of contracting is the Innovative Economy Operational Programme that contracts 76.5% of the allocation available. Next is the Operational Programme Infrastructure and Environment with 76.3% of signed contracts. It is worth emphasizing that the vast majority of large infrastructure projects is accumulated in this program, and the preparation and launch of these projects is not easy. Few of the other national programs differs Human Capital Operational Programme of 76% of the contracted resources. Operational Programme Technical Assistance has signed a contract for 70.2%, and the Operational Programme Development of Eastern Polish for 73.3% of the allocation.

In terms of the eligible expenditure of the national programs ranked best was *Human Capital Operational Programme* and *Technical Assistance Operational Programme*, which showed the eligible expenditure in payment applications, respectively, 49.6% and 48.2% of the available allocation.

The worst in terms of program spending goes Operational Programme of the European Community Territorial eligible expenditure in the proposals for 16.3% of the available allocation. Polish Operational Programme Development of Eastern showed the eligible expenditure at the level of 37.1% while the *Innovative Economy Operational Programme* is 34.3% and the *Operational Programme Infrastructure and Environment* is 35.1%. The most progress in spending made programs *Operational Programme Infrastructure and Environment* and *Innovative Economy Operational Programme*, which expenses were respectively 15 and 21% (in relation to the situation before 2011). In contrast, the largest amount the value of signed contracts from national programs has a program *Operational Programme Infrastructure and Environment* – 89.6 billion zł, but also the most spending 41.1 billion zł. The status of implementation of operational programs at the end of August 2012 (billion zł) is shown in Figure 1.

**Figure 1.** The status of implementation of operational programs at the end of August 2012 (billion zł)



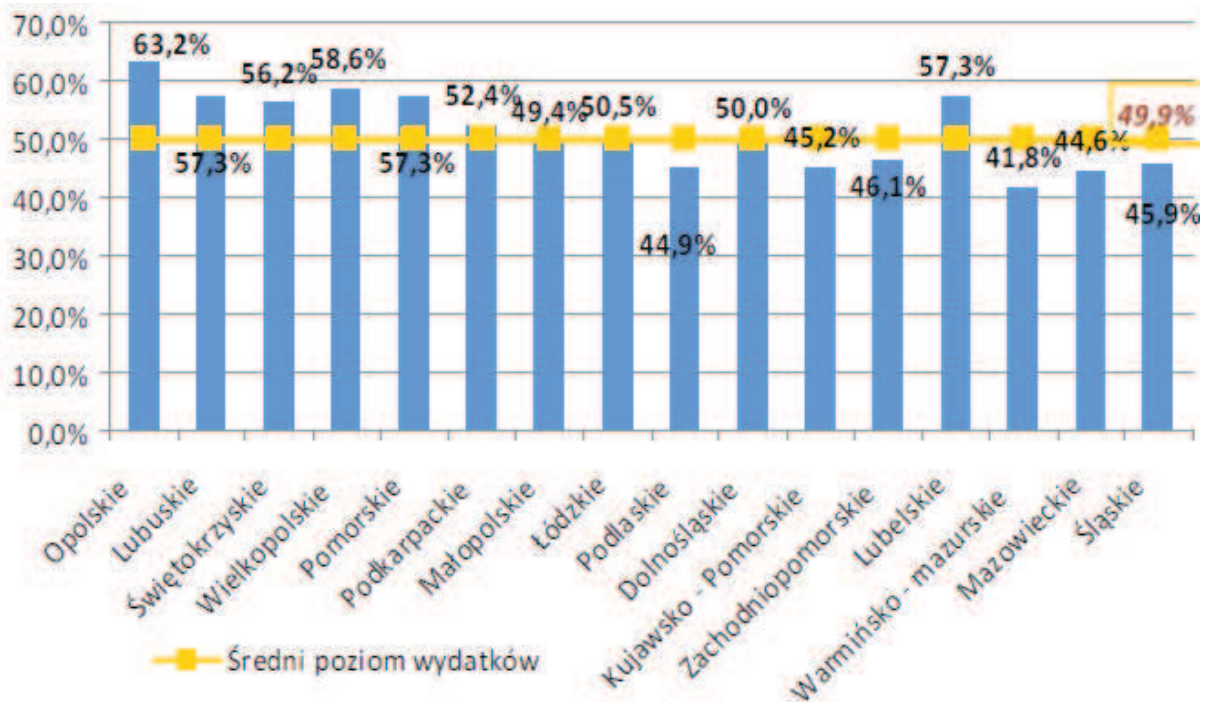
Source: Kwieciński J., *Stan wykorzystania Funduszy Europejskich, VI Raport*, Ministerstwo Rozwoju Regionalnego, Warszawa 2012.

Documentation from the European Commission on the quantitative use of European funds for 2007-2013 show that this aspect of Polish does well the use of funds in comparison with other EU countries. Given the EU funds paid to Poland (advances and refunds of expenditure related to the allocation available for Polish) that our country is in the middle of the pack among the 27 EU countries.

## 2. The regional structure

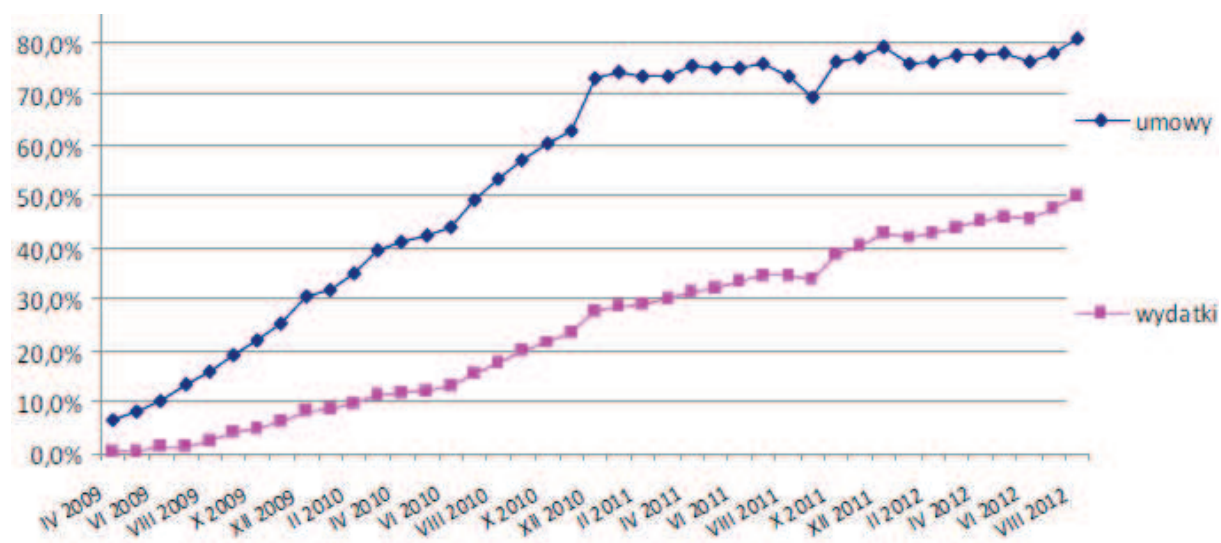
The report of the Ministry of Regional Development shows that EU regions spend money more efficiently than the central government. This difference, however, is declining. Regional Operational Programmes (ROP) have a 24% share in the total allocation of EU funds for Polish, and their share in the value of signed contracts at 27% (in 2011 allocation of 29% – a loss in the previous year 2%), while expending 31% (in 2011. 36% – loss in the previous year 5%). These data confirm the correctness of the approach taken in the current financial perspective, involving a large decentralization of management of European funds for 2007-2013, as well as show the way forward course of action in the next financial perspective. The level of expenditure in the 16 ROPs by region is shown in Figure 2.

**Figure 2.** Funds expenditures by regions



Source: Kwieciński J., *Stan wykorzystania Funduszy Europejskich*, VI Raport, Ministerstwo Rozwoju Regionalnego, Warszawa 2012.

These data indicate that the regional operational programs, contracted at 80.5% of the available funds, and spent almost half (exactly 49.9%). It should be noted that from 2011 onwards the leaders in contracting funds slightly changed. The best were the province Łódź, Pomeranian and Wielkopolska (contracted respectively at 91.9, 90.9 and 88.2% of the available budget), followed by Opole province. The lowest level of contracting observed in Podlaskie (73.8%) and the Warmia and Mazury (73.9%). As for spending

**Figure 3.** The level of expenditure in the 16 ROPs, at the end of August 2012

Source: Kwieciński J., *Stan wykorzystania Funduszy Europejskich, VI Raport*, Ministerstwo Rozwoju Regionalnego, Warszawa 2012.

is of paramount importance to the region Opole, Wielkopolska, Lubusz, Pomeranian, Lublin and Kielce (spending the appropriate: 63.2, 58.6, 57.3, 57.3, 57.3 and 56.2% of the available budgets). The lowest level of spending was observed while in the province. Warmia and Mazury (41.8%), Mazowieckie (44.6%) and Silesian (45.9%). It should be noted that from 2010 – 2012 at a rate disparities contracting and disbursement of EU funds between provinces continued to decrease. Selected indicators of tangible implementation of the regional operational programs (August 2012) are shown in Table 1.

**Table 1.** Selected indicators of tangible implementation of the Regional Operational Programs

Specification	Realized	Planned to realization (according to signed contracts)	Percent (%) implementation agreements
length of roads constructed [km]	400	750	53,3
the length of the upgraded road [km]	4824	7617	63,3
length of constructed / upgraded water supply network [km]	1167	3095	37,7
the length of the constructed / upgraded sewage [km]	3582	8873	40,4

number of built / rebuilt school facilities / schools higher	530	1189	44,6
the number of supported institutions of protection health	441	754	58,5
Number of built / rebuilt tourism and recreation facilities	687	1868	36,8
the number of supported enterprises	4669	7260	64,3
Internet network constructed length broadband [km]	215	13766	1,60%

Source: Kwieciński J., *Stan wykorzystania Funduszy Europejskich*, VI Raport, Ministerstwo Rozwoju Regionalnego, Warszawa 2012.

As the data associated with the selected physical indicators of ROP shows, the direct support for companies is much advanced. However, some large investments such as construction and modernization of drainage and construction of broadband networks, remain far behind. Particularly problematic is the low level of sophistication in projects related to the construction of broadband Internet.

Poland and many other EU countries face many barriers related to using structural funds. Below, there are barriers to the development of Polish entrepreneurship mentioned and indicated the possibility of overcoming them as part of state policy, with particular emphasis on the capacity to absorb the funds that come from the Structural Funds.

## Conclusions

The most important barriers to the use of structural funds in Poland include:

1. Institutional barriers, including: planning, coordination, and efficiency of the institutional system administration, public finance. The implementation of EU funds in Poland for the period 2007-2013 is not simple, but also the scale of the project, even from the point of view of the EU is huge. Funds for Poland comprise one-fifth of all funds allocated by the EU cohesion policy for 2007-2013. Nearly 150 institutions and agencies involved in the management of financial resources of around 100 billion euros, of which EU funds account for nearly 68 billion euro. To reduce the problems with the use of structural funds should

require all institutions participating in the management of European funds for the preparation of annual action plans. The administration of poorly functioning proper planning activities and consistent implementation of these plans and accounting for their implementation at the level of individual ministries and other offices. Cohesion policy requires such action. Most departments, offices of marshals and other public institutions do not prepare interim action plans (for example, annual plans), or at least they do not disclose to the public. Another problem is the implementation of the co-ordination of EU funds. It would therefore result in a further strengthening of the coordination of the use of European funds at the national level and the boards of provinces. Changed approach to European funds. Probably there is no doubt that an important instrument for development activities and crisis both at government and provinces, not just financial fulfillment of the state budget and regional budgets. Therefore, they should be given a strong coordination at national and regional level. Coordination should therefore include not only the ministries and other central offices, but also the boards of provinces. Another important task of the barriers limiting the use of EU funds is the introduction of incentive systems in the system of remuneration for the administration, both the government and the local government, responsible for the management of EU funds. The remuneration system for government employees and local government directly responsible for the implementation of EU funds remains at a relatively high level, and the system is largely financed from EU funds. The main problem is the disappearance or even a lack of incentive mechanisms in this system. Next important action to combat institutional barriers are a fundamental reform of public finances. Poland cannot lose the opportunity of development for our country, which is the EU's cohesion policy and European funds that finance it. Therefore, to ensure a smooth national co-financing of EU programs, it is necessary to true reform of public finances.

2. Legal and procedural barriers: among them – the procedure for applying for funds and investment. We continue to be to work on simplifying the law relating to the conduct of investment activities and principles of planning. All infrastructure projects, large and small, have to deal with the bureaucratic burden of red the whole process of the preparation and implementation of infrastructure projects. This problem affects most large linear transportation projects, infrastructure projects, environmental and energy projects. A typical example are now major rail projects. Also apply to investments made by the company, including those financed from EU funds. Some of these

projects does not take place because of the bureaucratic tediousness. It is necessary to simplify the construction of the national law and policy planning.

3. Barriers to the beneficiaries: potential beneficiaries. Work should be carried out to ensure special advisory support and training for the largest institutional beneficiaries of EU funds, the implementation of projects that will be critical to the use of European funds and to ensure a permanent, free and easy access to information, advice and training for small beneficiaries of EU funds.

4. The economic slowdown in the country and the global economic crisis. From the point of view of the ongoing slowdown of the world, and also the Polish economy, the implementation of EU projects is a very important instrument to counteract this slowdown. As recommended in the Report by Jerzy Kwiecinski on the status of implementation of EU funds should run an efficient and effective system of guarantees for business loans and advances, including projects co-financed from EU funds. Unfortunately, efficient and effective system of guarantees is still not functioning.

The problem, which is most noticeable in the implementation of the Structural Funds in Poland is an insufficient support for beneficiaries representing the small scale companies to prepare and implement the project. This barrier is still important even though it is already noticeable slight improvement in this regard.

## References

---

1. Kwieciński J., *Stan wykorzystania Funduszy Europejskich*, VI raport, Ministerstwo Rozwoju Regionalnego, Warszawa 2012.
2. [www.finance-publiczne.pl](http://www.finance-publiczne.pl)
3. [www.bcc.org.pl](http://www.bcc.org.pl)