

THE ROLE OF THE EU FUNDS IN THE ACHIEVEMENT OF THE EUROPE 2020 STRATEGIC TARGETS IN POLAND

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Abstract

The key aim of Europe 2020, Europe's growth strategy, is the pursuit of multi-faceted sustainable growth in the EU member states and the achievement of improved competitiveness of the entire Union on a global scale. Poland's EU membership involves its participation in the EU policies, including the cohesion policy. Poland's participation in the EU cohesion policy means that the country is obliged to undertake initiatives aimed at the achievement of the policy targets, which currently are defined as the priorities of Europe 2020. The implementation of the cohesion policy in the EU member states is connected with financial backing available from the EU funds. Since 2007, Poland has been the largest beneficiary of the EU cohesion policy, which offers a unique opportunity to stimulate Poland's socio-economic growth, convergent with the Europe 2020 priorities. The article is an attempt to evaluate the role of the EU funds in the achievement of Europe 2020 targets based on the analysis of the allocation and application of the EU funds received by Poland in the two programming periods. The analysis of the programmes launched in Poland within the National Strategic Reference Frameworks in the years 2007-2013 and 2014-2020 reveals their continuity and proves the readiness to change and modify them. This is additionally supported in the current programming period by the launch of a new programme, Digital Poland, which aims to contribute to the increased availability of the broadband Internet connection and, as a result, of the services made more accessible to the general public, for example e-administration services.

Keywords: Poland, strategy, Europe 2020, cohesion policy,

Introduction

Development strategies stimulate economic growth, which is one of the most important indicators used to evaluate qualitative changes in a country or a group of countries. Since 2010, the European Union has been implementing the Europe 2020 Strategy. For the EU, the implementation of a development strategy is now particularly important due to the necessity to alleviate the consequences of the crisis. It also aims to support another attempt to position the EU's single market as the world's most competitive economy.

The prime goal of the Europe 2020 Strategy is to achieve in the EU member states smart, sustainable and inclusive growth and the improved competitiveness of the bloc on a global scale.

The study attempts at an evaluation of the significance of the EU funds for the achievement of quantitative targets of the Europe 2020 Strategy in Poland. The analysis is based on how the EU funds, granted to Poland in the last two programming periods, are allocated and used.

The study uses comparative and descriptive analysis methods.

The Europe 2020 development strategy and its targets for the EU member states illustrated with the example of Poland

The achievement of the Europe 2020 targets is supported by the priorities formulated as part of the strategy, which include smart growth, involving building the economy based on knowledge and innovation, inclusive growth, contributing to the economy characterized with high employment and economic, social and territorial cohesion, and, finally, sustainable growth, connected with building a resource efficient economy, which is more environmentally friendly and more competitive.¹

The Europe 2020 Strategy defines five quantitative targets for employment, research and development, climate change and energy, education, and poverty and social exclusion.

¹ *Europe 2020. A strategy for smart, sustainable and inclusive growth.* COM(2010)2020 Final, Brussels, 3.3.2010.

The implementation of the strategy priorities is facilitated by the pursuit of the quantitative targets that should be achieved in the European Union by the year 2020:²

- the employment rate of the population aged 20–64 should rise to at least 75%,
- R&D investment should amount to 3% of the EU's GDP,
- the target of 20/20/20 should be achieved for climate and energy,
- the share of early school leavers should be reduced to 10% and the share of the young population with tertiary education should be at least 40%,
- the number of people at the risk of poverty or social exclusion should be reduced by 20 million people.

Due to significant development differences, the EU member states defined the national objectives based on their current socio-economic situation and capacity for change, which have become part of the Strategy. On the EU level, recommendations for particular countries are formulated in the European Commission's proposals approved by the Council. On national levels, initiatives aiming to implement the objectives of the Strategy are included in the National Reform Programmes and the Convergence Programmes or Stability Programmes,³ which have been prepared since 2006.

The national targets for the employment rate, updated in 2015, were defined within the range of 62.9% for Croatia to 80% for Denmark, Sweden and the Netherlands. The significant difference between the national targets can also be observed in the case of R&D spending as a percentage of GDP. The lowest target of 1% was set for the Czech Republic, while for Greece and Slovakia it is 1.2%. The most ambitious R&D investment target of 4% is set for Finland and Sweden. As for the share of renewable energy, the national targets range from 10% in Malta and 11% in Luxemburg to 49% in Latvia and 40% in Sweden. The education target set for early school leavers was defined at 16% in Italy and Cyprus, while for Croatia it is 4% and for Poland – 4.5%. The national targets for the share of the population that completed tertiary education range from approx. 26% in Romania, Cyprus, and Italy to 66% in Luxemburg and 60% in Ireland. The scale to which particular national targets vary from country to country confirms the differences between the member states both in terms of economic growth and a social situation.

Table 1. Selected national Europe 2020 targets for Poland and the EU

	Employment rate (in %)	R&D spending as % GDP	Reduced CO ₂ emissions (in %)	Share of renewable energy (in %)	Early school leaving (in %)	Tertiary education (in %)
2020 target for the EU	75%	3%	by 20% as compared to 1990	20%	<10%	40%
EU-13	72.66	1.88	10.38	19.74	8.86	32.63
EU-15	74.98	2.64	-14	23.13	10.2	43.57
Poland	71 ↓	1.7 ↓	+14	15 ↓	4.5 ↑	45 ↑

↓, ↑ - a national target below or above the EU target

Source: Elaboration based on: Europe 2020 Targets, Europe_2020_Targets-1.pdf (15.11.2015).

As indicated above, the National Reform Programmes (NRP) created by the EU member states are the basic instruments used to pursue the Europe 2020 objectives. The development of the NRP involved the identification of the areas that are growth barriers. In Poland, the European Union identified the following challenges facing our country:⁴

- reducing a high structural deficit in public finances and the pro-growth reallocation of public spending, including infrastructure expenses,
- dealing with insufficient investment levels, including investment in transport and energy infrastructure,
- eliminating excessive regulatory and administrative burdens and accelerating the development of the financial system aiming at the improved business environment,
- further improving the labour market and raising the employment rate,

² Europe 2020 Targets, stat.gov.pl/download/gfx/portalinformacyjny/pl (20.11.2015).

³ Cf.: *Krajowy Plan Reform Europa 2020*, Update 2014/2015, adopted by the Council of Ministers 22 April 2014, p.3 http://ec.europa.eu/europe2020/pdf/csr2014/nrp2014_poland_pl.pdf (12.12.2015).

⁴ OP Technical Assistance, Ministry of Infrastructure and Development, Warszawa 2014, p. 4

- promoting innovation capacity in order to strengthen investment, diversify the economy, and re-orientate it towards manufacturing and services of high added value by fostering cooperation between higher education, the R&D sector, and the innovation system.

The figures presented in Table 1 show that Poland's national targets for the employment rate, R&D spending and the share of renewable energy were defined below the EU's targets, while the education targets were set higher than the target for the EU-28.

It is also worthwhile to mention that the experiences and lessons learned from the implementation of the previous EU's growth strategies have led to the adoption of a new instrument – flagship initiatives corresponding with particular priorities.⁵

The smart growth priority includes three initiatives – *Innovation Union*,⁶ *Youth on the move*,⁷ and *Digital agenda for Europe*.⁸

The sustainable growth priority is supported with two initiatives: *Resource efficient Europe*⁹ and *An industrial policy for the globalisation era*.¹⁰ Another two initiatives are part of the inclusive growth priority: *An agenda for new skills and jobs*¹¹ and the *European platform against poverty*.¹²

Poland as a beneficiary of the EU funds

Poland's EU membership involves its participation in the Community's policies, including the cohesion policy offering the opportunity to obtain EU financial aid.

It has to be noted, however, that Poland had already had Access to the EU funds prior to its EU accession through the Pre-accession Programmes. Their deployment in Central and Eastern European countries aimed to accelerate the process of adjusting their economies to the conditions in the EY members states by co-financing the projects contributing to such an adjustment. In the late 1980's and early 1990's the PHARE programme – initially targeting Poland and Hungary – was launched and later, from 2000, also embraced Bulgaria, the Czech Republic, Slovakia, Albania, Romania, Lithuania, Latvia, and Estonia. Until 2000, PHARE had been the only substantial EU aid programme for the Central and Eastern European countries.¹³

ISPA was the next entirely centralised programme, the structure of which mirrored the Cohesion Fund. The funds allocated for Poland ranged from EUR 312 to 385 million every year, evenly divided between transport and

⁵ Annexes to the communication from The Commission to The European Parliament, The Council, The European Economic and Social Committee and The Committee of the Regions Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growths, COM(2014) 130 final/2 Annexes 1 to 3, Brussels, 19.3.2014, pp. 29-35.

⁶ *Europe 2020 Flagship Initiative Innovation Union*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 6.10.2010 r., COM(2010) 546 final.

⁷ *Youth on the Move An initiative to unleash the potential of young people to achieve smart, sustainable and inclusive growth in the European Union*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels, 15.9.2010, COM(2010) 477 final.

⁸ *A Digital Agenda for Europe*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels, 19.5.2010, COM(2010)245 final.

⁹ *A resource-efficient Europe — Flagship initiative under the Europe 2020 Strategy*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels, 26.1.2011, COM(2011) 21 final.

¹⁰ *An integrated industrial policy for the globalisation era. Putting competitiveness and sustainability at centre stage*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels, 28.10.2010, COM(2010) 614 final.

¹¹ *An Agenda for new skills and jobs: A European contribution towards full employment*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels, 23.11.2010 r. COM(2010) 682 final.

¹² *The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels, 16.12.2010, COM(2010) 758 final.

¹³ Operational Programme Human Capital 2007-2013, MRR, Warszawa 7.09.2007, p.100

environmental protection. It should be noted that ISPA provided funding only to very large projects requiring the EU contribution of more than EUR 5 million. SAPARD, in turn, was the programme that was launched last in

The total value of financial aid provided to Poland through pre-accession instruments reached approx. EUR 12.6 billion.¹⁴

Poland's accession to the European Union in 2004 occurred during the last two years of the programming period. The funding acquired to support the implementation of the National Development Plan amounted to EUR 12.8 billion.¹⁵ At that time, the largest share of funds was allocated for Poland through the Cohesion Fund in order to finance transport and environmental projects.

Poland entered the next financial perspective as a fully-fledged EU member state and quickly became the largest beneficiary of the EU Cohesion Policy due to the value of funds granted to Poland in the years 2007-2013, when it acquired EUR 67.9 billion. The funds were allocated within the National Cohesion Strategy, the programmes of which are discussed in more detail further in the article. In the next programming period, Poland remained the largest beneficiary, even despite the reduced EU budget. It was granted EUR 82.5 billion for the years 2013-2020 within the EU Cohesion Policy, which accounts for 23.5% of the EU funds allocated for the regional policy of all member states.

Poland's participation in the EU's Cohesion Policy involves the obligation to undertake initiatives aiming at the achievement of the policy's objectives, which are currently the Europe 2020 priorities. As a consequence, the opportunity to pursue the cohesion policy with the use of the EU funds is gaining in importance. Funding acquired by Poland in the previous and current programming periods offers a unique chance to boost Poland's socio-economic growth, which is aligned with the Europe 2020 priorities.¹⁶

Operational programmes in the pursuit of the Europe 2020 targets based on the two programming periods in Poland

The significance of the EU funds for the achievement of the Europe 2020 targets already in the years 2007-2013 is confirmed by a considerable scale of different categories of interventions contributing to the implementation of the Strategy when they are matched with particular flagship initiatives. In this period, as much as 79 out of 86 categories of cohesion policy interventions were matched with the Europe 2020 objectives. The strongest financial support was granted to the initiative of *Resource-efficient Europe*, aiming to eliminate the dependence between economic growth and resource consumption, facilitate the shift towards the low-emissions economy, increase the use of renewable energy sources, modernize transport, and promote energy efficiency. Within the framework of this initiative, funding agreements were signed in 39 intervention categories exceeding the value of the agreements signed within the remaining flagship initiatives.¹⁷

The analysis of the operational programmes launched in Poland as part of the National Strategic Frameworks for the years 2007-2013 and 2014-2020 indicates both their continuity as well as readiness for changes and modifications when necessary.

The European Commission proposed several significant changes in the way that the cohesion policy is created and implemented in Poland in the years 2014-2020. The revision primarily involves focusing the policy on the Europe 2020 priorities, rewarding high efficiency, being result-oriented through the close monitoring of progress towards the objectives, strengthening territorial cohesion, and, finally, streamlining the system for granting assistance.¹⁸ Significant importance is attached to supporting integrated planning within the Integrated Territorial Instruments. Their application will make it possible for partnerships of towns and their functionally connected areas, i.e. self-governments within their remit, to run joint projects in transport, urban regeneration or thermal modernization. This

¹⁴ Cf. Fundusze przedakcesyjne i co się działo do 2006 r. - czyli miłe dobre początki środków unijnych, *Dziennik Gazeta Prawna, Infor.pl biznes* [accessed on 10.03.2016]

¹⁵ Cf. http://www.funduszeuropejskie.2007-2013.gov.pl/OrganizacjaFunduszyEuropejskich/Strony/Fundusze_Europejskie_2004_2006.aspx. [dostęp 10.03.2016], Jankowska, T. Kierzkowski, R. Knopik, *Fundusze pomocowe dla Polski po akcesji – fundusze strukturalne i Fundusz Spójności, PARP, Warszawa 2004*, p.16

¹⁶ Cf. <http://www.funduszeuropejskie.gov.pl> [accessed on 13.03.2016]

¹⁷ Report on the implementation of the National Strategic Framework 2007-2013 as of 2014, MIR, Warszawa October 2015, p. 90

¹⁸ *Polityka spójności 2014-2020. Inwestycje w rozwój gospodarczy i wzrost zatrudnienia*, KE Urząd Publikacji Unii Europejskiej, Luksemburg, 2011 <http://ec.europa.eu/info/regio> (accessed on 12.03.2016)

is reflected in substantially increased funding for regional programmes. It should also be noted that the share of repayable financial instruments, such as loans and guarantees, in total funds has increased.¹⁹ In both analysed periods, the largest percentage of funds available within the national programmes was allocated to projects implemented in the area of infrastructure and environment, which is shown in Table 2.

Table 2 The allocation of the EU funds to operational programmes in Poland in the years 2007-2013 and 2014-2020

2007-2013	EU allocation		2014-2020	EU allocation	
	in billion EUR	w %		in billion EUR	w %
National programmes			National programmes		
OP Infrastructure and environment	28.3	41.8	OP Infrastructure and environment	27.5	33.3
OP Innovative Economy	8.7	12.7	OP Intelligent Development	8.6	10.4
			OP Digital Poland	2.3	2.8
OP Human Capital	10	14.7	OP Knowledge, Education and Development	4.4	5.3
OP Development of Eastern Poland	2.4	3.5	OP Eastern Poland	2.1	2.6
OP Technical Assistance	0.5	0.8	OP Technical Assistance	0.7	0.9
Regional programmes			Regional programmes		
16 Regional Operational Programmes	17.3	25.4	16 Regional Operational Programmes	31.3	37.9
Other ²⁰	0.7	1.1	Other ²¹	5.6	6.8
Total	67.9	100	Total	82.5	100

Source: Elaboration based on *Fundusze UE 2014–2020. Nowa perspektywa – nowe możliwości*, Crido Taxand, C.H. Beck, /eds./ M. Gwiazda, M. Kosewska-Kwaśna, Sz. Żółciński, Crido Taxand, C.H. Beck, Warszawa 2014, 82,5 mld euro dla Polski z nowego budżetu UE, PARP, Polska <http://www.parp.gov.pl/82-5-mld-euro-dla-polski-z-nowego-budzetu-ue> [accessed on 5.03.2016]

The readiness to adjust the procedures involved in the granting and use of the EU funds to dynamically changing expectations is confirmed by the launch of the new Programme Digital Poland, which aims to contribute to the increased availability of the broadband Internet connection and, as a result, of the services made more accessible to the general public, for example e-administration.

The analysis of the selected targets of the Europe 2020 Strategy for Poland since 2000 clearly demonstrates sig

¹⁹ *Fundusze europejskie w Polsce*, Information Bulletin, Ministry of Infrastructure and Development, No. 34, June 2014, p. 5

²⁰ Programmes of European Territorial Cooperation

²¹ Programmes of European Territorial Cooperation: EUR 700 million, funds from the instruments and programmes run by the European Commission – approx. EUR 4.1 billion (Connecting Europe – the instrument aiming to support infrastructural projects in the area of transport, energy supply, and information technologies), the Fund for European Aid to the Most Deprived (FEAD) allocated approx. EUR 474.5 million to programmes providing food to the most deprived, clothing and other necessities to the homeless and children in a difficult financial situation. We will also be able to use funds managed by the European Commission, funds available for technical assistance (approx. EUR 287 million) and additional funds for innovation in the sustainable growth in urban areas (approx. EUR 71 million)

nificant progress achieved for all of them. It is worth emphasizing that the employment rate has increased by nearly 10 percentage points since Poland's accession to the EU in 2004. In the same period, the share of renewable energy in total energy consumption in Poland has almost doubled and so has R&D spending.

Taking into account the nature of projects co-financed in the two programming periods, the impact of the EU funds on improved performance in these areas must be evident.

Table 3 Selected targets of the Europe 2020 Strategy for Poland in the selected years in the period of 2000-2014

Years	Employment rate (in %)	R&D spending as % GDP	Reduced CO ₂ emissions (in %) (1990=100%)	Share of renewable energy (w %)	Early school leaving (in %)	Tertiary education (in %)	People at risk of poverty or social exclusion (persons)
2000	61.0	0.64	82.94	n.a	n.a	12.5	n.a
2002	57.4	0.56	80.3	n.a	7.2	14.4	n.a
2004	57.3	0.56	84.7	6.9	5.6	22.0	n.a
2006	61.0	0.55	87.28	6.9	5.4	24.7	1 493 800
2008	65.0	0.60	85.63	7.4	5.0	29.7	1 149 100
2010	64.3	0.72	86.31	9.2	5.4	34.8	1 041 000
2011	64.5	0.75	85.68	10.3	5.6	36.5	1 019 600
2012	64.7	0.89	84.37	10.9	5.7	39.1	1 012 800
2013	64.9	0.87	83.54	11.3	5.6	40.5	974 800
2014	66.5	0.94	n.a	11.4	5.4	42.1	933 700

Source: Eurostat, <http://ec.europa.eu/eurostat/data/database>, [accessed on 14.03.2016]

Conclusions

The EU membership involves a necessity to undertake a number of different responsibilities, also of financial nature, such as an obligation to pay an annual contribution based on a country's GDP. On the other hand, each member state can benefit from its participation in the Cohesion Policy through the acquisition of funding for the programmes that are aligned with the current objectives of the EU's Cohesion Policy.

The balance of Poland's contribution to the EU budget and the scale of acquired funds turns Poland into the largest net beneficiary among all the member states.

The Europe 2020 Strategy set ambitious goals for the EU member states. The achievement of the goals set for Poland in the National Reform Programme will be difficult, which is confirmed by the country's performance in terms of particular targets so far. The launch and implementation of projects within the framework of the current operational programmes will definitely improve the analysed targets in the coming years. The most important fact, however, is that these projects – by pursuing the objectives defined in the Europe 2020 Strategy – contribute to the growth of the Polish economy, the increased affluence of the Polish society, and the improved competitiveness of the Polish economy.

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