

The European Union funds in the financial perspective 2021-2027 – Report from the conference opening consultations on the Assumptions of the Partnership Agreement

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On July 24, 2019 was held a conference opening the consultation on the *Assumptions of the Partnership Agreement for 2021–2027*. The conference was organized by the Ministry of Investment and Economic Development, which coordinates work on the implementation of projects co-financed from European Union (EU) funds in the new financial perspective 2021–2027. The conference was divided into two thematic blocks. The first one included negotiations on the 2021–2027 perspective, while the second part presented the project of *Assumptions of the Partnership Agreement*.

First of all, the importance of the early start of preparatory work for the new financial perspective should be emphasized. This is extremely important for the correct implementation of assistance programmes. The complexity of the distribution process, combined with the lower value of the allocation, that we can expect for Poland in the next financial perspective, means that individual operational programmes should be precisely targeted at entities in need of support. Preparation of such programmes in advance will determine the effectiveness of their implementation.

In the introduction, the Minister Jerzy Kwieciński said, that Poland began the preparation of documents regarding the new programming period as one of the first EU countries. This is also evidenced by the fact that the exact distribution of funds between individual EU countries is still unknown. Some delays in the work on the legal framework for the new financial perspective result from the fact that in spring of this year, elections to the European Parliament took place and new EU bodies are being appointed. An additional cause of delays is the issue of Brexit and uncertainty about the UK membership in the EU – this is related, for example, to the amount of the EU budget, which will be available in the new financial perspective (Darvas, Wolff 2018).

During the first part of the conference was presented the state of negotiations of the 2021–2027 perspective. In particular, the positions of the European Parliament, the Council and the European Commission were discussed on the assumptions of the new financial perspective. The most important assumptions that have been presented include:

- 1) Establishment of five priority objectives for the EU under the new financial perspective, which will constitute a basic reference point for development policy until 2027. The indicated thematic objectives are:
 - a Smarter Europe, through innovation, digitisation, economic transformation and support to small and medium-sized businesses,
 - a Greener, carbon free Europe, implementing the Paris Agreement and investing in energy transition, renewables and the fight against climate change,
 - a more Connected Europe, with strategic transport and digital networks,
 - a more Social Europe, delivering on the European Pillar of Social Rights and supporting quality employment, education, skills, social inclusion and equal access to healthcare,
 - a Europe closer to citizens, by supporting locally-led development strategies and sustainable urban development across the EU (New Cohesion Policy W/W/W).
- 2) Regional development investments will strongly focus on the first and second objectives. (65% to 85% of ERDF and Cohesion Fund resources will be allocated to these priorities, depending on Member States' relative wealth).
- 3) The suggestion to divide the financial perspective into two parts 5 + 2 was mentioned, with a mid-term review. Under this proposal, 50% of the funds would be frozen, with the possibility of unblocking after the review.
- 4) Negotiations in finalization are ongoing to determine what investments cannot be financed. For purposes that may not be financed from EU funds, for example, energy security, rolling stock and airport infrastructure should be included. The final types of exclusion will be agreed at the level of EU.
- 5) A more tailored approach to regional development Cohesion Policy keeps on investing in all regions, still on the basis of 3 categories (less-developed; transition; more-developed). In Poland, according to currently available statistical data, we have one region more-developed (Mazovia), two regions in transition (Greater Poland, Lower Silesia) and other regions are less-developed.
- 6) The allocation method for the funds is still largely based on *GDP per capita*. New criteria are added (youth unemployment, low education level, climate change, and the reception and integration of migrants) to better reflect the reality on the ground. Outermost regions will continue to benefit from special EU support.

The above assumptions should be consistent with the basic postulates regarding the new financial perspective, such as:

- Simplification: shorter, fewer, clearer rules;
- A more flexible law framework;
- More opportunities for synergies within the EU budget toolbox;
- Removing cross border obstacles and supporting interregional innovation projects.

During the second part of the conference the *Assumptions of the Partnership Agreement for 2021–2027* were presented. The Partnership Agreement is a document

defining the basic directions of implementation of programmes co-financed from EU funds. It is a document agreed at the EU and Member State level. The assumptions of the Partnership Agreement indicate in a general way the basic directions of state intervention within the framework of development policy with the use of EU funds and set the basic legal framework for the preparation of detailed implementation documents.

Minister Kwiecieński pointed out that under the new financial perspective he would strive to increase the use of financial instruments as a tool for development policy. A repayable form of support characterizes financial instruments. Examples of such instruments are loans, guarantees or equity investments. In the financial perspective 2014–2020, the allocation for financial instruments was about 4% of the total allocation of programmes co-financed from the EU. Ultimately, in the financial perspective 2021–2027, Poland will strive to achieve the 10% allocation in financial instruments (Kowalski 2015). Grants alone cannot address the significant investment gaps. They can be more efficiently complemented by financial instruments, which have an advantageous effect and are closer to the market. On a voluntary basis, Member States will be able to transfer a part of their Cohesion Policy resources to the new, centrally managed InvestEU fund, to access the guarantee provided by the EU budget. Combining grants and financial instruments is made easier and the new framework also includes special provisions to attract more private capital (New Cohesion Policy W/W/W).

The conference also presented the initial construction framework for new operational programmes. The Ministry's employees indicated that three proposals for operational programmes are currently prepared. According to the first operational programmes for 2021-2027, they would be analogous to those under the 2014-2020 financial perspective, and a new superregional operational programme would be added. The second concept provides for the merger of two Operational Programmes (Operational Programme Digital Poland, Smart Growth Programme). The third concept assumes that some operational programmes would be double-funded.

In summary, it should be noted that currently ongoing work on the assumptions for the implementation of the new financial perspective, were taken at a very early stage. These actions should be considered positive because, despite the lack of many important findings at the EU level, the early adoption of certain assumptions will allow to fine-tune the legal framework for the implementation of projects and, as a consequence, will allow for a more effective implementation of measures. This is particularly important in the case of much more complex projects, such as energy efficiency or modern technologies. Among the presented assumptions, the increase in the importance of repayable instruments and the focus on fewer thematic objectives should be positively assessed.

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