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## THE USE OF EU FUNDS FOR TRANSPORT INFRASTRUCTURE DEVELOPMENT IN POLAND

### Abstract

Significant backlog of transport infrastructure development in Poland is to a great extent a consequence of small capital spending on transport development. Since Poland entered the EU, European funds are an important source of support to infrastructure investments in transport sector. Financial support from the European Regional Development Fund and the Cohesion Fund obtained by Poland in years 2004–2006 and 2007–2013, allowed for a substantial increase in investment expenditure on transport infrastructure and as a result, allowed for accelerating infrastructure modernization. Also in the current budgetary perspective of 2014–2020 there are no delays in the use of the structural funds and the Cohesion Fund. The processes of signing funding agreements and the submission of applications for refund are smoothly covered.

**Keywords:** transport infrastructure, European Regional Development Fund, Cohesion Fund

### Introduction

Insufficient level of investment on transport infrastructure results in the infrastructure in Poland not complying with European standards and still seen as one of the major barriers to socio-economic development of the country. Significant opportunities to break that barrier have emerged at the time of Polish accession to the European Union. Between 2004–2006 Poland acquired 12.5 billion EUR of European funds, and between 2007–2013 the amount reached 67.3 billion EUR, including about 25.1 billion for infrastructure investments in the transport sector. Even greater measures are available for Poland to be used in current budgetary

perspective of 2014–2020. For the implementation of cohesion policy in this period Poland has received 82.5 billion euro, which is 15.2 billion euros more than in the previous fiscal term of 2007–2013.

The resulting level of funding by the EU does not mean, however, that these measures are effectively managed. The utilization of the granted amount is associated with the fulfillment of a number of terms and conditions, which often means breaking a number of barriers, resulting for example from the difficulty of securing adequate level of domestic contributions, lack of experience or knowledge in the field of preservation of necessary procedures. Therefore, the aim of the article is to identify the effectiveness of the management of EU funds, with particular emphasis on the use of EU aid programmes to support the development of transport infrastructure.

## 1. Budgetary perspective of 2004–2006

The deployment of structural funds and the Cohesion Fund assigned in the period of 2004–2006 was completed in 2012. The total of formally correct proposals for funding by the end of 2012 was over 76.4 billion PLN, which amounted to 234% of funds provided for allocation for the entire programming period 2004–2006 (The Council of Ministers, 2013).

During this period the transport infrastructure investments have been implemented in the framework of:

- Sectoral Operational Programme TRANSPORT (SPOT);
- Integrated Regional Development Operational Programme (ZPORR);
- The strategy of use of the Cohesion Fund (Wojewódzka, Rolbiecki, 2008).

EU funds assigned for the financing of the tasks included in the SPOT had been managed effectively. As shown on Figure 1, since the beginning of implementation of the programme till the end of December 2012, the value of agreements for funding by the EU in relation to the contribution (commitments) of the EU amounted to 128%. Within this programme 146 projects had been implemented, and the total amount of payments received from the EC was 1 163 million euro.

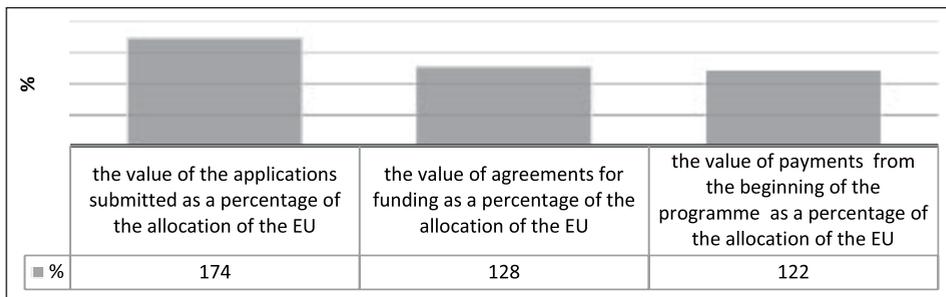


Figure 1. The deployment of EU funds within the SPOT programme during the budgetary perspective of 2004–2006 (as of the end of December, 2012)

Source: (own elaboration based on data available at: The Ministry of Regional Development, 2013)

In the analyzed period, the process of absorption of EU funds for investment task included in the Integrated Regional Development Operational Programme was significantly effective. Within this programme, from 1 January 2014 to the end of December 2012, 13 655 projects were completed, the total value of the grant from the EU amounted to 12.2 billion PLN, and payments made from Community funds matched 111% of funds allocation assigned under this programme for the entire programming period (Ministry of Regional Development, 2013).

EU funds in the budgetary perspective of 2004–2006 for the implementation of the Strategy of using the Cohesion Fund have been used less effectively. It can be seen from Figure 2, that the value of contracts signed under this programme by the end of December 2012 amounted to 9.5 billion euro, and the share of funds related to transport amounted to 4.3 billion euro. On the other hand, as can be seen from Figure 3, the total amount of funds received by beneficiaries from the European Commission by the end of 2012, equaled 4.9 billion euros, which is 89.0% in relation to the level of funding from the Cohesion Fund.

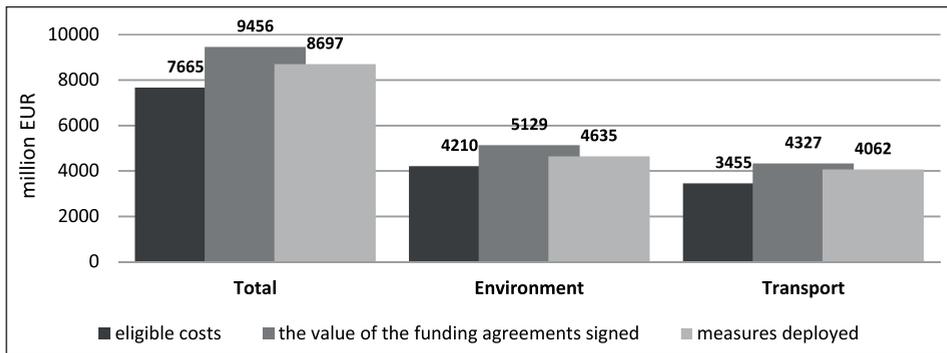


Figure 2. Contracted and disbursed funds under the Strategy of using the Cohesion Fund in budgetary perspective of 2004–2006 in EUR million (as of the end of December, 2012)  
 Source: (own elaboration based on data available at: The Ministry of Regional Development, 2013)

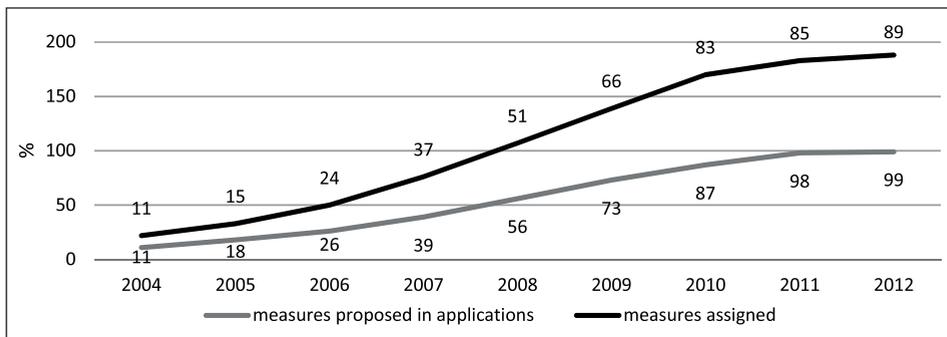


Figure 3. Payments from the European Commission in relation to the financing of the Cohesion Fund during the budgetary period of 2004–2006 (as of the end of December, 2012)  
 Source: (own elaboration based on data available at: The Ministry of Regional Development, 2013)

In the transport sector, the Cohesion Fund had been used mainly for investments focusing on modernization, reconstruction and expansion of the trans-European transport network TEN-T. From the resources of this Fund, the following infrastructure was built or modernized:

- almost 789 km of road network;
- 506 bridge objects (including bridges, overpasses, crosswalks, flyovers);
- about 721 km of railway lines;
- 469 bridges, viaducts, culverts and underpasses, overpasses for animals (Council of Ministers, 2013).

## 2. Budgetary perspective of 2007–2013

The process of deployment of European funds during the budgetary period of 2007–2013 has been finished. The deployment level analysis of Community funds related to transport part of Operational Programme Infrastructure and Environment, shows that at the end of 2016, the value of the grant agreements signed reached 105.1% of available funds. The payments made to beneficiaries in relation to the commitments of the EU accounted for 103.7% in 2016 (Table 1).

Table 1. The deployment of EU funds for infrastructure investments in the period of 2007–2013 in the framework of Infrastructure and Environment Programme and The Development of Polish Eastern Regions in %.

Specification	2009	2010	2011	2012	2013	2014	2015	2016
The Operational Programme Infrastructure and Environment – investments in transport sector								
the level of contracted EU funds (or that of the grant agreement from the EU) in relation to the Community contribution	12.5	43.6	72.9	85.8	96.5	101.9	103.6	105.1
payments from the European Commission to beneficiaries in relation to the Community contribution	4.3	10.4	29.5	53.3	62.0	78.4	93.4	103.7
Operational Programme Development of Polish Eastern Regions – in the section on priority axis transport infrastructure								
the level of contracted EU funds (that of signed EU grant agreements) in relation to the Community contribution	8.0	45.0	50.0	97.0	99.0	99.0	102.0	104.0
– payments from the European Commission to beneficiaries in relation to the Community contribution	1.0	14.0	34.0	47.0	69.0	91.0	100.0	102.0

Source: (own elaboration based on data available at: The Ministry of Development, 2017a, 2017b)

With financial support of the Operational Programme ‘Infrastructure and Environment’ of 2007–2013, 455 km of motorways and 680 km of expressways have been built, 162 km of roads has been adapted to the carrying capacity of 115 kN/axle,

8 airports in the TEN-T network have been modernized (The Ministry of Development, 2017a).

Progress has been observed also in the cultivation process of EU funds (signing contracts) assigned to the implementation of the infrastructure investment and recovery of payments from the European Commission within the framework of the Operational Programme Development of Polish Eastern Regions (Table 1). With regard to transport infrastructure projects by the end of 2016 the value of the contracts signed amounted to 104.0% compared to the level of funding from the EU funds. However, the value of the payments from the European Commission at the end of 2016 represented a 102.0% of the value of EU commitments. The measures allowed for the construction or modernization of 353 km of national and provincial roads and the construction of 23 ring roads more than 110 km long (The Ministry of Development, 2017b).

Significant progress in the implementation of projects, including infrastructure projects, is observed also in case of regional operational programmes (ROP). The value of all implemented projects together with those still in progress amounted to 110.6 billion PLN at the end of December 2015, of which 71.7 billion PLN came from EU funds. As shown on Figure 4, the contracting level of EU funds at the end of December 2015, measured for all 16 RPO amounted to 99.6%, and the total expenditure incurred by the beneficiaries as declared in the applications for refund in part on EU commitments reached almost 67.6 billion PLN (94.0% of allocation). As a result, EU funds for years 2007-2013 EU have been almost entirely assigned and are current activities are related to the management of possible savings and the financial closure of the period.

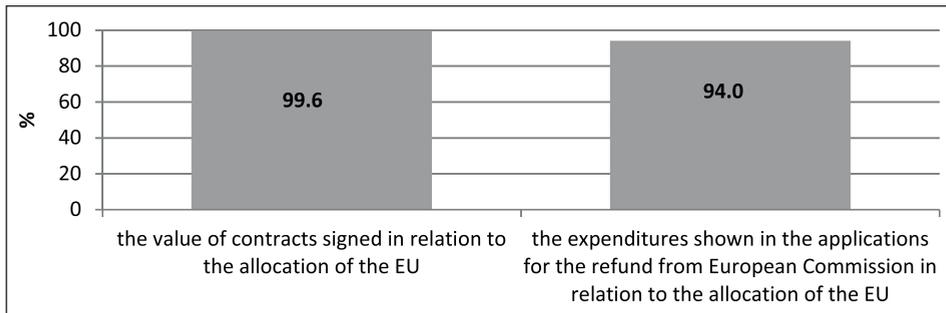


Figure 4. The deployment of EU funds in the framework of the regional operational programmes in the programming period of 2007–2013 (at the end of December 2015)

Source: (own elaboration based on data available at: The Ministry of Development, 2016b)

As a result of infrastructure investments under regional programmes of 2007–2013, 867 km of roads have been built, more than 8.9 thousand km of roads have been modernized and 982 km of railway lines has been built or modernized. In addition, these measures have allowed to build or mark 1.8 thousand. km bike roads (The Ministry of Development, 2016b).

### 3. Budgetary perspective of 2014–2020

Since 2014 the next stage of the cohesion policy has been implemented in Poland. 9.3 billion EUR from the The European Regional Development Fund and the 14.5 billion EUR from The Cohesion Fund (a total of 23.9 billion EUR) has been assigned for promotion of sustainable transport and the development of transport infrastructure. These measures are about 30% share of the allocation provided for the implementation of cohesion policy in the programming period 2014–2020.

As in the previous period, in the budgetary perspective of 2014–2020 transport infrastructure investments are included in the Infrastructure and Environment Programme (18.5 billion EUR), The Operational Programme Eastern Poland (0.8 billion EUR) and 16 regional programmes (4.5 billion EUR) (The Ministry of Development, 2016c).

Despite some delays in the deployment of EU funds at the beginning of the programming period, from 2016 there has been a clear advancement in signing contracts with funding from the EU funds and in submitting applications. As shown in Table 2, till November 30, 2016 the value of the agreements signed with the beneficiaries for the implementation of the tasks solely assigned to priority “development of the TEN-T road network and multimodal transport” within The Operational Programme Infrastructure and Environment was amounted to around 12.7 billion PLN, and the value of the applications for refund from the European Commission amounted to 5.7 billion PLN.

Table 2. Applications for funding, signed agreements on the EU funding and expenditures in the applications for the refund from the European Commission in the framework of The Infrastructure and the Environment Programme in years 2014–2020 (as of November 30, 2016) in million PLN

Priorities	Applications for EU funding	Agreements on the EU funding	Applications for the refund from the European Commission
Reduction of emissivity of the economy	1628.8	129.0	5.2
Environment protection	6423.6	2901.0	12.4
The development of TEN-T road network and multimodal transport	12 890.9	12 665.1	5727.1
Road infrastructure in the cities	3015.7	2505.4	1154.5
The development of railway transport	645.4	5547.2	496.1
The development of low-emission public transport in cities	2065.2	1826.3	0.0
Security of energy supply	1538.1	559.4	0.0
Cultural heritage	694.7	244.6	0.4
The infrastructure of healthcare	253.1	89.5	0.0
Technical support	206.7	195.5	3.3
The Operational Programme Infrastructure and environment (total)	34 862.4	26 663.0	7399.1

Source: (own elaboration based on data available at: The Ministry of Development, 2016a)

Currently, EU funds on infrastructure investments within the Programme Eastern Poland have been deployed only to a small extent. As shown in Table 3, till the end of November 2016 only measures in part referred to as “modern transport infrastructure” have been used. The value of signed contracts for financing of this type of projects amounted to approximately 1.2 billion PLN, and expenditures shown in the applications for reimbursement amounted to 18.2 million PLN.

Table 3. Applications for funding, signed agreements on the EU funding and expenditures in the applications for the refund from the European Commission in the framework of The Programme Eastern Poland in years 2014–2020 (as of November 30, 2016) in million PLN

Priorities	Applications for funding	Agreements on the EU funding	Expenditures in the applications for the refund from the European Commission
Entrepreneurial Eastern Poland	935.3	147.5	1.6
Modern transport infrastructure	1334.1	1183.9	18.2
Interregional railway infrastructure	0.0	0.0	0.0
Technical support	12.4	8.8	4.2
Operational Programme Eastern Poland (total)	2281.8	1340.2	24.0

Source: (own elaboration based on: The Ministry of Development, 2016a)

Regional operational programmes, for which 31 billion EUR is assigned in the financial perspective of 2014–2020, are carried out a little more slowly than national programmes. It is estimated that by the end of November 2016, under these programs, around 14% of EU funds was contracted (Kwieciński, 2016). The leaders in terms of value of the contracts signed are voivodeships of Silesia, Wielkopolska and Pomerania. In turn, in terms of expenditure indicated in the applications for reimbursement the highest effectiveness of the deployment of EU funds was observed in the region of Łódź, Opole and Pomerania (The Ministry of Development, 2016a). It is expected that a significant acceleration of the implementation of operational programmes in the current programming period will occur when local governments start to implement the investments in the field of transport infrastructure.

## Conclusions

The deployment analysis of measures available within structural funds and the Cohesion Fund, shows that there are no delays in the implementation of the programmes both national and regional. The processes of contract signing and applications submission goes smoothly in case of infrastructural investments, even though the procedures are often complex and time-consuming.

Out of EU countries, Poland uses financial assistance for the implementation of cohesion policy to the greatest extent. Concerns that these measures would not be properly managed has not been confirmed. In terms of the effectiveness of deployment of EU funds, Poland is currently in first place among the other EU countries. It is estimated that since the beginning of the membership in the EU the total transfers from the EU budget to Poland amounted to 130 billion PLN, whereas Polish contribution to the EU budget amounted to 42.4 billion PLN (Kwieciński, 2016).

Funds from the European Regional Development Fund and the Cohesion Fund, obtained by Poland since 2004 have allowed, in effect, to an increase in investment expenditure on transport infrastructure in Poland. While in the years 1997–1999 the level of investment in transport infrastructure amounted from 0.3% to 0.4% of GDP, in 2014 it rose to the level of 0.7% of GDP (OECD, 2017). The result is a clear acceleration of the process of development and modernization of transport infrastructure in Poland, which in turn allows for the successive reduction of the gap in the quality level of transport infrastructure between Poland and well developed EU countries.

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