

THE ANALYSIS OF USING EU FUNDS IN POLAND UNDER HUMAN CAPITAL OPERATIONAL PROGRAM (HCOP/POKL)

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Abstract

European funds for 2007–2013 are particularly important to support the processes of gradual alignment of economic and social conditions in all regions of the European Union, and thus contribute to reducing disparities between its regions. The main beneficiary of the 2007–2013 financial package is Poland, which has received the largest amount. The degree of their utilization depends on the efficiency of the proceeding of the Polish side, including both beneficiaries and managing authorities.

Assumptions of the Human Capital Operational Program are to contribute to a better use of labour resources and support the increase in competitiveness of the economy by:

- making a given area more attractive for investment and employment,
- developing knowledge and innovation in the given region of the European Union,
- creating more sustainable jobs within the European Community.

Analysis of the use of EU funds in Poland as part of this Program will demonstrate if the level of realization and the status of implementation of these funds in Poland, as part of this program, are satisfactory and whether there are any potential risks preventing the consumption of appropriated funds.

As the time goes by, the competitiveness intensity decreases, and thus ability to obtain European funds, including the HCOP, in the financial perspective of 2007–2013. However, there are still areas that give the chance to those entities that have not yet received funding for the projects, or want to maximize their application score.

The results and listings showing the involvement in applications and the number of funding contracts signed permit the conclusion that the financial perspective of 2007–2013 will be successful. However, not the amount of applications or signed contracts will determine the success of this financial perspective but the evaluation of the projects in the form of the approved, by the internal authorities, payment applications, and ultimately approval of the expenditures by the European Commission.

Keywords: EU funds, the financial perspective, Human Capital Operational Program, an analysis of using

1. Introduction

European funds for the years 2007–2013 represent an important instrument of the European Economic Policy. They are of particular importance to support the processes leading to the gradual alignment of economic and social conditions in all regions of the European Union. Therefore, they contribute to reducing disparities between its regions.

The document regulating issues related to European funds is the paper entitled – Community Strategic Guidelines (CSG). It provides the basis for the EU member states to develop internal documents, the so-called National Strategic Reference Framework (NSRF), otherwise known as the National Cohesion Strategy (NSS). NSRF is the most important national document on the EU subsidies determining the purposefulness of the designation and spending of funds received by Poland from the EU sources, including, *inter alia*, the European Social Fund (ESF).

NSS objectives are being implemented through a variety of tools, including operational programs, including one discussed in this article – Human Capital Operational Program (HCOP). The program represents the response to the challenges that “poses to the Member States the renewed Lisbon

Strategy. These challenges include making Europe a more attractive place for investment placement and work, the development of knowledge and innovation, and to creating more sustainable jobs. HCOP, through the implementation of the general aim, as well as its detailed objectives, will contribute to the realisation of the revised Lisbon Strategy goals at the national level” [1]. The educational priorities within the HCOP seek to “support the modernization and implementation of reforms in the education system, aimed at increasing the quality and effectiveness of education, meeting the conditions of the knowledge based economy” [3]. For the implementation of the NSS there has been allocated approximately 85.6 billion euro, of which 67.3 billion euro came from the EU budget, 11.9 billion euro from the national public funds (including approximately 5.93 billion euro from the state budget) and approximately 6.4 billion euro from private funds. The total sums allocated to HCOP are 11.5 billion Euros, of which the contribution from the ESF amounts to more than 9.7 billion euro, and the rest, i.e. more than 1.7 billion euro are the national contributions. In the financial perspective for the years 2007-2013, the national contribution is 15% (at 25% of the national contribution in the years 2004-2006).

2. Application analysis of the Human Capital Operational Program

Human Capital Operational Program in the 2007-2013 financial perspective represented by far the most popular application direction of the economic entities. The following compilation with respect to the applications and signed agreements for obtaining grants has been developed for the 31.03.2013.

In the Priority I (Employment and Social Integration), the greatest application interest was attracted Activity 1.3, including Sub-activity 1.3.1 and 1.3.2 and the activity 1.5. For the Activities 1.3 and 1.5 there were 1467 applications filed, representing 91.3% of all applications and there were most contracts for financing signed (respectively 158 and 112). Only in the Activity 1.1, the acceptable level of resource allocation was exceeded (102.3%). Tab. 1 shows the available application in the Priority I (all tables are authors own compilations based on www.efs.gov.pl, *State of the Program Realization*, 2013) [2].

Tab. 1. Available funds allocation under Priority I

| Action / Sub-action | Scope (projects) | Percentage of the unrealized application |
|-------------------------|---|--|
| 1.2 | System support from the social assistance and social integration institutions | 8.1% |
| 1.3 | Nationwide integration and professional activation program | 21.0% |
| 1.3.1 | Programs for the Gipsy community (competition) | 27.2% |
| 1.3.2 | The project for the promotion of equal opportunities for women and men to reconcile working and family life (competition) | 10.8% |
| 1.3.3 | OHP (system) | 2.5% |
| 1.3.4 | Central Board of Prison Service (system) | 8.9% |
| 1.3.5 | The Ministry of Justice (system) | 20.2% |
| 1.3.6 | PFRON (system) | 35.1% |
| 1.3.7 | Projects aimed at migrant workers (system) | 7.5% |
| 1.4 | Supporting the financial engineering for the development of social economy | 4.0% |
| 1.5 | Promoting solutions to reconcile working and family life | 41.2% |
| Total Priority I | | 14.7% |

In the Priority II (Development of human resources and adaptation potential of enterprises and improving the health of employees), the greatest application interest was attracted by the Action 2.1,

including Sub-action 2.1.1. There were 2975 applications filed (2836 for the Action 2.1.1), which represents 96.6% of all applications. The largest number of grant agreements (736) was signed under Action 2.1, which represents 77.6% of the available allocations. Only Action 2.3.4 exceeded the acceptable level of resources allocation (163.4%). Tab. 2 shows the available application in Priority II.

Tab. 2. Available allocation of funds under Priority II

| Action / Sub-action | Scope (projects) | Percentage of the unrealized application |
|--------------------------|---|--|
| 2.1 | Development of staff for the modern economy | 22.4% |
| 2.1.1 | Development of KL in the enterprises (competition) | 22.7% |
| 2.1.2 | Partnership for increasing adaptability (competition, implemented by the social partners) | 30.3% |
| 2.1.3 | System support for increasing the adaptability of employees and enterprises (system) | 19.7% |
| 2.2 | Support for the personnel adaptability system | 17.5% |
| 2.2.1 | Improving the quality of services provided by the institutions supporting development of the entrepreneurship and innovativeness (system) | 32.8% |
| 2.2.2 | Improving the quality of training services provided (system) | 6.4% |
| 2.3 | Strengthening the health potential of the employees and to improving the health care system functioning | 6.8% |
| 2.3.1 | Developing comprehensive health programs (system) | 0.2% |
| 2.3.2 | In-service training of medical staff (system) | 10.8% |
| 2.3.3 | Improvement of the management quality in the health care (system) | 4.0% |
| Total Priority II | | 20.9% |

In the Priority III (High quality of the education system), the highest application interest was attracted by the Action 3.3, including Sub-action 3.3.4. There were 1340 applications filed (981 in the Action 3.3.4), which constitutes 57.2% of all applications. Action 3.4 also recorded a significant proportion of the number of applications made (754), of which 746 in the Sub-action 3.4.3, which represents 32.2% of all applications. Action 3.3 had the largest number of contracts for financing signed (270), including 160 in the Sub-Action 3.3.4 and Action 3.4 (124). Only in Action 3.3.3 the acceptable level of resources allocation was exceeded (139.1%). Tab. 3 shows the available application in Priority III.

In Priority IV (Higher Education and Science) the greatest application interest was attracted in Action 4.1, including Sub-action 4.1.1 and 4.1.2. There were 2566 of applications filed (1673 for Action 4.1.1 and 878 for Action 4.1.2), which constitutes 80.8% of all applications. Action 4.1 had the largest number of contracts for financing signed (728), including 441 in the Sub-action 4.1.1 and 272 contracts under Sub-action 4.1.2. Only in Action 4.1.2 there was the acceptable level of resource allocation exceeded (101.7%). Tab. 4 shows the available application in Priority IV.

In Priority V (Good management), the greatest application interest was attracted by the Action 5.2, including Sub-action 5.2.1 and Action 5.4. There were 1157 application forms submitted for the Action 5.2 (1116 to Sub-action 5.2.1) and 1565 application forms for Action 5.4 (1561 to Sub-action 5.4.2), representing 90.4% of all applications. The Action 5.2 had the largest number of contracts for financing signed (415), including 389 in the Sub-action 5.2.1. Tab. 5 shows the available application in Priority V.

In Priority VI (Labour market open to all) the greatest application interest was attracted for the Action 6.1, including Sub-action 6.1.1. There were 14144 applications submitted (10,944 for Action

Tab. 3. Available allocation of funds under Priority III

| Action / Sub-action | Scope (projects) | Percentage of the unrealized application |
|---------------------------|--|--|
| 3.1 | Modernisation of the management and supervision system in education | 9.8% |
| 3.1.1 | Creating conditions and tools for monitoring, evaluation and testing of the education system | 4.3% |
| 3.1.2 | Modernisation of the pedagogical supervision system (system) | 26.0% |
| 3.2 | Development of the external examinations system | 8.0% |
| 3.3 | Improving quality of the education | 5.0% |
| 3.3.1 | An effective education and furthering education system for teachers (system) | 1.0% |
| 3.3.2 | An effective education and furthering education system for teachers (competition) | 24.5% |
| 3.3.4 | Modernization of the content and methods of education (competition) | 5.3% |
| 3.4 | The openness of the education system in the context of life long education | 20.7% |
| 3.4.1 | Development and implementation of the National Qualifications System (system) | 60.0% |
| 3.4.2 | Promoting lifelong learning (system) | 0.8% |
| 3.4.3 | Promoting lifelong learning (competition) | 21.6% |
| 3.5 | Comprehensive support of the schools development | 94.4% |
| Total Priority III | | 18.5% |

Tab. 4. Available allocation of funds under Priority IV

| Action / Sub-action | Scope (projects) | Percentage of the unrealized application |
|--------------------------|---|--|
| 4.1 | Strengthening and development of didactic potential of universities and increasing the number of graduates of the key importance faculties to the knowledge-based economy | 0.5% |
| 4.1.1 | Strengthening the educational potential of higher education colleges (competition) | 0.2% |
| 4.1.3 | Strengthening the system of higher education management tools (system) | 28.9% |
| 4.2 | Developing qualifications of R & D system personnel and increasing the awareness of the role of science in economic development | 22.3% |
| 4.3 | Strengthening the educational potential of higher education colleges in key areas in the context of the Europe 2020 strategy targets | 97.5% |
| Total Priority IV | | 6.5% |

Tab. 5. Available allocation of funds under Priority V

| Action / Sub-action | Scope (projects) | Percentage of the unrealized application |
|-------------------------|---|--|
| 5.1 | Strengthening the potential of the state administration | 24.7% |
| 5.2 | Strengthening the potential of the local administration | 33.3% |
| 5.3 | Support for the implementation of the Lisbon Strategy | 18.3% |
| 5.4 | Developing the potential of the third sector | 27.1% |
| 5.5 | Widening the social dialogue | 38.9% |
| Total Priority V | | 30.6% |

6.1.1) which represents 61.7% of all applications. Action 6.1 had the largest number of contracts for financing signed (3179), including 1809 under Sub-action 6.1.1. Under Priority VI the acceptable level of resource allocation was exceeded in Action 6.1 by 2.0% and 6.1.3. by 1.7% Tab. 6 shows the available application in Priority VI.

Tab. 6. Available funds allocation under Priority VI

| Action / Sub-action | Scope (projects) | Percentage of the unrealized application |
|--------------------------|---|--|
| 6.1.1 | Support for the unemployed on the regional labour market (competition) | 11.0% |
| 6.1.2 | Modernization of pedagogical supervision system (competition) only for county and WUP authorities | 1.9% |
| 6.2 | Support and promotion of entrepreneurship and self-employment | 7.1% |
| 6.3 | Local initiatives to raise the level of professional activity in rural areas | 8.8% |
| Total Priority VI | | 0.1% |

In the Priority VII (Promotion of social integration), the greatest application interest was aroused in the Action 7.1 including Sub-action 7.1.1 with 35.4% share of applications (11530), Action 7.2 including Sub-action 7.2.1 with the 32.7% share of applications (10662) and Action 7.3 with the 29.6% share of applications (9641). The largest number of grant agreements was signed within the Action 7.3 (3004), 7.1 (2503) and 7.2 (2182). Tab. 7 shows the available application in the Priority VII.

Tab. 7. Available allocation of funds in Priority VII

| Action / Sub-action | Scope (projects) | Percentage of the unrealized application |
|---------------------------|--|--|
| 7.1 | Developing and promoting active integration | 21.7% |
| 7.1.1 | Developing and promoting active integration by the social welfare centres (system) | 18.5% |
| 7.1.2 | Development and dissemination of the active integration by the district family assistance centres (system) | 27.0% |
| 7.1.3 | Raising the qualifications of social assistance and integration personnel (system) | 19.0% |
| 7.2 | Tackling exclusion and strengthening social economy sector | 12.0% |
| 7.2.1 | Professional and social activation of the people at risk of social exclusion (competition) | 8.0% |
| 7.2.2 | Support for the social economy (competition) | 20.8% |
| 7.3 | Local initiatives for active integration | 14.8% |
| 7.4 | Disable in the labour market | 32.8% |
| Total Priority VII | | 18.5% |

In the Priority VIII (Promotion of social integration), the greatest application interest was attracted in the Action 8.1, including Sub-action 8.1.1. There were 35520 applications submitted (29,648 for Action 8.1.1) which represents 93.8% of all applications. The largest number of grant agreements was signed under Action 8.1 (6259). Only in Action 8.1.4, the acceptable level of resource allocation was exceeded (100.6%). Tab. 8 shows the available application in Priority VIII.

In the Priority IX (Development of education and skills in the regions), the greatest application interest was aroused in the Action 9.1 including Sub-action 9.1.2 and Action 9.5. There were

Tab. 8. Available allocation of funds under the Priority VIII

| Action / Sub-action | Scope (projects) | Percentage of the unrealized application |
|----------------------------|--|--|
| 8.1 | Development of staff and enterprises in the region | 10.7% |
| 8.1.1 | Supporting the development of professional skills and advice to businesses (competition) | 9.1% |
| 8.1.2 | Support for adaptation and modernization processes in the region (competition) | 14.8% |
| 8.1.3 | Strengthening local partnerships for adaptability (competition) implemented by the social partners | 28.2% |
| 8.2 | Transfer of knowledge | 24.1% |
| 8.2.1 | Support for cooperation between science and business (competition) | 18.5% |
| 8.2.2 | Regional Innovation Strategies (system) | 30.6% |
| Total Priority VIII | | 13.1% |

54590 grant applications submitted, of which 22,265 in the Action 9.1 and 18897 in the Action 9.5, which represents a total of 75.4% of all applications. The largest number of grant agreements was signed under Action 9.1 (7411) and 9.5 (5485). Tab 9. shows the available application in Priority IX.

Tab. 9. Available allocation of funds under Priority IX

| Action / Sub-action | Scope (projects) | Percentage of the unrealized application |
|--------------------------|--|--|
| 9.1 | Equalising educational opportunities and ensuring high quality of educational services provided in the school system | 15.8% |
| 9.1.1 | Reducing inequalities in the degree of availability of the kindergarten education (competition) | 24.1% |
| 9.1.2 | Aligning the educational opportunities for pupils from groups with limited access to education and reducing disparities in the quality of educational services (competition) | 11.2% |
| 9.1.3 | Scholarship assistance for gifted pupils (system) | 14.9% |
| 9.2 | Enhancing the attractiveness and quality of vocational education | 22.7% |
| 9.3 | Popularisation of the constant learning process at schools | 24.7% |
| 9.4 | Highly qualified staff of the educational system | 17.8% |
| 9.5 | Grass-roots education initiatives in rural areas | 18.8% |
| 9.6 | Promoting Adult Learning | 74.1% |
| 9.6.1 | Promoting adult learning at schools (competition) | 66.0% |
| 9.6.2 | Raising the competences of adults in ICT and foreign languages (competition) | 78.4% |
| 9.6.3 | Advice for adults in the diagnosis of needs and selection of directions and forms to improve their competences and boost skills (competition) | 60.5% |
| Total Priority IX | | 20.5% |

The analysis presented indicates a significant advancement in the field of both application and contracts for funding signed under the HCOP. As at 31.03.2013 there were 161 198 applications submitted, representing 321.7% of the allocations. The signing of grant agreements at the level of 86.3% of the allocations (39 055) represents a declining period of the application availability for applicants, and therefore the last contests in which it is possible to apply for the projects financing. The compilation of the availability of allocations, together with stating the possibility of application under the competition channel for the applicants is presented in Tab. 10.

Tab. 10. Status of application possibilities under HCOP as of 31.03.2013

| Action / Sub-action | Scope (projects) |
|---------------------|--|
| 2.1 | Development of modern economy personnel |
| 2.1.1 | Development of human capital at the enterprises (competition) |
| 6.1 | Improving access to employment and supporting vocational activity in the region |
| 6.1.1 | Support for the unemployed on the regional labour market (competition) |
| 8.1 | Development of staff and enterprises in the region |
| 8.1.1 | Supporting the development of vocational skills and advice to businesses (competition) |
| 8.1.2 | Support for adaptation and modernization processes in the region (competition) |
| 8.2 | Transfer of knowledge |
| 8.2.1 | Support for cooperation between science and business (competition) |
| 9.4 | Highly qualified staff of the education system |

3. Summary

Polish membership in the EU offers opportunities for the development of national scientific and research back-bone, but at the same time poses extremely high demands for the scientific research institutions. A significant part of the national research centres today knows well how to benefit from EU aid. This does not change the fact that highly competitive environment forces the further intensification of these efforts by the Institute. The financial perspectives for the years 2007-2013 aimed at bridging the gap in economic development between highly developed EU countries and new members, is a continuation of economic and social policy of the European Union in the period 2004-2006. Defining in the national strategic documents the objective, scope and degree of co-financing from the European funds, of course, does not exhaust the needs of the individual fields of the national economy. It seems necessary, however, to focus on those elements that contribute most effectively to current economic development, such as transport, environmental protection, professional development and preventing unemployment and the promoting the scientific research and dissemination of new technologies. The degree of utilization of European funds depends on the efficiency of proceeding, including both beneficiaries and managing authorities. Thanks to the EU funds it was possible to make the partnership more efficient for both businesses and research centres, and companies implementing the results of the work of scientific research centres. Today it is difficult to imagine functioning of the economic entity without a separate team responsible for the acquisition of European funds. On the other hand, the number of operators sprang out which are involved in preparing the application documents on behalf of the beneficiary.

As time goes by the competition availability reduces and thus the possibility of obtaining EU funds in the 2007-2013 financial perspective. However, there are still areas that give a chance to those entities that have not yet received funding for their projects, or want to maximize their application score.

The summary of the results and application involvements allows concluding that the financial perspective 2007-2013 will be successful. It should be remembered that the success of this financial perspective will not be determined by either the number of applications or signed contracts for co-financing, but the evaluation of the projects in the form of the approved, by the internal authorities, payment applications, and ultimately approval of the expenditures by the European Commission.

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