



EU funds – one of key driving forces for the Polish economy

(prepared based on drafts of program documents)

FEBRUARY 2015

OPPORTUNITY OF INVESTMENT

EU funds for enterprises in 2015-2020



Key assumptions for granting the support:

- special focus on R&D projects in business and science consortia (*e.g. development of new or improved technology or process, construction of product prototype etc.*)
- special focus on projects that support innovation (*e.g. implementation of R&D results, creation of R&D department, implementation of technological innovation, etc.*)
- support mainly for SMEs
- preference for eco-innovation
- role of feedback instruments (*e.g. loan funds, venture capital funds, guarantee funds*) significantly increased (*in particular for smaller and less complex investment projects implemented in the framework of regional programs*)

National Operational Programs



EU cohesion policy funds for Poland for the period 2015 - 2020: **EUR 82.5 billion**, of which:

• **EUR 45.5 billion** - for 6 national operational programs

- *Operational Program Infrastructure and Environment 2015-2020 (EUR 27.5 billion)*
- *Operational Program Intelligent Development 2015-2020 (EUR 8.6 billion)*
- *Operational Program Knowledge Education Development 2015-2020 (EUR 4.4 billion)*
- *Operational Program Digital Poland 2015-2020 (EUR 2.2 billion)*
- *Operational Program Eastern Poland 2015-2020 (EUR 2.1 billion)*
- *Operational Program Technical Assistance 2015-2020 (EUR 700.1 million)*

• **EUR 31.2 billion** - for 16 Regional Operational Programs

• **EUR 0.7 billion** - in European Territorial Cooperation Programs

• **Approx. EUR 5 billion** in the instruments and programs managed by the European Commission

Funds for Poland for the period 2014 - 2020 under the Common Agricultural Policy: **EUR 37.2 billion**, of which:

• **EUR 23.7 billion** in direct payments to farmers

• **EUR 13.5 billion** for the Rural Development Program

Operational Programs for 2015-2020



Total budget available for enterprises: **EUR 16.6 billion**

3 main sources of support for companies:

- Operational Program Intelligent Development 2015-2020
*(budget for companies: **EUR 8.6 billion**)*
- Regional Operational Programs
*(budget for companies: **EUR 7 billion**)*
- Operational Program Eastern Poland 2015-2020
*(budget for companies: **EUR 1 billion**)*

OP Intelligent Development 2015-2020



Main objective: encouraging innovation and competitiveness of the Polish economy

5 Priority Axes:

- I. Support for conducting R&D by enterprises and scientific and industrial consortia (*budget: **EUR 3.4 billion***)
- II. Support for innovation in enterprises (*budget: **EUR 2.4 billion***)
- III. Support the business environment and the innovative potential of enterprises (*budget: **EUR 1.1 billion***)
- IV. Increasing R&D potential (*budget: **EUR 1.4 billion***)
- V. Technical support (*budget: **EUR 0.3 billion***)

Support will focus on:

- strengthening the links between science and business
- increasing the utilization of R&D results in the country
- increasing the level of practical utilization of R&D results in the economy
- supporting and development of innovative companies

OPPORTUNITY OF INVESTMENT

OP Eastern Poland 2014-2020

Additional instrument of support for five provinces of eastern Poland
(*lubelskie, podkarpackie, podlaskie, świętokrzyskie i warmińsko-mazurskie*)



Main objective: increasing competitiveness and innovativeness of Eastern Poland macro-region

5 Priority Axes:

- I. Innovative Eastern Poland (*budget: EUR 0.5 billion*)
- II. Entrepreneurial Eastern Poland (*budget: EUR 0.5 billion*)
- III. Modern transport infrastructure (*budget: EUR 0.8 billion*)
- IV. Transregional railway infrastructure (*budget: EUR 0.3 billion*)
- V. Technical support (*budget: EUR 0.03 billion*)

Support will focus on:

- increasing the competitiveness and innovation of enterprises operating in Eastern Poland
- raising activity of enterprises in the area of R&D
- creation and promotion of cooperative relations on international markets
- development of transport connections of provincial cities with the surrounding areas, including public transport and rail infrastructure investments

16 Regional Operational Programs 2015-2020



Main objective:

- increasing the competitiveness of regions improving the quality of life of their residents through the use of regional potentials, as well as focused mitigation of development barriers

Support will focus on the promotion of:

- entrepreneurship
- education
- employment and social inclusion
- information and communication technologies (ICT)
- infrastructure
- environment
- energy
- transport

Total EU budget of 16 Regional Operational Programmes: **EUR 31.2 billion**

Budget available for enterprises: **EUR 7 billion**

OPPORTUNITY OF INVESTMENT

Regional aid map in Poland for 2014-2020 (1)

from July 1st, 2014



1. In areas of provinces: lubelskie, podkarpackie, podlaskie, warmińsko-mazurskie:

- **50% for large, 60% medium and 70% of eligible costs for small companies**

2. In areas of provinces: kujawsko-pomorskie, lubuskie, łódzkie, małopolskie, opolskie, pomorskie, świętokrzyskie, zachodniopomorskie and in areas of subregions: ciechanowsko-płocki, ostrołęcko-siedlecki, radomski i warszawski wschodni (Warsaw eastern subregion):

- **35% for large, 45% for medium and 55% of eligible costs for small companies**

3. In areas of provinces: dolnośląskie, wielkopolskie, śląskie:

- **25% for large, 35% for medium and 45% of eligible costs for small companies**



OPPORTUNITY OF INVESTMENT

Regional aid map in Poland for 2014-2020 (2)

from July 1st, 2014



4. In the area of subregion of subregion warszawski zachodni (Warsaw western subregion):

- **20% for large, 30% for medium and 40% of eligible costs for small companies**

5. In the area of the city of Warsaw in the period from 1 July 2014 to 31 December 2017:

- **15% for large, 25% for medium and 35% of eligible costs for small companies**

6. In the area of the city of Warsaw in the period from 1 January 2018 to 31 December 2020:

- **10% of for large, 20% for medium and 30% of eligible costs for small companies**



OPPORTUNITY OF INVESTMENT

Types of eligible projects according to the Polish 2014-2020 EU funds (1)



Case A

Development of a technology or a new or significantly improved through its own R&D and application on the market

- **Beneficiary:** company operating the the plastic molulding sector.
- **Reason of awarding:** development of a new injection moulding technology and application of the new technology in the production process.
- **Obtained result:** improvement of the state-of-the-art technology and consequent improvement of the product in terms of higher durtion and perceived visual quality.

Case B

Acquisition of external R&D results. their integration with its self conducted R & D works with the aim of adapting them to the actual needs of the company and final application

- **Beneficiary:** company operating in the cellulose transormation sector.
- **Reason of awarding:** funding an external research and their self conducted successive adaptations to the production peculiarities, industrial implementation through the purchase of the land, the construction of the building and the purchase of machineries.
- **Obtained result:** more efficient cellulose treatment process, improved product quality.

OPPORTUNITY OF INVESTMENT

Types of eligible projects according to the Polish 2014-2020 EU funds (2)



Case C

Purchase of a new, ready-to - industrialization technology, known on worldwide markets since no more than 3/5 years

- **Beneficiary:** company operating in the hoses production sector.
- **Reason of awarding:** purchase of a new technology for the production of plastic hoses, purchase of the land, construction of the building and the purchase of machineries.
- **Obtained result:** improvement of the production.

Case D

Application of self conducted R&D works in the production

- **Beneficiary:** company operating in IT sector
- **Reason of awarding:** funding the development of a new software for the telecommunication industry and production of the software after the final and effective trial.
- **Obtained result:** realization of a new, suitable to changed and more exigent needs of the telecommunication market, software.

OPPORTUNITY OF INVESTMENT

Rural Development Program 2014-2020 in Poland for enterprises from agriculture sector

(PREPARED BASED ON DRAFTS OF PROGRAM DOCUMENTS)

Rural Development Program 2014-2020



The new RDP moves away from the Axes structure, and is instead based on 6 priority areas for rural development. These priority areas are:

- Fostering knowledge transfer and innovation,
- **Enhancing competitiveness,**
- **Promoting food chain organisation and risk management in agriculture,**
- Restoring, preserving and enhancing ecosystems,
- Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy,
- Promoting social inclusion poverty reduction and economic development in rural areas.

The budget of the Rural Development Program 2014-2020 will amount to **13 513 295 000 EUR**, including two programs for investments in agricultural holdings:

- **In the second priority - Modernisation of farms: 2 816 064 486 EUR** (20,8% of total budget);
- **In the third priority - Processing and marketing of agricultural products: 693 070 461 EUR** (5,1% of total budget);

OPPORTUNITY OF INVESTMENT

Modernisation of farms



Beneficiary:

- Farmer leading agricultural activity for profit or group of farmers.*

Ranges of support:

- Development of production of piglets;
- Development of milk production;
- Development of production of beef cattle;
- Other operations associated with the rationalization of production technology, the introduction of innovation, change production profile, increase the scale of production, improvement of quality of production or increase value-added product.

Support:

- Up to 60% of eligible costs for young farmers** and collective investments or up to 50% of eligible costs for other beneficiaries
- not less than 30% of eligible costs

*A farmer holding a farm with an area of over 300 ha can not apply for assistance under this measure.

**Young farmer is a person who has not attained 40 years of age, have a relevant professional qualification (due to education or work experience in agriculture), and are setting up for the first time as the head of an agricultural holding.

Modernisation of farms



The maximum amount of support for the beneficiary, on one farm (including projects collective projects) during the implementation of the Programme:

- to PLN 0.9 million for the development of the production of piglets;
- In other projects for investment in the construction, modernization or adaptation of livestock buildings on the holding of other existing buildings on the livestock buildings, or the construction or modernization of storage of feed on farms where the animal production is the maximum amount of PLN 0.5 million
- PLN 0.2 million for others.

These limits can not be combined. Support for the operation of the eligible costs of more than 50 000 PLN.

Processing and marketing of agricultural products



Beneficiary*:

- Entity which has a registered business activity in the field of processing or marketing of agricultural products, acts as an entrepreneur running business as a micro, small or medium-sized enterprise.
- Farmer or household member subject to social insurance of farmers correctly (for beginning farmers an economic activity in the field of food processing products).

Support:

- to 50% of eligible costs,
- Up to PLN 3 million for one beneficiary during the implementation of the Programme and not less than PLN 0.1 million for the operation;
- Up to PLN 15 million for the compounds of agricultural producer groups or associations of producer organizations for one beneficiary during the implementation of the Programme and not less than PLN 0.1 million for the operation;
- Up to to 100 000 PLN for farmers entering the field of food processing agricultural and not less than 10 000 PLN.

*Exclusion: In the sectors of processing and marketing of: milk and dairy products, meat, fruit and vegetables and cereals, support can not relate to the construction of new plants (does not apply to farmers start-ups).

Processing and marketing of agricultural products



Ranges of support:

Investments in processing and marketing at the wholesale level for agricultural products, but the product resulting from the processing should be also an agricultural product*:

- **Investments in sectors, such as:** meat (with the exception of large scale slaughter), fruit and vegetables, cereals (except malt), potatoes, eggs, honey, oilseeds, processing of agricultural products for energy purposes, as well as the services of freezing and storage of agricultural products.
- **Investments in wholesale of agricultural products:** fruits and vegetables, flowers and plants, milk and dairy products, meat and meat products, cereals, oilseed rape, hops and agricultural seed and vegetable.

*Products that are listed in the ANNEX I List referred to in Article 38 of the Treaty on the Functioning of the European Union

Types of eligible projects according to the Polish 2014-2020 RDP (1)



Case A

Modernisation of piglets farm

- **Beneficiary:** Farmer conducting agricultural activities for commercial purposes or a group of farmers (which consists of at least two farmers).
- **Eligible costs include:** construction or modernization of buildings or structures; purchase (or financial leasing with final transfer of ownership) new machinery and equipment, purchase (including installation) or the construction of technical infrastructure overheads associated with these expenses (e.g. costs of preparing technical documentation of operations, consultancy fees, sustainability and economic development) purchase or development of computer software, patents, licenses, etc.,
- **Obtained result:** improving the overall performance of farms (improving competitiveness and increase the profitability of the farm as a result of its restructuring).

Types of eligible projects according to the Polish 2014-2020 RDP (2)



Case B

Processing and marketing of agricultural products

(These operations may not apply to retail sales)

- **Beneficiary:** entity which operates in processing or marketing of agricultural products, as a micro, small or medium-sized enterprise.
- **Eligible costs include:** implement procedures for certified quality management systems, purchase of patents and licenses, acquisition or installation of machinery or equipment for the processing, storage or preparation of products for sale, purchase or installation of measuring equipment, control and process control equipment manufacture or storage, construction, modernization or reconstruction of buildings manufacturing or storage facilities and structures which processing plants.
- **Obtained result:** improvement in processing and marketing of agricultural products.

OPPORTUNITY OF INVESTMENT



EU funds for enterprises in EU programming period 2014-2020

When the EU funds will flow to firms ?

EU Funds – delays in implementing



- Still none of operational programs has been signed (and therefore **negotiations** with the European commission **is still in progress**),
- Poland is trying to conclude the negotiations as soon as possible, delays are not caused by some problems with negotiations, which are well advanced, but with the EU' rules – „**the quality is more important than the pace**”,
- According to the press, there is only small chance that during next few weeks one National Operating Program („Digital Poland”) and maybe several Regional will be agreed, other National and Regional Programs **will be probably negotiated till the end of the year**,
- After completion of negotiations of programs they must pass a formal procedure for approval by the services of the European Commission.

Slightly delayed due to...



- **In Regional Programs:** the main axes of the dispute concern the possibilities postulated by local governments:
 - **allocate significant EU funds for roads and not for the train infrastructure, as expected by the European Commission,**
 - as well as allow to **building new facilities from the pool of funds for innovation.**

Probably these two areas will have to be transferred to the national level. The next round of negotiations will take place in **November in Brussels.**

- In National Programs: the European Commission has concerns that Operational Programs in Poland still too little focus on innovation, and too much on infrastructure,

Thus probably the first contest for EU funds 2014-2020 will be announced not earlier than in the end of the first quarter of 2015.

Patents, innovation and new solutions will be cofinanced by the grants



Patents, innovation and new solutions will also be supported by Operational Programs at national level.

- According to **Elżbieta Bieńkowska**, the European Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, the National Programs *will include path of project funding from the idea phase to market entry. It would probably offer grants in the prototype stage, and loans in the implementation stage. It will also include market access, promotion and export tools.*
- Most of 2014-2020 funds (**approx. 90%**) will be transfer to beneficiaries in the **form of grants** (remain in the form of loans and other repayable instruments). In the previous financial perspective in Poland feedback instruments accounted for only ca. 1 percent of the whole of EU funds.