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Poland's finances in the light of the multiannual financial framework 2021-2027

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***Abstract*— The European Union's spending policy is conducted through annual budgets within the multiannual financial framework, currently covering seven years. The sources of funds and the structure of the budget are shaped in a long-term process closely related to the political integration of the European community. The process is ongoing and there are many indications that it is not finished yet. The currently applicable multiannual financial framework 2021-2027 has an unprecedented dimension, also particularly important for Poland. An unprecedented dimension, because the European Union is incurring debt for the first time in its history, and a significant, especially important dimension for Poland, because these may be the last such beneficial aid funds from the European Union budget. The aim of the article is to compare the amounts of funds allocated to Poland in the multiannual financial framework 2021-2027 with the funds obtained in the previous multiannual financial framework and to analyze and assess the impact of the EU budget on Poland's finances. Article written based on a study prepared for the Center for European Policy Research of the School of Justice.**

Keywords— Budget of the European Union, Multiannual Financial Framework 2021-2027, own resources of the European Union, Recovery Fund, general system of conditionality.

I. INTRODUCTION

The budget of the European Union is shaped in the context of a long-term process of integration of the political community of Europe. The integration of the European Community, despite external and internal factors that often slow down its pace, is systematically deepening. The effect of this process are community policies, the implementation of which requires the construction of long-term financial plans. Currently, the European Union's spending policy is conducted through annual budgets within a seven-year multiannual financial framework. Due to the visible relationship between deepening integration and growing expenses, it can be concluded that the size of the European Union budget will increase in the coming years.

The European Union has been using the multiannual financial framework since 1988. On December 17, 2020, the Council of the EU adopted a regulation defining the EU's multiannual financial framework for the period 2021-2027 (OJ EU.L.2020.433I.11). For Poland, this will be the third full multiannual financial framework. In the history of the European Community, which has been over fifty years old, they have an unprecedented dimension, also particularly important for Poland. The multiannual financial framework is unprecedented because the European Union is taking on significant debt for the first time in its history, accounting for as much as 41.12% of the entire multiannual budget. A particularly important dimension for Poland is related to the fact that these may be the last such beneficial aid funds from the European Union budget. The aim of the article is to compare the amounts of funds allocated to Poland in the multiannual financial framework 2021-2027 with the funds obtained in the previous multiannual financial framework and to analyze and assess the impact of the EU budget on Poland's finances.

The implementation of the set goal was based on a critical analysis of the legislation regulating the examined issue, comparative analysis, statistical analysis and inference. To present the issues discussed, the following structure of the article was adopted. The first part is the introduction. The second point presents the assumptions, objectives and structure of the European Union budget. The third point analyzes and compares the amounts allocated to Poland under the classic budget and the Reconstruction Fund in relation to the Multiannual Financial Framework 2014-2020. The fourth part

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discusses the principles and conditions of using European funds in the light of the new Regulation on the general system of conditionality. The fifth part presents data on the amount of Poland's contribution in the years 2014-2021 and the forecast amounts until 2027, in relation to all components (including KPO repayment until 2058). The impact of the balance of direct transfers with the EU budget on Poland's finances was also assessed. The whole ends with a conclusion summarizing the considerations and presenting conclusions.

II. Evolution of the European Community budget in the process of political integration of Europe.

Europe's first political community, the European Coal and Steel Community (ECSC), was established in 1952. The founding members were six countries: Belgium, France, Luxembourg, the Netherlands, Germany and Italy. The purpose of the ECSC was to regulate the coal and steel industries in member states and to create a single market for these products. The ECSC did not operate on an annual budget but was financed by a tax of a maximum of 1% of the turnover of the coal and steel industries, customs duties on imports of coal and steel, and penalties of a maximum of 5% of the turnover of the companies concerned. The ECSC Treaty ceased to apply in 2002 and the financial arrangements for coal and steel were fully taken over by the European Union (EU) budget. A budget in the sense of an annual financial plan appeared with the creation of the European Atomic Energy Community (Euratom) and the European Economic Community (EEC) in 1958. The newly created Communities were run by institutions that still exist: the Commission as the executive body, the Assembly (which became the European Parliament), the Council representing the governments of the Member States and the Court of Justice. The Euratom and EEC budgets, unlike the ECSC budget, had to be balanced. The procedures developed then constitute the basis for the budget procedure that currently exists. In 1958, the first spending policy of the EEC was launched, the European Social Fund (ESF), which invested in vocational training and re-entering the unemployed into the labor market. The common agricultural policy as an area of expenditure was introduced in 1962. The emergence of expenditure policies required the development of plans with a longer time horizon. The first multi-annual financing period covered the years 1962–1965, then it was renewed for three more years. The first long-term financial perspective came into force in 1988. The long-term financial perspective was named the multiannual financial framework (MFF) in 2009 by the Treaty of Lisbon (OJ C 306, 17/12/2007, pp. 1-271). The MFF was incorporated into the Treaties by Article 312 of the Treaty on the Functioning of the European Union (TFEU). These packages set maximum spending levels or ceilings. Actual spending is provided by spending programs such as the ESF, and funds are disbursed through annual budgets. In accordance with the procedure, the Commission proposes a perspective or MFF.

The budget of the European Union (EU) is the EU's annual financial plan that finances EU policies. These include(european-union.europa.eu):

- cohesion policy,
- common agricultural policy,
- protection of the EU's external borders,
- supporting international scientific cooperation,
- construction of trans-European energy and transport networks,
- supporting international student exchanges.

The EU budget is balanced, i.e. it is developed in accordance with the principle of balanced budget. According to the principle of balance, expenses cannot exceed the adopted limits. Creating a deficit and generating debt is impossible. However, if a deficit occurs during the financial year, a supplementary or correcting budget is adopted (consilium.europa.eu). The European Commission is responsible for the implementation of the EU budget, although the vast majority of expenditure is made jointly with Member States under the so-called shared management. The EU's annual budget is adopted under the special budgetary procedure set out in the Treaty on the Functioning of the European Union (Article 314). The draft EU budget for a given year is prepared and presented by the European Commission. It is then negotiated and adopted by the Council of the European Union (i.e. the governments of the member states) and the European Parliament. Annual budgets are subject to the constraints of the EU's Multiannual Financial Framework (MFF), which are set for a period of at least five years (currently 7 years).

The multiannual financial framework aims to ensure that Union spending is carried out in a systematic way and to the extent possible. They determine the amounts of the annual ceilings for commitment appropriations in each category of expenditure. An annual ceiling for payment appropriations is also set. The categories of expenditure correspond to the main sectors of activity of the Union (Article 312 TFEU).

Funds for the EU budget are collected from precisely defined sources of income:

- own resources;
- surpluses from the previous year;
- other sources: mainly fines imposed on companies violating EU competition law, refunds and payroll taxes.
- Own resources constitute the largest part of EU revenue and consist of:
- traditional own resources: customs duties, sugar levies and agricultural levies. Together they constitute approximately 10% of total own resources;
- Member States' contributions based on value added tax (VAT). It constitutes approximately 10% of all own resources;
- Member States' contributions based on gross national income (GNI), adjusted to balance income and expenditure. In total, they cannot exceed 1.4% of EU GNI. In the past, a call for a contribution representing a predetermined percentage of GNI was intended to constitute the final reserve. It was used when the remaining own resources were not sufficient to cover expenses. At the moment, however, the GNI contribution is approximately 70% of the

total own resources;

- Balance carried forward from the previous year and other income. The latter include: taxes paid on the salaries of EU employees, contributions from non-EU countries to common programs, remaining contributions from the United Kingdom, and penalties paid by companies due to violations of general provisions such as competition law. Their share in own resources varies and ranges from 2 to 8%.
- Correction mechanisms. It should be noted that lump sum corrections (in minus) in the 2021-2027 budget will continue to apply in the cases of Austria, Denmark, the Netherlands, Germany and Sweden.

The share of income sources varies slightly from year to year. For example, in 2018, EU revenues of EUR 158.6 billion (expenditures of EUR 156.7 billion) were as follows (Redo. M, 2020, p.91):

- 90.5% from own resources;
- 0.4% of the surplus;
- 9.1% from other sources.

The annual expenditure of the EU budget corresponds to approximately 1% of the EU's gross national income. The amounts of EU budget expenditure in 2007 - 2020 are presented in Table 1.

TABLE 1. AMOUNTS SPENT FROM EU BUDGETS IN 2007-2020 IN EUR BILLION

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EU budget expenditure	114.0	116.5	118.4	122.2	129.4	138.7	148.5	142.5	145.2	136.4	137.4	156.9	159.1	173.3

Source: https://european-union.europa.eu/institutions-law-budget/budget_en .

The data on transfers of funds from the EU budget presented in Table 1 indicate their increasing nature, which was not disturbed by the financial crisis at the end of the first decade of the 21st century. The data cover two Multiannual Financial Frameworks 2007-2013 and 2014-2020. It should be noted that in both cases the last three years of both MFFs are characterized by significant increases in transfer amounts, which means that all member states have a similar project implementation cycle. Potential problems related to the management of budgeted funds in individual programs should also be pointed out. The following can be mentioned:

1) Limiting technological development. Subsidizing technological development determined by political decisions may lead to a situation in which technologies are developed that would not survive on the free market (Lachowicza, Dietla, 2016)
2) Economic dependence. Spending funds on projects serving a model of economic development based solely on participation in the global economic process works well in the case of highly developed economies. The weaknesses of such a system were demonstrated by the COVID-19 pandemic, which revealed bottlenecks in global supply chains. It turned out that in crisis conditions, each state primarily strives to meet the needs of its own society, and not to fulfill contractual obligations.
3) Expense calendar. EU funds are budgeted for subsequent years. Therefore, if they are not used, they do not roll over to the next period but are lost. This means that in the first years of the budget perspective, funds are spent more economically. Projects of higher quality that offer more to a given society are co-financed. In the last years of the perspective, there has been a sharp increase in expenditure, which is most likely due to the desire to use the entire available budget, in turn motivated by fear of a reduction in funds allocated in the next perspective. This may lead to the implementation of projects with lower economic and social value.

The importance of the identified problems will increase, it can be said that in proportion to the increase in the share of the EU budget in the EU's gross national income.

III. AMOUNTS ALLOCATED TO POLAND UNDER THE CLASSICAL BUDGET AND THE RECONSTRUCTION FUND.

The regulation laying down the EU's multiannual financial framework for 2021-2027 was adopted by the EU Council on 17 December 2020. The regulation establishes a long-term EU-27 budget of EUR 1,074.3 billion (in 2018 prices) and provides for its inclusion in European Development Fund. Together with the EU's Next recovery instrument Generation EU worth EUR 750 billion The EU will gain funds in the coming years in an unprecedented amount of over EUR 1.8 trillion. The funds are intended to support the recovery from the Covid-19 pandemic and the implementation of long-term EU priorities in various policy areas. The long-term budget for 2021-2027 sets out the financing of almost 40 EU spending programs. The Multiannual Financial Framework (MFF) 2021-2027 in the amount of EUR 1,074.3 billion divides the financing into the following areas:

1) the single market, innovation and digital economy, for which EUR 132.8 billion is to be allocated;
2) cohesion, resilience and values: EUR 377.8 billion;
3) natural resources and environment: EUR 356.4 billion;
4) migration and border management: EUR 22.7 billion;
5) security and defense: EUR 13.2 billion;
6) neighborhood and the world: EUR 98.4 billion;
7) European public administration: EUR 73.1 billion.

The funds allocated to Poland in the MFF amount to **EUR 72.2 billion** under cohesion policy, increased by EUR 28.5 billion in funding from the Common Agricultural Policy. This gives a total of EUR 100.7 billion. The allocation of funds from the cohesion fund will be according to the approximate methodology used in the 2014-2020 budget. Nearly 60% of EU funds will be distributed at the national level. The remaining 40% will go to 16 provincial assemblies for regional programs. National programs for which a total of EUR 48.06 billion is planned for implementation in 2021-2027 are (nowedotacjeunijne.eu):

1) Infrastructure and environment – EUR 25.1 billion;
2) Smart growth – EUR 8 billion;
3) Knowledge, education, development – EUR 4.3 billion ;
4) Eastern Poland – EUR 2.5 billion;

5) Digital Poland – EUR 2 billion;
6) European territorial cooperation – EUR 0.56 billion;
7) Technical assistance – EUR 0.5 billion;
8) Just transition – EUR 4.4 billion;
9) Fisheries and sea – EUR 0.5 billion;
10) Food aid – EUR 0.2 billion;
11) Regional operational programs (RPO) – EUR 21.316 billion.

The remaining funds (approximately EUR 3 billion) will be allocated to reducing the effects of the transformation towards climate neutrality. Only selected voivodeships with particularly strong mining sectors will benefit from this pool of funds. These are: Silesia, Lower Silesia, Lesser Poland, Greater Poland, Lublin and Łódź.

Contrary to opinions about the "largest funds for Poland in the history of the European Union", Poland will receive less in the multiannual financial framework 2021-2027 than in the previous two MFFs: EUR 100.7 billion compared to EUR 102 and 105.8 billion. The amount of EUR 125 billion appearing in the media is untrue. Apart from the allocation under the MFF, it includes an additional EUR 23.9 billion of non-repayable funds obtainable from the Reconstruction Fund under the separately implemented and settled National Reconstruction Plan (KPO). The possibility of obtaining funds from the FO will be presented later in the article.

1) European Recovery Plan Next Generation EU in order **repairing the direct damage caused by the Covid-19 pandemic,** while supporting **green and digital priorities** Union, requires public and private investment at European level. To provide the EU with the resources to support its objectives, the Commission will be empowered to borrow **EUR 750 billion** on the capital markets on behalf of the Union. “Next Generation EU (NGEU): Towards recovery and resilience" includes EUR 750 billion of instruments in the following amounts:
2) Recovery and Resilience Facility. Amount ceiling: EUR 672.5 billion.
3) REACT EU (*Recovery Assistance for Cohesion and the Territories of Europe* is the European Commission's plan to limit the social and economic effects of the COVID-19 pandemic). Amount ceiling; EUR 47.5 billion.
4) Just Transition Fund. Amount ceiling: EUR 10 billion.
5) European Agricultural Fund for Rural Development. Amount ceiling: EUR 7.5 billion.
6) EU Investment Fund. Amount ceiling: EUR 5.6 billion.
7) Horizon Europe. Amount ceiling: EUR 5.0 billion.
8) EU Civil Protection Mechanism. Amount ceiling: EUR 1.9 billion.

Next Generation EU (NGEU), called the Recovery Fund (FO), in the amount of EUR 750 billion will be distributed among the National Recovery Plans (KPO) of the member countries. It consists of a grant part of EUR 390 billion and low-interest loans of EUR 360 billion. Poland is to receive EUR 58.1 billion from FO for KPO, including EUR 23.9 billion in subsidies and EUR 34.2 billion in low-interest loans.

In line with the assumptions of the Recovery *and Resilience Facility Facility*(RRF) strategic goals of the KPO are:

- rebuilding the development potential of the economy lost as a result of the pandemic (*recovery*);
- supporting the building of sustainable competitiveness of the economy and increasing the standard of living of society in the longer term (*resilience*).

The main way to achieve the above-mentioned goals is to accelerate the development of a low-emission, circular economy that uses environmental resources responsibly (*green growth*), as well as development based on the use of digital solutions (*digital growth*).

Specific objectives of the KPO:

- Qualitative, innovative development of the economy leading to an increase in its productivity, taking into account the digital transformation of the country and society;
- Green transformation of the economy and the development of green, intelligent mobility;
- Increasing social capital and quality of life, in particular by ensuring improved health of citizens and higher quality of education and skills adapted to the needs of a modern economy.

The horizontal goal of the KPO is to strengthen the country's social and territorial cohesion.

The 2021-2027 multiannual financial framework undoubtedly has a historic dimension. For the first time in its history, the European Union is incurring debt, and a significant one at that, constituting as much as 41.12% of the entire long-term budget (EUR 750 billion to EUR 1.824 trillion). Questions arise as to whether this action will be a one-off, exceptional one related to an extraordinary situation (Covid-19 pandemic) or whether it will become a practice in designing and adopting the European Union budget.

IV. Conditions for the use of EU funds in the light of the regulation on the general system of conditionality.

Member States spend around three quarters of the EU budget. This means that the European Commission pays approximately 25% of the EU budget directly, but still has ultimate responsibility for implementing the entire annual EU budget. Member States, in cooperation with the Commission, are responsible for ensuring that the budget is used in accordance with the principles **of sound financial management**. All entities implementing the budget must comply with comprehensive rules set out in EU legal regulations. The implementation of the annual EU budget is verified in the budgetary discharge procedure. The European Parliament decides whether to approve the implementation of the budget for a given year (i.e. grant discharge) on the basis of a recommendation from the EU Council. To this end, the Council of the EU is examining:

- documents presented by the Commission: EU accounts for the financial year, financial statements and an evaluation report on EU finances based on the results achieved;
- documents presented by the European Court of Auditors

(the EU's external auditor): annual report and declaration of assurance.

It should be noted that the applicable principles of sound financial management together with the extensive institutional EU control system and national regulations on public procurement, public finance discipline and control institutions create a relatively tight and proven system.

Due to the uniqueness of the current MFF, additional conditions for spending the funds will apply, i.e. they must be consistent with:

- the EU's goal of climate neutrality by 2050;
- EU climate goals for 2030;
- the Paris Agreement.

In total, 30% of expenditure from MFF and Next Generation EU is to be allocated to climate projects. This means that Poland will have to allocate EUR 47.64 billion of the available EUR 158.8 billion for the green transformation.

A regulation of the European Parliament and the EU Council was also adopted, which introduces the so-called a general system of conditionality to protect the EU budget. It is intended to be used where breaches of the rule of law in a Member State are found to affect, or pose a serious risk of affecting, the sound financial management of the EU budget or the protection of the EU's financial interests in a sufficiently direct way.

The indicated conditions related to the expenditure of funds carry serious risks for Poland. The obligation to allocate 30% of total funds to climate projects that will result in achieving the required level of ecological effects must be preceded by building the foundations of a new economic order, including industrial, environmental, energy, etc., based on significant changes in infrastructure and technologies. Poland is at the beginning of these changes, called the green transformation, which require initially disproportionately higher outlays than the EUR 48 billion that can be obtained. Therefore, there is a risk of spending funds in the so-called "empty space", meaning the lack of appropriate infrastructure, technology, absorbable network connections, terminals for supply chains characteristic of a specific type of economic system, and as a result, lack of compatibility with other projects. In such a situation, it is unlikely that the intended goals will be achieved, which may lead to an increased risk of repayment. Equally important in this context (incomparably more so in the area of state security) is the problem of the war in Ukraine, which has already slowed down some green transformation activities, and if it lasts longer, it may stop them, and the implementation of others may lose their meaning altogether. Poland, being a country bordering the country where the war is taking place, must make prudent decisions, especially in an area as expensive and having little to do with the security of citizens and the state as climate protection, which may be a priority in peacetime.

The regulation on the general system of conditionality carries even greater risks for Poland in terms of obtaining and using funds from the EU budget than the obligation to allocate 30% of funds to climate projects, because it practically creates the possibility of permanent blocking of funds. There are no restrictions as to the reasons justifying the request to block, suspend or withdraw funds. There is a procedure that slows down the blocking of funds, but the very fact of its launch will result in the beneficiaries putting pressure on the state to remove the causes of the risk of blocking or withdrawing funds. The regulation consists of two parts. The first part, which in a sense has the character of a preamble, includes 29 assumptions, which include the axiological foundations of the Union, the justification for the introduced regulation and the principles that will be guided by the authorized bodies, i.e. the Council and the Commission, when taking actions to comply with the law. The second part consists of ten articles dealing with the provisions necessary to protect the Union budget in the event of violations of the rule of law in the Member States (Article 1).

The regulation adopted by the Council of the European Union was constructed based on the category of the rule of law, but the formulations contained in assumption (12) and the definition of the rule of law must raise serious reservations and concerns. In assumption (12) it is written; "The very existence of effective judicial review to ensure respect for Union law is an inherent feature of the rule of law and requires independent courts." Therefore, the rule of law and independent courts are to serve the purpose of respecting EU law, i.e. they are part of the EU's instruments. In art. 2 for the purposes of the Regulation, the concept of the rule of law is defined: "the rule of law" refers to the values of the Union listed in Art. 2 TEU. It includes: the principle of legality, which means a transparent, accountable, democratic and pluralistic law-making process; the principle of legal certainty; prohibition of arbitrariness in the actions of executive authorities; the principle of effective judicial protection, including access to justice, provided by independent and impartial courts, including with regard to fundamental rights; the principle of separation of powers; and non-discrimination and equality before the law. The rule of law is understood in a way that takes into account other values and principles of the Union enshrined in Art. 2 TEU. According to this definition, the rule of law is to refer to the values of the Union, and not the values of the Union to the rule of law. These issues concern the primacy in the Union -member state relationship, while the possibility of applying the conditionality mechanism in relation to a member state is specified in Art. 4. In point 2, which is the basis for initiating the procedure for blocking funds or temporarily restricting access to them, it is written: *For the purposes of this Regulation, violations of the rule of law must concern at least one of the following elements*. Eight elements are listed sequentially here, the last two of which are summarized as follows:

(g) the effectiveness and timeliness of cooperation with OLAF and, subject to the participation of the Member State concerned, the EPPO in the framework of investigations conducted by those authorities or brought and supported by them on the basis of applicable Union acts, in accordance with the principle of sincere cooperation;

(h) other situations or activities of the authorities which are relevant for the sound financial management of the Union budget or the protection of the Union's financial interests.

Attention should be paid to the asymmetry of the conditions contained in letter g), which specify only the rules that must be followed by one party - the Member State. Letter h) gives the authorized body the opportunity to accept any reason for initiating the procedure for violating the principles of the rule of law.

The presented risks regarding transfers of funds from the EU budget and the amount of Poland's contribution do not exhaust the issues of financial flows between Poland and the EU in 2021-2027. The positive cash flow balance will be reduced by new liabilities.

V. THE AMOUNT OF POLAND'S CONTRIBUTION IN RELATION TO ALL COMPONENTS (INCLUDING KPO REPAYMENT) AND MFF 2014-2020. BALANCE OF DIRECT TRANSFERS WITH THE EU BUDGET.

On December 2, 2013 The EU Council adopted the regulation on the multiannual financial framework (i.e. the long-term EU budget) for 2014-2020, which came into force on January 1, 2014.

The 2014–2020 multiannual financial framework allowed the European Union to spend a maximum of EUR 959.51 billion in commitments and EUR 908.40 billion in payments (all amounts in 2011 prices, excluding technical adjustments). This is less than in the multiannual financial framework 2007–2013. The aim of the reduction was to reduce the pressure on Member States' budgets after the financial crisis.

EU spending for 2014–2020 is divided into 6 general headings:

1) Smart and inclusive growth. Spending ceiling: EUR 450.45 billion, including:
   - competitiveness for economic growth and employment. Expenditure ceiling: EUR 125.61 billion (an increase of over 37% compared to the previous financial framework);
   - economic, social and territorial cohesion. Spending ceiling: EUR 324.84 billion.
2) Sustainable growth: natural resources. Spending ceiling: EUR 372.93 billion.
3) Security and citizenship. Spending ceiling: EUR 15.67 billion.
4) The global dimension of Europe. Spending ceiling: EUR 58.70 billion.
5) Administration. Spending ceiling: EUR 61.63 billion
6) Compensation of EUR 27 million for Croatia so that it does not have to pay more to the EU budget in 2014 than it received.

In the MFF 2014-2020, Poland received EUR 105.8 billion, including EUR 72.8 billion for cohesion policy. In the MFF 2007-2013, this amount was slightly lower and amounted to EUR 102 billion. Table 2 presents data on financial flows between Poland and the European Union in 2014-2020. The difference of almost EUR 3.5 billion between the amount allocated in the MFF and transfers until 2020. may result from the practice of implementing and settling MFF projects, which ends by year n+3, i.e. in this case by 2023. Therefore, in 2021, on the side of transfers from the EU and returns to the EU, there may be measures related to the 2014-2020 financial perspective.

TABLE 2. FINANCIAL FLOWS POLAND - EU IN 2014-2020 IN EUR

Years	Transfers from the EU	Membership fee	Returns to the EU	Balance
2014	17 124 602 643	4 153 101 502	1,237,753	12 970 263 389
2015	13 054 185 157	4 262 068 238	7,727,673	8 784 389 246
2016	9 976 431 291	4 493 369 548	1,389,807	5 481 671 935
2017	11 152 605 388	3 557 347 001	2,074,821	7 593 183 566
2018	15 758 862 656	4,467,249,277 - 1,182,840 Refund of overpaid contributions in 2017	15,499,431	11 277 296 789
2019	16 284 889 606	5,049,649,572	104,652	11 235 135 382
2020	18 990 577 832	5 832 358 768	958 281	13 157 260 783
Together	102 342 154 573	31 813 961 066	28,992,418	70 499 201 090
on average per year	14 620 307 796	4 544 851 581	4,141,774	10 071 314 441
2021	18 585 144 227	7 074 634 414	1,516,091	11 509 144 227

Source: Own study based on data from the Ministry of Finance: https://www.gov.pl/web/finanse/transfery-polska-ue-unia-europejska.

TABLE 3. GROSS DOMESTIC PRODUCT (GDP) OF POLAND IN 2014-2020 AT MARKET PRICES (IN EUR MILLION)

2014	2015	2016	2017	2018	2019	2020	2021
408,9 67.8	430,4 65.8	427,0 91.8	467,4 26.6	497,8 42.3	533,5 99.9	526,4 45.2	574,3 85.4
Cumulative GDP value in 2014-2020 = 3,291,839.4 trillion							

Source: Eurostat, https://ec.europa.eu/eurostat/databrowser/view/tec00001/default/table?lang=en. Accessed 10/08/2022.

TABLE 4. STATE BUDGET REVENUES AND EXPENSES IN 2014-2020

Year	Income	Expenses	Expenditures in EUR	EUR/PLN exchange rate (Rate according to average rates from the NBP Exchange Rate Table.)
2014	283 542 707 000	312 519 527 000	73 321 804 425	4.2623
2015	289 136 706 000	331 743 437 000	77 846 635 457	4.2615
2016	314 683 570 000	360 843 115 000	81 564 899 412	4.4240
2017	350 414 702 000	375 768 453 000	90 092 894 339	4.1709
2018	380 048 140 000	390 454 347 000	90 803 336 512	4.3000
2019	400 535 255 000	414 273 014 000	97 281 440 413	4.2585
2020	419 795 700 000	504,776,000,000	109 381 988 365	4.6148
Together			620 292 998 923	
2021	494 967 700 000	521 295 500 000	113 339 892 216	4.5994

Source: Own study based on reports on the implementation of the state budget (www.mf.gov.pl) and the NBP average exchange rate tables as of the last day of a given year.

Tables 2, 3 and 4 present data covering transfers of funds from the MFF from 2014-2020 (the Tables also provide data for 2021, the first year of the MFF for 2021-2027 to show the relationship between the end and the beginning of the next MFF), the size Gross Domestic Product (GDP) and the size of the budget (in expenditure) of Poland in the analyzed years. Over the seven years of the MFF, Poland obtained EUR 102.3 billion, or 3.11% of the cumulative value of GDP in 2014-2020. The cost of access to these funds amounted to EUR 31.8 billion, excluding own contribution to the implemented projects, which means that the balance of transfers amounted to EUR 70.5 billion. In relation to GDP, the amount of the contribution paid to the EU budget (annual average over EUR 4.5 billion) is approximately 1%, while the amount of funds obtained less the amount of the contribution in relation to GDP in 2014-2020 amounted to 2.14%. Refunds in individual years were at an acceptable level (except for 2015 and 2018). The relationship between the indicated amounts and the budget amount is also interesting. The cumulative contribution for the years 2014-2020 amounted to 5.13% of cumulative budget expenses, and the share of funds obtained in cumulative expenses was 16.50%. Therefore, the share of accumulated funds from the EU budget, after deducting the amount of contributions due, amounted to 11.36%.

We should be aware that in the coming years Poland will incur higher and higher costs of obtaining relatively lower and lower aid funds. This will be influenced by many factors, including the exit of Great Britain, which was a significant net payer, from the EU and the expansion of the EU to new countries. However, the most important reason is the economic development of Poland, which translates into GDP growth, on the basis of which the amount of the contribution is determined.

If the trends visible in Tables 2, 3 and 4 continue, in the years 2021-2027 the average annual premium will be higher by approximately 40% (EUR 6.3 billion) than the average annual premium in the years 2014-2020 (this is due to over 40% GDP growth between 2014 and 2021). This means over EUR 44 billion in contributions over a seven-year period. It will still be approximately 1% of GDP in 2021-2027, but 40% more to obtain EUR 100.7 billion, an amount EUR 5 billion lower than that obtained in 2014-2020. Poland will, of course, still have a clearly positive balance of funds flows with the EU budget, but not as significantly positive as it is presented.

The decision on own resources for 2014-2020 was adopted by the Council on May 26, 2014. Under these provisions, the Union could collect its own resources for payments amounting to a maximum of 1.20% of the sum of the gross national income (GNI) of all Member States . The following types of own resources occurred in the 7-year budget cycle:

- traditional own resources (mainly customs duties and sugar levies);
- VAT-based own resource : a flat rate of 0.3% is levied on each Member State's VAT base and the taxable VAT base cannot exceed 50% of the country's gross national income;
- GNI-based own resource : a flat rate levied on the gross national income of Member States. This rate is adjusted annually to balance income and expenses.

The Own Resources Decision for 2021-2027 was adopted by the EU Council on 14 December 2020, and by May 31, 2021, it received formal notifications of approval from all 27 EU countries. From 1 January 2021, the following own resources ceilings apply to the EU:

- for payments: 1.40% of the GNI of all Member States;
- for liabilities: 1.46% of the GNI of all Member States.

These ceilings will be exceptionally and temporarily increased by a further 0.6% to cover all EU liabilities under the Next recovery loans. Generation EU, until all borrowed funds are repaid.

As of January 1, 2021 waste-based own resources came into force. The new levy is calculated based on the weight of non-recycled plastic packaging waste in each Member State, with a collection rate of EUR 0.80 per kg. For less wealthy countries, including Poland, a mechanism has been introduced to limit the amount of the fee. The fee will be in addition to the existing:

- **traditional** own resources, mainly customs duties and sugar levies (member states will retain 25% of the amounts collected as collection costs);
- **VAT-based** own resources - a flat rate of 0.3% is levied on each Member State's VAT base, and the taxable VAT base cannot exceed 50% of the country's GNI (the method will be simplified);
- **GNI-based** own resource - a single rate is levied on Member States' GNI and modified every year to balance revenue and expenditure (nothing changes). According to estimates, 1.05% of GNI.

It should be noted that, compared to the MFF 2014-2020, there have been significant changes in the current MFF regarding the EU's own resources. In the previous MFF, the own resources ceiling for payments was 1.20%, and for the current MFF it is 1.40% of EU GDP. Taking into account that the EU's GDP is EUR 16.4 trillion (Eurostat data for 2019), this means the right to obtain EUR 32.8 billion per year, i.e. at least EUR 229.6 billion over 7 years (the amount should be much higher with a probable increase in the value of EU GDP). A 0.06% higher resource ceiling category for liabilities was also introduced and, what is particularly important, a possible increase in the ceilings by another 0.6% "exceptionally and temporarily" until all borrowed funds on Next are repaid Generation EU, i.e. EUR 750 billion by 2058. As for the fee calculated on the basis of the weight of non-recycled plastic packaging waste, there is a significant risk that Poland will incur high costs on this account, because producers introduce packaging on the market that is " non-recyclable ", which is obviously related to low costs materials used to produce packaging. The solution is to introduce regulations on extended producer responsibility (ROP), but work on the draft act that would actually organize the packaging waste market (unlike the 2005 act) has been going on for over fifteen years and so far there has still been a lack in this respect. sufficient determination of the legislator (Journal of Laws of 2005, No. 33, item 291). According to the government's estimates presented in the justification to the draft law ratifying the decision on EU own resources, the fee on plastic packaging waste is to amount to EUR 371 million (reduced by EUR 117 million in accordance with the limiting mechanism for less wealthy countries) annually for seven years.

The amount of the packaging fee for the years 2021-2027 will amount to EUR 2.597 billion. Will the amount of the packaging fee decrease in the next financial perspective due to the higher level of packaging recycling? It may be doubted that, because the fee is a sanction, the fee per unit (kg) of non-recycled packaging will increase.

Another important issue: the Reconstruction Fund is created from the debt incurred by the EU, and this obligation of EUR 750 billion must be repaid with interest by 2058. The cost of interest on the debt for Poland in the years 2021-2027 is to amount to EUR 550 million per year, i.e. current MFF EUR 3,850 million, which together with the amount of the packaging fee for 2021-2027 amounting to EUR 2,597 million gives an amount of almost EUR 6.5 billion. Together with the estimated amount of the contribution, this will amount to EUR 50.5 billion of payments from Poland in 2021-2027. Since the EU budget will be burdened with repayments of EUR 750 billion in the coming years, the EU will have to raise an additional approximately EUR 30 billion annually. It will therefore strive to introduce other**, new own resources**. Three new sources of revenue are planned to be introduced in 2023: revenues from CO 2 emissions trading, carbon border duty (CBAM) and fees from international corporations. From the above-mentioned sources of revenue, in the years 2026-2030, the EU budget should receive approximately EUR 17 billion annually (poland.representation.ec.europa.eu). Of course, these are not all ideas for new sources of income. There would probably be many more of them if it were not for the requirement of unanimity in this matter.

The process of transferring the due contribution to the EU is the responsibility of the Ministry of Finance. Poland, like other countries, pays a membership fee to the EU budget under the so-called the EU's own resources system, calculated on the basis of the calculation methods agreed at EU level (based on the decision on the system of own resources No. 2020/2053 and its implementing provisions). The membership fee is divided into two elements:

1) The so-called national contribution/contribution, which includes payments calculated using statistical data based on:
   - gross national income (GNI);
   - VAT;
   - weight of unprocessed plastic packaging;
   - payment of correction mechanisms.
2) Payment for traditional own resources, i.e. customs duties - the amount of the payment depends on the actual amount of customs duties collected. Member States contribute 75% of the fees collected to the general budget of the EU, while retaining the remaining 25% as so-called collection costs.

The amount of contributions that Member States pay to the EU budget is set as part of the annual budgetary procedure by the Council of the EU and Parliament and entered in the general budget of the EU. If it is necessary to make changes to the EU budget, amending budgets are adopted, although not all of them affect the amount of Member States' contributions.

In Poland, the Ministry of Finance is responsible for paying contributions to the EU budget. The payment is made twice a month (payment of the national contribution on the 1st working day of each month and payment of customs duties on approximately the 20th day of the month) to the account of the European Commission kept at the National Bank of Poland in PLN.

The funds for the payment of the contribution are included in the state budget in part 84 - Own funds of the European Union. With the exception of customs duties, membership fee expenses are not linked to specific budget revenues and do not directly burden citizens (i.e. they do not come from a tax established directly for the EU budget but are transfers of funds from national budgets).

VI. Conclusion

The progressing political integration of the European community influences the expansion of the areas of EU policies. This translates directly into expenditure policy and, inevitably, into budget expansion. The multiannual financial framework 2021-2027 has an unprecedented dimension because the European Union is incurring debt for the first time in its history, and a significant one at that, constituting as much as 41.12% of the entire multiannual budget. This will result in the expansion of the European Union's own resources, an increase in the share of the EU budget in the gross national product of the European Union and the growing importance of the European Commission. The multiannual financial framework 2021-2027 also has an important dimension for Poland, because it may be the last such favorable aid funds from the European Union budget.

The past seven-year financial perspective was a time of many positive experiences for Poland, but also negative ones. Risk areas have emerged that were not taken into account before. It turned out, contrary to popular opinion, that funds from the EU budget are not "easy funds". The ongoing campaign in recent years to undermine Poland's right to MFF funds is based on arguments that have no basis in the ratified Treaties. Unfortunately, there may be concerns that some of the funds allocated to Poland in the MFF 2021-2027 will be blocked or their amount will have to be reduced by the imposed penalties. Moreover, without denying the role and importance of MFF funds for Poland, it should be noted that the long-standing narrative that Poland owes its dynamic development solely to funds from the European Union is not confirmed in the light of the data presented.

The conditions related to the spending of EU funds carry serious risks for Poland. This concerns the obligation to allocate 30% of all funds to climate projects and the regulation on the general system of conditionality, which creates the possibility of permanent blocking of funds.

In the coming years, Poland will incur higher and higher costs of obtaining relatively lower aid funds. This will be influenced by many factors, including the exit of Great Britain, which was a significant net payer, from the EU and the likely expansion of the EU to new countries and the costs related to the effects of Russia's aggression against Ukraine. However, the most important reason will be Poland's economic development, which translates into GDP growth, on the basis of which the amount of the contribution is determined.

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