Ex Post Evaluation of Cohesion Policy Programmes
2000–2006 financed by the
European Regional Development Fund in
Objective 1 and 2 Regions

Working package 1: Coordination, analysis and synthesis

Task 4: Development and achievements in Member States

POLAND
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PREFACE

This report is intended to summarise the main aspects of regional disparities, the changes in these which occurred over the 2000–2006 programming period and the principal features of regional development policy over this period in terms of the objectives, the way that it was implemented and the contribution of the Structural Funds. It also reviews the evidence on the effects of policy as regards both the direct results of expenditure in the different policy areas and the wider impact on development as such.

It is based on three primary sources of information. The statistical data on regional and national developments over the period so far as possible come from Eurostat in order to ensure comparability with other studies carried out at EU level as well as with the other national reports produced as part of the ex post exercise.

The data on the allocation of funding and expenditure come from the INFOVIEW database maintained by DG REGIO, which itself is based on regular information from the Member States on the allocation of funding and the payments made.

Information on policy objectives, on the results of expenditure and the wider effects of this and on the procedures adopted as regards the implementation of policy comes from various programming documents and national evaluation reports as well as from impact studies which have been carried out on the actual or intended effects of programmes.

The reports, therefore, are based on existing information – or more precisely, the information available at the time they were prepared (around mid-2008) – and no new evaluation has been undertaken for purposes of preparing the report.

The report has been prepared by the Applica-Ismeri Europa–wiiw Consortium, which is coordinating the work on the ex post evaluation of ERDF expenditure in Objective 1 and 2 regions, working closely with a national expert who was responsible for interpreting the quantitative data and the other information indicated above. Although the contents of the report have been checked with officials in DG REGIO and with the national authorities, responsibility for any errors in the factual information presented or its interpretation rests with the authors and the views expressed do not necessarily reflect those of DG REGIO or the national authorities.

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1 This report was produced with the assistance of Grzegorz Gorzelak, EUROREG – Centre for European Regional and Local Studies.
EXECUTIVE SUMMARY

Poland is a country with a polycentric urban structure and growing regional disparities, mostly due to the concentration of development in metropolitan areas. The East–West divide in the country has persisted over much of its history. European integration, the opening of the markets and global trends have contributed to recent rapid economic growth and a reduction in unemployment across the country. At the same time, however, regional disparities have tended to widen rather than narrow.

After accession in May 2004, development policy in Poland was shaped by the National Development Plan 2004–2006 which stressed the necessity of a high and stable rate of growth of the national economy. Because of time pressure, most of the attention of policy-makers during the process of preparation for accession was taken up by the capacity to absorb EU support. Despite high priority given in strategic documents to pro–Lisbon objectives, the propensity to disperse infrastructure investment across regions, rather to concentrate it in strategic places, is a visible feature at operational level.

When compared to other Central and Eastern European countries, Poland is ranked around average in terms of the capacity to absorb EU funding. Given the centralised and bureaucratic initial design of the delivery system, as well as the relatively poor quality of the institutional framework, a great deal of effort in recent years has gone into improving the ability to spend, with some success.

Since only a few mid–term evaluations have been finalised, any statements concerning successes and problems encountered in the implementation of the sectoral and regional operational programmes have to be treated as initial and tentative, and requiring further verification in a fully fledged evaluation process. Moreover, as the implementation of structural operations is still underway and the number and scope of evaluation studies is accordingly limited, any assessment of impact has to be cautious and is inevitably preliminary. But whatever the limitations of data available, the influence and value added of EU policies is indisputable both on institutions and the economy.

Despite only a short experience in Poland of implementing EU policies, a number of lessons for the future can be drawn. They relate to the need to implement a policy that is more strategically–oriented, better coordinated and based on new understanding of the development process. Moreover, further reform of the institutional system and more efficient delivery mechanisms are needed. Success depends equally on changes occurring at EU level. In particular, the decisive choice needs to be made between “equity” and “efficiency” – taking account of all the effects of CAP and Cohesion policies – as soon as possible, otherwise national efforts will have less than expected effects.
MAP OF POLAND – OBJECTIVE 1 REGIONS
REGIONAL CHARACTERISTICS AND SOCIO–ECONOMIC CONTEXT

The main spatial pattern – the settlement system and the major transport corridors – were shaped in Poland as early as in late Middle Ages. The East–West divide is a permanent feature which has persisted over several historical upheavals and frequent changes in State boundaries. It remained throughout the socialist period, which strongly focused on equalising interregional differences through intensive industrialisation.

Wide regional disparities exist in Poland, though no wider than in other European countries of similar size. GDP per head in the most prosperous region, Mazowieckie (i.e. the Warsaw region), was around twice as high in 2006 as in Lubelskie, Podkarpackie and Świętokrzyskie, the least developed regions in the East and South-East of the country. At a more disaggregated NUTS3 level, GDP per head in Warsaw was five times higher than in the Chełm–Zamość and Białołęk podlaski sub–regions in the eastern part of the country (though this reflects the effect of commuting to a large extent).

Considerable differences can also be observed within individual regions (voivodships), especially in those with large cities. For example, in 2005, in the Mazowieckie voivodship, GDP per head in Warsaw was 4.4 times higher than in the Ostrołęka–Siedlce sub–region (east of Warsaw), while in the Małopolskie voivodship (in the mid–south where Kraków is situated) the GDP per head in the most prosperous area was 2.7 times that in the least prosperous.

(The regional pattern of GDP per head is shown in Figure 1 in the Appendix.)

The differences in GDP per head between Polish regions reflects differences in their regional socio–economic structures. The shares of employment in the primary sector vary from under 4% in Upper Silesia to almost 36% in Lubelskie in the east, and since the productivity of someone employed in agriculture is only one eighth of that of someone employed in industry and one tenth of someone employed in market services, it is not surprising that there are wide variations in GDP per head.

‘Metropolisation’ is the main factor behind the widening of regional differences. Since 1990, large cities (mainly Warsaw, but also Poznań, Kraków, Wrocław, Tricity of Gdańsk–Gdynia–Sopot), with diverse economy structures, connected to Western Europe by relatively well developed transport and telecommunication links, relatively well endowed with support

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4 For 1995–2005 there is a positive correlation (0.42) between the level of GDP per person in NUTS3 and the GDP rate of growth (see Figure 3 in the Appendix)
facilities, including research & D centres and with a relatively well-educated population, have been much better placed to face the competitive global economy. The diffusion of development from Warsaw to surrounding areas does not extend beyond a 30 kilometres radius, and probably even less in the case of other large cities. At the same time, the city attracts people from areas within a 50-100-kilometre radius.

The eastern mostly rural regions have demonstrated much less capacity to attract external (mostly foreign) investment and have not been able to develop their own endogenous potential. This is largely due to their relatively poor urban base, low education attainment levels, poor infrastructure, underdeveloped institutions, less efficient regional and local governments and poor accessibility. Apart from a few cases of localised growth, the dairy industry in the north-eastern region and restructured machinery and aviation industries in the south-eastern region are rare examples of successful economic development in such areas.

The post-industrial regions have shown varied performance. Upper Silesia (heavy industries) and Łódź (light industry) have not succeeded in overcoming the need for industrial adaptation. The south-western part of the country (Wałbrzych, Jelenia Góra) as well as the north-western region (Szczecin) have yet to achieve sustained growth (see Appendix C, Figure 2).

At the same time, there are signs of some narrowing in disparities in growth performance since 2000, if not in the levels of GDP per head. The difference in rates of growth of GDP per head between regions was, therefore, less over the second half of this decade than in the first half of the 1990s, when growth in Mazowieckie averaged over 10% a year whereas in Opolskie, it was only around 1% a year (Table 1, Appendix D).

Between 1999 and 2006, GDP per head grew at an average 3.5% a year in the country as a whole, with regional growth rates varying between 4% and 2.2% a year. Growth in all regions was, therefore above the EU average, so that each region experienced some convergence in GDP per head. Growth, however, still tended to be higher in the stronger regions (it was highest in Łódzkie closely followed by Mazowieckie) than in the weaker ones, so that internal disparities in Poland widened further, if at a slower rate than before.

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5 Gorzelak, 2006.
7 Gorzelak 2007.
2 NATIONAL MACROECONOMIC CONTEXT AND POLICY

Over the period 2000–2006, growth in Poland slowed down in the first two years but increased to a relatively high rate from 2002 on (see Table 2 and Fig. 4 in the Appendix). From 2004, the labour market situation also improved, unemployment falling from a peak of 20% in 2002–2003 to 14% in 2006. Indeed, by 2007, the problem became one of widespread labour shortages instead of high unemployment, partly due to some 1.5 million Poles moving abroad to work after EU entry.

In spite of fast growth, inflation was mostly below the EU average from 2002 onwards, though it rose above the average in 2007 and 2008, and both interest rates and the exchange rate have been relatively stable. The external deficit declined gradually from 2000 on to under 2% of GDP in 2006. The public sector deficit also declined after the period of slow growth to just under 4% of GDP in 2006 (and to under 2% of GDP in 2007). At the same time, general government expenditure remained broadly constant as a share of GDP, implying a significant increase in real terms. Moreover, the share of fixed investment in expenditure rose to 9% in 2006 and to 11% by 2008.

Overall, therefore, regional development policy since 2004 has been carried out in the context of a stable macroeconomic environment with a high rate of national growth and increasing resources going to public expenditure and public investment in particular.

3 REGIONAL DEVELOPMENT POLICY AND CONTRIBUTION OF STRUCTURAL FUNDS

Before accession to the EU

Poland has a long history of regional policies dating back to the 1930 when the integrated regional development plan was formulated. This plan – aimed at creating a Central Industrial District – would even now be regarded as modern and innovative. In addition, from the late-1940s to the late-1960s, the Polish regional and spatial planning ‘school’ was internationally known and respected. Regional policy, however, was neglected from then up to comparatively recently.

After 1989, three phases of regional policy can be distinguished. In the first phase, before the creation in 1999 of 16 regional authorities with elected governments, regional policy was weak, similar to that in other countries in the region, and subordinated to horizontal policies formulated at national level. The only signs of regional policy were the special economic
zones (most of them created in the period 1995–1997) and special measures implemented in areas threatened by structural unemployment.

The second phase came with the decentralisation reform of 1999 and the development of the pre-accession measures. The new regions began to cooperate over policy with central government. Each of the 16 voivodships formulated regional strategies in 1999 and 2000, which were then revised later to meet the needs of the 16 Regional Operational Programmes.

From the mid-1990s onwards, the doctrine of regional and spatial policies has tended to change, departing from the principle of equalisation principle and moving more towards one of efficiency. The major goal was to close gap in GDP per head between the country and the EU15, called for increasing the national rate of growth and sustaining the rate at a high level, even at the expense of temporary increases in interregional disparities. At the same time, it was recognised that the major cities were the main driving forces of growth and structural change, which reinforced the acceptance of the need for regional disparities to widen.

Since 2000, relations between the national government and the regions have been based on of ‘regional contracts’, which were a cross–product of the National Strategy for Regional Development (NSRD), prepared by the government (formulated for the period 2001–2003) and the regional strategy prepared by the regions. On the basis of the NSRD, the government formulated the ‘support programme’, which specified the goals of the national regional policy, the (very limited) funding for it and the distribution of this funding between the priorities and the regions. After accession in 2004, finance from the EU money was included in the regional budgets on equal terms. From the beginning, the contracts were intended to accommodate all development measures, regardless of the source of funding. After 2004, the pattern of priorities shifted somewhat (from those indicated in Table A) towards those of Cohesion Policy.

The total sum assigned to regional policy in the period of 2001–2003 was around EUR 750 million, which was then distributed according to the priorities set out in the NSRD and divided among the regions according to their population, unemployment rate and regional GDP (80% for the first, 10% each for the last two).

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8 Essentially, the process began by the government putting forward a proposed programme and the finance available to each region; regions then responded by proposing their own programmes, in which the projects rooted in their development were indicated. The contracts were then the final agreements on the regional programme between the government and the regions.

9 Support to Regional Development Act, 2000.
After accession to the EU

Since accession, development policy has been shaped by the National Development Plan 2004–2006 which highlighted the necessity for high and stable national rates of growth. Detailed plans of action at regional and local level have then been drawn up based on the principle of “concentration and diffusion”.

After accession, all Polish regions became eligible for Objective 1 support, including Upper Silesia and the Łódź regions which have all the features of the old industrial regions in EU15 countries, typically supported under Objective 2.

Although the focus here is on cohesion policy, it should be recognised that EU sectoral programmes, the CAP, the TENs and the opening up to the single market itself have had a major influence on regional development in Poland, especially the south-western and western regions.

So far as cohesion policy is concerned, after accession, a single Integrated Regional Operational Programme (IROP), managed (from 2005) by the Ministry of Regional Development, was set up with most tasks delegated to the regions. The system gave responsibility for implementation to government representatives (Voivods) in the regions and financial resources were divided between the regions according to the 80–10–10 principle established by the NSRD for the period 2000–2006\(^\text{10}\).

The programme had the following three priorities:

1. Development and modernisation of infrastructure in order to improve the competitiveness of regions, with investment aimed principally at:
   - modernisation and development of the regional transport systems;
   - environmental protection infrastructure;
   - facilities of tertiary education institutions;
   - public infrastructure for supporting tourism and development of cultural activities;
   - infrastructure for the development of the Information Society;
   - the development of urban public transport in the two main conurbations, Warsaw and Upper Silesia.

2. Support for human capital was concentrated on developing competencies linked to the needs of the regional labour market and on increasing life-long learning opportunities,

\(^{10}\) 80% according to the size of population, 10% for GDP per head lower than 80% of the national average, 10% for having counties with unemployment higher than 150% of the national average.
as well as on equalising education opportunities through scholarships, vocational training for people leaving agriculture and those affected by restructuring; entrepreneurship and the formulation of Regional Innovation Strategies and the transfer of knowledge.

3. Support under territorial policy was focused on the development and restructuring of rural areas, areas of industrial decline and restructuring, urban areas threatened by marginalisation and old industrial and military sites.

In addition, support went to micro enterprise start-ups and local education and social infrastructure.

Technical Assistance went to the institutions involved in the implementation of the programme (IROP Managing Authority at the Ministry of the Economy, Labour, and Social Policy [from 2005 Ministry of Regional Development], Marshal Offices, Voivodship Offices, Voivodship Labour Offices, Regional Financial Institutions11).

The total budget of the IROP was EUR 4.1 billion, almost EUR 3 billion coming from the EU, which represent over a third of the amount allocated to Poland from the Structural Funds and the Cohesion Fund over the period 2004–2006.

The least developed regions were allocated relatively more funding than the more advanced ones (see Figure 5 in the Appendix for the regional distribution of the IROP). The IROP at the end of 2008 was one of the most advanced of all Operational Programmes in terms of implementation. This is reflected in the rate at which budget allocations had been spent by that time, expenditure amounting to 96% of the funding allocated in the case of “environment and energy” projects and 90% in the case of “territorial policy”. In the policy areas receiving most funding, “transport and telecommunications” and “human resources”, 91% and 78%, respectively, of the budget allocated had been spent; while some 83% of that allocated had been spent in the case for the “enterprise environment”. These figures put Poland around the average for the new Member States as regards the rate of expenditure.

Since only a few mid-term evaluations have so far been completed, any remarks on the successes and problems encountered in IROP implementation have to be treated as preliminary. Nevertheless, it is evident that the implementation system turned out to be overly heavy and complex, which resulted in a slow and difficult start to the programme.12. In particular, financial management procedures were an impediment to successful

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11 In 14 out of 16 regions this role was played by the regional development agencies which proved to be much better prepared to work with entrepreneurs than the regional administration.

12 That was easy to predict before accession. See: Kozak 2004.
implementation, since less wealthy organisations were deterred from undertaking projects because of the long lags in receiving payment. It should be noted that small infrastructure projects have been implemented most quickly, while the least advanced are those relating to the Lisbon Strategy objectives (such as implementation of regional innovation strategies and technology transfer). In addition, because regional governments were short of resources for co-payment, local government projects of little or no regional significance were implemented first. For a number of reasons, implementation of IROP has been characterised by a wide dispersion of projects and limited concentration of funding.

The regional pattern of IROP disbursement (at the end of December 2007) shows perhaps the opposite picture than might be expected in terms of absorption capacity. The most successful in spending the EU funds were the least developed regions in eastern and central Poland, Podlaskie, Kujawsko-Pomorskie and Świętokrzyskie, in all of which around 84% of the budget had been spent. The least successful were regions undergoing industrial restructuring, Śląskie and Łódzkie, together with Mazowieckie, in which around 70% of the budget had been spent.

## 4 EFFECTS OF INTERVENTION IN DIFFERENT POLICY AREAS

At the present time (mid-2008), no serious assessment of the socio-economic results of the Structural Funds and the Cohesion Fund in Poland is possible, partly because the budget allocated has only been spent, partly because it is difficult to disentangle the effect from other factors, such as pre-accession funding, and partly because of the lack of up-to-date data on regional developments. The only possibility is to examine inputs rather than outputs.

Fragmentary information suggests that the regions, in general, have a strong propensity to invest in infrastructure, while the less developed regions tend to spend relatively more on human resource development. It also suggests that the stronger region have benefited more from EU intervention than the less developed ones, which seems to indicate that EU membership will further increase tendencies towards regional divergence in Poland.

A relatively large number of research studies and evaluations have recently been commissioned by the Managing Authority (Ministry of Regional Development). These,

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13 MRR, Ministerstwo Rozwoju Regionalnego – Ministry of Regional Development, 2008a

14 MRR, 2008b.
however, tend to focus on selected aspects or specific geographical areas and those that do not are not yet available. Most of the attention of the evaluations so far undertaken has been on the problems encountered and proposed solutions rather than the effects of the measures themselves.

**Agriculture and fisheries**

Support to agriculture played a significant role in economic, social and political terms. The effects of the CAP and structural operations, however, cannot be easily separated and assessed. In terms of implementation and spending of allocations, the agricultural operational programme has been second only to the IROP in terms of success\(^\text{15}\). Investments made by farmers, especially in husbandry and cereals cultivation, accounted for a large part of expenditure out of CAP funds. Structural support made it possible to develop training and advisory services for farmers and improve marketing schemes. Support to new jobs and income creation outside agriculture (i.e. in local services and agritourism) was particularly important for local development and restructuring of small farm. Visible progress was also made in improvement of local roads and other aspects of local infrastructure endowment. In addition, a project similar to LEADER+, implemented under the agricultural programme, led to partnership-based institutions being set up, so contributing to involving local communities in initiatives\(^\text{16}\).

**Enterprise environment**

According to the evaluation report of mid-2007, there were a substantial number of applications from research centres and universities, though many of these reported problems contributing own resources. Support helped to strengthen links with local businesses, but most progress was made in relation the establishment of services for businesses (advice and information; loans and guarantees). Much of the demand for advice and training was related to the Structural Funds as a source of finance and the support given significantly contributed to improving the quality of operations and service offered. In numerous cases, however, it was not translated satisfactorily into practical skills in the small firms concerned\(^\text{17}\).

Information on the effect of grants given directly to SMEs is still fragmentary, since the monitoring reports are limited to financial aspects only. Overall, by the end of January 2008, 2,214 businesses had received support in the form of advisory services and 10,596 for

\(^{15}\) MRR 2007d.

\(^{16}\) MRiRW, Ministerstwo Rolnictwa i Rozwoju Wsi – Ministry for Agriculture and Rural Areas Development, 2008.

\(^{17}\) WYG International and PSDB, 2007.
various types of investment (exporting, 7,168, water and sewage systems, 53, emissions, 17, new technologies and competitiveness, 3,358)\(^\text{18}\).

Support to micro-enterprises (mostly industrial units) under IROP went generally on investment projects. Under 3% of the 589 cases analysed in three regions were for using consulting services. In 86% of cases, support led to an increase in employment and in 38% of cases to a rise in capital expenditure\(^\text{19}\).

**Human Resources**

In general, the Human Resource Development Operational Programme has been accorded more importance over time and the progress in implementation significantly increased in 2007. According to monitoring data, it is estimated that 260–450 thousands new jobs have been created thanks to Structural Funds intervention, though more new jobs were created in regions with less difficult labour markets than elsewhere. The results in 2007 suggest that goals set in the National Development Plan 2004–2006 are being achieved\(^\text{20}\).

**Transport and telecommunications**

Particular importance is attached to improvements in the transport system given the outdated and worn out network which exists at present. After initial difficulties in both road and rail construction and modernisation, significant progress has recently been made in spending the budget\(^\text{21}\). Yet, many projects (520, with a budget of over EUR 7 billion, over 90% of the total amount of funding in this area) are still to be finished. Moreover, efforts seem to be excessively dispersed, especially at the local level. There is an evident propensity to support small projects of local importance, which are unlikely to bring significant improvement in the transport system as a whole. (According to data from the Ministry of Regional Development around 1,000 local projects were to result in only 1,600 kilometres of new local roads being constructed\(^\text{22}\).)

The major projects depend on national investment in motorways, where the deficiencies in the system are the greatest. Though all 8 major motorway projects have been commenced, as planned (they will consume 17% of all expenditure on transport infrastructure), none has yet been completed. The transport operational programme will bring the results expected in

\(^{18}\) Ministry for Regional Development 2008d.

\(^{19}\) RESOURCE 2007.

\(^{20}\) MRR 2007a.

\(^{21}\) MRR 2008c.

\(^{22}\) MRR 2008b
terms of removing bottlenecks, reducing travel time and increasing access only if the national, regional and local levels are closely integrated and coordinated.

In the case of rail transport, investment was relatively more concentrated on bigger projects, though progress has been disappointing, since up to mid–2007 only 34 kilometres of railway had been modernised\(^\text{23}\).

With regard to the needs stemming from the limited development of the Information Society in Poland\(^\text{24}\), the resources earmarked for internet connections seem small. Up to mid–2007, they helped to install 298 public hot-spots, 238 access points to broadband and 111 management systems in public administration\(^\text{25}\).

**Environment and energy**

Environmental protection was considered as one of top priorities from the beginning of the transition period and as a precondition for investment, in particular in tourism. Some success in this area was achieved before 2004 at the local level, where municipalities became the major recipients of support to supplement their own outlays. These processes also continued in the 2004–2006 period. At the national level, however, it was only in 2007 when expenditure really got underway (thanks both to changes in legislation and improved management). The Transport Operational Programme, in particular, has registered a significant increase in spending on environmental projects in recent months\(^\text{26}\), while initial delays in Cohesion Fund implementation were overcome a little later, and the risk that the available funds will not be spent has declined\(^\text{27}\).

The state of the natural environment in Poland is constantly improving in all aspects – water and air quality, waste disposal and even noise in residential area (noise shelters are being widely installed). This is mostly due to the efforts of local governments which received co-financing from the EU funds. Improvements have been noted in water management and water supply for agriculture. Most of the projects, however – 211 – are still in progress and only 23 had been completed by end–2007.

Rationalisation of energy use and wider use of renewable sources of energy has not been an important objective so far as EU intervention is concerned. Only five projects of local importance were implemented at a relatively small total cost of EUR 7 million.

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23 MRR 2008b.


25 MRR 2008b.

26 MRR 2008c.

27 MRR 2007c.
In spite of early warnings (2005) from the European Commission, Poland has not yet introduced the required methodology for an environmental impact assessment of infrastructure projects. Withdrawal of substantial funds (even those earmarked for the programming period 2004–2006) is a growing threat as a result.

**Territorial policy**

Although legislation on spatial planning committing the government to defining the concept of the Spatial Policy of the State was passed in 2003, this has not yet been done and Concept form 2001 (prepared in 1997) is still in force, although it is obsolete in substance and no longer line with regulations. In this situation, spatial issues at national level as a whole are being tackled as part of regional policy. As a result, the location of particular investments undertaken by the national agencies that implement the sectoral Operational Programmes are related to spatial decisions taken by the Ministries and not rooted in any national spatial “master plan”.

**5 FORMS OF INTERVENTION IN DIFFERENT POLICY AREAS**

Analysis of individual measures under individual Operational Programmes leads to the conclusion that except for grants to enterprises, the main recipients were public institutions, and despite the differences between policy areas, direct grants (mostly for ‘hard’ infrastructure) were the main forms of intervention (Annex B, Table 2).

In the ‘development of competitiveness’ policy area, resources were divided 50:50 between direct investment grants to enterprises and grants to institutions for improving the business environment.

The share of grants going to enterprises for RTDI was relatively small, due in large measure to the generally low level of innovativeness of Polish companies which led to an extremely low demand for grants.28

Major activities relating to infrastructure were planned and implemented in the form of direct grants to investment undertaken by public institutions, reflecting the fact that privatisation in this area is at an early stage, and infrastructure – with few exceptions – remains in the hands of public administration. In addition, the legal framework for public–private partnership is still not well enough developed to attract the private sector.

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28 That was one of the main reasons that the final financial structure of measures under SOP was subject to numerous changes. The most important change related to innovation support in SMEs, where due to lack of demand monies were transferred to other measures (grants to investments in businesses).
Support for human capital development took the form mostly of grants to public administration departments responsible for labour market policy, as well as to public and NGO education and training institutions. A relatively small part of funding went to small-scale investment in infrastructure (laboratories and equipment).
Expenditure by broad category and form in Objective 1 regions

<table>
<thead>
<tr>
<th>code</th>
<th>Policy Categories</th>
<th>Total public expenditure EUR (mn)</th>
<th>%</th>
<th>Main forms of intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Direct support to firms</td>
<td>2,451.5</td>
<td>25.3</td>
<td>direct grants to investment; grants to advisory, information and training services</td>
</tr>
<tr>
<td>2</td>
<td>RTDI</td>
<td>279.8</td>
<td>2.9</td>
<td>direct grant to companies, subsidies to encourage provision of services to firms, subsidies to create networks of R&amp;D institutions, subsidies to RIS creation</td>
</tr>
<tr>
<td>21</td>
<td>Direct support to firms for R&amp;D</td>
<td>40.3</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Indirect support for innovation</td>
<td>239.5</td>
<td>2.5</td>
<td>direct grant to companies, subsidies to encourage provision of services to firms, subsidies to create networks of R&amp;D institutions, subsidies to RIS creation</td>
</tr>
<tr>
<td>3</td>
<td>Infrastructure</td>
<td>3,739.4</td>
<td>38.6</td>
<td>direct grants to public investments</td>
</tr>
<tr>
<td>31</td>
<td>Transport infrastructure</td>
<td>2,912.2</td>
<td>30.0</td>
<td>direct grants to public investments</td>
</tr>
<tr>
<td>32</td>
<td>Other infrastructure</td>
<td>827.2</td>
<td>8.5</td>
<td>direct grants to public investments</td>
</tr>
<tr>
<td>4</td>
<td>Human capital</td>
<td>1,064.6</td>
<td>11.0</td>
<td>direct grants to public institutions, subsidies to encourage provision of support services</td>
</tr>
<tr>
<td>5</td>
<td>Local environment</td>
<td>2,156.3</td>
<td>22.2</td>
<td>direct grants to public investments</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>9,691.6</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Own calculations based on EU data.

6 POLICY IMPLEMENTATION

In general, the period in question is so short that no serious debates or conflicts on the focus of regional development have occurred. However, preparation for the 2007–2013 financial perspective was not free from debate, relating mostly to the extent to which regional operational programmes were supposed to earmark resources for activities related to the Lisbon Strategy. A compromise was finally reached on a figure of 60% on average for national programmes, although this minimum limit is not obligatory for the New Member States.

From the very beginning, the implementation system has turned out to be overly centralised and bureaucratic. Making improvements was a time-taking exercise requiring complicated legal action. The introduction of the institution of the Steering Committee, a body involved in project selection had unfortunate consequences. For instance, in the case of IROP the regional steering committees were composed of regional and local authorities, implementing institutions and the social partners and were responsible for recommending projects to regional governments. At least a third of steering committee members, however, came from

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29 This is based on the DG Regional Policy ‘Infoview’ database. For the relationship between the forms of intervention (the ‘instruments’) and the Infoview categories, see the table at the end of the report.

30 At the regional level, Lisbon Strategy type projects absorb on average some 40% of the resources available.
among potential recipients and due to unclear rules and dispersed responsibility, the projects selected were not always of the highest quality. However, successful solutions also emerged. In particular, support to micro-enterprises in most cases was decided by regional development agencies, where all decisions were taken efficiently within one institution. Amendments and changes in rules and procedures were not only difficult for the Managing Authority, but even more for recipients operating in an often changing legal and organisational environment.

Given that such complex programmes had never before been implemented in Poland, problems of coordination inevitably arose, but they were less serious than expected. The system designed for the IROP (with regional governments responsible for project selection but implementation left to the representatives of the regional government – the voivods) was potentially risky and gave rise to two parallel administrative structures (voivods and marshall services). The pressure to perform, however, made these institutions more willing to cooperate with each other.

The delayed start of implementation, followed by a rush in disbursing funding, had an inevitable bearing on all aspects of management, including monitoring, which was highly dependent on the availability of appropriate indicators (including base data). In this regard, it is more than unfortunate that the SIMIK (monitoring and control) system has never been fully operational which also adversely affected the quality of monitoring that de facto has been reduced to focusing on financial aspects only. It should be noted, however, that despite these problems, the monitoring reports of the agricultural programmes were the first to give at least basic information on the results achieved and not just on the level of expenditure. All the evaluation reports so far completed stress the problems of lack of availability and the poor quality of data.

A prevalent feature of the programming period is that “spending the money” appeared to be the most important objective in the implementation of policy and the efficiency of spending was of secondary importance. In all reports on EU intervention in Poland, the share of money contracted and spent appears as the central piece of information. To some extent, this is understandable, since no evaluation was possible. However, this attitude still seems to prevail, even if the new leaders of the Ministry of Regional Development have openly declared the need for evaluating policies in terms of their effects rather than the amount of money spent.

This attitude has often resulted in reversal of the proper sequence of events, in which problems come first, followed by ways of solving them, the search for resources and finally implementation. Instead, resources come first and the formulation of a problem to tackle
comes later. Such practices have been found in a small evaluation study conducted in four NUTS3 regions.\textsuperscript{31}

Public procurement regulations have appeared to be the biggest procedural barrier for a number of projects, mostly the infrastructure ones. The procedures have been too restrictive and have led to too many possibilities for appeal from the losers. The procedures have also opened up too many grounds for unjustified protests from opponents, who too frequently have used these protests as a means of obtaining financial reward for withdrawing them. All this has slowed down the investment process, both at local and national level.

7 GLOBAL EFFECTS

The allocation of EU funds between Polish regions per head does not reveal any clear pattern. None of the likely factors (metropolitan character, level of GDP, efficiency of local or regional administration, previous experience with EU pre-accession programmes and so on) explains the regional variation in funding. According to the Ministry of Regional Development in their most recent report\textsuperscript{32}, the EU intervention in Poland was more beneficial for the more developed regions than for the less developed. The concern is expressed that if no change occurs in this respect, the least developed eastern regions of the country will remain well below the national average in terms of social and economic indicators.

Given the logic of regional development in the context of globalisation and the pursuit of innovation-driven growth, this concern could well become a reality. Poland, in the same way as all new Member States, displays a clear regional polarisation caused by the fast growth of metropolitan centres and slower growth (or even stagnation) of peripheral, less accessible, and poorly developed regions. As noted above, EU intervention has not altered this pattern and, perversely, may even have reinforced it.

Growth of regional differentiation within Poland is reinforced by an uneven pattern of spatial distribution of investment from outside which is on a much larger scale than the investment financed by the Structural Funds. FDI is much denser in western parts of the country and within the metropolitan regions. Increased productivity which follows from this therefore benefits the already more developed regions rather than the weaker ones.

The question is whether any policy would be able to reverse the metropolisation of development, given current global trends in which knowledge-intensive industries and

\begin{itemize}
\item \textsuperscript{31} PROKSEN–PBS DGA 2007.
\item \textsuperscript{32} MRR 2008b, p. 13.
\end{itemize}
services are the most dynamic economic sectors and these find the most favourable locations in the biggest cities.

It is too early to know whether cohesion policy has led to agglomeration effects or to increasing ‘critical mass’. Most of the projects completed are relatively small and the biggest projects – the construction of major transport routes – are still underway (and some of them – up to EUR 800 million in total – are endangered by the inadequacy of Polish regulations on environmental impact assessment in relation to EU requirements). The analysis undertaken in 2007 suggests that except for employment and GDP none of the other general objectives have yet been achieved\textsuperscript{33}, though this is not implying that they will not be attained.

An evaluation conducted in four selected NUTS 3 regions reveals that the fragmented local projects carried out have not increased local development potential. It is too early to judge whether the larger projects, especially in transport, have been more effective.

In general it seems, however, that policy has contributed to the pursuit of some general EU objectives, such as strengthening national competitiveness, even if possibly at the expense of widening regional disparities. Sustainable development may also have been enhanced in several cases, mainly at local level.

An indirect effect of EU cohesion policy has been the strengthening of the economic powers of the regions. Although the IROP was managed by the national government, the regional authorities achieved a substantial increase in funding which they used according to the needs of their individual regions. This process of decentralisation has been further extended in the 2007–2013 programming period, which has seen the creation of 16 independent Regional Operational Programmes with a total budget of around EUR 16 billion.

\section{ADDED VALUE OF THE EU CONTRIBUTION}

Cohesion policy has dramatically broadened the scope of funds available for modernisation of infrastructure in Poland. It also had a significant effect in mobilising local resources, mainly through the requirement of co-financing.

The 2004–2006 period was the first occasion for local, regional and national authorities to get fully acquainted with EU rules, procedures and institutions. The pre-accession period was a kind of a training before general exposure to EU standards. It can be said that Polish institutions and administrative authorities have achieved a high level of professionalism and have adapted well to the new requirements.

\textsuperscript{33} Misiag, Tomalak 2008.
There has, however, not been a dramatic improvement in decision-making processes which are still very imperfect and lead to delays in implementation of policy.

Environmental protection is perhaps one of the best examples of an area in which EU membership has led to the most profound changes of various kinds. Progress remains limited, especially as regards the pace of development of renewable energy production, but the EU has had a major influence on attitudes.

As has already been emphasised, it is too early to judge to the extent to which the programmes have led to a strengthening of the growth potential of Polish regions. However, it is evident that had the programmes been more coherent and less dispersed, the synergy effects would have been greater.

EU cohesion policy has undoubtedly led to improvements in the decision-making process and in the procedures and arrangements adopted for both determining and implementing policy in relation to both regional development and other areas. In particular, the implementation system at the end of 2007 had reached a state where it could ensure that the goals at least in financial terms would be achieved. Significant progress has been made in strategic planning and programming.

EU cohesion policy – already in the pre-accession period – introduced the necessity for evaluation and introduced the methodology for this. Nevertheless, despite the wide acceptance of the importance of evaluation and the number of evaluation studies at present being conducted, the practice is still limited to development programmes co-financed by the EU.

9 LESSONS FOR THE FUTURE

Although there are lessons from the experience of the last programming period, the preparation of the 2007–2013 financial perspective had to be undertaken before results of 2004–06 programmes were known. Nevertheless, the experience gained over these three years did contribute to the decentralisation of programme implementation (with 16 regional development programmes being established) and to a separation of key strategic projects from the selection process for other projects based on routine competitive procedures.

At a more general level, the experience of the 2004–2006 period has clearly shown weaknesses of the overall institutional system and the need to accelerate implementation of the National Reform Programme. The large amount of legislation regulating the implementation of individual programmes made it difficult to introduce any modification or improvement. A major problem is the weak link between projects implemented under EU cohesion policy and others, financed exclusively from Polish sources. De facto, there are two
separate public intervention systems which makes it difficult to assess the impact on different aspects of development. This situation is reflected in strategic documents for 2004–2006 which concentrated only on the intervention supported by the EU with no reference to national intervention. There was no change in this respect for the 2007–2013 period.

The main recommendations for the future, which may need to wait until after 2013 before being implemented, concern the need for:

- a more strategic approach to development policy, irrespective of the source of financing;
- increased focus on building the Knowledge-Based Economy and the Information Society as drivers of long-term development;
- a detailed reform of the overall institutional system in order to create a more development-friendly context (covering public procurement rules, PPP, fiscal policy, social policy, physical planning and so on);
- improved coordination of development activities;
- a more flexible approach to managing development programmes (further de-bureaucratisation).

The chances of improving the integration of national and EU policies depend on adjustments on both sides. Of particular importance on the EU side is a strategic decision on the future of Cohesion Policy and the CAP and achieving an appropriate balance between efficiency and equality in the orientation of these policies. Failure to define clearly the long-term development policy objectives will have a negative impact on national policies and the choices between these which are made.
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MRiRW – Ministry for Agriculture and Rural Development
MRR – Ministry for Regional Development

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Applica–Ismeri–wiw
Impact evaluations

As of April 2008, no rigorous impact studies had been undertaken and published, since according to the N+2 rule, a number of activities were not yet finished. The deadline for disbursement is December 2008. Therefore at the moment knowledge about the results – not to mention impact – is very incomplete as only a limited number of evaluations of individual activities have been carried out. The most advanced document on implementation was published by the Ministry of Regional Development at the end of March 2008. It presents the overall level of disbursement by Cohesion policy programme (monitoring data based) but contains some information about the results of selected activities.

The main ongoing evaluations and research reports are listed above.
TABLES AND FIGURES

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Fig. 3. Relationship between initial level of GDP per head and the rate of GDP growth by region 1995–2005
Fig. 4. Growth rate of GDP and unemployment rate in Poland, 1995–2007
Fig. 5. Regional distribution of IROP, 2004–2006
Fig 1. GDP per head, 2005, Poland=100

45 NUTS 3

Source: Bank Danych Regionalnych GUS

Fig. 2. GDP growth, 1995–2005, constant prices (Poland = 145)

45 NUTS 3

Source: Bank Danych Regionalnych GUS
Fig. 3. Relationship between initial level of GDP per head and the rate of GDP growth by region 1995–2005

Source: Bank Danych Regionalnych GUS
Fig. 4. Growth rate of GDP and unemployment rate in Poland, 1995–2007


Note: since 2002 census data have been used for the number of economically active.
Fig. 5. Regional distribution of IROP, 2004–2006

Source: EUROREG, based on MRR data
## CORRESPONDENCE BETWEEN POLICY INSTRUMENTS AND FOI CATEGORIES

<table>
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<th>code</th>
<th>Policy instruments</th>
<th>FOI Categories</th>
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<tr>
<td>11</td>
<td>Agriculture</td>
<td>111+114</td>
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<tr>
<td>12</td>
<td>Forestry</td>
<td>121+122</td>
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<td>13</td>
<td>Fisheries</td>
<td>142+143+144</td>
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<td>14</td>
<td>Large businesses</td>
<td>151+152+153+154+155</td>
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<td>15</td>
<td>Small businesses</td>
<td>161+162+163+164+165+166</td>
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<td>16</td>
<td>Tourism</td>
<td>171+172+173</td>
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<td>ICT</td>
<td>322+324</td>
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<td>Development of rural areas</td>
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<td>Infrastructure</td>
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<td>Human capital</td>
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<td>41</td>
<td>Developing educational and vocational training (persons, firms)</td>
<td>23+113+128+167+174</td>
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<td>42</td>
<td>Workforce flexibility, entrepreneurial activity, innovation, information and communication technologies (persons, firms)</td>
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<td>51</td>
<td>Indirect support to firms (agriculture, forestry, fisheries)</td>
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<td>Social infrastructure and public health</td>
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<td>Social inclusion and equal opportunity</td>
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<td>Development of rural areas</td>
<td>1301+1302+1303+1304+1305+1306+1308+1310+1311+1312+1313+1399</td>
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<td>Miscellaneous</td>
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*Note: Forms Of Intervention – FOI. See Regulation 438/2001, Annex IV, Classification 3*