European Cohesion Policy in Poland



The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of €347 billion for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable all regions to compete effectively in the internal market.

However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

Polityka spójności 2007-13



IMPACT AND RESULTS OF COHESION POLICY IN POLAND

When the country joined the EU on 1 May 2004, all Polish regions were below the threshold of 75% of the EU average in gross domestic product (GDP) per inhabitant. In 2004, Poland received €435 million¹ from the EU in structural funding, while in 2007 the figure was more than €3.1 billion. It is estimated that with support from the EU funds, the GDP growth rate in 2007 increased by 0.6−0.9 percentage points. The employment rate (persons aged 15−64) also increased from an average of 51% in 2003 to 57% in 2007.

In the years 2004–07, nearly 85 000 projects worth a total of €22.5 billion were implemented in Poland. Priority was given to investments in basic infrastructure – over half of all projects fell under this category. In the transport sector, the most prominent area of support, 3 700 km of roads and over 200 km of motorways were built or modernised by the end of 2007. Upgrading of 350 km of railway tracks was completed by the end of 2007. In the same period, over 100 sewage treatment plants were put into operation and 49 programmes related to separate

collection, storage or recycling of waste and management of municipal waste were implemented.

In the period 2004–07, **over 15 000 projects focused on business support**, in particular small and medium-sized enterprises (SMEs), **were implemented**. Micro-loan funds extended loans to more than 8 800 enterprises, while credit guarantee funds issued guarantees to nearly 7 500 enterprises.

A SNAPSHOT OF ACHIEVEMENTS

- Nearly 85 000 projects implemented in the years
 2004–07
- 3 700 km of roads and over 200 km of motorways built or modernised by the end of 2007
- Over 15 000 projects offering support to enterprise: implemented in the period 2004–07
- Nearly 350 000 young people received job-related support

1 Calculated at an exchange rate of €1 = PLN 4.14 (January 2009).



The Cohesion Policy assisted in **stimulating innovation in the Polish economy**, with funding secured for the development or modernisation of 78 research or specialist laboratories, establishment of 19 technology incubators, and support provided to 27 business parks and 17 research and technology parks. Research and specialist laboratories provided services to 1 120 enterprises. The entities which received support introduced 17 new products or technologies on to the market.

Nearly 350 000 young people received support aimed at opening up new employment opportunities, including placements, training and careers advice.

Numerous projects were implemented to **modernise and expand cultural**, **tourism**, **health and educational facilities**. Structural Funds covered purchase costs of **almost 4 000 items of medical equipment**. Nearly 450 health-care establishments were covered by the support.

EUROPEAN INVESTMENT IN POLAND – 2007–13

For the 2007–13 period, Poland has been allocated approximately **€67 billion**, which makes it the largest beneficiary of European Cohesion Policy for this period. A sum of €66.6 billion has been allocated under the Convergence Objective² and €731 million under the European Territorial Cooperation Objective. Poland has translated its strategic development priorities into 21 programmes: five national and 16 regional programmes for all 16 Polish regions.

The largest national programme is for 'Infrastructure and Environment', which will receive almost €28 billion from the European Regional Development Fund and Cohesion Fund. The second largest is the 'Human Capital' programme, with investments of almost €10 billion from the European Social Fund. The remaining national programmes, supported by the ERDF, are: 'Innovative Economy', 'Development of Eastern Poland' and 'Technical Assistance'.

Over €16.5 billion will be spent via the 16 regional programmes, giving the Polish regions an unprecedented opportunity to implement their regional development strategies in line with Community priorities.

FUNDS FOR POLAND IN BILLION € 2007-13

Objective	Fund	EU	National Public	National Private	Total
Convergence	CF	22	6	1.5	29.5
	ERDF	33	6	1.5	40.5
	ESF	10	2		12
Total Convergence		65			
Total European					
Territorial	ERDF	0.7	-	-	0.7
Cooperation*					
TOTAL		66**	14	3	83

Figures have been rounded up

- * Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.
- ** In addition, 3% i.e. €1.3 billion is kept as a performance reserve to be allocated to the most successful programmes before 2011.
- 2 The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 99 regions representing 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. It should be noted that the rural development and fisheries policy are separate and do not form part of this brochure.

DELIVERING THE LISBON STRATEGY FOR GROWTH AND JOBS

The relaunch of the Union's Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union's agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called 'Lisbon objectives'.

Poland plans to invest a significant amount of its funding through the Cohesion Policy (64%) on growth and jobs objectives.

MAIN PRIORITIES OF COHESION POLICY IN POLAND, 2007–13

The Community contribution to investments in **safe and clean transport infrastructure** in Poland amounts to over **€25 billion**, which is equivalent to 38% of its allocations. The expected outcomes include: more than **doubling the length of motorways**, from 550 km to almost 1 200 km, and **doubling the length of railways** where speeds of at least 160 km/h are possible, from 540 km to approximately 1 250 km.

THE ESSENTIALS 2007–13

- Over €25 billion for transport infrastructure
- €17.8 billion to protect the environment
- €14 billion for innovation
- €3.6 billion in support of entrepreneurship

Fund investments for **general improvements to the environment amount to €17.8 billion**, which is 27% of the total Community contribution. The investments should increase access to waste water facilities in rural areas **from 20% to 30%**.

The Community **contribution supporting innovation amounts to €14 billion**, or 22% of Fund contributions. Research and development expenditure is expected to reach 1.5% of Polish GDP, in comparison to 0.57% in 2005.

Numerous **e**–**government services will be supported**, together with investments aimed at offering a better service to the business sector and the population in general. The 'Human Capital' programme aims to enhance e–skills and promote relevant training modules in schools, enterprises and public administration. The overall Community contribution to these sectors amounts to ≤ 3.7 billion.

€3.6 billion will be invested to support the promotion of entrepreneurship, notably SMEs.

Use will also be made of **financial engineering instruments**, including JEREMIE (Joint European Resources for Micro to Medium Enterprises). These instruments combine loans and grants. For example, within the 'Innovative Economy' programme, a JEREMIE-type holding fund will be created and should receive some €153 million from the European Regional Development Fund. In addition, a JEREMIE instrument is also planned at regional level.

The Polish authorities introduced **energy efficiency** as a horizontal principle in all programmes – this is reflected in the project selection

BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The European Territorial Cooperation Objective is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional cooperation programmes

to encourage regions and cities across the EU and further afield to work together and learn from each other.

Poland is involved in 13 cooperation programmes, with a total allocation of €731 million:

- seven cross-border cooperation programmes, with Lithuania, Slovakia, the Czech Republic, Saxony (Germany), Mecklenburg (Germany), Brandenburg (Germany), and the South Baltic programme (with Sweden, Denmark, Germany and Lithuania);
- two transnational cooperation programmes: Central Europe and Baltic Sea Region;
- four interregional cooperation programmes⁴: INTERREG IV C, INTERACT II, ESPON II and URBACT II.
- 4 INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.

criteria. In all, **some €2.2 billion**, or 3.4% of total fund allocations, will be invested in this area.

The key focus of the 'Human Capital' programme is on **increasing employment and social inclusion**, with a particular target to boost the employment rate of people aged 15–64 from 54.5% to 60%.

Twelve Polish regions are considering using the JESSICA initiative³ for **urban development**. One region – Wielkopolska – has already

3 JESSICA – Joint European Support for Sustainable Investment in City Areas.

decided to earmark some 50% of the allocation under the priority axis 'regeneration of disadvantaged areas' (approximately €35 million) for this initiative.

Warsaw hosts one of the three regional offices of the **JASPERS initiative** (Joint Assistance in Supporting Projects in European Regions), which helps authorities to prepare high-quality major projects for submission to the Commission. It is a partnership between the European Commission, the European Investment Bank and the European Bank for Reconstruction and Development.



Boosting growth, jobs and competitiveness



Regional Policy on the ground

INCUBATOR TECHNOLOGY CENTRE

Funding: Total cost: €5.6 million, including €4.2 million from the ERDF Duration of project: October 2004–September 2007

The Incubator Technology Centre was created in the Lower Silesia region to bridge the gap between the strong scientific potential yet low level of advanced technologies and innovative enterprises in the region. The project was managed by Wroclaw Technology Park, which has formal and operational links with universities and research organisations.

The Incubator Technology Centre has facilitated the commercialisation of R&D projects by several of the Park's companies; improved the conditions for running innovation-oriented businesses; created new technological companies and developed existing ones; created new jobs in knowledge-based sectors; and, boosted potential scientific research.

The project also aimed at establishing a more entrepreneurial and competitive culture in the science sector, geared towards the needs of the market. The central ambition has been to create a network between innovative companies to facilitate exchange of information and initiate joint activities.

Close cooperation between universities and research institutions in the Wroclaw Technology Park now enables companies to familiarise themselves with new technologies and research projects being developed on-site, with the eventual aim of establishing new knowledge-based enterprises and spin-off companies. Another important element of this project is the Lower Silesian Incubator for Entrepreneurship.

Website: http://www.technologpark.pl/

MODERNISATION OF WARSAW-ŁÓDŹ RAILWAY LINE, STAGE I: SKIERNIEWICE-ŁÓDŹ WIDZEW SECTION

Total costs: €215million; EU funding: €161 million

Improving the rail network has always a key priority for EU support in Poland. This project to upgrade the connection between the two main cities of Warsaw and Łódz is a key element in the overall development strategies for the Łódzkie and Mazowieckie regions and aims to make rail transport more competitive.

It will also have a positive impact on the surrounding natural environment. Shifting significant passenger numbers and cargo transport activities from road to rail will help to reduce emissions from fumes and the use of electrical tractions will make an important contribution to reducing air pollution. The application of modern railway-surface technologies will significantly reduce the level of noise.

The second stage of the modernisation of the Warsaw-Łódź line: the Warszawa Zachodnia-Skierniewice section will be implemented in 2009–12 and will be financed by the Cohesion Policy 'Infrastructure and Environment' programme. After its completion in 2012, the total journey time between Warsaw and Łódź will be a maximum of 65 minutes, compared to the 88 minutes taken today (after completion of stage I) and the 128 minutes in 2006.

OCCUPATIONAL THERAPY WORKSHOPS IN WAPNO (WIELKOPOLSKIE REGION) – A VENUE FOR INTEGRATION AND MOBILISATION FOR PERSONS WITH DISABILITIES

Total amount of the project: €241 500; ERDF contribution: €181 000

From 1950–65, the name Wapno in the Wągrowiec district was associated with a salt mine that boasted the highest output capacity for this mineral in Poland at that time. In 1977, the mine flooded and many buildings were destroyed. A former labour hostel survived, conveniently located in a large site in the town centre. Idle for years, the hostel was used to host occupational therapy workshops for people with disabilities from the neighbouring municipalities.

This project, part funded by the EU, supported the redesign and conversion of the former hostel into a modern centre providing support services

for persons with disabilities. Activities on offer include gardening and arts, computing and printing, craft tailoring and carpentry. The building is heated with rape or grain straw bought from local farmers. The area around the building was covered with greenery and landscaping elements for leisure and occupational therapy.

Website: http://www.wapno.pl/



Supporting people with disabilities in Wapno

i More information

EU Regional Policy http://ec.europa.eu/regional_policy/

Cohesion Policy in Poland

http://ec.europa.eu/regional_policy/atlas2007/poland/index_en.htm

National website

http://www.funduszeeuropejskie.gov.pl/Strony/glowna.aspx

European Social Fund http://ec.europa.eu/social/