NEW EXPERIENCES OF POLISH REGIONAL POLICY IN THE FIRST YEARS OF MEMBERSHIP IN THE EUROPEAN UNION

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1. Introduction

Poland's accession to the European Union (EU) has made it necessary to work out new rules of programming and implementing regional policy consistent with the EU standards. The changes in the implementation of the new model of regional policy can be divided into two periods. The first (2000-2003) started with the coming into operation of the Principles of Regional Development Support Act\(^1\) on 12 May 2000 and was devoted to the working out of the new model of programming and implementing regional policy that the Act demanded. The other period (2004-2006) marks the beginning of Poland's membership of the EU, and hence the necessity of preparing further strategic documents and full adjustment of Polish regional policy to the EU standards. The basic document required by the EU that defines Poland's socio-economic strategy in the first years of its membership is The National Development Plan, 2004-2006 (NDP). It has been drawn up on the basis of directives put forward in the EU Council Regulation No 1260 of 21 June 1999 (1260/99/WE) introducing general rules of operation of the Structural Funds, and provides a basis for Poland's negotiation of a Community Support Framework (CSF) for the first two years of membership\(^2\).

NDP execution rests on six operational programmes. One of them is The Integrated Operational Programme of Regional Development (IOPRD), which defines priorities, directions, and means earmarked for the implementation of the State's regional policy that comes partly from the Structural Funds. The strategic goals set in the Programme are consistent with directions defined in The National Strategy for Regional Development, 2001-

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\(^2\) Poland completed negotiating its National Development Plan, 2004-2006 with the European Commission on 31 July 2003, which opened the formal way for the negotiation of the CSF.
2006 (NSRD)\textsuperscript{3}, while the rules of its execution are based on those of the EU Structural Funds and the domestic rules controlling public finance, public assistance, and the division of responsibilities in pursuing and implementing regional policy between the central government and local authorities. Especially they base on new \textit{National Development Plan Act} which was passed on 20 April 2004 and replaced the \textit{Principles of Regional Development Support Act}\textsuperscript{4} in force until then.

The aim of the present paper is to describe the mechanism of programming and implementing the State's regional policy during Poland's first years in the European Union, which has been designed to sort out Polish inter- and intra-regional policy and to create conditions for the absorption by Polish regions, first, of accession-driven assistance and next, structural means. Special attention is devoted to the realization of the \textit{Integrated Operational Programme of Regional Development, 2004-2006}, which defines directions and priorities of regional policy measures to be instituted in the initial years of Poland's EU membership. An analysis is made of the priorities and measures, amount of spending by financing source, kinds of priorities, spatial differences, and ways of co-ordinating and implementing structural assistance throughout the Programme period.

2. Regional differences in Poland

\textit{2.1. Administrative-territorial organisation of Poland}

The territorial division of Poland that has been in force since 1 January 1999 is based on a new, three-tier model: the commune, the poviat, and the voivodeship, working on the principles of decentralisation and self-government (see Fig. 1). In the new administrative organisation, poviat units have been restored as local government units (besides communes operating since 1990). But especially important was the change in the status of the voivodeship. This administrative region, being the highest-level territorial unit of a mixed central government/self-government character, has become the chief unit responsible for executing regional policy. The new territorial organisation has also changed the number of regions: instead of the old 49 voivodeships, 16 large ones have been created. For political reasons, it was impossible to carry out the intended division into 12 voivodeships which


would be similar in size and demographic potential to the regions of the EU member states. The limitation of the number of voivodeships from 49 to 16 has led to a loss of particularity and an increase in uniformity of Poland's regional system (cf. Churski, 2002).

Apart from the territorial-administrative division, Poland also makes use of the NUTS classification of territorial units, as do the EU member states. Its introduction on 13 July 2000 resulted from Poland's obligations under the National Programme for the Adoption of the Acquis and the negotiating position on statistics (cf. the Council of Ministers Ordinance of 13 July 2000 ..., 2000). As in the EU, the system embraces five levels:

- **Level 1 (NUTS 1)** - covers the entire country (1 unit);
- **Level 2 (NUTS 2)** - corresponds to voivodeships (16 units);
- **Level 3 (NUTS 3)** - corresponds to subregions that do not appear in the territorial division of Poland; it has been established specially for NUTS purposes (44 units);
- **Level 4 (NUTS 4)** - corresponds to poviats and towns with poviats status (373 units); and
- **Level 5 (NUTS 5)** - corresponds to rural and urban communes (2,489 units).

From the point of view of regional policy, the relevant levels are NUTS 2 and NUTS 3 (see Fig. 2). Support areas under domestic regional policy can be delimited at the voivodeship level (NUTS 2 units), groups of poviats - subregions (NUTS 3 units), and poviats (NUTS 4 units). It is assumed, however, that the voivodeship will remain the basic area under regional policy.

### 2.2. Socio-economic disparities among Polish regions in comparison with the European Union

The synthetic measure of socio-economic development widely employed in analyses of regional differences is per capita GDP. The range of variations in the index for Polish voivodeships (NUTS 2 units, 2002 data) is 1:2.1 and is close to the EU average. The lowest level of economic development is registered in the east of Poland. There are four

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5 Following the rule set for the applicant states, until they have joined the European Union on 1 May 2004 these units were termed NTS to distinguish them from the NUTS system in force in the EU. In the early 2004 the Ministry of Economy, Labour and Social Policy prepared a modification in the NUTS division. The new proposals foresee the delimitation of six units at the NUTS 1 level and an increase in the NUTS 3 units from 44 to about 60, which will be in accordance with Ordinance No. 1059/2003 of 26 May 2003 of the European Parliament and the Council of the European Union on establishing a common classification of Territorial Units for Statistics (NUTS) (cf. Prace Międzyresortowe ... 2004).
voivodeships forming a compact area with the lowest per capita GDP, popularly known as 'the eastern wall': Warmia-Mazuria, Podlasie, Lublin, and Podkarpacie. The 'wall' extends to include Świętokrzyska Land, which does not abut on the eastern state border but also displays a similarly low development level. In the 1990s those regions (with the exception of Podlasie) developed at a slower rate than the remaining areas, which has widened the inter-regional disparities between the east and the rest of the country. The reasons responsible for the per capita GDP in those regions persisting at a level lower than the national average include the highest proportion of the farming population in the country, loss of the old economic base as a result of restructuring processes (this especially concerns Warmia-Mazuria with its problems of former state farms, as well as Świętokrzyska Land and Podkarpacie wrestling with the restructuring problems of towns formerly dependent on the iron-and-steel and armaments industries), and finally the lowest level of foreign direct investment in Poland. The highest GDP level can be observed in voivodeships whose principal cities are the largest metropolitan areas in Poland: Mazovia with Warsaw (148.9% of the national average), Silesia with the Upper Silesian conurbation (110.9%), and Wielkopolska with Poznań (106.5%). It should be emphasised that in the case of Silesia a steady downward tendency in per capita GDP can be observed, which is a consequence of restructuring the extractive and iron-and-steel industries (cf. Integrated Operational Programme... 2004; Fig. 3).

Findings of embracing the period 1995-2001 show that the regional differentiation level of the economic development in Poland systematically grows. Highest with the dynamics of the height of GDP in the arrangement of NUTS 2 units are characterized the richest voivodeships – Mazovia (10,4%), Wielkopolska (7,8%) and Pomerania (6,5%). The lowest dynamics of the height appears in regions of relatively higher poverty which cumulate negative social effects of the process of the restructuring – Opole (2,7%), Silesia (3,9%), and Lubuska Land (4,5%). Still greater spreads appear in the arrangement of NUTS 3 units. The dynamics of the height GDP in the analysed period attains the spread as five to one, from Warsaw (3000,8%) and Poznań (205,1%) to Łomża (60,2%) and Elbląg (68,4%) (cf. Szlachta, 2005).

The level of socio-economic development of Polish voivodeships is considerably lower than the EU average. In the expanded European Union Polish regions (voivodeships), especially the eastern and some central ones, are among the poorest. The strongest voivodeship, Mazovia (in 2002 its per capita GDP amounted to 70% of the EU-25 average), corresponds roughly to the poorest regions of southern Italy (Calabria, 68%) or the former East Germany (67%; cf. Regions: Statistical Yearbook 2002. European Commission). The
other relatively well-developed Polish regions, such as Silesia, Lower Silesia and Wielkopolska (close to 50% of the EU-25 average), have per capita GDP figures lower than the poorest regions of the old EU-15, such as Dytiki Ellada, Anatoliki Macedonia Thraki and Ipeiros in Greece, or Extremadura in Spain (58-59% each). The 'eastern wall' voivodeships: Warmia-Mazuria, Podlasie, Lublin, Świętokrzyska Land and Podkarpacie, are among the poorest developed regions of both, old and new member states of the EU (their GDP amounted to 31-35% of the EU average). It should be emphasised that per capita GDP in those voivodeships is markedly lower than it was in the poorest regions of Greece, Portugal and Spain on their accession to the EU. Thus, per capita GDP in the poorest region of Spain, Extremadura, was 44% in 1986 and in the poorest region of Portugal, Alentejo, 37% (1986).

3. The new model of regional policy in Poland

In the communist period, regional policy in Poland was of minor importance; it was reduced primarily to measures conforming to the ideological and political priorities currently in force. During the economic recession of the 1980s and the unsuccessful attempts at reforming the socialist economy, regional policy was even abandoned altogether (cf. Węclawowicz 2002).

With the start of the transformation process, there appeared dilemmas as to its pace and spatial dimension which were summed up by Kukliński (1992: 419) in the form of two questions:

1. is the pace of regional diversification not too fast, and is it not quickly assuming too large dimensions? and

2. what regions should be supported: strong ones, capable of becoming efficient, internationally competitive engines of structural change, or, because of social reasons, weak ones, which will perpetuate the old structural patterns?

Hence, a fundamental problem of that period of the transformation was how to combine a strategic (long-term) reorientation with tactical (short-term) needs (cf. de Souza and Korompai 1991: 32). Initially, the latter won, with an atrophy of regional policy in Poland as a consequence. Regional policy and its instruments were practically reduced to attempts at alleviating the effects of the spatial concentrations of unemployment6. It was only on 17

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6 An example of such policy is tax exemption for foreign investments located in high-unemployment regions. This tool has proved to be of little effect, largely due to infrastructural deficiencies in those regions.
October 1992 that Parliament (Sejm) adopted the Socio-Economic Policy Guidelines, one full chapter which was dedicated to regional policy (cf. Szlachta 1993). The later course of the transformation in the 1990s proved the measures undertaken to be insufficient and ineffective.

As has been mentioned before, the transformation of the socio-economic system widened regional differences in the level of economic development. Of special importance was a high concentration of adverse effects of socio-economic changes in poorly developed regions, which manifested itself primarily in a rise in unemployment. This fact forced the government to undertake work on a new model of regional policy. The other factor intensifying the progress and scope of work was the advancing process of integration with the European Union. Poland's application for membership in 1994 and the start of accession negotiations in 1998 made it necessary for the country to introduce the rules and mechanisms compatible with the EU regional policy.

The implementation of the new model of regional policy in Poland can be divided into two periods:

(1) **2000-2003 - the pre-accession period** - it was the consequence of the territorial-administrative reform introduced in 1999 and the need to put Polish regional policy in order during accession talks with the European Union. The document setting the directions and scope of changes introduced at that time was the Principles of Regional Development Support Act, which came into force on 12 May 2000 and defined the new model of regional policy programming and implementation.

(2) **2004-2006 - Poland's first years as a member of the European Union** - it is the consequence of Poland's joining the EU and therefore having, first, to draw up further strategic documents, such as the National Development Plan (NDP) providing a basis for negotiating a Community Support Framework (CSF) with the European Commission, and secondly, to fully adjust its regional policy to EU standards in order to gain access to the Structural Funds and the Cohesion Fund.

The Principles of Regional Development Support Act was, on the one hand, a legal document long awaited by local governments which defined the rules and forms of support by the state budget of multi-year investments and actions taken in the voivodeships. On the other hand, however, it did not ensure the regions sufficient means, which in the opinion of Gorzelak (2000) still promoted the model of a centralised state where regions are endowed with limited powers and relatively scarce means of their own, while the central government is engrossed in a host of minor problems and tasks that would be part of the remit of strong

- excessive focus on formal procedures rather than on the substance of regional policy; and
- a decisive role in regional policy being played by central administration through its influence on regional finance (an average 80% of the voivodeship contract funds was made up of the so-called government-indicated means).

Joining the European Union has made Poland eligible for much more generous EU financial assistance for regional policy measures than in the pre-accession period. However, this has entailed the adoption of Structural Funds procedures and principles that are new in Polish conditions. To this end, a new National Development Plan Act was passed on 20 April 2004 that replaced the Principles of Regional Development Support Act in force until then. On its basis, a new strategic document, The National Development Plan, 2004-2006, has been drawn up in accordance with the provisions of the EU Council Regulation No. 1260/1999. The measures it presents take into consideration the current objectives of EU regional policy (Objectives 1, 2 and 3) while reflecting the country's internal regional policy priorities, complete with the strategy of their implementation and the identification of financing sources. The National Development Plan and Community Support Framework are to be executed with the help of six operational programmes:

- Sectoral Operational Programme (SOP) of Human Resources Development,
- SOP of Increase in Enterprise Competitiveness,
- SOP of Restructuring and Modernisation of the Food Sector and Development of Rural Areas,
- Transport SOP,
- Integrated Operational Programme of Regional Development, and
- Financial Instrument for Fisheries Guidance SOP.

The list is complemented by an additional Technical Assistance Operational Programme, which is intended to ensure support, within the European law, for the most effective use of the means available to Poland under the Structural Funds.

The priorities, directions and financial sources of Poland's regional policy in the initial period of its EU membership are defined in the Integrated Operational Programme for Regional Development (IOPRD). The document gives the details of measures under the fifth development axis of the National Development Plan, "Enhancement of the growth potential of regions and prevention of the marginalisation of some areas", and the fourth development
axis of the Community Support Framework, "Improving the conditions of regional development, including the development of rural areas". The strategic goal of the IOPRD reads as follows: "Creating conditions for an increase in the competitiveness of regions and preventing the marginalisation of some areas in such a way as to promote long-term economic development of the country, its economic, social and territorial cohesion, and integration with the European Union". The priorities set in the IOPRD correspond to the criteria following from two strategic pillars of the Community Support Framework: (1) strong and sustainable growth, and (2) an increase in employment.

The total IOPRD budget for the years 2004-2006 has been established at euro 4,230,000, of which 2,968,000, or 70%, are means from the EU Structural Funds with an 85% contribution from the European Regional Development Fund (ERDF) and a 15% contribution from the European Social Fund (ESF). The remaining 26.5% of the IOPRD budget is made up of domestic public funds, viz. budgetary means in the amount of euro 1,115,000 (with 346 million coming from the state budget and 769 million, or 70%, from local government budgets) as well as private funds contributing euro 146 million, or 3.5% of the entire IOPRD budget. By priority, its structure looks as follows:

**Priority I**  - *Expansion and modernisation of infrastructure enhancing the competitiveness of regions* - 59.4%,

**Priority II**  - *Enhancing human resources development in regions* - 14.8%,

**Priority III**  - *Local development* - 24.5%,

**Priority IV**  - *Technical assistance* - 1.3%.

The division of means from the Structural Funds among Polish regions rests on three criteria:

1. **The demographic criterion**, based on the assumption that Poland as a whole meets the criteria set for problem areas under Objective 1 of EU regional policy. Thus, 80% of the EU-supported IOPRD funds have been divided among the voivodeships (NUTS 2) in proportion to their populations.

2. **The economic-level criterion**. Taking into consideration wide differences in per capita GDP among Polish voivodeships, 10% of the EU-supported IOPRD funds have been divided proportionately to the population in those voivodeships whose mean per capita GDP over the years 1997-1999 was below 80% of the national average. These are the voivodeships of Lublin, Podkarpackie, Podlasie, Świętokrzyska Land, and Warmia-Mazuria.

3. **The unemployment criterion**. Because of very high unemployment rates, especially when broken down by poviat (NUTS 4), 10% of the EU-supported IOPRD funds have been
allotted to those povias in which the mean unemployment rate over the years 1999-2001 exceeded 150% of the national average. The number of povias meeting this criterion is 72; they have a total of 5.3 million population.

The results of the division of funds using the above algorithm are presented in Fig. 4. The voivodeships having the biggest share in the funds include Mazovia, Silesia, Lower Silesia, and Wielkopolska, i.e., those that are relatively wealthy and economically advanced. However, the picture changes if we consider the figures in terms of voivodeship population. The distribution of the Structural Funds support per head clearly shows it to be concentrated in the poorest developed regions struggling with structural problems (see Fig. 4). They include Warmia-Mazuria, Świętokrzyska Land, Podkarpackie, Podlasie, Lublin, West Pomerania, and Lubuska Land. By comparison, the index of the share of Mazovia, Silesia and Wielkopolska is 80 (assuming Poland = 100).

It should be kept in mind, however, that the division proposed in the IOPRD is only indicative because whether or not these means are going to be absorbed is up to the assistance targets, who must satisfy a lot of conditions. To make use of the indicative level of assistance, the beneficiary has to co-finance the given project, and first of all to prepare it properly and carry out efficiently, and the project itself must meet the criteria of being effective and improving the competitiveness of the region involved.

First analyses of the utilization IOPRD determine the proof that the activity of Polish incumbents many times tops financial possibilities of the programme. According to conditions on 30 November 2005 the aggregate of composite motions to the programme reached the level 22,967. Most of all, because till 13,691, i.e. 59.6% the aggregate of composite motions determine projects notified within the framework of the Priority III Local Development which is most accessible for potential incumbents due to relatively low levels of its own refinancing. The following places, properly 5,965 motions (26.0%) and 3,311 (14.4%) occupied The Priority II and The Priority III (see Fig. 5). The value of composite motions within the framework of individual priorities many times exceeded the size of the resource allocation of Structural Funds (285.7%). The highest values refer to motions notified within the framework of the realization of the Priority III Local Development, in case of which any number of motions results in the high number of their joint value - 401.7% of the accessible resources of Structural Funds. On the second place is to be found The Priority I - The Expansion and modernization of infrastructure enhancing the competitiveness of regions with the highest value of the single project (260.7%), and on third The Priority II – Enhacing human resources development in regions (193.3%)(see Fig. 6). In the aggregate
of composite motions formal criteria were realized by 15,129 projects, which makes up 66% of all submitted until 30 November 2005. The following stage, which is the essential evaluation was favourably passed by 10,717 motions (47% of all submitted). Voivodeship Managing Boards and Initiating Institutions chose to the realization 6,592 projects on the joint sum of about 2,461 million euro, which reaches 82.9% of accessible resources from the EU within the framework of IOPRD in the years 2004-2006. In the analysed period one contained 4,980 contracts for refinancing of the project on the joint sum of the support from Structural Funds reaching nearly 1,795 million of euro, i.e. 61, 27% of the entire allocation in the years 2004-2006. Most of all signed contracts refer to Activities 3.4. Micro Enterprises (1,092 contracts) realized within the framework of The Priority III, with the lowest number of contracts under Activities 2.4. Changing professional of persons threatened with restructuring (52 contracts) realized within the framework of The Priority II (cf. the State of the realization of Integrated..., 2005).

In the regional system the strongest economically regions: Mazovia, Wielkopolska and Silesia are characterized with the highest number of projects accepted within the framework of IOPRD 2004-2006 until 30 November 2005. However, one ought to underline that the large and efficient activity of incumbents (over 300 signed contracts) appears also in the group of regions with the lower level of development, among others: Podkarpacie, Warmia-Mazuria (see Fig. 7). In most of the provinces one observes the high participation of motions accepted to the realization (the signature of the agreement by the Voivode) in the aggregate of accepted projects by Voivodeship Managing Boards and Initiating Institutions. In the case of 12 regions the value of this indicator exceeds 70%. In the Lower-Silesia (48.33%) voivodeship, Kujawy-Pomerania (59.34%), West Pomerania (61.85%) low values of the indicator of the acceptance of projects can testify the low grade of work of Initiating Institutions accepting poor projects or also the conflict between the Voivodeship Managing Board and with the Voivode (see Fig.8). The analysis of the arrangement of the value of accepted and realized projects in the total indicative value of partition of resources of Structural Funds IOPRD 2004-2006 in the regional system permits to divide provinces into three groups (cf. the State of the initiation..., 2005)(see Fig. 9):

LEADERS - Wielkopolska (70%), Pomerania (64%), Silesia (62%);
AVERAGE - Lubuska Land (57%), Małopolska (55%), Kujawy-Pomerania (52%), Świętokrzyska Land (48%), Podkarpacie (46%), Opole (45%), Podlasie (42%), Mazovia (42%);
Results of the carried out analysis lead to the conclusion that the level of efficiency of gaining over the resources of Structural Funds in the regional system in Poland shows the following regularity: the higher level of the economic development of the voivodeship the greater efficiency of gaining over of resources from the EU. This situation one ought to find unprofitable. The existence of this regularity can make for greater depths of regional differences in the level of the economic development in Poland. Consequently reaching the main objective of the EU structural policy which is the improvement of cohesion of economic, social, and lately also spatial spheres can be in the case of Polish regions more distant during, and even difficult to be realized.

4. Conclusions

The period of the programming 2007-2013 will be the first, wherein en bloc Poland will participate as the card-carrying member of the European Union. The discussion begun by the Third Cohesion Report on of the future of the EU regional policy became closed after settlements undertaken during the European Union Summit in Brussels in days 19-20 December 2005 (cf. Third Cohesion Report..., 2004; The Financial Perspective on years 2007-2013..., 2005). Consequently of undertaken decisions the budget of Structural Funds and the Fund of the Cohesion for the years 2007-2013 increased with relation to the preceding period of the programming 2000-2006 by 44, 4%. At last one qualified that the level of resources of Structural Funds and the Cohesion Fund in the period 2007-2013 would carry out 307, 6 million euro, what will determine 0,37% GDP EU-27. The planned financial perspective during the years 2007-2013 is a settlement between an idea „of Europe rich, stable and solidary”, in compliance with which the priority of activities should be the support of the poorest, and activities making up for the results of the extension to relatively richer areas of Commonwealth. This argument finds its own confirmation in more than twice increase in the spending spree within the framework of Target 2 of regional policy which is steered first of all to better developed regions in the old member states - EU-15. Nevertheless the height of implicit values of expenses refers mostly to the Target 1 intended first of all for regions of new member states, including Poland, which can determine the chance for the considerable acceleration of their development.
References


