

POLAND

**NATIONAL STRATEGIC
REFERENCE FRAMEWORK
2007–2013**

in support of growth and jobs

NATIONAL COHESION STRATEGY

*Document adopted by the European Commission
on 7th May 2007*

Ministry of Regional Development

WARSAW, May 2007

The works on the National Strategic Reference Framework for 2007–2013 commenced in 2005 in the Ministry of Economy and Labour, which at the time being was responsible for the cohesion and development policies. The last version of this document was elaborated in the Department of Structural Policy Coordination in the Ministry of Regional Development headed by Minister Grażyna Gęsicka. The activities on the NSRF preparation were supervised by Jerzy Kwieciński, Undersecretary of State in the Ministry of Regional Development. The members of the editorial team, headed by Piotr Żuber, were: Renata Calak, Daniel Baliński, Stanisław Bienias, Beata Grabowska-Markiewicz, Katarzyna Hermann-Pawłowska, Maciej Kolczyński, Jacek Kotrasiński, Julita Sekular, Piotr Siewierski, Kamila Wadecka, Remigiusz Wiącek, Aldona Zagaja and Karolina Zielonka.

For edition of the final version of NSRF very important were remarks submitted within the wide process of social consultations of the subsequent versions of this document involving public and private stakeholders such as self-government, professional and expert bodies.

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Dear Sirs,

I am very honored and pleased to present *the National Strategic Reference Framework for 2007–2013*. The document lists the national priorities, where the main stream of the European funds is to be allocated in 2007–2013 programming period.

Thanks to the availability of the European funds Poland faces a great possibility of a quick development and a possibility to improve the level and quality of living of its citizens and to reduce the development gap between Poland and Western European countries. Due to the EU membership the next few years look very promising for Poland. Within the next seven years Poland is going to be the largest beneficiary of the EU economic and social coherence policy, which means that EUR 67 billion, out of more than EUR 347 billion in the EU budget for this purpose, have been granted to Poland. Together with the national financial contribution, Poland has at its disposal the total amount of EUR 85.6 billion for investments.

The National Strategic Reference Framework assumes reducing the civilization gap and spatial developmental disproportions, as well as establishing a modern, competitive and innovative economy and improvement of the living conditions of the society. What is more, according to the plans the 64 per cent of Polish spending will contribute to the accomplishment of the pro innovative Lisbon Strategy.

The activities that are going to be undertaken within the National Strategic Reference Framework in 2007-2013 are on unprecedented scale. As far as financial outlays are concerned, the Operational Programme: Infrastructure and Environment is the largest programme in the EU history, while the Operational Programme: Human Capital is the largest programme within the area of the European Social Fund. The implementation of the National Strategic Reference Framework will result in a higher GDP growth, achieving GDP per capita equal to two thirds of the EU average in 2015, 3 million of new workplaces, developing a network of express roads and motorways, improvement of the natural environment, educational system that better meets the requirements of the labour market and more innovative companies.



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The approval of the National Strategic Reference Framework by the European Committee completes two years of work of the government, local governments and social partners, efforts of several thousand people. I would like to pay tribute to all these people who helped to prepare this paper and I also hope for a long-term and fruitful cooperation in achieving priorities presented in the National Strategic Reference Framework. The achievement of the ambitious goals set in this countrywide investment plan is a real challenge for all of us and it depends on all of us, if we make use of this historical chance. I am deeply convinced that common involvement will result in a fast development of our country.

dr Grażyna Gęsicka



Minister
of Regional Development

PL



THE COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, on 7 May 2007
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NOT FOR PUBLISHING

COMMISSION DECISION

of 7 May 2007

**approving some elements of the national strategic reference framework
for Poland**

CCI 2007PL16UNS001

(ONLY THE POLISH LANGUAGE VERSION IS AUTHENTIC)

COMMISSION DECISION
of 7 May 2007
approving some elements of the national strategic reference framework
for Poland

CCI 2007PL16UNS001

(ONLY THE POLISH LANGUAGE VERSION IS AUTHENTIC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to the Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999¹, and in particular article 28 item 3 thereof,

Whereas:

- (1) On 7 December 2006, within five months from the adoption of the Council Decision No 2006/702/EC of 6 October 2006 on Community strategic guidelines on cohesion², Poland provided the Commission with the national strategic reference framework, after consultation with respective partners referred to in article 11 of the Regulation (EC) No 1083/2006. These national strategic reference framework was prepared in cooperation with the Commission.
- (2) The Commission provided no comments pertaining to article 28 item 2 of the Regulation (EC) No 1083/2006.
- (3) The analysis of the social and economic conditions presented by Poland in the national strategic reference framework is coherent with the national reform programme. The national strategic reference framework analyzes the inequalities of the social and economic development among regions and sectors with regard to the trends of the European and global economy, social inequalities and unprivileged groups, urban areas, differentiation of economic activities in rural areas and fishing-dependent areas. From the perspective of the whole territory, the analysis points out to the driving forces and developmental trends together with the sectoral and regional dimension of the social and economic development.
- (4) The strategy presented in the national strategic reference framework covers the programming period of 2007-2013. It determines the priorities and objectives to be accomplished by the operational programmes. The strategy of the national strategic reference framework is coherent with the Community objectives within the scope of the coherence policy listed in the decision no 2006/702/EC together with integrated guidelines on the growth and employment presented in the Council Decision no 2005/600/EC of 12 July 2005 on Guidelines for the employment policies of the Member States³, as well as respective recommendations on employment issued in accordance with article 128 section 4 of the Treaty.
- (5) The national strategic reference framework emphasizes, that in the operational programmes mentioned on the list that was presented by Poland, 63.9% of expenditures on the objective of Convergence should be allocated in the category of expenditures referred to in article 9 item 3 of the regulation no (EC) 1083/2006 and Attachment no IV thereto.

¹ OJ L 210, 31.7.2006, p. 25. Regulation amended with regulation (EC) No 1989/2006 (OJ L 411, 30.12.2006, p. 6).

² OJ L 291, 21.10.2006, p. 11.

³ OJ L 205, 6.8.2005, p. 21.

- (6) In accordance with article 16 of the regulation no (EC) 1083/2006 the strategy ensures promoting of the equal status of men and women and referring to gender issues, as well as taking appropriate measures in order to prevent discrimination due to gender, race or ethnic origin, religion or beliefs, disabilities, age or sexual preferences at different stages of the funds' implementation.
- (7) The national strategic reference framework includes details of mechanisms and procedures to ensure coordination between the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund and respective national, sectoral and regional policies of Poland. The framework includes also detailed information to ensure coordination between this assistance and the assistance from the European Agricultural Fund for Rural Development and the European Fisheries Fund. Moreover, the framework presents also the details on the main principles to divide activities supported from these funds from the interventions of the European Investment Bank and other present financial instruments.
- (8) According to article 50 of the regulation no (EC) 1083/2006 Poland decided to establish the national reserve for the accomplishment of the objective of Convergence.
- (9) According to article 28 of the regulation no (EC) 1083/2006 the Commission acknowledged the national strategy and selected priority areas and verified their compliance with the list of the operational programmes.
- (10) As far as the indicative annual allocation of each fund for separate programmes is concerned, the Community's financial contribution is available for the entire programming period and its division into separate years was determined in EUR. The annual division is in accordance with the respective financial perspective for 2007–2013.
- (11) In case of the Convergence objective, the level of expenditures should be defined to be in compliance with the additionality principle.
- (12) In case of the Convergence objective, in accordance with article 15 items 2 and 3 of the regulation no (EC) 1083/2006, the Commission and Poland set the level of public and equal structural expenditures, to be obeyed by the membership state in all respective regions in the programming period of 2007–2013. The amount of average annual real expenditure made in the previous programming period amounted to EUR 6 502 000 000. On this basis the target level of expenditures was set in reference to the general macroeconomic environment where the financing takes place.
- (13) In case of the Convergence objective, the strategy of the national strategic reference framework emphasized activities that are expected to increase the performance of the Polish administration,

HAS ADOPTED THIS DECISION:

Article 1

1. The national strategic reference framework presented by Poland is acceptable. The Commission acknowledges the national strategy presented by Poland. The following priority areas are to be supported by the funds:
 - (1) Improving the functioning standard of public institutions and development of partnership mechanisms,
 - (2) Improving the human capital quality and enhancing social cohesion,
 - (3) Establishment and modernisation of technical and social infrastructure crucial for better competitiveness of Poland,
 - (4) Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector,

- (5) Increase of the competitiveness of Polish regions and preventing their social, economic and territorial marginalisation,
 - (6) Balancing growth opportunities and supporting structural changes on rural areas.
2. The list of operational programmes for the Convergence objective used for the strategy to be implemented, presented in attachment I, is coherent with the priority areas referred to in item 1.

Article 2

1. The contribution from the funds for the accomplishment of the priority areas selected for common activities of the Community and Poland is set for EUR 66 553 157 091 for programming period 2007–2013.
2. The indicative initial allocation of the Community's support into separate funds is as follows:

ERDF	EUR 33 338 323 218
ESF	EUR 9 707 176 000
Cohesion Fund	EUR 22 176 353 774

The national performance reserve is established for the Convergence objective. The amounts of the national performance reserve are as follows:

	3% of the structural funds contribution for the Convergence objective	3% of the structural funds contribution for the objective of Regional Competitiveness and Employment
National performance reserve	1 331 304 099	0

3. The indicative annual allocation of each fund for separate programmes is specified in attachment II.

Article 3

For the Convergence objective, the level of expenditures in order to comply with the additionality principle referred to in article 15 of the regulation No (EC) 1083/2006, is set for EUR 7 940 000 000 in the current prices in 2006.

Article 4

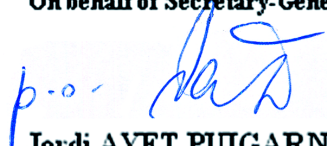
Activities aimed at an improvement of Polish administration are specified in attachment no III.

Article 5

This decision concerns the Republic of Poland.

Done at Brussels, 7 May 2007

For the Commission
Danuta Hübner
Member of the Commission

Certified true copy
On behalf of Secretary-General

Jordi AYET PUIGARNAU
Director of the Chancellery

ATTACHMENT I

List of operational programmes for the Convergence objective

2007PL051PO001	Operational Programme: Human Capital
2007PL161PO001	Operational Programme: Innovative Economy
2007PL161PO002	Operational Programme: Infrastructure and Environment
2007PL161PO003	Operational Programme: Development of Eastern Poland
2007PL161PO004	Operational Programme: Technical Assistance
2007PL161PO005	Regional Operational Programme of Dolnośląskie Voivodeship
2007PL161PO006	Regional Operational Programme of Kujawsko-Pomorskie Voivodeship
2007PL161PO007	Regional Operational Programme of Lubelskie Voivodeship
2007PL161PO008	Regional Operational Programme of Lubuskie Voivodeship
2007PL161PO009	Regional Operational Programme of Łódzkie Voivodeship
2007PL161PO010	Regional Operational Programme of Małopolskie Voivodeship
2007PL161PO011	Regional Operational Programme of Mazowieckie Voivodeship
2007PL161PO012	Regional Operational Programme of Opolskie Voivodeship
2007PL161PO013	Regional Operational Programme of Podkarpackie Voivodeship
2007PL161PO014	Regional Operational Programme of Podlaskie Voivodeship
2007PL161PO015	Regional Operational Programme of Pomorskie Voivodeship
2007PL161PO016	Regional Operational Programme of Zachodniopomorskie Voivodeship
2007PL161PO017	Regional Operational Programme of Wielkopolskie Voivodeship
2007PL161PO018	Regional Operational Programme of Świętokrzyskie Voivodeship
2007PL161PO019	Regional Operational Programme of Śląskie Voivodeship
2007PL161PO020	Regional Operational Programme of Warmińsko-Mazurskie Voivodeship

ATTACHMENT II Indicative annual allocation

Operational Programme	Fund	EU contribution							
		Total	2007	2008	2009	2010	2011	2012	2013
		The Convergence Objective							
16 Regional Operational Programmes:		16 555 614 188	2 320 878 674	2 375 226 449	2 429 216 368	2 397 526 540	2 352 757 295	2 309 415 992	2 370 592 870
dolnośląskie		1 213 144 879	170 066 906	174 049 345	178 005 561	175 683 428	172 402 874	169 226 955	173 709 810
kujawsko-pomorskie		951 003 820	133 318 188	136 440 086	139 541 428	137 721 070	135 149 391	132 659 737	136 173 920
lubelskie		1 155 854 549	162 035 558	165 829 927	169 599 313	167 386 841	164 261 210	161 235 273	165 506 427
lubuskie		439 173 096	61 566 274	63 007 965	64 440 163	63 599 522	62 411 922	61 262 201	62 885 049
łódzkie		1 006 380 910	141 081 325	144 385 012	147 666 945	145 740 588	143 019 160	140 384 533	144 103 347
małopolskie		1 290 274 402	180 879 448	185 115 082	189 322 828	186 853 057	183 363 932	179 986 094	184 753 961
mazowieckie		1 831 496 698	256 751 672	262 764 000	268 736 738	265 230 990	260 278 305	255 483 592	262 251 401
opolskie		427 144 813	59 880 067	61 282 272	62 675 245	61 857 628	60 702 554	59 584 324	61 162 723
podkarpackie	ERDF	1 136 307 823	159 295 364	163 025 567	166 731 209	164 556 152	161 483 379	158 508 614	162 707 538
podlaskie		636 207 883	89 187 951	91 276 456	93 351 209	92 133 416	90 413 000	88 747 457	91 098 394
pomorskie		885 065 762	124 074 542	126 979 983	129 866 293	128 172 149	125 778 779	123 461 745	126 732 271
śląskie		1 712 980 303	240 137 237	245 760 506	251 346 748	248 067 857	243 435 662	238 951 215	245 281 078
świętokrzyskie		725 807 266	101 748 602	104 131 239	106 498 187	105 108 887	103 146 179	101 246 072	103 928 100
warmińsko-mazurskie		1 036 542 041	145 309 518	148 712 216	152 092 508	150 108 418	147 305 429	144 591 843	148 422 109
wielkopolskie		1 272 792 644	178 428 736	182 606 983	186 757 718	184 321 409	180 879 558	177 547 486	182 250 754
zachodniopomorskie		835 437 299	117 117 286	119 859 810	122 584 275	120 985 128	118 725 961	116 538 851	119 625 988
OP Development of Eastern Poland	ERDF	2 273 793 750	318 755 883	326 220 157	333 635 281	329 282 913	323 134 181	317 181 567	325 583 768
OP Infrastructure and Environment, in which:	ERDF, CF	27 913 683 774	2 803 245 039	3 213 450 841	3 638 277 158	3 934 283 414	4 347 732 503	4 757 925 675	5 218 769 144
	ERDF	5 737 330 000	804 297 968	823 132 129	841 842 277	830 860 202	815 345 469	800 325 587	821 526 368
	CF	22 176 353 774	1 998 947 071	2 390 318 712	2 796 434 881	3 103 423 212	3 532 387 034	3 957 600 088	4 397 242 776
OP Innovative Economy	ERDF	8 254 885 280	1 157 226 001	1 184 324 642	1 211 244 851	1 195 443 813	1 173 121 175	1 151 510 530	1 182 014 268
OP Technical Assistance	ERDF	516 700 000	72 434 523	74 130 714	75 815 737	74 826 699	73 429 453	72 076 773	73 986 101
OP Human Capital	ESF	9 707 176 000	1 360 817 999	1 392 684 131	1 424 340 441	1 405 759 510	1 379 509 630	1 354 096 998	1 389 967 291
Performance reserve	ERDF, ESF	1 331 304 099					266 260 819	532 521 640	532 521 640
Convergence Objective	Total	66 553 157 091	8 033 358 119	8 566 036 934	9 112 529 836	9 337 122 889	9 915 945 056	10 494 729 175	11 093 435 082
	ERDF, EFS	44 376 803 317	6 034 411 048	6 175 718 222	6 316 094 955	6 233 699 677	6 383 558 022	6 537 129 087	6 696 192 306
	ERDF	33 338 323 218	4 673 593 049	4 783 034 091	4 891 754 514	4 827 940 167	4 737 787 573	4 650 510 449	4 773 703 375
	ESF	9 707 176 000	1 360 817 999	1 392 684 131	1 424 340 441	1 405 759 510	1 379 509 630	1 354 096 998	1 389 967 291
	CF	22 176 353 774	1 998 947 071	2 390 318 712	2 796 434 881	3 103 423 212	3 532 387 034	3 957 600 088	4 397 242 776
Performance reserve	Performance reserve (ERDF, ESF)	1 331 304 099					266 260 819	532 521 640	532 521 640

ATTACHMENT III

Activities aimed to improve the performance of the Polish administration in accordance with article 4 of the decision accepting some elements of the national strategic reference framework for Poland

The activities aimed to improve the performance of the Polish administration will focus on an enhancement of the institutional skills of the administration and the public sector. These activities comply with selected reform programmes of the public administration and services in Poland and are coherent with the strategic decisions made within the national strategic reference framework. The activities are to be undertaken within the scope of Operational Programme: Human Capital and the priority axis of Good Governance.

The indicative budget of the European Social Fund to be spent on the improvement of administration performance amounts to EUR 519.2 million.

The main activities aimed to improve the institutional capabilities within this priority axis are as follows:

- improving the quality of legal acts and a reform of the legal regulation system,
- improving the performance of the Public Finances system through implementing new management principles of Public Finances,
- improving the performance of public administration in order to reduce bureaucracy that impairs a development of enterprises and to facilitate investments,
- introducing management facilities in the sector of justice in order to make the access to the courts easier,
- developing a partnership attitude involving social partners and non-governmental organisations in the process of preparing and accomplishing public policies.

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INTRODUCTION

When Poland joined the European Union (EU) in May 2004 it joined the execution of one of the top priority Community policies – the cohesion policy, aimed at promoting harmonious growth of the entire EU-25 territory through measures aimed at reducing disparities in the development level of its standards in its particular regions, and consequently to enhance economic, social and territorial cohesion of the Community. If appropriate directions for measures executed within the cohesion policy with financial support of structural funds and the Cohesion Fund are assured, Poland has an opportunity at making up for development lagging and considerable hastening of processes which are to help achieve convergence with other regions and member states of the Community.

Pursuant to EU guidelines that define the main objectives of the cohesion policy and taking into account the social and economic prerequisites of Poland, the National Strategic Reference Framework for the years 2007-2013 (NSRF) in support of growth and jobs was prepared. The document defined support directions from funding available from the EU budget in the forthcoming 7 years within the European Regional Development Fund (ERDF), European Social Fund (ESF) and the Cohesion Fund. NSRF is a reference instrument for development of operational programmes, simultaneously taking into consideration provisions of the National Development Strategy for the years 2007–2015¹ (NDS) and the National Reform Programme for the years 2005–2008 (NRP)², in response to challenges contained in the Lisbon Strategy.

The draft NSRF has been developed pursuant to requirements of article 27 of the Council Regulation (CE) No. 1083/2006 of 11 July 2006 which set up general provisions concerning the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing the Regulation (CE) No. 1260/1999³ (hereinafter called: Council Regulation No. 1083/2006). The document presents an analysis of the social and economic situation of Poland and its regions, formulates the top challenges for Poland in the perspective of the forthcoming years and defines objectives aimed at achieving social, economic and territorial cohesion with Community countries and regions, presents allocation of funds for particular programmes and an abbreviated description of the execution system. Furthermore it presented a description of operational programmes, which are to execute objectives assumed by NSRF.

¹ The National Development Strategy, adopted by the Council of Ministers on 27 June 2006 is the basic document that defines objective of the growth policy in Poland for the years 2007-2015.

² The National Reform Programme, adopted by the Council of Ministers on 28 December 2005, sets up short-term objectives and implementation means of the growth and jobs policy, formulated within the renewed Lisbon Strategy.

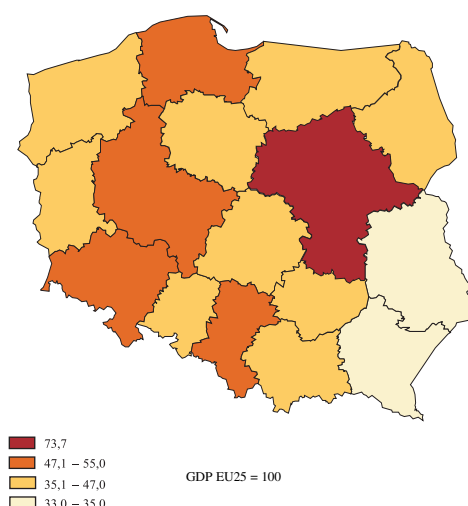
³ EU Official Journal L 210 of 31 July 2006.

1. DIAGNOSIS OF SOCIAL AND ECONOMIC SITUATION

As a country included by the “Convergence” objective of the EU cohesion policy Poland is characterised by:

- gross domestic product (GDP) per capita measured by currency purchasing power⁴ in all voivodships (Nomenclature of Territorial Units for Statistics, i.e. NUTS II⁵) lower than 75% of the average value for EU-25, 5 of 16 Polish voivodships (on the eastern areas, i.e. voivodships: lubelskie, podkarpackie, podlaskie, świętokrzyskie and warmińsko-mazurskie) are the poorest regions in the entire EU-25 area (they have the lowest GDP per capita in the entire EU-25⁶),
- lasting rate of economic growth, stabilised at a relatively high level as compared to the average rate of economic growth in the EU (in 2006 it totalled to 5.8% as compared to 2.9% in EU-25), very low inflation (in 2006 on average 1.3% as compared to 2.2% in EU-25), with concurrent deficit of the public finance sector, which exceeds the convergence criterion from the Maastricht Treaty,

Map 1. GDP per capita in 2003 in PPS as compared to the average in EU-25



Source: Eurostat

- ongoing convergence processes, which have recently been proceeding at a lower pace than in other EU member states (in the years 1997-2005 decreasing of the development gap of Poland took place as compared to EU-25 countries only by 6 percentage points, measured in GDP by PPS), while for example in Estonia by 22 points, by 15 points in Lithuania and Latvia, and 13 points in Hungary)
- average internal spatial differentiation in the EU scale as measured at the level of particular voivodships (the NUTS II level). Differentiation in the GDP per capita level between the poorest and the wealthiest voivodship was as 1 to 2.2 in 2004,

⁴ Currency purchasing power/purchasing power parity (PPP) – based on the theory of one price, which assumes that for a determined number of units of a given currency the same number of goods may be purchased in each country at the same time. The purchasing power parity allows making international GDP comparisons and comprises converting the exchange rate according to the purchasing power.

⁵ *The Nomenclature of Territorial Units for Statistics (NUTS/NTS)* – single scheme of territorial division in European Union member states. In Poland applied pursuant to Ordinance of the Council of Ministers of 13 July 2000 concerning introduction of The Nomenclature of Territorial Units for Statistics (NTS) (Dz. U. No.58, item 685 as later amended). NTS/NUTS is a five level hierarchical classification system, which comprises three regional levels (NUTS I - III) and two local levels (NUTS IV - V); for practical reasons the NUTS nomenclature has been first of all based on the already existent administrative division.

⁶ In 2004 the average GDP level per capita in Poland totalled to 48.7% of the average level in EU-25, while following including of Bulgaria and Romania – 50.7%. Simultaneously as a consequence of the accession of those countries to the EU, the majority of those regions is now poorer than regions in Eastern Poland.

- public administration with a negative image, characterised by insufficient institutional efficiency resulting from outdated organisational structures and management systems, low standard of cooperation culture and incompletely implemented partnership standards, which provide low quality public services and which to a large extent is susceptible to corruption threat,
- high percentage of young people in the demographic structure (at the end of 2005 persons in the age group below 35 years constituted 52% of the population),
- despite a gradual increase in the number of new work posts and employment growth, and a systematic unemployment reduction, the employment rate continues to be the lowest of all EU countries and the unemployment rate is simultaneously the highest of all EU countries. In 2005 the employment rate in Poland totalled to 52.8%, while the EU-25 average was at the level of 63.8%; the unemployment rate in Poland⁷ amounted to 17.7%, while on average in EU-25 countries – 8.8%. In 2006 a fall was recorded in the unemployment rate in Poland to 14%, and in EU-25 to 7.9%,
- despite advantageous changes connected with ongoing restructuring processes (elimination of a large number of work places in “traditional sectors”) and shifting labour resources to more effective sectors of the economy, a still outdated and ineffective sector related employment structure, with a clearly excessive employment in agriculture (the highest one in Europe), which is insufficient in the relatively weakly developed services sector,
- increased revenues and expenditures of the society, accompanied by intensified disparities in the financial situation of the inhabitants and increased threat of poverty and social exclusion,
- continuously improving education level of the inhabitants, connected first of all with growing educational aspirations (in the last decade an almost 4-fold increase of the scholarisation indicator in contrast to the beginning of the nineties for higher education). The human capital quality in Poland is nevertheless relatively low as compared to other EU-15 member states - Poland has a considerable percentage of inhabitants with the lowest education level, as well as a relatively low percentage of persons with the highest qualifications,
- poor technical infrastructure state, especially transport infrastructure and social infrastructure, which leads to lagging as compared to other EU countries and poses a serious development barrier, which also affects adversely the volume of foreign exchange and limits the mobility of inhabitants,
- development potential of Poland not being fully used owing to the absence of required standards of transport links in international and internal relations (in particular between the major economic centres),
- low productivity and considerable technological and organisational gap of enterprises in relation to EU enterprises (despite relatively high dynamics of work productivity), first of all resulting from relatively low investment rate, insufficient saturation with modern technologies, including informatic and communication technologies, unsatisfactory cooperation between R&D and the economy, and well as mismatched qualifications structure and a high ownership share of the state (especially in major enterprises), and as a consequence a low share of highly processed goods in growing export,
- low level of expenditures for R&D, which in 2004 amounted in Poland only to 0.57% of GDP while the average for EU member states was at that time at the level of 1.85 % of GDP,
- considerable progress in natural environment protection: through restructuring and modernisation of the economy (which allows limiting energy and material intensity of production) and consistently implemented provisions of the ecological policy, including changes in the financing system of proecological activity and adaptation of protective norms to EU standards. Despite those positive trends parameters of the environment condition continue to differ from average values in EU countries,

⁷ Harmonised.

- rural settlement system which is the most dispersed one in the EU (a very high number of villages and neighbourhoods) with simultaneous polycentric arrangement of the urban settlement system,
- lack of territorial flows on the inland labour market (scale of migration between voivodships is small and ranges between 10 and 11%), and at the same time continuously growing foreign migrations (especially since Poland's accession to the EU). Opened labour markets in some EU member states, a considerable wage disparity between Poland and EU-15, led to increased number of Poles job migrating abroad,
- and finally differentiation of the living level and standard between urban and rural areas (to the disfavour of the latter ones). Rural areas are characterised by a small number and insufficient organisation of market, financial and production services, hindered access to elementary social services (education, culture, health), lack of non-agricultural work places, and the insufficiently developed technical infrastructure is one of developmental barriers on those areas.

The above description presents only those most important phenomena and trends taking place in Poland, which is a point of relation for determination of the development strategy. A detailed diagnosis of the social and economic situation of Poland, illustrated by Diagrams, has been contained in Appendix 1.

2. SWOT ANALYSIS – SITUATION AT START OF NSRF IMPLEMENTATION

	Strengths of the Polish economy	Weaknesses of the Polish economy	Opportunities for the Polish economy	Threats for the Polish economy
Macroeconomic situation	<ul style="list-style-type: none"> • Stability of the economy in the real and monetary spheres • Lasting economic growth on an average level enabling gradual convergence with EU-15 countries • Inflation stabilised at a low level • Relatively high currency reserves • Growing openness of the economy, measured by the level of trade exchange with abroad • High export dynamics • Change of export structure towards industrial processed products • Big scale of foreign investment inflow and the consequent transfer of modern technologies and know-how 	<ul style="list-style-type: none"> • Low level of the GDP per capita indicator and added value per employee • Ineffective sectoral structure of the economy – despite changes an excessively high share of employment in agriculture and traditional sectors with low effectiveness • Low investment level • Low level of economic innovativeness • High deficit of the state budget and level of public debt (with unequivocal trend for limiting the level of those indicators) • Unfavourable and ineffective structure of public expenditures • High energy intensity of the economy as compared to EU countries • Maintaining a high level of the budgetary deficit 	<ul style="list-style-type: none"> • Progress in opening and liberalisation of EU markets • Changing the structure of public expenditures in support of development undertakings • Increasing the inflow of foreign investments and the consequent transfer of modern technologies and know-how and its use in support of economic modernisation • Prospective membership in the Economic and Monetary Union (adoption of euro as common currency) • Establishment of favourable conditions for running economic operation • Utilisation of task budget mechanisms 	<ul style="list-style-type: none"> • Lack of progress in further reforms of public finance • Accruing of public debt • Maintained low level of investments • Quicker development of new EU member states and more advantageous conditions for investments in those countries • Insufficient diversification of supply sources for electric power and gas • Weakening of global and European economic situation • Deterioration of climate for economic exchange with abroad, including also eastern neighbouring countries
Functioning of public institutions	<ul style="list-style-type: none"> • Relatively high level of education of public administration staff • Growing role of territorial self-governments in development of growth 	<ul style="list-style-type: none"> • Low capacity of public services in development and enforcement of the law and providing public services • Low operation effectiveness in economic courts • Low functioning standard of public institutions and their low social status • Insufficient utilisation of informative and communication technologies in public administration • Low social activity and citizens involvement • Low social status of public administration • Perception of the corruption phenomenon in many areas of public administration 	<ul style="list-style-type: none"> • Radical improvement of national informatisation level and interactive nature of public services • Rationalisation of administrative procedures leading to qualitative changes of relations between citizens and public administration • Reform of public administration towards rationalisation of task execution (the so-called good governance) 	<ul style="list-style-type: none"> • Insufficient utilisation of existing potential of civil service corps • Politicisation of the public sphere • Unstable and ambiguous legal regulations • Maintained corruption risk

	Strengths of the Polish economy	Weaknesses of the Polish economy	Opportunities for the Polish economy	Threats for the Polish economy
Human capital and social resources	<ul style="list-style-type: none"> • Relatively young age structure of the population • Increase in the number of well educated young people entering the labour market • Development of higher education and growth of academic scholarisation indicator • Insignificant regional differentiation in participation in primary education, pre-middle school education and secondary education • Strong position of a part of elementary sciences (pure sciences), and achievements in some spheres of applied sciences (e.g. medical sciences, programming sciences) • Presently relatively low labour costs as compared to EU-15 	<ul style="list-style-type: none"> • Low level of professional activity, professional and spatial mobility • High unemployment rate, especially among youth and women and among persons with low qualifications • Intensifying phenomenon of long-lasting unemployment • Large scope of unregistered employment ("grey zone"). • Low effectiveness of labour market institutions in limiting unemployment • Insufficient correlation of the education system with the labour market • Relatively low outlays and insufficient investments in the education system, especially on rural areas • Low level of education on rural areas • Low lifelong learning indicator • High level of income level of the society • Marginalisation and social exclusion of some population groups • Insufficient correlation of entrepreneurship promotion among citizens with the education system • Low level of expenditures on culture 	<ul style="list-style-type: none"> • Enhancing flexibility of labour markets • Utilisation of the potential of young generations entering the labour market • Utilisation of potential of educated people and those returning from job migrations from abroad • Utilisation of educational aspirations of the populations, also of persons who already have jobs • Adaptation of education to needs of the labour market • Enhancing access to education, also on rural areas • Maintaining a high scholarisation level of youth on a higher level • Development of educational potential in spheres that determine competitiveness 	<ul style="list-style-type: none"> • Negative natural growth, aging of the society, • Maintaining a low level of employment and a high unemployment rate • Low professional mobility • Excessive outflow (permanent and temporary migration) of staff with best qualifications, including especially young people • Absence of life long learning habit • Intensification of differences in the living standard of the population • Inheriting poverty and social exclusion • Deterioration of health safety of the citizens • Lasting absence of economic and social ties with well educated enterprising representatives of the young generation remaining on emigration

	Strengths of the Polish economy	Weaknesses of the Polish economy	Opportunities for the Polish economy	Threats for the Polish economy
Competitiveness of enterprises, R&D, information society and the services sector	<ul style="list-style-type: none"> • High dynamics of work productivity • Considerable adaptation skills of enterprises (especially small and medium enterprises (SMEs) to cope with competitiveness pressure on external markets • Growing number of doctoral theses and number of employed with a doctor degree in the R&D sector • High growth dynamics of the sector informatic and communication services (ICT) • Dynamic development of the capital market and system of financial services • Change in the export structure towards processed products • Large and absorbing internal market of goods and services 	<ul style="list-style-type: none"> • Relatively high fiscal and parafiscal burdens of enterprises • High share of non-wage labour costs • Low level of productivity • Low level and incorrect structure of outlays on R&D • Weak cooperation between the sphere of R&D and the economy • Low level of creativity, including low indicator of inventions notified to patent protection • Low level of innovativeness in enterprises • Low level of investments in enterprises • Low level of the use of intellectual property rights in the economy • Low level of high technology products and highly processes products in export • High barriers in access to capital designated for establishment and development of enterprises • Insufficient development of the economic insurance system • Low absorption of the economy (including enterprises) by modern technologies and lagging behind in establishment of an information society • Insufficient development of the service sector, including especially of a market nature 	<ul style="list-style-type: none"> • Further increase in competitiveness of Polish products in the EU, as well as on global markets • Access to external financing (financial leverage) • Maintaining growth dynamics for labour productivity • Development of research and international scientific and research cooperation • Hastening the modernisation of the economy through rationalisation and promotion of transfer of modern techniques and technologies • Propagation of access to the Internet • Utilisation of globalisation effects for development of the services sector • High growth dynamics in the services sector on the basis of informatic and communication technologies (ICT) 	<ul style="list-style-type: none"> • Maintaining insufficient accessibility of companies to external financing sources • Maintaining low outlays on R&D • Concentration of state aid on traditional sectors of the economy • Unstable and ambiguous legal environment • Increase in labour costs leading to weakening the price competitiveness of Polish products

	Strengths of the Polish economy	Weaknesses of the Polish economy	Opportunities for the Polish economy	Threats for the Polish economy
Infrastructure	<ul style="list-style-type: none"> • Developed railway system with relatively homogenous spatial arrangement • Improved level of equipping in the water supply and sewerage systems • Well developed system of regional airports • Availability of centres offering highly specialised medical services • Abundant resources of cultural heritage 	<ul style="list-style-type: none"> • Outdated transport infrastructure not adapted to growing needs • Insufficient transport links on main transport corridors (TEN -T) • Insufficient transport links of major urban centres in Poland by a system of motorways and high-speed roads • Lack of integrated public transport systems • Low safety level of road traffic • Lack of integrated system to provide connections of sea ports with other transport infrastructure • Insufficient access to ports on the side of land and sea • Unsatisfactory diversification of energy supply sources • Low share of renewable energy sources in the energy balance • Considerable differentiation in availability of water and sewage systems • Inadequate condition of infrastructure connected with wastes utilisation • Unsatisfactory state of the anti-flood infrastructure • Low accessibility of housing infrastructure and inferior technical condition of the existing housing • Unsatisfactory state of the health protection infrastructure • Bad condition of monuments and considerable differentiation in access to culture infrastructure 	<ul style="list-style-type: none"> • Modernisation and improvement of the quality of road and railway networks, increasing transport accessibility of regions in Poland favourable to allocation of investments in the sector of enterprises. • Development of public transport (including in particular regions), • Utilisation of air transport to increase economic competitiveness • Growing role of Polish sea ports in transit of cargo • Development of innovativeness, including that leading to reducing material and energy intensity of the economy • Development of culture related industries and enhancing the role of culture in establishment of GDP and creation of work places • Execution of Regulations as regards environment protection 	<ul style="list-style-type: none"> • Lack of progress in the development of transport system with European and national functions • Further limitation in the scope of public transport services outside metropolitan areas • Progressing recession in energy infrastructure • Lagging behind in fulfilling requirements of Regulations related to environment protection • Insufficient progress in the sphere of ecological awareness of the society

	Strengths of the Polish economy	Weaknesses of the Polish economy	Opportunities for the Polish economy	Threats for the Polish economy
Spatial dimension, including rural areas	<ul style="list-style-type: none"> • Balanced polycentric arrangement of the municipal settlement system with moderate concentration degree of the capital city • Relatively homogenous spacing of urban agglomerations with more than 500 000 inhabitants. • Relatively low transformation level of the natural environment and high share of protected areas in the total area of Poland • High tourist values and nature and landscape values, including attractiveness of areas with cultural heritage 	<ul style="list-style-type: none"> • Considerable number of municipal, former industrial and post-military areas degraded socially, economically and technically, in need of revitalisation • Low urbanisation level, especially in eastern regions of Poland • Insufficiently developed metropolitan functions of European rank in the largest Polish cities • Insufficient development of municipal functions in small and medium centres which serve rural areas • Dispersed settlement network • Absence of links between the main Polish towns • Insufficient accessibility of transport and functional links between the major urban centres and the surrounding small and medium towns and rural areas • Considerable differentiation in development of technical, service and social infrastructure between the largest towns and some rural areas • Peripheral nature of Polish eastern regions in the EU scale 	<ul style="list-style-type: none"> • Increased diffusion of growth impulses from the major cities onto surrounding areas through enhancing of links • Development of metropolitan functions in the biggest urban centres, including on areas of Eastern Poland • Connecting Polish metropolises in the system of European transport corridors • Reducing disparities in social and economic development between urban areas and rural areas • Utilisation of spatially diversified natural and cultural values for development of tourism and recreation • Advantageous development conditions for ecological agriculture • Increase in interest in rural areas as place of residence and areas for spending free time • Rational use and maintaining abundant and diversified natural resources 	<ul style="list-style-type: none"> • Insufficient transformations of the social and economic structure for improvement of competitiveness of the regions, especially on the poorest areas • Uneven and unsatisfactory development of metropolitan functions • Increase of poverty and social exclusion on degraded areas and on rural areas • Pollution of the natural environment

3. DIRECTIONS AND EFFECTS OF THE COHESION POLICY IN POLAND IN 2004-2006

In the years 2004-2006 the following sums were designated for the implementation of the European cohesion policy in Poland (in current prices):

- 8.3 billion euro for execution of programmes⁸ co-financed from structural funds,
- 0.35 billion euro within two programmes of Community Initiatives INTERREG and EQUAL⁹,
- 4.2 billion euro from resources of the Cohesion Fund¹⁰,
- 4 billion euro of national public means.

European funds had a positive effect on the elementary macroeconomic categories, such as economic growth, or changes in the situation on the labour market. The assumed general objective in the form of real convergence of the Polish economy to the average level of 42-43% GDP per capita in EU 15 was achieved, and even exceeded already in the first year covered by execution of the National Development Plan 2004-2006 (NDP)¹¹ (44.7%). Thanks to used funds, in 2004 the unemployment rate decreased by 0.01%, and in 2005 it fell almost by 0.5% and at the end of the year totalled to 17.6%.

An analysis of the impact of EU funding on execution of development objectives assumed in the Community Support Framework for Poland in the years 2004-2006¹² has shown its positive nature both in macroeconomic and in microeconomic perspectives. Although the disbursement period of EU funds has been short to date, already the first positive symptoms were recorded as proof of improvement taking place in the social and economic situation in Poland. Direct support for enterprises, including investments made in fixed assets in modernisation and development of enterprises and implementation of new technologies helped improve their financial results, and consequently also enabled an increase in competitiveness on the single EU market. Implementation of projects in support of human resources development and of improving qualifications of employees was transposed to the increase in their value

⁸ Operational Programmes - Sectoral Operational Programme Increase of Competitiveness of Enterprises, 2004-2006 (Ordinance of the Minister of Economy and Labour of 1 July 2004 concerning adopting the Sectoral Operational Programme Increase of Competitiveness of Enterprises, 2004-2006 (Dz. U. No. 166, item 1744 as later amended), Sectoral Operational Programme Development of Human Resources 2004-2006 (Ordinance of the Minister of Economy and Labour dated 1 July 2004 concerning adoption of Sectoral Operational Programme Development of Human Resources 2004-2006 (Dz. U. No. 166, item 1743 as later amended), Sectoral Operational Programme Restructuring and modernisation of food product sector and development of rural areas 2004-2006 (Ordinance of the Minister of Agriculture and Rural Development dated 3 September concerning adoption of Sectoral Operational Programme Restructuring and modernisation of food product sector and development of rural areas 2004-2006 (Dz. U. No.197, item 2032 as later amended), Sectoral Operational Programme Fishery and fish processing 2004-2006 (Ordinance of the Minister of Agriculture and Rural Development dated 11 August concerning Sectoral Operational Programme Fishery and fish processing 2004-2006 (Dz. U. No.197, item 2027 as later amended), Sectoral Operational Programme Transport for the years 2004-2006 (Ordinance of the Minister of Infrastructure dated 28 July 2004 concerning adoption of Sectoral Operational Programme Transport for the years 2004-2006 (Dz. U. No.177, item 1828 as later amended), Integrated Regional Operational Programme 2004-2006 (Ordinance of the Minister of Economy and Labour dated 1 July 2004 concerning adoption of Integrated Regional Operational Programme 2004-2006 (Dz. U. No.166, item 1745 as later amended), Operational Programme Technical Assistance 2004-2006 (Ordinance of the Minister of Economy and Labour dated 1 July 2004 concerning adoption of Operational programme Technical Assistance 2004-2006 (Dz. U. No 166, item 1742 as later amended) financed from resources of four structural funds: ERDF, ESF, European Agriculture Guidance and Guarantee Funds and financial Instrument of Fishery Guidance.

⁹ INTERREG – EU Initiative, in support of transborder, transnational and interregional cooperation, EQUAL – EU Initiative in support of projects aimed at transnational cooperation to promote new methods of counteracting all forms of discrimination and inequalities on the labour market

¹⁰ Cohesion Fund – an economic and political instrument of the European Commission, which is not a part of structural funds, and which is implemented at the level of selected countries and not regions. Its objective is to facilitate integration of less developed countries by establishing major transport networks as well as environment infrastructure facilities of a large impact scale.

¹¹ NDP – programme document which in the preceding programming period was a basis for planning particular spheres of structural interventions, as well as integrated long-term operational programmes of a horizontal and regional nature. NDP contained an indication of objectives, measures and magnitude of intervention of structural funds and the Cohesion Fund, directed at reducing disproportions in the level of social and economic development between the member state and the European Union. On the basis of that document a member state conducted agreements with the European Commission related to the Community Support Framework (Ordinance of the Council of Ministers dated 22 June 2004 concerning adoption of the National Development plan 2004-2006 (Dz. U. No. 149, item 1567 as later amended)

¹² Community Support Framework (CSF) – in the preceding periods of budgetary planning a EU document adopted by the European Commission in agreement with a given member state and following performed evaluation of the development plan submitted by the given member state. CSF set out the strategy and priorities for activities of structural funds and member state, their specific objectives, volume of contribution of the funds and other financial resources.

and opportunities on the national and international labour market. The inflow of highly qualified staff to the economy also enabled an increase in competitiveness and change in its structure. Professional and social integration of persons with disabilities and other excluded milieus to a large extent weakened the pressure on the state to bear ineffective social expenditures, which burden the national budget each year. Thanks to the executed infrastructural investments a considerable improvement has taken place in the living conditions and activity (attractiveness) for business entities in Poland. Poland's investment attraction keeps growing, which may be proven by the high level of foreign investments, allocated on areas appropriately provided with technical infrastructure. An improvement took place as regards transport accessibility of major metropolises, which are poles of economic growth in Poland, as well as on areas which up to now had insufficient transport links. The development and improvement of the standard of transport links determines the efficient flow of goods and persons and affects positively the internal economic, social and territorial cohesion of Poland. Projects in support of modernisation and development of environment protection have not only affected the execution of international commitments by Poland, but also an improvement of the state of the nature, which improves the standard and comfort of living for the inhabitants, and elimination of high social and environmental costs of natural calamities. Resources allocated for structural transformations in agriculture and fishery and for the development of rural areas have helped improve the competitiveness of those sectors and sustainable development of areas on the basis of other non-sectoral growth factors. The development of entrepreneurship and other non-agricultural operation on rural areas enabled their inhabitants to undertake work outside agriculture, and through that allowed reduction of concealed unemployment on rural areas.

To a large extent resources coming from EU had been allocated for infrastructural projects in transport and environment protection, which results directly from immense investment needs in this respect. Through implementation of programmes co-financed from structural funds built or modernised were 1 631 km voivodship, powiat and gmina roads, 1 286 km of water supply pipelines and 1 240 km of sewerage systems.¹³ On the other hand, as regards national roads, modernisation included only 12.8 km¹⁴, as compared to the planned 350 km. Furthermore, in 2005 the European Commission issued decisions for three projects, the so-called 'major' projects, connected with construction of the Kwiatkowskiego Route in Gdynia, construction of Puławy by-pass with a new bridge on the Vistula River and with modernisation of a fragment of the railway line Warszawa-Łódź. The main reason for a low level of utilisation of EU resources EU is the specific nature of projects executed within the programme, characterised by a long investment cycle, and also a complex legal system and institutional barriers.

To a slightly lesser extent structural funds support measures related to human resources (within particular measures of ESF support included over 1 144 000 persons¹⁵), information society (within Sectoral Operational Programme Development of Human Resources 2004-2006 purchased were almost 122,000 computer units¹⁶) and the research and development sector, which appears to be a natural consequence of considerable underinvestment of the most elementary spheres of social and economic life in Poland.

The biggest and the most effective group of beneficiaries applying for co-financing of project execution from resources of structural funds are territorial self-government entities, which justifies the correctness of the concept adopted for the new programming period 2007-2013 of decentralisation in regional policy. The majority of expenditures within projects implemented by territorial self-government units are investments in elementary infrastructure, which amount to ca. 92% of total project value. Over 60% of project value in this category are pro-environment investments, co-financed from the Cohesion Fund and implemented by gmina authorities. The second category of investments as regards volume

¹³ According to the state at the end of June 2006. Source: Managing Authority CSF

¹⁴ According to the state at the end of June 2006. Source: ditto

¹⁵ According to the state at the end of December 2005. Source: ditto

¹⁶ According to the state at the end of December 2005. Source: ditto

are projects in the scope of development of human resources, which constitute to 6% investments in poviats and gminas. Only ca. 2% of all investments support the production sector.

The second biggest group of beneficiaries is government administration and entities that execute commissioned tasks of government administration, as well as state run budgetary entities. The third place as regards the share in total resources covered by agreements is occupied by entrepreneurs, who designate the granted resources for implementation of investment and modernisation projects, and the biggest support is obtained by entrepreneurs from regions with the biggest number of registered business entities. In enterprises it may be expected that as needs connected with material infrastructure become satisfied, the inclination to creating a competitive domination would grow and demand for projects in the scope of broadly understood counselling, development of the service sector, purchase of new technologies, or research and development operation.

The initial period of implementation of EU funds is characterised by a low level of spending EU resources granted to Poland for the years 2004-2006. This results first of all from the fact that the developed implementation system failed to identify in a satisfactory way needs of processes connected with project implementation, which as a consequence led to their being protracted and costly. The elementary errors concerned inter alia excessive centralisation of the system, its disproportionate caution and formalisation, too rigorous procedures which at times assume requirements that are far more restrictive than those imposed by the EU law and underestimation of staffing needs in institutions. The first months have also disclosed shortcomings in experience and knowledge of beneficiaries as regards implementation and settlement procedures of their projects, which required additional mobilisation of institutions to deliver training courses and correcting mistakes made by the project authors.

Procedural and system solutions verified in practice were subject to subsequent corrections, which were to eliminate burdens and barriers that hinder using EU funds by Poland. To a large extent the introduced changes comprised working out details concerning regulations or criteria for using the aid, simplification of documents, on the basis of which granting and settlement of aid took place, correcting mistakes and lack of consistence in the documents, reallocation of resources to allow better adaptation to the supply of projects and adaptation of the institutional structure to decentralisation of functions and elimination of overlapping functions. The first analyses and directional decisions indicating the need of changes of the main legal acts that regulate inter alia the system of financing, control, public procurement, formal and legal framework for implementation of EU funds have been undertaken in the second quarter of 2005, yet actual complex approach was worked out as a remedy plan¹⁷, which is a basis for further measures, including amendment to Act dated 20 April 2004 on the National Development Plan (Dz. U. No. 116, item 1206 as later amended) and Act of 29 January 2004 The Public Procurement Law (Dz. U. from 2006 No. 164, item 1163 as later amended).

¹⁷ Document adopted by the Council of Minister on 6 December 2005.

4. EX ANTE EVALUATION INCLUDING FORECAST FOR IMPACT ON ENVIRONMENT AND EVALUATION OF MACROECONOMIC CONSEQUENCES

4.1. Results of ex ante Evaluation

Justification and implementation method of *ex ante* evaluation

The requirement of preparing an *ex ante* evaluation for each operational programme within the “Convergence” objective is imposed on Poland by art. 48 par. 2 of Council Regulation No. 1083/2006.

Development of an *ex ante* evaluation of NSRF was entrusted to an autonomous contractor (Foreign Trade Research Institute in Warsaw), selected through an unlimited tender. The evaluation process included a team of autonomous experts, who have supervised the entire undertaking. On each stage of implementation of the evaluation process representatives of government and self-government administration participated actively in the works.

In the *ex ante* evaluation use was made of a broad variety of research methods, applied generally by social sciences, including *analysis of document contents*, *econometric instruments and techniques*, method of the *logical matrix* and *individual interview based on questionnaire*, performed among participants of the NSRF study and persons involved in development of regional operational programmes.

This part presents recommendations from the performed *ex ante* evaluation of NSRF and the method of their including in the present document version, while the detailed *Ex-ante evaluation of NSRF 2007-2013* was provided on the web page of the Ministry of Regional Development.¹⁸

Methods of considering results of the *ex ante* evaluation of NSRF

The evaluation has shown that NSRF 2007–2013 submitted for *ex ante* evaluation fulfils the majority of formal and merit-based requirements. Nevertheless, the evaluators have drawn attention to there being certain shortcomings in the document.

Justification and internal cohesion

As regards economic justification, results of the evaluation performed on the basis of an analysis of the social and economic development strategy adopted in NSRF have confirmed the justification of public intervention in NSRF.

Examination of internal coherence has shown that the structure of NSRF is logical. Challenges set out in NSRF were considered to be justified. A positive opinion was granted to the selection of horizontal objectives, which resulted to a large extent from the diagnosis and the SWOT analysis. The set of indicators applied in NSRF was considered to be systematised and coherent with national strategic documents and – in their relevant scopes – with operational programmes, as well as with foreign sources.

There were reservations as regards moving the detailed diagnosis to the Appendix and to leaving short conclusions of a very general character in chapter 1. Excessively differentiated proportions of particular parts of NSRF were pointed out as well as overly developed part concerning the implementation system.

In its present form of NSRF takes into consideration the notified recommendations. No effort has been spared to assure that all its sections maintain balance in the scope of presented contents. For this reason in chapter 1 only an abbreviated form of the diagnosis was maintained.

¹⁸ Full version of the document: *Ocena szacunkowa Narodowych Strategicznych Ram Odniesienia 2007-2013. Raport końcowy*, Instytut Koniunktury i Cen Handlu Zagranicznego, Warsaw, September 2006, is available on the Web page: <http://www.fundusze-strukturalne.gov.pl/NSS/ewaluacja/>

Duplication of information from the diagnostic part in presentation of horizontal objectives was indicated at the cost of there being no precise description of instruments – operational programmes. A proposition was made to present in this section general information concerning operational programmes and to indicate the way in which they would affect the implementation of the main objective.

Despite recommendations given by experts, information contained in the description of objectives resulting from the diagnostic section have not been removed, as they provide justification for selection of objectives, and repeat issues from the diagnostic part only to an indispensable extent. The document was supplemented by additional section 8 – *Performance instruments of NSRF objectives*, which justifies the selection of operational programmes and contains a diagram which presents their impact on performance of horizontal objectives.

External cohesion

Report from the *ex ante* evaluation has indicated a directional convergence of objectives and priorities of NSRF and methods of their delivery with solutions adopted in EU programmes and legal regulations. It was found that measures proposed by NSRF conform to Community guidelines that determine the implementation of each of the Lisbon objectives. Experts drew attention to the fact of considerable care assured by NSRF authors to make sure that none of EU recommendations and policy directions are omitted.

To maintain full external cohesion of NSRF, the experts have proposed supplementing issues related to equal opportunities for males and females on the labour market and the migration policy by separate measures.

Pursuant to suggestion of the research team the new version of NSRF included the subject of equal opportunities for women and men. This equality of opportunities was emphasised as one of the main principles that determine the execution of the strategic objective. More emphasis was placed on implementation of this principle in description of Objective 2 – *Improvement of the human capital and enhancing social cohesion*. In the NSRF implementation system this principle was introduced by assuring equal opportunities in selection of members to committees and subcommittees that monitor implementation of funds.

Specific recommendations presented in the report have been presented in relation to particular sections (chapters) of NSRF:

Social and economic diagnosis, including SWOT analysis

Attention was drawn to insufficient cohesion of the diagnosis contained in the chapter with its discussion presented in the Appendix, and lack of information in the diagnosis that documented provisions of the SWOT.

Based on the notified reservation care was taken to assure coherence of the contents in both parts of the diagnosis and its linking with the SWOT analysis. The outline of the diagnosis is a synthetic reflection of the social and economic situation presented in Appendix 1.

A recommendation was made to verify a part of conclusions drawn in the diagnosis and having macroeconomic indicators, used for diagnosing and forecasting the social and economic situation of Poland, systematised on the basis of methodology used by the European Commission and Eurostat.

Contents of the diagnosis were verified and supplemented by information documenting all statements of the SWOT analysis. An endeavour was undertaken to assure that the presented macroeconomic indicators were adapted to the same of economic categories, both in the diagnostic part, as well as in development of a new set of indicators in NSRF.

The necessity was pointed out of supplementing both, the diagnosis and the SWOT analysis, as well as the forecast, by evaluation of the impact exerted by the instrument of the European Grouping of Territorial Cooperation (EGTC), including estimates of legal, financial, economic, social and ecological risks.

The diagnosis of NSRF was constructed with the presumption of presenting a complex situation of the entire Poland, including also the regions which would be obtaining additional profits within Objective

3 of the cohesion policy, 'European Territorial Cooperation'. For this reason the postulated recommendation concerning separation of regions covered by that support in the diagnosis was not taken into consideration.

Directions and effects of structural policy

Recommendations of experts concerned having the document supplemented by an evaluation of the hitherto undertaken measures and their effectiveness in the years 2004-2006 and the adopted allocation of Community resources.

On the basis of a qualitative analysis of utilisation of the structural funds and the Cohesion Fund by beneficiaries, information concerning effects of measures taken up in the years 2004-2006 using support of means of structural policy were included in the document.

National social and economic development strategy

1) Challenges and development vision

The necessity was pointed out of supplementing the chapter by adverse phenomena that characterise Polish rural areas.

This chapter was modified in such a way that it should form a basis for determination of the most important objectives of the cohesion policy in the years 2007-2013, including also problems of rural areas.

The necessity was indicated of emphasising in the entire document the concept of improving the living standard and development of social infrastructure.

Improving the living quality along with development of social infrastructure has been clearly emphasised in the strategic part of NSRF. Issues connected with development of the social infrastructure were reflected in Objective 3 – *Establishment and modernisation of technical and social infrastructure crucial for increase of Poland's competitiveness*, oriented at measures related to health protection, education and preservation of cultural heritage.

A suggestion was made to emphasise the development vision of the information society, pursuant with requirements of the Lisbon Strategy.

Development of information society had been in particular emphasised in the vision as one of the elementary components in establishment of a society based on knowledge. Owing to a strong emphasis placed on issues of information society by the evaluators, a decision was taken about considerable increasing of allocation of resources for measures aimed at development of infrastructure allowing access to the Internet and support for entrepreneurs in the scope of ICT use.

The recommendations emphasised the lack of evaluation for development dilemmas, even though they had been included in the NDS.

NSRF fulfils the function of a strategic framework for the cohesion policy implemented in Poland, and its form is strictly subordinated to requirements of Council Regulation No. 1083/2006. For this reason NSRF presents a picture which is narrower than NDS, even though it has been based on conclusions of NDS as an elementary planning document.

2) Strategic objective and horizontal objectives

Evaluators of NSRF have indicated the necessity of providing justification for the strategic objective and its transposition onto horizontal objectives by indicating their correlations.

The recommendation was included by expanding the strategic part of NSRF by subchapter 5.5 – *Linking implementation of the strategic objective with horizontal objectives* and a Diagram that presents those dependencies in the implementation system.

The expert team has proposed reformulation of the strategic objective to enable replacing the concept of *increase in competitiveness* by *increase in economic potential*, which conforms better to the situation of Poland, and which requires in the first instance elimination of lagging in development.

Taking into consideration the general acceptance of strategy provisions, expressed during social consultations, provisions concerning NSRF objectives have not been changed significantly. The competitiveness increase articulated in NSRF is broadly understood as influencing changes to the economic structure and improvement of the social and economic situation, including elimination of developmental lagging behind and increase of economic potential. It is also a continuation of the objective stipulated by the NDP, the formula of which is presently perceived in a positive way.

The experts suggested giving up Objective 6 – *Balancing growth opportunities and supporting structural changes on rural areas* as measures being outside intervention of NSRF.

Measures co-financed from resources of the cohesion policy on rural areas would be complementary in relation to measures remaining within the Common Agricultural Policy. Keeping Objective 6 as a horizontal objective of NSRF indicates directions of intervention within the cohesion policy in this scope. Determination of this issue within horizontal objectives had been clearly supported during consultations of NSRF.

Pursuant to recommendations of experts environment aspects in the description of horizontal objectives should be emphasised.

In the description of the strategic objective provisions were introduced concerning execution by all objectives of NSRF of the sustainable development principle. The application of this rule was introduced as one of the tasks by Coordinating Committee of NSRF.

Contribution of NSRF in implementation of the Lisbon Strategy and NDP

To assure maintaining the necessity of maintaining coherence between NSRF and EU documents, which was frequently emphasised in recommendations of experts, in this chapter an accurate description was provided of the relations between particular objectives of NSRF with objectives of Community Strategic Guidelines (CSG)¹⁹, supplemented by guidelines concerning economic growth and jobs. The chapter had been revised from the viewpoint of specific determination of tasks implemented within the Lisbon Strategy and their transposing to objectives of the operational programmes. An indication was made of the share (percentage) of Lisbon expenditures within operational programmes/regional operational programmes. A clear-cut description was presented of the complementariness of NSRF with its implementation instruments and NDP. Simultaneously presented were relations between objectives of the Lisbon Strategy with NSRF objectives in the form of a diagram.

Financing

The need was pointed to of increasing the performance reserve from 3 to 5% of entire allocation, at the cost of resources directly divided between regional operational programmes. A suggestion was made of designating the reserve for financing projects of special supraregional importance, as well as for regions with the highest effectiveness in managing the allocated resources.

This recommendation has not been taken into consideration. The value of the performance reserve has been defined in Council Regulation No. 1083/2006 and may not be freely determined by Poland. However, this recommendation shall be taken into consideration in the scope of defining criteria for division of reserve in 2011.

Implementation system

In the *ex ante* evaluation the excessive development of the NSRF implementation system was pointed at.

On the basis of recommendation of experts, the performance system had been revised and adapted to requirements of Council Regulation No. 1083/2006.

¹⁹ *Cohesion policy in support of economic growth and jobs: Community Strategic Guidelines, 2007-2013* – strategic Community document adopted by the EU Council on 6 October 2006 containing guidelines for measures in support of economic, social and territorial cohesion of the EU and defining indicative framework of intervention of European funds taking into account striving at implementation of priorities of the renewed Lisbon Strategy and policies of the Community. (EU Official Journal L 291 of 21 October 2006)

In the *ex ante* evaluation of the NSRF execution system it was considered as indispensable to create clear principles for a division of competencies between participants of decision making processes and determination of cooperation principles between them. Emphasis was placed on the need of introducing changes in legal regulations, which determine effective achievement of strategy objectives, as well as initiation of discussions with social partners concerning establishment of professional clerical personnel.

The execution system of structural funds and the Cohesion Fund adopted in NSRF will be based on strengthening the existing and creation of new structures for implementation of operational programmes. For this purpose separate analyses were performed to determine the desired employment state and the degree of preparation of structures and employees of public administration to execution of assumed tasks, both on the central and regional level.

The evaluators have suggested introducing to NSRF solutions which would assure real independence of certification institutions of the remaining institutions of the performance system available in the Ministry of Regional Development.

The description of the Certifying Authority contains in its present form provisions about its functional autonomy from the Managing Authorities.

Impact and expected results

Attention was drawn to the necessity of changing formulations in the part that describes the development vision and specification that the effect of undertaken measures would be achieving in the target year of the percent level of GDP per capita of the poorest "older" EU member states.

In the present form of NSRF the vision takes into account the above recommendations. Changed stipulations assume achieving economic cohesion with other EU countries by Poland.

A suggestion was made to remove criterion II (related to revenues) from the division algorithm of resources between regional operational programmes, and to increase to 90% the share of resources allocated pursuant to criterion I (related to the population), leaving the present criterion III on the proposed level (allocation of 10% of resources between poviats with the highest unemployment rate). This proposal results from fears expressed by experts about assuring appropriate national contribution and timely, effective and full utilisation of resources by regions of Eastern Poland, additionally supported by Operational Programme Development of Eastern Poland, aimed at reducing cumulation of resources in those voivodships.

The algorithm of resource division between 16 regional operational programmes had been selected on the basis of results of performed social consultations of NSRF. It is a continuation of an algorithm applied in the Integrated Regional Development Operational Programme 2004-2006 within National Development Plan 2004-2006, whose criteria are simple, mutually consistent and synthetic in nature. Criterion II treats regions with the lowest level of economic development in a preferential way. Its application in the algorithm promotes development locomotives, and is simultaneously favourable to the development of voivodships with the lowest development level. This also reduces the scale of disparities in division of resources between voivodships. Operational Programme Development of Eastern Poland is a separate support instrument for regions of eastern Poland, implemented by specific projects selected before commencement of delivery of operational programme, which included supplementing measures to regional operational programmes.

Threats and implementation barriers

Attention was drawn to four groups of problems:

- a) problems resulting from external considerations (inter alia limitation of the rate of economic development; disadvantageous image of Poland abroad),
- b) problems resulting from internal considerations (inter alia deficit of manpower which results from emigration of young Poles and changes of demographic structure after 2010; limited

abilities of SMEs to applying for co-financing from structural resources; budgetary threats concerning guaranteeing contribution for co-financing of structural funds),

- c) problems related to solutions adopted in NSRF (inter alia the multiplicity of organisational structures; competency related overloading of the Ministry of Regional Development; instability of the political system and ruling elites; insufficient legitimisation of NSRF in the society; high level of politicisation of voivodship self-government authorities; legislation barriers),
- d) problems disclosed in the period of structural fund implementation in the years 2004-2006 (inter alia protraction of procedures, which results from overly expanded structure of the performance system; long refunding time of expenditures in favour of beneficiaries; legal obstacles in execution of investment projects – public procurement law, law concerning acquisition and expropriation of lands).

Potential barriers and threats indicated by experts would be taken into account during implementation of NSRF. They shall be included in the framework of evaluation plans for operational programmes for the years of 2007-2013 (developed pursuant to article 48 of Council Regulation No. 1083/2006).

The presented report from *ex ante* evaluation contained several specific recommendations related to structure and contents of NSRF. The majority of recommendations made by the experts, which concerned changes in the document contents have been taken into consideration in the present form of NSRF. Modifications which had been introduced to the analysed document have mainly helped correct conclusions presented in the diagnosis and reediting of the analytical part. Enhancing dependencies between the diagnostic part and the strategic one contributed to achieving better internal cohesion of the document. Thanks to such a measure NSRF has decidedly gained a better quality.

4.2. Results of Evaluation of Environmental Effect

Justification, objective and method of implementation

A legal basis for development of the forecast of impact on environment of NSRF²⁰ are requirements concerning environment impact assessment as regards consequences of implementation of plans and programmes contained in articles 40-45 of the Act dated 27 April 2001 Law on environment protection (Dz. U. from 2006 No. 129, item 902 as later amended).

The development of this forecast had been entrusted to an autonomous contractor (the Environmental Protection Institute), which was selected through unlimited tender procedure. The subject of evaluation was NSRF in the version preliminarily approved by the Council of Ministers on 1 August 2006.

The main aim of development of the environment impact assessment of NSRF²¹ was to identify categories of impact and consequences for the natural environment, resulting from scope, type and method of formulation of provisions contained in the document under analysis. Also assessed was the conformity of provisions in NSRF with present needs and requirements in the field of environment and sustainable development. Solutions were proposed, which would help eliminate or limit the shortcomings and weaknesses of the studied document ascertained in this context.

Including results of the environmental effect evaluation

From the viewpoint of potential impact of NSRF implementation on the environment, the document requires certain corrections and supplementing, both as regards the diagnosis of the present situation and as regards the proposed objectives and directions of planned measures.

²⁰ Full text of the Forecast is available on the web page: <http://www.fundusze-strukturalne.gov.pl/NSS/ewaluacja/>

²¹ Strategic Evaluation of Impact on the Environment of NSRF was executed on the basis of an evaluation method for objective performance (the so-called "objective-led evaluation"), recommended in the manual for execution of strategic evaluations for documents connected with performance of the cohesion policy: "Handbook on SEA for Cohesion Policy 2007-2013", February 2006.

The fundamental drawbacks of NSRF, which had been pointed out by authors of the forecast, concerned the following:

1. Inadequate internal cohesion of the document;
2. Omissions of some important environment related issues in the diagnosis and in the SWOT analysis;
3. Insufficient taking into consideration of environment related issues in objectives of NSRF, including:
 - omissions of environment related issues in the strategic objective of NSRF and lack of reference to those issues in the description of specific objectives,
 - absence in the set of proposed indicators,

which as a consequence reduces the rank of environment related issues in the aspect of entire contents of the document.

Insufficient internal coherence of the document

The experts have drawn attention to the insufficient coherence between the description of the Polish economy, a critical diagnosis and the proposed strategy for measures and methods of verifying to what extent its implementation would fulfil the adopted provisions.

The document was consequently made more coherent: the packet of NSRF objectives results from the social and economic situation diagnosis and the SWOT analysis, specific objectives concretise the formulated strategic objective and are compatible with objectives articulated in operational programmes.

Omissions of some important environment related issues in the diagnosis and in the SWOT

Authors of the forecast have expressed their reservations as regards deficient logical correlation of elements pointed out in the diagnosis and in the SWOT analysis, as well as the lack of additional environment related issues in this scope.

Not all changes proposed by the experts have been included in the final contents of the document, however, the diagnosis was systematised and modified by information which documents in a comprehensive way all statements of the SWOT analysis. In the social and economic diagnosis of Poland a provision was added which emphasised a considerable progress in the scope of natural environment protection, which has been ongoing in Poland in the past years through processes of restructuring and modernisation of the economy (which limits energy and material intensity of production) and consequently implemented provisions of the ecological policy and adaptation of protective standard to EU standards.

Verification was performed for strengths and weaknesses of the Polish economy within the SWOT analysis; inter alia strengths of the Polish economy included “high tourist and nature and landscape values, including attractiveness of cultural heritage areas”, and weaknesses: “high energy intensity of the economy as compared to EU countries”.

Insufficient including of environment related issues in the NSRF objectives

In the opinion of forecast authors, assigning an appropriate rank to issues connected with the natural environment necessitates having this issue included in the main objective of NSRF by adding the following articulation: “...with simultaneous preservation of the most valuable elements, conforming to high quality standards and rational usage of environment resources”.

In the final version of NSRF this recommendation was not taken into consideration. The strategic objective was formulated in a way that assures response to the most important challenges for Poland, while its execution would directly affect improvement of the environment quality.

The importance of environmental issues and the exceptional horizontal nature of this issue was emphasised by the fact that implementation of the main objective and horizontal objectives set out in

NSRF would concurrently contribute to fulfilling the principle of sustainable development²², through social and economic development, which takes into consideration the necessity of maintaining environmental balance.

As regards implementation of the specific objective related to *Hastening development of voivodships in Eastern Poland* authors of the forecast have emphasised that this development should be executed taking into account protection of natural environment that is unique on an European scale, which was taken into consideration by emphasising the application of the principle of sustainable development in relation to the ongoing economic activation of the Eastern Poland voivodships.

Indicators

In the opinion of experts the proposed system of indicators rendered impossible monitoring progress in implementation of NSRF objectives especially as regards issues related to the natural environment. In the final version of the NSRF document a verification of this set was made and then it was supplemented by environment related indicators both within the main objective²³, and within horizontal objectives²⁴.

Programming reserve

Experts have drawn attention to the necessity of additional support for areas which may have a particular strong positive impact on the natural environment. This has been taken into account during division of the programme reserve, by placing emphasis on issues related to environment protection (especially taking into consideration the necessity of fulfilling accession commitments of Poland in this scope, flood protection means and retention), railway transport, municipal transport, establishment of an information society and education.

Final remarks

NSRF is a strategic document and because of its general character also the results and recommendations included in the forecast of impact on environment are of a rather general nature as well. Ultimate impact of the implementation of NSRF on the natural environment would depend on the progress of interventions within operational programmes implemented within it. Consequently results of the forecast of impact on environment for NSRF 2007-2013 would in a direct way be reflected on the form and scope of forecasts for other operational programmes, and consequently also on the final contents of operational programmes. Results of the forecast will be made available to entities responsible for developing and approving criteria for project selection (including also those related to the environment). Recommendations contained in the forecast shall be taken into account in development of guidelines for priorities in particular operational programmes.

4.3. Evaluation of Anticipated Macroeconomic Consequences of NSRF Implementation

To allow performing an analysis of the potential impact that investments implemented within NSRF might have, the HERMIN²⁵ model was used to carry out first of all a preliminary simulation. In this simulation no expenditures within NSRF are taken into consideration and several premises are made

²² For monitoring respecting the principle of sustainable development in implementation of all operational programmes responsibility rests with the Coordination Committee.

²³ Added was the indicator "Final energy intensity of GDP (total, women/EURO), in fixed prices of 2000."

²⁴ Within the objective *Establishment and modernisation of technical and social infrastructure of core importance for better competitiveness of Poland and its regions* two environment related indicators have been added: "Population using sewage treatment plants (% of total number) town/rural area" and "Share of energy from renewable sources in total consumption of electric power (%)"

²⁵ More information on the HERMIN model is available at: www.fundusze-strukturalne.gov.pl bookmarked /evaluation/ and www.warr.pl). The evaluation was performed using the HERMIN model for the Polish economy by the team of the Wrocław Regional Development Agency (WRDA) headed by prof. Janusz Zaleski, in cooperation with dr John Bradley – author of the baseline HERMIN model and longterm scientific employee of the Irish The Economic and Social Research Institute – ESRI.

with relation to external and internal conditions that affect the Polish economy (the so-called baseline scenario). Subsequently a simulation was performed which assumed expenditures at a level specified by NSRF, and then its results were compared to the baseline scenario, which allowed defining macroeconomic consequences of NSRF implementation.

Basic assumptions of baseline scenario

Adopted were several assumptions related to formation of values for selected macroeconomic parameters after 2004, which are indispensable to construct the baseline scenario. The growth dynamics for industrial production for the main economic partners of Poland would amount to 5% annually. The inflation indicator was adopted at the level of 3% annually. It was assumed that tax rates would remain on their constant level from 2004. Exchange rates of the Polish zloty as compared to currencies of the main trade partners of Poland have been frozen at their level from 2004. For needs of converting aid resources of the EU, in NSRF adopted was a permanent rate of exchange (1 euro = 3.92 PLN). The productivity growth in agriculture would remain unchanged and would amount to 4.1% annually, and employment in that sector would continue to fall with a dynamics of almost 2.5% annually. Furthermore, the number of persons employed in the public sector was frozen at the level from 2004.

Model of payments within NSRF

The scenario with NSRF assumed that in the period of 2007-2010 for needs of converting commitments (allocations for the given year) into payments (disbursement of resources) use would be made of the principle $n+3$ (5% of allocated means would be spent in the first year, 15% in the second one, 30% in the third and 50% in the fourth). On the other hand, for resources allocated for the years 2011-2013 the $n+2$ principle was adopted (10% of allocated means would be spent in the first year, 30% in the second one and 60% in the third). The analysis of impact took into consideration approximately 95% of EU funds allocated for implementation of NSRF²⁶. In the below table presented were annual payments adopted in the analysis of anticipated impact of NSRF (in billion euro) from EU funds.

Table 1. Anticipated payment in NSRF from EU resources in the years 2007-2015 (in billion euro).

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sum	0.33	1.62	3.97	8.04	8.98	10.87	14.21	9.20	6.36

Impact of NSRF on GDP²⁷

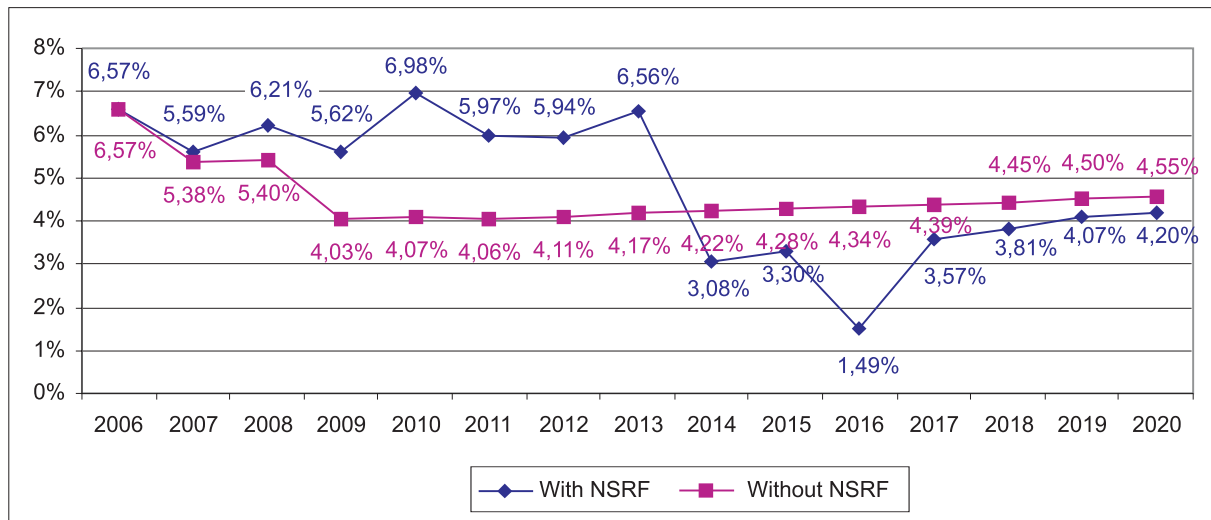
Diagram 1 presents the way that implementation of NSRF would affect the dynamics of GDP²⁸. As may be seen until 2013 the growth rate of GDP is going to be higher as a consequence of implementation of NSRF. In subsequent years the GDP growth rate would be lower than the GDP growth rate assumed by the baseline scenario, i.e. without NSRF, yet it ought to be borne in mind that in the option with NSRF the GDP level would continue to be higher than in the option with no NSRF (Diagram 2).

²⁶ Data received from the Ministry of Regional Development for needs of the analysis did not take into account among others the OP European Territorial Cooperation or the performance reserve.

²⁷ For needs of calculations of the impact of NSRF on Gross Domestic Product adopted were the anticipated values of GDP in the years 2007-2020 in fixed prices of 1995.

²⁸ Data presented in the diagram for 2006 are a forecast received in a simulation implemented using the HERMIN model, and consequently differ from the actual GDP increase rate value in 2006 published by CSO. In addition in the HERMIN data base 1995 is the year of reference for calculating desired values in fixed prices. Consequently GDP increase rates calculated using this model may slightly differ from official CSO publications.

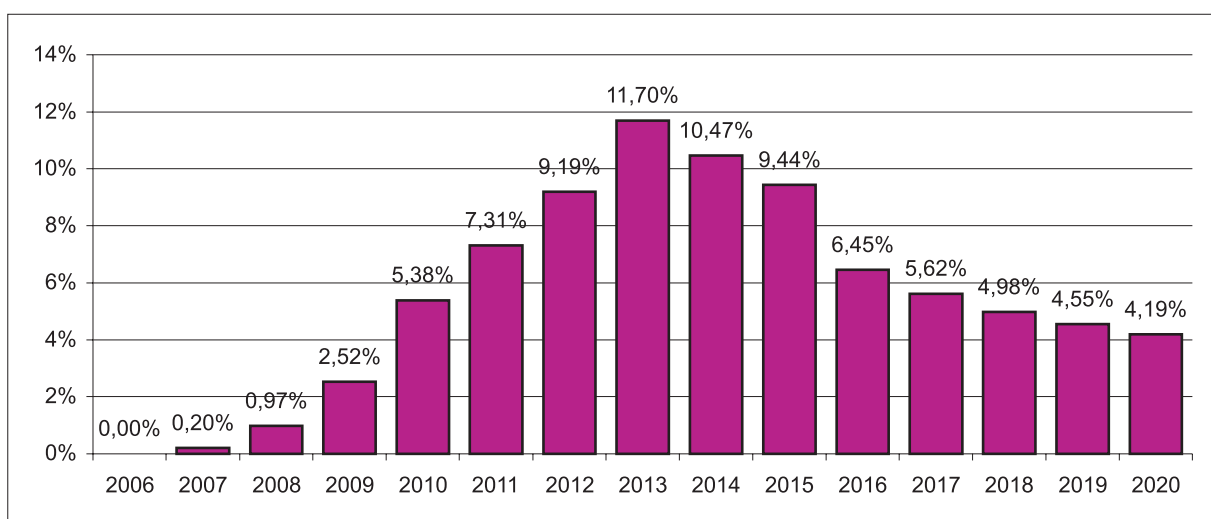
Diagram 1. The GDP growth rate in the years 2006-2020 in the scenario with NSRF and in the scenario without NSRF (baseline scenario)



When making an analysis of results presented in Diagram 1 it ought to be borne in mind that the model does not refer to the impact of other factors connected with participation of Poland in the Single European Market, such as for example direct foreign investments. Consequently it may be expected that as a result of the influence exerted by those other mechanisms the GDP growth rate would actually not fall to the level of 1.49 in 2016.

Implementation of NSRF would have a significantly positive impact on the level of GDP. Diagram 2 shows that the initial impact of NSRF transfers on GDP (plus 0.2 % over the baseline level in 2007) is insignificant because only a small part of NSRF would be implemented in the first year. Subsequently this influence would continue to grow and in 2013 it would cause that GDP in the scenario with NSRF would be by 11.7% higher than in the very same year in the option without implementation of NSRF. As may be seen in subsequent years the impact of NSRF on the GDP level would be gradually decreasing, but even in 2020 (i.e. 5 years following discontinuation of transfers within NSRF 2007-2013) the GDP level would be higher by over 4% as compared to the scenario without NSRF.

Diagram 2. Impact of NSRF on the level of GDP*

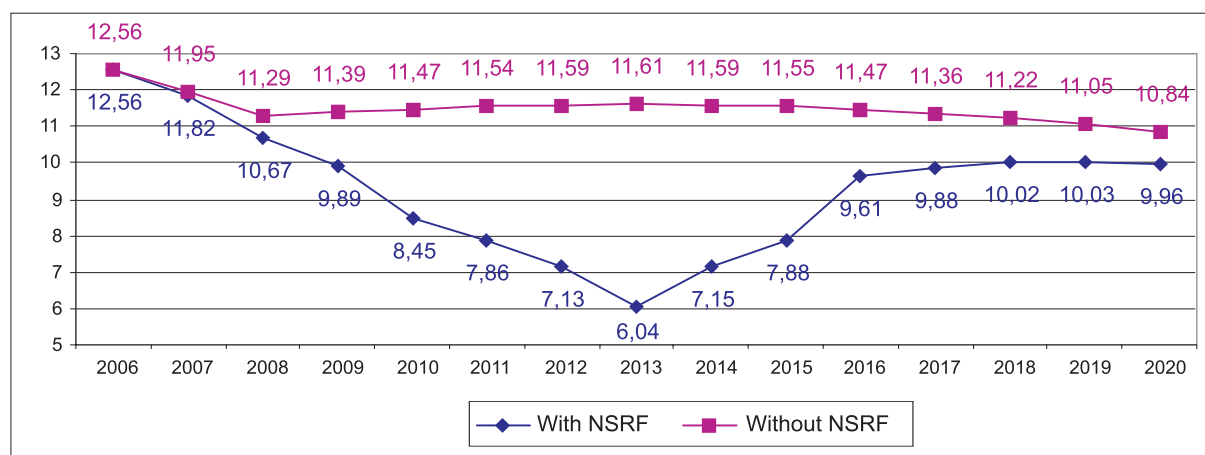


* Difference in the level of GDP between the scenario with NSRF and the baseline scenario (without NSRF) expressed in % as compared to GDP in the baseline scenario.

Impact of NSRF on the unemployment rate

NSRF would also allow reducing the unemployment rate. Diagram 3 presents the unemployment rate value in the years 2006-2020²⁹ for both scenarios, i.e. with NSRF and without NSRF³⁰. According to expectations as a consequence of implementation of NSRF, in 2013 the unemployment rate would be reduced to ca. 6%. Following completion of NSRF 2007-2013 it would start growing and in 2020 it would be ca. 10%, however, it would be lower than in the option without implementation of NSRF. As regards results of the impact to be exerted by NSRF on the labour market it should be noted that in the present version the HERMIN model does not include job migration to those EU countries which have opened their labour markets for the Polish citizens. This is due to the absence of reliable data on this subject despite a clear outflow of manpower from Poland.

Diagram 3. Unemployment rate in the baseline scenario without NSRF and in the option with NSRF



The difference in the value of unemployment rate in the years 2007-2020 between the baseline scenario (option without NSRF) and the scenario with NSRF was presented in Diagram 4.

Impact of NSRF on the number of employed persons

Diagram 5 presented the impact of NSRF on the number of employed persons. The number of employed persons would be gradually increasing as compared to the option without NSRF and this trend would continue until 2013 when the number of employed persons is expected to become higher by over 900 000 persons. After 2013 the difference in the number of employed persons would be decreasing between the option with NSRF and the option without NSRF. However, even after discontinuation of financing within NSRF, the number of employed persons in subsequent years would continue to be higher than in the option without NSRF.

²⁹ Data presented in the diagram for 2006 are a forecast received in a simulation implemented using the HERMIN model, and consequently differ from the actual unemployment rate value in 2006 published by CSO.

³⁰ As for the analysis of the baseline scenario for unemployment rate (Diagram 3) it should be emphasised that the assumed high level for the years 2007-2020 (ca. 11%-12%) results from the fact that along with economic growth also work productivity would keep improving.

Diagram 4. Impact of NSRF on the unemployment rate*



* difference between the scenarios has been expressed in percentage points.

Diagram 5. The impact of NSRF on the number of employed persons – in thousand persons

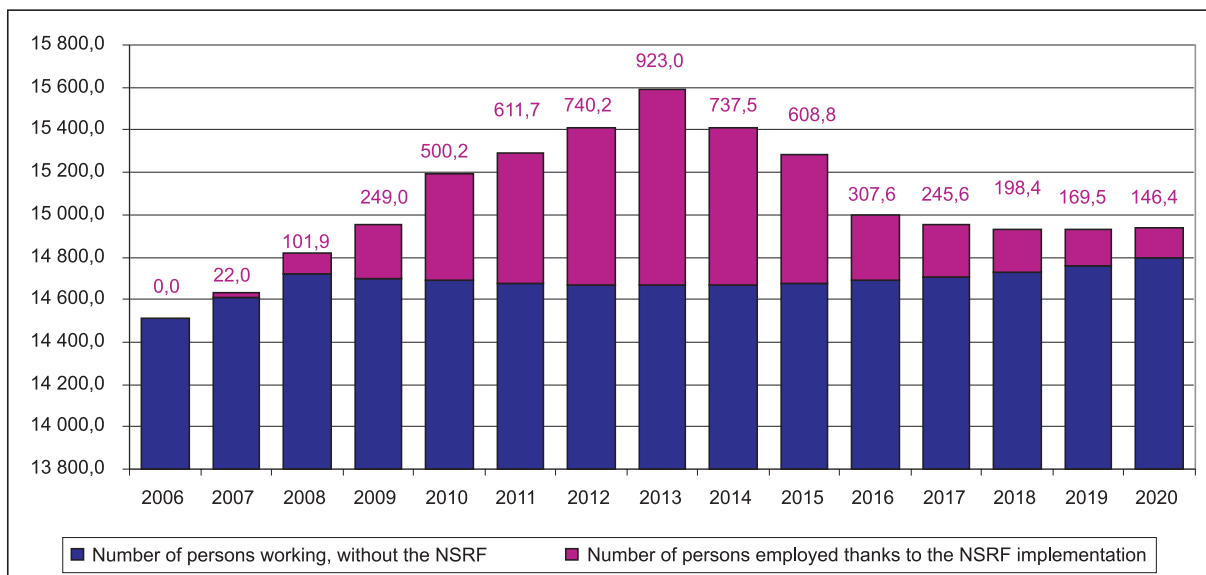


Table 2 presented results for selected macroeconomic variables in two scenarios, i.e. with NSRF and without NSRF. On the other hand, table 3 contains results of the impact of NSRF on selected variables.

The completed studies have indicated a relatively stronger impact of EU funds on the economic growth than on the labour market, i.e. the value of employment and unemployment rate. Structural funds have a particular impact on the increase of production factors output (both by improving qualifications of manpower, and better access to the technical infrastructure, including also to the transport system). Increasing the global productivity of the economy, maintaining the same production level causes limited demand for manpower, however, over a longer period, it improves the international competitiveness of the economy, attracts foreign capital, leads to production increase and as a consequence affects in a positive way the number of employed persons.

Table 2. Anticipated value of selected macroeconomic parameters in the scenario without NSRF and with NSRF in the years 2006-2020

	GDP growth (%)		Unemployment rate (%)		Number of employed persons (thousand)		Productivity growth (%)	
	without NSRF	with NSRF	without NSRF	with NSRF	without NSRF	with NSRF	without NSRF	with NSRF
2006	6.57	6.57	12.56	12.56	14509	14509	2.04	2.04
2007	5.38	5.59	11.95	11.82	14609	14631	4.41	4.46
2008	5.40	6.21	11.29	10.67	14720	14822	4.44	4.66
2009	4.03	5.62	11.39	9.89	14702	14951	4.20	4.72
2010	4.07	6.98	11.47	8.45	14690	15191	4.22	5.29
2011	4.06	5.97	11.54	7.86	14678	15290	4.22	5.32
2012	4.11	5.94	11.59	7.13	14670	15410	4.24	5.16
2013	4.17	6.56	11.61	6.04	14667	15590	4.26	5.38
2014	4.22	3.08	11.59	7.15	14670	15407	4.27	4.41
2015	4.28	3.30	11.55	7.88	14677	15286	4.29	4.29
2016	4.34	1.49	11.47	9.61	14690	14998	4.31	3.64
2017	4.39	3.57	11.36	9.88	14708	14954	4.32	4.04
2018	4.45	3.81	11.22	10.02	14732	14930	4.34	4.09
2019	4.50	4.07	11.05	10.03	14760	14930	4.35	4.16
2020	4.55	4.20	10.84	9.96	14794	14940	4.37	4.19

Table 3. Impact of NSRF on selected macroeconomic parameters in the years 2007-2020

	Impact of NSRF					
	on level of GDP (%)	on unemployment rate (in percentage points)	on the number of employed persons (in thousand)	on resources of physical infrastructure (in percentage points)	on resources of human capital (in percentage points)	on productivity (in percentage points)
2006	0.00	0.00	0	0.00	0.00	0.00
2007	0.20	-0.13	22	0.25	0.04	0.02
2008	0.97	-0.61	102	1.18	0.33	0.09
2009	2.52	-1.50	249	3.28	0.92	0.28
2010	5.38	-3.01	500	7.08	1.97	0.69
2011	7.31	-3.69	612	10.74	2.95	1.15
2012	9.19	-4.46	740	14.70	3.94	1.58
2013	11.70	-5.56	923	19.44	5.06	2.14
2014	10.47	-4.44	738	21.49	5.57	2.29
2015	9.44	-3.67	609	22.17	5.78	2.39
2016	6.45	-1.85	308	20.50	5.49	2.16
2017	5.62	-1.48	246	19.05	5.21	2.11
2018	4.98	-1.20	198	17.74	4.95	2.07
2019	4.55	-1.02	169	16.56	4.70	2.05
2020	4.19	-0.88	146	15.48	4.47	2.03

Table 4. Impact of NSRF on selected macroeconomic parameters in the years 2007-2020 by sectors

	Impact of NSRF					
	on GVA* in industry sector (%)	on GVA* in sector of market services (%)	on employment in industry sector (thousand)	on employment in sector of market services (thousand)	on productivity in industry sector (in percentage points)	on productivity sector of market services (in percentage points)
2006	0.00	0.00	0.00	0.00	0.00	0.00
2007	0.23	0.22	7.06	14.21	0.01	0.00
2008	1.15	1.00	34.12	61.94	0.07	0.03
2009	3.25	2.47	90.23	146.90	0.28	0.12
2010	7.51	4.97	197.03	281.48	0.84	0.34
2011	11.29	6.16	273.46	317.08	1.65	0.67
2012	14.63	7.47	345.58	372.15	2.37	0.92
2013	18.89	9.28	440.03	457.06	3.26	1.23
2014	18.11	7.54	397.30	325.26	3.80	1.39
2015	17.7	6.18	368.80	230.36	4.14	1.47
2016	13.71	3.18	267.36	40.22	4.08	1.41
2017	12.57	2.44	243.80	1.77	4.03	1.35
2018	11.50	1.95	220.27	-21.91	4.01	1.30
2019	10.65	1.65	202.75	-33.28	4.00	1.26
2020	9.89	1.43	187.29	-40.86	3.99	1.22

* GVA – Gross Value Added

Taking into consideration the potential impact that NSRF implementation would have on production value in particular sectors of the economy, it seems that the strongest impact may be expected in the industrial sector. In 2013, when it is expected to reach the highest level in relation to the baseline scenario, it would achieve 18.89%. In the same year in the sector of market services it would be at the level of 9.28%. Even after 2015 the level of actual value of industrial sector production and market services and the level of GDP would be higher owing to implementation of NSRF.

As regards the labour market a clearly stronger impact occurs on the sector of market services, where the employment level in 2013 may be higher by ca. 457 000 persons (as compared to the baseline scenario). The productivity level in the service sector would continue to increase and will achieve its peak value in 2015. As an effect this would lead to a fall in employment (as compared to the baseline scenario) in this sector following 2015, when implementation of NSRF would be completed. In 2013 in the industrial sector the employment level would be higher by ca. 440,000 persons, and even despite discontinuation of transfer after 2015 the increase in work places in this sector would continue to be noticeable (in 2020 the number of employed persons would be higher by over 187,000 as compared to the baseline scenario).

To improve the level of objective nature of the evaluation of impact of structural funds on the national economy and on regional economies, a comparison was performed of the evaluation of the macroeconomic effect conducted using the HERMIN model with results obtained using an alternate macroeconomic model. For this purpose use was made of the empirical hybrid model³¹. A comparison of forecasts for the impact of EU funds on the growth rate of GDP obtained using the above mentioned models was presented in the below table.

³¹ The model developed by Instytut Koniunktur i Cen Handlu Zagranicznego (IKCHZ) [Foreign Trade Research Institute], adapted to projections of GDP and its components, including export and import. The model combines a neoclassical theory assuring long-term balance to the economy, with the new Keynes theory based on demand changes. Such a combination leads to overlapping on the long-term growth path of average period economic fluctuations. More information on the model is available in "Ocena szacunkowa NSRF 2007-2013", IKCHZ, September 2006.

Table 5. Comparison of two options for GDP forecast in the years 2006-2015 obtained using the HERMIN and empirical hybrid model

	HERMIN			Empirical hybrid model		
	Forecast for GDP growth rate (%)			Forecast for GDP growth rate (%)		
	without NSRF	full effect of NSRF	differences in growth rate	without NSRF	full effect of NSRF	differences in growth rate
	a	b	b-a	c	d	d-c
2006	6.57	6.57	0.00	4.90	5.10	0.20
2007	5.38	5.59	0.21	5.00	5.21	0.21
2008	5.40	6.21	0.81	4.30	4.75	0.45
2009	4.03	5.62	1.59	3.90	5.30	1.40
2010	4.07	6.98	2.90	4.10	5.81	1.71
2011	4.06	5.97	1.91	4.20	5.16	0.96
2012	4.11	5.94	1.83	4.60	5.47	0.87
2013	4.17	6.56	2.39	4.40	5.18	0.78
2014	4.22	3.08	-1.15	4.20	4.24	0.04
2015	4.28	3.30	-0.97	4.10	4.27	0.17
Average growth rate	4.63	5.58	0.95	4.36	5.03	0.67

Source: WRDA, FTRI.

In columns (a) and (c) presented were results of simulations for the GDP growth rate, on the premise of lack of NSRF implementation. As may be seen, even without financing within NSRF, the Polish economy would be developing relatively rapidly. According to the methodology of the HERMIN model the average growth rate would amount in this period to 4.63 %, and according to the hybrid model 4.36 % annually.

In columns (b) and (d) presented were results of simulations for the GDP growth rate taking into consideration the investment shock such as NSRF. The average increase rate of GDP with full utilisation of EU funds according to the methodology of the HERMIN model would amount to 5.58%, and according to the empirical hybrid model 5.03% annually. This means that the full effect of EU funds invested in the Polish economy would lead to increased GDP growth rate in that period on average annually by 0.95 percentage points (HERMIN) and 0.67 percentage points (hybrid model).

It should be additionally noted that NSRF would continue to increase the GDP growth for a limited time (as the economy progresses from a lower towards a higher GDP level), and the GDP level would be higher in a long term perspective. This shows that NSRF would not be increasing the growth dynamics in a permanent way.

Results obtained with the use of different research tools are convergent and remain within permissible error levels in modelling accuracy.

5. NATIONAL SOCIAL AND ECONOMIC GROWTH STRATEGY

5.1. Challenges

An analysis of the social and economic situation in Poland performed in the preceding chapters indicates that in the medium-term horizon (the forthcoming 7 years) the most important challenge for Poland is response to globalisation processes adequate to aspirations of the society, with simultaneous increasing the degree of economic, social and territorial cohesion within EU.

In such a context a few basic areas may be indicated – challenges, which have to be taken into consideration when formulating the medium-term development strategy.

A development strategy must have possibilities of implementation assured. Taking into consideration functioning of the legal system and public administration and the state of dissatisfaction resulting from operation of public institutions as compared to other EU member states, it becomes clear that achievement of the planned objectives and priorities will not be feasible without a fundamental change in the method of governance and administration of the state.

Consequently a challenge of fundamental importance for Poland is modernisation of the state governance system and establishing of such a system of public institutions that would not impede social and economic growth. This requires assuring a high functioning standard of state institutions with Poland being a EU member, including the public administration (government and self-government administration bodies), the justice department and public services. A factor of key importance for effective functioning of the public sphere is appropriate establishment of mutual interactions between particular governance levels and cooperation mechanisms with representatives of a civil society.

In the period of 2007-2013 Poland shall be the major beneficiary of the European cohesion policy. Under that policy it could obtain a total of more than 67 billion euro divided into interventions within ERDF, ESF and the Cohesion Fund. Total transfers for Poland would constitute over 20% of all financial means designated from the EU budget for implementation of the cohesion policy. As regards the value of the Polish GDP, transfers from the EU budget may achieve the average annual level close to 4%, but taking into consideration additional financing of national resources (public and private resources), implementation of the cohesion policy would involve a total of the equivalent of 5% Polish GDP (on average annually). Taking into account the differentiated spatial arrangement of projects co-financed by structural funds and the Cohesion Fund, in some voivodships the level of expenditures may at some point approach even 10 % GDP within a given voivodship. The value of transfers and their very high share in total expenditures allocated for growth related measures in Poland indicates the necessity of:

- assuring an effective implementation system for development programmes co-financed from EU resources,
- execution of pro-development and pro-growth economic policy, which is to enable effects measurable within the cohesion policy – increase of social, economic and territorial cohesion of Poland and its regions as compared to the wealthiest EU countries and regions.

The ability of absorbing structural resources and the effectiveness of their utilisation in Poland may affect the course of discussions which have been going on for many years in the EU on the necessity of executing the cohesion policy in a form the main framework of which had been defined at the end of the eighties in the 20th century, and of which Poland is currently the major beneficiary.

A serious challenge for Poland (as well as for other EU member states) will be to assure the complementarity of objectives and instruments of execution of various national and European policies to allow achieving the defined growth objectives. The scale of this challenge is a consequence of:

- on the side of Poland – a distinct changeability in the general functioning principles and variability of administrative structures responsible for programming and implementing of various development measures,
- of the side of EU –lack of sufficient coordination mechanisms and noticeable level of autonomisation in various policies (such as the cohesion policy, competitiveness related policy, Common Agricultural Policy, Common Fishery Policy) and instruments of their implementation.

Those factors lead to the necessity of establishing on the national level of a stable legal framework for execution of the growth policy and its financing and establishment, in the administrative sense, of a very powerful coordination centre. Such a centre should be capable of assuring an integrated and coherent approach that would take into account the national and European dimension in the programming stage. Furthermore, it should also play the managerial and arbitration role for unavoidable conflicts that appear in the stage of implementation of the development strategy.

Implementation of the strategy for assuring the optimum conditions for economic growth and benefiting from all EU means requires rationalising the philosophy of public finance system functioning in Poland, and in addition necessitates introducing changes and more flexible legislation related to operation of enterprises. A prerequisite is a complex reform of public finance, which covers changes in the public expenditure structure (gradual increasing of expenditures on development), introducing mechanisms of long-term financial planning and rationalisation of procedures related to spending and settlement, including also control and audit of public means, consolidation of public finance, especially establishment of conditions for effective functioning of the public finance sector, rationalisation of public expenditures and assuring to the state budget stable income sources. The deficit in the finance sector is in Poland to a large extent of a structural nature. Social transfers, which come up to a significant part of budget expenditures, limit the value of resources which could be designated for pro-development investments, such as for example research and development, innovations, infrastructure, improvement in functioning of public administration. Consequently it is necessary to continue reforms aimed at decreasing the public finance deficit and public debt, increasing control over public resources, as well as further decentralisation of public finance. This is to be done *inter alia* through introduction of a long-term budgetary planning system.

A serious challenge for the social and economic development in Poland is the maximum possible utilisation of available labour resources and strengthening of staff potential through effective fighting the phenomenon of brain drain and emigration of manpower, and support for inflow to the labour market of employees that leave sectors under the restructuring process (e.g. agriculture) or from abroad. The situation on the labour market in Poland is characterised by high unemployment and low employment indicator, which expressed wastage of the human capital. Effective undertaking and coping with this challenge requires a bigger involvement of manpower on the labour market, which could be achieved through creation of new work places, in particular in the service sector, which would be able to involve employees from the industrial sector currently under modernisation, as well as agriculture and fishery which are being restructured.

The development of knowledge based economy requires increasing investments in human capital. In the present situation a lot of persons are unable to enter the labour market or keep their position due to their insufficient professional abilities or their being inadequately adapted to requirements of employers. Improving the standard and quality of education would help improve opportunities for finding and taking up jobs, and to improve mobility of persons on the labour market. Assuring a high education standard to pupils, and students through appropriate institutional and organisational solutions introduced to the education system would be transposed to their ability of appraising the existing situation at the moment when they are entering the labour market, identification of own position on that market and ability of making the right choices as regards the future professional career. The present education model takes into account needs of changing expectations on the labour market to an insufficient degree.

Owing to needs of the knowledge based economy it is especially important to create conditions that would enable a growth in the number pupils interested in exact sciences, and as a consequence – the number of students choosing such an education path and employees with desired qualifications.

Another challenge for Poland in the medium term perspective is to limit the poverty range. As was shown by the diagnosis, difficulties experienced by the Poles in connection with encountered problems on the labour market are the most serious reason for their impoverishment. The relation between the labour market and the social situation is two-directional. Problems on the labour market implicate lowering the living standard of the population, while financial problems cause limited access to goods and services which are a barrier in finding a job. A challenge is first of all to improve conditions in which families live – family support in upbringing and education of children. Furthermore, there is a necessity of regaining by social welfare institutions the function of social integration and activation, which were limited by the exclusively interventional character of this element of social assurance. In the implementation process social welfare should be supported in social employment institutions, in diversified forms of social economy, in measures with respect to professional and social rehabilitation of persons with disabilities. Despite an insignificant number of immigrants and refugees as compared to the total national population number, it may be expected that owing to Poland's accession to the EU the inflow of people from countries in which the living standard is more difficult would be increased. This would mean the necessity of enforcing defined measures in relation to those groups to prevent the creation of poverty enclaves and social exclusion. The civilisation and cultural dimension imposes on the public administration and social partners a particular obligation of establishing conditions for appropriate progress of social and professional integration processes directed at immigrants.

A serious challenge of a social nature with marked economic implications is the process of aging of the population, which would lead to increasing the share of older persons in the population. This process is particularly intensified in the second decade of the century, which means that today it has already become necessary to establish a complex support system for elderly persons and to seek solutions aimed at counteracting such process through an active pro-family policy and appropriate directing the migration processes (including enticements to encourage people, who job migrated abroad, to return). A challenge for the forthcoming years is supporting active aging and discontinuation of earlier ending of the professional career. An additional cause for low employment indicators of older persons and professional absenteeism is to a large extent the inferior health condition of the Poles as compared to that of the EU inhabitants, while the average life span in Poland is lower than the average value for those countries. In this respect an important role may be ascribed to the establishing of a modern health care system, the basis of which would be to prevent health risks by assuring occupational safety and health to the employees and by filling gaps in the health infrastructure – particularly in the context of standard and accessibility of offered services.

An economy related challenge is increasing the innovativeness and competitiveness of the Polish economy. A basic factor that determines the dynamics of economic development is the innovative ability of enterprises. At present the main sources of competitive dominance of enterprises that operate in Poland are low labour costs and a large market. However, due to the ongoing development trends and the progressing globalisation, lasting development may only be guaranteed by establishing of competitive dominance of enterprises, which base their operation on innovations. For this reason a considerable challenge is to assure significant improvement of innovativeness in enterprises through enhancing the importance of innovations in operation of enterprises and stimulating the increase of investment outlays. Of key importance is here making use of results of research and development works by economic entities, including transferring modern technological, product related and organisational solutions.

A fundamental challenge for Poland is to overcome an adverse, but justified, image of a country that has a disturbingly bad condition of the road infrastructure and railway infrastructure with low effectiveness, and peripheral nature that results from the degree of accessibility. Certain transport links

of key importance are not available, and a considerable part of towns has insufficient links, which is a serious accessibility barrier for many towns and regions. The modern infrastructure is a significant factor in the operation of numerous enterprises that influences the economic and social attractiveness of the regions. Poland should not only overcome infrastructural barriers but should also benefit from opportunities made available by its geographical situation and establish its infrastructural system to support development of domestic and foreign investments. Reconstruction, modernisation and development of the transport infrastructure must simultaneously take into account requirements of rational usage of space and protection of natural resources, particularly taking into account the elimination, and at least limitation of adverse impact of transport on the state of the environment. A condition for location of new investments, which are expected to create new work posts in Poland, is assuring transport access to areas of potential investments, providing appropriate systems for areas designated for investments, as well as assuring well developed remaining technical infrastructure, appropriate quality of the natural environment, feeling of safety, health conditions of the inhabitants and cultural attractions. Despite the fact that after 1989 a considerable improvement has taken place in the natural environment state in Poland and a radical reduction of adverse impacts, a challenge is to have environment parameters, and in particular that of surface water, adapted to the values imposed by EU Regulations. This requires executing measures in support of lasting and sustainable social and economic development and continuing investments aimed at improving the quality of water, atmospheric air, and developing an effective and modern system of wastes utilisation, pursuant to the concept of lasting and sustainable social and economic growth. A serious task is to maintain areas and landscapes with the highest natural values and minimisation of adverse impact on the environment of transport investments, natural calamities and technological breakdowns.

Poland is not one of the EU states, in which territorial diversification measured by economic and social indicators at the level of statistical regions in NUTS II (in the case of Poland – between voivodships) may be considered to be excessive. Nevertheless, the polarisation of development trends recorded in the past years (the weakest regions tend to develop on average much slower than wealthy regions, which are more competitive in contemporary economic conditions) suggests considering undertaking spatially directed intervention aimed at counteracting further diversification of the income level, access to good standard employment and to modern social and technical infrastructure. A challenge faced by Poland in relation to its territory is the most effective use of regional potential in support of development and modernisation processes which are taking place on the area of the entire country and a selective support (oriented at pro-effectiveness) to regions with interior development conditions to allow them initiation of reconstruction of regional economies and consequently, over a longer period, increasing their own competitiveness.

In such a context – related to supporting growth and restructuring processes – particular importance is ascribed to utilisation of the potential available in towns, including especially major urban agglomerations spaced rather evenly over the entire territory of Poland. Those towns would in the first place attract potential investments. A special role is attributed to towns situated in the eastern part of Poland – strengthening of the urban network on this area would mean hastening the rate of restructuring among others through creation of non-agricultural work places and making balancing of development levels possible.

A particular challenge for Poland, which is of a spatial, social and economic nature, is restructuring of agriculture and rural areas. Poland is currently an EU country with the highest number of persons employed in agriculture, and concurrently with the highest number of rural neighbourhoods. Poland's accession to the EU caused the process of population outflow from agriculture, and intensified structural change processes taking place in rural areas. The rate of those processes would continue to grow in the forthcoming years, as a consequence of which the economy must absorb labour resources released from agriculture – lasting development of non-agricultural work posts and increasing the human capital standard by increasing the level of education and professional abilities, and hence also the entrepreneurship and mobility growth.

Another challenge that is related to transformation of rural lands is enhancing access of the inhabitants of those areas to basic services and those of a higher order, which are mainly located in urban areas and in towns. In such a context restructuring of agriculture and rural areas in eastern regions acquires particular importance, and is a requisite for an increase in growth rate and hence also improvement of social and economic cohesion with the remaining part of the country.

Poland, which is going to be increasingly integrated with the global economy, would also be to an increasing degree susceptible to potential social and economic crises on a global scale. The degree of potential risk would depend both on macroeconomic stability as well as the economic structure (in Poland many spheres still report an excessive dependence on traditional energy sources, a high dependency on directions of import of raw materials and energy). An ever increasing problem could be the risk of losing the competitive dominance in many sectors as a consequence of transferring economic operation to countries that offer lower costs of operation, including labour costs assuring a similar standard of services and goods. An appropriate response to this challenge must take into consideration the fact of spatial concentration of traditional sectors and industries – the areas of their occurrence are potentially more endangered by the loss of work posts, loss of manufacturing basis and the necessity of undertaking screening and restructuring measures.

5.2. Development Vision

An anticipated effect of the strategy proposed by NSRF is a marked improvement in the life quality of the inhabitants of Poland, and achieving economic cohesion with other EU member states. Implementation instruments of such a strategy are both of an institutional and system related nature (e.g. changes in conditions for business operation, privatisation, development of business environment institutions, reform of the public finance system), as well as a financial one (investments in education, the research and development sector, technical infrastructure and restructuring measures).

By 2013 Poland and its regions should become a place attractive for investing, living and working. This means a necessity of a considerable improvement of the standard and accessibility of road transport infrastructure, as well as of the environment infrastructure. All Polish regions should become linked with the remaining EU countries by transeuropean infrastructural systems, and an infrastructure system would be provided in all Polish poviats – of a European, inland or regional rank. Improvement of the travelling standard in public transport means in nine urban agglomerations which according to the ESPON programme classification have a European status would require introducing integrated systems of mass transport means. Thanks to execution of undertakings aimed at improvement of road traffic safety the number of road accidents, including the number of persons subject to fatal accidents would be significantly reduced.

A high standard of the natural environment has a considerable importance for the living quality of the society and for stimulating economic growth based on modern technologies. In relation to EU ecological Regulations, Poland is expected to improve significantly the degree of implementation of standards resulting from those Regulations by 2013. The share of inhabitants with access to sewerage system and served by sewage treatment plants would approach values close to the average one in Western Europe. A marked increase would be taking place in utilisation of renewable energy sources. Measures related to nature and landscape protection would be the NATURA 2000 European Ecological System, which is to enable preserving the diversity of species and natural values of the environment. In addition implementation of investments under NSRF would be taking place taking into account needs of limiting the greenhouse gas emission level to the atmosphere defined on the Community level.

In the years 2007-2013 Poland would be effectively enforcing objectives of the Lisbon Strategy, which is to enable broader use of knowledge and innovativeness, in support of economic growth. More and more resources would be designated by Poland for implementation of those objectives within the

“Convergence” Objective of the cohesion policy, and by 2013 it is expected to approach the indicative level of 60% recommended by the Commission. This would stimulate better directing of public investment outlays for development expenditures, which would be expressed inter alia by a significant increase of the scale of investments made in research and development in comparison to the present level of ca. 0.6% of GDP, and first of all directing those expenditures at investments in the sector of enterprises.

In 2003 the Polish economy is expected to be an innovative economy thanks to significant increasing by industrial enterprises of outlays on innovative operation, including the share of expenditures on R&D and stimulating the cooperation of scientific entities with the industrial and service sector. The sector of small and medium enterprises is going to get much better conditions for development owing to implementation in Poland of the European Charter for Small Enterprises, including especially those concerning simplification of regulations as regards initiation and running business operation and broadly understood legal environment affecting the entrepreneurship climate.

On the entire area of Poland universal access to the Internet shall be provided. Through the process of informatisation in public services and business environment, to be established and implemented is e-economy, e-administration, e-health, e-education, and opportunities that result from that process would be utilised more effectively for further development of the economy. An effective solution would be provided for the problem of access to financing, including especially such groups, as: potential entrepreneurs, microenterprises, non-government organisations.

Pursuant to the present economic trends Poland will be a country in which employment in the services sector would continue to grow and the services standard would be improved, and simultaneously employment in agriculture would fall. An increase is to take place in particular the role of market services sector, including especially inland and foreign tourism, which, making use of good state of the natural environment and cultural values would become an important source of employment and income for the society.

Owing to the progress in demographic processes, a significant increase in professional activity is expected to be taking place in Poland until 2013, which would allow better use of the potential of youth and extend the professional activity of persons at an age approaching retirement. This should allow a significant reduction in the unemployment rate, and incentives resulting from improved situation on the labour market should in turn stimulate the return of a considerable part of prospective young employees to Poland. By 2013 the labour market would be made more flexible, thanks to which employees would need less time and effort to find employment, and entrepreneurs should be able to satisfy their staffing needs quicker. A life long learning model would be introduced, which is to enable qualification enhancement during the entire professional career. The share of youth acquiring higher education would grow, and the education structure would be better adapted to needs of the market. As regards the social policy, an integrated system of the state policy would be developed, aimed at enhancement of the social integration with mutual supporting of the social policy and policy in support of growth and jobs, including also good governance, clarity and involvement of all entities in designing, implementation and monitoring of social policy.

By 2013 Poland is to become a state friendly to the citizens, with efficiently operating modern administration, which provides high standard public services, and in which corruption would be eliminated and an optimum safety level assured. The clerical system of the government and self-government administration would assume a higher professional standard, and the state would be able to assure public safety, support in maintaining a healthy manpower, which is a prerequisite for economic growth. The system of population protection and rescuing, including medical rescue systems, prophylactics, elementary and specialist medical care would be clearly improved, and promotion of a healthy style of living would be intensified.

5.3. Basic Rules

Delivery of development strategy should be based on rules and values stemming from the adopted system of community and national legal regulations, as well as on additional rules whose application is indispensable for achieving the set objectives.

When using instruments to implement objectives of NSRF, the following rules will be applied:

Additionality – financial resources coming from the EU budget do not substitute public expenditure and are only their supplementation. Funds stemming from the European Union cause in a state the “leverage effect”, i.e. they encourage the involvement of private sector in realization of activities which are co-financed from the EU funds. The objective for application of the additionality rule is simultaneously to prevent replacement of national resources by Community funding.

Complementariness and cohesion with other community policies – activities taken up by Poland on the national and regional level, co-financed by the structural funds and the Cohesion Fund, are consistent with the priorities determined by the European Community. The cohesion of structural funds interventions with other activities, policies and priorities of the Community stems from the CSG, NSRF and provisions of the operational programmes.

Concentration – in order to achieve the assumed objectives, the financial resources and regulatory attempts will be concentrated on limited areas, and with regard to space on the limited territories. The basic fields of support will be those which guarantee the maintenance of high growth and employment.

Coordination – the European Commission and Poland maintain coordination between the aid from the particular structural funds and the Cohesion Fund, the European Agricultural Fund for Rural Development, the European Fund for Fisheries, and the interventions of EIB and other existing financial instruments, as well as between the scope of intervention of co-financed instruments using EU means and priorities and measures defined in the National Reform Programme in favour of execution of the Lisbon Strategy.

Evaluation – shall be used to improve quality, effectiveness and cohesion of interventions coming from the Funds and improvement of strategy of operational programmes implementation taking into account specific structural problems affecting the Member States and regions, and simultaneously taking into consideration the objective of sustainable development and other pertinent community regulations as regards environmental impact and strategic evaluation of environment.

Partnership – the objectives of NSRF are implemented in close cooperation of the European Commission and Poland according to the principle of partnership. During the preparation, implementation, monitoring and evaluation of operational programmes, Poland cooperates according to the principle of partnership with competent bodies of governmental and self-governmental administration and other public bodies, economic and social partners and other competent entities. The partnership is realized with full respect of institutional, legal and financial competences of pertinent partners.

Improvement of governance (*good governance*) – improvement of governance is related to general improvement of quality of designing and implementing of broadly understood regulatory and legislation instruments, strengthening of standards and ethical behaviour in public life and in public administration, improvement of functioning of judiciary, improvement of quality of staff in governmental and self-governmental administration and promotion of dialogue and partnership between institutions concerned.

Programming – objectives of structural funds are implemented within the system of multi-annual programming organized in several stages, encompassing determination of priorities, financing and system of management and control. Programming is of complex and complementary nature what demands close coordination of carrying out and achieving objectives of the EU cohesion policy on the community level and in Poland at the central and regional level.

Equality of opportunities – under execution of NSRF support is planned for principle of equality of opportunities, which means equal opportunities for men and women, and taking into account of equality of opportunities at particular stages of structural funds implementation. This is connected with preventing all symptoms of discrimination based on sex, race or ethnic belonging, religion, or convictions, disability, age or sexual orientation.

Civil society – creation of a third sphere, apart from public and business sphere, for civil activity, in which there are functioning possibilities of institutions, organizations, social groups and individuals which have the feeling of interdependence and voluntarily cooperate with each other in favour of realization of common interests, improvement of life of individuals and the society as a whole.

Subsidiarity – to secure an appropriate efficiency of the EU cohesion policy Poland should strive at decentralization and deconcentration of performance of tasks related to programming and management of structural funds through transfer of those competences to a lower level, which is to assure a higher effectiveness and efficiency, i.e. to both the central and regional level.

Sustainable development – the basic rule applied during the delivery of the NSRF objectives is seeking for a consensus between economic efficiency of measures taken up and requirements related to promotion of principles of sustainable development, with simultaneous preservation of equality of opportunities of women and men and preservation of natural environment quality.

5.4. Objectives of Cohesion Policy in Poland, in Support of Economic Growth and Jobs

Owing to the low competitiveness of the Polish economy expressed inter alia by the low level of GDP per capita as compared to the average value in EU, in 2007-2013 all voivodships in Poland were qualified to areas of the “Convergence” Objective within the EU cohesion policy.

Taking into account the performed analysis, which pointed at disparities in the social and economic development of Poland and its particular regions, as compared to other EU member states, and in response to the renewed Lisbon Strategy and provisions of *Integrated Guidelines for Growth and Jobs for the years 2005-2008* (IG)³², for which an instrument for implementation in Poland is NDP, the strategic objective of the National Strategic Reference Framework 2007-2013 has been formulated.

The strategic goal of the National Strategic Reference Framework for Poland is creation of the conditions for the growth of competitiveness of knowledge based economy and entrepreneurship which are to assure an increase in the employment and in the level of social, economic and territorial cohesion.

The above objective was formulated in relation to the objective of the European cohesion policy – funds spent within NSRF would guarantee execution of the objective specified by the Treaty aimed at increasing the cohesion of Poland and its regions through structural reforms and concentration of expenditures in a few areas of great importance for establishing conditions aimed at hastening growth and increasing employment.

For such a formulated objective, an appropriate, pro-growth and pro-employment national economic policy is of the biggest importance. It should take into account continuation and full implementation of structural reforms in the area of public finances, functioning of administration and judiciary and of a system of legislating and implementation of law. Such measures are directly included in implementation

³² *Integrated Guidelines in support of growth and jobs 2005-2008* – strategic Community document, which contains guidelines for growth and job, in support for execution of EU priorities formulated in the renewed Lisbon Strategy, COM (2005) 141 of 12 April 2005.

of the Lisbon Strategy objectives and as such are fully compliant with the growth strategy presented by the Polish government in NDP.

To emphasise the complementary nature of objectives set out for the economic, social and cohesion policies defined in NDP and NSRF, Poland is going to designate for objective connected with the Lisbon Strategy at least 60% of expenditures borne within all operational programmes executed in the years 2007-2013 within the "Convergence" Objective. The involvement degree of particular programmes in implementation of objectives defined in NDP would vary, however, formulation of horizontal objectives and introduction of clear principles and rules at the NSRF level – related to the method of including and compliance with the Lisbon Strategy at the level of operational programmes – allows maintaining balance between achievement of pro-effectiveness and equalising objectives.

Implementation of the strategy presented in this document is also a basis for establishing of conditions for lasting growth, which would respect environmental conditions. In such a context emphasis would be placed on a complex approach to issues connected with problems that result from climate changes.

Formulation of principles related to non-application of discrimination would also be an important element in achieving a general European objective of assuring equal opportunities for women and men.

To sum up, the strategy outlined in this document is to a large extent oriented at assisting improvement in functioning effectiveness of institutions and functioning mechanisms of the state, as well as at granting assistance to those who present projects of the biggest importance for increasing competitiveness of the Polish economy and particular regions with simultaneous introduction of screening mechanisms for those social groups and spatially delimited problem areas which at present have no sufficient internal potential to benefit from growth processes. Implementation of the strategy would also comprise concentration in disbursement of financial means and introduction of organisational changes especially on areas that determine the competitive position of Poland in the EU and worldwide: selected elements of transport infrastructure, environment infrastructure, innovations in enterprises, in the research and development sector and in education.

Balancing development opportunities of social groups and geographic zones would be mainly taking place though elimination of barriers that impede improving professional, social and spatial mobility, and assuring equal access to the social and technical infrastructure which is of fundamental importance for establishing the competitiveness of Poland (related to transport, education, health and culture), as well as access to basic public services.

The strategic objective will be achieved through delivery of horizontal specific objectives. This would help in defining key indicators, which are to allow an analysis of global results achieved within a consistently implemented policy, which also means that all programmes, activities and projects taken up under the NSRF implement them simultaneously, however in a different scope. Horizontal objectives of the NSRF are:

1. Improving the functioning standard of public institutions and development of partnership mechanisms
2. Improving the human capital quality and enhancing social cohesion
3. Establishment and modernisation of technical and social infrastructure crucial for better competitiveness of Poland
4. Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector
5. Increase of the competitiveness of Polish regions and preventing their social, economic and territorial marginalisation
6. Balancing growth opportunities and supporting structural changes on rural areas.

The presented arrangement of horizontal objectives reflects the main focus in directions for the cohesion policy aimed at achieving the strategic objectives. A basic condition for execution, but an

external one in relation to NSRF objectives, is taking up endeavours in the sphere of regulation (public finance reforms, legal system of business operation, labour market functioning etc.). Indispensable measures in this scope for the forthcoming years have been defined in detail in NDP and in the Implementation document for NDP.

The first horizontal objective concerns strengthening the sphere of management and partnership, and responds directly to formulated challenges connected with functioning of the state and its public institutions on the national, regional and local levels. Implementation of the objective is also directly connected with opportunities for full and effective use of all resources available to Poland within the European cohesion policy 2007-2013.

Three consequent horizontal objectives related to human resources, infrastructure and the production and services sphere are directly related to the Lisbon Strategy objectives implemented in Poland (pursuant to NDP) – their implementation within the cohesion policy shall allow better competitiveness of the Polish economy and would be determinant for creation of new work posts.

The last two horizontal objectives are related to the spatial dimension of the cohesion policy. All measures undertaken in NSRF shall assist their execution, albeit in different ways.

Implementation of the objective related to regional competitiveness and counteracting marginalisation is to facilitate the fullest possible use of endogenous potential in each of the regions, and at the same time enables concentrating endeavours of the cohesion policy on areas with the most serious development problems that may not be overcome on the basis of internal resources.

In the situation of Poland the determination and emphasising the importance to issues of restructuring on rural areas within the cohesion policy and balancing development opportunities for their inhabitants justified by the scale of the challenge – civilisation related lagging behind on many rural areas and the outflow of population working in agriculture anticipated in the forthcoming years. Restructuring of rural areas is an element of regional policy, and in a broader perspective, the social and economic policy.

Two objectives related to space - *Increase in the competitiveness of Polish regions and preventing their social, economic and spatial marginalisation* and *Balancing growth opportunities and supporting structural changes on rural areas* set out the elementary directions for usage of all financial resources made available within NSRF. Those objectives would be taken into consideration not only in the event of implementation of tasks addressed directly territorially (within regional operating programmes and territorial cooperation programmes, as well as within some sectoral programmes), but would additionally be taken into account in planning national infrastructural investments, expenditures related to human capital and education as well as support for enterprises. Such an approach would directly allow achievement of the desired territorial effect within sectoral programmes (e.g. forming a network of motorways and expressways would have to cover the issue of competitiveness increase in regions by providing links between urban centres and the issue of counteracting marginalisation of certain regions by assuring including areas of peripheral rank into the national and European transport network).

Correlations between guidelines related to the cohesion policy within CSG, and specific objectives proposed in NSRF are presented in the below diagram.

Scheme 1. Relation between priorities defined in CSG and horizontal specific objectives in NSRF.

COMMUNITY STRATEGIC GUIDELINES		NATIONAL STRATEGIC REFERENCE FRAMEWORK
<i>MAKING EUROPE AND ITS REGIONS MORE ATTRACTIVE PLACES IN WHICH TO INVEST AND WORK</i>		
1.1.1	Expand and improve of transport infrastructures	Objective 3 Establishment and modernisation of technical and social infrastructure crucial for increase of Poland's competitiveness
1.1.2	Strengthen the synergies between environmental protection and growth	
1.1.3	Address Europe's intensive use of traditional energy sources	
<i>IMPROVING KNOWLEDGE AND INNOVATION FOR GROWTH</i>		
1.2.1	Increase and better target investment in RTD	Objective 4. Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector
1.2.2	Facilitate innovation and promote entrepreneurship	
1.2.3	Promote the information society for all	
1.2.4	Improve access to finance	
<i>MORE AND BETTER JOBS</i>		
1.3.1	Attract and retain more people in employment and modernise social protection systems	Objective 2. Improving the quality of human capital and enhancing social cohesion
1.3.2	Improve adaptability of workers and enterprises and the flexibility of the labour market	
1.3.3	Increase investment in human capital through better education and skills	
1.3.4	Administrative Capacity	Objective 1. Improving the functioning standard of public institutions and development of partnership mechanisms
1.3.5	Help maintain a healthy labour force	Objective 2. Improving the quality of human capital and enhancing social cohesion
<i>THE TERRITORIAL DIMENSION OF COHESION POLICY</i>		
2.1	The contribution of cities to growth and jobs	Objective 5. Increase in the competitiveness of Polish regions and preventing their social, economic and spatial marginalisation
2.2	Support the economic diversification of rural areas, fisheries areas and areas with natural handicaps	Objective 6. Balancing growth opportunities and supporting structural changes on rural areas
2.4	Cross-border cooperation	Objective 5. Increase in the competitiveness of Polish regions and preventing their social, economic marginalisation and spatial
2.5	Transnational cooperation	
2.6	Interregional cooperation	

All horizontal objectives of NSRF are covered by three horizontal priorities and the CSG priority related to space, which assume:

- 1) making Europe and its regions more attractive places in which to invest and work,
- 2) improving knowledge and innovation for growth,
- 3) more and better jobs,
- 4) the territorial dimension of cohesion policy.

Objective 1 of NSRF – *Improving the functioning standard of public institutions and development of partnership mechanisms* – is included in CSG Guideline No. 1.3.4 – *Administrative Capacity*.

Objective 2 of NSRF – *Improving the quality of human capital and enhancing social cohesion* – is compliant to CSG guidelines No. 1.3.1 – *Attract and retain more people in employment and modernise social protection systems*, No. 1.3.2 – *Improve adaptability of workers and enterprises and the flexibility of the labour market*, and 1.3.3 – *Increase investment in human capital through better education and skills*. Furthermore, in the discussed objective also Guideline No. 1.3.5 shall be executed – *Help maintain a healthy labour force*.

CSG Guidelines No. 1.1.1 – *Expand and improve of transport infrastructures*, No. 1.1.2 – *Strengthen the synergies between environmental protection and growth* and No. 1.1.3 – *Address Europe's intensive use of traditional energy sources* within priority CSG *Making Europe and its regions more attractive places in which to invest and work*, would be achieved through implementation of Objective 3 of NSRF – *Establishment and modernisation of technical and social infrastructure crucial for better competitiveness of Poland*.

To objective 4 of NSRF – *Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector* – added were guidelines covering the CSG priority *Improving knowledge and innovation for growth*.

Objective 5 of NSRF – *Increase of the competitiveness of Polish regions and preventing their social, economic and territorial marginalisation* – is to fulfil CSG guidelines No. 2.1 – *The contribution of cities to growth and jobs*, No. 2.4 – *Cross-border cooperation*, No. 2.5 – *Transnational cooperation*, and No. 2.6 – *Interregional cooperation*, within priority CSG *The territorial dimension of cohesion policy*.

Objective 6 of NSRF – *Balancing growth opportunities and supporting structural changes on rural areas* – is on the other hand a reflection of territorial CSG Guideline No. 2.2 – *Support the economic diversification of rural areas, fisheries areas and areas with natural handicaps*.

Implementation of the predetermined main objective and horizontal objectives shall at the same time support the fulfilment of the sustainable growth principle through social and economic development, which takes into account the necessity of preserving values of the natural environment. The principle of lasting development would be implemented through operational programmes, which are to contain obligations related to respecting of this principle. Each of the operational programmes will contain information concerning the undertaken commitments as regards respecting the principle of sustainable development and the method of horizontal integration of this principle within the implementation system (e.g. environmental selection criteria, monitoring indicators etc.).

5.4.1. Improving the functioning standard of public institutions and development of partnership mechanisms

Diagnosis of the situation in the scope of labour standard and ability to implementing elementary tasks of the Polish institutional and regulative system indicates the necessity of a fundamental modernisation of the way in which state institutions are functioning, including administration and the judiciary sector and development of social dialogue and partnership. As was shown by experience gained by many countries, a change in the method of ruling a country, stimulating dialogue with social and economic partners and limiting the phenomena of pathology related to the government, including corruption,

may allow achieving results such as enhancing possibilities of creating development strategies and their effective execution, implementation of effective management methods, more effective usage of human resources in the public sector and endogenic potential of states and regions. Measures undertaken to improve the management standard should allow additional effects such as bigger involvement of the society in growth processes and increased satisfaction level of the society, including the feeling of safety.

Measures in support of enhancing the administrative potential in Poland are first of all aimed at preparation of the Polish administration to execution of its basic role, and namely creating conditions for social and economic growth of Poland. In this respect an issue of fundamental importance is enhancing abilities of working out and enforcing long-term strategies and programmes, respecting the partnership rule. This objective is coherent with objectives of the Lisbon Strategy which postulate better development of policies and their execution to allow establishing conditions for growth and jobs. This is transposed to CSG, which indicate that effective administrative capabilities of the member states are an indispensable condition for inland and EU growth and jobs. The main provision of the reform in the public sphere is having it based on modern standards of ruling, i.e. the principle of subsidiarity, partnership and civil dialogue. Execution of this type of measures is connected with enforcement of *good governance* principles, comprehended as efficient and partnership based on ruling with the application of openness, responsibility, effectiveness and cohesion principle, which is also of fundamental importance for actual execution of the national growth strategy, including provisions of NSRF. Such understanding of governance complies to CSG, which assume support for public-private dialogue, as well as the implementation of open government rules. This is reflected in the content of CSG Guideline No. 1.3.4 – *Administrative Capacity*.

Enhancing abilities of public institutions to efficient and effective execution of tasks

The establishment of appropriate conditions for social and economic development in Poland requires improvement of the standard of created legal acts, public policies and programmes, improving institutional effectiveness of public administration, improving the standard and accessibility of public services and better professional qualifications of the clerical staff. The assumed support spheres conform to CSG, which assume support for development of effective policy and its enforcement, as well as improving the clarity and effectiveness of functioning of the public services. Furthermore, the planned investments in improvement of qualifications and abilities of the clerical staff that accompany processes of enhancing administrative abilities may be included in general provisions of the Community guideline related to a bigger number of better work places.

Support for the processes of development and implementation of policies and programmes will be executed through modernisation of the organisation method of those processes, including especially enhancing cooperation and coordination between public administration units and through enhancing abilities of programming, monitoring, implementation and evaluation of development policies, directed at achieving concrete measurable targets connected with objectives of the Lisbon Strategy and the European cohesion policy. Support in this scope is strictly correlated with improving the standard and accessibility of public services, which for the citizens are a visible effect of implementation and enforcement by the administration of legal regulations, assumed policies and programmes. The issue of improvement of public services standard is especially important for execution of subsidiary role of administration, and as a consequence contributes to changing the perception of the Polish administration, as well as the clerks by the citizens. Measures connected with improving the quality of client services by the public administration are not only covered by Guideline 1.3.4 of the CSG.

An element necessary for improvement of functioning effectiveness of public administration is informatisation of the administration authorities, which is expected to rationalised operation of public administration, as well as enhancing accessibility and quality of public services. Efficient and effective

implementation of public tasks and also easy access to public information leads as a consequence to reduced administrative barriers for business operation of entrepreneurs, as well as to facilitating and hastening the information flow between various administration levels and the customer. Operations connected with enhancing functioning effectiveness of administrative authorities through their informatisation are not only covered by the scope of Guideline 1.3.4. CSG, but also in Guideline 1.2.3. Promote the information society for all.

Processes that take place in administration, including especially the execution of policies and programmes, may not be executed in an efficient and effective way without well functioning institutions involved in management and implementation of public policies and programmes. Effectively functioning institutions make use of available resources in an optimum way, hence preventing manipulation, wastage of public resources, or delays in execution of tasks. Enhancing the institutional effectiveness shall be achieved through modernisation of management processes in public administration, including first of all the implementation of a universal management system by objectives and results. Among processes that take place in public administration i.e. process, finance, risk and information management; worthy of particular attention is human resources management, because it affects not only institutional efficiency, but also the quality of employed staff and the effects of their work.

A particularly important element in establishing appropriate administrative potential are investments in the human capital involved in processes of development, implementation, monitoring and evaluation of public policies and programmes and providing public services. Taking into consideration problems encountered by the Polish administration, connected with large rotation, especially among younger staff, lack of desired qualifications and no suitable motivation schemes, the Polish administration will to a large extent require intensified investments in development of abilities and knowledge of clerical staff through development of appropriate programmes for training and life long learning, as well as continuation of introduction of civil service standards in self-government administration, lasting shaping and strengthening of ethical attitudes.

As requirements of Community guidelines impose taking into consideration specific situation and problems of member states to allow most effective counteracting barriers for growth and jobs, measures in Poland would be focused first of all on support for development and implementation of modern system solutions that rationalise the functioning of public administration on all levels of the territorial division. This requires making a review of administrative structures, an audit of public administration functioning and as an effect development of a diagnosis for its condition, and for its potential as well. This would enable appropriate identification of tools and instruments in response to needs of the sector and use in achievement of a qualitative change of functioning of public institutions. The cohesion policy is to support horizontal tasks for enhancing administrative capabilities in Poland addressed at all public administration units in Poland comprising in its scope government and self-government administration entities. In addition, the execution of planned measures of a horizontal nature would take into consideration special needs of administrative units in areas that require intensified support, which comprise the judiciary sector and health service, the reform of which would to the greatest extent contribute to better functioning of the state.

Strengthening partnership mechanisms between public administration and the third sector

Support for the establishment of a civil society is an indispensable element in creation of a modern and partnership based state. Execution of public tasks should be based on cooperation between public administration and social partners, non-government organisations and trade organisations. Such formulation of support for administrative abilities converges with provisions of *A White Paper on European Governance*, as well as pursuant to CSG, which assume that supporting dialogue between relevant public, social and private entities provided that good quality policies and programmes are developed.

A diagnosis of this sector indicates weaknesses connected with insufficient involvement of the citizens in social activity, with undeveloped culture of cooperation between public administration and institutions of the third sector and with insufficient preparation of the third sector for implementation of public tasks. Those problems result from insufficiently developed civil society, which is a consequence of a short tradition of free civil operation in Poland.

To activate the third sector and to enhance its role it is necessary to establish conditions for development of the civil society in Poland, including first of all non-government organisations. This requires both the development of cooperation mechanisms between the public administration and institutions of the third sector, as well as propagation of a partnership based style of creation and execution of public tasks. In addition, implementation of the partnership style of cooperation necessitates preparation of non-government organisations to fulfilling the role of an active partner for public administration and improving the potential of those institutions as regards effective and professional providing public services.

Support for institutions that execute NSRF

Enhancing administrative capabilities of public institutions would also help improve the efficiency and effectiveness of management and execution of the cohesion policy. The evaluation of the implementation system of the Community Support Framework in the years 2004-2006 indicates the existence of particular problems and needs of institutions that handle structural funds. Hence institutions that deliver NSRF in the years 2007-2013 require separate support, granted within technical aid. Experience of the present programming period of 2004-2006 indicate that main weaknesses of the management and implementation system of the cohesion policy comprise: significant rotation of personnel connected mainly with low wages in administration; insufficient equipping of work posts with modern equipment, including also the absence of an effectively operating informatic monitoring and control system; insufficient information flow between entities involved in the implementation process of CSF, as well as no effective information policy concerning opportunities and procedures of obtaining resources from structural funds.

In response to problems diagnosed in NSRF plans assume undertaking measures in support of better employment stability and improving the standard of human resources involved in delivery of the cohesion policy in Poland. Effective execution of management and control processes related to structural funds also necessitate assuring appropriate technical conditions and resources. It is also necessary to take up communication and promotional measures aimed at propagation of information and promotion of operation in structural funds in Poland and better information and experience flow between participants of the NSRF implementation process.

5.4.2. Improving the human capital quality and enhancing social cohesion

Despite a gradual improvement taking place on the labour market, the employment ratio in Poland continues to be the lowest among all EU countries. A problem of key importance is full and appropriate utilisation of the human capital and labour resources standard to have it enhance economic growth, competitiveness and innovativeness of the Polish economy, reducing disproportions in growth between Poland and the EU, and particular regions. The strategic objective set up by NSRF conforms to provisions of the Lisbon Strategy and is comprised in priority 1.3 defined in CSG concerning *More and better jobs*. Additionally the objective involves recommendation concerning the development of human capital, which are emphasised by CSG guidelines in support of increasing professional activity and raising the employment level (1.3.1), enhancing adaptation abilities of employees and enterprises and flexibility of labour markets (1.3.2), increasing investments in human capital through better education and improved qualifications (1.3.3). Striving at improvement of the human capital standard and social cohesion measures are focused concurrently on the European Employment Strategy and its objectives, which comprise achievement of full employment, improving labour standard and effectiveness, as well as strengthening

social cohesion and reducing social exclusion³³. An indispensable element for all the undertaken measures could be to take into consideration assuring equal opportunities – propagation of equal opportunities for women and men, persons in an inferior situation, including persons with disabilities. Concurrently, particular importance could be gained by fighting discrimination and integration of immigrants and minorities.

Improving the education standard of the society and improving the education level

As was shown by the diagnosis of development conditions, in the past few years a value of human capital in Poland is the growing education level of the young generation and better readiness of becoming adapted to changing economic conditions. A shortcoming is the low education or inadequate adaptation of the capabilities to the needs of the contemporary labour market, especially among older persons. Intensification and hastening economic integration processes in the European Union, increasing foreign investments and progressing changes in the employment structure, without active measures in the scope of education, supplementing projects related to the labour market, may still enhance those adverse processes.

In the forthcoming years the fundamental objective of the growth strategy pursuant to Guideline 1.3.3 defined in CSG *Increase investment in human capital through better education and skills*, decreasing the number of persons the main problem of whom in entering the labour market or maintaining a position on it is the absence of adequate education, or limiting the number of persons with mismatched professional capabilities. The achievement of a suitable education standard would comprise all age groups. On the one hand it would be focused on guiding the choice of the educational path connected with the future profession, as regards young people – those who are about to enter the labour market. In such a context particular attention would be paid to measures addressed to young people (youth centres and organisations) including those encountering difficulties in access to education. And on the other hand this will also concern older persons who experience difficulties in maintaining their position on the labour market due to their not having appropriate qualifications, as well as the same category of persons who not only because of age but also due to their low education level have problems with finding employment.

As regards education a policy shall be executed which is mainly based on Guideline 23 *Expand and improve investment in human capital* and Guideline 24 *Adapt of education and training systems in response to new competence requirements* defined in IG. In the forthcoming years measures shall be executed which would help increase accessibility of education on all education levels, linking education with requirements of the labour market, improving the standard of offered education services and effectiveness of education.

The specific situation of Poland as compared to EU as regards accessibility of educational services enforces taking into consideration the role of education already at the stage of access to pre-school education, first of all on rural areas. An important element in increasing the number of persons with appropriate professional qualifications would be assuring appropriate conditions for education on higher education levels, i.e. secondary and higher education, particularly taking into account pupils and students coming from rural areas, urban areas afflicted by poverty, families with social and upbringing dysfunctions and persons with disabilities.

A part of the graduates, despite their acquired education, has difficulties with finding jobs. The present education model to an unsatisfactory degree takes into account actual expectations of the labour market. Competency based mismatching of supply and demand for work is one of the reasons for such a phenomenon. Consequently there is a need of more rational stimulation of paths for educational

³³ The analysed provisions are compliant and complementary with national documents i.e. draft National Employment Strategy for years 2007-2013, as well as with the National Strategy of Social Integration (adopted by the Council of Ministers on 3 August 2004.), Support Strategy for Development of Civil Society for the years 2007-2013 (adopted by the Council of Ministers on 7 June 2005.) and Strategy for Development of Education for the years 2007-2013 (adopted by the Council of Ministers on 2 August 2005).

development selected by young persons and having them adapted to requirements of the labour market. This would be possible through working out tools for evaluation of consequences of measures undertaken in the sphere of education and higher education. Appropriately strengthened system of internal exams would assure reliable information concerning education results. The above system support would as an effect support pupils and students in making choices of the future career, which assures finding a job and linked with implementation of individual abilities, needs and interests. Along with the process of having schools prepared to focusing on needs of modern economy, it may be presumed that the most important challenges faced by the education system in Poland should include continuation of undertakings connected with raising the education standard. The execution of those provisions would be taking place through measures concentrated on rationalisation of management of processes and institutions that form the education system in Poland. A crucial element of the strategy of raising the education standard is additionally establishing the framework for effective functioning and raising competences of the teaching staff (including also the academic staff) and administrative staff that manage the education system. It is of importance to improve broadly understood competencies of the scientific sector staff, including also with respect to managerial abilities and commercialisation of results of research and development works, which would allow their utilisation in the economy.

An integral part of measures executed in the sphere of education would be delivery of Guideline 1.3.2 *Improve adaptability of workers and enterprises and flexibility of the labour market* defined in CSG. In modern economy participants of the labour market must be to an increasing extent prepared to life-long learning – both in a situation of technological changes and innovations, as well as consequences of occurring changes which result from processes of economic restructuring. To enable Polish employees to maintain their position on the labour market and to allow them extension of their careers, in the forthcoming years it will be necessary to establish a system and culture of life long learning through execution of projects in support of the learning process in all forms and expressions of human activity. Increasing investments in the human capital through life long learning will be one of the responses to Guideline 17 *Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion*. It is necessary to assure such attitudes of employees that their decisions concerning a change of qualifications or improvement of skills had a professional character and were pro-active. The cohesion policy will be addressed at supporting lifelong vocational schooling designated for groups of employees, including in particular SMEs, involved in industries of high risk of the economy, and as regards situations in given voivodships – in sectors that predetermine competitiveness of regional economy, creation and improved functioning of the counselling and training system designated for groups of employees in sectors with particularly low qualification level, such as agriculture, mining industry, textile industry and automotive industry.

Within the framework of this objective all measures shall be directed at practical fulfilment of the equal opportunity rule.

Active policy of the labour market

As regards the demographic aspect, Poland has a significant increase in labour resources and a marked unemployment rate, which is the highest in EU, and which will probably remain on this high level. Additionally there is a large scale phenomenon of concealed unemployment and the “grey zone”. The high unemployment rate and the low level of professional activity and employment indicators diverge considerably from levels set out by the Lisbon Strategy. Indicators concerning young people are highly unfavourable – those entering the labour market and older people, with low professional qualifications, as well as persons with some disabilities. The absence of satisfactory conditions for a start in life, first of all for the young generation has recently been leading to a considerable migration of people in search of education and jobs abroad, and the loss of job by older persons and remaining jobless over a longer time causes remaining passive professionally.

A basic condition for increasing employment and reducing unemployment – apart from making use of conditions for demand for work and improving the standard of labour supply, would include rationalisation of the labour market which supports the dynamics of flows from the unemployment state to a job, from inactivity to employment, from school to work – pursuant to Guideline 1.3.1 *Attract and retain more people in employment and modernise social protection systems* defined in CSG. Increasing the share of employed persons in the total productive age population, inter alia with support of implementation of the labour market active policy, will be an indispensable component of the development strategy in the perspective of the few oncoming years, which will contribute to delivery of Guideline 17 *Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion*. A determinant role in this scope would be played by labour market institutions, social welfare, which should be efficient, and which should be capable of quick and effective responding to challenges connected with economic and social restructuring. For this reason the measures should be based on supporting and rationalisation of labour market and social welfare institutions towards their effectiveness and to improve access to benefits offered by those institutions and high quality services – adapted to the actual needs and groups of beneficiaries.

The existence of effective institutions of the labour market and social welfare, which deliver the labour market active policy, is indispensable to support provision of services to persons who are seeking jobs, the unemployed, in the case of whom active labour market instruments in the first period of remaining jobless offers the best opportunity for leaving behind their unemployment and professional passivity for people whose activation tends as a rule to be a long lasting and costly process. It is also to guarantee conditions that would facilitate to persons employed in agriculture and industries under restructuring access to appropriate retraining and going over to other occupations and professions.

In the forthcoming years it will be necessary to make the labour market more flexible and to limit enticements to professional deactivation. Elimination of aid forms and methods favourable to passivity and helplessness and to the existence of the so-called 'grey zone' from the system must be accompanied by establishment of a modern system of social insurance and full enhancing of professionalism of the labour market institutions. Pursuant to guideline 20 *Improve matching of labour market needs* the elementary measures shall refer not only to enhancing the staff standard through development of the education system, but also the introduction of cooperation procedures between social welfare centres and job offices and employers to enable enhancing of professional and educational activity of persons who are beneficiaries of those institutions. An indispensable element of this strategy is to be a more effective anticipation of changes that take place on the labour market. The continuous changes and transformations impose on labour market and social welfare institutions the establishment of mechanisms of effective anticipating and better change management, including economic restructuring.

The measures described above shall enable applying on the labour market means that include early identification of needs, custom adapted services – assistance in job seeking, counselling and training, provision of social services in support of access to employment, etc. (pursuant to Guideline 19 *Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive*). All measures in this scope would be supported by promoting and propagation of innovative and flexible forms of work organisation, including also telework, which help handling and coping with professional commitments with family duties, development of new work place sources, inter alia benefiting from social activity and entrepreneurship on the basis of Guideline 21 *Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners*.

Modernisation of social care systems and of the correct functioning of labour market systems would be accompanied by promotion of new approached to work compliant with human life cycles. Taking into account Polish problems on the labour market, delivery of Guideline 18 *Promote a lifecycle*

approach to work, is of particular importance, both in respect to creation of conditions that allow enhancing professional activity, especially that of women, as well as low employment indicators of older employees and youth.

Establishing conditions favourable to entrepreneurship

The vocational structure of the total employed population in Poland continues to diverge from the same values in EU member states. In the past years an increase took place in employment in the services sector at the cost of industry and agriculture, yet those transformations continue to be one of the challenges that face the Polish labour market. The low share in official employment is to some extent compensated by the “grey zone” which offers a relatively high number of jobs to persons with low professional qualifications, for whom unregistered work is the only possibility of obtaining some income.

Experience shows that one of the important delivery instruments of Guideline 1.3.1 *Attract and retain more people in employment and modernise social protection systems* defined in CSG and active policy of the labour market is the creation of new work posts through development of entrepreneurship attitudes. This instrument is already being applied, albeit to an insufficient extent. The problem of unemployment and of implementation of the most effective methods for its overcoming would be one of crucial challenges in the development strategy.

In this scope the strategy would be related to educational measures and active policy of the labour market. Its range would comprise a broad group of potential beneficiaries – from persons interested in starting up their business operation and entrepreneurs to institutions that provide services and aid related to entrepreneurship.

Supporting entrepreneurship would proceed by means of creation of a friendly environment for all persons who intend to run their own business operation and support them in overcoming barriers that hinder employment. Delivery of Guideline 21 *Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners* within IG, would be taking place in this scope in the preliminary stage – counselling, training, etc., to allow acquiring knowledge and abilities necessary to establishing one’s own work place. Following this form of support, assistance would also include financial support in the initial period of company operation.

Taking into account increased competitiveness and the appearance of new technologies, which impose the need of adaptation both to the employees and enterprises, an integral element in creating conditions favourable to entrepreneurship would be support for already existing projects. It includes updating and improvement of qualifications and skills of the employees, as well as the establishment of an effective training system for personnel in enterprises; furthermore the adaptation potential of enterprises would be enhanced through support for new solutions related to work organisation and forms of labour.

Providing support to institutions which grant loans to entrepreneurs and persons who intend to commence their business activity, and which provide informatic and counselling services and run training offer databases for needs of enterprises and persons starting up their business operation would enable better access with offered services and support to enterprises.

Counteracting poverty and preventing social exclusion

In Poland the general increase in income and expenditures in the society is accompanied by intensified income situation diversification of the population, with a continued trend of increasing poverty. The differentiation of problems depends on the specific nature of the particular region. In agglomerations and in major cities the problems of drug addicts, criminality and homelessness are intensified. On the other hand in poorer rural regions recorded are pathological situations connected with absence of prospective

jobs, especially for persons with a lower education level. A negative element is the phenomenon of poverty passing over successive generations. In all milieus there is the problem of exclusion of persons with considerable and severe disabilities. Another problem, arising because of cultural disparity of ethnical minorities, is the professional and social alienation of the Roma people.

To reflect objectives of the Lisbon Strategy, in the forthcoming years measures would be delivered which would be aimed at enhancing social cohesion. A basic element of such delivery is appropriate ability of responding to social needs and elimination of factors favourable to intensification of disparities, and as a consequence leading to professional passiveness, poverty and social exclusion. Projects aimed at enhancing social integration are an element which fits first of all in Guideline 1.3.1 *Attract and retain more people in employment and modernise social protection systems* stipulated in CSG. In this respect the cohesion policy would be focused on persons in a disadvantageous situation resulting from a long period with no professional activity and persons who have discontinued their school education. Appropriate support would also be provided to persons who are under special risk of social exclusion due to their disability, cultural and ethnical differences.

Social integration and counteracting poverty and social exclusion would be taking place first of all through assuring access to education and professional training. This would be accompanied by providing necessary social services in support of access to jobs for persons excluded from the labour market and services that support preventing poverty, as well as promotion of local initiatives in support of jobs. An indispensable part of this process is facilitating access to such spheres and areas, which in an indirect way affect significantly the social integration process. An important element of the undertaken measures shall be professional and social integration of immigrants and the Roma people – establishment of institutional and financial framework for programmes that would allow immigrants and national and ethnical minorities to overcome language, culture and ethnical barriers, as well as assistance in support of persons with lasting unemployment, the homeless, persons with mental disorders, persons discharged from penal institutes and youth leaving correctional institutions.

Improvement of the health potential of human capital

The diagnosis has shown that considerable disparities exist in Poland in the health state of the inhabitants as compared to other EU countries, and as well as marked differentiation in particular regions in access of the inhabitants to medical care. At present more than a half of the Polish population are persons in the productive age. In contrast to EU countries the inhabitants of Poland are classified as young in the demographic context. However, in the forthcoming years the age median shall be increasing, while the growth of the number of older people and maintaining manpower in a state of professional activity would become a challenge for the health care system.

In the context of the cohesion policy, in the forthcoming years one of the elementary tasks of the planned strategy, pursuant to provisions of the Guideline 1.3.2 *Improve adaptability of workers and enterprises and the flexibility of the labour market* and Guideline 1.3.5 *Help maintain a healthy labour force* defined in CSG, would be introduction of measures aimed at providing better access to health care and assuring a high standard and a single level regardless of the place where those services are to be provided. This objective would be executed first of all thanks to training and improving abilities of the medical staff. Concurrently planned are investments in health promotion and preventing diseases. The above mentioned measures together with assured access to medical care services would enable early diagnosing of risks, reducing the absenteeism level, and over a longer perspective extension of active participation in the society, while improving the awareness of employees as regards the occupational safety and hygiene shall be directly transposed to work productivity and competitiveness.

5.4.3. Establishment and modernisation of technical and social infrastructure crucial for better competitiveness of Poland

A small number of important investments that could create new work posts is the main barrier that impedes the economic development of Poland and its regions. The insufficient level of investments results first of all from the lack of elementary technical and social infrastructure and in many cases an unsatisfactory standard of its functioning. The lack of modern technical infrastructure affects adversely the volume of economic exchange, decreases the mobility of inhabitants, and is also the main barrier that hinders further development of industry and services. Poland must in the shortest possible time possible establish an efficient system of transport links both inland and with the remaining part of Europe to enable full utilisation of the existing economic, social and territorial potential, and in addition to allow establishing conditions favourable to creation of modern and competitive economy. Delivery of investments concerning elementary technical infrastructure is a necessary condition for achievement of objectives set up by the Lisbon Strategy, as well as NSRF objectives, which determine the success of measures directed at the development of human resources and increase in economic innovativeness. Furthermore, it maintains coherence with CSG guidelines which assume making Europe and its regions a place more attractive for investments and work, or IG stipulating the necessity of expanding, modernising and linking infrastructure in Europe, the necessity of completing priority transborder projects and the necessity of supporting balanced utilisation of resources and enhancing the synergy effects between environment protection and economic growth.

Linking the main economic centres in Poland by a system of highways and expressways and by modern railway systems, and assuring transport links in European links (within the TEN-T system)

A diagnosis of the situation in the transport sector shows that Poland has a dense transport network, yet due to its decapitalisation and its low standard it constitutes a fundamental barrier to economic growth of Poland and its particular regions, and limits investment possibilities in the sector of enterprises.

One of the most important problems that significantly affect growth opportunities for competitiveness of the Polish economy is the lack of a coherent network of highways, fast traffic roads and appropriate standard of railway systems joining major economic centres of Poland. The absence of links in those relations leads to a reduction in possibilities for locating investments in certain regions, which is also an important hindrance for full utilisation of the growth potential of particular metropolises for the economic growth and creation of work posts. It also significantly affects the diffusion of product diffusions and limits costs of economic operation in certain sectors.

The second problem related with the functioning standard of the transport network is the lack of appropriate standards of links between Poland and neighbouring countries, including also sea borders. This poses a serious obstacle to companies that run their operation in Poland and in other countries in their usage of the single European market; in addition, as a result Poland does not use its geographic situation, and loses in favour of its neighbours advantages that result from potential transit of goods through the territory both in the east-west direction (EU countries – Russia, Ukraine, Belarus), as well as north-south (Scandinavian countries and the Baltic region countries – central and southern part of Europe).

The poor state of infrastructure, in particular with respect to the roads (motorways and expressways), is transposed to a disastrous situation in road traffic safety – Poland is a country with the highest percentage of road accidents with fatalities in the entire EU.

Taking all the above into consideration, the NSRF strategy related to the transport sector would be focused on assuring that transport related investments of regional, national and international rank led to establishment of a coherent system that reflects directions of economic and social relations.

The planned measures will first of all assure having all the major Polish urban centres linked by a system of motorways and expressways and by fast railway connections by 2013. This network is to cover all the main urban centres in eastern Poland to improve their development possibilities and to hasten the process of restructuring indispensable on those areas.

Also of importance would be to assure transport links within the TEN system which would connect Poland to the European transport system. It is particularly necessary to assure links between Western Europe and the Baltic countries, as well as Ukraine, Belarus and Russia, and also between the Scandinavian and Baltic region countries and countries of Central and Southern Europe.

A supplementing measure with respect to development of the system of motorways and expressways will be modernisation of other national roads, which join minor economic centres into the basic national system. Measures in this respect shall be focused on such a modernisation of the existing road system, assuring concurrently appropriate load carrying properties pursuant to requirements of the Accession Treaty and construction of by-pass roads and elimination of bottlenecks in the national road infrastructure.

Development of transport links of an appropriate standard would help improve road traffic safety, however, ancillary measures would be necessary to improve safety on the Polish roads and in a broader scope in the entire Polish transport system, such as educational campaigns, equipping the police and rescue services with necessary gear etc.

Apart from development of appropriate standard railway links between the main Polish economic centres, in the context of assuring appropriate service standard and limiting consequences of potential railway accidents, indispensable are investments aimed at improvement of the condition of passenger railway rolling stock and investments in selected elements of railway infrastructure.

As was shown by the diagnosis, cargo transport is being implemented to an excessive extent by road transport, mainly due to the bad state of intermodal traffic. Consequently investments in infrastructure of intermodal transport would be promoted, and those introducing informatic and communication systems, which enable utilisation of modern technologies in the field of transport. Such measures would help relieve road traffic load, which in conditions of quickly growing foreign trade turnover would be unable to carry the increased traffic flows, and in addition they would help limit road traffic pressure on the natural environment.

The dynamic development of the major urban centres and the recent leap like increase in the number of mechanical vehicles impose the necessity of a more complex approach to issues of public transport. This would be favourable to intensification of competitiveness in those centres through assuring quick and safe transport means for employees and inhabitants covering the area of the entire agglomeration (major cities with the adjacent areas of entire agglomerations). Measures in this scope would also have noticeable effects on the environment – limiting exhaust gas emissions, and consequently an impact on health – they would clearly improve the living standard in major towns. Support would be granted to complex projects aimed at solving transport problems of the agglomeration, based on the stipulation of limiting road traffic in town centres and introduction of 'clean' municipal transport means such as underground or the tramway.

A particularly important transport branch that allows easy and quick access to major municipal centres in Poland and abroad is air transport, which in the past years has acquired special importance. The currently existing infrastructure of airports is not adapted to continuously growing air traffic, and forecasts that anticipate a significant growth in the share of air transport in total transport value indicate directly the necessity of investments in this transport sector. There is a need for development and modernisation of airport infrastructure, which concerns both the biggest ones, as well as regional ones that enhance investment attraction of minor centres.

The development and modernisation of port infrastructure in the major sea ports and sea highways is of great importance not only for competitiveness of sea transport, which may be an optional form of transport to road and railway transport, but would additionally have impact on improvement of competitiveness of coastal region towns as places of concentration of certain types of economic operation and transit and logistic points of many types and for services. The development of inland navigation is of importance owing to its ecological nature, and so there would be a need for investments of a reconstruction character aimed at impeding the regression in inland navigation.

Measures aimed at establishing and modernisation of the technical infrastructure are coherent with CSG Guideline 1.1.1. *Expand and improve of transport infrastructures* and Guideline 16 *To expand, improve and link up European infrastructure and complete priority cross-border projects* specified in IG.

Increasing the share of public transport in services to inhabitants

Car transport still remains the leading means of municipal transport in Poland that the neglected and insufficient road infrastructure is unable to cope with. This leads to increased negative pressure on the natural environment and transport insufficiency of major cities, and consequently their attractiveness tends to decrease. The poorly developed infrastructure of public transport causes that the presented of inhabitants making use of it remains unsatisfactory. To limit to the greatest possible extent the pressure of car transport on the natural environment, and to improve the transport capacity of towns it is necessary to undertake measures aimed at development of environmentally balanced transport systems, inter alia through introduction of integrated systems of road traffic management, creation of integrated transport centres and integrated development plans for municipal transport, as well as support for mass rail transport (metro, quick urban railway). Of particular importance is also enhancing the safety in public transport by supporting the use of ITS (intelligent transport systems) in the scope of transport infrastructure and improvement of safety management systems. Those measures would contribute to development of environmentally balanced transport networks, pursuant to guidelines contained in IG *Expand and improve European infrastructure* and CSG 1.1.1 *Expand and improve of transport infrastructure*, and in addition would allow changing proportions between transport means in favour of those more environment friendly, such as for example public mass transport, bicycles or pedestrian traffic.

Assuring and developing environment protection infrastructure

Apart from transport infrastructure, for functioning and development of the Polish economy crucial is environment protection infrastructure and ecological safety. EU documents, both IG – Guideline 11 *To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth*, as well as CSG – Guideline 1.1.2 *Strengthen the synergies between environment protection and growth* give priority to issues connected with environment protection. The development and modernisation of environment protection infrastructure stimulates innovativeness and creation of new work places, reduces external environmental costs for the economy through limiting costs of treatment, elimination of negative consequences, health care, and what is more allows achieving a stable economic growth. It plays additionally a fundamental role in improving the living standard and success of restructuring processes on rural and post-industrial areas. As was shown by the diagnosis, the negative pressure on the natural environment in Poland keeps systematically decreasing. At the same time when Poland became a member state of EU it obliged itself to execute EU Regulation inter alia from the scope of environment protection, or establishment of NATURA 2000 European Ecological System. To be able to fulfil undertaken commitments, as well as to assure a lasting and sustainable economic growth, measures related to the environment sector should focus inter alia on supporting projects aimed at assuring efficient and effective systems of disposal and treatment of sewage. Support should also be assured to measures aimed at reducing the percentage of dumped municipal wastes and recultivation of degraded areas, which simultaneously lead to implementation of the Community law³⁴.

³⁴ Directive 91/271/CEE dated 21 May 1991 concerning treatment of municipal sewage (Official Journal EU L 135 dated 30 May 1991), Directive 76/464/CEE dated 4 May 1976 concerning pollution caused by some dangerous substances disposed of to the water environment (Official Journal EU L 129 dated 18 May 1976), Directive 2000/60/CE dated 23 October 2000 setting up framework for Community measures for water resources management policy (Official Journal EU L 327 dated 22 December 2000 r.), Directive 99/31/CE dated 26 April 1999 concerning wastes dumping (Official Journal EU L 182 dated 16 July 1999), Directive 75/442/CEE dated 15 July 1975 concerning wastes (Official Journal EU L 194 dated 25 July 1975), Directive 91/689/ CEE dated 12 December 1991 concerning dangerous wastes (Official Journal EU L 377 dated 31 December 1991), Directive 94/62/CE dated 20 December 1994 concerning packaging and packaging wastes (Official Journal EU L 365 dated 31 December 1994), Directive 2000/76/CE dated 4 December 2000 concerning wastes burning (Official Journal EU L 332 dated 28 December 2000).

Furthermore, measures should be focused on assuring appropriate volume of water resources for needs of the population and national economy and counteracting serious breakdowns, as well as minimising consequences of negative natural phenomena.

Civilisation related and economic growth causes that resources of biological diversity and landscape values that form the natural heritage of Poland are exposed to progressing degradation. Natural environment has a direct influence both on human health and also on various branches of the economy. For this reason it is necessary to limit degradation of the natural environment and losses in resources of biological variety by enhancing the ecological awareness of the society, regaining appropriate state of natural habitats, supporting development processes for protected areas protection plans, or regaining continuity of ecological corridors. Such measures are coherent with State Ecological Policy, Convention of Biological Diversity, and also allow correct functioning of the NATURA 2000 system and would consequently contribute to implementation of Community Regulations³⁵.

Measures implemented within NSRF will be undertaken keeping in mind provisions concerning climate changes, including reduction in emission of greenhouse gases to the atmosphere defined by the EU within a long-term horizon. The impact of investments executed within NSRF on climate changes and increased level of greenhouse gases emission in Poland would be subject to periodical observation within monitoring and evaluation of implementation of NSRF and operational programmes with the use of technical assistance means. This is of importance especially in the light of intensified pressure on emission of greenhouse gases connected with hastened rate of economic growth and intensity of planned infrastructure related investments in Poland.

Diversification of energy sources and limiting negative pressure of the energy industry on natural environment

The quickly growing demand for energy, with ageing manufacturing, transmission and distribution assets, may as a consequence lead to deterioration of the energy safety and decreasing the infallibility of energy supplies for users. The recent geopolitical situation, trends of growing prices for crude oil and gas, breakdowns of electric power systems in Europe, USA and Southern America constitute a basis for taking up the problem of energy safety. This fact had been reflected inter alia in European Union documents concerning on the one hand establishing a European strategy of the energy safety system itself, and on the other hand, supplies of strategic energy carriers.

From the viewpoint of economic growth and improving the national competitiveness it is also of particular importance to assure energy safety, comprehended as diversification of energy supply sources, as well as improvement of infallibility of the available infrastructure. As was shown by the sectoral diagnosis, the national energy infrastructure is outdated and seriously underinvested, and the main sources of energy are non-renewable sources.

Furthermore due to the transmission structure of energy carriers (crude oil and natural gas) their supplies are concentrated on a single direction, thus creating a real threat to guaranteed energy supplies, indispensable for long-lasting economic growth. Another problem is the continuously unsatisfactory degree of integration of the electric power transmission system with systems in other EU countries.

Consequently it is especially important to initiate the process of creating new transmission and transport capacities for electric power, natural gas and crude oil from diversified supply directions, as well as commencement of measures aimed at improving warehousing capacities. Such measures contribute to improvement of energy safety both for Poland, as well as for the entire Community. In those cases in which market mechanisms would prove to be insufficient for achieving appropriate diversification

³⁵ Directive 79/409/ CEE dated 2 April 1979 concerning protection of wild birds (Official Journal EU L 103 dated 25 April 1979), Directive 92/43/ CEE dated 21 May 1992 concerning protection of natural habitats and wild fauna and flora (Official Journal EU L 206 dated 22 July 1992).

of supplies, support would also concern investments in the transmission and distribution systems of traditional energy sources, including electric energy, natural gas and crude oil.

The absence of gas distribution infrastructure in 37.6 % of all communes [gminas] in Poland is an additional cause for the occurrence of disparities in the national economic development. In the current market situation investments in the distribution and transmission energy system and for warehouses destined for natural gas fail to guarantee sufficiently quick return of borne outlays.

To assure national energy safety of particular importance is first of all the diversification of traditional energy sources and energy carriers, as well as gradual increasing of the share of renewable energy sources.

The specific nature of the Polish energy sector, which has been based to a large degree on hard coal, and the anticipated economic growth in the perspective of the forthcoming years impose the necessity of undertaking measures connected with limiting the adverse impact of the sector on the environment, resulting from production, transmission and distribution of energy and fuels.

This is connected with the necessity of introducing new solutions and technologies, first of all limiting pollution created at the source. Also important is implementation of measures aimed at increasing the effectiveness in the use of primary and final energy, both in energy production processes, in its transmission and distribution, as well as in the process of its use.

Furthermore, as regards assuring a balanced and safe supply system of fuels and energy in the context of reducing pollution emission, also of importance would be measures aimed at changing the structure of used fuels and increasing efficiency of the use of available installations and equipment. Hence within the energy industry measures should be focused on expanding the use of renewable energy sources, and consequently reducing the emission of greenhouse gas to the atmosphere.

Taking into account directions of the European energy policy set out during the Council of Europe summit on 8 and 9 March 2007, measures related to energy industry will focus on investments with high added value to achieve objectives set out during this summit. Special support in this scope would be granted to those investments which are likely to contribute to enhancing energy safety, technological innovativeness in energy industry and intensified use of renewable energy sources and better energy effectiveness.

By supporting the development of the renewable energy policy, based on inland potential, it is assumed that in 2013 Poland will achieve the share of energy coming from renewable sources in the balance of primary energy at the level of 7.5 %.

The implementation of the above described measures will improve energy safety through diversification of energy supplies, and guarantee reduced dependence of Europe on fossil fuels. In addition it will allow benefits as regards reduced emission of greenhouse gas to the atmosphere, enhancing EU superiority in industries related to production of electric power from renewable sources and better economic and social perspectives.

Investments in those scopes implement the objective of the Lisbon Strategy, and in addition contributing to implementation of the Community law³⁶.

The above indicated measures are coherent with guidelines included in CSG – Guideline 1.1.3 *Address Europe's intensive use of traditional energy sources*, which points to the necessity of decreasing by member states the use of traditional energy sources through increasing the share of renewable energy sources in the energy balance, and improvement of energy effectiveness. Pursuant to this guideline in cases in which market mechanisms would be insufficient to enable achievement of appropriate

³⁶ Directive 2006/32/CE dated 5 April 2006 concerning effectiveness of final use of energy and energy services, and final use of energy and energy related services, and repealing Council Directive 93/76/CEE (Official Journal EU. L. 114 dated 27 April 2006), Directive 2004/67/CE dated 26 April 2004 concerning means that assure safety of natural gas supplies (Official Journal EU. L. 127 dated 29 April 2004).

diversification of supplies, support would also concern investments to be made in the transmission and distribution systems of traditional energy sources, including natural gas and crude oil.

Support for elementary social infrastructure

The Polish economy is characterised on the one hand by a significant development potential, and on the other hand several developmental lagging behind which result inter alia from the absence of technical and social infrastructure. To improve the living standard of the inhabitants of Poland, as well as to allow hastening of social and economic development, it is of particular import to assure a more homogenous access to elementary social infrastructure, as well as expansion of those elements, which are directly connected with performance indicators of NSRF objectives. This includes raising the education level, increasing the number of graduates on technical and natural science faculties, improving the health state of the employees and prolongation of their lives, as well as improving the living standard among others through improving access to culture facilities and also promotion of tourism and recreation.

Access to healthy and highly qualified labour resources is an important premise of broadly understood investment attractiveness and has a direct impact on functioning of the entire economy. Taking into consideration the demographic and social structure, as well as differentiation in access to infrastructure of health protection, culture, education or tourism, as well as guidelines of CSG – Guideline 1.3.5 *Help maintain a healthy labour force*, which assumes enhancing social and economic coherence of the member states, significant are investments aimed at reducing disparities in access to infrastructure of health protection, culture, education or tourism. Investments in social infrastructure, treated in a complementary way as compared to the technical sphere, are expected to contribute to enhancing interrelations between particular sectors, and consequently maximising of the assumed developmental effects.

Health of the population is one of key factors related to productivity and economic growth, and an essential determinant of the generally understood living quality. As regards the health protection infrastructure, important are measures oriented at improving health protection infrastructure, reducing disparities in access to medical infrastructure and enhancing effectiveness in the health care systems through investments made in ICT, knowledge and innovations. Support for health care infrastructure may be a source of added value in other areas of economic life. More effective health policies should be advantageous also to limiting the phenomenon of employee absenteeism, as well as early retirement.

Taking into account the effectiveness of teaching as the main factor that determined the functioning of modern economy based on knowledge and innovations, it is necessary to increase the availability of education through establishment and modernisation of infrastructure, and in particular through the development and expansion of research and scientific facilities and teaching units, as well as furnishing them with scientific and research equipment, including laboratories, computer rooms, libraries, and construction and modernisation of infrastructure in universities. A better education system would improve professional qualifications and adaptation abilities of employees, and consequently allow involving a bigger number of persons in active professional operation.

Measures in the field of infrastructure for culture and protection of cultural heritage are oriented first of all increasing access to culture of the inhabitants of Poland and enhancing cultural competencies of the society, as well as tourist and investment attractiveness of Poland. Those measures would be focused on utilisation of the already existing potential of cultural heritage of a global and European importance, protection and preservation of cultural heritage, improvement of the culture infrastructure state and development of new optional forms of using of culture.

In addition the existing culture potential (including European cultural routes that run through Poland) and the potential of nature, and measures planned in the field of culture create favourable conditions for development of tourism infrastructure. To assure access to an appropriate, high quality of tourist services and to enable enhancing tourist attractiveness of Poland and its regions the planned

measures would be focused first of all on improvement of the quality of available tourist infrastructure by means of projects related to its development, modernisation and equipping. Projects in this scope would also be directed at creation of new facilities to be used in running tourist operation, which would conform to binding EU standards. Work places in the sector of tourism contribute to a growth of employment in the infrastructure in the sector of tourism would contribute to an increase of employment in the infrastructure accompanying production of goods and services which are indispensable for services to be provided to tourists. Support related to tourism would concern both projects that fulfil criteria of the social infrastructure – used free of charge by the whole society, as well as on commercial principles, which are an element of state aid schemes.

5.4.4. Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector

Diagnosis of the situation in the present sector of the Polish economy, despite a growing share of technologically advanced products in the structure of export and high entrepreneurship potential, indicates its very low innovativeness³⁷. Meanwhile a determination ability of economies of contemporary states and regions to maintaining competitiveness over a long-term perspective is the ability of creating and absorbing innovations.

To achieve high dynamics of economic growth to be maintained over a longer period and to create conditions for establishing a knowledge based economy, measures would be delivered which have been defined in initiatives undertaken both on the national level and the EU level. Those measures are coherent with the renewed Lisbon Strategy and the directions specified in it of measures related to entrepreneurship and innovativeness, CSG, IG, as well as provisions of the Seventh Framework Programme for Research and Technological Development, Competitiveness and Innovation Framework Programme (CIP) 2007-2013, the European Commission's Green Book on Entrepreneurship in Europe and initiative "eEurope 2005: Information Society for All" and strategy „i2010” – A European Information Society for growth and employment”. Measures aimed at achievement of the intended objective would be directly contributing to implementation of two components of the strategic objective, and namely: establishment of conditions for growth of competitiveness of the economy based on knowledge and entrepreneurship and maintaining the employment growth.

The economic growth of Poland would depend on assuring competitive advantage to provide lasting development, resulting from making use to a larger extent of knowledge innovative solutions. This would be achieved through implementation of a policy that stimulates development based on innovations, thanks to measures oriented at supporting of sectors, which are carriers of knowledge based economy and increasing expenditures of public institutions on research and development, which have direct transposition on the sphere of economic operation, and stimulation of growth in investment made on research and development in enterprises, as well as investments in the scope of innovative solutions, both technological and organisational ones. Improvement of innovativeness in the economy requires the development of various support instruments, in a broader scope for SMEs, especially those in the initial growth stages, as well as for enterprises that introduce the latest technological solutions of considerable importance for the economy.

Support within the production sector will be first of all given to SMEs, for which at least 75 % of the total allocation from sectoral and regional operational programmes will be assigned.

Support for major investment projects in the production sector will be granted first of all taking into account evaluation of the innovativeness degree of the proposed investment, and as such would not be

³⁷ Innovativeness means the ability and motivation of enterprises to continuous seeking and utilisation in practice results of research and development works, new concepts, ideas and innovations. Innovativeness also means improvement and development of the existing production, exploitation technologies and those related to the sphere of services, introduction of new solutions in organisation and management, improvement and development of infrastructure, especially related to collecting, processing and granting access to information.

considered as enticement for companies that transfer production operation to Poland from other EU member states. Companies interested only in relocation without a change in production profile have mainly the intention of reducing their expenditures by limiting costs of staff employment.

Innovativeness is playing a fundamental role not only in relation to competition of products and services (both on the inland and international markets), but also helps improve the level and quality of life of the inhabitants. Measures in support of development of enterprises on a regional level will be enhanced by implementation of innovative measures, resulting from Regional Innovative Strategies (RIS), which contribute to regional and local development and to creation of new work places. Projects directed at generating innovative solutions in enterprises will be co-financed in a complementary way on a central level. As an effect competitive predominance will in an increasing extent be shaped by technological innovations and to a decreasing extent by price competition.

Measures directly addressed at increasing innovativeness in enterprises should be supplemented by establishing favourable conditions for their development by supporting business environment institutions, which would allow an improvement in accessibility of supporting services for entrepreneurship and innovations, as well as placing emphasis on the increase of cooperation of the enterprises sector with science and directing research on their application in the economy. To strengthen the potential of enterprises and to enhance cooperation between them it will be necessary to implement measures related to establishment and development of cooperative ties between entrepreneurs, and between entrepreneurs and business environment institutions, including also scientific institutes. Those measures would be favourable to creating, transferring and diffusion of new solutions, and consequently contributes to improving competitiveness and innovativeness of enterprises.

Instruments implemented on the national level are complementary with initiatives undertaken on a regional level, where the main focus would be on direct support, especially for SMEs which implement projects of a relatively lower value and business environment institutions of a local and regional range which are operating in support of entrepreneurship development.

Differences between Poland and countries of the European Union with respect to informatisation affect adversely the competitiveness of the Polish economy and the life quality of its inhabitants. It is necessary to implement complex measures aimed at the establishment of electronic public services for the citizens and for enterprises, which would be made possible by reconstruction of the public administration base and establishment of fully integrated electronic services. This would facilitate providing public services by electronic mail in fields of key importance for economic operation, such as for example fiscal settlements, customs, administrative charges etc.

The application of integrated solutions based on ICT technologies will facilitate running economic operation. Promotional campaigns lead to wider utilisation of ICT techniques in the private and public sectors. They will assure better availability of information resources and services in an electronic form for enterprises and households.

Supporting manufacturing activity that enables achieving high added value

Assistance granted to entrepreneurs within NSRF must assure lasting enhancing of the competitive strength of the Polish economy. One of the support areas, which determines possibilities of assuring a constant economic growth and increased work productivity, are new investments in the sector of industry. Having at its disposal a great manpower, with quite good qualifications, including also executive level staff, the Polish economy needs new investments in those areas of manufacturing, which by creating new work places will be first of all increasing the inflow and application of new technologies production of competitive products on global markets, and which will allow the Polish companies to join cooperation chains of global leaders in the sphere of various types of production (from electronics, informatics, household appliances, through the automotive sector to modern applications in biotechnology) and allowed the development of productive potential of the most innovative small and medium

enterprises. As a consequence such focusing of support should lead to increased export of industrial products, increased share of high technology products in industrial production.

Promoting entrepreneurship through stimulation and development of innovative economic operation implements provisions of Guideline 1.2.2 CSG: *Facilitate innovation and promote entrepreneurship*. It is also reflected in Guideline 10 contained in IG: *To strengthen the competitive advantages of its industrial base*.

The development and establishment of new enterprises is a basis for the establishment in the economy of new, lasting and attractive work places. Activation of entrepreneurship, first of all based on innovations, would directly comprise investment, counselling and training support for development of the existing enterprises and establishment of new enterprises, including supporting initiatives that originate in academic centres and research institutes. Support in the production sector would be aimed first of all facilitating the introduction of modern high technology solutions and manufacturing of innovative products. Those measures would contribute to generating demand for a bigger number of innovative solutions, stimulating at the same time adaptation of the offer of the research and scientific sector and increase in outlays of enterprises on innovative operation, through which the share of sectors with high added value in GDP would be increased. Measures which are to be used for development of enterprises would lead to an increase of their productivity through introduction of improvements in the present production processes and producing by them more competitive products. Support for entrepreneurs concerns the added value in the economy by raising abilities to absorbing new technologies and establishment of new markets, which would be transposed on the ability of entire country to absorbing technologies.

Measures in support of enterprises directed at the development of innovativeness, which are implemented on a regional level, will be focused on enhancing the investment potential of small and medium enterprises, with particular emphasis of microenterprises. Apart from investment, counselling and training assistance addressed at enterprises, also complex support will be offered for establishment of new companies (the so-called start-up), especially in areas that are important for development of a given region, and additionally cooperation between companies on a regional level will be promoted (support for establishment and development of cooperative ties of entrepreneurs, including clusters of a regional range).

Measures implemented on a national level, which supplement regional measures, will be directed at support of innovative projects, both related to products and to organisation. Development of competitive economy on an European and global scale will be possible thanks to implementation of a catalogue of complementary projects in support of initiating innovative operation, to a large extent in SMEs (among others financing the execution of research and development works and implementation of their results, establishment of cooperative ties, management of copyright and industrial property rights, development of e-services, including of the *business to business* type, specialist counselling and training support).

Development of service sector

An effective service sector may be treated as one of the factors that exerts a positive impact on the development of Polish economy. Taking into account features of the Polish economy and further increasing of its openness in a medium-term horizon, continued development of the service sector would be important for the development of Poland and for increasing of the employment level. The planned support would concern both the sector of market services, including in particular the sector of tourism and culture and medical services, as well as those elementary services that may affect processes of regional development and improving accessibility to services on marginalised areas. For generating a considerable number of work places for highly qualified manpower it will be important to assure support of enterprises which provide pro-growth services connected with financial services, bookkeeping, or teleinformatic services, as well as professional services that offer support in the field of management, marketing, or recruitment of employees. Development would comprise service enterprises making use

of product, process and organisation innovations. The role of tourism as generator of new work places may be dominating especially on border regions and areas affected by structural unemployment. Work places in the tourism sector would contribute to employment growth in infrastructure that accompanies production of goods and services indispensable for tourist services. Measures aimed at development of an efficient internal service market are coherent with priority 1.2 CSG: *Improving knowledge and innovation for growth* and Guideline 12 *To extend and deepen the internal market* included in the framework of IG.

Improvement of functioning of enterprises and their access to external financing

The diagnosis of the situation of Poland as regards institutions that provide support for enterprises has shown that despite functioning of a considerable number of such institutions their spacing is not even, and the offer is not always suitably adapted to needs of enterprises.

The regulation environment of the sector of enterprises is unstable and creates unfriendly conditions for running business operation, and poses several administrative and legal barriers – especially in fiscal regulations. Partial limitation of those adverse factors for the development of entrepreneurship should be enabled by way of establishment of a cohesive business environment system appropriate for needs of entrepreneurs.

To promote entrepreneurship and shape enterprising attitudes appropriate instruments would be developed to allow establishment of a friendly institutional, capital and legal environment to enable the development of the existing and creation of new enterprises, especially SMEs, which create the biggest number of new work places. Measures in this scope are delivered by provisions of CSG: Guideline 1.2.2 *Facilitate innovation and promote entrepreneurship* and Guideline 1.2.4 *Improve access to finance*. They are coherent with Guidelines presented in IG: Guideline 8 *To facilitate all forms of innovation*, Guideline 15 *To promote a more entrepreneurial culture and create a supportive environment for SMEs* and Guideline 14 *To create a more competitive business environment and encourage private initiative through better regulation*.

Through the establishment and development of infrastructure for pro-innovative business environment, including centres that initiate innovative projects (industrial parks, scientific and technological parks, technology transfer centres, technology and innovation incubators, technology accelerators), high quality hinterland for functioning and development of innovative enterprises will be strengthened. This system would comprise capital support in initial phases of project development (mainly SMEs) with high growth dynamics, which have difficulties in obtaining external financing through increasing the high risk capital and through involvement of private capital (network of ‘business angels’).

On the central level conditions will be established for internationalisation of enterprises, setting up of cooperation with trade and production partners, financing new economic concepts. Promotion will be directed at cooperation between institutions of a national importance, including support for institutions that cooperate with each other with respect to development and provision of services that contribute to better competitiveness of enterprises and development of innovative activity. Those institutions will be conducting measures aimed at stimulation of new economic projects, including those highly innovative, through development of cooperative ties between enterprises, establishment of clusters around major enterprises, technological networks with research institutes and production chains of SMEs and major enterprises.

On the regional level the creation and development of loan and security funds will be stimulated, which are a financing source complementary to bank credits. Instruments directed at launching and development of cooperation between enterprises and research and financial institutions of a local and regional range will be implemented. Support will comprise the establishment and development of regional innovation networks, entrepreneurship incubators and industrial parks, pursuant to needs that arise from regional strategies. This will form a convenient environment for economic operation and exchange of experience between enterprises.

Development of information society

As is shown by the SWOT analysis, the position of Poland in the EU and in the increasingly globalised world market will in the nearest future depend to an ever increasing extent on the rate at which the information society would be developing. This issue should be perceived in a complex way – both in relation to the problem of increasing access to information, such as public information for enterprises, public administration, research units and particular citizens, as well as managing information, including using digital technologies to enhance the human capital quality, access and quality of public services, competitive effectiveness of the operation of enterprises on local, national and international markets. In the situation of Poland particular importance is acquired by digitising of access to public services and information provided by public administration authorities to citizens and enterprises, provided by enterprises to each other and those provided by enterprises to citizens. Implementation of modern information and communication technologies will create possibilities for considerable optimisation in functioning of enterprises and would be directly transposed on enhancing competitiveness and innovativeness of the economy.

The development of information society in Poland will be possible thanks to implementation of a complex strategy for development of information society, which assumes assuring access to the Internet all over Poland (both as regards public institutions and individual users), and universal application of information and communication techniques in public institutions and in business.

The establishment of the broadband Internet infrastructure with application of modern data transmission technologies will assure a high level of access to the internet, especially on areas excluded digitally, and will hence allow Poland to approach EU levels. This will lead to development of new technologies in the sphere of telecommunication networks, increasing the data transmission rate, its safety and reduce unreliability. Furthermore, the application of ICT technologies will allow the deployment of innovative solutions related to products, processes (services) and organisation in manufacturing and service sectors. Increased use of new and innovative solutions in business and among consumers will create better possibilities for dynamic development of the economy. The ICT technologies will also be used in a universal way in public administration. This will help establish an interactive environment between the public sphere and business entities, and will open convenient conditions for functioning of enterprises. The introduction of information and communication technologies to the sphere of public administration will facilitate and hasten the flow of information between various administrative levels and their customers (corporate clients and individuals), which would not only improve the effectiveness of operation of those structures but also expand the accessibility of elementary public services, including in such priority areas as finance, justice administration, education, health, culture etc.

Improved access to the Internet and wider application of digital techniques in administration and business would have a positive impact on possibilities of human capital increasing, among others through e-learning, e-education, but also through the development of possibilities of gaining and exchange of information, and also self-education. This will be of fundamental importance for enhancing spatial and professional mobility of the society, and will consequently play an important role in assuring appropriate quality of staff for increasingly competitive enterprises in an economy that is becoming increasingly globalised in character, as well as in regional development processes, including employment restructuring on such problem areas, as concentration areas of traditional industries or rural areas.

This objective is associated with Guideline No. 1.2.3 of CSG: *Promote the information society for all* and Guideline No. 9 IG: *To facilitate the spread and effective use of ICT and build a fully inclusive information society.*

To a large extent the development strategy of the information society will be implemented through measures on a central level, addressed at enterprises, administration and the entire society.

Bigger projects in enterprises of a transnational nature will use means on a central level. On the national level complementary analytical and research projects, promotional projects as well as projects related to training and counselling will be implemented within e-learning. Support of the teaching proves

will be executed also by application of ICT in education, as an element of development projects related to universities with exact and technical profiles. On the national level also to be concentrated are complex measures aimed at limiting the phenomenon of digital exclusion, oriented at assuring equal access to the Internet on the entire area of Poland.

A requisite necessary to assure development of an information society will be modernisation of public services provided to entrepreneurs and citizens. This requires on the one hand support for informatisation of administrative structures, and on the other hand improvement in the quality and accessibility of the public service offer. The main support for this process will be taking place through electronic projects for government administration services (electronic platforms for business and for the citizens, among others tax settlements, administrative charges, registration of business operation, services for public procurement), co-financed on the national level. Measures connected with informatisation of the administration will include implementation of projects related among others to electronic state registers, electronic document circulation, and electronic signature.

Measures on a regional level will be oriented at establishment of backbone local and regional broadband networks connected to the broadband network on the central level and establishment of public access points to the Internet to be used for more widespread use of electronic information. In enterprises that run their operation on a local and regional level promotion will comprise better application of integrated ICT solutions in services provided to for consumers (*e-business*, *e-trade*, telework) and in the *business-to-business (B2B)* system.

On the regional level support would be granted to all kinds of electronic services provided by territorial self-government bodies, projects aimed at improvement of services in health protection (e-health), education (e-learning) and an integrated system of management assistance in territorial self-government bodies.

Owing to development lagging, separate support will be addressed at five voivodships of the eastern Poland through implementation of a complex transregional project of establishment a network of broadband transmission access to the Internet with access points, and training aimed at improving the degree of the Internet use among entities digitally excluded (citizens, SMEs, public bodies).

Increasing investments in research and development and creation of innovative solutions

Data presented in the diagnosis, related to financing the R&D sector in Poland indicate a very low level of outlays, both public and private ones. This contributes to lowering the research potential of the public R&D sector, which is unable to cope with requirements of the modern economy or compete effectively on the international arena.

In the past years no positive changes have taken place in the structure of outlays for R&D activity by types of research. For a longer time now the share of elementary studies in this structure has been maintained on a high level, with a simultaneous fall of the share of applied studies and development works.

Enterprises which are operating in Poland, especially SMEs, are not willing to execute research and development operation or to implement its results owing to the excessively high risk related with it. They do not consider this type of operation as strategic for their development, and do not wish to accept the risk and costs connected with it.

Reversal of the unfavourable trend requires undertaking measures directed at increasing the use of results of performed R&D works in enterprises, adapting capabilities of scientific units to satisfying needs of a modern economy and creating supply of new solutions for the economy. Increasing outlays on R&D, both from public and private resources acquires key importance. Public outlays should be borne in a way that would stimulate increasing private outlays through investments made by companies on R&D, which should enable hanging the negative structure of outlays on R&D in Poland (two thirds – public institutions, one third – private sector).

Establishment of a competitive Polish economy based on knowledge requires increasing the share of science in the process of developing solutions which are to be applied in the economy. To counteract further intensification of gap between economy and science, first of all measures aimed at increasing public and private outlays on research and development works shall be undertaken, which would be conducted both in research institutions and in enterprises. Directing support on introduction of central and regional strategies the objectives of which are focused on increasing innovative potential of the entire country is covered by provisions of CSG – Guideline 1.2.1 *Increase and better target investment in RTD*. This objective is associated with IG: Guideline 7 *To increase and improve investment in R&D, in particular by private business* and Guideline 8 *To facilitate all forms of innovation*.

Establishment of Poland's innovative potential is going to be supported by coherent measures, in the first place on the central level, focused on enhancing the competitiveness of the Polish science. By directing scientific research on development oriented scientific spheres and disciplines, research projects will be executed aimed at establishment of knowledge based economy. Using the *foresight* method development strategies for particular regions and sectors of the economy will be worked out. Within complementary measures launched in particular voivodships, research programmes would be implemented pursuant to priorities that result from Regional Innovativeness Strategies and Regional Technological Foresight. Through co-financing of research projects on the central level in spheres of key importance for the national economic development implemented by young scientists and with participation of scientists from abroad, cooperation between the R&D sphere and the economy would be expanded. To improve the application of new solutions being a result of R&D works executed in research centres, in addition support will be granted to deployment of results obtained in such research in the economy. Popularisation of those results would be supported by measures that assure protection of industrial property rights. On the other hand, direct support for innovativeness in enterprises is going to be implemented through support for implementation of R&D studies for needs of enterprises by themselves or in a research centre. This will help increase significantly the number of deployments of R&D in the economy.

Development of competitiveness of the Polish science will be achieved through modernisation of research centres and expansion of cooperation between them. On the national level a consolidation will take place of research centres and research infrastructure. Modernisation of the infrastructure of Polish strategic research centres and synergy of measures executed by them will lead to an improvement in the quality of research and will allow implementation of research projects on an international scale, which will have their standard approach the European one. Measures on the central level will be complementary towards measures on the regional level, which through support of regional range centres will be contributing to establishment of regional potential. Running scientific operation in Poland on a global level projects co-financed from central means will be supported by development of informatic infrastructure and information science and digital resources. In development of pilotage projects, in development and testing of services, applications and systems for the needs of widespread usage in the economy, education and public administration, use will be made of modern information technologies. This will be a crucial element in establishment of an information society.

5.4.5. Increase of the competitiveness of Polish regions and preventing their social, economic and territorial marginalisation

As was shown by the diagnosis, spatial differentiation in Poland at the level of voivodships is not too high as compared to other European countries. Despite the fact that economic growth in Poland concerns the entire territory it is higher in voivodships and areas, on which are the most dynamic agglomerations and other major cities, which is confirmed by figures presented by CSO and Eurostat. It is on those areas that foreign investments are allocated, new work posts are created, and those particular areas determine export of highly processed products. In the period of 1995-2002 the mazowieckie voivodship was – as compared to all European regions (NUTS II) – the quickest developing (according to the purchase power parity of currencies) area of the present EU, while voivodships

of eastern Poland (lubelskie, podkarpackie, podlaskie, świętokrzyskie, warmińsko-mazurskie), despite stable growth, quicker than on average in EU, remain the poorest regions of the entire new EU. This is due to the low dynamics in diffusion of development processes from metropolitan centres onto surrounding regions – including rural areas, as well as a gradual process of structural changes on those areas – especially as regards the situation in agriculture, creation of work places in other sectors and the level of education and qualifications of population living on rural areas and in small towns that serve them.

Problems of the spatial dimension of social and economic development indicated in the diagnosis and in the SWOT analysis indicate that strengths of the Polish economy include a sustainable polycentric arrangement of the settlement system with a moderate concentration degree. Its appropriate use and development should become a sound basis for a dynamic development of Poland. Simultaneously the system of Polish towns is characterised by a considerable imbalance as regards economic operation and the social sphere, which weakens its coherence. For this reason requisite for achievement of territorial cohesion will be inter alia covering all problems and opportunities connected with the development of urban areas and making investments in towns, which are a motor for regional development.

In implementation of the cohesion policy in Poland in the years 2007-2013 the urban dimension will be manifested in three elementary scopes of operation:

1. Using the potential of the largest municipal centres as a driving force for regional development – towns as centres of innovation and knowledge based economy – by introducing enhanced competitiveness, promotion of entrepreneurship, innovativeness and development of services, as well as obtaining and maintaining a highly qualified labour force.
2. Strengthening relations between metropolises and urbanised areas on the one hand, and areas that surround them on the other, including small and medium towns and rural areas, which comprises establishment of communication and teleinformatic correlations, and also economic, service, cultural ties etc. This will contribute to spreading economic growth into adjacent areas and to making use relative advantages of a large city – creation of new work places, possibilities of economic cooperation, participation in social and cultural infrastructure.
3. Promoting internal coherence on urban areas to limit the high concentration of economic, ecological and social problems within major urban centres, and enhancing the reconstruction process of economic potential in small towns and settlements. For this purpose measures will be promoted that comprise restoration of the physical environment, revitalisation of post-industrial areas, protection and development of cultural and historical heritage, propagation of entrepreneurship, development of local employment within common balanced strategies. Owing to the diagnosed quantitative and qualitative deficit in the existing housing resources, one of the elements of revitalisation in towns would be supporting measures aimed at renovation of housing resources on areas afflicted or threatened by physical degradation and social exclusion.

The development of tourism is an opportunity that allows strengthening the position of metropolitan centres, and at the same time provides a new development dynamics to smaller peripheral centres and centres in which the hitherto development potential has been exhausted. Tourism is a form of activity that links particular regions, joins urban and rural areas, activates rural areas by means of an activity helping activate degraded areas, providing a new kind of sense to suburban areas which have tourist and recreational functions.

Implementation of specific objective, *Increase of the competitiveness of Polish regions and preventing their social, economic and territorial marginalisation* conforms to provisions of CSG as regards territorial dimension of the cohesion policy. This objective would contribute to achievement of all three elements of the NSRF strategic objective, both an increase in competitiveness of economy based on knowledge and entrepreneurship, growth of jobs, as well as social, economic and spatial cohesion. It covers the following areas:

Fuller utilisation of the endogenic potential of major urban centres

A key task is further assisting the development of metropolitan functions (including scientific, educational, cultural and tourist functions), better utilisation of the endogenic potential of major municipal centres and enhancing relations between metropolises and urbanised areas and the surrounding rural areas and small towns. Those measures conform to provisions of Guideline 2.1 CSG as regards *The contribution of cities to growth and jobs*. In the forthcoming years resources within the cohesion policy would be used to support the development of technical infrastructure on metropolitan areas and linking all municipal centres by the transport system. It would support competitiveness of the regions, in which major cities are situated. The basic results should comprise spreading the economic growth onto adjacent areas and benefiting from relative dominance of a big city – making use of the created work places, possibilities of economic cooperation, participation in social and cultural infrastructure. This is only possible provided that development is consciously programmed in that particular direction – establishing transport links between the metropolis or the urbanised area and their surroundings, economic, service and cultural links etc. The execution of such objectives would be assisted by making use of well developed polycentric functional and spatial structure of Poland. On the basis of an existing and well formed settlement network it is possible to develop a structure of towns. The development of towns is multi-sectoral and multi-unit in nature. This especially concerns improvement of attractiveness of towns as regards transport, environment and culture, as well as enhancing the role of towns as growth poles, and establishment of a bigger number and better standard work places, through promoting entrepreneurship and innovativeness. The balanced development of towns requires undertaking measures on all administrative levels and in association with specific sectoral policies. Independently of tasks which are strictly sectoral in nature, a considerable part of the analysed objectives and measures has a clear regional character and would be delivered in a decentralised way.

Hastening development of Eastern Poland voivodships

To assure success in implementation of the main provisions presented in the Lisbon Strategy, which also include counteracting marginalisation and peripheralisation of problem areas, the cohesion policy requires paying special attention to the poorest voivodships in Poland (lubelskie, podkarpackie, podlaskie, świętokrzyskie, warmińsko-mazurskie) and also in the entire EU. The integrated impact of the spatial policy, regional policy and sectoral policies must be directed at undertakings that would help improve the attractiveness of those regions for potential investors, improvement of transport accessibility and improvement of the human capital quality. Apart from standard measures connected with development of competitive strength in particular regions, measures shall be undertaken aimed at hastening structural changes, of key importance with respect to low attractiveness of particular regional economies. To allow improvement of development opportunities on Eastern Poland areas it is particularly important to improve the quality of human capital and increasing professional and spatial mobility, inter alia through increasing the education level, especially on the secondary level, and development of non-agricultural skills and improving the health condition of the inhabitants. Crucial is also development of metropolitan functions in main economic centres (including scientific, educational and cultural functions), linking those centres to the main economic centres in Poland and with European systems, as well as improvement of the transport infrastructure in relations between the main municipal centres and other towns, and in relations town – village, as well as improving accessibility to public transport systems, enabling better use of labour resources and increasing investment opportunities. In this respect measures implemented on the area of Eastern Poland conform to the concept of territorial cohesion defined in CSG, and in particular refer to Guidelines 2.1 and 2.2, i.e. *The contribution of cities to growth and jobs* and *Support the economic diversification of rural areas*. Additionally, measures should be directed at fuller use of the service sector for needs of development (including spas, tourist services), unique in the European scale, natural environment and cultural values and promotion of selected regional products (including ecological ones), food processing branches and industry, of fundamental

importance for economic growth and jobs on that area. Also important is balancing the equipping level in relation to the remaining areas with respect to environment infrastructure and utilisation for social and economic development on areas situated along the external EU border. Economic activation voivodships of eastern Poland would be performed with particular emphasis on the sustainable development rule.

Counteracting marginalisation and peripheralisation of problem areas

The main aim of measures undertaken on problem areas is to support transformations that assure appropriate conditions for balance and long lasting development, by counteracting intensification of marginalisation processes on selected groups of regions. One of the main tasks of state policy is support for development in problem regions, which without having such support would be condemned to gradual marginalisation and lasting limitation of development possibilities. Those measures comply to CSG with respect to Guideline 2.1 *Contribution of towns in growth and jobs*, Guideline 2.2 *Support the economic diversification of rural areas* and guidelines: 2.4 *Cross-border cooperation*, 2.5 *Transnational cooperation*, 2.6 *Interregional cooperation*).

Revitalisation comprehended as a process of spatial, social and economic transformations in degraded parts of towns, contributing to improved living conditions of the inhabitants, regaining spatial order and economic activation, covers first of all parts of old and frequently monumental housing and humanisation of neighbourhoods with buildings constructed of large sized reinforced concrete slabs. Its objectives also include preservation of historical values (including mainly urban and architectonic ones), emphasising their unique character and specific local conditions, which may as a consequence increase their tourist attraction, and furthermore help increase growth opportunities. Revitalisation should include towns of special importance for the development of the surrounding local arrangements, which are in a difficult social and economic situation, as well as towns with high tourist values. Processes of revitalisation should also cover areas of towns afflicted by economic and social problems, which simultaneously have high architectonic and urban values, which are elements of historical heritage, and are particularly threatened by irreparable damage, and former industrial and military areas, which allow relative quick adaptation of new municipal functions.

A separate problem is revitalisation of degraded municipal areas, which comprise destroyed buildings inhabited by people who are in threat of social exclusion. This revitalisation shall be executed by means of combining technical measures with economic and social development on the basis of complex plans for development of towns and/or revitalisation programmes. Technical measures would also include overhauls and modernisation of the existing multi-family residential housing resources, as well as adaptation of the existing building to residential purposes of households with low income or for persons with special needs.

Regaining social and economic functions by former industrial and military areas is clearly one of the most significant regional problems of united Europe. Although employment reduction in impaired sectors was significant (in mining itself it amounted to ca. 2/3 of the initial state), however, the presently achieved economic profitability may not be considered to be of a lasting character. The fact that on those areas appears a new economic activity, which is to a large extent financed from foreign sources, is not able to compensate losses resulting from necessity of closing down unprofitable industrial plants. Support for former industrial and military areas should be based inter alia on reconstruction and modernisation of municipal and transport infrastructure and its functional integration, improvement of the condition of natural environment, including recultivation of fallows on former industrial lands, elimination of soil pollution and limiting threats, recultivation of lands back to a state that enables their new usage and modernisation, and reconstruction of residential housing resources and other buildings. Furthermore, apart from restructuring of unprofitable branches and industries as well as former industrial and military areas, also of particular importance is restructuring of human resources, especially in regions affected by phenomena of social pathology.

Assisting development of territorial cooperation

The specific geopolitical situation of Poland, the eastern border of which is simultaneously the external EU border, is an area, which determines relations East-West in their new European dimension. All border regions are subject to specific conditions. Various kinds of cultural, economic and administrative disparities are most intense close to the border. Peripheral areas in relation to central regions indicate development deficits. In particular cooperation with the regions from eastern European countries has acquired a new importance. There is a necessity of assuring development of cross-border cooperation, development of border, transport, tourist infrastructure and that needed by environment protection, as well as turning over Polish experience to regions of eastern neighbours of Poland. Development of foreign cooperation of the Polish voivodships with their neighbours should be considered a condition necessary for an increase in investment attraction, well prepared development of transport infrastructure, and as a consequence development of economy. It is also an indispensable element of cultural and political development. Impulses coming from abroad are weak and may not lead to increased dynamics in the development of that area. In this context significance is gained also by the development of transnational and interregional cooperation. Programmes delivered within supranational cooperation would strive to support cooperation between Poland and the member states as regards issues of strategic importance. They would concern first of all supporting measures, which are aimed at improving mutual physical dependencies of particular territories (e.g. investments in balanced transport), as well as intangible relations (systems, exchange between regions and between involved parties). Programmes of interregional cooperation would on the other hand be focused on: enhancing innovativeness, SMEs and entrepreneurship, environment protection and counteracting threats. In addition, support would be provided to exchange of experience and good practice related to the development of municipal areas, modernisation of the public sector services (such as health care and ruling on the basis of ICT) and implementation of cooperation programmes, as well as studies and data collecting. The ongoing measures that promote territorial cooperation compliant with Guidelines 2.4, 2.5, 2.6 CSG: *Cross-border cooperation, Transnational cooperation and Interregional cooperation.*

5.4.6. Balancing growth opportunities and supporting structural changes on rural areas

Problems of rural areas must be addressed on two levels – the first one is connected with supporting changes in the agriculture, which is the main source of employment for many inhabitants of rural areas, and the second one – assumes enabling utilisation of the potential of those areas for economic growth and jobs. The first level of problems would be coped with on the basis of instruments provided by the Common Agricultural Policy, including European Agricultural Fund for Development of Rural Areas. The second level, making use of non-agricultural development potential of rural areas, requires involving means and instruments of the cohesion policy. Measures assumed for delivery on rural areas with support of structural policy instruments relate directly to directions defined in CSG with respect to Guideline 2.2 *Support the economic diversification of rural areas, fisheries areas and areas with natural handicaps.*

Balancing development opportunities on rural areas

As was shown by the diagnosis, in Poland there are significant disparities in the development level and in conditions inside given regions, especially in relations town-village. Those disproportions are visible both as regards technical infrastructure, and in the social sphere. Consequently, cohesion policy would be directed at development of rural areas, which are regions of economic, social, educational and cultural marginalisation on the national scale. Measures aimed at balancing development opportunities on rural areas would be focused on supporting development of technical and social infrastructure, creation of conditions for development of entrepreneurship and new work places outside agriculture, environment protection, education of the young generation, life-long learning, establishment of conditions of better accessibility to elementary services, including especially in respect to health protection. In the

forthcoming years it is necessary to improve the transport infrastructure in relations town-village, improve accessibility to mass transport systems, measures related to supplies of energy, good quality water and disposal of sewage, establishment of efficient telecommunication links.

Simultaneously, in the process of regulating the living standard of the inhabitants, apart from investments to be made in technical infrastructure, the cohesion policy would be focused on reducing disproportions as regards development of human resources. Taking into consideration the anticipated outflow of employees from agriculture in the forthcoming years, with maintained lower professional and spatial mobility, especially of the older population, particular importance is gained by performance of measures which are to counteract social exclusion and limiting the phenomenon of poverty. To improve living conditions on rural areas it would be necessary to implement projects aimed at assuring sufficient access to education of young people, access to culture, health protection services, services connected with justice institutions. Within support for rural areas also measures would be executed which would be directed at development of entrepreneurship, improving employment opportunities, improving professional and spatial mobility, balancing opportunities in access to the labour market, improving the education level, especially non-agricultural professional abilities through access to life long learning.

Assisting structural changes

One of the factors that support structural changes on rural areas would also be the support of services related to professional counselling and retraining of persons leaving work in agriculture, as well as promotion of entrepreneurship, development of non-agricultural functions of rural areas (e.g. agrotourism, and consequently protection of cultural heritage of rural areas or protection of agricultural landscape values).

In the development processes of rural areas a special role is ascribed additionally to municipal centres, in which rural population may find work places and increase the education and abilities level, and also may satisfy health requirements and cultural aspirations and needs. Special important in this context is ascribed to supporting the development of those functions in small towns and in selected gmina centres, which are directly connected with restructuring processes on rural areas, including in particular health services, secondary level education, development of small and medium companies in non-agricultural sectors, foreign tourists, spa functions, etc.

5.5. Interrelationships of Implementation of the Strategic Objective and Horizontal Objectives

The above outlined horizontal objectives would have direct impact on implementation of the main objective in the following way.

Objective 1 – *Improving the functioning standard of public institutions and development of partnership mechanisms*, simultaneously implements the strategic objective in the scope of strengthening the administrative potential in Poland. Execution of this objective will enable creation of conditions for social and economic development, and its implementation would facilitate effective introduction of the remaining specific objectives through creation of appropriate legislative conditions, administrative environment and facilitation of social dialogue.

Execution of objective 2 – *Improving the quality of human capital and enhancing social cohesion* would help achieve a better utilisation of human capital and labour resources in creation of competitive economy based on knowledge, and would consequently be included in delivery of the NSRF strategic objective.

Creation of good conditions for increase in competitiveness of the economy is connected with simultaneous investments in infrastructure. **Execution of objective 3** – *Development and modernization of technical infrastructure which has the fundamental importance for growth of the competitiveness*

of Poland and its regions would consequently contribute to execution of the strategic objective, enabling indirectly the creation of new work places and better competitiveness of the economy.

Objective 4 – *Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector* has direct impact on creation of conditions for growth of economic competitiveness and modern work places. Delivery of this objective takes place through investing in better competitiveness and innovativeness of enterprises, which apply innovative solutions and start to play an essential role on international markets.

Objective 5 – *Increase of the competitiveness of Polish regions and preventing their social, economic and territorial marginalisation* has a direct impact on achievement of social, economic and territorial cohesion of entire Poland. Success of its implementation would depend on effective delivery of other specific objectives. Investments in human resources, enterprises and infrastructure on a regional scale would be directly transposed to delivery of the main objective. Simultaneously implementation of particular investments on a regional level would affect improved living quality of inhabitants in entire Poland.

Execution of objective 6 – *Balancing development opportunities and supporting structural changes on rural areas* would influence achieving social, economic and spatial cohesion of Poland. Support for rural areas, complementary in relation to measures undertaken within Common Agricultural Policy would be a component of the implemented strategic objective. Simultaneously, apart from supporting the technical infrastructure, measures within this objective would be addressed at decreasing disproportions related to the quality of human resources.

The strategic objective of NSRF and horizontal objectives would be executed using operational programmes (domestic ones) implemented within Objective 1 and regional programmes implemented within Objective 1 and 3 of the cohesion policy. Those objectives would be executing particular horizontal objectives in a complementary way, and their implementation would have direct impact on achievement of the strategic objective of NSRF. Programmes executed on the national level would to a large extent facilitate the execution of the first four horizontal objectives. Those programmes include: Operational Programme Infrastructure and Environment (OP I&E) – financed from resources of ERDF and the Cohesion Fund, Operational Programme Innovative Economy (OP IE) – financed from resources of ERDF, Operational Programme Human Capital (OP HC) – financed from resources of ESF, Operational Programme Development of Eastern Poland (OP DEP) – financed from resources of ERDF and Operational Programme Technical Assistance (OP TA) – financed from resources of ERDF. Programmes executed on a regional level would to a large extent be implementing horizontal objectives 5 and 6, but they would also affect implementation of the first four horizontal objectives. Programmes executed on the regional level include 16 Regional Operational Programmes (ROP) and Programmes of European Territorial Cooperation (OP ETC), financed from ERDF resources.

5.6. Indicators

In the light of the social and economic cohesion policy a synthetic measure of success in implementation of a strategic objective would be the rate at which disproportions on the national and regional level between Poland and the EU are being reduced – measured by the level of Gross Domestic Product (GDP) per capita. The present level of GDP per capita in Poland amounts to less than a half of the average for 25 EU member states. Implementation of the main objective of NSRF would allow increasing this indicator to the level of 2/3 of the average value for the EU. Such a rate of increase would allow Poland to achieve the average development level of EU countries during a single generation. The remaining horizontal objectives would be measured using indicators presented in the below table.

The below table contains quantified objectives defined for the needs of achieving the main objective and horizontal objectives.

Table 6. Basic objectives and performance indicators of NSRF³⁸

Objective	Indicator	Indicator of the Lisbon Strategy	Value of indicator in base year ³⁹	Assumed indicator value in target year (2013)	Change in value of indicator caused by impact of EU funding ⁴⁰	Source and frequency of measurement ⁴¹
<i>Strategic objective: establishment of conditions for growth of competitiveness for knowledge based economy and entrepreneurship that assures employment growth and social cohesion level increase</i>	Average annual increase rate of GDP (%)	x	4.2 (2004-2006)	5.2 ⁴² (2011-2013)	30-35%	Central Statistical Office (CSO)
				6.1 (2011-2013)		HERMIN
	GDP per capita according to PPS (EU 25=100)		51.1 (2006)	65.0	ca. 30 %	EUROSTAT
	Structure of employed persons by sectors of the economy (I/II/III)		17.4 /29.2/53.4	12.0/26.0/62.0		CSO/LFS
	Employment indicator for persons aged 15-64 • total/women • older persons aged 55-64	x	52.8/46.8/58.9 27.2/19.7/35.9	60/56.5/63.5 35/28/45		CSO/LFS
	Final energy intensity of GDP (EURO, in fixed prices from 2000)	x	0.27	0.22		CSO
	Average investment rate (%)		18.8 (2004-2006)	24.0	25-30%	Own calculations based on CSO
	Work productivity per employed person (EU 25=100)	x	59.0	75.0	ca. 15%	EUROSTAT
	Annual inflow of direct foreign investments in billion USD		9.6 ⁴³	10.0		NBP
Number of new work places (in thousand)		0	ca. 3500/1750/1750	ca. 25%	Monitoring and evaluation of NSRF	
<i>Objective 1: Improving the functioning standard of public institutions and development of partnership mechanisms</i>	Average time of execution of court sentences (days)		ca. 1000	ca. 200		World Bank, study of Doing Business Monitoring and evaluation of NSRF
	Corruption perception indicator ⁴⁴		3.4	5		Ranking of Transparency International www.transparencyinternational.org Monitoring and evaluation of NSRF
	Quality of imposed legal regulations		0.8	1.0		World Bank, study of governance indicators
	Governance effectiveness (indicator)		0.58	0.9		Indicator from -2.5 do +2.5, World Bank, study of governance indicators Monitoring and evaluation of NSRF
	Average payment time for resources on the basis of application for payments in operational programmes		4 months	1 month	2 months	Monitoring and evaluation of NSRF

³⁸ NSRF monitoring indicators illustrate total changes in the social and economic situation in Poland, and not only changes resulting from intervention of structural funds.

³⁹ i.e. in 2005, unless specified otherwise.

⁴⁰ as compared to the base year. Values were estimated based on the HERMIN model, however, as it does not always operate on indicators that conform exactly to those contained in the table, not always conformity with values specified in chapter 4.4 can be achieved.

⁴¹ Annual, unless specified otherwise

⁴² Own estimations of the Ministry of Regional Development

⁴³ In 2006 according to estimations of NBP – USD 14.7 billion.

⁴⁴ Corruption perception indicator (10 – means no corruption)

Objective	Indicator	Indicator of the Lisbon Strategy	Value of indicator in base year ³⁹	Assumed indicator value in target year (2013)	Change in value of indicator caused by impact of EU funding ⁴⁰	Source and frequency of measurement ⁴¹
<i>Objective 2: Improving the quality of human capital and enhancing social cohesion</i>	Share in % of population aged 15-64 according to education level • secondary (including basic vocational and post secondary education) • higher	x	59.4/56.0/63.2 13.4/14.6/12.2	65/61/69 17/18/15		CSO/LFS EUROSTAT (2005 – 4 th quarter)
	Graduates of higher schools on faculties of mathematics, natural sciences and technical sciences (% of graduates of higher schools, total)	x	14.7/7.8/27.5 (academic year 2004/2005)	22/13/31		Own calculations based on CSO
	Unemployment rate total, males and females (%)	x	13.9/14.9/13.0 (2006)	10.0/12.0/9.5	25-30%	CSO/LFS
	Percentage of persons aged 25-64 years learning or acquiring additional education in the general number of population of that age, in %, total women and men		5.0/5.6/4.3	10/11/9		EUROSTAT
	Unemployment rate of young persons aged 15-24 (%)	x	36.9/38.3/35.7 ⁴⁵	20/21/19	25-30%	CSO/LFS (quarterly)
	Relative poverty risk indicator following social transfers (%)		21/20/21	14/13/14		EUROSTAT
	Average life expectancy (years) women men		79.4 70.8	80.9 73.9		CSO
<i>Objective 3: Development and modernization of technical and social infrastructure which has fundamental importance for growth of the competitiveness of Poland</i>	Total length of highways (km)		552	1754	ca. 40%	CSO
	Total length of expressways (km)		258	2555	ca. 80%	CSO
	Road traffic safety (fatalities per 100 thousand inhabitants)		14.3	7.4		Own calculations based on CSO
	Passenger traffic using municipal transport means (million passengers)		4150	4225		CSO
	Length of railway lines adapted to speed of 160 km/h and more		538	1786	ca. 70%	Polskie Koleje Państwowe, Polskie Linie Kolejowe S.A. (PKP PLK.S.A.)
	Population using services of sewage treatment plants (% of total number) town/village		85.2/20.4	90/30		CSO
	Share of electric power from renewable sources in total use of electric power (%)	x	2.9	7.5-8.5	80-85%	EUROSTAT
	Emission of glasshouse gas (base year 1988 = 100 – equivalent CO ₂)		68.7 (2004)	89		CSO
<i>Objective 4: Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector</i>	Total outlays on research and development (as % of GDP) – including outlays of the sector of enterprises (as % of GDP)	x	0.57 0.18	1.5 0.4	65-70% 65-70%	CSO
	Share of industrial enterprises bearing outlays on innovative operation (as % in enterprises, total)	x	38	60		CSO
	Share of high and medium technology products in sold produce in industry (%)		30.6	37.5		CSO
	Number of issued patents ⁴⁶	x	21 (2002)	240	65-70%	CSO
	Expenditures for informatic and telecommunication technologies (% GDP)	x	7.4	8.5	ca. 80%	EUROSTAT

⁴⁵ In 2006 according to preliminary estimates – for a total of 29,8

⁴⁶ Concerns patents granted by the European Patent Office (EPO) and patents granted in USA (USPTO).

Objective	Indicator	Indicator of the Lisbon Strategy	Value of indicator in base year ³⁹	Assumed indicator value in target year (2013)	Change in value of indicator caused by impact of EU funding ⁴⁰	Source and frequency of measurement ⁴¹
	Accessibility of e-government on-line services (as % of 20 elementary services)	x	64	80		EUROSTAT
	Persons with access to broadband Internet (as percentage of entire population, %) ⁴⁷		3.9 (2006)	23.0	80-90%	EUROSTAT
	Share of market services in gross added value %		49.6 (2006)	53		Own calculations based on CSO
<i>Objective 5: Increase of the competitiveness of Polish regions and preventing their social, economic and territorial marginalisation</i>	Average level of differentiation in GDP per capita value by voivodships (in relation to Poland =100) ⁴⁸ w %		24 (2004)	not higher than 25		Own calculations based on CSO
	Average indicator of unemployment rates in 3 subregions (NUTS III) with the highest rates (%)		37.0	22.0	25-30%	CSO/LFS
	Major urban centres ⁴⁹ included in the network of expressways or motorways		6 ⁵⁰	18		Monitoring of NSRF
	Average yearly GDP per capita increase rate for 5 voivodships of Eastern Poland ⁵¹		8.1 (2004)	not lower than on average in Poland		Own estimations based on EUROSTAT data
	Urbanisation indicator		61.4	65		CSO
<i>Objective 6: Balancing growth opportunities and supporting structural changes on rural areas</i>	Unemployment rate on rural areas (%)		16.1/14.4/18.3 ⁵²	13.5/11.0/14.5	25-30%	CSO/LFS
	Employment indicator for persons aged 15-64 on rural areas (%)		47.0/39.1/55.1	53/44/62		CSO/LFS
	Number of persons employed per 100 hectares of arable lands ⁵³		15	11		Own calculations based on CSO
	Share of households using access to the Internet in villages (%)	x	19	70	ca. 80%	CSO
	Population aged 15 and more (total) continuing education – rural areas (%)		13.6 (2002)	17		CSO (consensus)
	Percentage of children inhabiting rural areas, covered by the pre-school system aged 3-5 (%)		17.5	30		Own calculations based on CSO

Source: own study of the Ministry of Regional Development (MRD), based on data of CSO

⁴⁷ Number of broadband links related to the population number, the indicator illustrates use of broadband internet regardless of user type.

⁴⁸ Calculated according to the variability ratio (standard deviation weighted by the population number GDP per capita/ average GDP level for Poland)

⁴⁹ Major urban centres in understanding of voivodship centres i.e. capitals of regions (Bydgoszcz and Toruń, Gorzów and Zielona Góra separately),

⁵⁰ Major urban centres already connected in the network of expressways or motorways: Katowice, Kraków, Łódź, Opole, Poznań, Wrocław,

⁵¹ Voivodships: lubelskie, podkarpackie, podlaskie, świętokrzyskie, warmińsko-mazurskie.

⁵² In 2006 according to preliminary estimates – 13.0

⁵³ concerns farms larger than 1 hectare

6. MEASURES IN SUPPORT OF ENHANCING ADMINISTRATIVE CAPABILITIES WITHIN NSRF FOR THE YEARS 2007-2013

Priority support areas indicated in the description of Objective 1 of NSRF – *Enhancing the functioning quality of public institutions and expansion of partnership mechanisms* result from reforms undertaken by the Government of Poland for purposes of modernising the operation of public administration. The basic document, the provisions of which set out the reform trends in the public sphere in Poland, is the National Reform Programme for the years 2005-2008 in support of implementation of the Lisbon Strategy. Furthermore measures in support of enhancing administrative capabilities within the Cohesion Policy in Poland in the years 2007-2013 contribute to implementation of provisions of the public administration reform stipulated in such documents, as: Regulatory Reform Programme, Strategic trends of informatisation development in Poland until 2013 and forecasting perspective for transformations of the information society up to 2020, Anti-corruption Strategy and National Development Strategy for the years 2007-2015.

A factor that hinders preparation of a complex reform of the Polish public administration is that no complex analysis for functioning of public administration in Poland is available. Hence an elementary measure aimed at enhancing administrative capabilities within NSRF is to diagnose the standing of public administration in horizontal spheres, as well as in selected aspects of its functioning. This measure will be implemented within priority V Good governance, OP Human Capital.

Measures designated for implementation of Objective 1 of NSRF in the sphere of enhancing capabilities of public institutions to efficient and effective implementation of tasks comprise support for creating strategic abilities of the Polish public administration, improving institutional efficiency of public institutions, enhancing the quality and accessibility of public services, improving the competences of the clerical staff and development of administrative capabilities of the justice administration. They will be implemented first of all as complex projects oriented at modernisation of the public sphere.

In addition modernisation of the Polish public administration is also taking place through participation of its units in development and implementation of Community policies, including the EU Cohesion Policy. Community principles concerning ways of participation of the Polish administration in benefiting from structural funds and the Cohesion Fund affect the development of process organisation of tasks in administration, enhance strategic capabilities as regards programming, monitoring and evaluation, as well as cooperation mechanisms through the necessity of running vertical and horizontal coordination.

Development of strategic capabilities of the Polish public administration within NSRF will be implemented by providing support to processes of establishment and implementation of policies and programmes, including in particular by enhancing cooperation and coordination between public administration units and through enhancing abilities related to programming, monitoring, implementing and evaluation of development policies. Measures in this scope are covered by provisions of the National Reform Programme, which in the sphere of microeconomic and structural policy foresees measures in support of better quality of legal regulations (measure 2.1.) and by provisions of the Regulatory Reform Programme, adopted by the Council of Ministers in July 2006. Support from means of structural funds with respect to regulatory reforms and abilities of developing and implementation of policies and programmes within NSRF will be implemented through the following measures financed from the European Social Fund (priority V Good governance, OP Human Capital):

- improvement of functioning of the system that evaluates consequences of regulations,
- implementation of programmes directed at simplification of national legal acts,
- development and implementation of systems for diagnosing and elimination of administrative burdens, including in the sphere of economic law,
- development and implementation of a monitoring system for legislation works of the Council of Ministers,

- enhancing capabilities of the public administration (government and self-government administration) with respect to development and implementation of programmes and strategies,
- enhancing local self-government units in implementation of high quality local legal regulations,
- rationalisation of coordination mechanisms and cooperation between public administration units.

Enhancing institutional efficiency in the Polish public administration within NSRF will be achieved through modernisation of management processes in public administration, including first of all through implementation of the financial management system according to tasks and development of modern human resources management. To improve institutional efficiency measures will be instigated which are covered by provisions of the National Reform Programme (measure 1.7 Implementation of a long-term budgetary planning system), which assumes support for improving the effectiveness in which public means are used in the sector of public finance.

As regards enhancing institutional efficiency measures that will be executed will be financed from the European Social Fund (priority V Good Governance, OP Human Capital) aimed at modernisation of the modernisation processes, i.e.:

- support for deployment of the financial management system in task formulation,
- support for development and implementation of the management system by objectives,
- implementation of managerial rationalisation in public administration on the level of the entire organisation, as well as in selected aspects of public administration units operation as well as a identification and propagation of good practices in this respect,
- support for the staff management process, including the development of models, tools and standards for human resources management, and support for personnel and training departments in public administration units.

One of the elements in establishment of institutional efficiency of the Polish administration is improving the quality and accessibility of public services, by introducing modern services provided by electronic mail. In addition informatisation of public administration allows rationalisation in functioning of public administration, and as a consequence at reducing administrative barriers for business operation of entrepreneurs, as well as facilitating and hastening the information flow between different administration levels and the customers. Measures in this respect contribute to implementation of the National Reform Programme (measure 2.2. Simplification of administrative procedures and reducing costs of running business operation and measure 3.3 Development of information and communication technologies in economy and administration) and conform to the Strategic trends of informatisation development in Poland until 2013. Furthermore, they are covered by measures of the Government of the Republic of Poland, aimed at limiting bureaucracy that hinders the development of enterprises, and used for facilitating investments (e.g. introduction of a single service desk for entrepreneurs in an office). For this purpose complementary measures will be executed within OP Human Capital (Priority V Good Governance) and OP Innovative Economy (Priority 7 Establishment and development of information society in Poland), and namely:

within OP Human Capital

- introduction and propagation of client service standards in self-government administration,
- introduction of the “one-stop-shop” system (single access points for entrepreneurs in administrative offices),
- development of system related provisions and informatic tools to assist public management;

within OP Innovative Economy

- establishment or extension of informatic systems for public administration which assist management in the public sector (e.g. electronic flow of issues and documents, state electronic registers, electronic signature),

- establishment and development of platforms for integrated electronic services designated for business and for citizens related inter alia to fiscal settlements, administrative charges, registration of business operation, services related to public procurement,
- establishment of multi-channel transaction platforms,
- making available and promoting standards for electronic communication between administration on the one hand, and entrepreneurs and citizens on the other.

Measures in support of investments in human capital are aimed at enhancing professionalism of clerical staff by improving their qualifications. Objective 1 of NSRF assumed measures oriented at enhancing transparency in public administration, which conform to provisions of the Anti-Corruption Programme – Anti-Corruption Strategy – II stage of implementation 2005-2009, adopted by the Council of Ministers on 25 January 2005. One of the strategic objectives is the establishment of transparent and citizen friendly public administration structures suitable for an open information society. Objective 1 of NSRF will be implemented through measures anticipated in priority V OP HC Good Governance:

- improvement of qualifications of staff employed in public administration, especially by reviewing training needs, as well as general and specialised training courses (plans comprise the delivery of training courses directly connected with the reform programmes being implemented, inter alia as regards task based planning and improving the functioning of the evaluation system of regulation consequences),
- working out competency standards for staff employed in local self-government units,
- making evaluations of training needs in local self-government units, including inter alia planning measures on the basis of results of executed studies,
- international exchange programmes for staff employed in local self-government units,
- improving the ethical culture level in public administration personnel by way of advisory assistance and promotion of ethical attitudes,
- advisory assistance and training in the scope of ethics and avoiding conflict of interest in local self-government,
- promotion of principles, mechanisms and procedures that enhance clarity of the local self-government especially in the form of experience exchange networks, information and promotion campaigns, seminars, conferences and competitions.

An area that requires particular support to allow achievement of appropriate administrative capacity is the justice administration. Measures aimed at assuring a high quality of services provided by the justice administration through improving the efficiency and effectiveness of functioning of justice administration units are contained within the National Reform Programme (Measure 2.3. Rationalisation of economic judiciary) and are consistent with other measures launched by the Polish government in support of improving the operation of courts (e.g. rationalisation of court proceedings). Support for the justice administration in priority V OP Human Capital covers the following measures:

- diagnosing the justice administration standing,
- deployment of rationalisation measures to facilitate access to the justice administration and managerial rationalisation measures in selected areas of functioning of institutions,
- propagation of information concerning alternative ways of dispute resolution,
- general and specialised trainings for the justice sector personnel.

A separate intervention area specified in Objective 1 of NSRF is support for institutions that implement NSRF. Intervention in this area differs from measures executed within NSRF in support of enhancing the capabilities of public institutions to efficient and effective implementation of tasks, first of all different objectives of granted assistance, and also a limited group of support beneficiaries. Measures in this scope are to assure efficient NSRF implementation, and within it of operational programmes, and are

addressed at units participating in NSRF implementation in the years 2007-2013. Support for institutions that implement NSRF covers the following financial operations from technical assistance means:

- enhancing and financing of employment, working out and implementation of human resources management and continuous advancement of staff qualifications,
- supporting processes that take place in implementation of NSRF and preparation of future operations in structural funds and programme documents for the programming period after 2013,
- assuring means and instruments indispensable for realisation of an effective evaluation process of the NSRF implementation in conformity to preset requirements,
- assuring the necessary equipping for implementation of tasks related to implementation of NSRF, as well as preparation, modernisation and adaptation of premises used by entities involved in management and implementation of NSRF,
- supporting informatic systems that serve NSRF implementation processes, in particular through financing their establishment, development and keeping up,
- supporting the process of communication, information and NSRF promotion, and the process of experience exchange and information flow between participants of the NSRF implementation process.

The above mentioned measures are being executed within OP Technical Assistance and components of technical assistance in other operational programmes.

Support for the third sector in Objective 1 of NSRF is strictly correlated with non-government organisations playing a role in the process of providing public services. To establish appropriate conditions for delegation of tasks to public institutions from the third sector measures will be launched in support of development of a partnership state model which comprise working out cooperation mechanisms between public administration and institutions of the third sector, as well as popularisation of a partnership method in creating policies and implementation of public tasks through assuring appropriate information and education campaigns. An important element in development of partnership in relations between public administration and non-government organisations and social and economic partners is the development of cooperation in creation of public policies and programmes through propagation of the principles of consultations and partnership and social dialogue institutions. Including the third sector in the process of providing public services necessitates having those institutions appropriately prepared for professional execution of public tasks by enhancing their potential in this respect. Measures in this scope will be realised pursuant to provisions of the Act dated 24 April 2003 on public utility operation and on volunteer operation.

Measures aimed at supporting better functioning of public institutions anticipated in NSRF are financed from means of the European Social Fund and the European Regional Development Fund. The OP Human Capital assigns 610m euro on measures connected with implementation of the good governance principle in the public administration sphere. Support for technical assistance within all operational programmes amounts to ca. 2.5 billion euro.

7. COORDINATION OF THE COHESION POLICY WITH MEASURES EXECUTED WITHIN THE LISBON STRATEGY AND NDP

7.1. Key Spheres of the Lisbon Strategy Executed in Poland

Pursuant to stipulation of the document that set up Community priorities for the cohesion policy for the years 2007-2013, i.e. CSG, intervention delivered through NSRF would be aimed at implementation of the top Community priorities, formulated in the renewed Lisbon Strategy. The transposition method for particular elements of the cohesion policy to stipulations of the Lisbon Strategy in NSRF takes into account recommendations contained in CSG. Both on the strategic level and on the operational level of NSRF, particular emphasis was placed on directing the planned measures of areas that contribute to delivery of the Lisbon priorities, included in the National Reform Programme in favour of execution of the Lisbon Strategy.

On the NSRF strategic level, measures favourable to achievement of provisions of the Lisbon Strategy would be executed in the following spheres:

- within Objective 1 of NSRF – *Improving the functioning standard of public institutions and development of partnership mechanisms*, support would be granted to undertakings favourable to modernisation of the Polish institution and regulatory system, and which affect positively the development of social dialogue and partnership
- within Objective 2 of NSRF – *Improving the quality of human capital and enhancing social cohesion*, measures would be undertaken to create a bigger number of better work places,
- within Objective 3 of NSRF – *Establishment and modernisation of technical and social infrastructure crucial for increase of Poland's competitiveness*, measures would be undertaken in support of making Europe a more attractive place for investments and work,
- within Objective 4 of NSRF – *Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector*, knowledge and innovations would be promoted in favour of economic growth,
- within Objective 5 of NSRF – *Increase of the competitiveness of Polish regions and preventing their social, economic and territorial marginalisation*, measures would be implemented in favour of making Europe a more attractive place for investments and work and to support knowledge and innovations in favour of economic growth,
- within Objective 6 of NSRF – *Balancing growth opportunities and supporting structural changes on rural areas*, the intervention would be aimed also on making Europe a more attractive place for investments and work.

NSRF shall strive to emphasise the need of making investments in spheres with a high development potential, which are a condition for successive achievement of the economic development level similar to that in wealthy EU member states. Among numerous cohesion measures, in the operational part of NSRF determined were areas defined as levers for economic growth and jobs, which would form the core of measures undertaken within operational programmes for the years 2007-2013.

7.2. Coordination of Implementation Instruments of the Lisbon Strategy

Pursuant to the new concept of implementation of the Lisbon Strategy, the process of NSRF programming and that of its delivery instruments covers challenges being subject of IG guidelines, priorities of NDP conforming to them and those of CSG.

It should be emphasised that dissimilarity of time horizons of the national documents – NDP and NSRF – has a significant impact on the ultimate form of pro-cohesion and pro-Lisbon measures programmed within NSRF.

In connection with such prerequisites definition of the scope of support within NSRF took place on the basis of two objectives: directing a new generation of operational programmes on priority spheres of the Lisbon Strategy and strengthening and supplementing measures assume by NDP, taking into consideration conclusion from the recently diagnosed macroeconomic and microeconomic situation of Poland. It should be emphasised that directions that supplement support for NDP had been programmed in NSRF on the basis of recommendations contained in Commission Communication for the spring summit of the Council of Europe – Time to move up a gear (spring 2006) – and in Appendix dedicated to the Polish NDP⁵⁴. In the process of NSRF programming particular emphasis was placed on priority spheres of the Lisbon Strategy indicated during the above mentioned summit. Those spheres include: increasing investments in knowledge and innovations, releasing the economic potential, particularly SMEs, measures in a situation of globalisation and aging of the societies (especially through increasing employment of the so-called priority groups) and striving at integrated and effective energy policy of the EU. Support for those areas had been reflected in selected priority axes of relevant operational programmes and in priorities of NDP, which also covers other measures in support of those spheres.

Transposition of stipulations of IG, NDP and CSG to NSRF is as follows:

Objective 1 of NSRF – *Improving the functioning standard of public institutions and development of partnership mechanisms* would be favourable to implementation of the Lisbon priority assuming the establishment of a bigger number of better work places. Measures executed within this objective would be covered by macroeconomic IG guideline No. 3 – *Promoting effective allocation of resources oriented on growth and jobs* and No. 5 – *Propagation of better cohesion between macroeconomic, structural and employment policies*. Those guidelines were reflected in Priority 1 of NDP concerning consolidation and improvement of effectiveness in management of public finance. Achievement of provisions related to objective 1 of NSRF would also be delivery of Guideline of CSG No. 1.3.4 concerning administrative abilities.

Areas covered by Objective 1 of NSRF would be subject of interventions within all operational programmes. Particular support would be provided within OP Human Capital and OP Technical Assistance, as well as through OP Innovative Economy, 16 Regional Operational programmes, OP Infrastructure and Environment, OP Development of Eastern Poland, OP European Territorial Cooperation.

Implementation of the Lisbon challenges connected with establishment of a bigger number of better work places would be subject of measures within Objective 2 of NSRF – *Improving the quality of human capital and enhancing social cohesion*. This objective would also be supplementing for direction of measures within NDP in support of increasing the employment indicator taking into account regional differentiation and the consequent needs observed on particular labour markets and includes one of the priorities defined during the spring summit of the Council of Europe in 2006 which indicated the necessity of making investments in education systems and R&D. Measures undertaken in this scope would be delivered by IG as regards the employment policy guidelines No. 17-20, which strive at lasting attracting to the labour market of a bigger number of persons, increasing the labour supply and modernisation

⁵⁴ COM(2006) 30 final version (part 2).

of social care system. The specified guidelines have been transposed to the Polish conditions in the form of Priority 5 of NDP – *Creation and maintaining new work places and reducing unemployment*. They are also the subject of CSG Guideline No. 1.3.1 *Attract and retain more people in employment and modernise social protection systems*, as well as to some extent CSG guideline No. 1.3.2 *Improve adaptability of workers and enterprises and the flexibility of the labour market*.

Objective 2 of NSRF would be advantageous to implementation of IG guidelines No. 21 and 22, concerning improvement of adaptation abilities of employees and enterprises, contained also in Priority 5 and in Priority 6 of NDP, which assumes improvement of the above mentioned adaptation skills through investments in human capital. Execution of those measures would at the same time be an answer to the question to challenges for the labour market indicated by the Council of Europe, resulting from the phenomena of globalisation and ageing of societies. The above measures would be used fully to deliver CSG guideline No. 1.3.2 *Improve adaptability of workers and enterprises and the flexibility of the labour market*.

Within NSRF Objective 2 measures would be executed aimed at delivery of IG guidelines No. 23 and 24, related to increasing investments in human capital through better education and enhancement of abilities. Those guidelines have been transposed to the Polish conditions in the form of Priority 6 of NDP. They are also subject of CSG guideline No. 1.3.3 *Increase investment in human capital through better education and skills*.

All operational programmes have been directed at delivery of provisions contained in Objective 2 of NSRF. Achievement of Objective 2 would be implemented first of all through OP Human Capital and 16 ROP, and also OP Innovative Economy, OP Infrastructure and Environment, OP Development of Eastern Poland, OP Technical Assistance and OP ETC.

The Lisbon priority which assumes making Europe a more attractive place for investments and working would be carried out within Objective 3 NSRF – *Establishment and modernisation of technical and social infrastructure crucial for increase of Poland's competitiveness*. In addition, the role of Objective 3 is to emphasise the priority character of activities in favour of safe and permanent energy supplies, pursuant to conclusions of the spring summit of the Council of Europe concerning establishment of integrated and effective energy policy of the EU. Striving at achievement of this objective is included in IG Guideline No. 16 – *To expand, improve and link up European infrastructure and complete priority cross-border projects* and No. 11 – *To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth*. Both those guidelines have been transposed to Priority 4 of NDP – *Increase of innovativeness of enterprises and Development and modernisation of infrastructure and assuring competition conditions in system sectors*. Furthermore, Guideline No. 11, in the part related to enhancing the synergy effect between environment protection and growth, constitutes a basis for Priority 3 of NDP related to improved innovativeness of enterprises. Execution of Objective 3 of NSRF would be delivery of Guidelines CSG No. 1.1.1 *Expand and improve of transport infrastructures*, No. 1.1.2 *Strengthen the synergies between environmental protection and growth* and No. 1.1.3 *Address Europe's intensive use of traditional energy sources*.

Achievement of provisions of Objective 3 of NSRF would be assisted by all operational programmes. Involved to the greatest extent would be OP Infrastructure and Environment and 16 ROP, next OP Development of Eastern Poland, OP Innovative Economy, OP Human Capital, OP Technical Assistance and OP ETC.

Increase in attractiveness of Europe as a place for investments and work would also be enhanced by measures which are being implemented within objective 5 of NSRF – *Increase of the competitiveness of Polish regions and preventing their social, economic and territorial marginalisation* and within objective 6 of NSRF – *Balancing growth opportunities and supporting structural changes on rural areas*. Undertakings aimed at execution of the above defined objectives would be included in the territorial dimension of the cohesion policy, contained in provisions of CSG concerning the contribution of towns to

economic growth and employment, supporting economic diversification of rural areas and transborder, supranational and interregional cooperation.

Measures within objective 5 and objective 6 of NSRF would be executed using all operational programmes. Implementation of tasks within Objective 5 the following would be involved in particular: 16 ROP, OP Human Capital and OP Development of Eastern Poland, and subsequently OP Infrastructure and Environment, OP Innovative Economy, OP European Territorial Cooperation and OP Technical Assistance. Achievement of provisions within Objective 6 would be facilitated first of all by intervention within 16 ROP and OP Human Capital, as well as OP Development of Eastern Poland, OP Infrastructure and Environment, OP Innovative Economy, OP European Territorial Cooperation and OP Technical Assistance.

Execution of Lisbon tasks aimed at studying knowledge and innovation in favour of economic growth would be supported by measures implemented within objective 4 of NSRF – *Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector*. Objective 4 is also an exposition for supplementing measures of NDP, the role of which is to increase competitiveness and innovativeness of enterprises, especially SMEs, as well as supporting public institutions from the R&D sector pursuant to priority Lisbon areas defined during the spring summit of the Council of Europe. This objective is complementary with Guidelines IG No. 7 – *To increase and improve investment in R&D*, No. 8 – *To facilitate all forms of innovation* and No. 9 – *To facilitate the spread and effective use of ICT and build a fully inclusive information society*. Those guidelines have been reflected in Priority 3 of NDP, which promotes development of innovativeness of enterprises, and contains measures in support of increasing investments in knowledge and innovations, support for R&D operating in favour of economic growth and support instruments for new enterprises. Simultaneously the above Guidelines of IG have been transposed to CSG as Guideline No. 1.2.1 *Increase and better target investment in RTD* No. 1.2.2 *Facilitate innovation and promote entrepreneurship* and No. 1.2.3 *Promote the information society for all*, which are aimed at increasing and appropriate directing of R&D, facilitation of innovations and promotion of entrepreneurship, and also promotion of informative society (respectively).

Objective 4 of NSRF is to assure the execution of recommendations contained in IG Guideline No. 10 related to establishment of a stable industrial basis. This Guideline was reflected in provisions of Priority 2 NDP, related to development of entrepreneurship, and to the previously mentioned Priority 4 NDP, related to the development of infrastructure and competitiveness in system conditions.

Measures within objective 4 would support implementation of Guideline IG No. 15, with postulates promotion of work culture based on entrepreneurship and the establishment of advantageous conditions for the development of SME. This guideline was reflected in its entirety in Priority 2 of NDP, within which implemented are measures aimed at releasing the economic potential, in particular for SMEs. Furthermore, it is also a source for Community Strategic Guideline No. 1.2.4 *Improve access to finance* and No. 1.2.2 *Facilitate innovation and promote entrepreneurship*.

Execution of challenges related to Objective 4 of NSRF would take place through implementation of all operational programmes. Improvement of competitiveness and innovativeness in enterprises would to a large extent be supported OP Innovative Economy and OP Human Capital, and then 16 ROP, OP DEP, OP I&E, OP ETC and OP TA.

Knowledge and innovations in favour of economic growth would also be supported within Objective 5 of NSRF, aimed at improving competitiveness of the regions in the light of the territorial dimension of the cohesion policy contained in CSG.

Below presented is a synthetic table which presents cohesion and complementary nature of measures planned within NSRF with IGGJ, NDP and CSG.

Table 7. Complementarity between NSRF and IG, NDP and CSG

CREATION OF A LARGER NUMBER OF BETTER WORK POSTS

<p>17-20 Lasting attraction of a bigger number of persons to the labour market and increasing labour supply and modernisation of social assurance systems</p>	<p>5. Creating and maintaining new work posts and reducing unemployment</p>	<p>1.3.1 Attract and retain more people in employment and modernise social protection systems</p>	<p>Objective 2. Improving the human capital standard and enhancing social cohesion</p>
<p>21-22 Improving adaptational capabilities of employees and enterprises</p>	<p>6. Improving adaptational capabilities of employees and enterprises through investments in human capital</p>	<p>1.3.2 Improve adaptability of workers and enterprises and the flexibility of the labour market</p>	
<p>23-24 Increasing investments in human capital through better education and better abilities</p>		<p>1.3.3 Increase investment in human capital through better education and skills</p>	
<p>1 <i>Assuring economic stability</i> 2 <i>Assuring durability of economic development</i> 3 <i>Promoting effective distribution of resources</i></p>	<p>1. <i>Consolidation of public finance and improvement of public finance management</i></p>	<p>1.3.4 Administrative Capacity</p>	<p>Objective 1. Improvement of the standard of public institutions functioning and mechanisms of partnership development</p>

EUROPE AS A MORE ATTRACTIVE PLACE FOR INVESTMENTS AND WORK

<p>16 Development and improvement of the infrastructure in Europe and implementation of priority transborder projects</p>	<p>4. Development and modernisation of the infrastructure and assuring competitive conditions in network sectors</p>	<p>1.1.1 Expansion and improvement of the transport infrastructure</p>	<p>Objective 3. Establishment and modernisation of technical and social infrastructure of elementary importance for growth of competitiveness in Poland</p>
<p>11 Support for sustainable use of resources and enhancing the synergy effect between environment protection and growth</p>	<p>3. Increase in innovativeness of enterprises</p>	<p>1.1.3 Taking up the issue of intense use of traditional energy sources in Europe</p>	
		<p>1.1.2 Enhancing synergy between environment protection and growth</p>	
		<p>2.1 Contribution of towns into growth and employment</p>	<p>Objective 5. Increase in competitiveness of Polish regions and counteracting their social, economic and spatial marginalisation</p>
		<p>2.1 Supporting economic differentiation on rural areas, fishery areas and areas with unfavourable situation owing to natural conditions</p>	<p>Objective 6. Balancing development changes and assisting structural changes on rural areas</p>

<i>IG</i>	<i>NDP</i>	<i>CSG</i>	<i>NSRF</i>
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KNOWLEDGE AND INNOVATIONS IN SUPPORT OF ECONOMIC GROWTH

7	Increasing and raising the level of investments on R&D	3. Increase in innovativeness of enterprises	1.2.1	Increasing and better directing of investments for BRT,	Objective 4. Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector
8	Supporting innovations		1.2.2	Facilitating innovations and promoting entrepreneurship	
9	Propagation and effective use of ICT and creation of a universal information society		1.2.4	Improving access to financing	
10	Establishment of powerful industrial base		1.2.3	Promoting information society for all	
15	Promotion of work culture based on entrepreneurship and establishment of conditions favourable for the development of SMEs		1.2.2	Facilitating innovations and promoting entrepreneurship	
	2. Development of entrepreneurship	1.2.4	Improving access to financing		
		2.1	Contribution of towns to growth and jobs	Objective 5. Supporting economic differentiation of rural areas and fishing areas and areas with disadvantageous situation owing to natural conditions	
		2.2	Supporting economic differentiation of rural areas and fishing areas and areas with disadvantageous situation owing to natural conditions	Objective 6. Balancing growth opportunities and supporting structural changes on rural areas	

8. COORDINATION OF MEASURES EXECUTED WITHIN COHESION POLICY WITH MEASURES EXECUTED WITHIN THE COMMON AGRICULTURAL POLICY AND THE COMMON FISHERY POLICY

Shifting development measures concerning agriculture and rural areas and measures related to fishery which up to now were financed from the Guidance Section of the European Agriculture Guidance and Guarantee Funds and the Financial Instrument for Fisheries Guidance outside the cohesion policy to the Common Agricultural Policy and the Common Fishery Policy respectively means a necessity of working out coordination mechanisms of the cohesion policy with policies related to the development of rural areas, which are, especially in Poland, areas with low level of social and economic development. Simultaneously guidelines of the cohesion policy for the years 2007-2013 assume that it is to play a leading role in support of the economic restitution process on rural areas, supplementing measures supported within a new fund in support of development of rural areas (European Agricultural Fund for Rural Development EAFRD) and fund in support of rationalisation of the fishery sector economy (European Fisheries Fund). This requires assuring synergy between the structural policy, employment policy and development policy of rural areas and the fisheries policy.

One of the specific horizontal objectives of NSRF, which determines the main objectives and development priorities of Poland with respect to cohesion policy is balancing development opportunities and assisting structural changes on rural areas. In the years 2007-2013 making use of the non-agricultural development potential of rural areas would involve resources and instruments of the cohesion policy. They would be directed at supporting the competitive power of particular regions, in adaptation to their internal potential and own development strategy, as well as balancing differences in the development level and in conditions that occur inside regions, especially in relations town-village, both with respect to technical infrastructure and in the social sphere. This situation concerns considerable areas of eastern and northern Poland, including especially rural areas, areas of former state run farms and areas which are dependent on fishery.

An important direction in support coming from resources of the cohesion policy would be assisting structural changes based on retraining of persons coming from agriculture, supporting and promotion of entrepreneurship, as well as supporting the development of non-agricultural functions of villages (including areas dependent on fishery). Important spheres in this context shall be towns, which will play the role of service centres for rural areas.

Pursuant to Council Regulation (CE) No. 1698/2005 of 20 September 2005 concerning support for development of rural areas by the European Agricultural Fund for Rural Development (EAFRD)⁵⁵ (hereinafter: Council Regulation No. 1698/2005) and on the basis of Council Regulation (CE) No. 1198/2006 of 27 July 2006 concerning the European Fisheries Fund (EFF)⁵⁶ (hereinafter: Council Regulation No. 1198/2006), as well as taking into consideration results of an analysis of the social, economic and environmental situation, defined were priorities and directions for development of rural areas and the fishery policy in Poland in relation to Community priorities. To enable supplementing the list of measures indispensable from the viewpoint of needs of villages and the agricultural sector, as well as fishery, a better coordination becomes necessary of instruments within the remaining Community policies,

⁵⁵ Official Journal EU L 277 of 21 October 2005

⁵⁶ EU Official Journal L 223 of 25 August 2006

including in particular the cohesion policy and involvement of state budget resources within national contribution support.

The concept of multifunctional development of rural areas is a basis for delivery of the National Strategic Plan for Development of Rural Areas for the years 2007-2013, a basic strategic document in Poland which reflects provisions of Strategic Community Guidelines in the subject scope (RDSG)⁵⁷. This concept assumes economic support for farms and improvement of competitiveness in the agricultural and food product sector, with simultaneous assurance of instruments in support of differentiation of business operation towards alternative income sources for inhabitants of rural areas. This would contribute to improvement of the living quality on rural areas through development of the services sector, and in addition would create an alternative for the presently dominating role of rural areas, i.e. agricultural production. Apart from economic functions an equally essential aspect of development of rural areas in Poland is their role in preservation of landscape values and nature resources – preservation of a good ecological condition of water and soil, variety of habitats and biological diversity, as well as cultural heritage in villages.

The initiative of a multi-functional development of rural areas remains complementary towards the concept of supporting structural changes on rural areas, proposed within the cohesion policy for the years 2007-2013, which is implemented within NSRF.

Objectives of the Strategy of Fisheries Development for the years 2007-2013 are fully coherent with objectives of the EU Common Fisheries Policy, taking particularly into consideration rationalisation of the fishery sector through adaptation of outlay and fishing ability, development of aquaculture sector and fish processing industry and market, as well as development of the coastal area. To assure development of fishery in the years 2007-2013 and delivery of strategic objectives of the policy in this scope it is necessary to undertake measures in support of balanced usage of fishery resources, development and growth of competitiveness of this sector particularly taking into consideration human capital and the territorial dimension of the fishery policy.

The complex formulation of problems related to the development of the fishery sector and of coastal regions dependent on it contained in the Fishery Development Strategy for the years 2007-2013 is supplemented by measures proposed within the cohesion policy implemented within NSRF, including especially by supporting modernisation of the economy, creation of new work places or training of human capital, which allows requalification and taking up competition in the labour market outside the fishery sector.

Coordination of functioning of structural funds and of the Cohesion Fund with structural instruments of the Common Agricultural Policy and the Common Fishery Policy (implementation, monitoring, periodical evaluations) will be assured within the NSRF Coordination Committee (NSRF CC), thanks to participation in it of representatives of Managing Authorities for the Development Programme of Rural Areas and OP Sustainable development of the fishery sector and coastal fishing areas. Cooperation of institutions covers stages of programming, implementation, monitoring, as well as control and evaluation of implementation with respect to measures in support of development of rural areas and areas dependent on fishery. Within this cooperation, during programming stages representatives of the Ministry of Agriculture and Rural Development participated in preparation of NSRF, in the part concerning rural areas and areas dependent on fishery (objective 6 of NSRF, diagnosis of rural areas and areas dependent on fishery). Through common working meeting it was possible to work out a common approach of particular cohesion policy operational programmes to issues of support for rural areas and areas dependent on fishery. In a similar way the Ministry of Regional Development participated in reviewing projects of the National Strategic Development Plan of Rural Areas and Rural Areas Development

⁵⁷ Decision of the Council of 20 February 2006 concerning strategic Community guidelines for rural areas development (programming period 2007-2013), EU Official Journal L 55 of 25 February 2006

Programme as regards their consistence with NSRF provisions related to rural areas. In NSRF CC representatives of both ministries will be participating in works of monitoring committees or other bodies appointed within NSRF implementation systems, European Agricultural Fund for Rural Development (EAFRD), EFR and, as regards impact on the above mentioned responsibility areas, in issuing opinions concerning annual reports on implementation of appropriate operational programmes. In justified cases representatives of the Minister of Agriculture and Rural Development may participate in sessions of the Monitoring Committees for Regional Operational Programme. A detailed description of tasks of the Committee has been presented in chapter 9: Implementation system.

National operational programmes of the cohesion policy, Common Agricultural Policy (Rural Areas Development Programme) and Common Fishery Policy (OP Sustainable development of the fishery sector and coastal fishing areas) comprise the following common intervention areas, directed at development of rural areas and areas dependent on fishery:

- **development of transport infrastructure** (road infrastructure),
- **development of environment protection infrastructure** (water supply and sewerage systems, municipal wastes management, monitoring the condition of the natural environment and its protection – plant and animal species, including Natura 2000 areas, management of water resources – land drainage systems),
- **development of energy infrastructure** (production, transmission and distribution of electric power and energy from renewable sources),
- **development of social infrastructure** (social, cultural, monumental, tourist and sport infrastructure),
- **development of human resources** (training courses, professional advancement and requalification),
- **assisting structural changes** (through support for enterprises and commencement of business operation – establishment and development of new enterprises, investments in enterprises and their modernisation, promotion of entrepreneurship).

Identification of the above specified areas led to a necessity of working out the so-called demarcation line to limit implementation of given types of projects to particular operational programmes. The demarcation was defined using appropriately selected criteria, the application of which will define the place of realisation (operational programme) of the given project:

- **meritoric criteria** – which define the type of project (type, scope of assistance, location),
- **financial criteria** – which define the value (cost) of the project,
- **beneficiary's criteria** – which define the type of entity relevant for received support for implementation of the given project.

It was assumed that the basic criterion for demarcation is the project value, according to which projects with higher costs would as a rule be implemented within cohesion policy programmes. In special cases it was necessary to supplement the demarcation by the remaining criteria. This concerns in particular the *Development Programme of Rural Areas* and *OP Sustainable development of the fishery sector and coastal fishing areas*, in which implementation of projects was additionally limited territorially, appropriately to rural areas and areas dependent on fishery. Where necessary demarcation was supplemented by the criterion of project beneficiary.

The application of adopted solutions would render impossible concurrent implementation of the same project within different operational programmes of the cohesion policy, Common Agricultural Policy and the Common Fishery Policy.

9. INSTRUMENTS FOR EXECUTION OF NSRF OBJECTIVES

Apart from measures of a legal, fiscal and institutional nature, NSRF objectives would be executed through programmes and projects co-financed by such structural instruments as:

- Operational Programme Infrastructure and Environment (OP I&E) – ERDF and CF
- Operational Programme Innovative Economy (OP IE) – ERDF
- Operational Programme Human Capital (OP HC) – ESF
- 16 Regional Operational Programmes (ROP) – ERDF
- Operational Programme Development of Eastern Poland (OP DEP) – ERDF
- Operational Programme Technical Assistance (OP TA) – ERDF
- Operational Programmes of European Territorial Cooperation (OP ETC) – ERDF

The above mentioned operational programmes would be managed on the national level, while ROPs shall be managed on the level of 16 regions. Diagram 2 presents instruments of NSRF execution.

All programmes form the elementary operational level of NSRF. Hence they are going to contribute to execution of the strategic objective and specific horizontal objectives defined in this document, as well as guidelines adopted in CSG. Execution of specific objectives within NSRF requires adopting a coordinated approach in at least two or more operational programmes. Owing to their specific nature, each of the particular programmes would be contributing to implementation of specific objectives but it would be taking place at varying extent and different scope.

Implementation of Objective 1 *Improving the functioning standard of public institutions and development of partnership mechanisms* was reflected both in contents of operational programmes, and in the process of their development as well as in the planned implementation system. Including representative partners to various programming stages, placing emphasis on transparency and social acceptance make all operational programmes development elements of partnership mechanisms. The main burden of implementation of Objective 1 lies, on the other hand, on OP HC, within which planned is implementation of projects that enhance the potential of government administration as regards applying high quality legal regulations and effective management of public finance, support directed at improving the functioning effectiveness of local administration and that of regional level. A necessary element for achievement of Objective 1 of NSRF will be not only enhancing and development of the justice administration potential, in particular the judiciary and improvement of provided services, but also support for the potential of non-government organisations as regards the capability of implementing public tasks. Indirectly OP TA through assuring support of NSRF implementation system this programme is covered by implementation of Objective 1.

Implementation of Objective 2 *Improving the human capital quality and enhancing social cohesion* covers mainly measures anticipated in OP HC taking into account support areas of ESF. Additionally Objective 2 will be supplemented by investments in the development of highest class academic centres that educate specialists in modern technologies and enhancing the quality of education by making use of information and communication technologies within OP I&E, as well as OP IE. On the regional level within ROP investments will be made in educational structure, projects related to health protection and informatic infrastructure to enhance accessibility to a wide information spectrum.

Objective 3 of NSRF *Establishment and modernisation of technical and social infrastructure crucial for better competitiveness of Poland* will be achieved on the basis of implementation of OP I&E, ROP and OP DEP. Within OP I&E support would be focused first of all on the development and modernisation of the elementary technical infrastructure that comprises road, railway, sea and inland transport. Another priority will be investments related to energy infrastructure and its effectiveness, as well as support for

the development of the energy industry based on renewable energy sources. The development of elementary technical infrastructure will be accompanied by investments which are to assure an appropriate quality of the natural environment according to principles of sustainable development. In addition support would be directed at improving educational possibilities on the level of university education, development of cultural institutions and assuring health protection services to the inhabitants. Means of OP IE would be used to implement undertakings aimed at strengthening the infrastructure of scientific and research centres to execution of high quality research for needs of the economy. Furthermore support will also be granted to centres of priority rank which from an appropriately prepared and equipped infrastructure for functioning of enterprises oriented at innovativeness and making use of new technologies. ROP will provide support for infrastructure that creates appropriate conditions for running enterprises oriented at the development of low innovativeness, contributing to the development of cooperation between them and to establishment of regional potential. One of the main elements of competitiveness development will be extensive support for establishment of broadband access to the Internet.

Objective 4 of NSRF *Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector* will be to a large extent implemented within OP IE, where means shall be allocated to strengthening growth locomotives, i.e. innovative enterprises through establishment of institution related conditions for their development, including development of an information society. In implementation of Objective 4 investment components complementary to OP IE, related to granting support to regional innovativeness, elementary services, as well as tourism, will be executed within ROP and OP DEP, and in the event of tourism – also in OP I&E. Support for the development of human resources for innovative economy will be executed within OP HC, among others within enhancing adaptation capabilities of personnel, life-long learning, adaptation of employees to functioning in conditions of economic changes, supporting entrepreneurship attitudes.

All programmes are included in implementation of Objective 5 *Increase of the competitiveness of Polish regions and preventing their social, economic and territorial marginalisation*. Main emphasis in implementation of this objective has been placed on measures within 16 ROP. Increase in competitiveness of Polish regions and counteracting their marginalisation in the years 2007-2013 would be made possible by projects inter alia from the transport sector connected with establishment and modernisation of the road, railway and air transport infrastructure, measures related to health protection (to improve the medical care standard), communication infrastructure (to improve spatial mobility and accessibility to specialist services provided only in major urban centres of the region), investments in water supply systems, disposal and treatment of sewage, modernisation of energy systems, assuring ecological and flood prevention safety systems. Apart from them support will be financed for small and medium enterprises, especially with respect to innovative operation, including R&D, leading to enhancing their potential, support for promotion of products and services tourism development and culture infrastructure. Financial projects financed from ERDF will be supplemented by tasks related to ESF within OP HC, where over a half of all means within this fund will be directed at the regions.

Similarly as in Objective 5 – projects within particular operational programmes will be contributing in a direct or indirect way to implementation of Objective 6 *Balancing growth opportunities and supporting structural changes on rural areas*.

An estimated division of means assigned to disbursement within NSRF between various horizontal objectives has been presented in table 8.

Table 8. Estimated division of means assigned for disbursement within NSRF between particular horizontal objectives.

Strategic objectives of NSRF		Weight
Objective 1	Improving the functioning standard of public institutions and development of partnership mechanisms	4%
Objective 2	Improving the human capital quality and enhancing social cohesion	10%
Objective 3	Establishment and modernisation of technical and social infrastructure crucial for better competitiveness of Poland	42%
Objective 4	Improving the competitiveness and innovativeness of enterprises, including in particular the manufacturing sector with high added value and development of the services sector	22%
Objective 5	Increase of the competitiveness of Polish regions and preventing their social, economic and territorial marginalisation	22%
Objective 6	Balancing growth opportunities and supporting structural changes on rural areas	
Total		100%

Operational programmes have been prepared in such a way that they should mutually supplement the measures to be undertaken. The complementariness is to prevent doubling of undertakings. The application of complementariness is manifested on two levels, i.e.: operational programmes of the national level and regional operational programmes and complementariness on the level of operational programmes. Consequently the main areas of intervention within OP I&E would be complementary first of all to implemented transport, environmental, energy, culture and health investments implemented locally and regionally within ROP, as well as transport investments and those related to the social infrastructure within OP DEP. Simultaneously with undertakings executed within OP IE with respect to supporting entrepreneurship and e-administration planned is also execution of projects co-financed within OP HC. Furthermore, measures directed on developed of information society within OP IE, would be supplemented by measures in this scope undertaken within OP I&E, while as regards supporting entrepreneurship of a regional rank – in ROP. Measures concerning human capital on the national level within OP HC would be complementary with measures aimed at adaptation to the situation on the regional labour market within the regional component of OP HC. As for measures of technical assistance in all programmes they would be consistent with OP TA and would be its supplementation and particularisation.

Pursuant to provisions contained in art. 37 of Council Regulation No. 1083/2006, operational programmes will be also provided with an indicative list of major projects, which will be subject to evaluation by the European Commission. An additional document used for implementation of operational programmes will be an indicative list of individual key projects, which is to facilitate achievement of assumed development objectives and which would allow determination and coordination of the most important investments executed using structural funds and the Cohesion Fund. Including projects on the list would be a certain type of a *project pipeline*, which is to facilitate implementation of the operational programme. However, implementation of those projects would depend on fulfilling criteria approved by the Monitoring Committee and on approval of the project to be co-financed by the Managing Authority. Those strategic, formal and Meritoric criteria (including preparation of necessary documentation and readiness of deployment) should be identical for all potential beneficiaries of all projects concerning a specific category of operations in an operational programme.

The system of operational programmes for the years 2007-2013, as well as the way of their implementation results from experience gained during the programming period of 2004-2006, as well as from new EU regulations.

Limiting the number of centrally managed programmes and centralisation of the management of those programmes would allow the elimination of problems that appear during the programming period of 2004-2006. Reduced number of programmes would in turn limit problems connected with doubling of measures and would enhance complementariness of granted aid. To eliminate possibilities of overlapping interventions in particular operational programmes co-financed from structural funds and from the Cohesion Fund, an operational document was prepared called "Demarcation line between Regional Operational Programmes and Operational Programmes on the central level". This document has also defined demarcation lines that set out the division of interventions between operational programmes of the cohesion policy and operational programmes of the Common Agricultural Policy and the Common Fishery Policy.

The centralised management system, which limits substantially the number of institutions directly responsible for programme execution, would allow increasing the management process effectiveness. Centralisation of the management system is to allow a more effective coordination of the management and control system preparation process for conformity evaluation. Such a management system would facilitate the development of harmonised descriptions for management and control systems for data of operational programmes, as well as creation of a single document system (manuals with processes, instructions and application templates).

Development of a major OP I&E, which covers a lot of mutually interdependent sectors, such as for example transport, environment, power industry, would facilitate withdrawal from application of a sector oriented approach in favour of horizontal strategic approach, which allows better advantages for the Polish economy and the economy of the entire EU (especially in the context of technical infrastructure). Clearly defined strategic objectives could be executed in more effective and complementary way on the basis of sectoral investments coordinated by a single managing authorities. The horizontal approach will limit problems connected with allocation of funding within particular sectors by setting out a clear hierarchy of growth priorities. Furthermore, supervision over execution of infrastructural investments in many sectors by a single managing authority creates an opportunity of better adherence to horizontal Community provisions, especially in the context of environmental impact assessment.

An element of the operational programmes execution system of particular significance is assuring appropriate administrative abilities. Development of a single major operational programme would enable applying for new tasks the administrative abilities and experience of staff in an institution operating in the programming period of 2004-2006. As for the sectors related to the environment and transport, such a measure makes possible the utilisation of the existing structures with simultaneous assignment of a bigger number of duties and a broader scope of responsibility. Limiting the number of managing authorities in favour of increasing the number of intermediate bodies in connection with the establishment of a major operational programme would facilitate fulfilling requirements connected with achievement of adequate management and control standards.

Taking into consideration the scale of needs, both with respect to transport infrastructure, environment and others, the execution of which is planned in OP I&E, for effective execution of tasks within this programme allocated were 41.9% of entire structural funds within NSRF. Furthermore, expenditure indicators for implementation of the Lisbon Strategy objectives will be achieved successively through concentration of funds coming from the Community contribution pursuant to the below provisions: for measures aimed at achieving cohesion of the national transport system with the European system, which is indispensable for economic growth, first of all through development of transport structure with a transnational range, according to principles of sustainable development. Within the programme support would be granted to investments of key importance for preserving and improving the environment state. Environment issues connected with sustainable development would also gain particular importance thanks to two-directional arrangement of investments in the energy industry: on the one hand necessary investments aimed at diversification

of traditional energy sources, which cannot be implemented with the use of market mechanisms, and on the other hand investments in renewable energy sources, reducing energy intensity and in other ways environment friendly. Investments for selected areas of key supraregional importance related to social infrastructure (health protection, culture, higher education) would be complementary in relation to those areas.

For the past few decades years Poland has been consistently implementing the process of economic transformations in a direction assuring hastening a lasting and sustainable development. Rapid economic growth was possible to a large extent thanks to utilisation of comparative dominance in the form of cheap and quite well educated manpower, as well as entrepreneurship attitudes which were available in the first period of transformations. This simple development source has nevertheless been already fully used, and so it is necessary to create new dominance sources based on innovations. For this purpose adopted was the concept of implementation of a single major programme on a national level - OP IE. The conclusion was made that within a single OP IE there is justification both for increasing the investment level in enterprises, creation of institutional conditions – facilitation of cooperation between enterprises and the research and scientific sphere, as well as direct support of scientific and technical centres in implementation of research in areas considered as a Polish specialty in the European and global dimension and increasing accessibility of capital for implementation by companies investments with the biggest development potential.

It was also presumed that within OP IE the highest performance indicators would be achieved of the Lisbon Strategy objectives. 12.4% of all structural funds have been allocated for OP IE. As for the Lisbon Strategy, the OP IE programme would be focused on strengthening abilities of generating innovations through raising investments in the R&D sphere directed at market needs, development of cooperation between R&D and enterprises, as well as dynamisation of the entrepreneurship potential through introduction of complex tools for counselling and financial support for new enterprises and in the first stage of development and expansion and corporation cooperation.

For a major OP HC its establishment depends among others on introduction of the mono-funding principle, in the programming period of 2007-2013. Combining of all spheres supported by ESF and concentrating all funds within one programme – which comprises two components: a central and a regional one – results from the necessity of assuring a coherent system of ESF implementation in Poland. Establishing of one managing authority would in a considerable way facilitate monitoring delivery of programme, allowing at the same time an immediate response in the event of potential problems connected with its introduction.

The adopted concept would lead to withdrawal from sectoral type of thinking in favour of achievement of programmed objectives and results. Appointment of a single management institution for all resources within ESF would enable improving the synergy of results of support granted to similar spheres (labour market, staff adaptiveness, improvement of quality and access to education) and complementarity of undertaken measures. Support for the education sector implemented within OP HC thanks to coordination with the remaining spheres would allow achieving better results and quicker reaction in the context of adaptation of quality and directions to changing demand on the labour market.

The scale of social problems, indicated in the diagnosis, and the justified need of implementation of the two components within a single major programme has indicated the necessity of designating 14.6% structural funds for delivery of undertakings co-financed from ESF. At the same time it should be borne in mind that a significant part of funds within the programme would be concentrated on achievement of indicators of expenditures made on implementation of the Lisbon Strategy objectives. OP HC would be contributing first of all to supporting enterprises and their employees with respect to adaptation abilities to consequences of social and economic transformations connected with globalisation and restructuring processes which would depend inter alia on accessibility of the lifelong learning system and participating in it of employees and persons in a disadvantageous situation.

Establishment of OP DEP results from granting for the years of 2007-2013, within the convergence objective of additional resources within ERDF for five poorest regions, which have the lowest GDP per capita in the expanded EU-25. Those regions include five voivodships of Eastern Poland: lubelskie, podkarpackie, podlaskie, świętokrzyskie i warmińsko-mazurskie. The areas have a low living standard of the inhabitants, low dynamics of economic growth, insufficiently developed and incorrectly directed communication infrastructure and insufficiency of growth factors. Effective counteracting those threats and reversal of disadvantageous trends requires support of the state and making use of instruments provided by the EU cohesion policy. Bearing the above mentioned premises in mind a decision was taken to develop OP DEP, which would be a special support instrument for development processes in voivodships of Eastern Poland. The range of OP DEP overlaps with scope of operation of other programmes, but differs by narrowing of its scope to selected fields, which take into consideration the scale of measures and the expected long-term results that may affect development processes. Within OP DEP important investments and undertakings would be delivered, which would create a basis for initiation of processes for lasting development of voivodships of Eastern Poland. The value of resources designated for implementation of this programme (3.4% granted structural funds) results first of all from a decision taken by the European Commission concerning support for the poorest EU-25 regions.

A justification for preparation and delivery of 16 ROP is programming decentralisation for growth of regions, increasing the degree of effectiveness in executing development measures by public administration, enhancing the citizen and self-government dimension, as well as effective utilisation of structural resources for the period of 2004-2006 within IROP. The ROP objectives are on the one hand defined in relation to voivodship development strategies, and on the other hand are included in objectives of NSRF. The elementary objectives of ROP are related to improving competitiveness in particular regions and promotion of balanced development. Those objectives are achieved through integrated impact on establishing conditions for employment growth and growth of investments on a regional and local level. Measures specified in ROP are coordinated with measures undertaken within the remaining operational programmes, and cover a wide variety of issues. Spatial differentiation and the specific nature of particular geographical areas had been taken into account on the stage of programming 16 ROP in two ways: in the form of increased transfers (per capita) of external public resources (coming from the EU) for voivodships with the lowest level of GDP per capita and the highest unemployment rate (algorithm of allocation of available funding among voivodships), within the defined list of priority axes and possibilities of designating by voivodships of appropriate values of granted resources – depending on the scale of problems and own development strategy. It is assumed that each ROP would have a similar arrangement, while their contents (including contents of undertakings) and financial resources would be defined on the regional level. The necessity of harmonising the list of measures delivered within ROP results from a few premises. The most significant ones include assuring cohesion between a regional approach to development issues and objectives and priorities of national and European strategies, including in all ROP measures that concern state aid for SMEs, for which uniform criteria for aid granting would be determined on the national level. Yet such an approach does not rule out delivery of priorities within ROP, which are specific for particular voivodships. Programming within ROP would include funding for measures connected with residential housing, made available within art. 7.2 of the Regulation (CE) of the European Parliament and the Council of Europe No. 1080/2006 of 5 July 2006 concerning the European Regional Development Fund and repealing Regulation (CE) No. 1783/1999⁵⁸ (hereinafter Council Regulation No. 1080/2006). A maximum of 3% of ERDF allocation for each of the 16 ROP projects in the scope of residential housing conform to requirements posed in relevant regulations. Those measures would be complementary to undertakings contained in ROP related to municipal areas threatened by degradation and social exclusion. Such a solution, despite a regional level of planning

⁵⁸ EU Official Journal L 210 of 31 July 2006.

and delivery – would be a component of measures connected with improvement of the housing situation taken into consideration by the state housing policy.

Within implementation of indicators related to achievement of objectives of the Lisbon Strategy particular ROP would be modelling the structure and value of support complementary to measures planned within OP IE appropriately to their development needs. Their challenge would be first of all increasing the dynamics of entrepreneurship potential and development or intensification of regional innovativeness potential. 24.9% of all resources within structural funds would be spend on delivery of ROP.

The scale of resources coming from structural funds in the years 2007–2013 would require significant financial outlays on assuring efficient operation of the management system, implementation system (including costs of development of key projects), monitoring, informing, control and evaluation of structural assistance. Furthermore, handling this system necessitates involving high administrative resources in the form of personnel in managing and intermediate institutions motivated by an appropriate remuneration level. For this reason technical assistance was determined as one of the operational programmes, for which designated were 0.8% of all structural resources within NSRF. This programme has been established to assure resources and instruments aimed at financing and handling the delivery process of NSRF. A superior task of OP TA is assuring efficient and effective course of delivery of NSRF and achievement of full absorption of structural fund resources granted for the years of 2007–2013.

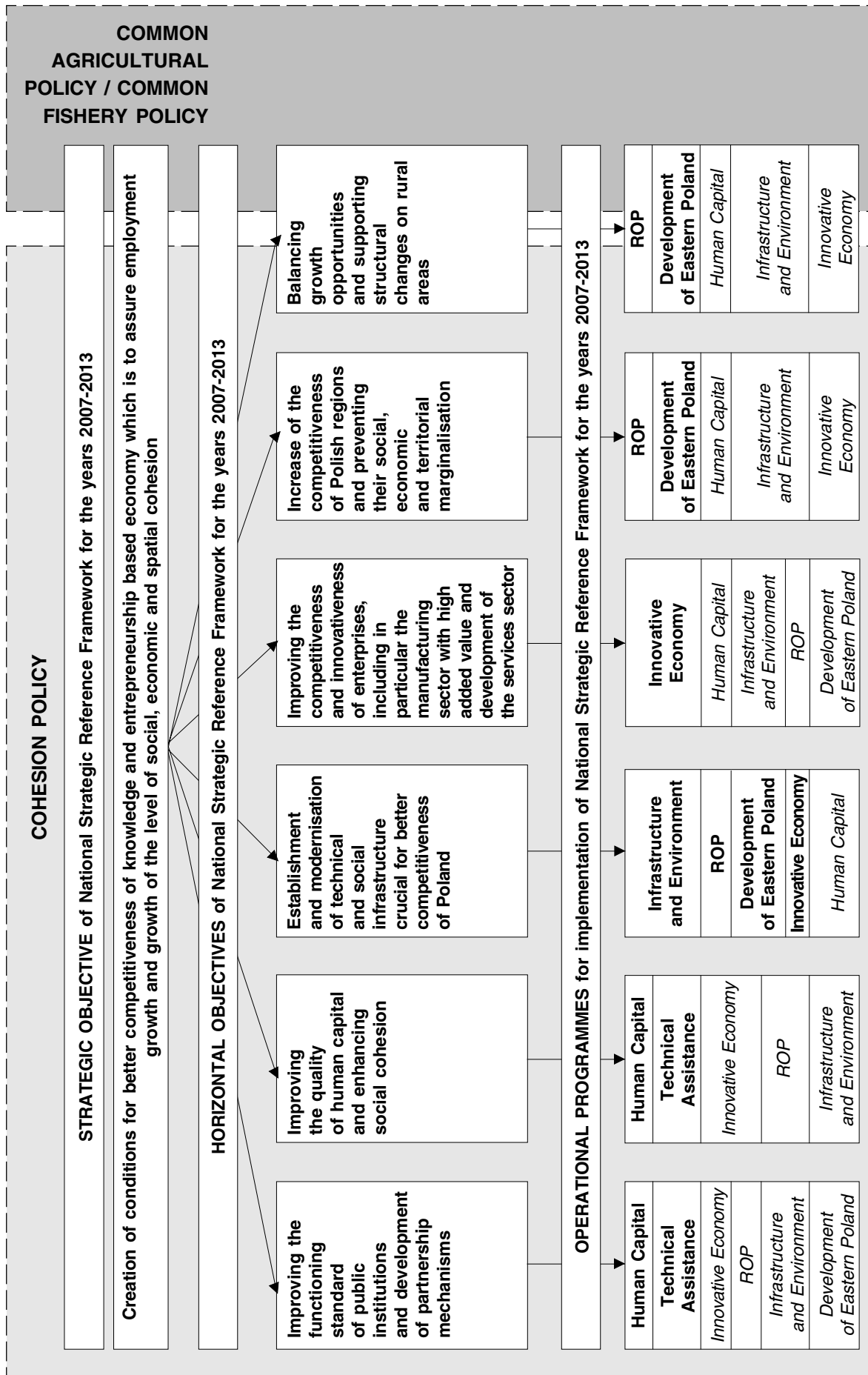
The concept of delivery of the above mentioned programmes is also affected by the Community legal system, which is undergoing changes in the years 2007-2013. As regards application of regulations concerning state aid, it imposes on Poland the necessity of adapting Polish regulations which are a legal basis for granting state aid and which define conditions and methods of granting state aid, which means amendment of the existing or development of new legal acts. First of all this concerns the application of a new regional support map as of 1 January 2007 in all places where support is granted on the basis of this map (regional aid, support for small and medium enterprises, support for jobs) and taking into consideration maximum intensity of such aid in the planned aid programmes.

For operational programmes, whose planned support is covered by rules of state aid, i.e. OP IE, OP I&E, OP HC, OP DEP and 16 ROP, aid schemes shall be developed. MRD is carrying out works over development of new aid schemes and adaptation of the presently binding ones.

Solutions applied for particular operational programmes are based on new regulations related to state aid and related mainly to group exclusions, with respect to which the European Commission proposes the biggest changes. This solution would in particular be used in preparation of Regulations as support programmes for granting of state aid on the basis of group exclusions within ROP. For ROP separate regulations would also be worked out to allow granting *de minimis* aid with respect to state aid for R&D+I activity, in favour of natural environment protection and for state aid in the sphere of transport. However, it is not ruled out that separate Regulations would be prepared to include a separate nature of aid. The obtained catalogue of projects which may be aided within state aid scheme would be then submitted to ROP Managing Authorities for use as a kind of specific menu for preparation of relevant aid schemes, pursuant to actual needs of a voivodship, within ROP. Coordination of the development of Regulations related to support within ROP on the central level by the Ministry of Regional Development would eliminate the necessity of particular regions having to work out their separate legal acts in this respect.

Managing Authorities will ensure that any assistance from public means within NSRF will be granted pursuant to relevant regulations and procedures as regards state aid applicable at the time when assistance is granted from public means.

Diagram 2. Horizontal objectives of NSRF and instruments of their delivery



10. IMPLEMENTATION SYSTEM

The Polish government, represented by the Council of Ministers, bears general responsibility for implementation of objectives set out in NSRF with the use of instruments of their implementation that result from EU regulations, agreed with the European Commission. In issues related to NSRF the Council of Minister is represented by the minister relevant for issues of regional development.

10.1. Coordination System

10.1.1. NSRF as element of execution of the development policy in support of growth and jobs

The elementary document that defines objectives of the growth policy in Poland in the years 2007-2015 is the National Development Strategy (NDS). It defines provisions and sets out institutional framework for coordination in execution of various horizontal policies, comprised by the development policy – in particular those which are mainstays of the European financial perspective in the years 2007-2013: competitiveness policy, cohesion policy, Common Agricultural Policy and the Common Fishery Policy.

In the light of objectives set up by the entire EU during the summit in Brussels in March 2005, of particular importance is assuring appropriate coordination in execution of medium-term objectives and instruments of the cohesion policy defined in NSRF and NDP. To assure coordination, the minister relevant for issues of regional development would be monitoring the level of expenditures borne in connection with implementation of the cohesion policy, to be used for implementation of the Lisbon Strategy.

10.1.2. Coordination in relation to NSRF

Coordination related to execution of Objective 1 and Objective 3 of the cohesion policy, NSRF and implementation of all programmes implemented in Poland and on its borders is the responsibility of the minister competent for issues of regional development. Minister of regional development executes supervision over correct functioning of the NSRF implementation system, and is also responsible for execution of evaluation studies at the level of NSRF, including horizontal studies and supplementing and ad hoc research, resulting from monitoring implementation of NSRF.

As regards regional operational programmes, the coordinating role is fulfilled by the minister competent for issues of regional development. Consequently a specially assigned organisational unit is responsible especially for:

- verification of draft operational programmes as regards their conformity with NSRF,
- negotiation of operational programmes with the European Commission in cooperation with managing authorities of ROP,
- assuring cohesion of applied guidelines,
- monitoring effects of implementation of ROP in particular regions (comparative analyses).

To assure effective current coordination of NSRF implementation, the team appointed by the Prime Minister, headed by the minister competent for issues of regional development, the which would comprise representatives of all Managing Authorities and Intermediate Bodies for the operational programmes and ministers responsible for particular spheres covered by the operational programmes, minister competent for public finance, President of the Office of Competition and Consumer Protection, President of the Central Statistical Office and President of the Public Procurement Office.

Tasks of the team shall comprise current monitoring of the implementation status of operational programmes (including compliance to “n+2”/n+3” rule) and taking resultant decisions, especially those concerning working on necessary legal, institutional and procedural changes.

Correct implementation of the function executing the function of horizontal policy coordination, as well as strategic monitoring and evaluations of NSRF execution, necessitates the appointment of a Coordination Committee (CC) headed by the minister competent for regional development, comprising representatives of ministers involved in execution of particular operational programmes and institutions that manage regional operational programmes, minister competent for public finance, minister responsible for coordination of the Lisbon process in Poland, and minister responsible for implementation of the Common Agricultural Policy and the Common Fisheries Policy. In works of the CC also to participate are representatives of Polish associations of territorial self-government units and representatives of social and economic partners (organisations associated in the Tripartite Commission for Social and Economic Issues, non-government organisations, representatives of the academic and scientific milieu). Also representatives of the European Commission and representatives of EIB and European Investment Fund may participate, with an advisory function, in works of the committee (EFI)⁵⁹.

As regards coordination of horizontal policies, CC is to monitor execution of policies comprised by the development policy, especially the competitiveness policy, cohesion policy, Common Agricultural Policy and Common Fishery Policy. CC is to prepare opinions and recommendations concerning the progress in implementation of horizontal policies to assure cohesive execution of the growth policy.

CC shall basically hold meetings each six months and would be executing a periodical review of the NSRF implementation status. Its tasks would comprise in particular the following:

- presenting to the minister competent for regional development recommendations concerning the progress of NSRF implementation and of particular operational programmes on the basis of reports and monitoring reports,
- presenting to the minister competent for regional development recommendations resulting from evaluation studies,
- presenting to the minister competent for regional development conclusions and recommendations resulting from annual information concerning conformity of measures executed within operational programmes with relevant Community policies,
- issuing opinions for modifications of the NSRF implementation system and its rationalisation, which result from the above mentioned analyses, reports and information presented by the minister competent for regional development, in particular those related to possible shifting of resources among operational programmes, as well as utilization of the *national performance reserve*,
- issuing opinions concerning conformity of operations executed within national operational programmes with operations executed within regional operational programmes,
- issuing opinions concerning conformity of operations executed within NSRF with measures financed within the Common Agricultural Policy, Common Fishery Policy, and from funding of other structural instruments.

Provisions of regulations for the years 2007-2013 will obligate member states to respect the principle of female and male equality, and to include this principle into the main policy trends. In NSRF the principle of *gender mainstreaming* would be introduced in each stage of implementation and would

⁵⁹ Planned participation in the Committee of representatives of EIB and EFI would only concern issues connected with using possible credits or scope and form of involvement of those institutions.

cover all operational programmes. For this reason one of the main CC tasks would be monitoring the application of this principle in all operational programmes.

CC would also be monitoring the application of sustainable development principle in implementation of all operational programmes.

10.1.3. Coordination of operational programmes implementation on the regional level

Coordination between objectives of the growth strategy of a given voivodship, objectives and implementation mechanisms on the regional level of various operational programmes of Objective 1 and Objective 3 of the cohesion policy, the Common Agricultural Policy and – in relation to appropriate regions – the Common Fishery Policy will be provided by the Voivodship Board, with the assistance of the Monitoring Committee of the Regional Operational Programme (MC ROP). The composition and tasks of MC ROP would be expanded in the rules of MC ROP apart from those, which result from the role of MC, defined in Community regulations.

The basic coordination tasks comprise the following:

- monitoring the progress in implementation of all operational programmes covered by NSRF and other growth programmes executed within the voivodship, including those co-financed from EAFRD, EFF, EIB (including instruments of JESSICA, JEREMIE, JASPERS), Norwegian Financial Mechanism, European Financial Mechanism of the European Economic Area,
- evaluation of the conformity of executed programmes and projects with the growth strategy for the voivodship,
- evaluation of the effectiveness of applied instruments within various programmes executed on the area of the voivodship,
- monitoring the execution of horizontal policies, including especially objectives of the Lisbon Strategy and horizontal policies on the voivodship area, and making recommendations for managing authorities related to possible modifications of ongoing programmes that result from an analysis of reports and other documents, including in particular evaluation studies.

10.1.4. Assuring cohesion between operational programmes executed in NSRF and operational programmes co-financed by EAFRD, CFP and measures implemented by EIB and financial instruments

To allow efficient and effective achievement of goals defined in NSRF it is necessary to coordinate functioning of structural funds and the Cohesion Fund with structural instruments of the Common Agricultural Policy, the Common Fishery Policy and EIB.

Such coordination would also be assured by participation in the composition and meetings of CC representatives of the Managing Authorities for:

- Rural Areas Development Programme (minister relevant for issues of agriculture and minister relevant for issues of rural development),
- Operational Programme Balanced development of the fishery sector and coastal fishing regions 2007-2013 (minister relevant for issues of agriculture),
- Financial Mechanism of the European Economic Area, Norwegian Financial Mechanism and the Swiss Financial Mechanism (the minister relevant for issues of regional development),
- and operations of EIB (the minister relevant for issues of regional development and minister relevant for issues of public finance).

Representatives of donors from countries of the European Economic Area and Switzerland, EIB and other institutions of importance from the viewpoint of Committee operation objectives would be invited to participate in sessions of the Committee.

Apart from coordination, works of the Committee would also comprise measures aimed at assuring cohesion between various programmes and instruments used to co-finance growth projects. Those measures comprise:

- issuing opinions by the minister relevant for issues of regional development concerning complementarity of projects, programmes and proposals for their modifications within the scope of the Common Agricultural Policy and the Common Fishery Policy with measures executed in NSRF,
- participation of representatives of all the above mentioned ministers in works of monitoring committees or other relevant bodies appointed within implementation systems of NSRF, EAFRD, CFP,
- agreeing by the minister relevant for issues of regional development with the minister relevant for issues of public finance proposals concerning obtaining loans and credits or other forms of cooperation with EIB and international finance institutions (IFI) with respect to financing undertakings covered by the cohesion policy,
- issuing opinions by relevant ministers – with respect to impact on the above specified scopes of responsibility – of annual reports on implementation of particular operational programmes and information on use of credits and other financial instruments from EIB and other IFI, and proposing possible modifications of operational programmes,
- presenting by the minister relevant for issues of regional development to the Chairman of the Council of Ministers annual information on the progress of coordination process with proposals of necessary solutions aimed at its rationalisation.

10.2. Implementation System for the “Convergence” Objective

10.2.1. Management and Control

On behalf of the Council of Ministers, the minister relevant for issues of regional development is responsible for the efficiency and effectiveness of operation of the management and control system for operational programmes, defined pursuant to requirements of article 70 para 1 of the Council Regulation No. 1083/2006.

10.2.1.1. Managing Authorities

The Managing Authority is responsible for preparation and implementation of operational programmes (including ROP). The minister relevant for issues of regional development acts as Managing Authority for centrally managed programmes, while the board authority of the particular voivodship is the Managing Authority for regional operational programmes.

Tasks of the Managing Authority include first of all tasks determined in article 60 of the Council Regulation No. 1083/2006. Furthermore, functions of Managing Authorities comprise also:

- assuring conformity of selected operation for financing with criteria of project selection for the programme,
- assuring execution of control for the operational programme, including especially development of a plan for system control and approval control plans of other institutions,
- making evaluations of programme implementation progress on the basis of an annual report,
- preparing, in cooperation with Intermediate Bodies, reports on irregularities and their submitting to relevant institutions.

Table 9. Managing Authorities for OP and ROP in the years 2007-2013.

Operational Programme	Managing Authority
OP Infrastructure and Environment	minister relevant for issues of regional development
OP Innovative Economy	minister relevant for issues of regional development
OP Development of Eastern Poland	minister relevant for issues of regional development
OP Technical Assistance	minister relevant for issues of regional development
OP Human Capital	minister relevant for issues of regional development
ROP for Dolnośląskie Voivodship	Board of the Dolnośląskie Voivodship
ROP for Kujawsko-Pomorskie Voivodship	Board of the Kujawsko-Pomorskie Voivodship
ROP for Lubelskie Voivodship	Board of the Lubelskie Voivodship
ROP for Lubuskie Voivodship	Board of the Lubuskie Voivodship
ROP for Łódzkie Voivodship	Board of the Łódzkie Voivodship
ROP for Małopolskie Voivodship	Board of the Małopolskie Voivodship
ROP for Mazowieckie Voivodship	Board of the Mazowieckie Voivodship
ROP for Opolskie Voivodship	Board of the Opolskie Voivodship
ROP for Podkarpackie Voivodship	Board of the Podkarpackie Voivodship
ROP for Podlaskie Voivodship	Board of the Podlaskie Voivodship
ROP for Pomorskie Voivodship	Board of the Pomorskie Voivodship
ROP for Śląskie Voivodship	Board of the Śląskie Voivodship
ROP for Świętokrzyskie Voivodship	Board of the Świętokrzyskie Voivodship
ROP for Warmińsko-Mazurskie Voivodship	Board of the Warmińsko-Mazurskie Voivodship
ROP for Wielkopolskie Voivodship	Board of the Wielkopolskie Voivodship
ROP for Zachodniopomorskie Voivodship	Board of the Zachodniopomorskie Voivodship

10.2.1.2. Intermediate Bodies

Pursuant to article 59 of the Council Regulation No. 1083/2 the Polish party has appointed Intermediate Bodies for particular operational programmes to allow execution of a part of tasks of the Managing Authority according to specific priority axes. When effecting such a delegation, the Managing Authority keeps nevertheless complete responsibility for entire implementation of the programme. The delegation takes place pursuant to an agreement concluded between the Managing Authority and the Intermediate Body, which describes in detail the scope of tasks of the Intermediate Body and the resultant rights and obligations of both parties to the agreement. The scope of the task delegation would be determined on a case by case basis for each programme in relation to the given priority axis (or groups of priority axes).

The selection of Intermediate Bodies on the level of government administration bodies is done pursuant to the act dated 4 September 1997 on divisions of government administration authorities (Dz. U. from 2003 No. 159, item 1548 as later amended) and the competencies of particular ministers specified in it. Ultimate establishment of an Intermediate Body takes place pursuant to a resolution passed by the Council of Ministers which adopts the operational programme.

10.2.1.3. Second level Intermediate Bodies

In some operational programmes a necessity will arise of delegating certain functions of Intermediate Bodies to other institutions, the so-called Second level Intermediate Bodies. In Poland such an institution would be responsible for implementation of particular measures (operation groups), in which implementation should be understood as a set of activities executed in connection with realisation of specific

projects, such as selection of projects (pursuant to financing criteria of operations approved by the Monitoring Committee) to be implemented, supervision of their implementation, verification of applications coming from the beneficiary).

10.2.1.4. Certifying Authority

Certification of payments to the European Commission would be taking place through the Certifying Authorities operating in structures of the minister relevant for issues of regional development. Within its functions the Certifying Authority will be functionally autonomous of Managing Authorities.

As regards the executed functions, the Certifying Authority is a unit autonomous from other units that execute the functions of managing authorities. Within Regional Operational Programmes the Certifying Authority delegates a part of its tasks related to certification to Voivodship Authority Bodies that act as the so-called Intermediate Bodies in Certification, in which the Certifying Authority retains its responsibility for the delegated tasks, pursuant to art. 59 par. 2 of the Council Regulation (CE) No. 1083/2006. Delegating a part of tasks of the Certifying Authority takes place, according to art. 12 of the Council Regulation (CE) No. 1828/2006, through concluding an agreement by the Institution. The Certifying Authority concludes with relevant Voivodship Authority Bodies agreements in writing, which define the scope of delegated tasks and obligations of the institutions, to which those tasks are delegated. Voivodship Authority Bodies, to which tasks of the Certifying Authority are delegated, execute the function of intermediate authorities in certification, and departments in those institutions, to which the tasks have been delegated, are functionally autonomous of the units that execute the tasks.

10.2.1.5. Auditing Institution

For all operational programmes, functions of an Auditing Institution is fulfilled by the General Inspector of Fiscal Control, appointed in the structure of the Finance Ministry.

Tasks of the Auditing Institution have been defined in article 62 and article 71 par. 2 of Council Regulation No. 1083/2006.

The Auditing Institution prepares reports concerning the executed audit functions along with necessary recommendations. Managing Authorities of particular operational programmes are responsible for implementation of recommendations within deadlines set up by the Auditing Institution.

10.2.1.6. Institution responsible for receipt of payments

The Ministry of Finance is the institution responsible for receiving disbursements made by the EC. Funds assigned by the European Commission as advance payments, as well as periodical payments and the final payment are included in the state budget as its income. Subsequently funds will be assigned from the state budget for financing of projects.

10.2.2. Monitoring Committee at the OP level

The minister relevant for issues of regional development will prepare and present to the Council of Ministers (pursuant to article 29 of Council Regulation No. 1083/2006) in 2009 and in 2012 a report containing information concerning the contribution of operational programmes in implementation of cohesive policy objectives, as described in the Treaty that sets up the European Community, execution of priorities contained in CSG and purposes of promoting competitiveness and creation of work posts, and furthermore describing the role and tasks of the funds, pursuant to the Regulation. Information on this subject would be used as a basis for potential changes in the application of legal and financial instruments and procedures that bind according to them.

The minister relevant for issues of regional development shall also be responsible for development of a general system of indicators necessary for monitoring and appraising the implementation of operational programmes.

Monitoring of an operational programme is aimed at assuring effective management and implementation of NSRF and of particular operational programmes. It is executed at the level of NSRF by the institution that coordinates the NSRF and Monitoring Committee of NSRF.

At the level of an operational programme monitoring is executed by the Managing Authority and Monitoring Committee headed by a representative of the Managing Authority. Monitoring Committee of an operational programme may take a decision about appointing a monitoring subcommittee for particular priority axes (or groups of priority axes), to which it delegates a part of its tasks connected with monitoring within a particular priority axis. The monitoring subcommittee operates under heading of the Intermediate Body. In addition monitoring the effects of implementation of regional operational programmes is also performed by the Coordinating Institution of ROP.

A Committee for monitoring of an operational programme shall be appointed by the Managing Authority within a period of three months from the date on which the European Commission informs Poland of its decision approving the programme (pursuant to article 63 par. 1 of a Regulation of the Council No. 1083/2006). The Committee shall also comprise representatives of the Managing Authority, Intermediate Bodies, minister relevant for issues of regional development as coordinator of NSRF, and as for ROP also as coordinator of ROP, minister relevant for issues of public finance, in relation to programmes managed centrally – other ministers relevant for the scope of operation of the given programme, representatives of territorial self-governments, social and economic partners and, in consultative function, representatives of the European Commission as well as representatives of EIB and EF⁶⁰.

In establishing Monitoring Committees the equal opportunity principles for females and males would be applied, while a function of particular monitoring committees for operational programmes would be supervising the conformity of implemented aid with the policy of equal opportunities.

The Monitoring Committee supervises the effectiveness and standard in management and implementation of the operational programme (pursuant to article 65 of Council Regulation No. 1083/2006).

10.2.3. National Evaluation Unit

In the years 2007-2013 evaluation will be executed on two elementary levels, and namely the National Strategic Reference Framework and operational programmes. On the NSRF level evaluation will concern in particular horizontal and cross-cutting issues related to more than a single operational programme.

The National Evaluation Unit holds responsibility for working out relevant standards and coordination of measures as regards evaluations of measures executed within particular operational programmes and performance of evaluations on the NSRF level.

The evaluation process of NSRF and operational programmes will be executed on the basis of *Evaluation Plans* developed by National Evaluation Unit (*NSRF Evaluation Plans*) and Managing Authorities (*OP Evaluation Plans*).

10.2.4. Control

For needs of fulfilling functions specified in article 60 of Council Regulation No. 1083/2006 the Managing Authority assures the execution of two types of control in the implementation system of operational programmes: system control – article 60a, project control – article 60b.

System control (which is an element of the task defined in article. 60a) is performed directly by the Managing Authority or on its behalf by the Intermediate Body. Rules for system control are defined by the Managing Authority, taking into account the existing guidelines in this respect. Project control is

⁶⁰ Representatives of EIB and EFi participate only in works related to operational programmes, in which EIB and EFi make their contributions.

executed Managing Authority or on its behalf by the Intermediate Body. Managing Authority defines rules for executing control and division of obligations within the system.

10.2.5. Informatic system

The minister relevant for issues of regional development is responsible for assuring functioning of a safe system of electronic information exchange with the European Commission and granting access accreditation to the system to institutions involved in implementation of operational programmes. Introduction of data to the informatic system and implementation of a local system are responsibility of the Managing Authority; this is done through an operational programme, in cooperation with the NSRF coordinator.

The minister relevant for issues of regional development executes supervision over the informatic system. The main author of the system, responsible for the establishment and development of the informatic system, is the minister relevant for issues of public finance. In establishment of this system use will be made of experience gained in execution of the informatic system for the years 2004-2006. To allow correct and timely implementation of the system, appropriate training and information campaigns will be executed addressed at future users. They will be aimed first of all on making them familiar with benefits made possible by application of the system as modern instrument that assists the process of NSRF implementation.

10.3. Implementation System for the “European Territorial Cooperation” Objective

10.3.1. Coordination

In the programme period of 2007-2013 within Objective European Territorial Cooperation of the EU cohesion policy programmes of transborder, transnational and interregional cooperation will be executed. In each programme of territorial cooperation participate at least two EU member states, and responsibility for implementation of the entire programme is assumed by the country, in which managing structures had been allocated through mutual agreements. Independently of situation of managing structures for particular programmes, coordination of programme implementation for European Territorial Cooperation on the Polish side is responsibility of the minister relevant for issues of regional development.

10.3.1.1. Coordination between Measures Implemented within the Objective “European Territorial Cooperation” and other Measures Implemented within EU External Policies

Programmes of the European Territorial Cooperation allow undertaking common international projects between EU member states. In the period programme 2007-2013 transborder cooperation programmes would also be executed on external EU borders; within those programmes projects with participation of beneficiaries from third countries, neighbouring with EU, would be able to obtain co-financing. Programmes on external borders would be co-financed from means of the European Neighbourhood and Partnership Instrument – ENPI and implemented on the basis of separate rules assumed for that instrument. Within ENPI transborder cooperation programmes with participation of Poland would be executed with Ukraine, Belarus and the Kaliningrad Oblast of the Russian Federation. The Ministry of Regional Development assures coordination of measures undertaken within Objective 3 of the EU Cohesion Policy and ENPI.

10.3.2. Managing and Control

10.3.2.1. Managing Authority

In programmes of territorial cooperation, in which Poland is to fulfil managing functions, the Managing Authority is the minister relevant for issues of regional development. The Managing Authority is responsible for management and implementation of the operational programme pursuant to principles of correct financial management. Through the ETC programme the Managing Authority prepares a description of the system that defines procedures binding in programme implementation system in agreement with foreign partners. The Managing Authority executes tasks defined in article 60 of Council Regulation No. 1083/2006, with the exception specified in article 15 of Council Regulation No. 1080/2006. Following consultations with member states that participate in a given programme, the Managing Authority will establish a Joint Technical Secretariat. The task of this Secretariat is to assist the Managing Authority and the Monitoring Committee, and, should such a need arise, the Auditing Institution, in execution of their tasks.

10.3.2.2. Certifying Authority

Similarly as in the case of other programmes co-financed from ERDF funding, in the structure of the ministry relevant for issues of regional development a separate organisation unit shall be established, which would be autonomous of the Managing Authority, and which would bear responsibility for certification of expenditures borne by national and foreign beneficiaries within ETC operational programmes.

Tasks of the Certification Institutions result from provisions of article 61 of the Council Regulation No. 1083/2006. Pursuant to article 14 of the Regulation of the Parliament and Council No. 1080/2006 related to ERDF, Certification Institution in ETC programmes receives payments effected by the Commission and makes payment to the leading beneficiary.

10.3.2.3. Auditing Institution

Execution of audit for all operational programmes is the responsibility of the General Inspector of Fiscal Audit.

Pursuant to provisions of the Regulation of the Parliament and the Council No. 1080/2006 related to ERDF, the Auditing Institution for ETC programmes should be in the country, in which the Managing Authority has its seat. The audit is performed on the national level, and so for international ETC programmes an Auditor Group shall be established, which shall comprise representatives of relevant institutions from all EU member states participating in the given programme. The Group of Auditors for a given ETC programme is appointed within three months since the date of submission of decision by the European Commission on approval of the ETC programme. Works of the Auditor Group are headed by a representative of the Certification Institution.

10.3.2.4. Monitoring Committee

A Committee for monitoring of the ETC programme shall be appointed by the Managing Authority within a period of three months from the date on which the European Commission informs of its decision approving the programme. The Committee shall comprise representatives of all countries involved in implementation of the given ETC programme, of the Managing Authority, Certifying Authority and, in consultative function, representatives of the European Commission as well as representatives of EIB and EFI. The structure of the Monitoring Committee shall be defined separately for each ETC programme. In works of the Monitoring Committee participants on the Polish side shall include representatives of voivodship authorities, euroregions or other social and economic partners. Depending on agreements concluded with foreign partners it is also anticipated that the Monitoring Committees for ETC programmes would also be selecting projects for co-financing.

10.3.3. Certification of expenditures borne by Polish beneficiaries of the transborder, transnational and interregional cooperation programmes

Despite an international nature of projects implemented within ETC programmes, expenditures borne by beneficiaries (partners) of programmes are verified and confirmed on a national level. For this purpose each member state is to set up a control system to enable verification that products and services being subject of co-financing have been duly delivered. The leading Beneficiary, appointed for each operation, verifies whether expenditures presented by beneficiaries that participate in the operation have been approved by the controllers.

10.3.4. Implementation system of ETC programmes with participation of Poland, managed by institutions situated outside Poland

In programmes, in which managing functions are fulfilled by foreign institutions, the minister competent for regional development plays the role of a national programme coordinator. The national coordinator participates in development of operational programmes, detailed programme implementation procedures, works of monitoring committees and in the process of evaluation and selection of projects.

11. FINANCIAL FRAMEWORK

The volume and structure of expenditures assumed within NSRF 2007-2013 was determined in relation to the decision issued by the Council of Europe on December 2005 and decision issued by the European Commission on August 2006, which defined expenditure thresholds from structural funds and the Cohesion Fund, and in addition taking into consideration objectives of the assumed growth strategy and adopted rules of NSRF implementation (specified in Part 5), as well as in relation to adopted commitment of designating at least 60% of means of the Objective "Convergence" for execution of measures in spheres which are most sensitive for execution of NDP.

Preparation of final proposals for division of financial resources among operational programmes and intervention spheres of the cohesion policy (see Table 11) was further assisted by results of social consultations and results of *ex ante* evaluation, including an optional evaluation of the anticipated macroeconomic effects performed using the HERMIN model.

11.1. Basic Principles of Financial Planning

1. Calculation methods of national co-financing

Pursuant to article 53 of Council Regulation No. 1083/2006, the contribution of funds at the level of operational programmes is calculated in relation to the total sum of eligible expenditures (public and private expenditures) or public eligible expenditures. As regards sectoral operational programmes it is recommended that the level of national co-financing were calculated to the value of public expenditures, while for regional operational programmes the calculation method of the national contribution is defined in the operational programme.

2. Own contribution of beneficiary

Financial resources of the beneficiary, which may be a territorial self-government entity or a subordinate entity, designated for assuring his own contribution, must originate from own resources or loans. Those resources cannot be replaced by resources coming from budgetary parts of particular administrators, target funds or other public means. The minimum contribution of own resources shall be defined in operational programmes and selection criteria for financing operations approved by Monitoring Committees. As for state aid schemes this contribution results from maximum levels of state aid defined in aid programmes.

11.2. Estimated Financial Plan

The total value of means involved in NSRF execution in the years 2007-2013 would total to ca. 85.6 billion euro (in current prices). In connection with execution of NSRF, on average (up to the year 2015) ca. 9.5 billion euro would be spent annually, which conforms to ca. 5% of gross domestic product. Of this sum:

- 67.3 billion euro would come from the EU budget,
- 11.9 billion euro from domestic public resources (including ca. 5.9 billion euro from the state budget),
- ca. 6.4 billion euro would come from private entities.

Expenditures within the cohesion policy would be coordinated with expenditures designated for structural instruments of Common Agricultural Policy and Common Fishery Policy as well as European

programmes in the sphere of enhancing competitiveness. The total sum of resources included in implementation of developmental measures, the main element of which would be NSRF, would consequently total to more than 107.9 billion euro, including 85.4 billion from EU resources.

The total value of involved EU resources in NSRF implementation in the period 2007-2013 would amount to 67.3 billion euro (in current prices). Of that sum over 66.5 billion euro would be assigned for co-financing of operational programmes of the Objective “Convergence”, and over 557.7 million euro for programmes of the Objective “European Territorial Cooperation”. In addition, over 173.3 million euro were designated for implementation of transborder cooperation programmes within the European Neighbourhood and Partnership Instrument - ENPI with participation of Poland. Within the Objective “Convergence” 67% of resources would be comings from resources of structural funds (52% from ERDF, 15% from ESF). The remaining 33% financial resources would come from the Cohesion Fund.

Within general allocation, the Council of Europe assigned financial resources of over 992 million euro from ERDF for 5 Polish regions, in which GDP per capita (according to data of Eurostat from 2002) is the lowest in the entire EU (voivodships: lubelskie, podkarpackie, podlaskie, świętokrzyskie, warmińsko-mazurskie). Those means were supplemented by an additional contribution of ERDF amounting to 1.2816 billion euro.

The entire allocation of the Cohesion Fund shall be assigned for implementation of infrastructural projects within OP I&E.

A detailed division of structural funds and the Cohesion Fund in Poland in arrangement by particular operational programmes of the Objective “Convergence” is as follows:

- OP Infrastructure And Environment – 41.9% of all resources (27.9 billion euro),
- Regional Operational Programmes – 24.9% of all resources (16.6 billion euro),
- OP Human Capital – 14.6% of all resources (9.7 billion euro),
- OP Innovative Economy – 12.4% of all resources (8.3 billion euro),
- OP Development of Eastern Poland – 3.4% of all resources (2.3 billion euro),
- OP Technical Assistance – 0.8% of all resources (0.5 billion euro).

The remaining financial means within both structural funds and the Cohesion Fund would be designated for setting up a national performance reserve (2% of allocation value, i.e. 1.3 billion euro).

Table 10. Share of particular operational programmes in total allocation of means for the cohesion policy for Poland with the source of their financing.

Operational programmes	Share of the programme in total allocation of resources	Source of financing
Infrastructure And Environment	41.9% of total means (27.9 billion euro)	ERDF, Cohesion Fund
Regional Operational Programmes	24.9% of total means (16.6 billion euro)	ERDF
Human Capital	14.6% of total means (9.7 billion euro)	ESF
Innovative Economy	12.4% of total means (8.3 billion euro)	ERDF
Development of Eastern Poland	3.4% of total means (2.3 billion euro)	ERDF (including additional 992 million euro granted by the Council of Europe)
Technical Assistance	0.8% of total means (0.5 billion euro)	ERDF

From the list of above specified programmes, sixteen regional operational programmes and OP Development of Eastern Poland have a direct regional character, related to statistical units of NUTS II. The share of expenditures assigned for financing of those programmes within the Objective “Convergence” totals to 28.3%, while the remaining part of resources is designated for implementation of horizontal programmes managed by a minister relevant for issues of regional development. Some of them contain priorities, which may be implemented on a regional level. In particular within OP Human Capital ca. 70% of ESF means would be allocated for co-financing priorities implemented in regions.

Within the Objective “European Territorial Cooperation” the resources have been divided in the following way:

Transborder cooperation programmes (78.6% of entire allocation, 438.5 million euro)

1. Poland-Germany (zachodniopomorskie voivodship – Mecklenburg) – 8.9% of entire allocation (50.0 million euro),
2. Poland-Germany (lubuskie voivodship – Brandenburg) – 8.9% of entire allocation (50.01 million euro),
3. Poland-Germany (lubuskie and dolnośląskie voivodship – Saxony) – 12.6% of entire allocation (70.1 million euro),
4. Poland–Czech Republic – 20.8% of entire allocation (115.8 million euro),
5. Poland–Slovakia – 15.40% of entire allocation (86.0 million euro),
6. Poland–Lithuania – 7.5% of entire allocation (41.7 million euro),
7. Southern Baltic Sea – 4.5% of entire allocation (25.0 million euro).

Transnational cooperation programmes (21.4% of entire allocation, 119.2 million euro)

1. Baltic Sea Region – 8.6% of entire allocation (47.7 million euro),
2. Central and Eastern Region – 12.8% of entire allocation (71.5 million euro)

As for *interregional cooperation*, plans assume the implementation of interregional cooperation, which will comprise the entire EU territory.

For measures implemented within the European Neighbourhood and Partnership Instrument - ENPI 173.3 million euro shall be designated. Two programmes of transborder cooperation are to be implemented with the participation of Poland:

1. Poland-Belarus-Ukraine,
2. Poland – the Kaliningrad Oblast of the Russian Federation (or Poland – Lithuania – Kaliningrad Oblast of the RF).

This division reflects the necessity of involving bigger financial resources in the eastern part of Poland, which lies on the external border of the EU.

The above allocations shall be included to common international budgets for particular programmes of the European Territorial Cooperation and the European Neighbourhood and Partnership Instrument – ENPI.

11.3. Rules for Division of Resources between Operational Programmes

The division of resources among operational programmes results from the diagnosis of the present situation, contained in NSRF and the proposed development strategy, as well as striving at decentralisation in management of development processes, including EU resources. The value of resources and principles of their designation to particular programmes, and within them into particular priorities, point at cohesion of the NSRF strategy with the European social and economic cohesion strategy defined in CSG for the years 2007-2013 and in NDP, which is a plan for execution of the Lisbon Strategy in Poland.

Division of resources between regional operational programmes was performed on the basis of the regional policy strategy binding in Poland since the beginning of the 21st century. The applied algorithm of means division was established on the basis of criteria: population criteria, wealth level and unemployment rate in a given voivodship, which reflects the horizontal objective of NSRF connected with counteracting marginalisation of the regions⁶¹. Using such an algorithm, preference is assigned to voivodships of eastern Poland, which belong to the poorest EU regions, as well as areas characterised by high unemployment rate. Data show that those areas would be less competitive, attract fewer direct investments, develop slower and take more time to reform their economies. They also get fewer resources coming from aid funds. To overcome structural difficulties their prioritisation is necessary as compared to other regions when making a division of aid means, as well as appropriate forming of development strategy implemented on those areas.

Thanks to the application of the algorithm, differentiation of transfers per capita in particular voivodships is maximum as 1:2.16. This still allows implementation of regional policy objectives other than regulating and restructuring ones – utilisation of endogenic potential of all regions for establishment of competitiveness strength in all voivodships.

The applied method of division of financial funding for ROP is a continuation of the method which is used in the present financial perspective within IROP. This method was also subjected to a broad social consultations process, through which obtained was support for its reuse.

11.4. National Performance Reserve

Pursuant to article 50 of Council Regulation No. 1083/2006 a reserve was made at the level of NSRF amounting to 3% allocation within the Objective “Convergence”. Its funds would be used to enhance relevant priorities of operational programmes following an evaluation of their execution by 30 June 2011. Division of the reserve would take place until 31 December 2011.

11.5. National Intervention Reserve

Pursuant to article 51 of the Council Regulation No. 1083/2006 a member state which use aid within the “Convergence” Objective may on its own initiative reserve the sum of 1% of annual contribution of structural funds for intervention in the event of unforeseen crisis situations of a local or sectoral nature, related with social and economic restructuring or consequences of trade liberalisation. As the intervention reserve is optional, Poland took a decision of not making such a reserve.

⁶¹ In the division of funding among particular voivodships in the Regional Operational Programmes, an algorithm was used which was based on the following criteria:

Criterion I

Poland as a whole conforms to present eligibility criteria for areas comprised by Objective 1 of EU structural funds. This justifies the dominating role of the population criterion in a regional division of support resources. 80% of those resources were divided in proportion to the number of inhabitants in particular voivodships.

Criterion II

Taking into consideration inter-voivodship differentiation in the level of GDP per capita, 10% resources were divided in proportion to the number of inhabitants in voivodships, in which the average level of GDP per capita in the years 2001-2003 was lower than 80% of the average level per capita in Poland.

Criterion III

Taking into consideration the high unemployment rate and the threat recorded in many poviats of lasting marginalisation of considerable social groups, 10% of support resources were allocated for those poviats in which the average unemployment rate in the years 2003-2005 exceeded 150% of the national average value.

11.6. Verification of ex ante additionality rule

Determination of the level of national public expenditures in the table of additionality for the years 2007-2013 for all regions of the “Convergence” Objective (i.e. for the entire Poland) was performed by the Ministry of Regional Development along with the Ministry of Finance. There is no need of verifying the rule of additionality at the level of operational programmes.

Poland has submitted to the European Commission “Methodology for determination of public expenditure level borne on structural objectives for development of additionality table in the years 2007 – 2013”, which was prepared pursuant to a document called “Commission Methodological Paper Giving Guidelines on the Calculation of Public or Equivalent Structural Spending for the Purposes of Additionality – working document No. 3; December 2006⁶²”.

Estimates related to the level of national public spending in the additionality table in the years 2007-2013 were evaluated by the European Commission. This allowed Poland to agree with the European Commission the level of national public expenditures, which would be maintained throughout the programming period of 2007-2013.

Results of calculations used for verification of the additionality rule *ex-ante* have been contained in Table 13.

11.7. EAFRD and CFP

Expenditures within the cohesion policy would be coordinated with expenditures made through structural instruments of the Common Agricultural Policy – EAFRD and the Common Fisheries Policy – CFP. Total involvement of both funds in Poland would total to ca. 13.9 billion euro, of which for implementation of projects co-financed by EAFRD ca.13.9 billion euro would be designated, and ca. 0.7 billion euro from CFP.

11.8. European Investment Bank

The share of EIB in co-financing of programmes and projects defined on the basis of past experience may total to ca. 3 billion euro. This value has an indicative nature only. In particular cases this contribution may be increased if profit generating projects require increased share of co-financing from loans, or if appropriate forms of co-financing for programmes may be further developed. EIB may also aid the Polish authorities and private sector entities, which may be potential beneficiaries of Community funding as regards preparation, implementation and monitoring of programmes and projects. The bank may grant loans both to entities from the public and private sector, as well as for common projects of the public administration and the private sector, undertaken within public-private partnership.

11.9. Anticipated Expenditure Level for Implementation of the Lisbon Strategy Provisions in NSRF

Despite there being no such obligation, Poland will aim to designate 60% of funding made available within the “Convergence” Objective of the cohesion policy for implementation of the Lisbon Strategy

⁶² The New Programming Period 2007-2013. Commission Methodological Paper Giving Guidelines on the Calculation of Public or Equivalent Structural Spending for the Purposes of Additionality. Working Document No. 3; December 2006

aims, defined in the Integrated Regional Programme (the so-called *earmarking*). To achieve the aim, for particular instruments of NSRF execution average target expenditure thresholds have been set out, included in categories used for implementation of Lisbon tasks. Those indicators have been defined on the basis of relevant objectives of NDP and pro-Lisbon objectives of NSRF, which are implemented by the particular operational programme, taking into account the value of assigned allocation. Values of threshold values have been presented in Table 10.

Table 11. Abbreviated table of share of pro-Lisbon intervention categories within NSRF – convergence objective. (Data presented in the below table are of an indicative nature only and may be modified once negotiations of particular operational programmes with the European Commission have been completed)

OP	EU contribution		„ <i>earmarking</i> ” indicator	
	<i>total</i>	<i>according to intervention category with attachment IV to 1083/2006</i>	<i>OP</i>	<i>NSRF</i>
OP IE	8 254 885 280	7 831 882 929	95%	12%
OP HC	9 707 176 000	8 036 029 819	83%	12%
OP I&E	27 913 683 774	18 616 256 995	67%	28%
OP DEP	2 273 793 750	1 000 013 523	44%	2%
16 ROP	16 555 614 188	7 026 917 404	42%	11%
NSRF	66 553 157 091	42 511 100 670	63,9%	

Table 12. Indicative mean annual allocation of EU resources in a division into funds and operational programmes (in euro, current prices)

Operational Programme	Fund	EU contribution									
		Total	2007	2008	2009	2010	2011	2012	2013		
		The Convergence Objective									
16 Regional Operational Programmes:		16 555 614 188	2 320 878 674	2 375 226 449	2 429 216 368	2 397 526 540	2 352 757 295	2 309 415 992	2 370 592 870		
dolnośląskie		1 213 144 879	170 066 906	174 049 345	178 005 561	175 683 428	172 402 874	169 226 955	173 709 810		
kujaawsko-pomorskie		951 003 820	133 318 188	136 440 086	139 541 428	137 721 070	135 149 391	132 659 737	136 173 920		
lubelskie		1 155 854 549	162 035 558	165 829 927	169 599 313	167 386 841	164 261 210	161 235 273	165 506 427		
lubuskie		439 173 096	61 566 274	63 007 965	64 440 163	63 599 522	62 411 922	61 262 201	62 885 049		
łódzkie		1 006 380 910	141 081 325	144 385 012	147 666 945	145 740 588	143 019 160	140 384 533	144 103 347		
matopolskie		1 290 274 402	180 879 448	185 115 082	189 322 828	186 853 057	183 363 932	179 986 094	184 753 961		
mazowieckie		1 831 496 698	256 751 672	262 764 000	268 736 738	265 230 990	260 278 305	255 483 592	262 251 401		
opolskie		427 144 813	59 880 067	61 282 272	62 675 245	61 857 628	60 702 554	59 584 324	61 162 723		
podkarpackie	ERDF	1 136 307 823	159 295 364	163 025 567	166 731 209	164 556 152	161 483 379	158 508 614	162 707 538		
podlaskie		636 207 883	89 187 951	91 276 456	93 351 209	92 133 416	90 413 000	88 747 457	91 098 394		
pomorskie		885 065 762	124 074 542	126 979 983	129 866 293	128 172 149	125 778 779	123 461 745	126 732 271		
śląskie		1 712 980 303	240 137 237	245 760 506	251 346 748	248 067 857	243 435 662	238 951 215	245 281 078		
świętokrzyskie		725 807 266	101 748 602	104 131 239	106 498 187	105 108 887	103 146 179	101 246 072	103 928 100		
warmińsko-mazurskie		1 036 542 041	145 309 518	148 712 216	152 092 508	150 108 418	147 305 429	144 591 843	148 422 109		
wielkopolskie		1 272 792 644	178 428 736	182 606 983	186 757 718	184 321 409	180 879 558	177 547 486	182 250 754		
zachodniopomorskie		835 437 299	117 117 286	119 859 810	122 584 275	120 985 128	118 725 961	116 538 851	119 625 988		
OP Development of Eastern Poland	ERDF	2 273 793 750	318 755 883	326 220 157	333 635 281	329 282 913	323 134 181	317 181 567	325 583 768		
OP Infrastructure and Environment, in which:	Total	27 913 683 774	2 803 245 039	3 213 450 841	3 638 277 158	3 934 283 414	4 347 732 503	4 757 925 675	5 218 769 144		
	ERDF	5 737 330 000	804 297 968	823 132 129	841 842 277	830 860 202	815 345 469	800 325 587	821 526 368		
	CF	22 176 353 774	1 998 947 071	2 390 318 712	2 796 434 881	3 103 423 212	3 532 387 034	3 957 600 088	4 397 242 776		
OP Innovative Economy	ERDF	8 254 885 280	1 157 226 001	1 184 324 642	1 211 244 851	1 195 443 813	1 173 121 175	1 151 510 530	1 182 014 268		
OP Technical Assistance	ERDF	516 700 000	72 434 523	74 130 714	75 815 737	74 826 699	73 429 453	72 076 773	73 986 101		
OP Human Capital	ESF	9 707 176 000	1 360 817 999	1 392 684 131	1 424 340 441	1 405 759 510	1 379 509 630	1 354 096 998	1 389 967 291		
Performance reserve	Total	1 331 304 099							532 521 640		
	ERDF	1 031 082 162							412 432 865		
	ESF	300 221 937							120 088 775		
Objective Convergence, in which	Total	66 553 157 091	8 033 358 119	8 566 036 934	9 112 529 836	9 337 122 889	9 915 945 056	10 494 729 175	11 093 435 082		
	ERDF, ESF	44 376 803 317	6 034 411 048	6 175 718 222	6 316 094 955	6 233 699 677	6 383 558 022	6 537 129 087	6 696 192 306		
	CF	22 176 353 774	1 998 947 071	2 390 318 712	2 796 434 881	3 103 423 212	3 532 387 034	3 957 600 088	4 397 242 776		

Objective European Territorial Cooperation											
OP European Territorial Cooperation, including: transborder transfer of EISP supranational	ERDF	731 092 675	96 226 289	98 491 697	101 156 934	104 244 037	107 414 162	110 300 411	113 259 145		
		438 534 974	64 690 305	58 702 271	59 054 030	61 071 604	63 146 282	64 989 412	66 881 070		
		173 323 640	13 947 189	23 828 772	26 046 624	26 567 557	27 098 908	27 640 886	28 193 704		
		119 234 061	17 588 795	15 960 654	16 056 280	16 604 876	17 168 972	17 670 113	18 184 371		
Objective European Territorial Cooperation	ERDF	731 092 675	96 226 289	98 491 697	101 156 934	104 244 037	107 414 162	110 300 411	113 259 145		
NSRF, in which:	Total	67 284 249 766	8 129 584 408	8 664 528 631	9 213 686 770	9 441 366 926	10 023 359 218	10 605 029 586	11 206 694 227		
	ERDF	34 069 415 893	4 769 819 338	4 881 525 788	4 992 911 448	4 932 184 204	4 845 201 735	4 760 810 860	4 886 962 520		
	ESF	9 707 176 000	1 360 817 999	1 392 684 131	1 424 340 441	1 405 759 510	1 379 509 630	1 354 096 998	1 389 967 291		
	CH	22 176 353 774	1 998 947 071	2 390 318 712	2 796 434 881	3 103 423 212	3 532 387 034	3 957 600 088	4 397 242 776		
	Performance reserve (ERDF, ESF)	1 331 304 099						266 260 819	532 521 640	532 521 640	
Other instruments coordinated with the cohesion policy											
OP Development of Rural Areas	EAFRD	13 230 038 156	1 989 717 841	1 932 933 351	1 872 739 817	1 866 782 838	1 860 573 543	1 857 244 519	1 850 046 247		
OP Balanced development of the sectors of fisheries and coastal fishing regions	CFP	734 092 574	101 303 053	103 117 822	104 941 275	103 022 168	105 061 016	107 200 776	109 446 464		

Table 13. Verification of the additionality principle for the programming period 2007-2013 for the Objective "Convergence" ex ante verification. Table of public or other equivalent structural expenditure in Convergence Objective regions (in EUR millions*, 2006 prices)

	Annual average forecast in 2007 - 2013 NSRF (ex ante)						Actual annual average 2004-05**											
	Total		Of which public companies		National Strategic Reference Framework (NSRF)		Outside NSRF		Total		Of which public companies		Community Support Framework (CSF) / Single Programming Document (SPD)		Outside CSF/SPD		Total	
	Poland + EU	Poland + EU	EU	Poland	Poland	Poland	Poland	Poland	Poland + EU	Poland + EU	Poland + EU	EU	Poland	Poland	Poland	Poland	Poland	Poland
1	2 = 4 + 5 + 6	3	4	5	6	7=5+6=2-4 + 12	8 = 10 + 11	9	10	11	12	13=11+12 =8-10						
Basic infrastructure	7 354	142	1 745	320	5 289	5 609	4 751	142	108	41	4 602	4 643						
Transport infrastructure	4 215	134	893	160	3 162	3 322	2 905	134	53	20	2 832	2 852						
Telecommunications & information society	365	0	308	57	0	57	49	0	1	1	47	48						
Energy	212	0	155	28	29	57	51	0	0	0	51	51						
Environment & water	1 550	8	267	52	1 231	1 283	1 094	8	28	10	1 056	1 066						
Health****	1 012	0	122	23	867	890	652	0	26	10	616	626						
Human resources	2 525	2	1 468	262	795	1 057	957	2	40	14	903	917						
Education	709	0	527	94	88	182	146	0	3	1	142	143						
Training	1 384	0	577	102	705	807	790	0	37	13	740	753						
Research and development (R&D)	432	2	364	66	2	68	21	2	0	0	21	21						
Production sector	1 900	19	1 084	208	608	816	581	19	30	19	532	551						
Industry*****	591	18	383	72	136	208	74	18	6	10	58	68						
Services	1 039	1	600	116	323	439	353	1	22	8	323	331						
Tourism	270	0	101	20	149	169	154	0	2	1	151	152						
Others	1 010	1	552	99	359	458	402	1	11	4	387	391						
Total	12 789	164	4 849	889	7 051	7 940	6 691	164	189	78	6 424	6 502						

* Calculations include countries which are not in the Euro zone, mean annual exchange rate of 2004 and 2005

**Years of 2004-2005 for 10 member states, which joined the EU in 2004 together with Romania and Bulgaria

*** Covers data concerning Social Infrastructure and Public Health Protection

**** Performance of 2004-2005 estimated in a division into industry and services (17% and 83% of share in total expenditure).

Source: Initial estimates of MFD and MF

APPENDICES:

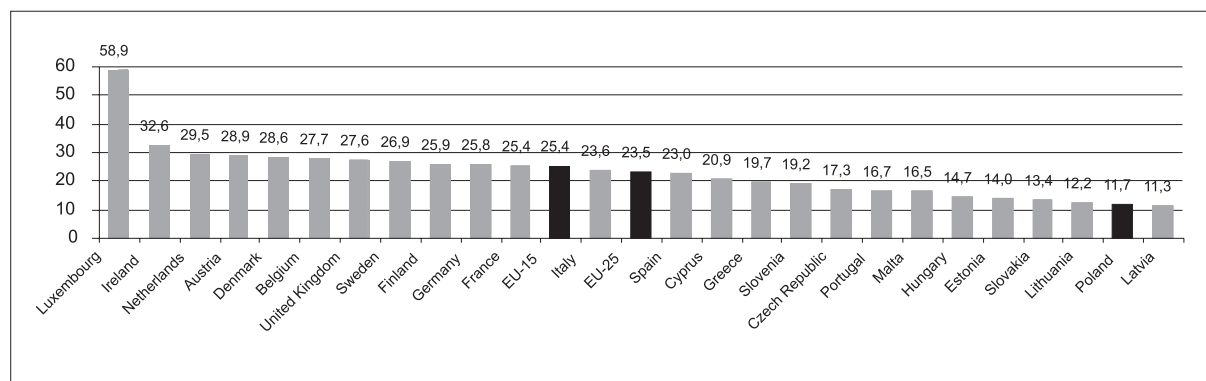
APPENDIX 1. DETAILED SOCIAL AND ECONOMIC DIAGNOSIS OF POLAND

1.1. Macroeconomic Situation

In conditions of growing openness of the economy and globalisation processes, as well as taking into account membership in the EU, the Polish economy is subject to intensified impact from the outside, which is also reflected in its growth trends. Simultaneously, as a result of processes taking place in the past, it is characterised by macroeconomic stability in the real and monetary spheres.

Following considerable weakening of the economic growth dynamics in the years 2001-2002, in 2003, and particularly in 2004, a clear improvement in the economic situation took place. In 2004 the GDP growth amounted to 5.3%, which resulted mainly from the “integration impulse” and the consequent growth of internal demand. In 2005 the rate of economic growth totalled to 3.5%, and in 2006 stimulation occurred once again, along with strengthening of growth trends. The GDP growth rate achieved a level which was not recorded since 1997 and totalled to 5.8%. As of 2002 the rate of economic growth in Poland (on average in the years 2002-2006 – 3.9%) is 2-fold quicker than the average one in EU-25 (1.9% respectively). Despite that GDP per capita expressed as PPP (purchasing power parity) totalled to half the average value for EU-25⁶³.

Diagram 1. Gross domestic product per capita in EU-25 in 2005



Source: Eurostat

2005 was the second consequent year of increasing the role of investments as a factor affecting the GDP dynamics, yet despite further growth of gross outlays on fixed assets (by 6.5%, as compared to 6.4% in 2004 and 3.1% on average in EU-25) the rate of investments⁶⁴ in the national economy has only reached 18.2%, as compared to 19.8% on average in EU-25. When evaluating the dynamics of investment processes attention should be drawn to the fact that several industrial processing plants have executed pro-development projects in the pre-accession period and directly following accession,

⁶³ Following including Bulgaria and Romania, in 2005 this indicator totalled to 52% of the average value for EU-27.

⁶⁴ Gross outlays on fixed assets

which allowed adaptation to norms and standards binding in the EU and coping with demand intensified following accession.⁶⁵ In 2006 a considerable stimulation took place in investment operation. Outlays have increase by 16.7% (an increase at such a scale was recorded for the last time in 1997), and the investment rate – to 20%.

The increase in pro-growth activity is also enhanced by transfer of foreign capital in the form of direct investments. The interest in Poland keeps growing, both of major foreign concerns, as well as small and medium enterprises. The image of Poland as a place for potential investments keeps improving, among others owing to availability of space and cost of land. Another asset is the low CIT rate as well as cheap and professional manpower. In 2005 foreign investments reached approximately 9.6 billion USD, and in 2006 their level of 14.7 billion USD was record breaking. A positive symptom is that – similarly as in 2004 – the majority of projects were new investments, the so-called *greenfield* (their share in 2004 reached 58%).

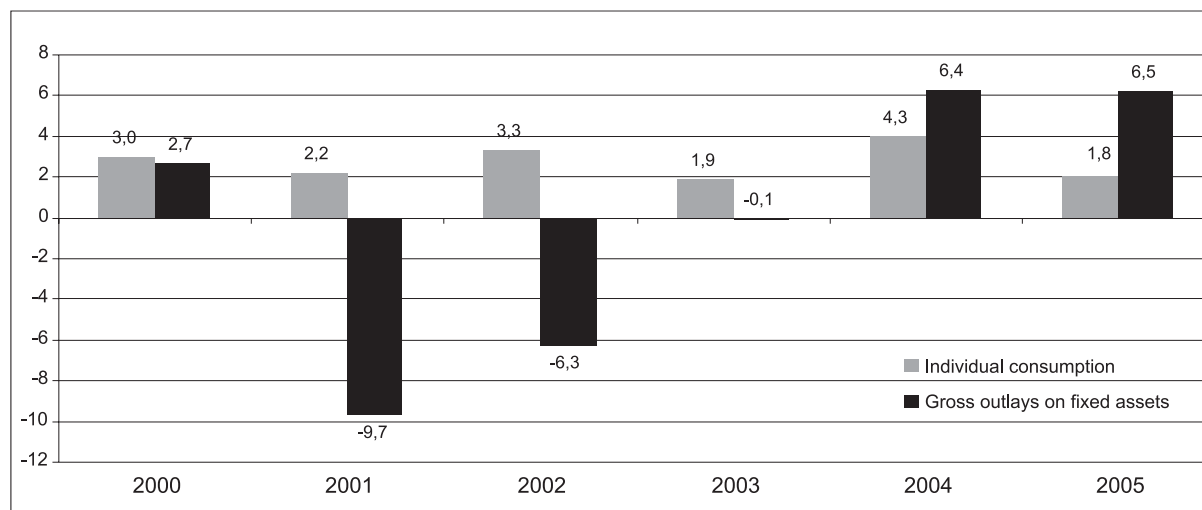
An important factor for economic growth was foreign trade, and – despite unfavourable rate exchange and economic conditions – the export of goods grew quicker than their import. Consequently further reduction of the negative exchange balance took place. This was accompanied by advantageous changes in the goods structure. In 2005, as compared to 2004, export (in the material formulation, in EUR) increased by 19.6%, while import by 13.8%. During the period of 2001 to 2005 export grew over 2-fold, and import by over 50%, while on average in EU-25 by more than 60% (both export and import). The negative turnover balance amounted in 2005 to 9.7 billion EUR and was by 1.9 billion EUR (16,4%) lower than a year earlier, and by almost 9 billion EUR (almost by half) lower than the one achieved in 2000. The stimulation in export resulted to a large extent from restructuring measures undertaken in the past years, which helped enhance the competitiveness of the Polish goods offer on foreign markets. The high dynamics in export was also maintained in the following year. yet at the end of 2006, as a result of economic stimulation, and as a consequence – of increased demand for imported goods, especially consumer goods – the dynamics in import were hastened, and in the scale of a year increased by 23.2%, with concurrent export growth by 22.6%. As a result deficit in goods exchange increased to 12.5 billion euro.

Trends in trade exchange were confirmed by data concerning the payment balance. Taking into account increasing of the positive balance of current transfers (among others thanks to inflow of net resources from the EU) and services, and reduction of the negative income balance, the deficit on the current account decreased from 8.7 billion EUR in 2004 to 4.1 billion EUR in 2005, while in 2006 it increased to 5.6 billion EUR. Its relation to GDP in subsequent years totalled to 4.3%, 1.7% and 2.1% respectively. Despite a slight intensification in external imbalance, its scale remains insignificant, especially in comparison to other countries, which joined the EU in 2004.⁶⁶ In 2005 – despite low inflation – a marked decrease took place of consumption dynamics, especially individual one (the increase amounted to 1.8%, as compared to 4.3% in 2004). This has taken place among others in conditions of actual increase in the wage fund in the national economy by approx. 3.5%, stagnation of actual income from retirement and pension scheme benefits, increase of financial assets of households by 11.7% and their increased indebtedness in the banking system by 22%. In 2006 a hastening was recorded in actual growth of all elements that determine demand of the population – wages fund by ca. 6%, income from pension and retirement allowances by ca. 6.5%, financial assets in households by over 28%, and their indebtedness by almost 32%. As a result an increase has also taken place (by 5.2%, i.e. at a scale not recorded since 1999) in individual consumption, and as a consequence – with concurrent high growth of investment outlays – once again the role of domestic demand as a growth factor has increased considerably.

⁶⁵ In 2003-2004 the total growth rate of investments in those enterprises (with over 49 employed persons) amounted to almost 34%, and in 2005 decreased to ca. 4.5%.

⁶⁶ In 2005 this indicator was on average negative for EU-25 and totalled to 0.6%, and in 8 countries (from EU-15) it was positive, while values better than in Poland for this relation were still recorded by France and Italy (-1.6%). The biggest external imbalance (indicator below -10%) was recorded in Latvia, Estonia and in Malta.

Diagram 2. Elements of national demand (rate of changes, preceding year=100)



Source: CSO

In 2005 mean annual inflation amounted to 2.1%, as compared to 3.5% in 2004, and remained within limits of admissible deviations from the inflation target defined by the Monetary Policy Fund (2.5% \pm 1 percentage point). This trend was maintained in the first six months of 2006 when the rate of inflation amounted to only 1%. As of 2002 – with the exception of 2004 (consequences of the accession boom) inflation in Poland did not exceed the average EU value, and in 2006 its level was the lowest in the entire grouping, apart from the one recorded for Finland⁶⁷.

At present the Polish economy is in the phase of booming, however its scale and lasting would depend mainly on the fiscal policy. In the years 2001-2004 deficit of the government and self-government sector in relation to GDP remained within the range of 3.3 and 4.8%⁶⁸ and was to a large extent caused by incorrect structure of expenditures. Over 70% of them were 'fixed' expenditures, which had been legally determined. A considerable part is constituted by social transfers, which were to a large degree based on automatic indexation mechanisms. This limits budget means, which could be allocated for infrastructural investments, research and development, improved standard of public services and active labour market policy. For this reason in the years 2001-2004 Poland failed to fulfil one of the most important convergence criteria contained in the Maastricht Treaty – and namely that of maintaining the deficit in public finance below 3% of GDP. The relation of the deficit on the public finance sector to GDP amounted in 2005 to 2.5%, as compared to 3.9% in 2004 (following excluding OPF from the sector, which would take place as of April 2007, those deficits would grow by 1.8% GDP in 2004 and by 1.9% of GDP in 2005 respectively).

A consequence of the high deficit in the sector was – in a situation when revenues from privatisation were about to end – growing of public debt. At the end of 2000 this debt totalled to PLN 280 billion, i.e. 37.6% of GDP, and at the end of 2005 already PLN 467.8 billion, i.e. 47.7% of GDP). Taking into account EU calculation standards, this debt constituted 42% (following excluding OPF from the sector – 47.3%) of GDP, as compared to 63.2% on average for EU-25.

A specific feature of the Polish economy in its current stage are ongoing restructuring processes. However, since Poland's accession to the EU activities connected with granting state aid have been entirely subject to EU. In 2004 state aid amounted to PLN 8.8 billion, i.e. 1% of GDP, against 0.44% of GDP in the EU-25. Approximately 50.5% of state aid was designated for horizontal objectives, and ca. 32% for sectoral aid (excluding transport and agriculture). Beneficiaries of state aid were mainly large state run enterprises.

⁶⁷ EUROSTAT operates the so-called harmonised inflation rate, which in 2006 amounted in Poland to 1.3%, as compared to 2.2% on average in the EU

⁶⁸ Pursuant to ESA 95 and on the premise that OFE remain in sector

Table 14. Basic macro-economic indicators in 2000-2005

Description	2000	2001	2002	2003	2004	2005	2006
GDP (previous year =100)	104.2	101.1	101.4	103.8	105.3	103.5	105,8
Final consumption expenditure (previous year =100)	102.4	102.5	101.5	104.7	102.9	105.1	101.8
Individual consumption (previous year =100)	103.0	102.2	103.3	101.9	104.3	101.8	105.2
Gross outlays on fixed assets (previous year =100)	102.7	90.3	93.7	99.9	106.4	106.5	116.7
Domestic demand (previous year =100)	103.1	98.6	100.9	102.7	106.0	102.4	105.9
Exports of goods and services (previous year =100)	123.2	103.1	104.8	114.2	114.0	108.0	115.1
Imports of goods and services (previous year =100)	115.5	94.7	102.7	109.3	115.2	104.7	115.4
Prices of consumption goods and services (previous year =100)	110.1	105.5	101.9	100.8	103.5	102.1	101.0
FDI inflow (bio USD)	9.3	5.7	4.1	4.6	12.9	9.6	14.7
Relation of the current account of the balance of payments to the gross domestic product (in %)	-5.8	-2.8	-2.6	-2.1	-4.3	-1.7	-2.1
Relation of the balance of the foreign trade turnovers to the gross domestic product	-7.2	-4.0	-3.7	-2.7	-2.3	-0.9	-1.5
Average exchange rate of Zloty to Euro	4.01	3.67	3.86	4.40	4.53	4.03	3.90

* on the basis of payment balance based on transactions
Source: CSO, NBP

1.2. Public administration and the civil society

The Polish public administration shows system weaknesses which result from the historical developments, but also from the fact that the reform of the public administration during the transformation process had no preferential character. After 1989 a fundamental change took place in the role of public administration, from executor of social and economic policy to creator of conditions for social and economic growth of Poland. This change, however, did not lead to complex and internally consistent reform in functioning of public administration, in preparation to execution of new tasks.

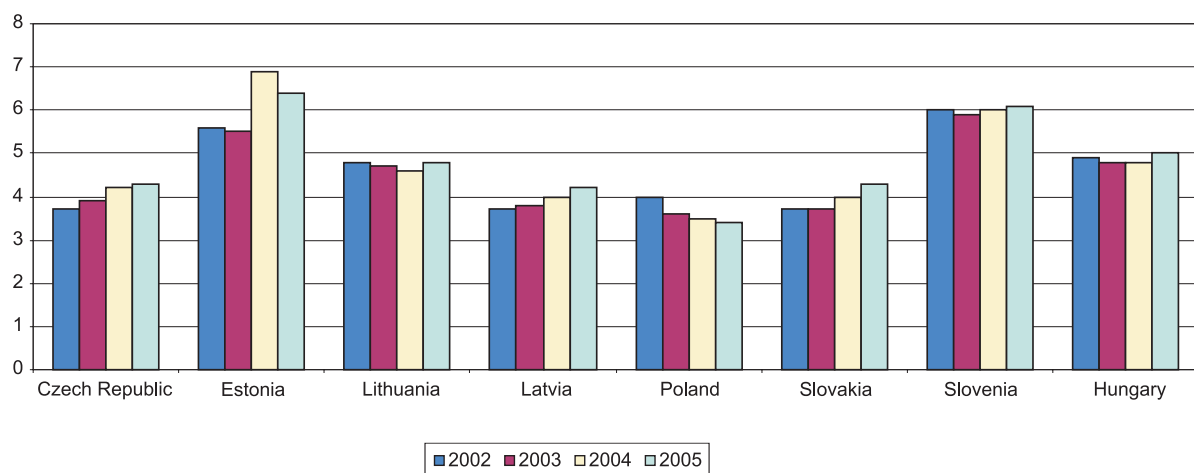
A lasting problem of public administration is lack of stability of institutional structures (especially central administration), which do not allow maintaining continuity of introduced reforms and implemented policies. As regards institutional effectiveness, the main problems include: insufficient scope of utilisation of the concept of process organisation, absence of a clear competency division, limited abilities to organisation of providing public services, as well as the low level of standardisation of staff management instruments.

Some of the above mentioned problems also concern the judiciary sector. In addition a significant increase in the number of cases filed in courts (of 3 million cases annually at the beginning of the nineties to 10 million at present), which was not accompanied by a increase in financial, technical and staff resources, led to a phenomenon called collapse of the justiciary system the most severe symptom of which is protraction of proceedings.

Furthermore, one of long-lasting weaknesses of the Polish public administration is the problem of corruption. In 2005 Poland was listed on the 70th position among 159 countries in an annual report of the Transparency International ranking countries in respect of the corruption perceived, which puts us on the last position among all EU member states.

The civil society in Poland is not fully developed, which may be proven by the lower number of non-government organisations than in the EU-15, as well as a smaller involvement of the Poles in social activity. Despite the availability of appropriate legal regulations, the development of partnership and dialogue between public administration and non-government organisations encounters difficulties connected with absence of clear rules and procedures, as well as inadequately developed cooperation culture. However, one should bear in mind that the development of civil society institutions is a consequence of the development of a democratic system and fixing in the political and social system democratic procedures, and – as compared to EU-15 countries, those processes have not been going on for a long time.

Diagram 3. Perceived corruption level in new member states of Central and Eastern Europe in the period 2002-2005



Source: TI Poland, www.transparencyinternational.pl

Implementation of the cohesion policy in Poland encounters difficulties connected with legal and institutional barriers. The system of managing and implementation of the cohesion policy is excessively regulated, has complicated procedures and insufficient coordination between public administration entities. The increased number of persons employed in issues of structural funds (4390 persons at the end of 2005) was not accompanied by stability of employment, and working conditions, including provision of technical and informatic equipment, are insufficient to allow effective implementation of the cohesion policy.

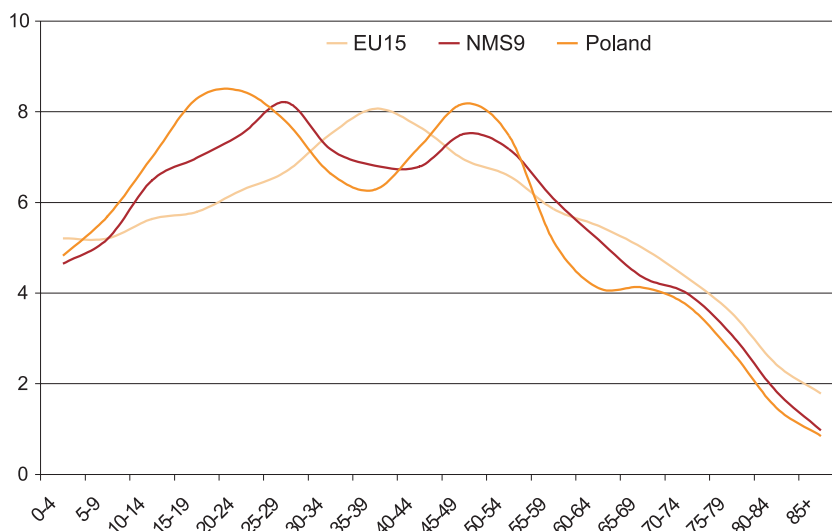
1.3. Human Capital

Demographic changes. At the end of 2006 the population number in Poland totalled to 38.1 million. For the first time since 2002 a positive natural growth was recorded, which nevertheless could not compensate the negative migration balance. The year 2006 was the eighth year in turn, in which an actual population loss was noted, and the fourth year, in which the birth rate was negative. Among other European countries the population in Poland remains still young in demographic terms, however the age median increases (in 2004 it amounted to 36.5 – against 34.0 in 1995), which shows an ageing trend in the Polish population.

In the years 1991-2006 the share of children and youngsters (0-17 years of age) declined by 9.6% to approximately 20.1% of the whole Polish population. The number of persons of working age, who

constitute 64.2 % of the entire population, increased by almost 2.6 million. The number of persons in retirement age (men aged 65 and more, women aged 60 and more) is also increasing. In comparison to 1990 there are almost 1 million more people of that age. At the end of 2006 the proportion of this group in the total population amounted to app. 15.7%, i.e. it grew by 2.9 percentage points as compared to 1990. It is estimated that after 2011 aging of the society would be taking place at a quicker pace. It is estimated that after the year 2010 the number of people in working age would be decreasing and will total to approximately 22.6 million people in 2020 (20.8 million in 2030). The reason for such development will be the low fertility rate⁶⁹ that has been maintained since mid-nineties. At the same time the number of persons aged 65 and over will increase to some 8.5 million in 2020 (9.6 million in 2030). As a result of those processes by 2030 the population of Poland will decrease in relation to 2000 by app. 2.6 million people, and the old age dependency (demographic burden) ratio, i.e. the ratio of the number of persons of retirement age to the number of persons of working age, will increase from the present 24% to 46%. It is also worth noting that amongst the increasing number of elderly people, there will be persons who will be unable to manage on their own, including the disabled persons and the persons requiring taking care of.

Diagram 4. Population structure by age in 2003 (population in age group as percentage of entire population)



* EU15 without Great Britain and Greece, NMS (new member states) without Estonia
Source: MGIP, Employment in Poland 2005, Warszawa 2005

Labour market. After six years of a deterioration on the labour market at the end of 2004 the first symptoms of improvement were recorded, which became fixed in 2005. Gradually the number of new work posts and employment grew, and unemployment kept systematically falling. At present an acceleration of those processes is taking place. The employment ratio is, however, the lowest among EU-25 member states (in 2005 in the age group of 15-64 years 52.8% with the EU-25 average – 63.8%).

In the past years the employment structure was undergoing changes. A fall in employment in industry and agriculture has taken place, and grew clearly in services. A high number of work posts in the so-called 'traditional' sectors was eliminated – mainly in the heavy industry. In Poland the percentage of persons employed in agriculture continues to be much higher than in EU-15. In 2005 this indicator amounted in Poland to 17.4%, while on average in EU-25 this share is ca. 4.9% (the highest one in Lithuania – 14%, and the lowest one in Great Britain – 1.4%). The high employment in agriculture in part

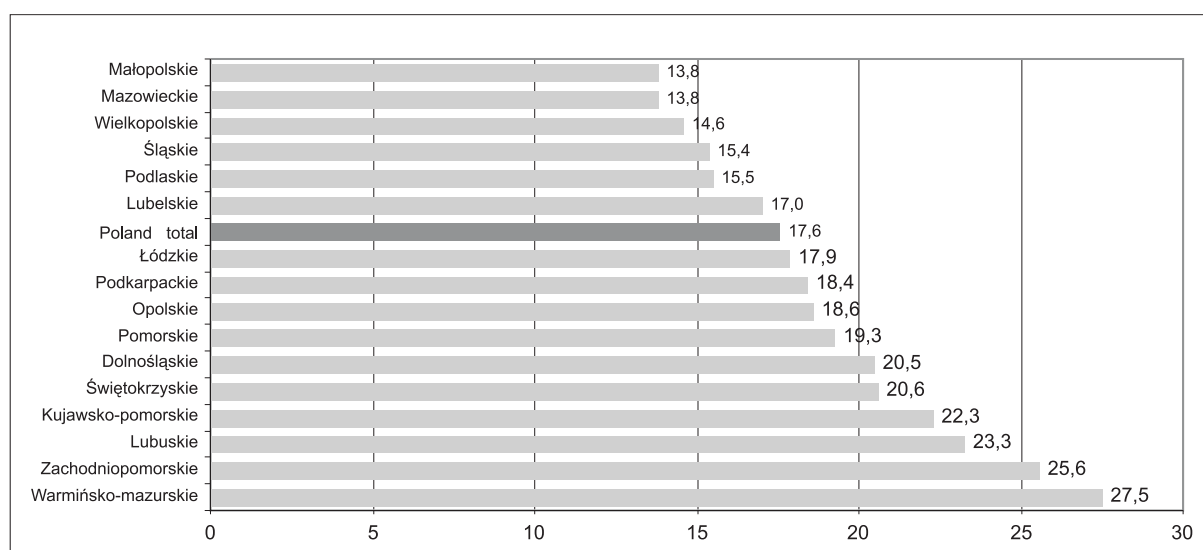
⁶⁹ in 2005 it amounted to 1.24 and was the lowest value in EU-25 (on average 1.52).

does not fulfil productive functions, yet it absorbs registered (1.2 million persons) and concealed (estimated at ca. 1 million persons) unemployment, consequently being an important factor of balancing the labour market. In the industrial sector the percentage of employed persons decreased to 29.2% as compared to 27.5% in EU-25. The biggest group of employed persons were those working in the service sector – 53.4%, as compared to 67.6%.

Despite increased demand for labour, in a situation of its still high supply (it is estimated that population in the productive age grew in 2005 by over 165 000 persons), unemployment remained high, although its level and rate decreased as compared to the past years. At the end of 2005 job offices registered almost 2.8 million unemployed, and the unemployment rate decreased to 17.6%, from 19% at the end of 2004 and 20% in the years 2002-2003 (however, it still remains the highest one among EU-25 countries⁷⁰).

Considerable regional differentiation may be observed in unemployment rate, both between voivodships and within particular voivodships. As an example, at the end of 2005 in the mazowieckie voivodship it ranged between 5.6% in Warsaw (the lowest unemployment rate in the poviats), and 39.8% in the Szydłowiec powiat (one of the highest unemployment rates in Poland). In 2006 when a general fall took place in unemployment rates, the scale of their regional differentiation did not undergo major changes.

Diagram 5. Unemployment rate according to voivodships (at the end of 2005 in %)



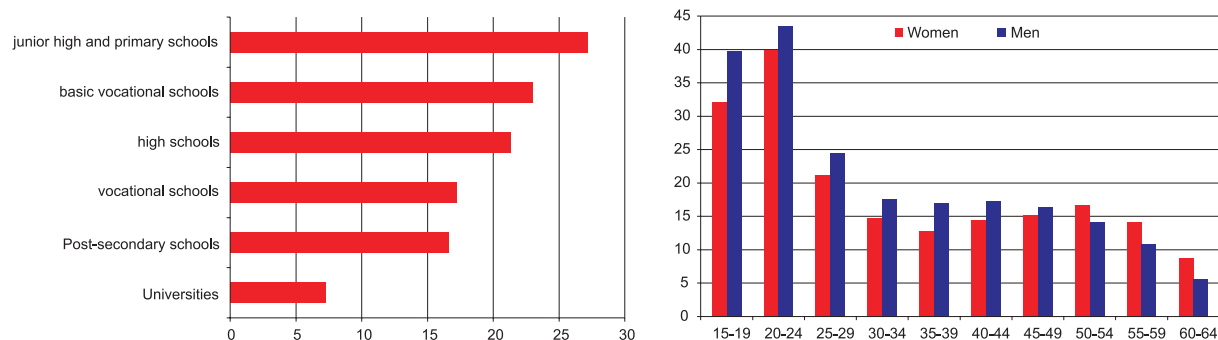
Source: CSO

The most difficult problems which must be solved is ineffective job seeking by young people and lasting unemployment. At the end of 2005 the unemployment rate of young people (aged up to 24) amounted to 34.6%, and was the highest one in EU⁷¹. On the other hand, the number of persons who remain jobless for over a year amounted to almost 1.4 million, and constituted 50.2% of all unemployed. Owing to the long average period of job seeking (in the fourth quarter of 2005 – 18.4 months), the chances of this group of unemployed persons of going back to work are insignificant, which means intensification of poverty of those persons and those families.

⁷⁰ EUROSTAT operates the so-called harmonised unemployment rate, which in 2006 amounted in Poland to 14%, as compared to 7.9% on average in the EU

⁷¹ The average value in EU-25 was approx. 2-fold lower and in the fourth quarter of 2005 remained within the range of.: 7.3% (Netherlands) – 29.8% (Slovakia).

Diagram 6. LFS unemployment rate according to education, and by age and sex in 2004

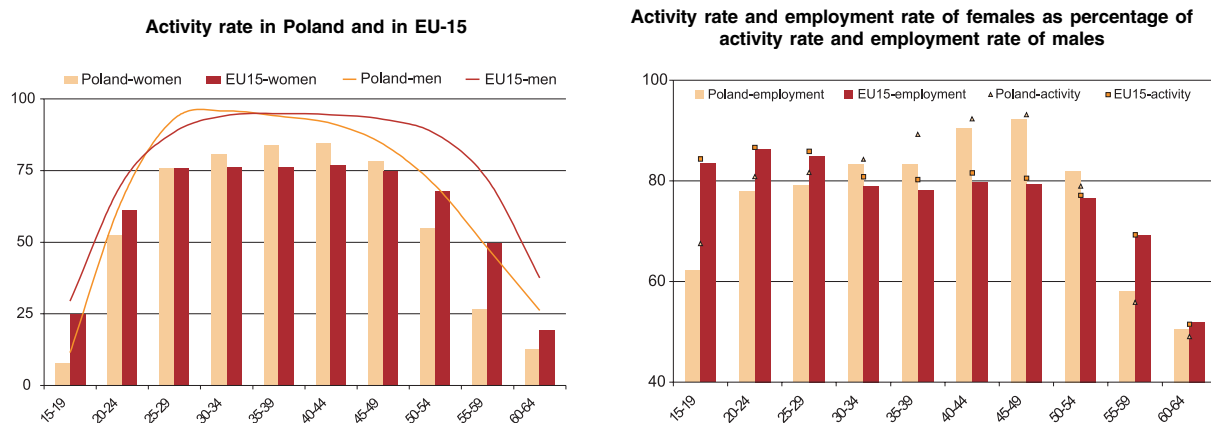


Source: LFS CSO

The most numerous and most severely affected by lasting unemployment group are persons with the lowest qualifications. At the end of 2005 65% of unemployed had basic vocational and primary education. However, disquieting is a high percentage of persons with higher education, which unfortunately keeps increasing. They constituted 5.5% of all unemployed persons, and the unemployment rate of this population in the fourth quarter of 2005 amounted to 7.3%⁷². This means an increased mismatching of their education to needs of the labour market.

An important factor that differentiates the situation on the labour market is the gender. Females end their professional career earlier than males do; in many cases they also commence it later and are characterised (at any age) by a lower employment indicator (only 46.8% in 2005, as compared to 58.9% for males) and a lower activity. Although the situation of females on the labour market is inferior, the difference between the employment rate of females and males in Poland and in other EU member states is comparable. In the scale of the entire EU-25 the employment rate for women totalled to 56.3%, as compared to 71.3% for males.

Diagram 7. Males and females in Poland and in the EU-15 in 2004



Source: MGIP, Employment in Poland 2005, Warszawa 2005

Membership in the EU is favourable to job migration abroad. Up to now the basic foreign market for Poles, which absorbs considerable numbers of seasonal and long-term employees (over 300,000 persons on employment contracts and many more in the mode of border exchange) was the German

⁷² From among all EU-25 countries, the highest rate was recorded only in Greece (7.9%), and a similar one – in Portugal (7.2%). In the remaining countries it ranged between: 2.6% (the Czech Republic and Ireland) – 6.7% (France).

market. It will continue to be the biggest such market, yet job migrations of the Poles are now becoming directed at English speaking countries and highly specialised Scandinavian markets.

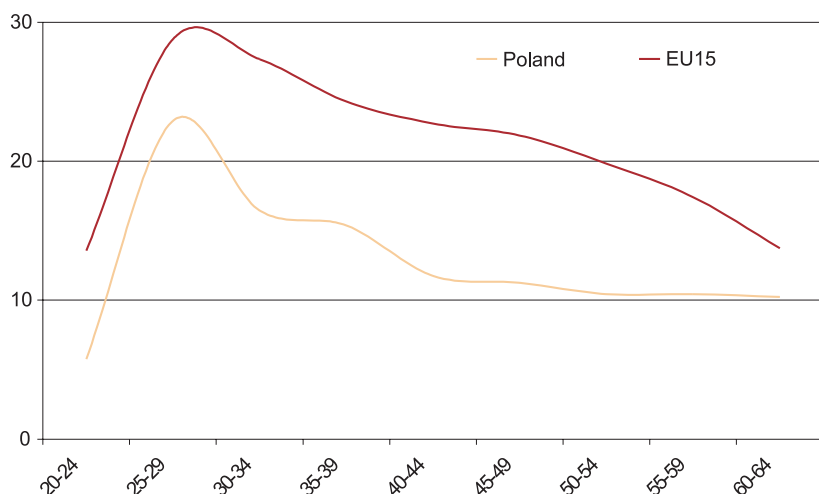
An important factor that impedes employment growth are high non-wage labour costs, connected with the occurrence of the so-called tax wedge. Its value comprises all types of social charges (social insurance contribution, which includes a high obligatory pension fund contribution), charges that the employer has to bear to employ his staff and income tax. The high tax wedge – which in Poland equals to over 42% – is one of the factors favourable to the existence of the “grey area”. According to estimations of CSO, at the end of 2005 it included almost 7.5% of all employed persons (in 1995 less than 5%).

Education and qualifications. A positive phenomenon observed in the past years is a constant increase of the education level of Poles, connected with growing educational aspirations. This may be proven inter alia by growth of the gross higher level scholarisation indicator (from 13% in the academic year 1990/1991 to almost 48% in 2004/2005). On the other hand, this was not accompanied by proportional growth of appropriately qualified teaching staff, which affects adversely the education standard. Also the directional structure of new studies was not always adapted to needs of the labour market. As a consequence abilities of many graduates are not always acknowledged by the market not only in Europe, but in Poland as well.

A disadvantageous phenomenon in Poland is the low participation level in pre-school education of children aged 3-5 - around 38% (in the Western European countries this indicator ranges between 70% to 100%). Moreover, great disproportions between urban and rural areas are observed in terms of disseminating the pre-school education. In 2005 55% of children aged 3-5 who lived in the urban areas attended kindergartens, whereas children living in rural areas – only 17.5%.

Poland is characterised by both a considerable percentage of persons with the lowest education level, and a relatively small group of persons of the highest qualifications. In 2003 24% of the population at the age of 15-64 were persons having the upper primary and lower education, whereas 30% – persons having basic vocational education. To compare, this indicator in the EU-15 countries reached approx. 40%. Simultaneously the percentage of persons of nominally low qualifications was in Poland 14% higher than in the EU countries. At the same time in Poland, despite the high involvement of young people in the education at the higher level, a share of persons having the highest qualifications (in the years 1990-2005 the number of students grew almost 5-fold, and in the academic year 2003/2004 there were 535 students per 10,000 inhabitants, as compared to an average of 371 in EU-25), in the population aged 15-64 remains still low. Only nearly 12% of Polish citizens has a higher education (in the EU-15 countries – around 20%).

Diagram 8. Percentage of persons with higher education in particular age groups in 2003



Source: MGiP, *Employment in Poland 2005, Warsaw 2005*

Despite the enormous growth of the education commonness at the higher level, the faculty structure of higher schools in Poland (with domination of humanist sciences, social sciences, business and administration directions) diverges considerably from the structure observed in the OECD countries. A feature that differentiates Poland from the majority of EU countries is the lower percentage of students (in 2004 – 21.5%, as compared to 25.8% on average in the EU) on directions connected with the sciences, as well as technical and informatic directions.

In 2005 only 4.9% of persons aged 25-64 years participates in education and training, which classifies Poland among EU-25 member states with the lowest level of participation in education and self-education⁷³. Persons in the least favourable situation on the labour market, i.e. unemployed persons, persons with low qualifications and older persons have only small share in this education.

Social integration In Poland since 1996 a constant trend of deepening the poverty among some parts of the population has been observed. Despite an overall growth of income and expenditure levels, each year a larger and larger share of the population remains below the poverty level. In 2005 below the subsistence level lived 12.3% of the society (an almost 3-fold increase as compared to 1996). Features that predetermine the threat of poverty include, apart from lack of a job, also the absence of appropriate education. One should also bear in mind the existence of a large group of persons classified as underpaid employees, i.e. persons who, despite their being employed, are threatened by poverty and social exclusion due to extremely low wages.

In the Polish reality each next baby affect considerably a decrease of the living conditions of the family. In 2004 43.5% of families having four or more children had at the same time an expenditure level below the subsistence level. Also single parents that bring up children experience difficulties. In this group in 2005 14.5% lived in the extreme poverty. Furthermore, the situation of families comprising disabled persons is also more difficult.

The poverty is strongly correlated with the inhabitancy in small towns and in the rural areas, in particular on the areas, where working places were closed, which were the only one or the major employer in the nearest neighbourhood. In 2005 18.7% of rural inhabitants were threatened by poverty against 8.2% in urban areas.

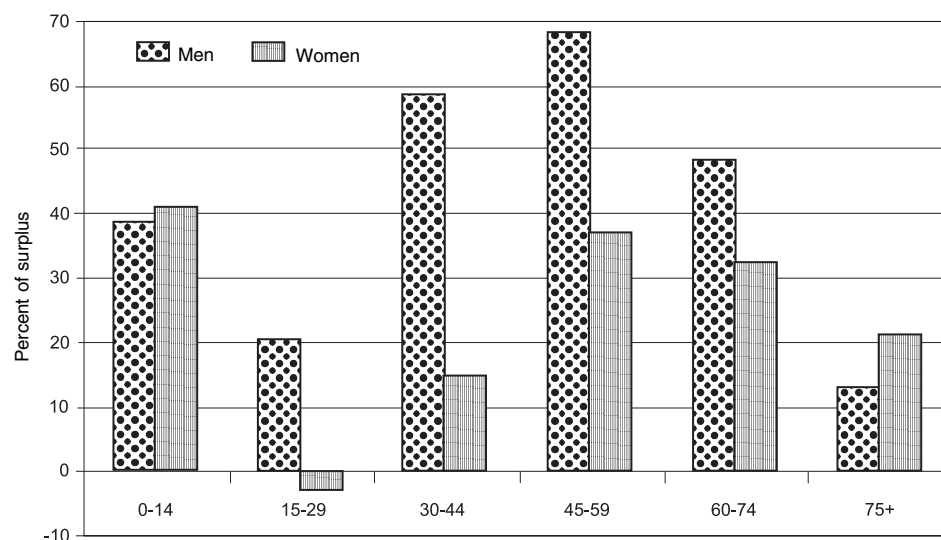
There is a problem of the discrimination on the labour market and a risk of social exclusion for such groups as homeless people or ex-offenders. Apart from the problems of a low educational attainment and a lack of qualifications, additionally they must face social adaptation difficulties. Additionally, the groups threatened by the risk of social exclusion include also the youth leaving penitentiaries, foster families or childcare centres, juvenile centres, disabled persons, inhabitants of the outermost areas and the Roma people.

Health. The health state of the Polish society keeps improving. The number of deaths per 1 000 inhabitants decreased from 10.2 in 1990 to 9.6 in 2005, including infants from 19.3 to 6.4. As a result the average life length became longer. The average life length of males increased by 4.3 years in the past 15 years, and females – by 3.9 years.

The state of health of the Polish people is worse than the state of health of the European Union population. The mortality rate in Poland is higher than the average in the EU Member States in all the age groups except for the group of young women (aged 15-29). In the most disadvantageous situation are men aged 30-59 and children at the age of 15 and less, whose death risk is by 40% higher than children at the same age in the EU countries. The main cause of death of the Polish population at the age of 25-64 were malicious tumours. The biggest difference as compared to EU member states occurs, however, in the case of cardiovascular diseases. The mortality level caused by these diseases is in Poland by approx. 80% higher than the average in the EU. Females in Poland live on average 2.5 years shorter than those in EU-25 member states, and males – by 5 years.

⁷³ Lower values of this indicator were only recorded in Greece, Hungary and Portugal. On average in the EU-25 this indicator totalled to 10.2%, and the highest level was achieved in Sweden (32.1%), Great Britain and Denmark (ca. 27.5%) and Finland (22.5%).

Diagram 9. The high mortality rate in Poland as compared to the average level in EU member states by gender and age groups in 2002



Source: Strategy for health protection development in Poland for the years of 2007-2013, Ministry of Health, Warsaw 2005

Potential access to medical care services is illustrated by the number of physicians and nurses. Poland is characterised by a relatively low ratio of the number of physicians per 1,000 inhabitants. In 2004 this ratio amounted to 2.6 and was slightly lower than in the comparable EU countries, except for Great Britain. Also the shortage of nursing personnel is aggravating gradually (4.8 per 1,000 inhabitants).

The share of public expenditure for financing the health care tasks in Poland in 2004 amounted to 4% of GDP. It was a visibly lower level as compared to other EU countries, where it exceeds 5% of GDP as a rule.

1.4. Infrastructure

Infrastructure fulfils crucial function connected with social and economic development. Investments in technical infrastructure activate settlement units, act as growth factors and affect the living standard of inhabitants of urban and rural areas. In the period of the past few years the state of infrastructure was improved, yet it continues to diverge from the one in EU countries.

Transport infrastructure. Despite the changes that occurred in Poland in the previous 15 years transport has remained a field that is underdeveloped, seriously underinvested and offers services of a generally low standard to entrepreneurs and citizens, which affects adversely the general competitiveness of the economy. Poland – as a member state – is bound by basic objectives of the EU transport policy, i.e. establishment of an integrated transport system, liberalisation of the transport market, improvement of traffic safety, improvement of transport services standard.

The total length of *public roads* with paved surfacing at the end of 2005 amounted to 252,000 km, as compared to 250,000 km in 2000. The total density of those roads amounted to 81.2 km per 100 km². The most dense network is in voivodships of southern Poland (voivodships: śląskie – 164 km, małopolskie – 144 km), and the one with the lowest density in voivodships of eastern Poland (warmińsko-mazurskie – 51.1 km, podlaskie – 54.6 km). As regards the latter area, their fundamental problem is lack of satisfactory links of their main cities with Warsaw and with the rest of the country. Almost 90% paved roads were roads with improved surfacing, as compared to 82% in 2000. In mid-2006 the length of motorways totalled to 674 km, and expressways – 257 km. As regards the share of motorways in the total length of roads, Poland occupies one of the last positions in Europe. The network of motorways and express

ways existing in Poland is dispersed and does not ensure a traffic continuity between the main metropolitan centres in Poland or continuity on none of the international transit routes. This is the more important as 13 international arterial roads of the total length of 5.5 thousand km include our country into the network of most important trans-European links and constitute, to large degree, elements of the pan-European transport corridors (TINA network). Furthermore, the majority of cities have no well developed systems of through roads.

Roads are in poor technical condition. At the end of 2005 roads with good surfacing constituted 49% of the total length of national roads; those with unsatisfactory paving – 26%, and with bad paving – 24%. Over a half of the roads required more or less urgent reconstruction. In addition the majority of roads had been adapted to traffic of vehicles with axle load of 8-10t/axle. EU standard impose the value of 11.5 t/axle. This standard is fulfilled presently by 13% of all national roads. This means that a more rapid deterioration of roads than the one initially assumed is to be expected.

Apart from the poor condition of the road infrastructure, also a situation in the field of the road traffic safety is very bad. In 2005 on Polish roads died 5 444 persons, and over 61,000 persons were injured. In conversion into 100 road accidents, the number of fatalities amounts to 14.3, while in the majority of EU member states his indicator does not exceed 6.

The fundamental problem in *rail transport* is the very poor condition of its infrastructure and the operating rolling stock. Operation work measured by the number of trains per one kilometre was lowered in the past years by a nearly half, however, the railway network has been only slightly shortened. The length of railways in Poland in 2000 totalled to 22 600 km and in 2004 it dropped to 20 300 km. The density of railways decreased from 7.2 km/100 km² in 2000 r. to 6.5 km/100 km² in 2005, yet it exceeded the EU average, which in this period amounted to 5 km/100 km². A particular high density of regular gauge railways may be observed in the highly industrialised voivodships in the south part of the country, especially in the Śląskie voivodship (17.2 km/100 km²) and the lowest one (below 5 km/100 km²) in Podlaskie and Lubelskie voivodships. Approximately one third of the existing railways is in insufficient technical condition that requires imposing substantial speed limitations or ceasing the operation. Further one third is in a good condition that requires only current maintenance works. The remaining part is in a sufficient technical condition, which requires however an extended scope of repair works. Degradation of installations related to electric and telecommunication tractions, as well as railway crossing protection systems keeps progressing. A fundamental problem is also a lack of fast links between the main cities and towns in the country, as well as including the railway system into the Trans-European Transport Network.

The present state of intermodal transport with the involvement of the railway is highly unsatisfactory. Because of poor condition of the railway infrastructure freight transport, both national and international, is being implemented to an excessive extent by motor transport. In the past 10 years the share of intermodal transport in the an overall railway transport has grown over three times, yet this transport still constitutes a marginal part of transport operated by rail. The present network of container terminals and logistic centres does not meet the needs. Intermodal transport with the use of the railway is currently being operated with an involvement of 16 container terminals. Still not available is a modern network system for monitoring of connections, allowing, at the same time, to inform clients on an actual placing of the shipment.

Poland has 12 *civil airports* (International Airport Warszawa-Okęcie and 11 regional airports), as well as 42 local airports. The state of infrastructure of airports and air traffic services is rather good, however, serious challenger arise from the dynamic growth of air traffic. In 2005 Polish airports served over 11.5 million passengers, i.e. by ca. 30% more than in 2004 (in Europe the average growth amounted to 6.3%).

Despite a quick growth of passenger air transport, the air mobility indicator, measured by the number of passengers per inhabitants continues to be very low in Poland (3%) and significantly differs not only from indicators of well developer European countries, but also from those in countries with a similar

development level. It is much lower than in France (35%) or Spain (55%) and lower than in Hungary (8%) or in the Czech Republic (12%).

Poland has 4 sea ports of fundamental importance for the national economy: Gdańsk, Gdynia, Szczecin and Świnoujście (also the port in Police has high cargo turnover). In all sea ports cargo turnover amounted in 2005 to over 59.5 million tonnes, i.e. by 4.5% more than in 2004.

In the past years also a gradual advantageous change has been taking place in the structure of cargo turnover in sea ports. The share of general cargo keeps growing. Also container turnover and volume of ro-ro transshipping keeps systematically growing.

The technical condition of the harbour infrastructure is not satisfactory, and consequently undermines significantly the competitiveness of harbours. Also unsatisfactory is the condition of the access infrastructure to harbours, both from the sea and land, which lengthens the time of freight operations in land-sea chains, raises costs of delivering a service and limits an assortment of the operated freights.

The unusually fast growth rate of a number of passenger cars contributed to a sudden increase in the degree of the motorisation overcrowd in the city centres, and now also in the suburban areas. In effect, this intensifies the transport and communications incapacity of cities, at the same time decreasing their attractiveness in terms of the working place and place of residence, as well as the tourism destination. Moreover, there is risk that such a situation would inhibit the inflow of foreign investors. The most important problems may be observed in two agglomerations: Warsaw and Silesia, however the transport incapacity is a common disadvantageous feature of Polish major cities. Apart from few exceptions there are no ring roads in cities and towns and the number of bridges in urban areas divided by rivers is not sufficient. Effective public transport (rapid tram and urban rail) is a rare phenomenon, and its poor technical condition leads to decreasing of the number of persons who use urban transport means.

Energy industry infrastructure. Almost entire energy in Poland comes from non-renewable sources. According to Eurostat, in 2004 a source of over 86% produced primary energy were solid fuels, 1% - crude oil, 5% - gas, and 8% - renewable sources. Due to such a structure of energy production in Poland the energy industry has become one of the main sources of air pollution. On the other hand, on average in EU-25 those proportions were as follows: 22.2%, 15%, 22% and 12% respectively, and the remaining 29% was nuclear energy. Furthermore, the energy intensity of the economy is high (measured by the general energy consumption related to GDP volume). Despite a considerable fall (of the biggest country from among the ones that have been lately accepted), in 2004 it was almost 3-fold higher than the average one in EU -25 (10 years earlier this difference was 4.6-fold).

At the end of 2005 the installed power of power plants amounted to 34,700 MW. A considerable part of energy blocks in Poland is older than 30 years. In the last five years the loss of installed power totalled to 0.2 thousand MW, and in order to be able to replace old installations it would be necessary to put into operation new equipment each year.

According to estimations, taking into consideration over 30 000 MW of production capacity existing in Poland and assuming a life cycle of a manufacturing installation amounting to 30-35 years, each year ca. 800-1000 MW new production capacity should be established only to allow reconstruction of installations to be put out of operation. Due to regression in construction of new manufacturing capacity taking place in Poland in a period of 5-7 years the lack of production capacity for satisfying the demand for electric power would be observed.

The technical condition of the Polish electric power transmission network constitutes no threat for the safety of electric power supplies to users. It requires, however, gradual modernisation and reconstruction. The development of electric power transmission system, including transborder links, is one of prerequisites for functioning of the EU electric power market and for improving the safety of energy supplies to users.

Also the technical condition of gas transmission pipelines may be considered to be good, and their expansion opened possibilities to transmission of fuel from different points of the transmission system.

It is still oriented, however, to the East-West line, which means that Poland depends from the infrastructural viewpoint on gas supplies from the East.

The low diversification of natural gas supplies (75% of consumed gas comes from import, of which 90% from the East) and limited possibilities of its storage are the main threat for energy safety, which the market mechanisms are unable to solve without financial support. As regards crude oil, despite insufficient diversification of supply sources, thanks to the appropriate infrastructure that allows supplies by sea the risk related to supplies is considerably reduced.

As opposed to the transmission network, the condition of distribution networks is much more inferior. They were not developing at the same rate as transmission networks and as a consequence a lot of towns in Poland has not been included by the system of gas supplies yet. A particularly poor standard of the electric power distribution network is found on rural areas. The major part of construction of electric power distribution networks on rural areas took place still in the fifties and sixties, which means that their considerable part has already been worn out. Energy industry enterprises are not interested in making investments on those areas due to their being unprofitable. Additionally, as an effect of ongoing developmental processes on those areas, the demand for electric power and requirements as regards its standards keep growing. Electric power losses and balance differences total to almost 10% of gross produced energy. Reduction of network losses executed through increased energy transmission and distribution effectiveness would be transposed onto the measurable fuel savings and reduced environment pollution.

Environmental infrastructure. During the past several years a significant progress was achieved in protection of the natural environment. As a result of marked limitation of energy and material intensity in production, changes in the financing system of pro-ecological activity and adaptation of protective norms to EU standards the adverse impact of economic operation on the natural environment was reduced. In many spheres its state does not differ significantly from the one observed in other EU countries. As regards pollution of soils, the situation in Poland is more advantageous. A positive symptom is also the continuous increase of protected areas – in the years 1991-2005 it was 1.7-fold. In Poland various types of protection covers 32.5% of Poland's area (10 176 000 hectares). It is comprised by 23 national parks, 1395 nature reserves, 120 landscape parks, 449 areas of protected landscape. Apart from the presently existing forms of nature protection, a system of *Natura 2000* protected areas is being created. At the end of 2005 in Poland delimited were 265 *Natura 2000* areas of a total area of 2 934 000 hectares, which is 9.6% of Poland's area.

Consistently executed provisions of ecological policy, as well as processes of restructuring and modernisation of the economy helped reduce the pressure level on the environment. Emissions of elementary air pollution types – SO₂, NO_x and dusts – have decreased to ca. 55%, 38% and 76% respectively as compared to the beginning of the nineties. Over 95% of industrial sewage is subjected to treatment to an extent conforming to legal regulations, and in municipal economy ca. 88%, thanks to which air quality in industrialised areas has been improved markedly, as well as – albeit to a still insufficient extent – the quality of water in water courses. Also achieved was considerable progress in the sphere of the industrial and municipal wastes utilisation. Unfortunately, parameters of the state of the environment continue to diverge for mean values in EU member states, hence the trend of reducing outlays for environment protection is disquieting (in the second half of the nineties outlays on this purpose amounted to 1.4-1.6% GDP, at present ca. 0,6%).

Rationalisation of the sewage and water supply systems management in towns has led to a decrease of almost 45% of the quantity of discharged municipal sewage in 2004 as compared to 1990. This was a consequence, inter alia, of a considerable increase in the length of the sewerage system from 51.1 thousand km in 2000 to 80.1 thousand km in 2004, of which the length of the sewerage system in rural areas has increased by almost 2.3-fold. Also the number of urban population that benefits from sewage treatment plants has increased. Despite that in 2005 they served only 60% of total population (in towns 85%, and on rural areas only 20%). In EU-25 member states sewage treatment

plants serve over 70% of the population. Only 375 towns (over 40% of all) and 416 rural communes (approximately 1/4) in Poland had modern sewage treatment plants, with enhanced reduction of nitrogen and phosphorus compounds.

A Regulation of key importance for water supply and sewerage systems is the *Council Regulation of 21 May 1991 concerning treatment of municipal wastes*. As regards implementation of requirements stipulated by Regulation 91/271/EEC concerning construction of sewers obtained was: a 6-year transition period (up to 31.12.2008) for agglomerations larger than 10 000 population equivalents and a 10-year transition period (until 31.12.2015) for agglomerations within the range from 2 000 to 10 000 population equivalents.

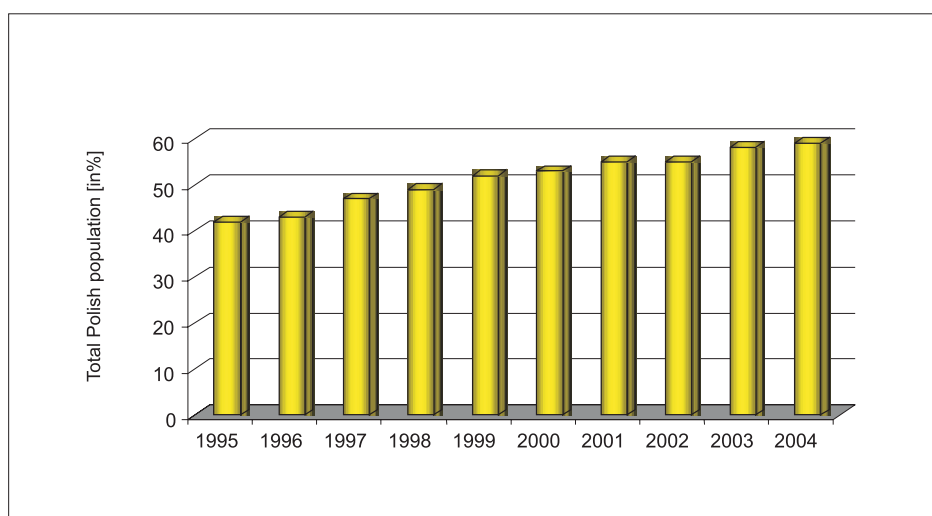
Pursuant to obligations resulting from the Accession Treaty, Poland should implement Regulation 91/271/EEC of 21 May 2001 concerning treatment of municipal wastes in the following stages:

- by 31 December 2005 – reduction of 69% of total load of biodegradable loads generated by the agglomeration;
- by 31 December 2010 reduction at the level of 86% of total load of biodegradable pollution;
- by 31 December 2013 reduction at the level of 91% of total load of biodegradable pollution generated in the agglomeration.

Full conformity with provisions of the Regulation should be achieved by 31 December 2015.

Provisions of the above specified Regulation have been transposed by act of 18 July 2001 Water Management Act (Dz.U.2005.239.2019 as later amended) and act of 7 June 2001 on collective water supply and collective sewage disposal (Dz.U.2006.123.858).

Diagram 10. Percentage of total Polish population served by sewage treatment plants in the years 1995-2004



Source: Draft Index report -Poland 2004, Condition of the environment in Poland against the background of objectives and priorities of the European Union, The Chief Inspectorate for Environmental Protection, 2005

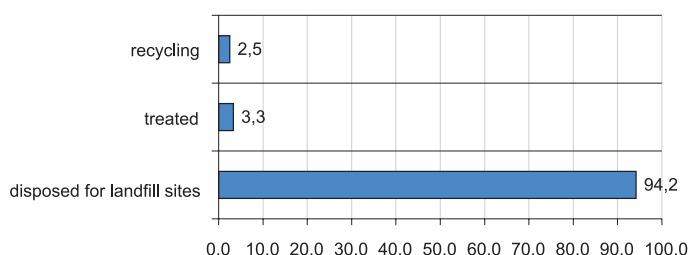
The degree of equipping with the water supply system has been increased. In 2004 this system amounted to 239,200 km. Considerable progress was reported in connection of inhabitants of rural areas to collective water supply systems. In 2004 almost 2.7 million residential building were connected to such systems on rural areas, i.e. by 16.2% more than in 2000.

In the years 1990-2004 considerable reduction was achieved in the quantities of municipal and industrial sewage to surface water (including a clear reduction – by ca. 85% – of untreated sewage, which was possible thanks to broad application of modern methods for municipal sewage treatment, as well as general reduction in the total quantity of sewage.

The issue of *land drain systems and anti-flood infrastructure* (modernisation, maintaining, construction and strengthening, as well as utilisation of flood protection means) in Poland remains a priority. Long-term shortcomings related to water resource management and negligence in appropriate maintenance of inland surface water, inadequate number of water retention reservoirs and the deteriorating state of flood banks, building up of potentially endangered lands and insufficient use of natural retention capacities of drainage basins cause an increase in flood risks. Over 3.9% of the existing water weirs with permanent water damming and more than 26% flood banks – poses or may pose a serious risk. Over 50% structures are older than 50 years, and more than 70% – older than 25 years. Each year several hundred to several thousand incidents connected with water table rising in rivers are recorded. From the quantitative viewpoint flood risk is the most severe on border areas of southern and south-eastern Poland. The most noticeable threat is posed in this respect by rivers in the river basin of Odra, Wisła, San and Bug rivers. An important problem is flood protection of the Żuławy Wiślane region (situated on depressed areas and the adjacent areas), where the level of flood risk is particularly serious.

Progress was also achieved in industrial and municipal *wastes utilisation*. The total volume of produced wastes was reduced from 137.7 million tonnes in 2000 to 133.8 million tonnes in 2004. The total volume of wastes produced annually in conversion per 1 inhabitant amounted to 3.6 tonnes in 2000 (in EU – 3.8 tonnes, and in the Central and Eastern European countries – 4.4 tonnes), while in 2004 – 3.2 tonnes. Also the volume of municipal dumped wastes in conversion per 1 inhabitant was decreased from 312.8 kg in 2000 to 240.8 kg in 2004.

Diagram 11. Division of the degree of municipal wastes utilisation in 2004 (in %)



Source: CSO Statistical Yearbook RP 2005

In the sector of the economy a few Regulations are binding, which regulate in detail issues connected with types of wastes and methods of their disposal. The most important ones (for which Poland has received transition periods) comprise Council Regulation 1999/31/EC of 26 April 1999 concerning storage of wastes as later amended) transposed to the Polish law related to landfills in act dated 27 April 2001 on wastes, and Regulation 94/62/EC of the European Parliament and Council of 20 December 1994 concerning packaging and packaging wastes as later amended), the provisions of which were later transposed to Polish law in w act of 11 May 2001 on packaging and packaging wastes (Dz. U. of 2001 No. 63, item 638 as later amended). The following transition periods were granted as regards implementation of Regulations related to wastes:

- transition period up to 31.12.2007 in relation to Regulation 94/62/EC concerning packaging and packaging wastes,
- transition period up to 01.07.2012 in relation to Regulation 99/31/EC concerning landfills,
- transition period up to 31.12.2007 in relation to Regulation regulation 259/93/EEC concerning supervision and control with respect to sending wastes to the European Community and outside its area,
 - for some groups of wastes designated for recovery from the so-called „green list”,
 - for selected groups of wastes designated for recovery from the so-called „orange list”.

Housing infrastructure. The housing situation in Poland is characterised by quantitative and qualitative shortage of dwellings. In 2002 housing resources in Poland totalled to 12 523 600 dwellings, of which almost 94 were inhabited dwellings.

Pursuant to the census the shortage of dwellings, calculated as a difference between the number of dwellings and the value of total housing resources in Poland grew in 2002 to the level of 947 600 dwellings. The statistical deficit in dwellings (the difference between the number of households and the number of inhabited dwellings) amounted in this period to 1 567 000 and was by over 314 000 dwellings higher than as compared with 1988. The Polish residential housing is decapitalised. The housing crisis affects first of all towns, where the problem of overhaul shortages is the most severe. On rural areas the level of satisfied housing needs (as well as the technical condition of buildings) is much higher than in towns. As was shown by data of the 2002 census, substandard dwellings totalled to 15.9% of all inhabited dwellings (1 870 400), of which ca. 73% were dwellings being property of natural persons, while 18% are state owned municipal dwellings.

1.5. Competitiveness of Enterprises, R&D, Information Society and Services Sector

As regards competitiveness, and hence also competitiveness of enterprises, the Polish economy occupies the 48th position among 125 countries, which is the last position among EU-25 countries⁷⁴. This is due among others to particular protection of the labour market, uncertainty resulting from the weakness of the institutions, corruption, insufficient protection of intellectual rights, i.e. elements independent of the enterprises themselves. The latter ones (especially SMEs) are characterised by high adaptative abilities in coping with competitiveness pressure on external markets. This is shown inter alia by the high increase of labour productivity and export recorded in the past years. GDP per capita in 2005 totalled to 50% of the EU-25 average, while labour productivity – 59%. Simultaneously there are relatively high fiscal and para-fiscal burdens of enterprises, as well as a high share of non-wage labour costs.

1.5.1. Research, Innovativeness

Of fundamental importance for the development of knowledge-based economy is providing support for the research and development sector and launching new technologies to enable better innovativeness and competitiveness of the economy, and development of the information society.

Sector of research and development (R&D). Specific feature of financing the R&D activities is a very low share of outlays on the R&D in relation to GDP, as well as a domination of the budgetary financing and a small share of the economic operators in this total expenditure. In 2005 budgetary outlays on research and development activity and non-budgetary ones amounted to 0.57% of GDP (in EU-25 – 1.85%). Particularly disquieting is the systematic deterioration of this indicator (in 2000 it amounted to 0.64%). Those outlays per capita amounted in 2003 in Poland to 72.45 USD (according to the purchasing power parity of the dollar), and in 2003 in EU-15 – 463 USD.

The majority of resources for R&D in Poland comes from the state budget (57.7% of total outlays in 2005), while the share of business entities – only 26%, and funds coming from abroad – 5.7%. In 2004 37.4% of the total sum of current expenditures for R&D of the total current expenditure for R&D were assigned for the basic research, financed mainly from the budgetary resources. For development works the expenditures totalled to 38.4%, and for applied research – 24.2%.

⁷⁴ According to the report of World Economic Forum Publisher in autumn 2006, pursuant to surveys collected from over 11 000 heads of companies worldwide.

The total number of persons employed in R&D (in the so-called equivalents of full time employment) in Poland constitutes only 0.44% of total occupationally active population. The indicator of the number of researchers per 1000 employed in Poland amounted in 2004 to 4.6 and was lower than the one recorded in the majority in EU countries (on average 5.9 in 2003, and the highest values were recorded in Finland – 17.3 and in Sweden – 11). Only 14% of all persons employed in R&D in Poland are employed in enterprises, while on average in EU-25 ca. 50% (including in EU-15 over 52%). The personnel of science institutes in Poland has not been so far prepared in a systemic way to manage professionally the research works and to participate actively in a transfer of knowledge to the economy. A low mobility of researchers between the science and economy sectors does not contribute to developing mutual understanding between these sectors and is, certainly, one of the factors that affect negatively the transfer scale of results of the R&D activity from research and science institutes to enterprises.

As an effect the number of inventions applied for in the Polish Patent Office by national inventors for the patent protection remained over the recent years at a very low level (approx. 2 thousand annually). On the other hand, if the number of notified patents⁷⁵ is referred to the number of inhabitants, the creativity indicator per 1 million inhabitants in Poland calculated in such a way amounted to 4,2 and was the lowest one in EU-25, where the average value totalled almost to 128 (the highest values were recorded in Germany and Sweden – over 300, and among countries that joined the EU in 2004 – in Slovenia – ca. 50).

Innovativeness. Enterprises that run operation in Poland, and especially SMEs, encounter problems with access to external capital, in particular for financing innovative projects associated with higher risk.

Expenditures of industrial enterprises⁷⁶ on innovative activity have increased from PLN 12.2 billion in 2000 to PLN 14.7 billion in 2005, while the innovation intensity indicator (relation of outlays on innovation activity to the sale value) to 2.9%, as compared to 3.4%. On the other hand, a study performed by EUROSTAT has shown that in the years 2002-2004 25% of all analysed industrial and service enterprises recorded innovative activity, as compared to ca. 42% in EU-27 (the highest shares of such enterprises was recorded in Germany (65%) and Austria (53%) as well as Denmark, Ireland and Luxembourg (52%), and the lowest ones – Bulgaria and Latvia (below 20%).

Technological progress is mainly taking place through modernisation of plant. In 2005 ca. 60% of total investments were outlays for the purchase of machine and equipment. Only 10% of resources were allocated by enterprises for research and development, and for purchase of ready technologies – almost 2.5%.

Apart from the value of expenditures, the second important indicator for measuring the innovativeness level of the industrial enterprises sector is the share of new and modernised goods in the total production sold, which reflects the implementation capacity of enterprises. In 2005 this share in industrial processing amounted to 25.1%, as compared to 18.5% in 2000.

Since the beginning of nineties the share of high technology goods in the Polish export is at the level of 2-3% (the average in the EU countries amounts to approx. 18%). As regards high technology Poland is recording a considerable deficit in foreign trade (in 2004 export of high technology goods was only covered by import in 27%).

An important factor that affects the situation and growth possibilities of the sector of enterprises is the regulation system, which is characterised by considerable instability. Frequent changes of legal regulations, which are important from the viewpoint of the sector of enterprises (e.g. fiscal services), lead to increased risk connected with running of business operation. Instability of the regulation system also hinders enterprises the development and implementation of medium and long term strategies and increases costs of their operation.

⁷⁵ Notified to the European Patent Office or within the Patent Cooperation Treaty (PCT)

⁷⁶ sections C, D, E with number of employees of more than 49 persons

Transfer of knowledge and innovation in the economy is considerably hindered by the lack of cooperation between business entities, as well as other entities involved in transfer of innovations to enterprises (scientific centres, business environment institutions, representatives of central or regional authorities). In the past years cluster type initiatives have been commenced in Poland; up to now not many have been put into operation, e.g. cluster Dolina Lotnicza (Airline Valley) situated mainly in the podkarpackie voivodship, constructional cluster in the świętokrzyskie voivodship, polygraphic cluster in the mazowieckie voivodship.

System measures in support of innovation and investment operation are fulfilled by business environment institutions, the biggest number of which in Poland is in medium sized towns (with a population ranging between 50,000 and 250,000) and in towns which have a population of more than 250 000 (36% and 34% respectively). Their arrangement on the area of Poland is not uniform, and the degree of adaptation of the offer to needs of entrepreneurs differs. A particular role in the system of business environment institutions is played by the National Service System for SMEs (KSU) developed since 1996 by the Polish Foundation of Promotion and Development of SMEs (as of 2001 called Polish Entrepreneurship Development Agency).

1.5.2. Information Society

It should be however noted that the strategic assessment of the readiness of Poland to the transformation into the information society is not favourable. According to the World Economic Forum ranking in 2004 Poland occupied with his respect the 53rd position among 115 classified countries. On the other hand, in the ranking of countries best adapted to the era of new technologies Poland occupies the 32nd position among 65 countries covered by the study⁷⁷.

Expenditures for information technologies in 2005 in Poland amounted to 2.2% GDP, while in EU-25 on average to 3% (the highest value – over 4% – in Sweden and in Great Britain).

A necessary condition – albeit an insufficient one – for establishment of an information society, and consequently – also for achievement of cohesion objectives is propagation of more universal access to the Internet.

In 2005 in Poland only 40% households has a personal computer, 30% had Access to the Internet, and 16% – access to broadband Internet, while on average in EU-25 this totalled to 58%, 48% and 23% of all households respectively. However, it is necessary to emphasise the quick rate of making up for shortcomings in this scope.

In enterprises the level of computerisation and access to the Internet is much higher. In 2005 as many as 93% of all enterprises worked on computers, 85% used the Internet, and 43% – had access to broadband Internet, as compared to 96%, 89% and 63% respectively on average in EU-25.

The number of *e-services* provided to the citizens, business and general public services *on-line* is 2-3 times lower than in EU-15 countries. The advancement level of the development of public services in Poland amounts to 35% (among EU-25 countries – 68%)⁷⁸. The level of full interactivity of *on-line* public services is close to 9% (in EU – 40%), which gives Poland the 3rd position from the list bottom 3. The highest indicator of public *e-services* development for the citizens is noted for such services, as: searching for jobs (74%), corporate income tax (50%), enrolment to universities (36%), and the lowest one for: health services (2%) and recoding incidents to the police (2%).

⁷⁷ The 2005 *e-readiness* rankings, Economist Intelligence Unit, The IBM Institute for Business Value

⁷⁸ Based on research *Web-based survey on electronic public services* performer on the order of the European Commission by CapGemini, July 2004.

1.5.3. Services Sector

The services sector keeps developing in a systematic way. In 2005 its share in creation of gross added value amounted to 64.6%, as compared to 71.7% on average in the EU. Traditional services (connected with trade, repairs, transport, warehousing and communications as well as hotel and catering operations) – totalled to 27.3% of gross added value (21.6% in EU-25), while services, the existence of which is a prerequisite for modern market oriented economy (financial intermediation and services related to real estate and companies) – 17.8% (27.4%). According to estimations the share of market services in the gross added value totals to 49.3% and has a growing trend. The remaining part of gross added value produced in services (15% as compared to 22.7% in EU) were non-market services. Simultaneously employment in services keeps growing dynamically. In 2005 it comprises 55.6% of the total number of employed.

Table 15. Share of services in production of gross added value and number of employed persons in 2005.

Specification	Employed persons	Gross added value
Total	100.0	100.0
Including services:	57.3	64.6
– Trade and repairs	16.4	19.0
– Hotels and restaurants	1.7	1.2
– Transport, warehousing and communications	5.6	7.2
– Financial intermediation	2.3	4.1
– Services for real estate and companies; science	7.6	13.7
– Non-market services	20.7	15.0
– Remaining service operation	3.0	3.8

Source: CSO

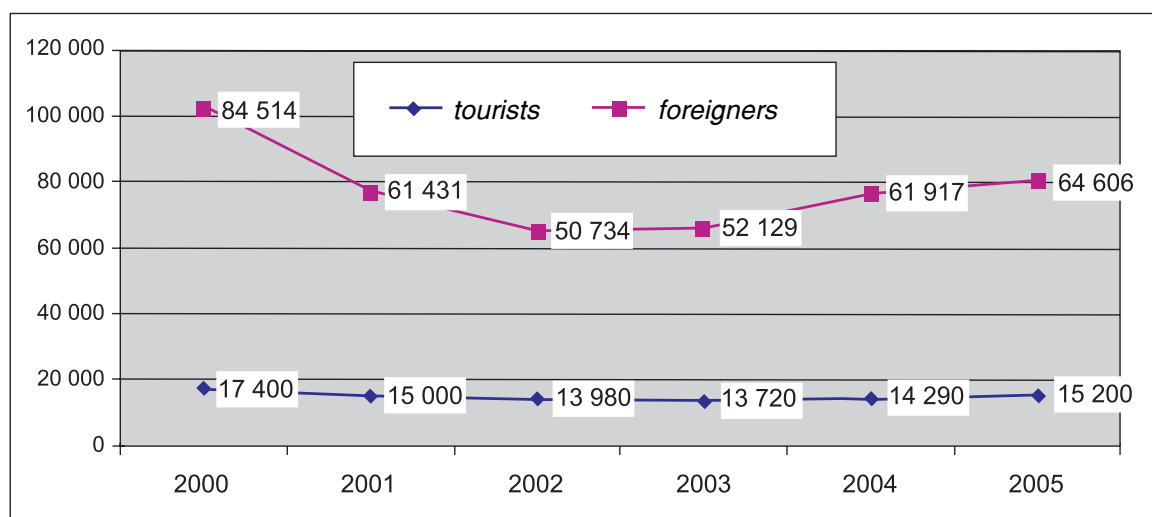
According to estimations, there are opportunities of creating numerous work places in services. Simultaneously taking into consideration the labour costs, which continue to be low in Poland, as well as considerable resources of young qualified employees, Poland may be chosen by foreign investors as a place for their service centres for companies and entire concerns. An example of such services may be the already existing service centres in the scope of bookkeeping, informatics, programming etc. Poland's membership in the EU also opens opportunities for increasing export of Polish services to EU member states.

Furthermore, propagation of access to electronic services would also be of importance. Investment activities should also include informatic services and bases of central and territorial administration, as well as the development of commercial systems and electronic services in voivodships.

A sector of the economy characterised by significant growth dynamics is *tourism*. In 2005 recorded were 64.6 million arrivals of foreigners to Poland (by 4.3% more than in 2004), including approximately 5.2 million arrivals of tourists (by 6.4% more). In 2005 expenditures of foreigners in Poland amounted to 20.3 billion PLN, while expenditures of Polish citizens on domestic travel – 15.7 billion PLN, and on foreign travel 4.8 billion PLN. Share of tourism in creation of GDP amounted to 5.6%.

Barriers that inhibit the dynamics of foreign tourist arrivals in 2005 included: insufficient promotion of Poland as a country attractive for tourists, lack of fast traffic roads and motorways, insufficient number and capacity of regional airports and a disadvantageous image of Poland which is perceived as a country with a low safety level.

Diagram 16. Arrivals of foreigners and foreign tourists in Poland in the years 2000 to 2005



Source: Ministry of the Economy based on data of the Institute of Tourism

Poland has a considerable *cultural heritage*, which influences the positive image of the country in Europe and worldwide. According to the data at the end of 2005, there were around 61.5 thousand immobile monuments, around 180 thousand mobile monuments and 6 thousand archaeological monuments registered. The list of the UNESCO World Cultural Hand Natural Heritage includes 13 positions located in Poland. However, as much as 42% of monuments listed in the register of monuments require repair. In Poland the share of culture and cultural industries in gross added value (in 2002 - 5.2%) is high and its value approaches that achieved by developed European countries.

One of the most universal and basic forms of the participation in culture is reading, yet for the past few years the number of libraries has been systematically declining (in 2004 by 74 in comparison to 2003). In Poland the development of the museum network is being observed. Their exhibition activity also increased in 2004 (668 museums presented 4 171 exhibitions, while in 2003 – 4 083). In Poland there are no institutions called “modernity museums”, which worldwide present in an innovative and interactive way the civilisation heritage, including the cultural heritage. The number of performance and concerts, as well as the number of viewers and listeners keeps decreasing (in 2004 9.3 million of viewers and listeners participated in 45 500 performances and concerts organised by theatres and musical institutions, i.e. by 2.1% fewer than in 2003). On the other hand, a dynamic development is taking place in the number of theatres with several cinemas. There are still disparities in an access to the culture institutions. In urban areas – there is easier access to culture institutions, a higher supply of cultural articles and cultural assets of both museum and contemporary nature.

1.6. Agriculture and Fishery

In 2005 arable lands occupied 15.9 million hectares (50.9% of Poland's territory). Among the EU countries, only France, Spain and Germany have more acreage of arable lands than Poland. However the degree of the afforestation in Poland is relatively low, but the area of forests keeps systematically increasing (from 8.7 million hectares in 1990 to 9.2 million hectares in 2005). In 2005 there were almost 1.8 million farms with an area of arable lands that exceeded 1 hectare. Despite systematic increasing, the average area of a farm continues to be small and in 2005 amounted to 7.6 hectares. Agriculture is regionally differentiated as regards agricultural culture, agrotechnique, quality of soil and water. In general, Polish farming has maintained the traditional character. Majority of farms runs the multi-direction production, using extensive methods. Also animal production is extensive and is mainly based on the

own fodder base. Agriculture produces only 4.6%⁷⁹ of gross added value, and labour productivity in agriculture totals to less than 25% of the average productivity in the national economy. Because of the low production intensiveness, the agriculture did not influence significantly the environment and landscape changes. Environmental values of rural areas in combination with huge human resources, create conditions for the development of the eco-agriculture.

Fisheries in Poland include: Baltic fisheries, sea fisheries, inland fisheries, fish processing and the fishing products' market. The length of the Polish coast amounts to 528 km, where there are 59 havens, ports and cities with a status of the fishing port. The area of the Polish sea territories on the Baltic Sea amounts to 32.4 thousand km², including 8,6thous. km² of the territorial sea. The Polish fishery may in general be divided into two elementary segments: Baltic fishery (the major part of the fleet is involved) and deep sea fishing. At the end of 2006 the Polish fleet comprised 881 fishing boats.⁸⁰ The fishing fleet requires to be reduced and partly modified in order to fulfil sanitary and veterinary requirements, related to the boat work safety, according to the EU regulations.

1.7. The Spatial Dimension of Social and Economic Development, including Rural Areas

Settlement system and metropolitan areas. Poland has one of the most favourable settlement systems, i.e. a polycentric one. It is a result – inter alia – of a lack of the capital city domination and relatively equal location of cities within the country. In the nineties the urbanisation index (i.e. a share of cities in the overall number of citizens) was at the level of ca. 62% and did not undergo major changes. The number of inhabitants of urban areas increased in the above-mentioned period by over 120 000. In the years 2001-2005 the urbanisation indicator decreased to 61.4% in 2005 and the number of urban population was decreased by 240 000, while population on rural areas increased by almost 145 000, which resulted first of all by the negative balance of internal migrations for towns in favour of rural areas, which was recorded since 2000.

The Polish urban system is characterised by stability as far as population structures and the distribution of the centres' size are concerned, however, spatial changes in economic activities show imbalances as well as weakness in cohesion of the system. Differences in the level of economic activity between big cities and metropolitan areas and the majority of other towns are becoming intensified, which clearly reflects the disparities on the local labour markets. Major centres show in this respect relatively small differences, despite the distinctness of the economy profiles (the deepening gap between Warsaw and other major cities, observed since mid-nineties, may be the first stage of polarization of a group of major centres). They are characterised by a favourable impact on other areas within the radius of 40-50 km. Small and medium towns located outside this area are subject to the process of washing away of the economic functions, in particular specialised ones, that disappear as a result of the competition of enterprises located in the major centre or in its direct neighbourhood. This phenomenon is to a small extent compensated by a very limited and selective absorption of human resources from smaller towns by major centres. It includes, in a form of commuting and stage migrations, mainly young and educated employees. An increase in economic disparities (income level, unemployment rate) is a consequence of those processes not only in the interregional scale, but also within particular regions, including in particular voivodships.

In Poland 9 metropolitan areas may be distinguished (i.e. big cities, which together with the surrounding highly developed and fast developing gminas are inhabited by at least 500 thousand of inhabitants): bydgosko-toruński, krakowski, łódzki, poznański, śląski, szczeciński, trójmiejski, warszawski and wrocławski (situated in the northern, central and southern parts of Poland). None of the towns situated in

⁷⁹ In 2005; together with hunting and forestry.

⁸⁰ Source: Ministry of Agriculture and Rural Development.

Eastern Poland fulfils the population requirement which could allow its classification to metropolises. Metropolitan areas are the main centres of research, innovation and creation of new work posts. They concentrate industries with high added value, and in particular services for enterprises. On the other hand, a serious obstacle in their growth is lack of sufficient infrastructure, mainly one related to transport, modern educational infrastructure, culture, health centres, tourist services as well as congresses and exhibitions.

Differentiation between urban and rural areas. In Poland the living standard and its quality is differentiated between urban and rural areas, and the elementary economic and social indicators point at considerable developmental lagging behind of rural areas, which are occupied by almost 2/5 of entire Polish population (in 2005 38.6%).

Insufficiently developed technical infrastructure on rural areas (for which construction costs are significant owing to great dispersal of rural population) is one of the most serious developmental barriers on rural areas. Lagging behind of rural areas as compared to towns still concern access to collective sewage systems (only 12.7 % of all villages have their own collective foul sewage systems, and 85% – collective water supply systems, while in towns those indicators achieve a value of over 90%) and sewage treatment plants (at the end of 2004 on rural areas there were ca. 2,400 collective sewage treatment plants with a total capacity of over 1 million m³/24 hours and ca. 28,800 individual rural treatment plants). Only ca. 20% inhabitants of rural areas have access to the gas supply system (in towns over 92%). However, those users are mainly in voivodships of southern Poland and in towns close to Warsaw suburbs, as well as a part of inhabitants in western Poland, where the major part of all gas supply systems are provided. The remaining part of Poland has a low level of accessibility to gas supply systems.

Per each 100 km² of rural areas there are only ca. 50 km voivodship roads with paved surfacing, of which a major part requires modernisation and reconstruction. Shortages in the road infrastructure affect adversely chances for better education, professional mobility and development of optional operation.

Only 19% households on rural areas have access to the Internet (in major towns ca. 40%) and only 19.45 telephone subscribers per 100 persons (average value in Poland 32.7) live on rural areas.

Furthermore, also the social infrastructure on rural areas has features of lagging behind as compared to towns, as well as underinvestment and insufficient adaptation to the existing needs. Insufficient development concerns in particular cultural and tourist centres, but also schools and health care centres.

Education conditions on rural areas are much inferior to those in towns, and also the average education standard on rural areas is as a rule lower. Less advantageous education possibilities of rural children are due to several barriers connected with functioning of the education system on rural areas e.g.: limited access to kindergartens, teachers with lower qualifications, substandard education offer of secondary schools and financial situation of rural families. Choice of secondary schools depends on the network of schools in the nearest vicinity, available transport means for commuting to school or options of living in a boarding school, costs of commuting or living at a different location.

Rural areas are characterised by a small number and insufficient organisation of market, financial and production institutions. To allow improved effectiveness of the Polish agriculture, of fundamental importance is assuring non-agricultural development of rural areas and functioning of its direct vicinity and farther located regions.

Regional differentiation (economic, social, territorial). At the NUTS 3 level Poland is a regionally diversified country. The range of GDP per capita among 45 sub-regions (NUTS 3) in 2003 amounted to 4.8:1 (this is ratio between the subregion Warsaw City and the sub-region of Nowy Sącz). Also the NUTS II level of the socioeconomic development in Poland reveals considerable regional diversity. The highest level of socio-economic development measured by GDP per capita in 2003 was achieved in Mazowieckie voivodship (151.5% of the national average). GDP per capita in that voivodship in the purchase power parity amounted to 73.7% of the average value in EU-25 and approached the level of poorer regions of European countries – e.g. some areas in Eastern Germany or Southern Italy. Also the

following voivodships are characterised by the high development level: śląskie (112.4% of the average national value) and wielkopolskie (107.5%). The area with the lowest level of GDP per capita includes five voivodships in the northern-east and southern-east part of the country: lubelskie (69.4% of the average national value), podkarpackie (69.8%), podlaskie (74.7%), świętokrzyskie (77.4%) and warmińsko-mazurskie (77.7%). GDP of the voivodships that are economically the weakest in relation to the EU regions and to the Central European countries is within the bracket of 34-38% of the average value for enlarged Europe. The level of GDP per capita in those voivodships is definitely lower than the level noted in the poorest regions of Greece, Portugal and Spain at the moment of their accession to the EU.

The level in regional disparities in Poland is primarily a result of the dynamic development in the biggest and the strongest voivodships, in particular Mazowieckie (whose development level calculated on the basis of GDP per capita in relation do the EU-25 average (taking into consideration the purchasing power of Zloty- it increased from 51% in 1995 to 73.7% in 2004 r.⁸¹), with the simultaneous slow development of areas, where previously farms or, until recently, defence industry plants had been located as well as historically poor regions with poorly developed non-agricultural branches of the economy.

The regionally diversified unemployment accompanies the process of the economic restructuring and launching free market mechanisms. The most difficult situation was noted in the agricultural regions of northern and north-eastern Poland, which remain on a low development level. At the end of 2005 the highest unemployment rate was in voivodships: Warmińsko-Mazurskie (27.5%) and Zachodniopomorskie (25.6%). The lowest unemployment occurred in major urban agglomerations, with a high urbanisation level, well developed industry and services. Such was the situation in Warsaw, which had an unemployment rate of 5.6% (as compared to 13.8% in the entire mazowieckie voivodship) or Poznań, which had an unemployment rate of 6.1% (as compared to 14.6% in the entire wielkopolskie voivodship). In the EU the highest unemployment rate was recorded in the French overseas regions (Réunion, Guyane and Guadelupe), and that comparable to the highest level in Poland – in some areas of the former German Democratic Republic and Slovakia.

Regional differences in the development level depend on differences in the level of the labour efficiency and the occupational activity. In turn, the efficiency is an effect of regional socio-economic structures. In the fourth quarter of 2005 the employment ratio amounted to 53.7%. The highest ratio was recorded in the following voivodships: mazowieckie (59.2%), lubelskie (57.5%) and małopolskie (56.2%), and the lowest one in zachodniopomorskie (49.7%), śląskie, warmińsko-mazurskie and dolnośląskie (50.7%). The lowest productivity level measured by the level of gross added value per employed person, amounting to 80% of national average, is noted in Lubelskie, Podkarpackie and Świętokrzyskie voivodships, i.e. those voivodships, where there is a high share of the employed in the hardly effective agriculture and a low share in the highly effective services, particularly market services, of which the Mazowieckie voivodship is a reverse and positive example.

Degraded areas. The total estimated degraded area in Poland exceeds 8 000 km², of which industrial degradation of the surface comprised: to a great extent over 1,400 km² (0.4% of the country area), to the middle and small extent – almost 7,000 km² (2.2% of the entire area of Poland). On the other hand, area endangered by industrial degradation is estimated at 39,500 km². One should bear in mind that since 1990 the area of devastated and degraded land that requires reclamation has been gradually decreasing (from 93.7 thousand hectares in 1990 to 67.6 thousand hectares in 2004). In Poland, similarly as in the other European and OECD countries, there is a problem of abandoned economic areas, including industrial areas.

Many medium and small towns, located on the north, west and south-west of the country are endangered by a total socioeconomic degradation due to the loss of the existing administrative, economic and cultural functions and the current migration trends. The symptoms of the socio-economic

⁸¹ Following accession of Bulgaria and Romania – 76.8% of the average value for EU-27

degradation process in these locations is a growing decapitalization of urban buildings and urban space, the devastation of monumental and cultural facilities, a limitation of business activities as well as a low entrepreneurship level, resulting from the low occupational mobility of inhabitants. The absence of the endogenous growth factors in combination with the low interest in investing in these areas, due to high costs of the infrastructure modernisation and the low purchasing power of inhabitants, lead to an excessive differentiation of the material status and social pathologies. However, activation of vanishing functions of small and medium towns would help in social and economic activation of agricultural and rural areas.

Additionally, a specific problem is the management of facilities released by the army as a result of the restructuring process of the armed forces, and of areas occupied in the past by the former Soviet Union army. Despite the time passage (the former Soviet Union army left Poland in 1991), the problems of integration of these areas and their utilisation have not been solved yet, which is in particular visible in the northwest and south-west of Poland, and in case of facilities and areas transferred by the Polish army (to be assigned for civil purposes, whose amount and territory exceeds the post-Soviet property) this problem is important in the scale of the whole country.

Border zone areas. Areas situated in the border zone and covered by cross-border cooperation (taking into account also NUTS III) amount almost to half the area of Poland, and the population number on those areas amounts to over one-third of the population of Poland. A considerable part of the eastern border of Poland is simultaneously the external border of the EU.

The development barrier constituted by situation in the border zone causes that despite the significant differentiation as regards the level of the economic and social development, these areas have common problems. The value of GDP in the vast majority of the border sub-regions is significantly lower than the country average, and the unemployment rate exceeds it. Also the scale of unfavourable demographic phenomena (such as for example the fall in population number, aging of the population, a negative balance of migration) recorded on border zones is higher than in the remaining parts of Poland.

Through Poland's accession to the EU the border has become on the one hand a factor that intensifies the phenomenon of lagging behind, and on the other hand – one that opens new opportunities for development. This is determined by: differentiated development level of frontier areas close to internal and external EU borders, enhancement of economic attractiveness of regions situated at internal borders of the EU, the fact of neighbouring with regions on various development levels (in the east – much lower one), differences in procedures connected with border crossing, differences in transport accessibility and spacing of border crossings, different experience in hitherto transborder cooperation.

APPENDIX 2. SOCIAL CONSULTATIONS RELATED TO NSRF

Objective and legal basis for consultations

The social consultations were dedicated to draft *National Strategic Reference Framework* (document adopted by the Council of Ministers on 14 February 2006). The consultations were performed in the period from February until July 2006 and were a continuation of strategic works commenced in 2003, aimed at development of the social and economic policy for the years 2007-2013. Consultations of NSRF refer to the process of social consultations of the *National Development Plan (NDP) for the years 2007-2013* and *Preliminary draft of National Strategic Reference Framework for the years 2007-2013* (the first version of the document was approved by the Council of Ministers on 27 September 2005).

The consultation process of NDP was commenced by a cycle of consultations of the *Provisions for NDP for the years 2007-2013*, which was conducted in a regional arrangement in the period from May to July 2004 and through thematic meetings in the period September-October 2004. Afterwards, in the period of January to May 2005 consultations were performed for *Initial Draft for NDP for the years 2007-2013*, adopted by the Council of Ministers on 11 January 2005. A series of meetings were organised, of a national, regional and local rank, and opinions and standpoints collected were then used as a basis for development of the subsequent version of *draft NDP for the years 2007-2013*, approved by the Council of Ministers on 29 June 2005. The subsequent stage was carrying out the process of social consultations for draft sectoral and regional operational programmes prepared in the period from June until August 2005 and approved by the Council of Ministers on 6 September 2005 together with the successive version of *draft NDP for the years 2007-2013*.

The performed process of consultations for the above mentioned documents has become an fundamental source of knowledge and experience for works on the subsequent version of NSRF. Hence it was desired to maintain continuity between works over NSRF, as well as over the social consultations to enable maintaining the previous achievements.

The consultations were first of all aimed at starting a universal debate concerning the social and economic growth of Poland with support of financial resources of EU, obtaining opinions and remarks of environments and partners, to enable setting out the appropriate growth vision and make choices of a strategic nature. Discussions with partners covered first of all the diagnosis and the SWOT analysis, the arrangement of NSRF objectives, allocation structure of funding for particular programmes and the algorithm for dividing the resources among 16 voivodships, the implementation system of structural funds in Poland.

The necessity of conducting consultations results from Council Regulation No. 1083/2006. Article 11 of the Regulation imposes on member states the obligation of partnership (strict cooperation) in delivery of objectives of funds with self-government, economic and social entities, as well as with other organisations that represent the society.

Course of consultations

The process of social consultations was implemented using a cycle of conferences meetings, seminars, lectures, by electronic mail and in the form of current correspondence. The NSRF draft was made available on the internet pages of the Ministry of Regional Development (www.mrr.gov.pl) and on official web pages of particular ministries involved in the programming process. It was also made possible to send in opinions via electronic mail concerning the document in question through a specially provided contact address in the internet portal of the Ministry of Regional Development.

The consultation cycle was performed as the following modules:

- 16 conferences and regional meetings – organised by the Ministry of Regional Development and Marshal Offices, with participation of Voivodship Authority Offices,
- thematic conferences and meetings – organised by the Ministry of Regional Development in cooperation with ministers responsible for issues connected with the given thematic scope of NSRF,
- cross-sectional conferences and meetings – co-organised by social and economic partners, interested in the document owing to their scope of operation.

Meritoric discussions were accompanied by a series of information and promotional measures, which ranged from distribution of thematic materials (for needs of the consultation process several thematic materials were made available, which, along with the draft NSRF, were turned over to all interested partners and available to all participants of ongoing consultation conferences) by providing information concerning consultations on the web page www.fundusze-strukturalne.gov.pl.

Right from the beginning of the consultation process, the media (the press, television) participated in meetings and conferences. Through numerous interviews and organised programmes current information was passed on concerning progress of works on NSRF, as well as concerning the progress of the consultation process.

Participants of the Consultations

A total of 60 meetings and conferences have taken place, in which over 4800 persons participated. This was one of the biggest undertakings organised on such a broad scale, connected with the development process of national strategic documents for the years 2007-2013.

Invitations to participate in social consultations were sent among others to: partners on the regional and local level – territorial self-government entities (representatives of voivodship councils, gmina authorities, county authorities, municipal authority offices and the subordinated budgetary entities), representatives of organisations that associate entrepreneurs and the business environment, trade unions, non-government organisations, culture institutions, research and development centres, academic milieus, church authorities, and autonomous experts as well. In particular meetings participated representatives of territorial government administration bodies (combined administration), parliamentarians and invited representatives of the European Commission, as well as local and regional media.

Remarks reported during consultations and the way of their including in NSRF

Participants of the consultation process associate hopes with the document which result from the development strategy of Poland stipulated in it. The notified remarks focus first of all on the strategic part of the document and on the method of division of financial resources, especially among 16 regional operational programmes. A lot of valuable remarks concerned the necessity of introduction of modification to the form of NSRF. In the majority of cases they concerned the following areas:

- **diagnosis and SWOT analysis** – indicated was insufficient coherence of the document, in which elements of the diagnosis were not transposed in the part connected to the SWOT analysis, and the quoted large number of figures did not sufficiently illustrate the processes and phenomena taking place in Poland in the past few years. As a result of notified remarks the diagnosis was modified and additionally in some scopes it was appropriately supplemented. In addition corrections were made to the SWOT analysis, which in its present form better reflects the situation on the starting point of NSRF delivery.
- **objective of NSRF** – attention was drawn to contradicting objectives in NSRF, ie. pressure on the one hand on the development of competitiveness, and on the other hand on enhancing the coherence degree of Poland. The debate enabled modification of the main objective and of the

setting of particular horizontal objectives. Elements that justify the delivery of NSRF objectives were discussed in more detail, and simultaneously were associated with provisions of Strategic Community Guidelines. As a consequence of the postulate an additional objective was introduced, i.e. "Development of rural areas", the delivery of which would enable effective coordination of the cohesion policy and development policy of rural areas. In response to the notified numerous problems connected with adaptation of public administration to fulfilment of its functions a new horizontal objective was formulated concerning administration, aimed at improvement of the functioning standard of public institutions and development of partnership mechanisms.

- **allocation of financial resources to programmes, including proposals for algorithms of resources division to 16 ROP** – on the basis of the proposed three options for division of resources and in response to numerous remarks, the Ministry of Regional Development recommended to the Council of Ministers a choice of allocation which had the biggest support of self-government and social environments, i.e. option 80/10/10, which took into consideration the number of inhabitants, GDP per capita and the unemployment rate in poviats respectively. Simultaneously maintained was the decision concerning additional support for the five poorest voivodships in Poland and EU through delivery of OP Development of Eastern Poland.
- **implementation system** – the notified remarks concerned the necessity of simplification of the presently applied procedures, roles of particular state institutions, as well as the banking sector in the system. Results of discussions helped work out stipulations concerning regulation of the issue of financial flows. In response to the remarks it ought to be emphasised that ultimate functions of the implementing authority would be entrusted to an institution chosen through public procurement granting.
- **limits and execution of the Lisbon Strategy objectives in ROP** – doubts were expressed as to the value of resources designated for execution of the Lisbon Strategy (60% of resources available within the "Convergence" Objective, as potential threat of excessive burden to ROP by a defined category of expenditures, which does not take into consideration the specific nature of particular regions. Yet in particular operational programmes this level would vary and will depend on the priorities defined in it.
- **transport infrastructure** – several postulates concerned the necessity of considerable investments in modernisation and development of the transport infrastructure. Attention was drawn to the fact that its condition is a prerequisite for success of other development undertakings in Poland, so this issue was significantly emphasised within OP Infrastructure and Environment.
- **coordination of sectoral and regional policy** – participants of the consultations considered the importance of both policies and their co-dependencies. Attention was drawn to the fact that execution of the growth policy requires assuring strict relations of sectoral and horizontal measures of the government with the regional policy of the state and self-government authorities. Also emphasised was the importance of clear demarcation of measures within particular operational programmes. Those issues have only been partly solved in NSRF, and the appropriate coordination of sectoral and regional policy would be regulated with regard to legal aspects within the act on principles for execution of the growth policy.

APPENDIX 3. TABLE OF EXPENDITURES WITHIN PARTICULAR EARMARKING CATEGORIES

The data presented in the below table are merely of an indicative nature and may be modified on completion of negotiations with the European Commission concerning particular operational programmes.

code	thematic priority	EU contribution (according to intervention categories from attachment IV to 1083/2006)		"earmarking" indicator	
		according to OP	total		
R&DT, INNOVATIONS ENTREPRENEURSHIP		10 754 551 360.7		16.2%	
1	R&DT activity performed in research centres	16 ROP	64 330 657.4	422 322 607.4	0.6%
		OP DEP	-		
		OP I&E	-		
		OP HC	-		
		OP IE	357 991 950.0		
2	Infrastructure connected with R&DT	16 ROP	337 096 495.4	1 719 175 093.4	2.6%
		OP DEP	129 616 598.0		
		OP I&E	225 000 000.0		
		OP HC	-		
		OP IE	1 027 462 000.0		
3	Technology transfer and improvement of cooperation network	16 ROP	320 277 290.0	618 638 169.0	0.9%
		OP DEP	48 207 879.0		
		OP I&E	-		
		OP HC	-		
		OP IE	250 153 000.0		
4	Support for R&DT. in particular SME	16 ROP	147 071 452.1	873 788 502.1	1.3%
		OP DEP	-		
		OP I&E	-		
		OP HC	-		
		OP IE	726 717 050.0		
5	Services with respect to advanced support for enterprises and groups of enterprises	16 ROP	463 839 734.8	678 758 406.8	1.0%
		OP DEP	50 709 052.0		
		OP I&E	-		
		OP HC	-		
		OP IE	164 209 620.0		
6	Support for SMEs for promotion of environment friendly products and processes	16 ROP	186 572 298.5	186 572 298.5	0.3%
		OP DEP	-		
		OP I&E	-		
		OP HC	-		
		OP IE	-		
7	Investments in enterprises which are directly connected with the sphere of research and innovations	16 ROP	518 937 532.1	1 676 472 380.1	2.5%
		OP DEP	129 616 598.0		
		OP I&E	-		
		OP HC	-		
		OP IE	1 027 918 250.0		

code	thematic priority	EU contribution (according to intervention categories from attachment IV to 1083/2006)		"earmarking" indicator	
		according to OP	total		
8	Other investments in enterprises	16 ROP	1 526 909 148.4	3 465 854 974.4	5.208%
		OP DEP	-		
		OP I&E	-		
		OP HC	28 572 696.0		
		OP IE	1 910 373 130.0		
9	Other measures aimed at stimulation of research, innovations and entrepreneurship in SMEs	16 ROP	691 144 443.0	1 112 968 929.0	1.7%
		OP DEP	98 916 931.0		
		OP I&E	-		
		OP HC	-		
		OP IE	322 907 555.0		
INFORMATION SOCIETY			3 950 516 362.8	5.9%	
10	Telecommunications infrastructure	16 ROP	628 656 225.9	1 018 468 704.9	1.5%
		OP DEP	239 812 479.0		
		OP I&E	150 000 000.0		
		OP HC	-		
		OP IE	-		
11	Information and telecommunication technologies	16 ROP	194 960 413.2	514 355 069.2	0.8%
		OP DEP	-		
		OP I&E	-		
		OP HC	79 726 656.0		
		OP IE	239 668 000.0		
12	Information and communication technologies (TEN-ICT)	16 ROP	-	150 000 000.0	0.2%
		OP DEP	-		
		OP I&E	-		
		OP HC	-		
		OP IE	150 000 000.0		
13	Services and applications for the citizens	16 ROP	383 488 832.6	1 058 796 011.6	1.6%
		OP DEP	15 307 179.0		
		OP I&E	-		
		OP HC	-		
		OP IE	660 000 000.0		
14	Services and applications for SMEs	16 ROP	141 481 144.1	670 970 597.1	1.0%
		OP DEP	-		
		OP I&E	-		
		OP HC	-		
		OP IE	529 489 453.0		
15	Other measures aimed at improving access of SMEs to information and communication technologies and their effective use	16 ROP	72 932 787.9	537 925 979.9	0.8%
		OP DEP	-		
		OP I&E	-		
		OP HC	-		
		OP IE	464 993 192.0		
TRANSPORT			16 039 605 569,2	24,1%	
16	Railways	16 ROP	326 648 037.9	835 740 821.9	1.3%
		OP DEP	-		
		OP I&E	509 092 784.0		
		OP HC	-		
		OP IE	-		

code	thematic priority	EU contribution (according to intervention categories from attachment IV to 1083/2006)		"earmarking" indicator	
		according to OP	total		
17	Railways (TEN-T networks)	16 ROP	-	3 938 020 619.0	5.9%
		OP DEP	-		
		OP I&E	3 938 020 619.0		
		OP HC	-		
		OP IE	-		
20	Motorways	16 ROP	-	1 700 068 500.0	2.6%
		OP DEP	-		
		OP I&E	1 700 068 500.0		
		OP HC	-		
		OP IE	-		
21	Motorways (TEN-T networks)	16 ROP	-	7 775 257 732.0	11.7%
		OP DEP	-		
		OP I&E	7 775 257 732.0		
		OP HC	-		
		OP IE	-		
26	Multimodal transport	16 ROP	107 244 121.6	107 244 121.6	0.2%
		OP DEP	-		
		OP I&E	-		
		OP HC	-		
		OP IE	-		
27	Multimodal transport (TEN-T networks)	16 ROP	-	112 268 041.0	0.2%
		OP DEP	-		
		OP I&E	112 268 041.0		
		OP HC	-		
		OP IE	-		
28	Intelligent transport systems	16 ROP	99 725 857.0	307 660 910.0	0.5%
		OP DEP	107 935 053.0		
		OP I&E	100 000 000.0		
		OP HC	-		
		OP IE	-		
29	Airports	16 ROP	342 987 865.8	749 688 896.8	1.1%
		OP DEP	-		
		OP I&E	406 701 031.0		
		OP HC	-		
		OP IE	-		
30	Ports	16 ROP	20 996 133.0	513 655 927.0	0.8%
		OP DEP	-		
		OP I&E	492 659 794.0		
		OP HC	-		
		OP IE	-		
32	Inland watercourses (TEN-T networks)	16 ROP	-	-	0.0%
		OP DEP	-		
		OP I&E	-		
		OP HC	-		
		OP IE	-		
ENERGY				1 528 218 401.1	2.3%
34	Electric power (TEN-E networks)	16 ROP	-	213 948 000.0	0.3
		OP DEP	-		

code	thematic priority	EU contribution (according to intervention categories from attachment IV to 1083/2006)		“earmarking” indicator	
		according to OP	total		
		OP I&E	213 948 000.0		
		OP HC	-		
		OP IE	-		
36	Natural gas (TEN-E networks)	16 ROP	-	206 024 000.0	0.3%
		OP DEP	-		
		OP I&E	206 024 000.0		
		OP HC	-		
		OP IE	-		
38	Crude oil derivative products (TEN-E networks)	16 ROP	-	-	0.0%
		OP DEP	-		
		OP I&E	-		
		OP HC	-		
		OP IE	-		
39	Renewable energy: wind energy	16 ROP	44 451 251.3	216 574 962.3	0.3%
		OP DEP	-		
		OP I&E	172 123 711.0		
		OP HC	-		
		OP IE	-		
40	Renewable energy: solar energy	16 ROP	45 144 659.9	58 053 937.9	0.1%
		OP DEP	-		
		OP I&E	12 909 278.0		
		OP HC	-		
		OP IE	-		
41	Renewable energy: biomass	16 ROP	61 626 081.6	263 871 442.6	0.4%
		OP DEP	-		
		OP I&E	202 245 361.0		
		OP HC	-		
		OP IE	-		
42	Renewable energy: hydroelectric energy, geothermal energy and others	16 ROP	83 715 407.7	126 746 335.7	0.2%
		OP DEP	-		
		OP I&E	43 030 928.0		
		OP HC	-		
		OP IE	-		
43	Energy effectiveness, combined production (cogeneration), energy management	16 ROP	118 463 640.5	442 999 722.5	0.7%
		OP DEP	-		
		OP I&E	324 536 082.0		
		OP HC	-		
		OP IE	-		
ENVIRONMENT PROTECTION AND RISK PREVENTION			2 310 478 780.0	3.5%	
52	Promotion of clean municipal transport means	16 ROP	98 215 892.0	2 310 478 780.0	3.5%
		OP DEP	179 891 754.0		
		OP I&E	2 032 371 134.0		
		OP HC	-		
		OP IE	-		

code	thematic priority	EU contribution (according to intervention categories from attachment IV to 1083/2006)		“earmarking” indicator
		according to OP	total	

ENHANCING ADAPTATIONAL ABILITIES OF EMPLOYEES, ENTERPRISES AND ENTREPRENEURS					1 537 055 366.0	2.3%
62	Development of systems and strategies for lifelong learning in enterprises; training and services in favour of enhancing adaptation abilities of employees to changes; promotion of entrepreneurship and innovation	16 ROP	-	761 847 584.0		1.1%
		OP DEP	-			
		OP I&E	-			
		OP HC	761 847 584.0			
		OP IE	-			
63	Development and propagation of innovative and more effective forms of work organisation	16 ROP	-	147 080 415.0		0.2%
		OP DEP	-			
		OP I&E	-			
		OP HC	147 080 415.0			
		OP IE	-			
64	Development of specialist services related to employment. training and support for restructuring of sectors and enterprises. development of anticipation systems related to changes in the sphere of employment and demand for qualifications and future requirements concerning employment and qualifications	16 ROP	-	628 127 367.0		0.9%
		OP DEP	-			
		OP I&E	-			
		OP HC	628 127 367.0			
		OP IE	-			
IMPROVED ACCESS TO EMPLOYMENT AND ITS LASTING NATURE					3 110 703 624.0	4,7%
65	Modernisation and strengthening institutions of the labour market	16 ROP	-	685 458 725.0		1.0%
		OP DEP	-			
		OP I&E	-			
		OP HC	685 458 725.0			
		OP IE	-			
66	Implementation of active and preventive measures on the labour market	16 ROP	-	771 588 426.0		1.2%
		OP DEP	-			
		OP I&E	-			
		OP HC	771 588 426.0			
		OP IE	-			
67	Measures in favour of active ageing and prolongation of professional life	16 ROP	-	24 710 455.0		0.0%
		OP DEP	-			
		OP I&E	-			
		OP HC	24 710 455.0			
		OP IE	-			
68	Support in favour of self-employment and establishing business operation	16 ROP	-	882 068 047.0		1.3%
		OP DEP	-			
		OP I&E	-			
		OP HC	882 068 047.0			
		OP IE	-			

code	thematic priority	EU contribution (according to intervention categories from attachment IV to 1083/2006)		"earmarking" indicator	
		according to OP	total		
69	Measures in favour of increasing permanent share of females in employment and their professional development in the perspective of reducing gender discrimination on the labour market and better coping with professional and private life, and in particular better access to care and educational services for children and dependents.	16 ROP	-	487 960 274.0	0.7%
		OP DEP	-		
		OP I&E	-		
		OP HC	487 960 274.0		
		OP IE	-		
70	Defined measures in favour of increasing the share of migrants in employment in the perspective of strengthening their social integration	16 ROP	-	258 917 697.0	0.4%
		OP DEP	-		
		OP I&E	-		
		OP HC	258 917 697.0		
		OP IE	-		
IMPROVEMENT OF SOCIAL INTEGRATION OF PERSONS IN A DISADVANTAGEOUS SITUATION				354 274 281.0	0.5%
71	Paths of integration and returning to work of persons in inferior position; counteracting discrimination in access to the labour market and progression of vocational career, as well as promotion of acceptance for diversity in the work place	16 ROP	-	354 274 281.0	0.5%
		OP DEP	-		
		OP I&E	-		
		OP HC	354 274 281.0		
		OP IE	-		
IMPROVEMENT OF HUMAN CAPITAL QUALITY					
72	Development, starting and implementation of reforms in education and training systems to improve employment possibilities, improving the adaptation level of primary and vocational education and learning to the needs of the labour market, and systematic upgrading qualifications of the education system employees in the perspective of economy based on innovation and knowledge	16 ROP	-	1 621 334 546.0	2.4%
		OP DEP	-		
		OP I&E	-		
		OP HC	1 621 334 546.0		
		OP IE	-		
73	Measures in favour of increasing the share in lifelong education and learning, in particular through undertakings aimed at limiting premature giving up scholarisation and minimising gender discrimination as well as through measures aimed at improving the standard and access to education and learning on the primary, vocational and higher levels	16 ROP	-	816 735 316.0	1.2%
		OP DEP	-		
		OP I&E	-		
		OP HC	816 735 316.0		
		OP IE	-		

code	thematic priority	EU contribution (according to intervention categories from attachment IV to 1083/2006)		“earmarking” indicator	
		according to OP	total		
74	Development of human potential with respect to research and innovations, in particular through postgraduate studies and training for scientists and through system cooperation between universities, research centres and enterprises.	16 ROP	-	487 627 334.0	0.7%
		OP DEP	-		
		OP I&E	-		
		OP HC	487 627 334.0		
		OP IE	-		
Total EU contribution pursuant to intervention categories defined in attachment IV to regulation 1083/2006				42 511 100 940.8	
Total EU contribution within NSRF for Convergence objective				66 553 157 091.0	63,9%

APPENDIX 4. COMMUNITY INITIATIVES

JEREMIE Initiative (*Joint European Resources for Micro to Medium Enterprises*) is a common initiative of the European Commission and the European Investment Bank, in order to promote better access to finance for the development of micro, small and medium-sized enterprises. The JEREMIE initiative sets out a scheme for deployment of structural funds, which is beyond the grant system and which assumes support for activities that use instruments of financial engineering, pursuant to art. 44 of Council Regulation 1083/2006. Added value within the JEREMIE initiative is the possibility of using structural funds to strengthen renewable market financial instruments used to support SMEs, possibility of flexible selection of the instrument set depending on regional or national needs, avoiding the application of the “n+2/n+3” principle, access to knowledge and experience of the EIB Group, as well as the possibility of attracting additional funds from the private sector, resources of the EIB Group and other international financial institutions.

The JEREMIE initiative is an important element for enabling an improvement in functioning conditions for micro, small and medium-sized enterprises in EU member states. Poland is interested in executing activities in this scope and does not rule out the possibility of making use of possibilities offered within the JEREMIE initiative in areas, in which there are the biggest gaps in access to financing for SMEs.

JESSICA Initiative (*Joint European Support for Sustainable Investment In City Areas*) is a common initiative of the European Commission, the European Investment Bank and the Council of Europe Development Bank, in order to promote sustainable investment, and growth and jobs, in Europe’s urban areas. The JESSICA initiative assumes setting up special funds for urban development or trust funds, supported with structural funds, the task of which would be assisting – with the use of financial instruments – projects implemented within integrated plans for municipal development.

The JESSICA initiative responds to development needs of urban areas which are of key importance for stimulation of growth in a local, regional and national scale. Poland is aware of challenges connected with development of urban areas and accepts with satisfaction the Commission’s initiative in this respect.

JASPERS Initiative (*Joint Assistance In Supporting Projects In European Regions*) is a common initiative of the European Commission, the European Investment Bank and the European Bank for Reconstruction and Development (EBRD), used to assure technical assistance to new EU member states in preparation of infrastructure related investments in the sector of transport and environment.

Support of JASPERS experts will be an important element contributing to effective preparation of selected investment projects in Poland in the years 2007-2013. In the first instance support will be granted to projects in sectors, in which Poland has had little experience up to now, and which require execution of in-depth analyses (especially as regards state aid and environment related issues), as well as model projects, so that solutions worked out in them could be applied in other similar projects. To maximise effects of the JASPERS initiative, this support would also be used for preparation of horizontal guidelines, which would be applicable both for bigger and for smaller projects.