The EU Regional Policy and Lisbon Strategy – allies or enemies? Case study of Poland and region of Lodzkie

Justyna Morawska

University of Lodz, Faculty of Management

The scope of the proposed paper is to determine coherence of the EU structural funds management strategy in Poland with content of the Lisbon process against the background of selected Objective 1 member states responses to this problem. The paper is aimed both at evaluation of strategy being already implemented within National Development Plan (NDP) 2004-2006 and presentation of social, academic and political discourse that has recently been formed around proposal of National Development Plan covering next programming period 2007-2013. Two out of four dimensions of Lisbon strategy were chosen as a subject to academic scrutiny that are entrepreneurship development and building innovative, knowledge based economy in Europe. Measures related to these areas can be easily found in most of member state strategies of management the EU structural funds and as such they present a good basis for comparative research. Following dimensions of strategies will be taken into account in analysis: objectives of programming documents, financial endowments related to measures focusing on entrepreneurship and innovation and, structures of management in terms of their perceived efficiency. In order to determine prospects of better reflection of Lisbon strategy in NDP 2007-2013 at regional level local self-government employees in Lodzkie voivodeship were surveyed. Survey focused on perceived investment needs, key socio-economic problems that should be resolved with the EU support and respondents’ opinion on measures included in Integrated Operational Programme of Regional Development (IOPRD) that is the largest Operational Programme in Polish structure of the EU structural funds management.

The EU regional policy management in Poland and selected member states against the background of Lisbon Strategy

In 2000 Lisbon Strategy came into force. Its main focus has been transforming the EU into the most competitive, knowledge based economy of the world, capable of sustainable, non inflationary growth creating high levels of employment within 10 years. Target objectives for participation in employment were set up at levels of 70% for male and more than 60% for female. It was stressed that meeting these objectives would not be possible without support for and co-operation with small and medium enterprises that are “key factor for job creation”. Similarly, the strategic goal of Polish NDP 2004-2006 is “to develop the competitive economy based on the knowledge and entrepreneurship able to long-term harmonized development to ensure employment growth and improvement of social, economic and spatial cohesion with the European Union at regional and national level” (Poland. National Development Plan 2004-2006, 2003, p. 66) and as such it seems to reflect aims of Lisbon Process. To examine whether Poland’s approach to management the EU structural funds is in truly line with Lisbon Strategy, financial allocations on selected measures were analysed. The assumption was that Lisbon Strategy related measures comprise activities in labour market (e.g. active labour market policies, long life training, affirmative actions for women), support for enterprises, additional inputs in research and development, and development of IT infrastructure. Other areas of spending taken into account comprised agriculture, tourism, environmental issues, and basic infrastructure. Environmental issues were not included in Lisbon Strategy related measures, although questions of sustainable development have been emerging while discussing Lisbon process. On the other hand, expression of ecological awareness within the EU structural funds takes mainly shape of investments in quality of water resources and as such is co-financed from the Cohesion Fund. This fund’s main objective is to help entitled regions to catch up with the economic core of the EU in quality and provision of basic transport and environmental infrastructures. Undoubtedly, it is important for competitiveness of the regions as such, especially when we support viewpoint on relevance of infrastructure for decisions on location of investments. At the same time competitiveness within Lisbon strategy has special qualities. It is rather competitiveness through intangible assets of European societies than through provision of new roads. Thus Lisbon strategy forms a shift in the EU approach to economic development towards greater significance of human capital.

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Calculations made in order to estimate extent, to which Lisbon assumptions exist within national approaches were based on data presented in Jorg Beutel’s Report on economic impact of Objective I interventions for the period 2000-2006. Data concerning Poland were extracted from all Operational Programmes complements that contain information on areas of intervention and levels of spending planned for period 2004-2006 within each area. The results are presented in Graph 1. It can be seen that three groups of countries emerge. The first comprising Greece and Spain focuses on infrastructural investments to the detriment of Lisbon strategy related measures. The second one – Poland, Mezzogiorno and Portugal spends more than 40% of available resources in this area. Poland and Mezzogiorno distribute evenly 60% of remaining monies between infrastructure, agriculture, tourism and environmental investments, whereas Portugal decided to concentrate on infrastructure only. Germany and Ireland as a third group of countries redirected their strategies concerning regional policy towards Lisbon objectives with more than 50% of resources planned to be spent here.

![Graph 1: Distribution of the EU structural funds across selected areas](image)

Source: Own calculations based on data in Jorg Beutel, The Economic Impact of Objective 1 Interventions for the Period 2000-2006, Final Report to the EC, May 2002; Poland’s programming documents for the period 2004-2006 – see: Literature

If we take into account entrepreneurship dimension of the strategies implemented by the states concerned (Graph 2), it occurs that Ireland is at the first place both in terms of spending on Lisbon related measures and creating favourable environment for business. On the other hand level of direct support for SMEs in Ireland is similar to Greek one, while Greece with Spain are the courtiers that spend only about 30% of available resources in entrepreneurship related areas. Direct support for SMEs is especially high in Portugal and Poland. It could be related to citizen’s propensity to self employment.

In countries with relatively high levels of unemployment self employed are ‘refugees’ that create main stream in outflow from unemployment statistics. Some studies show that higher levels of self employment characterize countries undergoing economic changes (Audretsch D. et. al, 2001a, p.2, Audretsch D. et. al, 2001b, p.12), Poland and Portugal to be among them. Given limited capacities in job creation the state might be willing to set up incentives for SMEs sector as a whole in order to induce faster growth of enterprises. It should be remarkable especially in those countries where capital markets are underdeveloped or access to finances is limited and the EU structural funds take over the role of banks and other financing institutions. All countries in the sample have similar levels of endowments on long life learning that affects quality of labour force. It can be related to objectives concerning combating unemployment. On the other hand Irish example shows that even in the country, where unemployment ceased to be the most vital economic and political problem human resources

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2 Objective I within the EU regional policy covers NUTS II regions with GDP per capita lower than 75% of the EU average. It refers to regions “promoting the development and structural adjustment of regions whose development is lagging behind”. Objective I regions are entitled to co-financing of structural funds interventions from all existing funds- European Regional Development Fund, European Social Fund, European Agriculture Guidance and Guarantee Fund and Financial Instrument for Fisheries Guidance. See: Council Regulation 1260/99 of 21 June 1999 laying down general provisions on the Structural Funds, OJ 161, 26.6.1999.

3 Operational Programmes are programming documents that implement Community Support Framework and comprise a set of priorities comprising multiannual measures. Community Support Framework is agreement between the commission and the Member state concerned on strategy, priorities of actions, their objectives and financial provisions. It provides for method in which European monies will be spent within a given financial perspective. Starting from 2000, financial perspective is a seven year period. See: Reg. 1260/99 art. 9.

4 See more: J. Morawska, Przygotowanie do wykorzystania funduszy strukturalnych Unii Europejskiej w Polsce [w:] T. Domański (red.), Polskie przedsiębiorstwa, regiony i rolnictwo w procesie integracji europejskiej, WSMi P, Łódź 2004
development still remains on agenda of the EU structural funds spending. Resources for research and development sector and IT infrastructure are also higher in Ireland than in other countries. It indicates that reflection of Lisbon strategy assumptions in programming is higher in Ireland than in the other countries. The question here emerges whether business friendliness expresses through direct support or rather through consistent set of activities in fields that are mentioned as vital for business in *Green Paper Entrepreneurship in Europe* and *European Charter for Small Enterprises* from Santa Maria da Feira (i.e. access to skilled labour, favourable administrative and legal environment, networking business and research, digitalization of administrative procedures).

**Graph 2**

Per cent of enterprises related fields in distribution of the EU structural funds in selected states


Analysis of the project of National Development Plan 2007-2013 reveals that in comparison to its predecessor the Plan indeed can be nicknamed “Polish version of Lisbon Strategy” (Ministry of Economy and Labour, 2005, p. 25) but ironically not for levels of envisaged spending for key areas such as entrepreneurship, labour market or information society. It is rather institutional change envisaged that seems to be one of the most important tools of achieving high competitiveness. However, there are doubts whether calling NDP 2007-2013 “Polish version of Lisbon Strategy” referred to the plans of legal reform or rather to the measures co-financed by the EU structural funds. Here improvement in Lisbon–relatedness is not present. There is significant shift in perception of the role of such a document by its authors. NDP 2007-2013 is not only a written plan of spending the EU financial support but integrated long term strategy of making the best use of Polish membership in the EU. Thus, NDP 2007-2013 is not confined only to priorities and measures that could be co-financed form the EU structural funds but involves also such activities that are to be covered exclusively by the state budget. This approach resembles practice of Ireland in the current financial perspective where many measures included in Irish NDP 2000-2006 are subject to 100% national financing. Additionally, project of Polish NDP 2007-2013 contains provisions concerning institutional change towards greater liberalization in such areas as labour market and business environment. In this way it indeed reflects main dimensions of Lisbon strategy. Strategic goals of NDP are: maintaining high rates of economic growth, enhancing competitiveness of enterprises and regions and increase of employment, and raising levels of economic, social and spatial cohesion. There are ten priorities: investments, employment, export, entrepreneurship, innovativeness, market protection understood as safeguarding competition, social integration, knowledge and competences, labour force mobility and spatial economy. Planned expenditures amount to 142 millions Euro. These resources are to be spent through 16 regional operational programmes (each voivodeship will bear exclusive responsibility for design and implementation of its programme) and 15 specific centrally managed programmes. In comparison to existing programming framework with one integrated operational programme of regional development and 5 sectoral operational programmes (plus Technical Assistance) planned structure of programming seems to be far more

5 In certain conditions these goals might prove inconsistent. Promoting competitiveness of selected regions or sectors may lead to divergence thus lowering levels of cohesion. On the other hand concentration on cohesion issues may result in decrease in competitiveness resulting rather in “sharing poverty” than “creation of wealth”. Cohesion should occur if incomes in less favoured areas grow faster than in the prosperous ones. Simultaneously, it often causes increase of income outside poor periphery, thus leaving development gap unabridged (See more: R. Hall, A., Smith and L. Tsoukalas, 2003, p. 5-27).
complicated. Its advantage lies in greater freedom for regions in designing their development strategies and marks relevant step towards real decentralization. On the other hand, increased number of centrally managed programmes may lead to even deeper problems in efficient implementation of strategy. In the course of social consultations that took place between February and April 2005 it was one of the main objections. Proposals indicated both necessity of better redefining strategic priorities by i.e. finding common traits and unifying measures related to similar goals under one priority and decrease of the number of centrally managed operational programmes, based on the same premise. The below graphs show distribution of financial resources among the planned operational programmes and Lisbon strategy related areas. It can be seen that between 2007-2013 the regions will have received more than it was given to them under IOPRD 2004-2006. On the other hand, per cent values of support within IOPRD in relation to the whole CSF 2004-2006 (37.79% of CSF – public contribution – data from Community Support Framework) are higher than in the case of 16 independent regional operational programmes envisaged for period 2007-2013. Increase in regional dimension is achieved by joint allocations on 16 regional operational programmes and centrally managed programmes targeted at various dimensions of regional development (cross-border co-operation, regional competitiveness and cohesion, rural development, and Objective 1a programmes). Similarly to current ongoing situation, distribution of resources among sectoral operational programmes is even with no area enjoying position of strategic leader.

Graph 3

Planned distribution of resources among operational programmes in NDP 2007-2013


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Taking into account Lisbon dimension of the NDP 2007-2013 it should be noted that reflection of Lisbon strategy areas seems to be weaker than it is in the case of NDP 2004-2006. On the other hand, regional development receives more attention. Of course, data based on aggregate amount of resources per operational programme can be misleading, since they do not reveal what actually will be financed under each heading. According to Ministry of Economy and Labour 16 regional operational programmes will be divided into 8 priorities such as: basic infrastructures, restructurizing and revitalization, IT infrastructure and information society, entrepreneurship, tourism, culture, social infrastructures and human resources (Ministry of Economy and Labour 2005, p. 64-65). Probably detailed analysis of categories of intervention as it was carried out in the first part of this paper for NDP 2004-2006 would reveal different data than presented in graph. At present we are however limited by availability of aggregated numbers.

**Lisbon Strategy and the EU regional policy – case study of region of Lodzkie**

Currently main scope of assistance for local government within the EU structural funds in Poland is distributed through Integrated Operational Programme for Regional Development. The programme is divided in four priorities: development of infrastructure (60,29% of planned public expenditures), human resources development (15,66% of planned public expenditures), local development (23,75% of planned public expenditures) and technical assistance (1,3 % of planned public expenditures). It is the biggest one of seven operational programmes that are envisaged as tools for implementation of Community Support Framework 2004 - 2006 in Poland. Its proper implementation will influence process of achieving mentioned above strategic goal of CSF and NDP 2004-2006 that is creating “competitive knowledge and entrepreneurship based society”.

The willingness and ability to apply for the EU support depend on gminas propensity to invest and access to financial resources either it would be local budget, or issuing bonds or transfer from central budget for prefinancing. Legal limitations that could influence gminas ability to invest under the EU structural funds comprise question of long term commitments and acceptable level of debt. These problems are focal point of dispute within legislative process concerning passing Act on Public Private Partnership\(^7\) and new Public Finances Act\(^8\). Last changes in legal framework related to public finances at the local level were introduced by a new Act on Revenues of Territorial Self-Government Units\(^9\) that reshaped structure of revenues of local self governments by increase in share from personal income and corporate taxes while reducing contribution of national grants and subsidies. Although it was made with assumption that increase in own revenues will facilitate realization of tasks at local level and fulfill rule of adequacy\(^10\), subjects of this change argue that it will deepen regional disparities since gminas with higher levels of unemployment and poor taxpayers will receive less than

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\(^7\) Ustawa o partnerstwie publiczno-prywatnym, work in progress

\(^8\) Ustawa z dnia 13 listopada o dochodach jednostek samorządu terytorialnego, Dz. U. 2003 Nr 203 Poz. 1966

\(^9\) Ustawa o finansach publicznych, governmental project of 30th July 2003

\(^10\) Balance between obligations and means of implementation. See e.g. European Charter for Local Government: local communities should have sufficient financial resources at their disposal so as to run activities within their responsibilities, amount of financial resources redistributed to the local level should take into account a scope of responsibilities transferred to the local government
their prosperous counterparts. Also reliability of forecasts concerning shares in tax revenues by Ministry of Finances is questioned and self governments have been facing enormous difficulties while establishing budgets even when share of taxes in own revenues was lower. If they are to bear responsibility for high levels of absorption of the EU structural funds they should be able to plan investment related expenditures in a long term. Difficulties in planning even in an annual perspective show that it can be serious problem. Next threat for high levels of absorption is local self governments’ propensity to invest or better say ability to invest after compulsory current expenditures had been made. Even in 1999 when level of investments in Polish gminas reached peak (P. Swaniewicz, 2003) it was no more than 19, 56 % of all expenditures on average with Mazowieckie and Wielkopolskie performing better (Graph 5) and has fallen by 2,5 % to 2003. Most of expenditures are financed from national resources with only around 2% being covered by the European Union (P. Swaniewicz, 2003) in preaccession programmes such as Phare, ISPA and SAPARD. It indicates that experience with spending the EU monies is limited although it is the first enlargements when acceding countries were given chance to learn how to manage this type of public spending.

Graph 5
Investments in gminas in 1999 as per cent of expenditures

The question concerning the role of local self government in creating regional development with support from the EU structural funds touches on issues of sources of economic growth. It has been widely discussed in literature and such areas as technological progress, human capital quality, infrastructure and institutions were indicated as key factors. In 1950’ Solow and Ramsey noticed that rapid advance in living standards occurred in countries with faster rate of technological change where factor of technological progress offsets diminishing productivity of capital and labour (J. Bradley, 1994, p. 86-87). Subsequent studies added human capital to Solow’s model, but human capital was understood as a skilled labour force with full productive capacities thus stressing relevance of human resources quality. Barro and Sala – i – Martin examined patterns of growth in several countries based on comparison of human capital quality. In these, that enjoyed the abundance of human capital foreign investments provided additional stimulus to growth (J. Bradley, 1994, p. 97). Rebelo stressed that human capital accumulation can only take place if the economy is above a certain threshold level human capital development (J. Bradley, 1994, p.98). Below this level the economy remains caught in a poverty trap. Of course there are higher adjustment costs associated with the adjustment of the stock of human capital than with the stock of physical capital so basing on human resources development in converging process is a long term policy. When taking into account human capital in terms of its output that is generated R&D Lucas proved that countries which start to specialize in high tech products develop more rapidly and accumulate qualified human capital. On the contrary countries which invest in less advanced products will accumulate lower quality human capital factor (J. Fitz Gerald et. al., 1999, p. 20). Rebelo contributed to this conclusion presenting evidence that people working in environment with high level of human capital accumulation are more productive. Within location theories other

Source: own calculations based on data [in:] GUS, Bank Danych Lokalnych and M. Stachowiak (ed.), Wspieranie przedsiębiorczości przez samorząd terytorialny, Polska Fundacja Promocji i Rozwoju MŚP, Warszawa 2000, p. 64
scholars concentrated on physical environment of economic activity stressing relevance of cost of specialization and transport. Easterly and Rebelo presented cross-section data for 108 countries, which indicated that provision of transport and communication infrastructure is positively related to growth while Bougheas and Demetriades stressed that infrastructure reduces the cost of specialization and aids spatial separation of economic activity so as it can achieve more efficient equilibrium (J. Fitz Gerald et al., 1999, p. 22-24). Krugman contributed to discourse on spatial separation while writing about cities as centres of economic activity and points of increased demand.

“Each manufacturer wants to serve the national market from a single location. To minimise transportation cost she chooses a location with large local demand. But the local demand will be large precisely where the majority of manufacturers choose to locate.”

In terms of regional development Biehl argued that in a short term state can influence only the provision of infrastructure in order to boost economic activity. Other factors such as location (what are neighbouring regions for a given area) are fixed and sectoral structure can be changed only over a longer term (J. Fitz Gerald et al., 1999, p. 18) the same for supportive institutional environment that is stressed as a key factor for development in cross country research carried out by World Bank. Quality of institutions measured by their accountability, responsiveness, effectiveness, and regulatory performance is its focal point. Also negative correlation of economic development and corruption can be found. These facts stress that achieving convergence requires not only well focused policy but also supportive institutional environment that is still to be built in Poland. Against this background there remains open question as to the policy designed for purpose of Community Support Framework 2004-2006 and its relevance in terms of theories of growth and particular needs of the state undergoing deep socio-economic transformation.

Examination of structure of indicators used as a measure of performance in Integrated Operational Programme for Regional Development reveals that the Programme might have a limited impact in terms of achieving assumed goals. For the purpose of this paper the indicators were coded with regard to their qualitative features (what is measured) and counted based on frequency of appearance. It should indicate what were intentions and expectations of Ministry of Economy, Labour and Social Policy concerning impact of the programme. Results show that main area of intervention should be labour market and these activities that influence quality of life in the regions such as: provision of environmental infrastructure, public transport, sport and leisure facilities (Graph 6). It reflects the most serious problems of Polish regions as perceived by potential voters that are: unemployment and quality of communal services. Improved quality of labour force and changes in philosophy of labour market policy as implemented by public employment services should influence regional development in line with theories of human capital, but it would require efficient institutions and long term strategic planning while implementation of the programme should finish in 2006 with last expenditure made till 2008. On the other hand concentration of assumed effects around indicators connected with quality of life stresses that (1) these expenditures are designed in order to give voters impression that the EU accession brought profits and (2) spending is to supplement local governments’ abilities to supply provision of communal services and thus improve voters’ opinion on quality of public sphere. Especially the latter issue brings concern on threat of deadweight since financing this kind of investments should be done anyway and allocating public money here limits access to resources for these priorities that are crucial for development but so far current needs were crowding them out. It is confirmed by structure of financial allocations where expenditures related to quality of life account for more than 20% of spending while labour market related activities for only 11, 72% (Graph 7).

In addition, most of them will be targeted at secondary and third level education in rural areas, thus its impact on labour market will be seen in several years. While this kind of intervention is justified in terms of enhancing quality of human capital and preventing unemployment in a long term it does not influence unemployment in those groups that have already left educational system i.e. graduates and low qualified long term unemployed. These groups are offered subsidized employment that again is loaded with threat of deadweight since as soon as subsidy is ceased or suspended working place is lost. In order to influence level of unemployment subsidizing would have to be permanent. Then it does not contribute to changes in labour market but rather preserves existing situation. Low impact of the programme on labour market can be also expected when taking into account that according to Ministry’s own indicators only 6,05% trainees will find employment and 35,05% of

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12 Increased quality of infrastructure which reduces transport costs can lead to moving economic activity from peripheral location to the economic core where market is bigger. It can be prevented by keeping labour cost low. Location is also affected by the availability of human capital. That is why economic activity often flourishes in proximity to universities. See, J. Bradley (et. al.), op. cit, p. 67


14 Large share of infrastructure in expenditures is caused by high unit value of infrastructural projects.
actions will have no effect (Graph 8). Then cost-effectiveness of labour market related measures is astonishingly low especially when compared with assumptions made by Irish managing authorities where programmes with less than 65% attainment to labour force after completion were reviewed and those with less than 35% were found inefficient. It applied to programmes being implemented since 1989 when there was 16 % unemployment rate in Ireland (Bradley J. (et. al.), 1994. p. 63-67).

Following types of projects – infrastructure including environmental infrastructure and labour market activities were implemented in gminas within preaccession programmes Phare, ISPA and SAPARD. The agreed structure of expenditures reflects opinion on experience that should have been acquired in previous years at the local level. But given the fact that only 2% of investments at the local level were financed by these programmes as it was already mentioned this assumption might prove to be invalid.


The next question deals with self government’s ability to attract investments. Wide picture of factors related to decisions on location of investments reveals that key areas of interest for local authorities should be economic infrastructure including provision of areas fully equipped in terms of running productive activity, access to skilled labour force and R&D and last but not least business friendly administrative environment. If stimulus for regional development is to be achieved by increased rate of investments the operational programme implementation should positively affect these areas. In fact assumed impact might again be limited since indicators had low values especially if we take into account total number of potential beneficiaries at the local level - 2489 gminas, 308 powiats, and 65 towns with special status of powiat (table 1).

Table 1. Effects of Integrated Operational Programme in areas decisive for location of investments

<table>
<thead>
<tr>
<th>Factor</th>
<th>Indicator</th>
<th>Value</th>
<th>Average per gmina</th>
</tr>
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<tbody>
<tr>
<td>Economic infrastructure</td>
<td>Areas prepared for investments</td>
<td>3080 ha</td>
<td>1,23 ha</td>
</tr>
<tr>
<td></td>
<td>Surface prepared for service providers</td>
<td>65000 m²</td>
<td>26,11 m²</td>
</tr>
<tr>
<td>Business friendly administrative environment</td>
<td>Public procurement procedures on-line</td>
<td>30%</td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>Fast connections to Internet in public offices</td>
<td>30% or 500 offices</td>
<td>17% of offices in real values if assumed 500 projects implemented</td>
</tr>
<tr>
<td></td>
<td>Access to public services on line for enterprises</td>
<td>50% of services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IT based systems of management in public sector</td>
<td>500 offices</td>
<td>17% of offices in real values if assumed 500 projects implemented</td>
</tr>
<tr>
<td>Human capital</td>
<td>PhD Scholarships</td>
<td>800 persons</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Traineeship grants for scholars</td>
<td>1600 persons</td>
<td>100</td>
</tr>
<tr>
<td>Access R&amp;D</td>
<td>Regional Innovation Strategies – 1 for each voivodeship</td>
<td>16 strategies</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Network projects related to R&amp;D</td>
<td>48 projects</td>
<td>3</td>
</tr>
</tbody>
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Calculation based on average value can be of course misleading, because only the projects offering the best cost-benefit ratio should be implemented and not every gmina or powiat will become beneficiary of the operational programme. On the other hand, these results show that in this programming process too many areas of intervention were chosen and there is no leading motive within strategy of regional development. It may cause situation where expenditures are made only in order to assure high level of absorption, at present more political than economic value in Poland. Of course high levels of absorption mean that additional input of money was made into economy and Poland can expect demand side effect in a short and medium term. Whether it will transfer to supply side effect in long term is questioned since planned interventions will cover rather current expenditures. These part of the EU co-financed spending that reveal relation to investments or attracting investments through activities in the labour market, providing economic infrastructure and friendly public
administration are designed with embedded assumptions on their limited efficiency so their capacity to build up supply should be questioned. Thus, impact of IOPRD as potential instrument of Lisbon assumptions implementation at the regional level is also doubtful.

In order to assess IOPRD in practice questionnaire was sent to all territorial self-government units (powiats and gminas) in Lodzkie voivodeship. Respondents were asked whether and under which measure they applied for the EU co-financing under IOPRD. Question on reasons for not applying was also included. Subsequent ones concerned respondents’ opinion on adjustment of IOPRD measures to their needs. Last part of questionnaire concentrated on perceived key socio-economic problems that according to respondents should receive attention in determining areas of the EU support. It should enable forecasting as to the Lisbon relatedness of future strategies of development at the local level in Lodzkie voivodeship. Response rate in subgroup of gminas that is subject to analysis in this paper reached level of 78, 65%. The analyzed sample comprises 140 gminas: 15 urban, 108 rural and 17 of mixed characteristics. Median value of budgetary resources per inhabitant is 1463, 41 PLN, average value 1778,08 PLN. Excluding the poorest and the richest gmina from calculation returns average value of 1538,73 PLN. Still, average value is higher then median value, which indicates prevalence of gminas with relatively lower budgets. Outcomes of analysis show that most of gminas (76%) applied for support within IOPRD which proves that assuring high levels of absorption should not be a problem. Controlling for level of budgetary resources available per inhabitant and characteristics of area showed no significant relation with appliance or non appliance for the EU aid ($\chi^2=4,91$ and 2,92 respectively, $\alpha =0,01$). In other words, European co-financing available under IOPRD attracts similarly poor and affluent, as well as urban and rural self-governmental units. It can be explained if we look at structures of IOPRD. This programme offers co-financing opportunities for both urban and rural areas, notwithstanding that rural gminas can also get support under second priority of Sectoral Operational Programme Food Sector and Rural Development. There is also long lasting underinvestment in many fields at the local level. When compared to preaccession programmes the structural funds constitute larger and more accessible source of financing (i.e. there are no geographical limitations in terms of eligibility). This additional source becomes very popular since it creates new opportunity of covering costs of necessary investments that have been often postponed due to limited resources. This supposition seems to be confirmed by answers of gminas that have not applied for the EU support. Most of them did so due to lack of financial resources that are necessary to cover cost of own contribution (graph 9). The second most important reason was lack of obligatory attachments and documentation. It indicates that apart from financial barrier there is also procedural one that makes potential project promoters unwilling to apply for the EU support.

As it was already mentioned, gminas were asked to assess level of compliance of IOPRD measures with their needs. Five item scale was used where 1 stood for the worst level of compliance and 5 meant the best one. List being assessed consisted of full names of 20 IOPRD measures in the form of their occurrence in programming documents and as they are known to respondents. For the purpose of analysis answers were aggregated into 8 groups in order to distract Lisbon related measures (entrepreneurship, R&D and information society, human capital) and depict relevance of such interventions for respondent against the background of other types of investments. The highest average mark (3,86) was given to sustainability related measures that include
environment protection and management of water and solid waste. Tourism and regional development achieved marks above 3. Healthcare and entrepreneurship were the least favourably assessed areas: 2.6 and 2.68 respectively. Average mark given to Lisbon related measures equalled 2.8, while remaining areas received average mark 3.12. Altogether gminas were rather critical while evaluating IOPRD measures. The programme was assessed as sufficient but only one area – sustainability - achieved good mark. In opinion of respondents Lisbon strategy related measures reflected their needs to lesser extent than the other ones. Following conclusions appear from examination of distribution of values when compared with experience of gminas in terms of applying for the EU aid support (graphs 10 - 11):

- Percentage of gminas applying in infrastructure measures and sustainability measures is similar but assessment of compliance with needs differs;
- High marks for sustainability measures reflect both investment needs in terms of water and solid waste management in gminas and familiarity of self government units with such type of investments that makes process of applying easier;
- Relatively low marks for infrastructure measures indicate that there are specific barriers in programming documents that set obstacles for applying gminas and should be removed. Identification of these obstacles requires further research;
- Similar conclusion applies to healthcare measures that were assessed as the least adjusted to the respondent’s needs
- On average traditional areas of gminas’ activities – sustainability, regional development and tourism were assessed more favourably
- Altogether, Lisbon strategy related measures received worse marks
- In gminas’ opinion human capital area was well adjusted to gminas’ needs within Lisbon strategy related measures. It confirms above statement on better assessment of traditional activities since category human capital included measures related to education.

The last position of entrepreneurship within Lisbon strategy related measures might reflect several causes:

- (1) low level of consciousness on practical relevance of this type of support for socio-economic development although at the political discourse level we can observe that supporting entrepreneurship and especially sector of small and medium enterprises becomes fashionable partly due to transfer from the EU

- (2) hierarchy of priorities present at the local level that are determined by list of gminas’ own tasks listed in Act on Gmina Self-Government where creating favourable environment for business and support for enterprises is not present (see below)

- (3) crowding out of entrepreneurship dimension by other sorts of activities that are perceived as more relevant for local community at a given period of time

- (4) characteristics of measures targeted at entrepreneurship in IOPRD that makes them less attractive for self-governments.

15 Encouraging an environment favourable to initiative and to the development of undertakings throughout the Community, particularly small and medium-sized undertakings is one of objectives mentioned in Treaty Establishing European Community (Article 157) for both Community and Member States. Significant increase of interest in the sector can be noted since second half of 90’s, when issues related to entrepreneurship became a part of discourse on modernizing European labour market. In 2000, European Charter for Small Enterprises became expression of objectives for European and national policies directed towards creating better environment for SMEs. Summits of European Council since 2000 stressed relevance of innovation and entrepreneurship for competitiveness of Europe and success of Lisbon Strategy. It should be noted here that entrepreneurship is one of dimensions within Lisbon Strategy being rather a tool for achieving wider objectives such as high rates of employment and high level of innovation than main focal point of strategy. Although instruments aimed at support for SMEs have been constantly developed, progress achieved so far is limited. The latest expressions of the Commission in this area - Green Paper Entrepreneurship in Europe - stresses that more effort has to be done in three areas: reducing barriers for entrepreneurial activities, balancing risk and rewards from business and shaping society that values entrepreneurship (See more: T. Domański i J. Morawska, 2004 – p. 153; J. Morawska, 2004 – p. 13-21)

16 Ustawa o samorządzie gminnym (Gmina Self- Government Act); Art 7 Dz.U. nr 142 poz. 1591

17 List of eligible project promoters in measures 2.5 – Promotion of entrepreneurship and 3.4 – Microenterprises does not contain self-government units. In the course of social consultations of NDP 2007-2013 one of the most important proposals concerned including in future operational programmes so called open lists of project promoters that do not exclude those not present from applying for support under a given measure.
Similarly, respondents were asked to assess significance of 31 potential areas of support by giving them points. There were 100 points to be distributed by each respondent. Table 2 shows the distribution. The most important areas are water waste management and road infrastructures, followed by education. The least important in gminas’ opinion are intermodal connections, business environment institutions and co-operation of business and R&D sector. It reveals that:

- the most favorably assessed areas are those where gminas should have relatively rich experience in terms of investments due to preaccession funds;
- areas that are in the list of gminas’ own tasks achieve higher point value as they can be easily justified from the legal perspective;
- current lagging behind of Lodzkie expresses inter alia in lack of basic infrastructures and gminas perceive it as main barrier for further development. Underinvestment in this field in previous years led to deterioration of tangible assets so they should be restored in order to set base for future increase in competitiveness;
- issues related to labour market receive less attention than it could be expected from levels of unemployment in the region – social aid is ranked higher than preventing social exclusion and adaptability of labour force. It might indicate that gminas are rather concentrated on combating existing problems than on prevention. From the perspective of operational practice it is reasonable but at the same time such a set of answers reveals that long term strategic planning and strategy implementation are not a part of gminas’ policy practice. It is caused by uncertainty as to the levels of revenues in

Source: processed numeric data from questionnaire
upcoming years and general low level of disposable financial resources that could be reserved for long-term strategic development plans at the local level;

- higher position of basic infrastructure in comparison to areas related to human capital reveals also that investments in tangibles generate results that are visible to all inhabitants of a given area while direct impact of human capital development project is limited to direct beneficiaries thus providing authorities with narrower base of potential support;

- Since Lisbon strategy deals mainly with the intangibles it also receives less attention form gminas (graph 12). Lisbon strategy related areas received only 16% of distributed points including 10% given for human capital. Entrepreneurship and R&D including information society received only 6%. These results are consistent with described above assessment of IOPRD measures. It seems that local self-governments do not incorporate issues of promoting entrepreneurship and knowledge based economy to the set of important activities. Thus, achieving goals of Lisbon strategy with support of the EU regional policy measures at the local level seems to be unrealistic.

In order to reflect significance of assessed areas of support in terms of population size to which refers point value given by the respondent, the points were weighted by number of inhabitants in each gmina. While unweighted values disclose preferences of rural areas that dominate in the sample, the weighted ones are better indicators for urban areas. However, comparison of both weighted and unweighted values reveals no deep difference in assessment of Lisbon strategy related areas by urban and rural gminas (see bold ranks in table 2). In both cases areas related to entrepreneurship and R&D receive points that give them ranks in the last 10th. Support for start-ups (rank 18/19) is the sole exception probably because gminas see it as measure of combating unemployment. Co-operation of business and R&D sector and support for business environment institutions rank very low (places 29-31). Probably gminas believe that these areas of support should be addressed by other actors in public arena such as universities and technical high schools, research institutes and non-governmental organizations. It should be noted that among Lisbon related areas education (rank 3/3) and information society infrastructures (rank 8/7) get the highest amount of points. It means that these types of intervention have been internalized by local authorities as very important for future development. If the analysed question is to serve as indicator of actual needs at the local level in Lodzkie voivodeship, we can also expect that Regional Operational Programme 2007-2013 should concentrate on following priorities: basic infrastructures, development and revitalization programmes in both rural and urban areas (unweighted data rank revitalization in rural areas at the 4th place, while weighted data rank revitalization of urban areas at the 5th place which shows that revitalization projects are very important for both rural and urban gminas), education and information society infrastructures. Thus we can expect that the two latter issues might improve Lisbon relatedness of Regional Operational Programme 2007-2013 in Lodzkie.
Table 2. Significance of potential areas of support according to gminas

<table>
<thead>
<tr>
<th>Areas of support ranked according to signficance 1- the most important, 31 - the least important</th>
<th>Rank after weighting</th>
<th>Points given by gminas*</th>
<th>Literal occurrence in the list of own task – Act on Gmina Self government, Art. 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water waste management</td>
<td>1</td>
<td>2896</td>
<td>Yes</td>
</tr>
<tr>
<td>Road infrastructure</td>
<td>2</td>
<td>2768</td>
<td>Yes</td>
</tr>
<tr>
<td>Education</td>
<td>3</td>
<td>1105</td>
<td>Yes</td>
</tr>
<tr>
<td>Revitalisation and restructurising rural areas</td>
<td>4</td>
<td>803</td>
<td>No</td>
</tr>
<tr>
<td>Solid waste management</td>
<td>5</td>
<td>598</td>
<td>Yes</td>
</tr>
<tr>
<td>Culture</td>
<td>6</td>
<td>463</td>
<td>Yes</td>
</tr>
<tr>
<td>Water resources management</td>
<td>7</td>
<td>392</td>
<td>No</td>
</tr>
<tr>
<td>Information society infrastructure</td>
<td>8</td>
<td>378</td>
<td>No</td>
</tr>
<tr>
<td>Tourism</td>
<td>9</td>
<td>373.5</td>
<td>Yes</td>
</tr>
<tr>
<td>Health care</td>
<td>10</td>
<td>333</td>
<td>Yes</td>
</tr>
<tr>
<td>Protecting historical heritage</td>
<td>11</td>
<td>328.5</td>
<td>No</td>
</tr>
<tr>
<td>Social aid</td>
<td>12</td>
<td>301</td>
<td>Yes</td>
</tr>
<tr>
<td>Recreation</td>
<td>13</td>
<td>273</td>
<td>Yes</td>
</tr>
<tr>
<td>Spatial planning</td>
<td>14</td>
<td>256</td>
<td>Yes</td>
</tr>
<tr>
<td>Promotion of the community</td>
<td>15</td>
<td>249.5</td>
<td>Yes</td>
</tr>
<tr>
<td>Energy networks</td>
<td>16</td>
<td>240.5</td>
<td>Yes</td>
</tr>
<tr>
<td>Gas supply</td>
<td>17</td>
<td>238.5</td>
<td>Yes</td>
</tr>
<tr>
<td>Real estate management</td>
<td>18</td>
<td>229</td>
<td>Yes</td>
</tr>
<tr>
<td>Start-up support</td>
<td>19</td>
<td>226</td>
<td>No</td>
</tr>
<tr>
<td>Local public transport</td>
<td>20</td>
<td>215.5</td>
<td>Yes</td>
</tr>
<tr>
<td>Preventing poverty and social exclusion</td>
<td>21</td>
<td>207</td>
<td>No</td>
</tr>
<tr>
<td>Public order</td>
<td>22</td>
<td>203.5</td>
<td>Yes</td>
</tr>
<tr>
<td>Revitalisation and urban development</td>
<td>23</td>
<td>185</td>
<td>No</td>
</tr>
<tr>
<td>Renewable energy resources</td>
<td>24</td>
<td>138.5</td>
<td>No</td>
</tr>
<tr>
<td>Telecommunications infrastructure</td>
<td>25</td>
<td>105</td>
<td>No</td>
</tr>
<tr>
<td>Heating</td>
<td>26</td>
<td>80.5</td>
<td>Yes</td>
</tr>
<tr>
<td>Technoparks/industrial sites and incubators</td>
<td>27</td>
<td>79</td>
<td>No</td>
</tr>
<tr>
<td>Adaptability of labour force and business</td>
<td>28</td>
<td>64</td>
<td>No</td>
</tr>
<tr>
<td>Cooperation of business and R&amp;D sector</td>
<td>29</td>
<td>31</td>
<td>No</td>
</tr>
<tr>
<td>Business environment institutions</td>
<td>30</td>
<td>30.5</td>
<td>No</td>
</tr>
<tr>
<td>Intermodal connections</td>
<td>31</td>
<td>24</td>
<td>No</td>
</tr>
</tbody>
</table>

Source: data from questionnaire, areas related to Lisbon strategy - bold

* Each respondent had 100 points to distribute among areas of support. Theoretical maximum is 14000 points provided that each respondent in the sample gave 100 points to the same area.

Graph 12

Potential areas of support - relevance evaluated by gminas - points achieved in %

Source: processed numeric data from questionnaire

Conclusions

Outcomes of analysis show that there is no deep difference between Poland and other Objective 1 countries in their limited pro-Lisbon orientation, Ireland being the sole exception. Also secondary data on main directions of investments at the regional and local level show that rationale underpinning regional development is driven by mix of political cycle and current needs and therefore stigmatized by short – termism. As a result two
conclusions appear. Firstly, successful implementation of Lisbon strategy in areas of entrepreneurship development and innovation is dependant on implementation of measures related to two other dimensions of the process that are – labour market policies leading to greater flexibility and liberalization of markets. Secondly, tradition of long term planning is a factor *sine qua non* for successful implementation of Lisbon strategy and should be reinforced both in common policies related to socio-economic development and at national, regional and local levels across the member states.

Recent developments indicate that Lisbon process will be reflected in 2007-2013 EU regional policy regulations to the greater extent that it was in the ongoing period *inter alia* by changes in philosophy underpinning objective 2 (one of the three existing objectives) towards its greater orientation on competitiveness and implementation of European Employment Strategy. Above analysis shows that at the national level in Poland situation can be different. Careful examination of measures within all Polish operational programmes 2004-2006 and comparing results to analysis of proposed NDP 2007-2003 reveals that in upcoming period there will be relatively smaller part of resources available to cover spending related to entrepreneurship, innovation and human capital, although in absolute values there will be approximately 1000% increase in public spending under NDP 2007-2013. As it was already mentioned these resources are again evenly distributed with no area of intervention enjoying priority status. In this context calling NDP 2007-2013 “Polish version of Lisbon Strategy” seems to be unjustified although the Plan offers significant institutional changes that are perhaps more vital in terms of achieving Lisbon goals than pure expenditures.

Local self governments have significant role to play in the system designed by Ministry of Economy, Labour and Social Policy for management of the EU structural funds in Poland as they are main beneficiaries of the biggest operational programme covering nearly 40% of the Community Support Framework. Analysis shows that there is a basic misunderstanding on the part of designers on objectives of regional policy. Dispersion of activities and priorities, too careful assumptions related to effects, concentration rather on areas covering current tasks and expenditures of local self governments than long term strategic planning directed towards attracting investments and creating investments friendly environment might be responsible for rather limited impact of the Community Support Framework 2004-2006 on achieving socio-economic cohesion of Polish regions with the EU economic core. Majority of local self-governments in the region of Lodz apply for the EU support After one year of membership it is clear that high absorption will be achieved but there remains question of efficiency and effectiveness of implemented projects. Lisbon strategy reflection at the local level also remains weak especially in the field of support for entrepreneurship but issues of education and building information society receive more attention form gminas. Assessment of potential areas of support by gminas also indicates that in upcoming period most of interventions will be concentrated on infrastructures. Thus, mutual relations of Lisbon strategy and regional policy in Poland are closer to indifference than friendship. Regional policy serves as a source of financing urgent investments that could not be financed in previous years due to limited resources, while Lisbon strategy occurs in programming documents rather as a fashionable term.
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