

Jaroslav Kundera: European Economic Diversity and Structural Aids: Case of Poland

*Presented on the XVth International Summer University at ISES
22nd of June 2010, Kőszeg*

The regions of the European Union and the people living in them are not all equally well off in economic and social terms. Because problems of regional development are quite important in members states, especially in new members countries, the EU undertakes effort to ensure that all regions and their citizens can take full and proportionate advantage of the European Single Market. According to article 158 of the Treaty on European Union the Community shall develop and pursue its action leading to the strengthening of its economic and social cohesion in order to promote its overall harmonious development. In particular, the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favored regions or islands, including rural areas (1). In order to stimulate economic activity in the less developed regions, private–sector investment needs to be supplemented by financed from the EU budget public actions.

The EU regional policy has in the budgetary period 2007- 2013 three main goals. The objective 1 of the regional policy is to help less developing regions whose development is lagging behind to catch up more developed European regions. Regions qualify for objective one of regional policy are the regions whose per capita gross domestic product (GDP) is below 75% of the EU average during the last three years period. Because polish GDP is far below the established level of 75% of the EU average that means that all polish regions “lagging behind well developed European regions” and are treated as eligible to be financed under the goal 1 of the regional policy. For realization of the objective 1 of regional policy the EU spend the most aids about 76% of financial resources of the structural funds. Objective 2 of the regional policy of the EU is to supporting economic and social conversion in industrial, rural, urban or fisheries- dependent areas facing structural difficulties. Overall 18% of the EU population lives in the crisis hit areas, which receive 11,5% of total funding. The objective 3 of the EU regional policy is to modernizing systems of training and promoting employment. Measures financed by objective 3 cover the whole UE except for the Objective 1 regions where measures for training and employment are included in their catching-up programs. Objective 3 receives 12,3% of the total funding.

Structural Funds are the basic instruments to conduct Regional Policy of the EU. They allow the EU to carry out the goals of regional policy and grant financial assistance on the basis of

four basis of principles : 1. additionality , which means that UE assistance should complement the contribution of the member state rather than replace; 2. partnership, which implies the closest possible co-operation between European Commission and the appropriate authorities at national, regional or local level from the preparatory stage to implementation of the measures; programming that results in multi- annual development programs culminating in the measures being taken over by public or private projects promoters in process having number of stages; concentration obliges that the EU assistance measures should be concentrated now on the three priority areas (earlier six). Additionally, the Structural Funds as the other actions of the EU are governed by the principle of subsidiarity, which in the view of art 5 EC Treaty means that Community may take action in areas which do not fall within its exclusive competence” only if and in so far the objectives of the proposed action cannot be sufficiently achieved by the member states and can therefore, by reason of the scale or effects of the proposed action, be better achieved by the Community (2).

The most important the EU structural fund is European Regional Development Fund (ERDF) which aims to promote economic and social cohesion in the European Single Market by supporting actions aimed at reducing inequalities between regions and social groups. ERDF acts to achieve cohesion by redressing the main regional imbalances through support for the development and structural adjustment of regional economies. These actions includes the conversion of declining industrial regions and regions lagging behind, support for cross-border, transnational and interregional co-operation (3). The ERDF is by far the largest of the EU Structural Funds which contributes towards the financing of: productive investment primarily in small and medium- sized enterprises, investment in infrastructure, development of endogenous potential by measures which support regional and local development, improving infrastructure. The ultimate effects of its assistance is creation of jobs through fostering competitive and sustainable development in regions. The EFDF focus actions on three thematic priorities: 1. Convergence – supporting sustainable regional and local development through operational programs aimed at the modernization and diversification of economic structure and creation sustainable jobs. Its financial aids is used to support research and technological development, information society, local development initiative, environment, tourism, investment in culture, transport investment, energy, education , health and social infrastructure investment; 2. Regional competitiveness and employment – which focus its assistance on sustainable development promoting innovation and the knowledge economy (enhancing regional R+ D, stimulating innovation and entrepreneurship, creating financial engineering instruments), environment and risk prevention (stimulating investment for rehabilitation of the physical environment, investments in NATURA 2000, renewable energy production, clean and sustainable public transport, cope with such natural risks as desertification, droughts, fires, flood), access to transport and telecommunication services of general economic interest; 3. European territorial cooperation which focus its assistance on the development of cross- border economic, social and environmental activities by encouraging development of SME, tourism,

culture and cross –border trade, joint protection and management of natural and cultural resources, supporting links between urban and rural areas, reducing regional isolation through improved access to transportation and information.

The second structural fund, established in 1960, the European Social Fund (ESF) is the main instrument to carry out the EU social policy. Its task is to contribute to the priorities of the EU as regards strengthening economic and social cohesion by improving employment and job opportunities, encouraging a high level of employment and more and better jobs (4). Within the framework of the Convergence and Regional competitiveness ESF supports such actions as: increasing adaptability of workers, enterprises and entrepreneurs to the economic change, lifelong learning and increased investment in human resources by enterprises, especially SME, the design and dissemination of innovative and more productive forms of work organization, enhancing access to employment and the sustainable inclusion in the labor market of job seekers and inactive people, preventing unemployment, in particular long- term and youth unemployment, modernization and strengthening of labor market institutions. It supports jobs search, outplacement and mobility, self-employment, reinforcing the social inclusion of disadvantaged people, participation of women and migrants in employment, acceptance of diversity in the workplace. ESF combats discrimination in accessing in the labor market, enhances human capital in particular by promoting reforms of education and training system. Moreover, by increased participation in education and training throughout the life-cycle, development research and innovation through post-graduate studies and the training of researchers expanding networking activities between higher education institutions, research and technological centers and enterprises, it improves investment in human capital.

Assistance from the third structural fund – Cohesion Fund is to support actions in two fields: 1. trans-European network, in particular priority projects of partner countries common interest; 2. the environment within the priorities assigned to the Community environmental protection policy. The Cohesion Fund acts in the areas related to sustainable development which clearly present environmental benefits, energy efficiency and renewable energy. In the transport sector it finances efforts to develop rail, river and sea transport, intermodal transport system, interoperability, management and road, sea and air traffic, clean urban and public transport (5).

In the budgetary programming period 2007-2013, Poland is going to receive far more financial aid than in the preaccession period under the Phare program. According to the evaluation made before accession in the report elaborated by Centrum Europejskie Natolin the payments from the EU to Poland would grow systematically from 3, 214 billion euro in 2004, 5,665 billion in 2005, 6,051 billion in 2006, 9,589 in 2007, 11,711 in 2008, 13,565 in 2009, 14,190 in 2010, 15,11 in 2011, 15,935 in 2012, 16,632 billion euro in 2013 (6). The budget in 2007 should – as it is predicted – have brought about nearly a double increase in net transfers. According to their rather farfetched assumption the gradual increase in the EU

transfer to Poland may be equal to the amount Spain was receiving after the comparable membership in the former budgetary period. Participation of Poland in all Structural Funds spending may even reach 19% in the budgetary period of 2007-2013. As one can see from table 1, the payment from the EU devoted to Poland on the basis the Brussels compromise would grow systematically: as of 2007 from 7,744 billion euro, 8,063 billion euro in 2008, 8,389 billion euro in 2009, and 2010, 8,702 billion euro in 2011, 9,011 billion euro in 2012, 9,358 billion euro in 2013. Budgetary transfers ought to reach about 2% of Polish GDP in 2007 and would remain at more the same proportional level until 2013. Consequently, a positive balance of cash flows from EU would be improved: at the end 2007 should reach the level of 5,2 billion euros. In the whole period we would be able to get more than 60 billion euro from the EU with a view to spend them for different investments. The sum is higher than it was firstly the British proposition amounted to 57,3 billion euro, but less than offered by Luxemburg during its presidency. The whole EU budget will amount to 1,045% of the sum of the GDP of all members' states.

Tab no 1. The structural Aids of the EU Budget for Poland in the years 2007- 2013 according to Brussels compromise and preaccession evaluation. in billion euro

Years	Structural Aids according Brussels compromise	Preaccession evaluation
2004	3,096	3214
2005	3,507	5665
2006	4,528	6051
2007	7,744	9589
2008	8,063	11711
2009	8,389	13565
2010	8,389	14190
2011	8,702	15110
2012	9,011	15935
2013	9,358	16632

In 2005 EU faced deep crises because failing the constitutional referendum in France and the Netherlands and dispute over the Community budget for the years 2007 - 2013. If the UE had not got the compromise and the EU budget for the year 2007- 2013 would have not

been accepted, then the Community budget would have to follow so called provisional revenue and spending; that means in practice the prolongation of budget from 2006 year to 2007 year. However, provisional budget wouldn't have been profitable solution for new 10 members countries of the EU. For Poland it would be connected with loosing structural support by more than 3 billion euro: according to provisional budget Poland should receive in 2007 - 4,6 billion euro against 7,7 billion euro support according to Brussels compromise.

Due to the gained compromise and elaborating budgetary programming of the EU for the period 2007-2013 Poland will have at its disposal for cohesion policy of 59 683 million euro calculated by the prices in 2004 year (see tab 2). It is equal to 19, 3% of the total cohesion policy financing by the EU. It is more then anyone member country of the UE is going to get in 2007 – 2013 : the next country in the rang- Spain – thus far the most gifted the EU member country, is going to get 31, 5 billion euro that means less by about 28 billion euro then Poland, Italy by about 34 billion euro less, Czech Republic and Germany with 82 million people by about 36 billion less. For cohesion policy Poland will receive 19 562 million euro -31% of all UE budgetary disposal resources for this goal in 2007- 2013, more then Czech Republic: 7 830 million euro, Hungary: 7 589 million euro and Romania : 5 769 million euro. For convergence policy Poland is going to receive in 2007- 2013 : 39 486 million euro-20% of all UE resources, more then Spain 18 727 million for convergence goal and 1 434 so called phasing out policy, more then Italy : 18 867 million euro, more then Czech Republic: 15 149 million euro, Hungary: 12 654 million euro and Romania: 11 143 million euro. For European territorial cooperation Poland will receive 650 million euro – 8,3% of all aids for development this cooperation. As a less developed country covered totally by goal 1 of regional policy Poland will not participate in the EU aids under the title regional competitiveness and employment.

Tab. no 2 Cohesion policy and allocation of financial aids in 2007- 2013 in billion euro (prices from 2004 year).

	Convergence		Regional competitiveness and employment		European territorial cooperation
	Cohesion	Fund	Convergence		
1. Belgium	579		1268	173	2 019
2. Czech Republic	7 830	15 149	373	346	23 697
3. Denmark			453	92	545
4. Germany		14 326	8370	756	23 450
5. Estonia	1 019	1 992		47	3 058
6. Greece	3 289	14 158	584	186	18 217

7. Spain	3 250	20 161	7 628	497	31 536
8. France		2 838	9 123	775	12 736
9. Ireland			681	134	815
10 Italy		19 255	4761	752	25 647
11. Cypr		194	363	25	581
12. Latvia	1 363	2 647		80	4 090
13. Lithuania	2 034	3 965		97	6 097
14. Luxembourg			45	13	58
15 Hungary	7 589	12 654	1 865	344	22 452
16. Malta	252	495		14	761
17. Netherlands			1 477	220	1 696
18 Austria		159	914	228	1 301
19. Poland	19 562	39 486		650	59 698
20. Portugal	2 722	15 494	843	88	19 147
21. Slovenia	1 239	2 407		93	3 739
22. Slovak	3 433	6 231	399	202	10 264
23. Finland			1 426	107	1 532
24. Sweden			1 446	236	1 682
25. United Kingdom		2 594	6 232	624	9 468
26. Bulgaria	2 015	3 873		159	6 047
27. Romania	5 769	11 143		404	17 3178
non allocated				392	
Total	61 558	189 604	49 127	7 750	308 041

Source: InfoREGIO. Biuletyn Informacyjny, Komisja Europejska. Dyrekcja Generalna ds. Polityki Regionalnej, Lipiec2006, p. 3

In the years 2004-2013 the most important beneficiaries from Structural Funds in Poland in the sectors view would include agriculture -31% of all transfers, transport infrastructure –

23%, development of human resources -16%, environmental protection – 15%. The highest position in allocation the structural funds are allowed to investment of local self-government- 40,6 billion euro, ahead of infrastructure – 28,6 billion euro, investment of enterprises- 12 billion euro, decreasing of the unemployment and training of the workers - 9,5 billion euro, environmental protection – 9,1 billion euro (see table no 2) . Financing of other fields would exceed 18 billion Euros. Co-financing was estimated at over 18,2 billion Euros: 11,8 bn from public sources and 6,4 from private sources. In 2007- 2013 altogether, the above-mentioned funds will reach about 104 billion Euros.

Tab. no 3. The Structure of the structural aids of the EU for Poland in the years 2007- 2013.

in billion Euro	
1. Investment of the local self-government	40,6
2. Infrastructure	28,6
3. Investment of the enterprises	12
4. Decreasing of the unemployment and training of the workers	9,5
5. Environmental protection	9,1
6. The others	0,2

The first five years of realization the Structural Funds in Poland showed the positive transfer in balance of payments (see table 50). In 2004 Poland received 840,9 mln. Euro (3574, 1 mln. zloty) as an advance payment for the structural funds, 286, 6 mln. Euro (1218, 2 mln. zloty) for the Rural Development Program, 10, 7 mln. euro (45,7 man. zloty) for market intervention under CAP, 541,3 mln. Euro (2367, 7 million zloty) as an instrument improving polish budget liquidity, 103, 4 mln. euro (420,6 mln. zloty) under the Schengen Financial Instrument. Besides post-accession structural financing transfer to Poland were continuing under pre-accession funds from Phare – 546,7 mln. euro (2400 mln. zloty), Sapard 171,7 mln. euro (730 mln. zloty), ISPA – 273,4 mln. euro (1162,2 mln. zloty). In 2004 we received in sum from the EU – 2,42 billion euro structural aids, in 2005 – 3,99 billion euro, in 2006 – 5,05 billion euro, in 2007 – 7,57 billion euro, in 2008 – 7,39 billion euro . This growth of transfer from the EU to Poland was not only in absolute numbers but also in comparison with the period preceding the EU accession. The cost of receiving the Structural Funds

Support is also polish contribution to the EU budget, which we transferred from the beginning of our membership to the EU budget.

Tab. no 4 The EU funds coming to Poland in thousands Euro after 1 May 2004

Policy/ Heading	from 2004	2005	2006	2007	2008	Total
ISPA/ Cohesion Fund	209178	229083	520761	1292 208	1671658	3922888
Structural funds	840975	775490	1624940	3448258	3498095	10 187757
ESF	204244	174632	301015	922133	753869	2355893
ERDF	497279	431394	992494	2179 697	2394812	6495676
FIFG	20183	32416	38985	0	111550	203134
EAGGF	119269	137048	292446	346428	237863	1133055
Subtotal	1050153	1004573	2145701	4740465	5169753	14110645
Direct payment	0	702685	811581	935102	1037601	3486969
RDP	286640	662101	932868	1767574	846533	4495716
Market measures	10786	165722	181896	62431	134629	555464
Other agricultural transfers	0	11574	11101	5263	12398	40336
Subtotal	297426	1542082	1937446	2770370	2031161	8578485
Direct transfer	53365	72986	100204	77342	143981	447860
Transition Facility	0	10345	25561	33730	16762	86398
Cash Flow Facility	429009	612044	514293	0	0	1555346
Schengen Facility	103352	103858	106664	0	0	313875
PHARE	364746	333107	222280	856	0	920990
SAPARD	118293	339077	12	0	34716	492099

Total

2416344 4018055 5052162 7622763 7396372 26505697

ISPA- preaccession fund, ESF- European Social Fund, ERDF- European Regional Development Fund, FIG - Financial Instrument for Fisheries Guidance, EAGGF- European Agricultural Guidance and Guarantee Fund, RDP- Rural Development Plan, Direct transfer are constructed as transfers of fund directly to beneficiaries, without the "account of the Ministry of Finance" acting as intermediary. Source: 5 Years in the EU, [http:// 5lat.ukie.gov.pl/en/raporty](http://5lat.ukie.gov.pl/en/raporty), p. 207

As we see from table 4 during five years period of membership in the EU Poland has received in sum 26,5 billion euro of financial aids . The biggest financial flows came from Structural Funds: 14,1 billion euro (European Regional Development Fund – 6,4 billion euro, European Social Fund- 2,3 billion euro), under rural development program – 4,4 billion euro, direct aids – 3,4 billion euro, cash flow facility – 1,5 billion euro and from European Agricultural Guidance and Guarantee Fund – 1,1 billion euro. The transfer of money from the EU to Poland grew progressively from 2,41 billion euro in 2004, to 4,01 billion euro in 2005, 5,05 billion euro in 2006, 7,62 billion euro in 2007, 7,39 billion euro in 2008. The decrease of financial flow from the EU to Poland in 2008 in comparison with 2007 was temporary and connected with passing from one budgetary period 2004- 2006 finishing their financing in 2008 to the next period 2007-2013. Although in 2005 Poland received only 2,4% of the EU transfers under the cohesion policy, but in 2007 index grew to 11,4%. In the period 2004-2008 some financial transfer lost their importance for Poland, for example Cash flow facility, Schengen facility, program Phare and Sapard came to the end. On the other hand transfers from Structural Funds, especially from European Regional Development Fund and Social Fund became more and more important. Transfer from ERDF grew more than 5 times from 0,49 billion euro in 2004 to 2,39 billion euro in 2008 and in the same period from European Social Fund grew more than three times from 204 million euro to 753 million euro. Direct aids in the five years period of Polish membership in Common Agricultural Policy grew from null to 1,04 billion euro in 2008. 12 new members states of the EU received 14% of the total CAP direct aids, from which 5,8% was transferred to polish agricultural sector. Since 2007 the Cohesion funding, Rural Development Fund and direct payments became the key sources of coming funding from the EU to Poland.

On the other hand Poland was also required to pay the full contribution to the EU budget. As a result of accession negotiation of Poland to the EU (according to prices in 1999 year) we contributed 1,32 billion Euro (5825 mln. zloty) to the EU budget in the 8 months of the 2004. In the first year the polish contribution to the EU budget were divided according to 3 components: 1). customs duties and traditional own resources (TOR) – 92 329 euro; 2). 178 115 Euro as a fraction of the volume of VAT – 3) 1 048 537 on the basis of GDP based resources. In 2005 our contribution to European budget amounted to 2,38 billion euro, in 2006 – 2,55 billion euro, in 2007 Polish yearly contribution to the EU budget rose to about 2,77 billion euro, in 2008 to 3,4 billion euro and in 2009 to 3,61 (see tab. no 5). In sum

during the first five years of accession to the EU Poland had paid to common budget 16 billion euro: 11,42 billion euro on the basis of GDP, 2,73 billion euro as a fraction of VAT and 1,88 billion according to traditional own resources. All components of our contribution rose steadily: the fastest proceeds from customs duties and traditional own resources and VAT share. Polish contribution to the EU budget in 2009 was 2,7 larger then in 2004. Whereas in 2005 polish contribution represented only 1,99% of EU budget proceeds, it rose to 3,1 % in 2009 that accounted over 35% of the total contribution of EU- 12 new members states.

Tab no 5. Polish contribution to the EU budget in the years 2004-2009.

Years/ contribution in euro	Under:	GNI	VAT	TOR
2004	1 318 980	1 048 537	178 115	92 329
2005	2 379 385	1 751 508	359 033	268 843
2006	2 552 450	1 859 314	418 377	274 759
2007	2 7779 298	1 937 863	503 468	334 968
2008	3 402 108	2 413 187	551 392	437 530
2009	3 611 441	2 515 093	620 347	476 000
Total	16 043 661	11 426 630	2 732 602	1 884 429

Source: European Union Department, Ministry of Finance and the EU budget for 2009.

So after deduction the contribution to the EU budget Poland received positive structural funds aids netto , which rose progressively from 1,1 billion euro in 2004, to -1,62 billion euro in 2005, 2,49 billion euro in 2006, 4,79 billion euro in 2007 and 3,99 billion euro in 2008 (see table 6). In the whole period 2004- 2008 Poland obtained from the EU budget nearly 14 billion euro netto, what means that by this sum of money transfer from the EU to Poland was larger then transfer of contribution from Poland to common budget. Funds transferred to Poland have been systematically rising, except 2008 with nearly 3% drop in comparison with 2007 connected with the entry into realization of the New Financial Perspective. Some money transferred to Poland has not been used which explained the small discrepancies in calculation between transfer netto and total structural aids minus polish contribution. This money must be refunded to the EU budget and accounted for less then 0,6% of the assistance received by Poland : in 2005 it was 22 969 euro paid back to the EU , in 2006 – 4046 euro, in 2007 – 45064 euro and in 2008 - 7826 euro.

Tab. no 6 Balance of payments between Polish and the EU budget in billion euro in 2004-2008

	Years :					Total
	2004	2005	2006	2007	2008	
Structural aids from EU	2,42	4,01	5,05	7,62	7,39	26,5
Polish contribution to the						
EU budget	1,31	2,38	2,55	2,78	3,4	12,4
EU Structural Funds						
transfer netto to Poland	1,1	1,62	2,49	4,79	3,99	13,99

Now local governments are the largest public investor in Poland. The amount spent on EU funded projects was almost doubling every year during 2002-2006 year. In 2002 expenditures on EU-co-funded projects constituted less than 5% of local and regional investments, but in 2006 already close to one third of total spending (7). For the period from entry in May 2004 to the end of 2006, a total of 21,75 billion from the EU's structural funds and cohesion fund had been spent for the new member's countries. In the case of Poland in 2004-2006 we had received effectively within the framework of structural assistance about 12,8 billion Euro (6% of the total EU assistance in that period). One third of this amount was spent through the Integrated Regional Operating Program, which realized the following priorities:

1. Development and modernization of the infrastructure to enhance the competitiveness of regions (59,4% of all financial support).
2. Local development (24,5%)
3. Strengthening the human resources development in regions (14,8%)
4. Technical assistance (1,3%).

Taking into consideration the experiences of the other EU member countries Poland expects, that the aids coming from Structural Funds will bring about a lot of profits to our economy. However, it should be underlined, that considerable advantages Poland can receive from absorption of Structural Funds are not guaranteed. They are potential and can only be achieved in full if the Polish administration as well as final beneficiaries (companies, farms, people, etc), are able to show year by year a high degree of efficiency in the use of opportunities offered to them. Before accession the questions were arising whether Poland would be well prepared to absorb external financial aids? Some risk factors were

distinguished: 1. the first one included the effectiveness of local administration and possibility of accumulation of adequate internal means necessary to co-finance European projects. The minimum co-financing rates account for at 25%, 50% or 75% of undertaken investment. The eurosceptics underlined the difficulties of local governments for accomplish investments co-financing and managing effectively the financing and controlling of European projects. Because of low local budget and high indebtedness ratio in communes the projects would not be able to be financed by local resources. Thus presenting their projects for acceptance and co-financing, communes, communal associations and other local government units would have difficulties with the timely accumulation of funds in sufficient amounts. Moreover, public funds in disposition with a view to carry out regional policy used to be connected with a low flexibility of this expenditure. In effect they would have to be support by commercial banks, which is rather difficult task in the time of financial crisis which began in 2008. The second risk mentioned by the critics was the degree of institutional and organizational preparation of the public administration to act in line with the principles of regional policy. The effective administration is of course a necessary prerequisite for absorbing EU development aid in each cohesion country. However, after administration reform polish regional institutions were granted a limited set of functions and even more limited financial resources to carry out regional policy. It was the effect of the lack of confidence between regional institutions and potential beneficiaries treated as potential thieves trying to fraud an underserved grants. Low level of trust usually evokes complex procedures of formal control on the stage of application, overcomplicating in the implementation of projects, excessive burden placed on financial control. On a regional level regional government shared the power with governor appointed by central government which created the possibilities of overlapping competences and mutual conflicts. Hence the regional authorities remained dependent on the central government which considerably limited their discretion in delivering the regional policy. Overall it is thought that the general preparations of the polish administration to participate in the utilization of financial resources of Structural Funds was better at central, voievodship, level but it was still far from the desired situation at the local level (gmina, powiat). The third risk was related with the question of ability to prepare on time a sufficiently large number of projects because of its complexity and strict administration exigencies. The efficiency of structural funds procedure require establishment non only administration and appropriate organizational structures, recruitment, training of people employed as competent staff in Marshall Offices, communal office, small districts but also of abilities enterprises, association, schools, universities and so on in preparation of suitable projects (8).

Resources under Structural Funds are allocated on the basis of programming period: the present from 2007- 2013 year. Financial assistance is in the form of non- reimbursable grants, subject to co-financing from the public polish resources and channeled through national development strategy. At the start of each programming period, Poland submit proposals, in the form of regional developments plans to the European Commission for the use of Structural Funds. On national ground the Structural Funds are putting into effect by

National Development Strategy and further are divided into 5 horizontal operational programs and 16 regional operational programs. Each operational programs consist of several priorities, which are subsequently divided into particular measures. On the national level the Structural Funds are govern by the Ministry of Regional Development, which my delegate the responsibility of particular operational programs to respective ministries or agencies. Authorities of the Operating Programs are adequate Ministers and regional governments. Regional self governments are responsible for projects identification and selection, they signed the contracts and passed the money to final beneficiaries.

National Development Strategy



National Development Strategy is the principal strategic document which delineates objectives and priorities of the development policy in Poland in the period 2007-2015. The National Development Plan by their priorities has founded its vision of the development of Poland. Main goal of the Polish National Development Plan is to raise the level and the quality of life of Poland’s residents: individual citizens and families. The six priorities of this plan are as follow:

1. Growth of competitiveness and innovativeness of the economy;
2. Improvement of the condition of the technical and social infrastructure
3. Growth of employment and raising of its quality

4. Building and integrated social community and its safety

5. Rural development

6. Regional development and improvement of the territorial cohesion

The first priority is implemented mainly by the following actions: creating sustainable basis for development, development of entrepreneurship, access to external financing and investment, increased expenditure on research and development, innovation, development of informational society, protection of competition, development of services, restructuring of declining industries, the second priority is realized by improvement of: transport infrastructure, housing infrastructure, data communication, power industry and environmental protection, educational infrastructure, development of health care and social welfare, culture, tourism and sport, the third includes improvement of: conditions encouraging entrepreneurship, flexibility of labor market, equal opportunities on labor market, adjustment of the educational offer to the labor market needs, social dialogue, work safety, efficiency of institutional activities related to the labor market, effective migration policy, the fourth priority encompasses: building trustworthy and efficient public authorities, supporting self-organization of local societies, promotion social inclusion, ensuring national and internal security, public order, the fifth included: development of entrepreneurship and extra-agricultural activity, improvement of the competitiveness of farms, technical and social infrastructure in rural areas, improvement of quality of human capital and the sixth priority is focus on the regions and societies ability to use their own resources and to attract external investors.

The objective and priorities of the National Development Strategy are implemented through actions provided for in the key government documents: the Convergence program, the National Reform Program, the National Cohesion Strategy for the years 2007- 2013, the Rural Development Operational Program 2007- 2013. The critics of the National Development Plan indicated that it is composed of diverse sectoral projects, often overlapping and not a clear action plan involving the entire government. In plan lacks clear indication which initiatives constitute a priority and which are supplementary or secondary. The dominance of European money has brought about priority of EU objectives over domestic ones (9). In the year 2007-2013 the UE resources for Poland (in sum 67, 3 mld. Euro) is to be distributed according National Development Strategy and among operational programs as follow

1. OP Infrastructure and Development – 41,5%
2. 16 regional Operational Programs – 24,6%
3. OP Human Capital – 14,4%
4. OP Innovative Economy – 12,3%

5. OP Development of Eastern Poland – 3,4%
6. OP European Territorial Cooperation – 1,1%
7. OP Technical Assistance – 0,8%
8. OP European Territorial Cooperation – 1,1%

The Operational Program Infrastructure and Environment mainly supports projects for a list of individual key projects. The majority of the funding is earmarked towards road construction, rail, air and sea transport (19 074 million euros). It is expected that newly build infrastructure should give important impulse to the development of the regions, especially in those where the transport service account for or more then 10% of GDP. As a result of such huge investments in transport infrastructure, building, telecommunication and transport firms engaging in construction and delivery of goods and services may take additional profits and transfer it to the other sectors of economy, which will economically flourishing. Also environmental protection may account for important part of local investment (4 749 million) mostly for municipal sewage.

The Integrated Regional Operational Program is consistent with the basic orientation of development resulting from the Community policies. Poland has introduced 16 EU-subsidized regional development operating programs. It seems to be correct attitude for dealing the problems of regional development because regional development programs cover the 16 different voievodship and are connected with decentralization and reform of government spending. The advantage of the regional approach lies in a more effective resource allocation and spending. First round of negotiations of 16 Regional Operation Program started in 22nd May, 2007 – end of June 2007, second round of negotiations: July-August 2007 and in September/ October 2007 the programs were finally approved by the European Commission and Polish Council of Ministers. In Regional Developments Programs for the period 2007-2013 have been distinguished the following priorities:

1. Transport -26,1%
2. Research, technological development, innovativeness, entrepreneurship -24,7%
3. Environmental protection, counteracting threats – 10,8%
4. Social infrastructure – 10,4%
5. Information society – 7,9%
6. Renewal of rural and urban areas – 5,6%
7. Tourism – 4,8%
8. Culture – 3,9%

9. Technical assistance -2,9%

10. Energy- 2,6%

11. Administrative capacities -0,2%

12. Reform of Employment -0,1%

Operational Program Innovative Economy is managed by Polish Agency for Regional Entrepreneurship on a national scale and supports highly innovative investments. The goal of this activity is to support companies in implementing technological innovation not older than 3 years and funding for projects over 2 million euro up to 40 million euro. The program is divided into 8 priorities which includes: environmental, energy, CO2 emission reduction and increased in thermal and electric power production, infrastructure and development innovation potential.

Operational Program Human Capital is financed from the European Social Fund which dispose 14,6% of the total resources of Structural Funds. The overall goal of the program is to enable the full use of the human resource, increased employment, adaptability of enterprises and employees, reducing areas of social exclusion. Human Capital Operational Program contains five priorities at the central level: 1. employment and social integration; 2. development of human resources and the adaptive potential of enterprises, 3. high quality of the education system; 4. higher education; 5. good governance and 6 priorities at the regional level: 1. prevention, promotion and improvement of health condition of working age; 2. labor market open for all and the promotion of social integration; 3. regional economic staff; 4. development of education and competence in regions; 5. partnership for rural areas development; 6. technical assistance.

Under the programs of the European Territorial Cooperation Objective the Structural Funds are going to be allocated in the following manner in the period 2007- 2013: a) cross-border cooperation programmes (78,6% of total allocations, 438,5 million euro): 1. Poland-Germany – Zachodniopomorskie Voivodeship- Mecklenbur (8,9%), 2. Poland –Germany. Lubuskie Voivodeship – Brandenburg (8,9%), Poland Germany. Lubuskie and Dolnośląskie Voivodeship – Saxony (12,6%), Poland- Czech Republic (20,8%), Poland – Slovakia (15,4%), Poland – Lithuania (7,5%), Southern Baltic (4,5%); b) Central- Eastern Area- 71,5 million euro (12,8%) is to be transferred for activities included Neighborhood and Partnership Instruments on the frontier between Poland- Belarus- Ukraine and Poland- Kaliningrad Distric of the Russian Federation.

The reason for the Operational Programme – Development of Eastern Poland is to help to speed up the economic development and overcome stagnation in the five the most disadvantages polish voivodeship: Lubelskie, Podlaskie, Podkarpackie, Świętokrzyskie and Warmińsko- Mazurskie. These provinces are characterized by the low living standards of their residents, lack of modern branches of industries and services, small investments,

poorly developed and inadequate transport infrastructure and peripheral localization. The program is specific and covers different areas of intervention under the four main priorities: 1. modern economy- build up university infrastructure, information society infrastructure, support for innovation, promotion and cooperation, 2. voivodships development centres- municipal public transport systems, congress and fair travel infrastructure; 3. transport infrastructure- road infrastructure, bicycle routes, 4. technical assistance: support for the implementation process, information and promotion activities. It is worth to note that the structural support under the Development Program of Eastern Poland doesn't overlap the other operational program, but only acting in complementary way to supplement the other activities.

Because as we mentioned before one of the conditions for effective absorption of the Structural Funds is to provide appropriate administration organization at the national and local level, the goal of the Operational Program Technical Assistance is then to ensure support for the management, implementation and monitoring process of realization the European projects and to ensure that Structural Funds are used effectively and in compliance with the Community law. It worth to add that according to the common opinion of experts the procedures of implementation of Structural Funds in Poland look quite complicated. It frequently happened, especially in the first period of realization regional policy in Poland in 2004- 2006, that concomitant administration procedures were more complicated than EU required. There were lots of bureaucracy coming from overregulation, time consuming application, not transparent and political sensitive project selection, unclear allocation of responsibility, high costs imposed on final beneficiaries. Management of the Structural Funds was overburden by bureaucratic pedantry, low managerial skills, legal flaws and political culture characterized by clientelism. It was argued that this complicated procedures were among the main reason of problems in timely utilize the Structural Funds aids in Poland (10)

Summing up, the accession of Poland to the EU is to be positive in terms of the balance of transfers. Taking into consideration the total payments from the EU to Poland and total contribution by the part of Poland to the EU budget from the first year of accession Poland received 1,1 billion Euro netto financial support from the EU budget. In 2005 Poland received 1,62 and in 2006 twice more than in 2004 – 2,49 billion Euro netto, in 2007 we received 4,79 billion Euro netto and in 2008 – 3,99. According to compromise reached in Brussels Poland will get less money than it was showed in simulation before accession, but continuously rising sum of transfer to 9,3 billion in 2013. The danger indicated by pessimistic analysis elaborated before enlargement about the difficulties of absorption by Poland the structural funds seems now to be exaggerated. As soon as in the second year of the membership, the net position of transfers in the Poland- EU relationship exceeded 1% GDP, in 2007 net payment from the EU budget to Poland attained approximately more than 2,% of the GDP. The most important barriers which faced Poland in the first years of accession was the complicated beurocratic system of utilization of Structural Aids. This bureaucratic barrier

was not only imposed to Poland by the EU law but is increased also by Polish regulations (for example public procurement) and administrative practices. Moreover, in the first period of accession Polish enterprises pointed out also to a mismatch between the Structural Funds support and their real needs (11). In their opinion a majority of the EU structural aids should have served the purpose of increasing the productive investment but not channeling them into several actions supporting a lot of consulting and training activities. Up to the March 2006 Poland took advantage of about 700 mln Euro from 8,5 billion of Structural Funds support, which account for only 8,2% of the sum devoted for Poland for the whole period 2004-2006. In comparison in the same period of time the payment agencies transfer only 2,5% of all money from structural aids for final incumbents in the Czech Republic and 19% in Latvia. As we see from tab no 53 the worst effects showed in the realization of structural projects in transport sector (4,4% of devoted grants) and stimulating of enterprising (4,52% devoted grants) but the best was application of the project connected with realization of Integrated Program of Regional Development: 1,116 billion zloty from 11,6 billion zloty of devoted grants. To the end of the year 2006 Poland had transferred bills to the European Commission on 242 mln. Euro on the investment already accomplished. Especially the large investment projects in the transport sectors were in danger of not utilizing the full aids for Poland previewed by Cohesion Funds

Tab no 7. The utilization of the EU Structural Funds in Poland at the beginning of 2006 year

1. Sectors of the Polish economy	2. Planned Structural Funds in 2004-2006 in mld. zloty	3. Utilization of Structural Funds in mld. zloty and %	
Transport	4,5	0,2	4,4
Stimulating of enterprising	4,8	0,217	4,52
Training	5,7	0,344	6,03
Regional development	11,6	1,116	9,62

Source Rzeczpospolita, 10 March 2006, s. B3

At the beginning of 2007 we observed some improvement in the utilization of the Structural Funds in Poland. In March 2007 the global sum of money which had been

transferred as a refund to the final beneficiaries reached the level of 12,1 billion zloty, that means 36% of all allocation of Structural Funds to Poland in the period 2004-2006. The programs the most advanced in the utilization of Structural Funds were up to this period : Integrated Operating Program Restructuring and Modernization of Food Sector and Rural Development- 45,3%, Integrated Operational Program of Regional Development – 42,2%. Less progress had been achieved in the Integrated Operating Program Transport:only 19,3% and Community Initiative Equal and Interreg: 21,9% and 20% (12)

Tab. no 8 Utilization of resources of Cohesion Funds by the EU member's countries in 2007

UE member state	in %
1. Ireland	89,8
2. Malta	77,2
3. Spain	72,7
4. Latvia	68,2
5. Slovenia	65,9
6. Czech republic	61,1
7. Slovakia	60,8
8. Greece	56,5
9. Hungary	51,9
10. Poland	47,6
11. Romania	42,9
12. Bulgarie	37,5

Source: Rzeczpospolita , Warsaw 20 October 2008

As to the Cohesion Funds Poland had used 2, 7 billion euro from accessible 5, 6 billion euro in 2008. Up to November 2008 Poland had got used only 47,6% of all resources of Cohesion Funds devoted to Poland. As we can see from tab. 54 the degree of utilization of resources of Cohesion Funds was far less in Poland then in Ireland, Malta, Spain, Latvia, Slovenia, Czech Republic and Slovakia. The best result in utilization of Cohesion Funds in Poland was noted in the case of railways investments – 0,9 billion Euro (60%), but less in the case of environmental protection – 1,3 billion Euro (30%) and road infrastructure -0,4 billion Euro (20%).

In the first half of 2009 Poland has sent to Brussels the applications with request for refund the money for 92% from all planned quotas of 2,8 billion zloty. Some ministers like Ministry of Regional Development applied for 355 million zloty- 118,4% above the plan, Ministry of Interior Affairs and Administration applied for 264,7 million zloty – 21,2% above plan, Ministry of Economy – 186,7 million zloty – 198,7% above plan, but the others were more passive and they haven't sent any application in this period (like Ministry of Environment, Ministry of Science and High Education. Due to the financial crises some ministers decided to pass on their investment plans later on (for example in the operational program infrastructure and environment) up to the moment that they will receive official recognition by European Commission about financing their projects (13).

Since 1 May 2004 up to 2009 European Structural Funds financed 98 thousands different projects in Poland. In 2004 – 2009 the EU spent in sum about 16 billion euro on polish economic development. The most financial support (20,6 billion zloty) got polish transportation sector. The EU helped us to build 400 km new railroad and nearly 5 thousands km new roads: 192 km new motorways, among others A2 highway between Konin and Łódź, A4 highway between Legnica and Wrocław. With the help of Structural Funds Polish General Direction for country roads and highways had build 142 km new express ways and 92 new circular roads. In comparison in the same period polish government supported by only budgetary resources to build : 20 km highways, 28 km express ways and 230 circuit roads. Additionally we are now in the process to build new superhighways of 99 km long, 170 km new express ways with the financial participation of structural aids. With the day of the adhesion to the EU we took responsibility to adjust to the EU standard (pressure 11,5) more then 3000 roads, but to the 2009 year we were able to improve in this respect only half of them. Overall in 5 years period of our accession to the EU we were not able to construct the coherent country transportation link. The opinion is being shared that that realization of motorway program in Poland was the greatest failure in the utilization of European aids.

Although there were lots of evitable bureaucracy which hampered speed and smoothness of Structural Funds implementation in Poland, polish local administration and businessman got used European money in an effective way for local projects. Against skepticism of eurosceptics from the first pool of structural funds started in 2004 to help small and medium size enterprises (4,3 billion zloty) nearly all financial sources has been spend up to 2009. The money has been used not only to finance new investments, but also in indirect way by lending funds, guarantee funds or consulting firms. According to opinion by E. Kryńska from Institute of Work and social affairs the structural funds helped to create 400 000 new jobs in the 5 years of membership of Poland in the EU (14) . The European Social Fund helped to train 2,3 million of polish workers: 520 thousand of them were employed in the firms which used the structural aids to improve their qualifications; 650 thousands were unemployed persons who attended the courses financing by the EU to get new useful qualifications to enter back to the labor market. The European Social Funds delivered grants to introduce

new active forms fighting against unemployment: aids to set up new firms, professional courses, professional consulting, what was among then greatest success of utilization of Structural aids in the first period of Polish membership in the EU.

In the end of 2009 the EU passed to Poland more then 7 billion euro, that means about 10% of all Structural Funds resources preview for the period 2007- 2013. In 2009 proportionally more resources from Structural Funds the EU has transferred to Lithuania (17,4% of all resources for the period 2007- 2013), Estonia (14,8%), Latvia (12,9%), less for Czech Republic (9,7%), Slovakia (9,5%). During years 2004-2009 the European Structural Funds helped also Poland to set up 13 000 new small firms, 126 industrial and scientific-technological parks, incubator of enterprising, 172 lending and guarantee funds. Up to 2009 the European aids helped also to buy 9 thousands new items of equipment for polish hospitals, 671 new investments to set up athletic infrastructure, 661 new tie access for broadband internet. Despite all drawbacks the EU assistance has contributed also to animate regional institutions to manage effective regional policy in Poland. Thus far from total sum of Structural Funds Poland got used up to about 20% of all allocation in the budgetary period 2007- 2013. It is said that the latest speed up in spending European grants was caused by economic crises when polish provincial government decided to increase subvention for local investments in enterprises and infrastructure.

As we see from tab no 55 the structural aids for Poland was not evenly distributed among regions in the period 2004- 2008. The most beneficial regions in this respect were Mazowieckie voivodeship, where capital Warsaw is localized with the total aid worth 11.87 billion zloty, the most populous Śląskie voivodeship (9,48 billion zloty), Dolnośląskie (6,5 billion zloty), Wielkopolskie (5,27 billion zloty), Małopolskie (4,73 billion zloty), Łódzkie (4,35 billion zloty), Pomorskie (3,93 billion zloty), Zachodniopomorskie (3,9 billion zloty), Kujawsko- Pomorskie (3,9 billion zloty), and Lubelskie voivodeship (3 billion zloty). The most numerous European projects were presented by Mazowieckie region (14,3 thousands), Śląskie (9,48 thousands), Lubelskie (9,6 thousands), Wielkopolskie (9,5 thousands), but the least numbers of projects were presented by two small regions: Lubuskie (2,1 thousands) and Opolskie (2,75 thousands). According to regional structural aids calculated per capita the most beneficial polish regions are presented in red colour: Mazowieckie, Śląskie, Dolnośląskie, Zachodniopomorskie, Warmińsko- Mazurskie, the medium aids were directed to regions indicated by green regions: Wielkopolskie, Kujawsko- Pomorskie, Pomorskie, Lubuskie, Łódzkie, Podlaskie, Opolskie but the value of aids per one inhabitants was the least in regions indicated by grey colour: Lubelskie, Podkarpackie, Świętokrzyskie, Małopolskie.

had got used 8,5% of all resources at disposition for Poland for the whole period 2007-2013,

Tab. no 10. Utilization of Structural Funds in Poland from 2004 to 2008

Programs	Sum in billion euro	Degree of utilization
National Development Strategy 2004- 2006	8,6	94%
Cohesion fund	5,5	56%
National Cohesion Strategy for 2007- 2013:	67,3	0,35%
	Aids with written deal	Aids to be refianced from Agreements Commission
Innovation economy	4, 53 %	0, 00%
Infrastructure and environment	0, 04%	0, 00%
Human capital	12, 98%	1, 97%
Development of Eastern Poland	3, 74%	0, 07%
16 regional operational programs	1, 95%	0, 12%
All programs	3, 30	0,35%

Source: European Commission, Bruxelles 28.12.2008

Before adhesion to the EU Polish transport infrastructure didn't compose integral part of European connections, which created the important barrier to the development of entire economy . Therefore it was expected, that one of the main benefits issuing from the accession of Poland to the EU is to be improving the polish infrastructure. Poland is located in the central Europe at the crossroads between core EU countries and the east-European countries. Poland's central location in Central Europe results in the country being crossed by transportation infrastructure corridors. The well developed transport infrastructure is not only important for polish economy but also for the development of EU business connection with huge Russia and Ukraine market. However polish transportation and mass transit network were in very bad shape. There were not enough roads, enough motorways, high speed rail network, narrow and winding roadways were in a very bad state of repair, damaged bridges and flyovers slow down transit transportation from west to east Poland.

Road in Poland were mostly of inferior quality and do not sustain increasing vehicle loads. Thus Polish roads requiring upgrades, especially surface replacement. By the day of accession to the EU there were for example only 398 km of motorways in Poland, that means 0,13 km/100km² far less than the EU average of 16km/100. Moreover, there were great differences in the road infrastructure among the regions: relatively low road density in the north of Poland (Warmińsko- Mazurskie, Podlaskie) and higher in the south (Śląskie, Małopolskie, Dolnośląskie). Road infrastructure was especially insufficient developed as well as in the west and east part of Poland and in rural areas .

Also railways of fundamental national and international importance required modernization in Poland and alignment with European standards. Railways in Poland were 23 000 km long with a density of 7,2 km/100 km²., even above the EU average of 5 km/100. However over 95% were standard gauges lines, of which about 50% electrified, which did not fit to develop the European railways corridors.

Polish accession to the EU was of course connected with increase in demand for goods and passenger transport. Therefore one may indicate the following benefits resulting from quality improvements of Polish infrastructure:

- demand fuelled growth of Polish economy connected with construction work;
- improving transport accessibility to the EU trade partners and eastern neighbors
- creation new jobs in construction industry;
- increasing the mobility of society and flexibility of the labor market;
- growth of export and transit transport from the EU to the East- European market
- Lower transport and production costs of firms involved in international trade.
- Integration of Polish transport system with TNA which have positive impact on more rational allocation of economic resources.

It was common opinion expressed before accession of Poland into the EU that in all areas of Polish transport the benefits should prevail over the costs. The accumulated positive effects of transport investment of course will appear in long term period (not earlier than in 5- 10 years). The EU structural support include all Polish regions because all of them have an income considerably below 75% of average income of the Union and are treated as less developed regions. However, those regions located to the west of Poland and relatively close to the border with Germany ought to be the first to achieve benefits. In the short term period, the greatest profits from accession to the EU should get the road transport, and the air transport, that had strongest international connections with the EU transport system.

In the period 2004- 2006 the polish transport was supported by several European programs. The Cohesion Fund had invested in infrastructure development in Poland - 2, 78 billion Euro in 2004-2006 , European Regional Development Fund had invested an amount about 1, 8 million billion Euro used both for Sectoral Operational Program Transport (1,025 million euro) and Integrated Regional Operational Program (768 million euro). In transport infrastructure under cross boarder cooperation program INTEREG III was invested about 40 million euro. It is worth to add that the Cohesion Fund is designated to co-finance infrastructure projects of great importance to the national economy. Some financial sources were invested in infrastructure as well by the European Agriculture Guidance and Guarantee Fund to support building primary roads in smaller towns and country municipalities. So, in total the EU had invested in development of polish infrastructure - 4,744 million euro billion euro in the short run (2004- 2006) In the long run (2007 – 2013) Poland may receive at maximum 28,2 billion on infrastructure goals (86). The majority of investment in transport infrastructure are planned under Operational Program Infrastructure and Environment : in the new financial perspective 2007-2013 Poland is going to receive: 20 billion euro under the Operational Program Infrastructure and Environment; 4,2 billion euro under 16 Regional Operational Programmes; 1, 1 billion euro under Operational Program Development of Eastern Poland.

In the period 2004- 2008 the majority of the EU supports was spent to the upgrading of the polish road transport system. As we see from table no 11 in this period the Structural Funds of the EU co-financed to built in Poland about 192 kilometers of new motorways, 141 kilometers new express ways and 91 ring road and bypasses. The road build with the help of structural funds were much longer then the roads built by license holders and with the help of the national budget only: nearly ten times longer in the case of motorways and five times longer then in the case of expressways.

Tab. no 11. Kilometers of national roads built in the period May 2004- December 2008

	Motorways	Expressways	Ring roads and bypasses
Built using EU funds	192,56	141,39	91,65
Built using budget funds only	20,30	27,70	231,51
Sections built by licence holders	75,80	0	0
Total	288,66	169,09	323,16

Source: 5 years of Poland in the European Union, Warsaw 2009, p.104.

In 2004 -2008 years in sum despite many legal, administrative, building materials prices increases problems, about 457 km of new motorways and expressways were opened in Poland. Moreover, contracts for the construction of another 540 km were signed, including 220 km of motorways and 320 expressways and bypasses. According to the government program for 2008- 2012, 632 kilometers of new motorways, 1980 kilometers of expressways and 54 bypasses and 428 kilometers long are being planned. The development or improvement of 1560 kilometers of national roads is also included in the current Polish government strategy. Until 2015 Poland will be the biggest construction site in Europe. Polish government has signed up to an ambitious road-building program to 2012 – to the date of football master of Europe organized in common by Poland and the Ukraine. The transport ministry has planned to building some 1,145 kilometers of motorway, 2817 kilometers of expressway and 62 ring roads measuring 487 km in total. In addition to this, a further 1990 kilometers of roads have been earmarked for modernization. But magnitude of the plan is treated with open skepticism.

According to plan by Tran European Road Network (TEN) Poland is to be crossing by four transport European corridors. The first one connects Helsinki, Tallin, Riga, Kaunas and Warsaw. The planned link expressway S-8 in Poland begins at the Polish- Lithuania border crossing in Budzisk and will connect Wrocław and next by A4 the German border. The construction of two way expressway in the following sections: Wrocław – Wieluń and Piotrków Trybunalski – Warsaw will cost 2 005 mln. Euro and the construction of a two-ways expressway between Wyszaków and Białystok will cost 625 mln. Euro. The second plan: A2 highway is to design to match Berlin and the German highway A12 in Świecko with Belarussian M1 magisterial road in Kukuryki. 252 km of the A2 highway had been already completed in 2007 and it stretched from Poznan to Stryków near Łódź. By the end of 2010 the western part of the road will be opened between Germany and Warsaw. The concession to build and maintain the road has been allotted to company Autostrada Wielkopolska. The section between Stryków near Łódź and Warsaw is to be build in the public- private partnership system and the last section is expected to be opened in 2014year. Thirdly, there are also planned west-east highways in the south part of Poland as part of the trans-European road network. So called A4 is to be continuation of the road leading from Berlin in Germany to Lvov and Kiev in Ukraine. The highway will be 670 km. long and connect the Polish-German border in Jędrzychowice near Zgorzelec with the Ukrainian border in Korczowa The section between Krzyżowa and Cracow 376 km long has already been opened. The construction of highway between Kraków-Rzeszów- Korczowa will be build by 2011 with its estimated costs amount to 1,325 mln. Euro. Fourthly, the EU considers it essential not only to connect the west and east parts of Poland but also the Baltic Sea coast to the Czech Republic. The corridor runs from one of the most important seaports in Gdynia to Torun's and Łódź's suburbs and to the agglomeration of Silesia. The A1 is designed to end at the Czech border in Gorzycki. The road will not run through Warsaw, hence the capital city will be accessible through S7 expressway. Construction works of the parts between Nowe

Marzy- Toruń, Toruń – Stryków, Pyrzowice - Sośnica will be carried out in the period up to period 2010 and it will cost 1 498 mln. Euro.

Poland road system must be – in the view of Accession Treaty – additionally fully available for vehicles with axle weight of 11,5 tones as of 1 January 2011, what means obligation to adjust certain international road to that standard. From total 3006,7 km roads used in international transport Poland has upgraded 1800 km up to 2009 year and about 1200 of them still has to be adjusted to axle weight of 11.5 tones.

Most of the project financed from Operational Program Infrastructure and Environment are connected with upgrading the road infrastructure (about 58%), second biggest position are investments in development of railway infrastructure (25%). In Poland until the end of 2008 there have been built the following railways line with the help of European funds: Warsaw – Łódź railway line, section Łódź - Skierniewice, E-30 railway line, section Legnica- Węgliniec, E-20 railway line, section Rzepin- German border, E-20 railway line, section Mińsk Mazowiecki-Siedlce.

Before accession to the EU Poland was also characterized by the poor use of air services. But after accession the Polish air transport market and international connections developed dynamically. New passengers flows and new connections assume and obvious task to build and modernize polish airport infrastructure. For example the limit of operational capacity set at 6,5 million passengers annually in Warsaw airport- Okęcie was exceeded with over 7 million passengers handled in 2005 (87). Thus far in Poland no new airports have been opened in any new polish cities. But in Warsaw airport Okęcie new investments had been undertaken to build new terminal 2 which enlarged essentially the space of the airport and its capabilities to transit new passengers. Additionally, it is planned to spend 500 million euro from Structural Funds to enlarge and modernize the airport infrastructure in such polish cities as: Kraków, Wrocław, Poznań, Katowice, Bydgoszcz, Rzeszów. New airport is to be constructed in Lublin. Negotiations were taking place to build new airport in Świętokrzyskie region near Kielce, but European Commission is skeptical to participate in financing this investment.

The investments in the transport links have of course long terms consequences. It was not possible to build quickly and effectively compatible transport infrastructure with European standards in few years after adhesion taking into consideration the huge deficiencies in this area at the date of adhesion. However, some noticeable progress has been made: the accessibilities of some regions, especially at the western part of Poland and cities has been improved and transport barrier for development of Poland is year by year reduced. On the other side there is public perception that the development of transport infrastructure in Poland progress very slowly and seems to be the greatest failure of the integration process. The realization of investment is retarded and excessively fragmented, public procedures are excessively complicated, new governments change constantly their plans, conception and preferences.

Regional policy of the EU as one of the most important section of the European policy directed towards especially less developed members countries and its regions gives rise to the fundamental question about its impact on the economic development in Poland as a whole and its regions. K. Piech by the help of three macroeconomic models (HERMIN, Mamor2, CGE- type model. Model endogenous) assessed that with the aids of the EU funds , which are going to be spend in the period 2007- 2013, Poland will be able to reach almost 70% of the EU 25 GDP in 2020 and without Structural Funds – about 3% points less. About 1/6 of the level of development in Poland in 2020 will be a contribution of the resources coming from Structural Funds. Infrastructure investments and Environment Operational Program will have an important, positive impact on Polish economy. The EU funds will generally positively contribute also to the regional convergence among polish regions. In 2020 Mazowieckie voievodship will last as still the richest region in Poland, but the most poorest regions will upgrade significantly crossing the threshold of 80% of the country average. (15) Only one Operational Program- Development of Eastern Poland is expected- according to the macroeconomic modeling – to deliver additional GDP of 1,38% and up to 13 610 new jobs annually in five the least developed polish voivodships (16). Realization of the EU regional policy has forced the regional authorities in Poland to learn and adjust their practices to European rules, enlarge their capacity, reinforce the competency of polish regional authorities. The financial aids of Structural Funds helped polish regions to become more and more important actor in achieving the goal of development, transport, education, technology, industrial and environmental policy on regional level.

REFERENCES

- 1) Traktat o Unii Europejskiej, Warszawa 2005, p.212
- 2) Ibidem, p.22
- 3) Regulation No 1080/2006 of the European Parliament and the Council of July 2000 on the European Regional Development Fund and repealing Regulation (EC) no 1783/1999
- 4) Regulation (EC) No 1081/2006 of the European Parliament and the Council of 5 July on the European Social Fund and repealing Regulation (EC) No 1784/1999.
- 5). Council Regulation (EC) No 1084/ 2006 of 11 July 2006 establishing a Cohesion Fund repealing Regulation (EC) no 1164/94
- 6) Costs and benefits, ..op.cit., Warsaw 2003 p. 52-58
- 77) The Structural Funds' Implementation in Poland – Challenges for 2007- 2013, Brussels 4/9/2007, p.4, 8-11.

- 7) M. Kozak, System zarządzania europejską polityką regionalną w Polsce w pierwszym okresie po akcesji, Studia Regionalne I Lokalne, 2006 nr 2, s. 75-78.
- 8)). T.G.Grosse, Assessment of the National Development Plan for 2007-2013) Instytut Spraw Publicznych
- 9)) Regional Policy Inforegio- Operational Programme Development of Eastern Poland, 6.01.2009, <http://ec.europa.eu/regional-policy/country/prordn/details/>, pages 1-3
- 10) Fundusze Unijne. Aktualności, 25.04. 2007 ,<http://www.mrrr.gov.pl/> Aktualności, Fundusze+ unijne04-06/wdrażanie,
- 11) Rzeczpospolita 30 kwietnia – 1 maja 2009, B2,3
- 12) Rzeczpospolita nr 186 (8392) z 10 sierpnia 2009
- 13) Rzeczpospolita 30 kwietnia- 1 maja 2009, B2,3
- 14) K. Piech, Result of the EU funds macroeconomic impact assessment- the case of Poland, Riga 29 May 2008, p 1- 37.
- 15) [http:// 5 lat.unkie.gov.pl/en/raporty,p.206-208](http://5lat.unkie.gov.pl/en/raporty,p.206-208)
- 16) J. Litwiński, Działalność polskich portów lotniczych w 2006, Office Civil Aviation, Warszawa 2006, p.9.
- 17) Costs and Benefits ...op. cit, Warsaw 2003, p. 218
- 18) Five Years of an enlarged EU. Economic achievements and challenges, European Economy 1/2009, p.30-34