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POLAND – MODEL OF REGIONAL DEVELOPMENT IN CENTRAL AND EASTERN EUROPE

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Abstract: *Regional development plays an important role in the economic and social policy of each MemberState of the European Union. In this article, we have analyzed the absorption of European funds in Poland, their impact on regional development and identified the pragmatic ways to improve absorption, which will be useful in future financial years. The aim of the research is to identify the structure of the absorption system, the components on which it is built, the mode of operation and the determinants of the absorption process.*

Keywords*: Poland, regional development model*

JEL classification*: F63, F65*

Introduction

Cohesion policy is the most important source of support for regional development. At EU level,more than half of the funding it provides is provided through the Structural and Investment Funds, whichare the instruments of cohesion policy.

Cohesion policy for the MFF 2021-2027 must respond to such prerogatives as a smarter, greener,more connected, more social Europe and, last but not least, closer to its citizens. In this regard, EuropeanUnion investment will focus on the areas that will bring the most added value.

The European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the EuropeanSocial Fund (ESF) are the instruments through which the objectives of regional policy are achieved. Together with the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries and Maritime Fund (EMFF), they constitute the European Structural and Investment Funds.

Regional development plays an important role in the economic and social policy of the Member States.

Regional development policy is designed as a series of measures planned and promoted by local and central government authorities, in association with various economic participants (private, public, voluntary), to ensure economic growth, in a dynamic and sustainable, by efficiently exploiting the regional and local potential, in order to optimize living conditions. Regional policy focuses on areas such as: business development, labor market, attracting investment, technology transfer,

developing the I.M.M. sector, improving infrastructure, environmental quality, rural development, health, education, education, culture.
The regional development policy is implemented over a seven-year programming period and follows trends in population development, migration, relative growth in activity, research and development spending, and public spending dynamics. , the liberalization of international trade, managing to connect them with other Community policies. The regional development policy concerns both the general trends identified and the specific regional ones in which they are implemented.
Regional development is a new engine aimed at supporting a variety of economic activities, increasing private investment, reducing the unemployment rate and generating an improved standard ofliving for the citizens of the European Union.

1. Research methodology

This part of the presentation of the methodology used aims to facilitate the completion of the following passages of the research paper, by presenting the sources of information that have been used in the following.
The starting point of this research was bibliographic and webliographic documentation from books, national and international articles or various current studies in the literature. I will take into account both the national and the European context. We have taken into account the statistical reports provided by local, national and, last but not least, European bodies. We used the “Anelis” platform to obtain bibliographic information. Using these resources we were able to make an analysis of the researchpapers that we considered to be of interest as a topic for this study. In order to obtain the data set, the keyword used in the query was: “regional development in poland”, restrictions being imposed on the field of research and the year of publication of the articles.
The information contained in this paper is updated as of April 4, 2022.

2. Literature review

In order to synthesize the main concepts and deepen the research, we took into account some ofthese landmarks, which formed the theoretical-methodological basis, describing the concepts of severalspecialists on the research approach, the methods used and the conclusions reached:

- Sabău-Popa (2010) briefly presents the budgetary developments of the European Union, since the establishment, the budgetary process at the level of the European Union, the budgetary impactof the Member States on the European Union. In the last chapter of the paper *"The European Union Budget and Community Funds"* it examines in detail the funding provided to Member States through Community funds allocated to the various common policies of the European Union.
- Ianoși, A. L. (2018), due to the special importance of using European funds as a tool to reduce the gaps between developed and underdeveloped Member States of the European Union and to improve the living standards

and living standards of citizens of developing countries. development, in the paper *“Romania's road to an efficient absorption of European funds. Aboutthe transformation of the Polish miracle into the Romanian miracle. Comparative analysis”* analyzed the absorption of European funds in Romania during 2007-2013 and the results of the absorption process, carried out for the first time in Romania. As a secondary objective, more attention was paid to the process of absorption of European funds in Poland, which led to the operation of relevant comparative analyzes between the two states on their absorption capacity and the quality of use of European funds. The research also aimed to identify the main factors that had a negative influence on the efficiency of absorption of community funds in our countryand to propose viable solutions for their removal or minimization in the 2014-2020 programmingperiod.

- Vlădoi, J. M. (2021), presents in the work *“Accessing European funds: the stake for Romania’sdevelopment”* conceptual aspects regarding the European Union, principles and values that govern it, the purpose for which European funds are set up and how they are allocated and reimbursed to the Member States. The investment priorities for the next financial period 2021- 2027, the role and impact of European funds on the economies of the Member States, their contribution to economic growth, the exemplification of successes through the Poland model asa success story are highlighted. It presents the way in which the access and management of the allocated funds in the periods 2007-2013 and 2014-2020 have been achieved so far. It also identifies the difficulties encountered and the impact of the deficiencies found, the causes that generated them and the short, medium and long-term effects that led to a poor absorption. All the information presented is based on a methodology developed on documentation, analysis andcomparison of statistical data that support the analysis of the results underlying the identification of problems encountered in each operational program, the causes that generated problems in fundmanagement, and the negative effects of very low absorption rates.
- Heijman, W., Koch, T., (2011), in the article *“The allocation of financial resources of the EU structural funds and cohesion fund during the period 2007-2013”*, describes a model to predict the allocation of EU structural funds and the Cohesion Fund to the Member States. By comparing the planned allocation with the actual allocation, it is possible to identify which Member States receive more and which countries receive less than the planned quota. The variables that determine the allocation forecast are the GDP per capita and the size of the population.
- Mosionek-Schweda, M. (2014), in the article *“The absorption of the European Funds granted to Poland for the period 2007-2013 - Examples of Projects and Evaluation”,* presents the evaluation of the use of EU funds in Poland for the period 2007-2013. The analysis was based on

statistics published in Poland by the Ministry of Infrastructure and Development, Eurostat and the European Commission. The analysis of the sources on this topic, as well as the observations of the business practices, allowed the formation of a thesis that Poland used the European funds competently for the years 2007-2013 and benefited considerably from them.

- Tome, E., Tracz-Krupa, K. (2019), *"The European social fund in the Visegrad countries in the 2007-2013 programming phase"*, define the impact of investment in training in education by theEuropean Social Fund (ESF) in four Eastern countries, namely Poland, Hungary, the Czech Republic and Hungary. These countries have some political, cultural, social and economic similarities and have some things in common in the areas of human resource development. The authors use human capital theory to analyze the context, operations and impact of the ESF in thefour Visegrad countries (V4) between 2007 and 2013.

3. Poland - a model of regional development in Central and Eastern Europe

For Poland - as a Member State, the analysis of the country report, compared to the stage of fulfilling the targets assumed by this country in the period 2007-2015, highlights the evolution and economic stability of Poland, but also the status of regional leader, depending on the degree of absorption, is due to the concrete measures that Poland has taken.

In 2011, Poland amazed Europe with its unpredictable results in absorbing European funds. In 2011, Poland managed to exhaust all European funds allocated to large-scale sustainable projects, all two years before the official end of the programming period. Under these conditions, Poland and Italy were the only European countries to receive additional funding for their performance, amounting to 10%of the amount allocated in 2007, thus registering a 110% absorption of European funds in 2013, while also acquiring the title of regional leader in the absorption of European funds for the period 2007-2013(Vlădoi, J. M., 2021, p. 79).

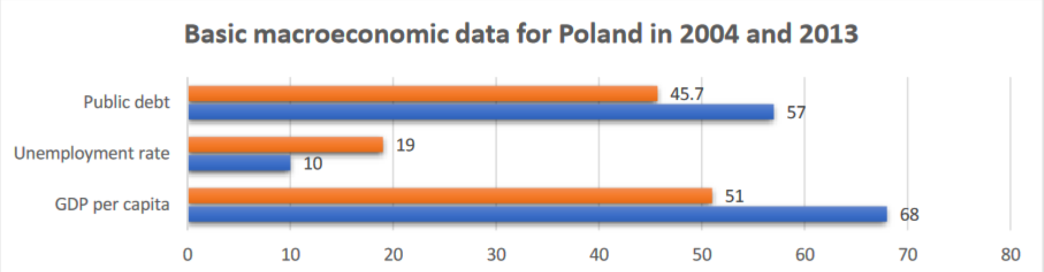
The European Union is commonly seen as a group of 28 member states, which are areas with different levels of economic and social development, different traditions and aspirations, and have joinedEU structures at different stages of European integration. However, according to the EU's territorial classification, called NUTS, the EU is a group of 270 regions, among which development disparities areeven more evident.

When assessing the level of wealth of the regions, the rate based on **gross domestic product (GDP) per capita (or GDP per capita) in relation to the EU average** is used. According to Eurostat, in 2008, Inner London in the United Kingdom was the richest region in the EU, with a GDP per capita at 343% of the EU27 average. The leading regions in this ranking were also: Grand Duchy ofLuxembourg (279% of the EU27 average), Brussels in Belgium (216%), Groningen in the Netherlands(198%), Hamburg in Germany (188%) and Prague in the Czech Republic (172%). Of the 40 regions above 125% of the EU's average GDP, ten were in Germany, five in the Netherlands, four in Austria and the United Kingdom, three in Spain and Italy, two in Belgium. and Finland and one each. in the Czech Republic, Denmark, Ireland, France, Slovakia, Sweden and Luxembourg. On the other hand, in every fourth region of the EU, GDP per capita was below 75% of the average. Among the poorest regionsin the ranking were all in Bulgaria and Romania. Of the 64 regions below 75%, 15 were in **Poland**, seven in the Czech Republic and Romania, six in Bulgaria and Hungary, four in Italy and Portugal, three in Greece, France and Slovakia, two in the Kingdom. United, one in Spain, Estonia, Latvia and Lithuania(Mosionek-Schweda, M., 2014, p. 48).

According to statistics published by Eurostat in 2014, the three leading regions in the regional GDP per capita ranking in 2011 remained the same, but some changes can be seen in the subsequent positions of this list. The richest regions in the EU were: Inner London in the UK (321% of the EU average), Grand Duchy of Luxembourg (266%), Brussels in Belgium (222%), Hamburg in Germany (202%), Bratislava in Slovakia (186%), Île de France in France and Groningen in the Netherlands (both182%), Stockholm in Sweden (173%) and Prague in the Czech Republic (171%). Of the 41 regions above 125% of the EU average, eleven were in Germany, five in the Netherlands and Austria, three in Italy, Belgium and the United Kingdom, two in Spain and Finland, one in Czech Republic, Republic ofDenmark, Ireland, France, Slovakia and Sweden, as well as the Grand Duchy of Luxembourg in the single region. The list of the twenty poorest regions in the EU contained the same regions. The lowest eight regions in the ranking were all in Bulgaria and Romania, with the lowest figures being recorded inSeverozapaden in Bulgaria and Northeast in Romania (both 29% on average), followed by Severen tsentralen (31%) and Yuzhen tsentralen both in Bulgaria (32%). 75 regions had a GDP per capita below75% of the EU average (fifteen in **Poland**, nine in Greece, seven in the Czech Republic and Romania, six in Hungary, five in Bulgaria and Italy, four in Portugal and the United Kingdom). United, three in Slovakia, two each in Spain, France and Croatia, one in Slovenia, as well as in the Member States of theSingle Region of Estonia, Latvia and Lithuania) (Mosionek-Schweda, M., 2014, p. 49).

According to the NUTS classification, Poland is divided into 16 regions, five of which are included in the ranking of the twenty poorest regions in the European Union. The analysis of the data indicates, however, a gradual increase in GDP per capita in these regions compared to the EU average.There is no doubt that the support from European funds allocated to Poland has contributed to the development of these regions.

The Republic of Poland, the largest central European state, became a full member of the EU Member State on 1 May 2004. Within the EU-25, Poland ranked, at the time of accession, the penultimate position in the ranking of developed Member States. EU, with a GDP per capita of 11,678 euros at a European average of 25,400 euros, the last place being occupied by Latvia, with a GDP per capita of 11,100 euro (Ianoși, A. L., 2018, p. 131).



	GDP per capita	Unemployment rate	Public debt
2004	51	19	45.7
2013	68	10	57

Source: Mosionek-Schweda, M. (2014), *The absorption of the European Funds granted to Poland forthe period 2007-2013 - Examples of Projects and Evaluation*, 2014

Figure 1 Basic macroeconomic data for Poland in 2004 and 2013

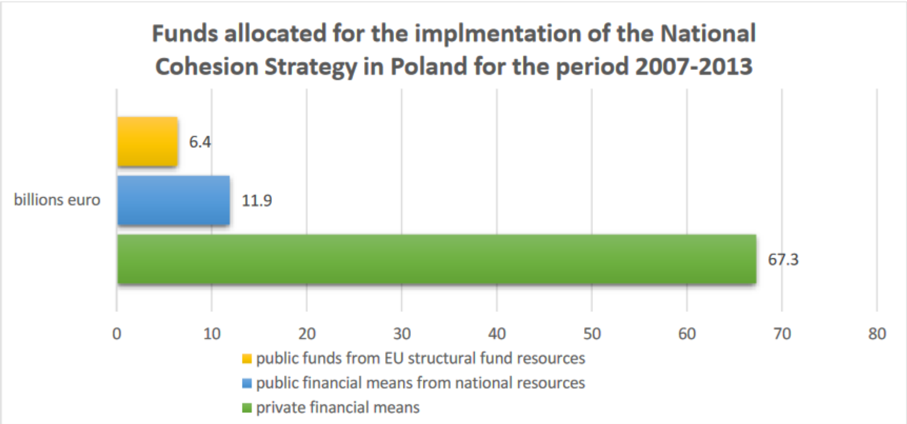
Measures taken by the Polish state since the beginning of the post-communist period, continuedin the pre-EU accession period, then in the first financial year 2004-2006, and measures prepared for implementation in the 2007-2013 programming period (extending until 2015) created the ideal premisesfor shaping the architectural basis of an efficient mechanism for absorbing European funds and ensuredthe success of Poland in this field since the end of 2013. As shown in official documents, especially theNational Development Strategy of Poland 2007-2015, the process of decentralization of public administration and business, administrative division into voivodeships, districts and communes, efficient regionalization, institutional reforms, massive investments in human capital specialized in absorbing European funds, simplifying procedures for accessing funds, strengthening political stability, measuresanti-corruption, operation of c legislative guidance, consultancy and project support services, consultingwith civil society on how and where to use the funds, encouraging civil society to participate in democratic speeches, referendums or to take citizens' initiatives to improve the mechanism of funding. absorption, setting the target of absorbing European funds as the main national target (without neglectingfunding from other adjacent sources such as the state budget, self-government territorial budgets, publicfinance sector entities, European Economic Area Financial Mechanism, Norwegian Financial Mechanism and the European Investment Bank), establishing the efficiency of public institutions and their representatives according to the degree of absorption obtained, all of which make up the structure of the Polish absorption model, each with a specific and indispensable role in structure (Vladoi, J. M., 2021, p. 79).

For the efficient use of European funds, Polish experts did not hesitate to adapt models of practicein the absorption of European funds of other Member States to the Polish specific, taking into account both EU development strategies and their objectives (Ianoși, A. L., 2018).
Poland's successful model in terms of high absorption of funds was due to the efficientinstitutional framework, the good interaction between its components, the well-prepared human capitalwithin the system.

Operational programs	**Allocated funds (billions euro)**	**Allocated funds (% from the total allocation)**
Infrastructure and environment OP	27,9	42
Regional 16 OP	16,6	25
Human capital OP	9,7	14
Innovative economies OP	8,3	12
Development of Eastern Europe OP	2,3	3
Technical support OP	0,5	1
European territorial cooperation OP	0,7	1
National reserve	1,3	2
Total	**67,3**	**100%**

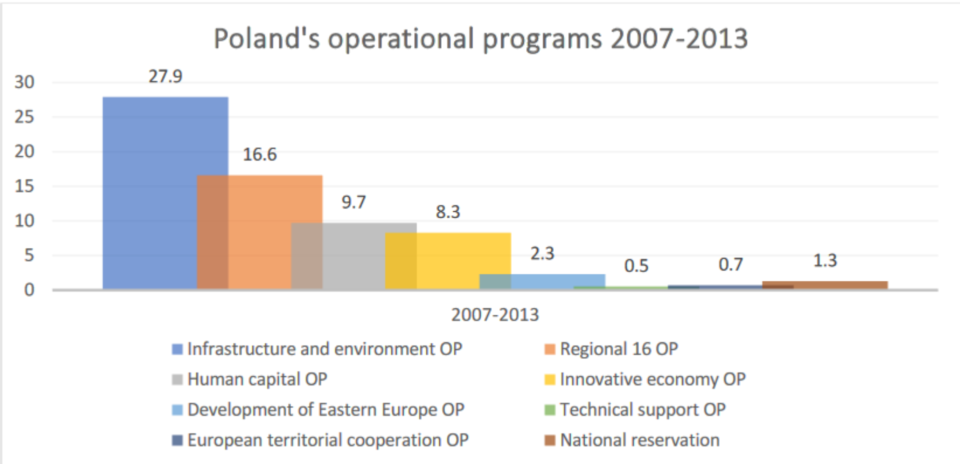
Source: Mosionek-Schweda, M. (2014), *The absorption of the European Funds granted to Poland forthe period 2007-2013 - Examples of Projects and Evaluation*, 2014
Table 1 Allocation of structural funds in Poland for the period 2007-2013

Of the funds allocated for the period 2007-2013, the Polish authorities attracted most of the available money. The ambitious targets set by the Government and the Ministry of Regional Development have been repeatedly exceeded. The record was reached in 2011, when 10 billion euros, European money, were spent on regional projects.



Source: https://www.slideserve.com/spencer/changes-in-polish-regional-policy-after-the-accession-to-the- european-union-powerpoint-ppt-presentation
Figure 2 Polish regional policy budget 2007-2013

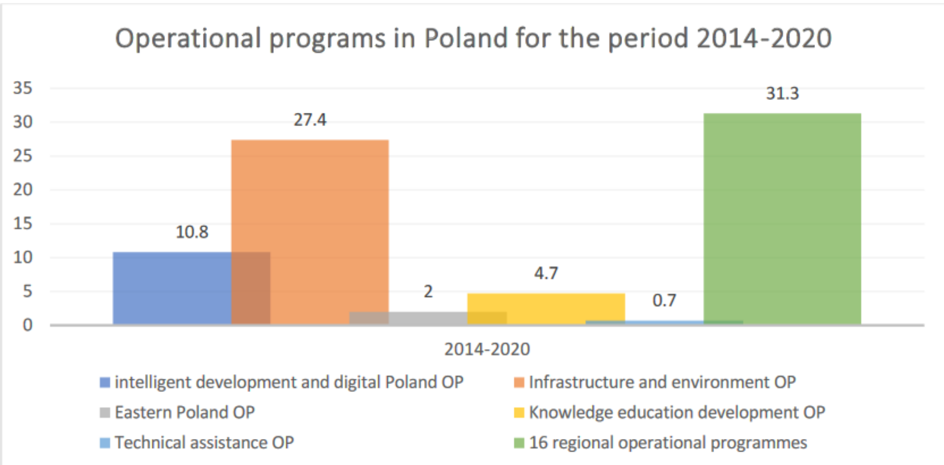
The amount of the European contribution to the implementation of the National Strategic Reference Framework for the period 2007-2013 is EUR 67.3 billion, making Poland the largestbeneficiary of European funds. Over EUR 66.5 billion has been implemented under the Convergence objective, over EUR 557.7 million has been allocated to European Territorial Cooperation. In addition,more than EUR 173.3 million has been allocated to cross-border cooperation programs (using the European Neighborhood and Partnership Instrument).
Under the Convergence objective, 67% of the financial resources will come from the StructuralFunds (52% from the European Regional Development Fund, 15% from the European Social Fund) and33% from the Cohesion Fund.
The operational programs available in Poland are the largest not only for the years 2007-2013, but also in the history of the EU. The Structural Funds are the basic instrument of EU structural policy.



Source: https://www.paih.gov.pl/europeanfunds#
Figure 3 Poland's operational programs 2007-2013 (billion euro)

The implemented measures have led Poland to attract 60% of funds in small projects (innovation,education, IT, higher education) and 40% in major, large-scale projects (infrastructure, roads, railways, health, culture, programs for innovative companies). which promotes new ideas on the market, human capital programs), quickly depleting the funding received. Following the results obtained, this model represents a favorable evolution compared to the 2004-2006 programming period, when the regions partially controlled the implementation of the Operational Programs.
A basic component of the Polish absorption model, which practically supported this mechanism,is represented by the 16 regional operational programs (one for each region), made up according to the development needs of each voivodeship and reaching approval. a special program for the development of Eastern Poland, which represents the 5 most underdeveloped Polish regions.

As mentioned above, Poland has been the largest beneficiary of EU cohesion policy support for2007-2013. All Polish regions were eligible for EU grants under the Convergence Objective and the Cohesion Fund. In 2008, only one region exceeded the level of GDP per capita at 75% of the EU average,reaching 89%.
Although the EU budget for 2014-2020 was generally lower than in the 2007-2013 programmingperiod, almost € 4 billion was allocated to Poland, more than in the 2007-2013 financial framework (https://getsix.eu/resources/doing-business-in-poland/eu-funds-in-poland-2014-2020/).
Cohesion policy has been of great significance to the new Member States, whose development and standard of living in most regions have differed dramatically from that of the old EU countries. In both the financial periods 2007-2013 and 2014-2020, Poland was the main beneficiary of cohesion policy (€ 67 billion and approximately € 77 billion respectively). The Mazowsze region (which includes Warsaw) is among the top 20 beneficiaries of European regional development fund investment (approximately € 6 billion since 2016).
Between 2014 and 2020, Poland has been allocated € 105.8 billion from the EU budget - € 72.9billion for cohesion policy and € 28.5 billion for agricultural policy. In the 2014-2020 programming period, Poland managed six Operational Programs (OPs) and 16regional programs (one for each region).



Source: https://www.case-research.eu/files/?id_plik=6170
Figure 4 Operational programs in Poland for the period 2014-2020 (billion euros)

The assessment of the benefits of economic growth is based on estimates, which show positive directional effects. In the last two decades, Poland has developed at an average rate of almost 4%, approx. 1.5-2 percentage points faster than the old European countries. Thus, the level of income per capita has moved from the level of approx. 45% in 2004 to 70% of average income in 2017 in the EU 28 (Eurostat 2018).

Conclusions

In conclusion, within the Polish absorption model, 3 main elements could be distinguished that were the basis of Poland's success: regionalization, human capital and common will. The measures adopted and applied by the Polish executive under the Polish absorption system can be listed in simplified form as follows:

- Decentralization and Regionalization (Multi-level Governance);
- Well-trained human capital;
- Common will (political and social);
- Establishing the 6 priorities of the National Development Strategy 2007-2015;
- Examples of practices from other Member States;
- Ensuring political stability and efficient governance;
- Fighting corruption and embezzlement;
- Simplifying bureaucracy in accessing and using funds;
- Development of entrepreneurial culture;
- Consultations with civil society;
- Government support for financial support of contracted projects;
- Establishing special programs to support underdeveloped regions;
- Implementation of efficient and effective projects: sustainable development.

In addition to these measures, which have contributed to the effective absorption of European funds, regional development in Poland has been supported by the good cooperation of stakeholders: future beneficiaries and public and private actors who have faced the challenges posed by the shortcomings of the absorption system. Strengthening cooperation at all levels of government, monitoring the performance of regional and sectoral policies and the continuity of legislative correctionswere challenges that could be overcome by the parties involved in the management of European funds.

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