

EU Pre-accession Processes in the fields of Decentralisation, Regional Policy and Coordination of Structural Instruments

The case of Poland

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Outline of this paper has been presented to and discussed with the experts' community during meeting jointly organised by Ministry of Communities and Territories Development of Ukraine (MinRegion)¹ and U-LEAD with Europe on 7th October, 2022.

¹ In December the Cabinet of Ministers merged the Ministry of Infrastructure with the MinRegion. The new "Ministry of Development of Communities, Territories and Infrastructure" (Ministry for Restoration), is the legal successor and assumes all functions and powers of the former MinRegion. This paper hereinafter therefore refers to the new Ministry for Restoration.

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Introduction

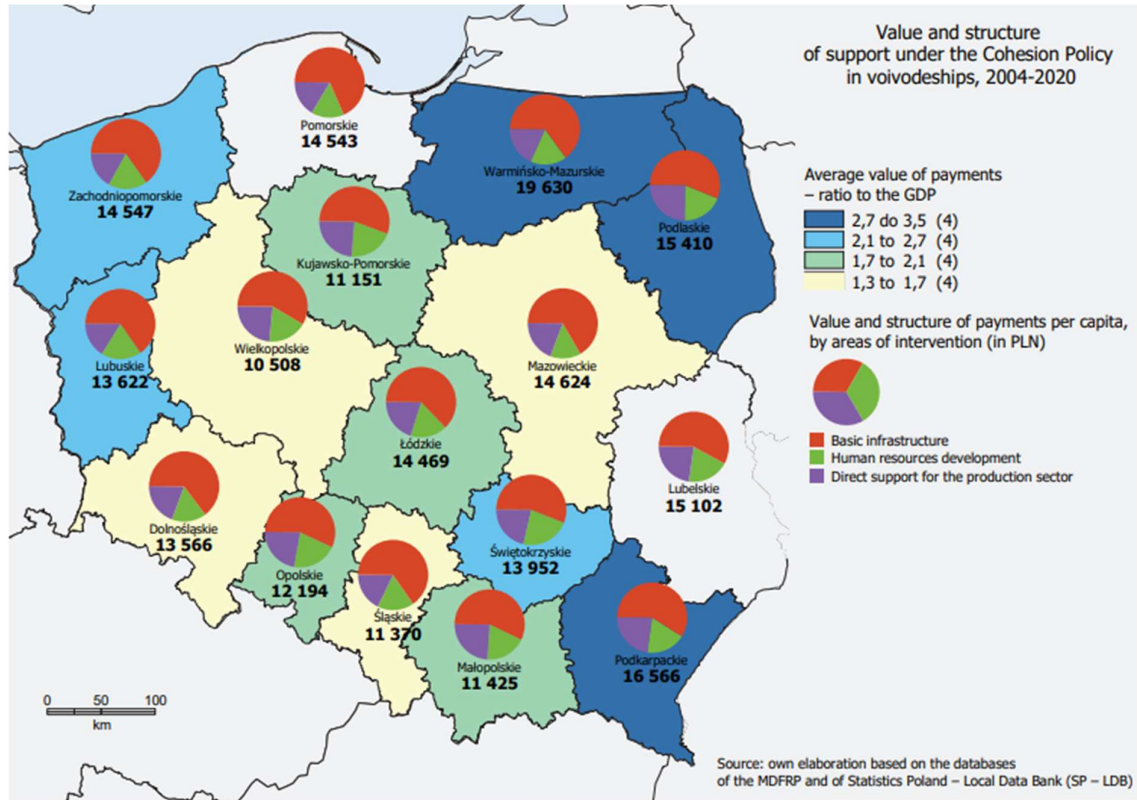
This paper provides a case study that illustrates the concept, process and functioning of institutions and procedures for the absorption of EU funds both in the pre-accession and membership periods using the example of Poland. Observations on success factors and lessons learnt from building a system for the absorption of EU funds in Poland will be used to draft recommendations that can guide decision makers on how to build an effective system of absorption of EU Funds in Ukraine.

Polish structural and regional policy has undergone a significant evolution over the last thirty years: from the abandonment of any strategic planning and any territorially oriented activities in the early 1990s, through the gradual restoration of its importance and role in the system of public policies due to:

- Firstly, as part of the wider decentralisation reform 1999, a three-tier territorial division of the state was introducing linked with the creation of 16 larger regions and the transfer of the responsibility for regional policy planning and implementation to the municipalities,
- Secondly, the participation in EU pre-accession and cohesion programmes required the introduction of a strategic and regional approach at the same time.

This ultimately led to the situation at the turn of the first and second decade of the twenty-first century, in which EU cohesion policy became a key government policy setting the goals of the entire socio-economic policy of the Government, methodological standards, and even the way in which institutions dealing with the processes of socio-economic development function. To a large extent, this has become possible thanks to the development of a unique model of decentralisation and regional policy among the countries of Central Europe, as well as good preparation of the procedural and institutional system of absorption that allows for full use of European funds. **Absorption in this regard should be understood** not only as the acquisition and full spending of EU funds (Poland has used all the funds allocated under the cohesion policy since accession till today which is around 170 Bln Euro), but also directing these funds to support the processes of structural change that allow Poland and its regions to increase their competitive position and increase the quality of life (chart 1). Although it seems that EU regional policy, which is still an important element of the State's activities in 2023, no longer plays this huge inspiring role in the processes of Europeanisation and development of Poland, as it did a few years ago. It is worth taking a closer look at the factors influencing its effectiveness and efficiency.

Chart 1. Support under the cohesion policy by regions (voivodeships) in Poland between 2004 and 2020



Source: The Impact of the Cohesion Policy on the Social and Economic Development of Poland and its regions in the years 2004-2020, 2022, Ministry of Funds and Regional Policy, Warsaw, Map 1

Section 1. Regional policy and decentralisation of the state

Poland's systemic transformation and undoubted economic success in the past 30 years have been achieved thanks to several inter-dependent and crosscutting factors of political, economic, social and even cultural origin. From the very beginning of the transformation efforts - at the end of 1980s, **building an efficient regional policy system** according to EU standards and **implementing the radical decentralisation agenda became an important component of the academic debate² and political considerations³** on how to transform the communist mentality and poorly functioning centrally planned economy. One of the first reforms of the non-communist government effective from 1st January 1990 was the re-establishment of municipalities with a high level of local self-government. The municipalities are accountable to citizens and bear a wide range of responsibilities for provision of various public services and goods.

The expected results attributed to decentralisation and local government reform were the following:

- improvement of efficiency of the state - better delivery of public services and goods;
- spreading and rooting democracy;
- decreasing the level of corruption and misconduct;
- at the later stage - preparing for EU membership.

During first years of the so-called" economic shock therapy" **any active redistributive regional policy couldn't be realised** due to a shortage of financial resources. The political priority was to build a functioning liberal economy through privatisation and easing bureaucratic burden for companies. This also involved creating and reforming institutions of a free market economy. However, territorial concentration of unwanted social consequences of rapid structural changes of the economy and problems with restructuring of companies in so-called problem areas (e.g. mono-structure cities, areas dependent on heavy industry and traditional industries like clothing and textiles production, peripheral rural areas losing their jobs outside agriculture) brought back the issue of regional policy to the attention of the government as early as in 1993.

In 1994 the Government formulated a set of principles and directions for the development of a modern regional policy in the market-oriented economy. Not surprisingly the main focus of the policy was on:

² Gorzelak G., Jałowiecki J, (editors), 1993, Czy Polska będzie państwem regionalnym?, Uniwersytet Warszawski, Studia Regionalne i Lokalne, Nr 9 (42), Warszawa,

Hausner J., 2001, Modele polityki regionalnej w Polsce, Studia Regionalne i Lokalne, Uniwersytet Warszawski, Nr 1(5)/2001, Warszawa

³ Polityka strukturalna Polski w perspektywie integracji z Unią Europejską. Raport końcowy. 1997, Zespół Zadaniowy ds. Polityki Strukturalnej w Polsce, Rada Ministrów, Warszawa

- supporting positive structural changes in regions leading to an **increase in their competitiveness** and
- addressing social and economic problems of the most affected areas by **supporting structural transformation processes**.

Its first objective is associated with the pro-active function of the regional policy, which is to help increasing the competitiveness of each territory thus contributing to the overall economic development of the country (focus on efficiency).

The second objective aim to establish the regional policy an important tool for the equalisation of the socio-economic situation between regions and assuring minimum standards in delivery of public goods and services which otherwise - under free liberal market economy - would not be available to people living outside the most economically prosperous areas.

It is important to observe that the formulation of the first objective is very much in line with the primary, strategic goal of all public policies in Poland between 1990 and 2017, which aimed to support the structural transformation to increase economic productivity. In practical terms it meant that a substantial part of the regional policy funds has been used for supporting productivity growth, expanding metropolitan functions of big cities, supporting regional growth centres and building and modernisation of strategic importance infrastructure for the whole economy (roads, railways, airports, energy grid, etc.) as well as support to develop human resources and enterprises in sectors with the highest potential for growth.

The second, cohesive goal - counteracting territorial imbalances and disparities - was regarded since the beginning of the transformation as an important but rather complementary objective of the national regional policy. In the pre-accession period, only limited national resources were used to support people and gminas (municipalities) with the highest unemployment rates and to address other problem areas mentioned above. The situation started to change gradually when first pre-accession funds started to support regional development (see below).

Over time, the importance of internal cohesion, as an objective for regional policy has grown due to increasing internal disparities at regional level (in terms of GDP per capita) and gradual socio-economic decline of some rural areas and smaller urban centres. This situation has been used in political discourse and, after a new political party took power in late 2015, the national regional policy focus was officially changed in 2017 by adopting a new medium-term strategy – Strategy for Responsible Development 2017 (see more in section on programming) – which declared socio-economic and spatial cohesion as the key goal of regional policy.

From the very beginning an important dimension of regional policy in Poland has been support for the **development of effective institutions** for policy making and implementation. However, the focus has shifted over time from supporting non-governmental organisations used for implementation of pre-accession assistance (like regional development agencies) to public (governmental and regional self-governmental) institutions playing the most important functions under cohesion policy. These institutions include the *Ministry of EU Funds and Regional Policy* (today's name), line ministries, regional self-governments and various types of beneficiaries (in preparation of projects and required strategies and plans) ranging from local self-governments, through various types to public and non-public (NGOs) organisations operating at national, regional and local levels.

This was possible to large extent thanks to the fact that around 4% on average of EU cohesion policy funds (and even more under pre-accession programmes, especially in the early times of preparations for the EU) was possible to be utilised for supporting employment, trainings, and various types of capacity building within public administration. To a large extent, this process has been organised until now by the Minister in charge of the regional policy (since 1997) and closely monitored by all stakeholders, including European Commission (EC). Each year a report is prepared on **administrative capacity** of the whole system of implementation of EU funds with observations and recommendations. In addition, a lot of evaluations are devoted to this issue⁴.

⁴ The last report on the administrative potential for the realisation of the Partnership Agreement and other funds was issued by the Ministry of Funds and Regional Policy in May 2022: Potencjał administracyjny systemu instytucjonalnego służącego realizacji umowy partnerstwa w zakresie polityki spójności (stan na 31 grudnia 2021 r.), 2022, Ministerstwo Funduszy i Polityki Regionalnej, Departament Koordynacji Wdrażania Funduszy Unii Europejskiej.

Section 2. Establishment of the implementation system for EU funds

Since the early 1990s, anticipating the deepening of the European integration process in years to come and the transfers of money from the EU budget for development purposes, the main goal of Poland's regional policy was to build a coherent system of absorption. This system coordinates sectoral policies and establishes regional structures capable of programming and implementing structural policy using their own resources at their own risk and responsibility. The government announced a regional policy concept in 1993-1994 that postulated the creation of institutional structures at both central and sub-national levels that could receive and absorb EU assistance effectively using methods and procedures of European cohesion policy, thus contributing to fast integration with the EU and use of resources.

The concept called for preparing the legal grounds **for an institutional system of regional policy** with two important features:

- a strong national level institution at that can coordinate national policies with an impact on territories, while curbing sectoral silo type approaches within the Government, and that can represent the government vis-à-vis regional level institution to discuss interregional policies and activities of national importance;
- strong regional institutions that are able to plan and implement policies in their respective territories using their own resources and legal responsibilities, while also contributing to interregional policies.

With support of international organisations such as the European Union, World Bank, bilateral donors such as Germany, France, UK, and numerous representatives of Polish and EU academic society, two task forces were set up in order to define the objectives and elaborate instruments of the new regional policy. The first **Task Force for Regional Policy** (1994-1996) and the second **Task Force for Structural Policy** (1995-97) were looking at ways of coordination for all public structural policies having an impact on territories. The conclusions of those advisory bodies were adopted by the Government and became the basis of legal and institutional changes introduced in following years. This also built trust between the Government, EU Commission, other international organisations and donors.

The way of thinking about regional policy goals and priorities, which was developed at that time, provided direction for the efforts of several governments over at least two

decades.⁵ The establishment of regions took place as early as 1999, prior to Poland's accession to the EU. Furthermore, a strong coordination centre within the Government gradually took shape since 1999, culminating in the creation of a robust Ministry of Regional Development in 2005. This Ministry, under various names, has been **responsible for overseeing all EU funds, regional policy, strategic programming of national policy, and coordination of sectoral policies related to territories.**

It is important to highlight that, unlike in majority of central European countries, Poland developed ideas about the goals, principles and institutional set up of regional policy, which reserved an important role for regional self-government, even before or in parallel with gradual establishment of implementing structures for pre-accession assistance since 1993. As a result, national structures created to fulfil roles in the national system, rather than solely dealing with EU pre-accession funds, gradually assumed responsibility for programming and implementing pre-accession assistance, as well as cohesion policy programmes, between 1997 and 2005. This left special institutions originally created for the realisation of pre-accession programmes, such as regional development agencies, with a diminished implementation role. Nevertheless, some of these institutions continue to exist and play a significant role in implementing certain types of actions at the national and regional levels.

Since 1989, Poland had utilised the **PHARE** (*Poland and Hungary: Assistance for Restructuring their Economies*) pre-accession assistance programme to support the process of adapting to EU standards. However, it was only in 1993, following the decision made during the Copenhagen Council to invite Poland to the EU, that the programme began to finance investment projects and built administrative capacity to absorb EU funds, including in the area of regional policy. Initially, the programme was mostly demand driven and used to support various policy areas, but in 1997 it was financially strengthened, and its implementation was subordinated to the accession process, when Poland and other countries were given the green light to start accession negotiations as decided at the Luxembourg Council. Funds began to be allocated based on a national programme for the adoption of the *acquis* (NPAA).

Even larger financial resources mobilised on a basis similar to the Structural Funds under Cohesion Policy have been flowing to Poland since 2000 in the form of programmes such as:

- ISPA - Instrument for Structural Policies for Pre-Accession (ISPA) for infrastructure projects in the EU priority fields of environment and transport.

⁵ Of course, the process had many upside downs and was influenced by changing political concepts especially before 2001 but looking from the perspective of more than 25 years I think such conclusion is justified.

- SAPARD - Special Accession Programme for Agriculture and Rural Development
- New PHARE socio-economic-cohesion combining the European Regional Development Fund (ERDF) and European Social Fund (ESF) approaches and implemented in the form of national and cross-border co-operation programmes.

While previous PHARE programmes mainly targeted a relatively small group of beneficiaries such as SMEs and municipalities the programmes operating on principles similar to the Structural Funds since 2000 have significantly accelerated the processes of building an absorption system in Poland. These Programmes, including the requirement to prepare multiannual plans for disbursement of funds called the Preliminary National Development Plan (*Wstępny Narodowy Plan Rozwoju*) have played a key role in shaping the institutional system for the implementation of EU funds, which is still operation today with some modifications. In total, Poland received about EUR 7 billion from the EU between 1989 and 2003, including EUR 3.9 billion from the PHARE programme.

Since 1998, Poland has also received substantial support for building absorption capacity, specifically dedicated to strengthening the capacity of public administration at both national and regional levels, in the form of **twinning projects**. These numerous projects have facilitated the fast transfer of knowledge and expertise from EU Member States to Poland and other pre-accession countries. It can be assessed that first fully operational structures to coordinate and implement structural funds after accession were created with the support of experts from France, Germany, the UK, Italy and other countries (such as Denmark and Finland, which were very active in area of preparations for the ESF).

The first PHARE-STRUDER regional development programme was launched in 1993, with a focus on voivodships (regions) in Poland that were facing challenges due to industrial restructuring or economically backwardness. Initially the programme covered voivodships such as Rzeszów, Łódź, Katowice, Wałbrzych, Suwałki and Olsztyn. Later the programme was extended to include other voivodships such as Piotrkowskie, Sieradz, Nowy Sącz and Krosno as part of the Struder II programme. The funds from this programme, totalling about 70 million EUR) from this programme were mainly allocated to co-financing investments in small and medium-sized enterprise (SMEs) and municipal infrastructure. To coordinate the implementation of the programme, the Polish and Regional Development Agency (in Polish *Polska Agencja Rozwoju Regionalnego* – PARR) was created as a special structure outside the state administration. PARR was able to offer better salaries than the public sector (initially financed by the EU) and operated with flexibility. It was directly supervised by the European Commission to ensure compliance with established procedures for pre-accession assistance. The

Foundation for Agricultural Assistance Programmes (FAPA) and its field branches also participated in the implementation of the programme.

During this period, regional development agencies were created in individual voivodships to implement the components of the STRUDER programme, as well as subsequent regional programmes of PHARE in 1997, 1998, and 1999. These agencies, operating under various legal regulations, mostly as commercial law companies, aimed to implement regional development programmes and support the quality of staff and public policies in individual municipalities. Many of these agencies continue to operate as joint-stock companies today, with shares owned by provincial governments, dealing with the implementation of regional programmes or support programmes for enterprises and human resources development under the supervision of the Ministry of Funds and Regional Policy.

In addition to regional development agencies, specialised institutions were created to implement specific components of PHARE. For example, the **Polish Agency for Enterprise Development** was established in 2000 to support SMEs and it became one of the most important institutions for supporting enterprises using both domestic and foreign funds including those from the EU.

In parallel to the PHARE-STRUDER programme, other regional development programmes were designed to address specific needs and challenges in different areas of regional development and were implemented alongside PHARE-STRUDER. Those include cross-border cooperation (CROSSBORDER), for rural development (PHARE-RAPID), support for local development (Local Initiatives Programme) and various programmes to support administrative capacity building have started their activities.

Until 1999, the direct **participation of the central and local government administrations in the implementation of PHARE's pre-accession programmes was** limited to negotiations with the EC on the content of programmes and participation in decision-making bodies as partners. Instead, pre-accession programmes in this area were supervised by the national coordinator of preparations for accession to the EU, responsible for negotiations with the EU and the implementation of The National Programme for the Adoption of the Acquis (NPAAA) - Office for European Integration (since 1996). The need to create an institution coordinating regional policy at the government level became evident from 1997 when Poland was invited to start accession negotiations (Luxembourg Council). This was driven by several factors, including the increased role of regional policy in the accession process. Since 1997, EU funding for regional policy had started to increase, gradually covering the entire country, partly due to the activities of the task force mentioned earlier. It became clear that after accession to the EU, EU cohesion policy would require a robust administrative structure.

Another factor was the decentralization efforts in 1999, when the new Government implemented a decision to create 16 large voivodships, where the key role was entrusted to regional self-governments. This required the creation of a strong national-level partner for self-governments in conducting regional policy.

The creation of a centre responsible for regional policy, programming, and implementation of EU co-financed programmes was a process that took place over several years. Initially, national regional policy and programming of EU funds were handled by a small department within the Ministry of Economy (since 1998). However, there were different ideas about how to organise the system for programming and absorption of EU funds at that time, which led to clashes.

After several changes of government (1997, 2001, 2004, 2005), the concept formulated at the beginning of the transformation for the creation of a strong centre materialised **in 2005 with the establishment of the Ministry of Regional Development**. This ministry was tasked with functions related to **regional policy, management of EU funds and national strategic socio-economic and territorial programming**.

For the implementation of pre-accession programmes since 2000 (ISPA, SAPRAD PHARE Socio-Economic Cohesion) and cohesion policy programmes (after joining EU in 2004), the government decided to entrust full responsibility for their implementation to public administration including government bodies and later, from 2006, also to regional governments. This resulted in the liquidation of the former PHARE implementation system, including the Polish Regional Development Agency (PARR), increased government supervision over central agencies (such as the Polish Agency of Entrepreneurship Development established in 2000) and subordination of regional development agencies to regional self-governments.

Critics of such a solution pointed to concerns about the quality of administration, low wages and the possibility of politicising of the process of project selection. However, in retrospect, it turned out that the risk taken at that time paid off, and the Polish model of absorption of EU funds remains effective to this day.

Section 3. Main Features of the system of absorption of cohesion policy funds⁶

3.1 Legislative Framework

The implementation of EU cohesion policy funds in Member States requires adherence to an extensive legal system that encompasses both EU and national regulations:

1. **EU** regulations govern various aspects of EU funds, including financial, control and sector-specific issues such as environmental protection and state aid. These regulations are accompanied by directives, delegated and implementing acts, and guidelines.
2. **In Poland, national** legal acts have been adopted to anchor EU funds in the system of programming and implementation of national programmes and investments.

Compliance with EU requirements is not only a subject of accession negotiations, but it is also the subject to constant monitoring and assessment by the European Commission during the implementation of programmes. Failure to meet EU requirements and a subsequent negative assessment may result in the withholding or withdrawal of funds. To support the harmonisation process of laws and procedures an appropriate planning system for the Multiannual Financial Framework (MFF) 2014-2020 has been established to ensure effective absorption of funds in line with a **system of conditionality**. This system requires that certain conditions regarding legislation, preparation of appropriate plans, or implementation of procedures be met⁷ before EU funds can be spent (ex-ante). This system necessitates the building of a monitoring system by Member States to ensure compliance with legal regulations and the preparation of required strategies as mandated by the EU.

The priority given to the issue of absorption of EU funds in Poland is evident in the fact that many changes to national legal acts, such as those related to environmental protection or public procurement law, have been initiated by the Minister for Regional Policy since Poland's accession to the EU. Harmonising rules with the requirements of

⁶ The process of adoption by the European Commission of Poland's cohesion policy programmes was finalised only at the end of 2022. Due to limited availability of data, the presentation of the absorption system mainly refers to the period 2014-2021 and before, however some important modifications introduced for the period 2021-2027 have been mentioned already in the current text.

⁷ The MFF 2021-2027 introduced a modified concept of enabling conditions. They are fewer in number, more focused on the goals of the specific and unlike the 2014-2020 period – monitored and applied throughout the entire implementation period. Member states will not be able to declare expenditure related to specific objectives until the enabling condition is fulfilled. Enabling conditions aim to support both: (i) key structural reforms and promotion of European values (horizontal conditions) and (ii) the implementation of specific objectives under four out of five policy objectives of the Cohesion Policy Funds.

the European Commission has been crucial for the successful implementation of programmes and projects. As the European Commission expands the system of conditionality to cover larger areas and links it with the harmonization of socio-economic policies in the EU (European Semester), the need to build an effective monitoring system will continue to increase in the coming years.

It is significant, and shows the priority given to the issue of **absorption of EU funds in Poland**, that the initiative of changes in many national legal acts (e.g. in the field of environmental protection or public procurement law) has often been launched by the Minister for Regional Policy since Poland's accession to the EU. Without harmonising the rules required or challenged by the European Commission, programmes and projects could not be implemented.

In Poland, there are **two basic, comprehensive legal acts** that *regulate issues related to the development policy programming system (including regional policy)*, which includes EU programmes and the rules for implementing programmes co-financed by the EU:

1. Act of 6 December 2006 on the Principles of Conducting Development Policy. The Act defines the principles of conducting development policy, the system of programming documents, entities conducting this policy and the mode of cooperation between them. It has been modified many times, most recently in 2022.
2. The so-called implementation acts (of 2014 and 2022) on the principles of implementation of programmes and tasks financed from European funds in the financial perspectives 2014-2020 and 2021-2027. These laws define the institutional system for the management and implementation of programmes and actions co-financed by the EU, the rights and obligations of beneficiaries and, and the rules for including social partners into the process of the implementation of programmes. The Act also provides for the Minister for Regional Policy to issue guidelines that are binding on all participants of the process, on various aspects of programming, monitoring, evaluation and implementation of European measures.

In addition, important arrangements for the audit, control and financing of EU funds are contained in the Public Finance Act.

The comprehensive regulation of matters concerning the national and EU programming system, the institutional system and the implementation rules for EU funds initially in one (until 2004) and later (since 2014) in two legal acts, has proven to be very beneficial from a time perspective, although individual legal solutions have been and are the subject of discussion. Particularly difficult issues were the identification of

interdependencies between the planning and implementation of programmes at regional and national level and the definition of the principles of cooperation between the Minister of Regional Policy, other ministers and regional self-governments. Nevertheless, the solutions found form the basis for public administration action and provide legal certainty for all beneficiaries of EU funds, which helps in the process of absorbing of EU funds.

3.2 Programming System

An important role in the process of absorption of funds is the preparation of planning documents that comply with EU regulations while also integration national objectives with those implemented at sectoral and regional levels.

During the early stages of Poland's transformation process, the country largely abandoned the development of its own comprehensive strategies and plans for socio-economic and spatial development at both national and regional levels. The revival of comprehensive socio-economic planning only occurred in the late 1990s and was driven by two main factors:

1. The pressure from the EC to prepare the documents necessary for the process of European integration and the planning of expenditure under pre-accession programmes.
2. The introduction of the second stage of territorial reform in 1999, which created large voivodships and legally required local self-governments to prepare strategies for socio-economic development of the regions and spatial development plans, thereby necessitating the preparation of national level regional policy documents.

Since 2001, all new national documents have gradually adopted the methodological basis developed for the European integration process and planned projects to be supported by EU funds including structure, objectives, indicators, multiannual financing, and coordination rules.

It is important to note that the programming system for pre-accession assistance has undergone changes introduced by the EC. Only since 1997 has it been closely linked to the accession process. The implemented programmes were agreed within the framework of one-year budgets based on the needs outlined in the **National Programme for the Adoption of the Acquis**. Since 2000, the programming of PHARE, ISPA and SAPARD has been based on the preparation of multiannual strategic plans known as Preliminary National Development Plans, which has aligned the planning system for pre-accession assistance with the cohesion policy. Similarly, the first plan for the use of cohesion policy funds for the period 2004-2006 (Community Support Framework) was prepared, which, despite being called the National Development Plan, only contained the objectives and priorities of actions to be co-financed by the EU.

During this time, the first operational programmes were also prepared, entirely based on the methodology of EU cohesion policy.

Several attempts were made to follow the example of Ireland, which had already prepared National Development Plans in the 1990s, treating EU cohesion policy as one of the many instruments supporting the state's development activities. However, this proved to be challenging without providing appropriate legal bases and strengthening the bargaining power of the minister responsible for regional development. The first draft of the Polish National Development Plan, which aimed to present a comprehensive vision of the country's development and coordinate national sectoral policies with the use of EU funds, was prepared in 2004-2005. After a change of Government in autumn 2005, its assumptions were used to prepare a strategic document for the programming of EU funds for the period 2007-2013, known as the National Cohesion Strategy, albeit with a much lower level of ambition in terms of including all national policies.

In order to strengthen the coordination and programming centre for cohesion policy, the **Ministry of Regional Development was established in 2005** and in 2006 the Act on the Principles of Conducting Development Policy was adopted, which precisely defined the programming system and the roles of various actors, including local self-government entities, in the implementation of development policy (subsequently modified multiple times). Based on this, the Minister responsible for regional development was entrusted with the responsibility of coordinating and programming all national policies and EU funds through the Committee of the Council of Ministers for the implementation of the National Cohesion Strategy.

As a result, the Ministry of Regional Development prepared a concept for a **comprehensive reform of the entire programming system** in 2008, covering both national and EU documents and strengthening the strategic coordination system within public horizontal and territorially-oriented policies⁸. After the assumptions were approved by the Government, they served as the basis for introducing changes to the Act on the Principles of Conducting Development Policy. These changes aimed at creating a system of long- and medium-term documents that were coordinated with each other, including those related to specific areas spheres of focus for horizontal activities.

During the implementation of these changes, it was discovered that hundreds of national documents adopted by the Government in the past few years, mostly to secure funding from the state budget through lobbying efforts by ministries and individual stakeholder groups, did not align with the methodology and content of the strategic documents agreed upon with the EU. These documents included strategies, plans, and programmes related to individual sectors and policies. As a result, in 2009, the

⁸ Assumptions for the System of Management of Development of the Country, 2018

Government made the decision to liquidate more than 230 strategies, plans and programmes that did not meet the criteria set by the new programming system.

This decision reflected the need for better coherence and consistency in the planning and implementation of development activities, as well as the recognition of the importance of adhering to EU guidelines and standards in order to effectively utilise EU funds and support Poland's overall development goals.

The system introduced by the Act covers all strategic and operational planning documents related to both socio-economic and spatial planning in Poland. This included long-term and medium-term strategies, nine horizontal strategies prepared at the government level, voivodship strategies, provincial spatial development plans and all documents prepared for the purpose of EU programming.

In 2018, the Government made modifications to this system, with a focus on the hierarchical linkage of content in strategic documents at the national, regional and local level and aligning⁹ with the trends observed in the EU cohesion policy¹⁰. Some of the changes introduced include:

- Changes in the programming of development policy, which involve the design of a new layout of integrated strategic documents at all levels of management, with real integration of socio-economic and spatial planning. This aims to ensure that the various planning documents are aligned and complementary to each other.
- Changes in the implementation and evaluation of development policy such as stronger operationalisation of strategic documents; implementation of the project approach; improvement of monitoring and reporting, and introduction of summary evaluation for all development programmes.
- Minor institutional changes, including the establishment of a strong analytical unit in the Chancellery of the Prime Minister to support the management of development processes,
- Changes in the financing of development policy, including a budgetary system that supports the achievement of strategic objectives in a multi-annual perspective; and the introduction of the classification of general government development expenditure.

Overall, these modifications to the system introduced by the Act reflect the Government's commitment to aligning Poland's development policies with EU guidelines

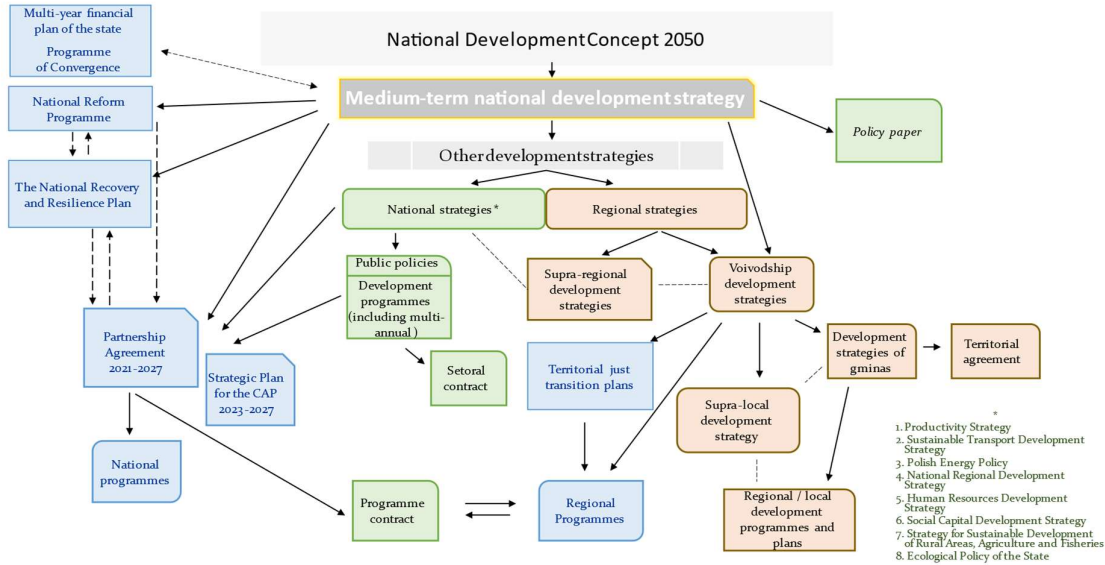
⁹ Development Management System, 2018, Council of Ministers

¹⁰ Act on the Principles of Conducting the Development Policy 2020,

and standards, and to enhance the coherence, effectiveness, and efficiency of the planning and implementation of development activities in the country.

Chart 2. System of strategic and operational documents (EU and national) in Poland

System of strategic planning in Poland in 2022.



Source: Draft Diagnosis of the Polish Development Management System – Main Conclusions and Recommendations (Diagnoza systemu zarządzania rozwojem Polski – główne wnioski i rekomendacje), Ministry of Funds and Regional Policy, 2022 not published yet.

One of the significant changes introduced in the development planning system in Poland is the introduction of new instruments to coordinate the government's development activities with regional self-governments. These include a **programme contract**, **sectoral contract** and a territorial agreement. The programme contract is linked to the co-financing and conditions for the use of EU funds under regional operational programmes managed by the voivodships. The sectoral contract is a mechanism for agreeing on the scope of territorially targeted sectoral actions undertaken by individual ministers responsible for their respective development programmes. These contracts are concluded between central and regional governments, aiming to ensure coordination and coherence in the implementation of sector-specific policies at the regional level. The territorial agreement is designed to coordinate investments of various stakeholders relevant from the point of view of local communities.

In addition, the Ministry of Regional Development has expanded the national evaluation system using EU funds from technical assistance over the last 18 years. This has involved the creation of the National Evaluation Unit in 2005 and active cooperation with scientific and expert communities, including private institutions and the Central Statistical Office. This has enabled the expansion of knowledge about evaluation

methodology, monitoring of development processes, and the development of a robust evaluation system, which is considered to be advanced compared to other countries in Europe. Regional Development Observatories have also been created to monitor the progress of development processes at the regional level.

From a financial perspective, for the period 2014-2020, the **Partnership Agreement** is the basic strategic document agreed between the Member State and the European Commission.¹¹ It indicates goals, priorities and tools for using EU funds to achieve EU and national goals, as well as the layout of operational documents. In the case of Poland, the layout of operational documents for cohesion policy has remained relatively unchanged since 2006, which ensures stability of structures and predictability for beneficiaries. However, it also has some drawbacks, such as the risk of certain groups of beneficiaries becoming depend on receiving funds.

The **system of operational programmes** for the multiannual budgetary perspective 2014-2020, includes:

1. Six large national programmes managed by the Minister for Regional Development:
 - Infrastructure and Environment (financed from the resources of the Cohesion Fund and the ERDF, the largest programme in the history of the EU worth over EUR 30 billion),
 - Innovative Development (ERDF),
 - Digital Poland (ERDF),
 - Knowledge Education and Development (ESF),
 - Technical Assistance (to support the development of administrative capacity),
 - Eastern Poland (ERDF managed centrally for additional support for the five poorest voivodships),
2. Seven European Territorial Cooperation programmes, two of which are managed by Poland,
3. Two programmes managed by other ministers: the rural development programme (Minister for Agriculture and Rural Development) and Fisheries and Sea (Minister for Fisheries),
4. Sixteen regional development programmes managed by regional self-governments.

¹¹ The programming system for 2021-2027 MFF has remained largely unchanged. However, the role of the Partnership Agreement has been reduced to a summary of actions, with detailed descriptions at programme level.

However, for the period 2021-2027, there have been some modifications to this system. Rural development issues have been excluded from cohesion policy and a food aid programme for the poorest will be implemented. Additionally, a new instrument called the Just Transition Fund will be implemented under five regional programmes, aimed at supporting the restructuring of fossil fuel dependent areas.

All these programmes are prepared in close coordination with the assumptions of the Partnership Agreement, which is supervised by the **Ministry of Funds and Regional Policy**. If necessary, the Minister's may issue additional guidelines on various elements of programming and implementation of structural funds, such as territorial instruments, monitoring indicators, evaluation rules, accounting rules, etc. There is also a body called the Partnership Agreement Committee, which ensures strategic coordination of the programming and implementation of the Partnership Agreement and programmes. This committee is composed of representatives from the government, local governments and socio-economic partners.

It appears that **the programming system** in Poland been successful in supporting the absorption of EU funds in the past, thanks to the development of analytical skills within government and local administration, as well as active cooperation with the scientific community and relevant institutions with knowledge in the programming cycle, such as national and regional statistical offices.

However, the observation of the negotiations for the Partnership Agreement and programmes for the 2021-2027 period suggests that the **process has become time-consuming and characterised by detailed requirements from the EC**, resulting in a burden on the administration and delays in programme. In Fact, some programmes have not yet been adopted by the EC.

3.3 Institutional System

The institutional system of national regional policy and the use of EU funds under cohesion policy (*which is largely the same*) is extensive and involves multiples institutions operating at the national, regional and local levels. These institutions specialise in various horizontal and sectoral aspects of development policy such as transport, environment, support for enterprises and human resources development.

As part of the implementation system of the Partnership Agreement 2014-2020, the following institutions operate in accordance with applicable EU and national regulations¹²:

¹² Data on institutions and employment are based on the May 2022 report titled "Administrative Capacity of the Institutional System for the Implementation of the Partnership Agreement in the Field of Cohesion Policy (as of 31 December 2021)" by the Ministry of Funds and Regional Development (MFIPR).

- **Strategic and Coordinating Institution:** The Minister responsible for regional development, supported by the Ministry of Funds and Regional Development, serves as the strategic and coordinating institution. Within the Ministry, selected organizational units are entrusted with various functions related to the coordination of the Partnership Agreement, including strategic coordination, programming and negotiations with the European Commission, control, designation, eligibility of expenditure, European Social Fund (ESF), project selection, information policy, and the certification process (IK PC). A separate unit of the Ministry of Funds and Regional Policy acts as the coordinating institution for regional operational programmes (CI RPO).¹³
- **Managing Authorities:** There are managing authorities for national programmes located in the Ministry of Funds and Regional Policy, as well as two other ministries - the Ministry for Rural Development for the Rural Development Programme and the Ministry of Maritime Economy for the programme dedicated to fisheries and aquaculture. In addition, there are managing authorities for regional programmes located in the Marshal's Offices of 16 voivodships.
- **Intermediate Bodies:** Intermediate Bodies are located in ministries, special purpose funds, and specialised agencies, and are responsible for day-to-day management of EU funds at the regional and local level.
- **Implementing Bodies:** Implementing bodies are responsible for implementing various components of operational programmes, including organising competitions, clearance, payments, supervision, and other related tasks.
- **Managing Authorities and Joint Technical Secretariats:** Managing authorities and joint technical secretariats are responsible for handling the European Territorial Cooperation (ETC) programmes managed by Poland, and first level controllers are responsible for verifying the legality and regularity of the expenditure declared by each beneficiary in the cooperation programs.
- **Audit Authority:** The Audit Authority, located in the Ministry of Finance together with 16 regional chambers of tax administration, is responsible for auditing the systems of implementation of programmes and projects, as well as verifying and assessing the fulfilment of the designation criteria.
- **Institution for Receiving Payments:** The Ministry of Finance is the institution responsible for receiving payments from the European Commission (EC).

The **National Evaluation Unit**, which is located within the structure of the Ministry of Funds and Regional Policy, is responsible for developing standards and coordinating evaluation activities carried out under individual operational programmes, as well as conducting evaluations at the operational programme level.

¹³ The Ministry has been operating under this name since 2020.

In addition, the implementation system of the Partnership Agreement 2014-2020 distinguishes nine **key institutions with specialised** programming and management roles for certain elements of cohesion policy.¹⁴

3.4. Coordination system – the role of the Minister in charge of regional policy

The leading role in the Polish system of regional policy, including programming and absorption of Cohesion Policy, is held by the Minister responsible for regional policy. According to the Law of Departments of Governmental Administration from 1997,¹⁵ the tasks of the Minister can be divided into four major areas:

1. Strategic and medium term socio-economic and spatial policy

The Minister is responsible for coordinating and programming Poland's national socio-economic development and strategic spatial planning at the country level.

2. National Regional Policy

The Minister is responsible for programming and implementing Poland's national regional policy, including urban policy. This involves the preparation and implementation of national strategies for regional development and urban policy, as well as monitoring and evaluating national policies. The Minister also proposes new amendments to existing legislation to ensure effective achievement of regional policy goals. An important aspect of this area of activity is defining and implementing instruments such as programming contracts, Areas of Strategic Intervention (national-scale problem areas, for example, cities losing their functions and peripheral rural areas threatened by marginalization), and Advisory Support Centres for municipalities, among others. It is worth noting that some of these instruments may also be implemented by local and regional self-governments and other institutions.

3. EU Cohesion Policy and other external funds

The Minister is responsible for negotiations, programming, and management of national programmes financed from cohesion policy, as well as other EU and non-EU sources, such as Norwegian grants. The Minister also oversees the direct management of sectoral and horizontal programmes co-financed by the

¹⁴ The role of key institutions is performed by: Generalna Dyrekcja Ochrony Środowiska and 16 Regional Directorates for Environmental Protection (issuing environmental impact assessments); Central Statistical Office (monitoring of cohesion policy); Państwowe Gospodarstwo Wodne Wody Polskie (water management and flood risk management); Office of Competition and Consumer Protection (state aid); Office of Rail Transport (rail transport); Public Procurement Office (control of public procurement); Chancellery of the Prime Minister (digitization); Ministry of Infrastructure (transport); Ministry of Development and Technology (innovation). In addition, the Ministry of Health is coordinating the intervention of the ESI Funds in the health sector.

¹⁵ Ustawa o działach administracji rządowej.

EU, excluding those implemented by the Minister in charge of Agriculture and development of rural areas and fisheries. In practical terms, this means that the Minister is responsible for the preparation of required strategic and operational documents, issuing guidelines on various aspects of cohesion policy, preparing monitoring reports for the EU and internal circles, evaluating the effectiveness and efficiency of European funds, and consulting and guiding ministers, public institutions, regional self-governments, and beneficiaries on policy design and implementation of cohesion policy. The Minister also plays a decisive role in proposing new or adapting existing policies through negotiations with the EU and organising public consultation processes for programming documents and projects

4. Relations with regional self-governments and other partners

The Minister is responsible for coordinating and cooperating with regional (voivodeships) self-governments on issues related to the EU socio-economic and spatial national strategic, regional, and EU cohesion policy. This task also includes cooperation and partnership with other self-governments and development partner stakeholders.

As evident from the list of responsibilities outlined above, the Minister in charge of regional policy holds a crucial and extensive role within the government, extending beyond the direct programming and implementation of EU funds.

This expanded role of the Minister is largely attributed to the necessity for Poland to establish an effective system of coordination among public sector policies at the national level, as well as between these policies and actions undertaken by regional self-governments and other stakeholders. The aim was to ensure successful absorption of available European funds, of which Poland has been the largest beneficiary since 2006 until today. It is noteworthy that achieving full absorption of European funds has been a primary political objective from the mid-1990s to the mid-2010s.

This objective has been manifested through a high degree of autonomy for the Minister in relations with the European Commission and regional governments, as well as through a competent administrative staff that is not subject to arbitrary removal or shifting to other positions due to political or administrative changes, unlike other parts of the administration.

The Minister leads a robust administrative structure, currently known as the Ministry of Funds and Regional Policy, which, by Polish administrative standards, comprises a large and well-educated staff of approximately 1200 apolitical officials and experts, who are professionally prepared and, until recently, well-compensated.

This well-structured administrative setup has a positive impact on Poland's ability to safeguard its interests during negotiations with the European Commission, ensure compliance with EU law and implementation procedures, and maintain high quality of national regional policy. The programming and implementation of regional policy in Poland largely aligns with EU standards brought by cohesion policy regulations. Additionally, the Minister plays a crucial role in aligning Polish legislation with EU standards in areas such as public procurement, competition policy, environmental protection, and others that are essential for effective absorption of funds.

Moreover, the Minister serves as a significant agent for disseminating good practices developed in the EU cohesion policy system, including cooperation, dialogue, and partnership with local government, socio-economic entities, and the scientific and broadcasting community.

3.5 Other institutions in the system of absorption of EU funds

During the 2014-2020 period, **a total of 144 institutions were identified in the system of implementing cohesion policy**, based on EU and national regulations. These institutions include 22 Managing Authorities, 85 Intermediary Institutions, and 7 Implementing Institutions. However, it is important to note that certain administrative structures, such as the Ministry of Funds and Regional Development, may perform the functions of multiple institutions under the Partnership Agreement. As a result, the actual number of entities or administrative structures involved in the implementation of the programmes is smaller, estimated to be around 125.¹⁶

Poland's large number of institutions involved in regional development policy is not unique compared to other European countries and is largely attributed to Poland being the largest beneficiary of EU cohesion policy. Another contributing factor to the increase in the number of institutions is the possibility of financing their activities, including salaries of employees engaged in the implementation of the Partnership Agreement, from technical assistance resources sourced directly from EU funds (up to 75% of costs).

The coordination, management, and audit functions of the Partnership Agreement 2014-2020 are primarily performed by state administration offices or regional self-governments (in the case of 16 operational programmes), while implementation

¹⁶ This number includes: nine ministries, 16 marshal offices, 16 provincial labour offices, 16 chambers of tax administration, 10 voivodship offices, 13 city offices performing tasks under Integrated Territorial Investments, the National Fund for Environmental Protection and Water Management, the Provincial Fund for Environmental Protection and Water Management in Katowice and 31 other entities. The role of key institutions is performed by 25 entities, including: three ministries, the General Directorate for Environmental Protection and 16 regional directorates for environmental protection, the State Water Farm Polish Waters, as well as four other entities.

functions, involving direct project management, are carried out by individual units within these offices or specialised public agencies such as regional development agencies, enterprise development institutions, etc., which are entrusted with certain tasks based on contracts. Only two institutions, namely Pomerania Development Agency S.A. in Gdańsk and Warmia-Masuria Regional Development Agency S.A. in Olsztyn, are entities from outside the public finance sector.

The largest number of intermediary units are found in regional programmes and the national programme supporting human resources development and labour market activities (POWER), which reflects the fact that they deal with numerous small projects and beneficiaries.

Several specialised institutions have been established to support the process of project preparation and implementation in key areas of operation of the Structural Funds and the Cohesion Fund. In practice, these institutions apply the principles and practices resulting from the implementation of cohesion policy programmes to activities financed from other sources as well. Here are three examples:

1. **Polish Agency for Enterprise Development** was established in 2000 during the pre-accession period and is the largest agency in the country responsible for implementing components of EU programmes that support enterprises under three national programmes. It also serves as a hub of competence for delivering services to SMEs in the regions through a nationwide system of standardised services.
2. **The Centre for EU Transport Projects** was established in 2007 with the aim of supporting the preparation of major transport infrastructure projects in European Union programmes. It focuses on areas such as road, rail, air, urban, maritime, inland waterway, intermodal, and road safety transport.
3. **National Centre for Research and Development**, established in 2009, aims to support Polish scientific units and enterprises in enhancing their ability to innovate and create solutions based on the results of scientific research.

3.6 Role of regional self-governments

In the Polish system of implementing regional policy and absorbing EU funds, **the voivodeship self-government plays a fundamental role** alongside the minister responsible for regional policy. Since 2007, all 16 regional self-governments in Poland have acted as the managing authority of regional operational programmes, which are co-financed from two funds: the European Regional Development Fund and the European Social Fund, amounting to approximately 40% of the funds allocated to the

EU cohesion policy in Poland for the 2014-2020 perspective. Starting from 2021, regional programmes will also implement actions for the transformation of regions dependent on fossil fuels, financed from the new *Just Transition Fund*.

Discussions on the creation of large voivodeships, based on historical lands of Poland instead of the small 49 voivodeships that have been functioning since 1975 and headed by a representative of the central government, have been ongoing since the early 1990s. In scientific circles and among representatives of most political parties at that time, there was a consensus that this was a crucial condition for successful structural modernization and increasing the efficiency of the state, allowing for taking full advantage of the upcoming accession to the EU. The creation of "visible on the map of Europe" regions with sufficient financial and human resources was seen as a necessary step towards planning and effectively implementing development actions based on local and regional needs.

This philosophy served as the basis for the creation of 16 large territorial units - voivodeships - with a mixed self-government and government character in 1999. The Voivode, as a representative of the central government in the region, is nominally responsible for the implementation of entrusted activities in the field of government administration and supervision over the assets of the State Treasury)¹⁷, as well as the supervision and compliance of activities of local and voivodeship self-governments with the law. On the other hand, the voivodeship self-government has been legally obliged from the very beginning to conduct development actions based on its own voivodeship's strategy (currently in its fourth edition). Although it has not been equipped with sufficient financial resources to adequately fulfil the entrusted tasks and expected activities in the sphere of socio-economic policy, its sphere of responsibility has constantly expanded during the next 17 years (between 1999 and 2016), and thus its political importance has also increased. The increasing importance of the *voivodship* self-government in conducting the development activities of the state was primarily associated with the process of strengthening its role in the management of European cohesion policy programmes¹⁸.

During the pre-accession period, voivodeship self-governments did not play a significant role in the management of pre-accession programmes and projects, but they became the subject of technical assistance activities aimed at strengthening their administrative

¹⁷ Act of 23 January 2009 on voivode and government administration in voivodship (Journal of Laws of 2017, item 2234, item 976 and item 1566 and of 2018, item 2340).

¹⁸ National activities strengthening the role of the voivodship self-government in development processes, apart from participation in the management of EU funds, include increasing responsibility to conduct activities in the field of environmental protection (supervision of the Regional Environmental Protection Funds received in 2010 but withdrawn in 2018) or since 2008 increase responsibilities with regard to the organisation of regional public railway transport.

capacity. At that time, certain legal and organizational solutions were also implemented based on national law (such as regional contracts concluded between the government and the regional self-government authorities, specifying the amount of money and rules for the implementation of mostly governmental projects supporting the implementation of regional strategies), with the goal of preparing them for programming and managing financial resources in accordance with EU standards.

In the initial period after Poland's accession to the EU, **the pilot programme of regional development ZPORR (Integrated Operational Programme for Regional Development)** was managed by the government (initially the Ministry of Economy, Labour and Social Policy, and since 2005, the Ministry of Regional Development) and implemented with the participation of provincial self-governments.

A significant milestone in the process of enhancing the role of voivodeship self-governments was the preparation and delegation of management responsibilities to regional self-governments for 16 regional operational programmes that were initially co-financed only by one Fund, namely the European Regional Development Fund (ERDF), during the financial perspective of 2007-2013.

The decision to decentralise the management of regional programmes to regional self-governments was part of the broader regionalization of cohesion policy funds management, which was promoted by the European Commission since 1988. This decision was driven by the desire to enable the implementation of already prepared regional strategies in the absence of political consensus to increase own revenues of regional self-governments from national sources. However, initially, DG REGIO, the Directorate-General for Regional and Urban Policy of the European Commission, had concerns about the lack of administrative preparation and difficulties in coordinating at the national level, and their reaction to the proposal was negative.

In the financial perspective 2014-2020, the responsibilities of voivodeship self-governments were further extended to include the direct management of a significant portion of the activities under the European Social Fund (ESF). The financial resources at the disposal of voivodeship self-governments also increased, and currently, they are responsible for the use of over 40% of all cohesion policy funds (European Regional Development Fund (ERDF), ESF, Cohesion Fund) in Poland. In the next financial perspective after 2021, this share is expected to increase further to 42% of the total allocation of cohesion policy funds available to Poland. According to the Commission *EU funds accounted in 2018 for about 80-85% (55% according to the Ministry of Funds and Development) of all public expenditures allocated to pro-development activities in Poland* (investments in infrastructure, public support for companies and activities for the development of human resources). This has given voivodeship self-government authorities a strong position in the country's development policy, although not necessarily dominant.

However, it is important to note that the role of voivodeship self-governments has been weakening in recent years due to the emergence of massive national programmes used for financing pro-development and COVID-19 relief projects and activities managed and implemented by government agencies or institutions directly controlled by the government, such as the Polish Development Fund and its institutions like Bank Gospodarstwa Krajowego, which is the only bank owned by the State. Additionally, new EU tools introduced recently, such as the Recovery and Resilience Fund, limit the role of regional and local governments to that of beneficiaries, with the implementation of reforms and most investments being carried out by the central government and its subordinate institutions.

Furthermore, within the ongoing financial perspective, the regulations of the ESIF funds emphasise the increasing importance of programming actions for different types of territories, such as cities, rural or mountain areas, based on functional or morphological basis. This has resulted in an increased role and importance of actors other than the government and regions, particularly large city governments, in both cohesion policy and national policies.

3.7 Other issues important from the point of view of absorption

Number of calls for projects

During the financial perspective of 2014-2020, until 31 December 2021, a total of 4,993 calls for proposals were announced, with 777 of them in national programmes (16%) and 4,216 in regional operational programmes (84%). This distribution of shares is indicative of the fact that regional operational programmes encompass a larger number of smaller competitions catering to various spheres of activities.

Quantity and turnover of staff

An important aspect of assessing the administrative capacity for absorbing EU funds is the number of staff and their level of expertise. As of 31 December 2021, a total of 15,327 individuals were employed in institutions directly involved in the implementation of the Partnership Agreement. Assuming that these individuals handle approximately 10 billion euros per year, this equates to an average of about 652 thousand euros per person (or 153 people per 100 million euros). It is worth noting that this number includes personnel engaged in strategic coordination and programming, monitoring, evaluation, as well as appraisal, organization of calls for projects, and monitoring and control of projects under the programmes.

Given the high degree of decentralization of cohesion policy in Poland and the large number of small projects financed by the ESF and ERDF in regional programmes, the majority of employees are based in the *Voivodship Marshal's Offices* (5406) and the *Voivodship Labour Offices* (2878). Additionally, 1742 individuals are employed in the

ministries, with about 996 of them working in the *Ministry of Funds and Regional Policy*. Another 1711 individuals are employed in special purpose funds and public institutions subordinate to ministries. The remaining staff members are directly involved in the institutions responsible for implementing the various components of the programmes co-financed by cohesion policy.

Table 1. Employment by type of units participating in the institutional system for the implementation of the programmes 2014-2020 in the field of cohesion policy

Type of institution	Number of Employees
Regional Self-government Offices	5 406
Voivodeship Labour Office	2 878
Ministries	1 742
Sectoral special Purpose Funds and institutions	1345
Audit Authority (Ministry of Finance + Chambers of Tax Administration)	366
Local Self-governments	135
Voivodeship Offices (governmental)	98
Implementing institutions	3 357
Razem	15 327

Source: Department for the Coordination of the Implementation of EU Funds, MfiPR

It is important to note that in addition to the staff listed above, tens of thousands of individuals are involved in the preparation of required plans and the implementation of projects by beneficiaries, such as revitalization plans, project application preparation, technical documentation of projects, training, and monitoring and control of projects, through contracts and are not included in the aforementioned list.

Staff turnover in the institutions involved in the implementation of the Structural Funds is relatively low and has remained at a similar level for years. In 2022, it reached 3.9%, which can be attributed to relatively competitive earnings and stable employment in the field of programming and implementation of cohesion policy.

Employee training is a significant component of the institutional system involved in the implementation of cohesion policy. Staff members of these institutions receive annual offers for both compulsory and additional training to enhance their skills. Trainings are organised by professional private and public institutions, such as universities, selected through a tender process. The thematic scope of the trainings is broad and tailored to the needs and profile of each institution. Individual institutions can also enter into contracts for more advanced forms of training, including long-term courses that lead to university diplomas. For instance, the Academy of Evaluation and the Academy of Regional Development have offered training in the fields of evaluation and regional policy, respectively. From 1 July 2021 to 31 December 2021 alone, it is estimated that 9,238 employees of the institutional system of implementation of the Partnership

Agreement 2014-2020, which accounts for 60% of the total number of employees, participated in at least one training course.

The total cost of implementing the cohesion policy absorption system, which includes salaries, trainings, monitoring, evaluation, promotion, and other related expenses, is estimated to be around 3% to 4% of the total value of EU programmes. From 2014 to 2020, approximately 700 million euros were delivered under EU co-financed Operational Programme Technical Assistance, which covered up to 75% of the total cost.

Section 4. Case of Polish Development Fund

In the first period after accession to the EU, European funds from cohesion policy reached a dominant role. The position of financing investments and pro-development activities of the government and local government in Poland is diverse, with some sectors being more dependent on European funds than others. For example, investments in environmental protection, such as sewage treatment plants and water supply, have been provided with national co-financing to a greater extent through the Environmental Protection Fund, which has been functioning since the early 1990s.

However, poorer regions and municipalities in Poland tend to depend more on EU funds compared to richer regions, where economic growth has led to increasing income and tax base, until the impact of the COVID-19 pandemic disrupted this trend.

In response to the growing need for a more active pro-development policy, the Government formed after the 2015 elections presented a Plan in 2016, followed by a full Strategy for Responsible Development until 2020 with a perspective until 2030. These documents aimed at significant changes in socio-economic policy, including increased state intervention in the socio-economic sphere. This was to be achieved, among other means, through the acquisition of development capital via the creation of a special fund that brings together several institutions involved in economic development, funded through bonds issuance, institutions' own funds, and loans from the European Bank for Reconstruction and Development, the European Investment Bank, and the Asian Infrastructure Investment Bank.

As a result, the Polish Development Fund was established in 2016 as a State Treasury Company with the primary objective of supporting the economic development of Poland and its export potential in accordance with the provisions of the Strategy for Responsible Development. In 2019, the Polish Parliament passed a law on the system of development institutions called the Polish Development Fund Group, which operates based on a coherent strategy defined by the Polish Development Fund in line with the economic policy of the Council of Ministers. The Group includes several large public institutions owned by the state, such as Bank Gospodarstwa Krajowego, Industrial Development Agency, Export Credit Insurance Corporation, Polish Investment and Trade Agency, and Polish Agency of Entrepreneurship Development, which implement various Government programmes for enterprises, local governments, and individuals.

The activities of the Polish Development Fund and its entities, including grants, loans, advisory services, and capital support, are targeted at large enterprises, SMEs, local governments (through the Local Infrastructure Investment Fund), foreign investors, and individual entities (e.g. housing programmes). During the COVID-19 pandemic, the Fund Group played a key role in implementing protective measures for companies and their employees, providing assistance to several hundred thousand entities. Currently, the Fund Group is also preparing to participate in the implementation of the Polish Reconstruction and Resilience Plan, where it will be responsible for implementing the loan part through Bank Gospodarstwa Krajowego and providing liquidity in the form of bond issues for investments co-financed through grants.

The individual institutions within the Polish Development Fund Group, such as Bank Gospodarstwa Krajowego and the Polish Agency for Enterprise Development, also implement various EU programmes and projects for enterprises, local governments, and individuals. This allows for increased synergies between investments made through EU funds and actions financed by the Government. However, due to differences in programming systems and requirements, achieving such synergies can still be challenging.

Section 5. Summary. Success factors

Poland has built its own efficient model for managing EU funds, characterised by the following features:

- Strong connection between EU fund management and regional policy: The management of EU funds is closely linked with regional policy and spatial planning at the national level, creating a holistic approach to socio-economic and spatial development.¹⁹
- Decentralization of EU fund management: Around 40% of all cohesion policy funds are managed at the regional level, thanks to legal regulations and administrative reinforcement provided to local governments within the framework of national regional policy. This allows for effective implementation of EU-funded projects at the regional level, taking into account local needs and priorities.
- Key role of the Ministry of Regional Policy: The Ministry of Regional Policy and the Minister for Regional Policy play a crucial role in negotiations with the EU, coordination, programming, management of national programmes, law-making, control, monitoring, and evaluation of EU-funded projects. This ensures effective governance and oversight of EU funds at the national level.
- Cooperation and coordination mechanisms: Efficient cooperation and coordination mechanisms are in place between the government and regional self-government, as well as other actors involved in the implementation of EU funds. However, there have been concerns about the deterioration of trust due to political conditions in recent times.
- Comprehensive socio-economic programming system: EU programming is integrated into the national system of socio-economic programming, rather than being treated as something external to it. This ensures a comprehensive and hierarchical approach to development planning, where EU funds are aligned with national priorities.
- Use of mechanisms and procedures from cohesion policy: Poland has adopted mechanisms and procedures from EU cohesion policy for the implementation of national development policies, including investments and other types of development projects. This increases the quality and effectiveness of public policies in Poland.

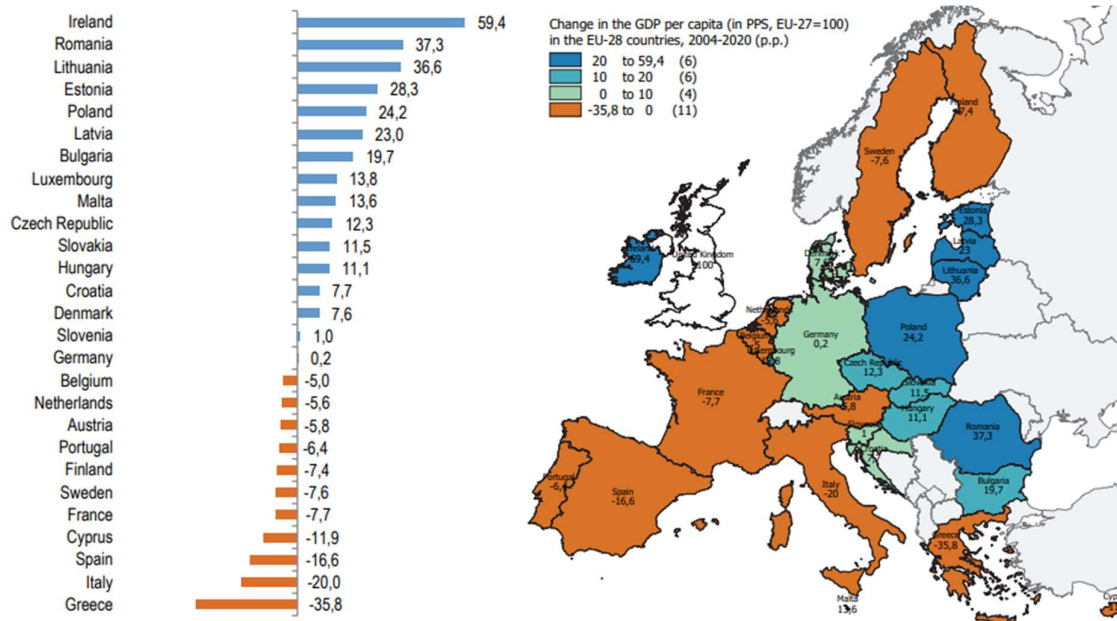
¹⁹ It should be noted, however, that in recent years the link between EU funds and strategic government decisions has been weakening as a result of the emergence of e.g. significant national funds spent outside EU funds organisational system.

- Specialised public bodies for implementation: Poland utilises a range of specialised public bodies at the national and regional levels for the implementation of EU funds. Many of these bodies were created during the pre-accession period, ensuring efficient implementation of EU-funded projects.
- Cooperation with academia: Poland has established good cooperation with academia, facilitated by the large role of monitoring and evaluation in EU cohesion policy. This ensures evidence-based decision-making and implementation of EU-funded projects.
- Administrative support programmes: Numerous administrative support programmes and projects are in place to provide assistance to administrations managing and implementing EU funds, as well as different types of beneficiaries. This ensures smooth implementation and management of EU-funded projects in Poland.

Considering that Poland has successfully absorbed 100% of available cohesion policy funds since its accession to the EU, which has contributed significantly to GDP growth at both national and regional levels (as shown in Chart 3)²⁰, it can be concluded that the above-mentioned model is highly efficient in terms of technical capacity. This is evident in the effective application of procedures, swift spending, well-organised project competitions, and tenders, among other factors. However, it should be noted that the administration of the model comes with costs, as approximately 3%-4% or even more of the value of programmes is allocated towards administrative expenses.

²⁰ The ratio of Poland's GDP per capita (in PPS) to the EU-27 average improved from 51.5% in 2004 to 75.7% in 2020. It is estimated that around 3,8 p.p. of this increase was possible thanks to the EU cohesion policy.

Chart 3. Changes (p.p.) in GDP per capita (in PPS, EU-27=100) in the EU countries, 2004-2020



Source: Own elaboration based on the Eurostat database

Source: The Impact of the Cohesion Policy on the Social and Economic Development of Poland and its regions in the years 2004-2020, 2022, Ministry of Funds and Regional Policy, Warsaw, Map 4,

The efficiency of the Polish system in absorbing EU funds and implementing regional development policies can be attributed to several key factors, including:

- Agreement across political divides on prioritising preparations for EU membership and building an effective system for the absorption of European funds.
- Creation of a unified programming and monitoring system for development, regional, and EU policies, which ensured strategic coordination, improved preparation of plans and projects at the operational level, and transfer of procedures to national policies.
- Establishment of a strong management centre, led by the Minister in charge of regional policy, responsible for programming and implementing EU funds, as well as conducting regional policy and overseeing the entire socio-economic system of the government.
- Decentralization of management with simultaneous implementation of robust mechanisms of partnership and strategic coordination between the government and provincial governments.

- Devoting great attention to building and strengthening the competences of administrative staff involved in programming and implementing EU programmes and projects.
- In the initial period, influx of new highly motivated staff during the creation of new institutions, which was of significant importance in government administration and regional self-government.
- Stability of the staff in the created institutions, despite political changes, including the units involved in the implementation of EU funds, including the management staff.

The ability of the Polish system to efficiently allocate resources in accordance with the objectives set out in the strategy and operational documents in relation to EU funds is a complex issue that is not the subject of this analysis. To some extent, Poland owes its socio-economic success and development of individual regions to EU funds, with a total macroeconomic impact calculated at approximately 0.5 GDP growth on average per year. EU funds have had a significant impact on the development of transport, environmental, and local infrastructure, as well as the strengthening of human resources, among others. However, several studies emphasise the decisive role of the European single market rather than cohesion policy.

Annex 1. Phases of building absorption capacity in Poland

The current shape of the system for absorbing EU funds in Poland is the result of a multi-annual process of evolution, which can be divided into four main stages:

1. **Pre-accession:** During this stage, the institutional foundations of regional policy in Poland were established, based on a strong coordination unit and voivodship self-governments. Furthermore there was a gradual familiarisation with EU requirements and procedures through the utilization of pre-accession programmes.
2. **First years in the EU:** This stage focused on building a system for absorbing cohesion policy funds, which involved the implementation of policies aimed at promoting economic and social cohesion among EU member states.
3. **Institutional consolidation and creation of the core curriculum:** In this stage, efforts were made to consolidate institutions and create a core curriculum for the effective implementation of national development policy with a strong regional approach. This involved aligning national policies with EU policies and promoting regional development through coordinated efforts.
4. **“Routinisation” of cohesion policy activities:** This stage witnessed the “*routinisation*” of cohesion policy activities, with a reduced role for regional policy and the introduction of new elements in both national and EU policies to further promote regional development and economic cohesion.

Number	Period	Milestones	National legal system	Programming and the content of regional policy	Institutions
I	1989 - 2004	<ul style="list-style-type: none"> • Restoration of local self-government (1990); • EU accession process (from 1991); • Creation of a new department of government administration - regional development (1997) • Establishment of 16 self-governing regional provinces (1999) 	<ul style="list-style-type: none"> • Initially, no national legal basis for regional policy • In 2001, the Act on the Conduct of Regional Policy 	<ul style="list-style-type: none"> • Analytical work (Pre-accession programmes; Regional Policy Task Forces (1994-96) and Structural Policy (1995-97) • Developing the concept of inter- and intra-regional policy, • Programming documents for pre-accession assistance - 	<ul style="list-style-type: none"> • Office of the Committee of European Integration - a major role in the pre-accession assistance system; • the system of implementation of pre-accession programmes created outside public administration (Polish

				National Programme for Adoption of the Acquis (since 1997) and for programming of PHARE Socio-Economic Cohesion (since 2000) - preliminary National Development Plan	Regional Development Agency - PARR, regional development agencies, Polish Agency for Enterprise Development); • Construction of a centre for regional policy and development policy (initially in the Ministry of Economy 1998)
II	2004 - 2008	<ul style="list-style-type: none"> Polish accession to the EU (2004) First EU Financial Perspective 2004-2006 – Integrated Regional Development Programme for regions managed by the national level In 2006, decentralisation of the management of cohesion policy programmes – establishment of 16 regional operational programmes and entrusting their management to regional governments 	<ul style="list-style-type: none"> Act on Principles of Development Policy (2006) System of voivodship contracts (agreement between the government and the voivodship self-government) 	<ul style="list-style-type: none"> National policy objectives and priorities in line with those of the cohesion policy (National Development Plan 2004-2006, National Cohesion Strategy 2007-2013) The primacy of efficiency over coherence as a goal of regional policy; Additional compensatory measures limited to the poorest voivodships (Operational Programme Eastern Poland managed at national level) 	<ul style="list-style-type: none"> Creation of the Ministry of Regional Development (2005) – its major role in adopting EU rules and procedures and coordinating actions at national and regional level) The growing role of regional self-governments in the programming and implementation of regional policy (since 2006)
III	2009 - 2015	<ul style="list-style-type: none"> Ordering and consolidation of the national system of conducting development policy) Practical start of implementation of the 2007-2013 perspective (2009); Programming of the new EU Perspective 2014-2020 promoting the implementation of the Europe 2020 Strategy but at the same time introducing territorial development 	<ul style="list-style-type: none"> Assumptions of the Polish development management system (2009), amendments to the Act on the principles of conducting development policy; 	<ul style="list-style-type: none"> National Regional Development Strategy 2020 (2010), Concept of Spatial Development of the Country 2030 (2011); Territorial dimension as an equivalent component of development policy (new 	<ul style="list-style-type: none"> A well-functioning implementation system of government and local government based on intensive cooperation between the Government and the regional self-government

		support instruments on scales other than the country and region	<ul style="list-style-type: none"> • separate Act on the rules for the implementation of cohesion policy programmes financed in the financial perspective 2014-2020 (2014) 	<p>instruments addressed to local authorities),</p> <ul style="list-style-type: none"> • Integrated Territorial Investments - programmes addressed to functional areas of the metropolis • Supporting diffusion from large cities as a means to ensure more sustainable development in territorial systems 	<ul style="list-style-type: none"> • The top role of regional government in development policy • Gradual increase in the importance and role of local actors, in particular large cities
IV	Since 2016	<ul style="list-style-type: none"> • Change of the Government and discontinuation of policy goals in various spheres (end of 2015) • Programming of the new financial perspective (from 2018) – m.in, a greater role of conditionality and discretion on the part of the EC • PANDEMIC COVID -2019 • War in Ukraine 2022 	<ul style="list-style-type: none"> • Further amendments to the Development Policy Principles Act (2019) introducing increased coordination between the regional and national levels • Act on the principles of implementation of tasks financed from European funds in the financial perspective 2021-2027 (2022) 	<ul style="list-style-type: none"> • Strategy for Sustainable Development until 2020 with perspective 2022 (2017); • National Regional Development Strategy 2030 (2019) • New Partnership Agreement and a set of programmes for cohesion policy 2021-2027; • Preparation of the Recovery and Resilience Plan - a new type of document for support of EU structural actions after COVID-19 • Regional policy goals reoriented towards internal cohesion; • Growing attention to the specific development problems of small towns and peripheral rural areas and from areas dependent on fossil fuels 	<ul style="list-style-type: none"> • The growing role of institutions operating at the central level controlled by the government, such as Polish Development Fund, BGK and others; • The growing role of the state in conducting development activities at the expense of regional self-governments