

Evaluating the effects  
of regional interventions.  
A look beyond  
current Structural Funds' practice

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# Strategic planning of regional development

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Evaluation of regional development always requires a fair amount of knowledge not only about the results and impacts of operational programmes but also about the wider assumptions made by those planning, the procedures of planning, and the social, political, economic and institutional circumstances under which the whole process of planning and implementing takes place. Therefore, the main aims of this chapter are to:

1. discuss external factors determining the strategic foundations of regional development management (including planning)
2. analyse the legal framework of regional development in the context of ongoing European integration processes
3. discuss the strong and weak points of the solutions adopted.

For centuries the term “strategy” referred exclusively to the process of planning and running wars (in line with its original meaning in Greek). Since the 1960s, strategy has become a magic password to the successful management of companies and – increasingly – the public sector. The first publications from the sixties concentrated on the linear process of achieving long-term goals while over the next decades this picture was significantly changed towards a much more complex vision (thanks in a large extent to sociological contribution) (Pettigrew *et al.* 2002). For obvious reasons relating to the differences in main goals and functions of the private and public sector, a direct transfer of commercial experience to the public sector has to be limited. This leads Ferlie (2002:279) to the notion of “quasi-strategies” being typical for the public sector. In spite of all these differences, strategic approach (of various quality, as usual) has recently dominated public development policies all over the world. The European Union Cohesion Policy is probably the world’s most complex and advanced example. There are quite different ways of defining the strategy or strategic development. Here we will use a fairly general definition of strategy as an instrument of conscious and systematic actions aimed at achieving specific long-term development goals. It makes a strategy part of a system of planning documents where, most typically, it is associated with medium-term and short-term plans (horizontal, territorial or sectoral). In the case of EU Cohesion Policy system, specific medium-term plans were renamed into programmes in order to stress a) their concentration on achieving priorities as described in the strategy; b) their detailedness and executive character. The aim of this text is to explain the reasons for adopting strategic management tools by the public sector rather than discuss the term itself. It is important to keep in mind that the separation of these reasons is for analytical needs only, as they are closely interlinked.

## Factors of economic development and a shift of paradigm

The post-war period was characterised by the wide influence of Keynes' doctrine based on the assumption that regional development can and should be promoted using top-down, exogenous factor-based activities. Already in the 1960s it turned out that the initial successes of this supply-side based approach had been phased out by a series of economic turmoils and social unrest in localities benefiting from previous external public investments.<sup>1)</sup> As the global economy started to move from industrial towards a post-industrial, knowledge intensive economy, the interventionist doctrine, which was visibly not delivering, had been slowly crowded out by the neoclassical approach, underlying the meaning of demand rather than supply – endogenous and qualitative factors of growth. Today, an explosion of different approaches to key factors of growth can be observed. As there is much rich literature on the topic, here are just a few examples. A growing number of social scientists stress the role of culture in development (Landes 2005; Harrison, Huntington 2003). For many, social capital is considered a leading factor. The term was introduced by Bourdieu in 1972, proliferated by Coleman (1988) and Putnam (2000). Human capital has so many proponents that it is difficult to name them. Camagni (1991) introduced the term “innovative milieu”. Florida (2005) proposes that the key is the existence of a creative class which grows when the 3T's are present (technology, talent, tolerance). Castells (2008) underlines that the contemporary economy is not about location, but flows linking key development centres and forming global network of cooperation and competition. The concept linking development with the quality of the institutional system is strong (Keating *et al.* 2003; Amin, Thrift 2000). Globalization, competitiveness, and innovativeness are the three factors that are said to determine (in interaction) the development chances of different regions and places (Gorzela 2007). What do all of these approaches have in common? They all concentrate on qualitative factors and their interactions. What about the role of technical infrastructure in development, particularly in countries with both underdeveloped and outdated infrastructure when compared to affluent societies? The answer to this question should be defined not in terms “either-or” but rather in time sequence: for instance, a high level of mobilization (social capital) leads to infrastructural improvements (water, transport, sewage systems), but not the other way around (Hryniewicz 1998). When it comes to contemporary types of infrastructure, there is only one that is considered a prerequisite of development: a broadband network.<sup>2)</sup>

<sup>1</sup> Factories built and later subsidized under the postwar policy of industrialization of less developed regions (eastern Poland) were the first “victims” of market economy introduced in Poland in 1990.

<sup>2</sup> Even here one may ask whether the only reason that people do not extensively use ICT technologies to improve their lives lies exclusively in the lack of access to broadband. Studies on social exclusion stress that in the case of e-exclusion the most difficult problem is about personal competence to use the net. And that has nothing to do with the technical aspect. “You can bring a horse to the watering hole but you can't make it drink” – says British proverb.

Features of the new economy:

Firstly, a global nature manifested in both, decisions regarding the company location as well as the extended competition covering the IT and services sectors along with technology mobility and labour market globalisation.

Secondly, considerable acceleration of the following processes is a characteristic attribute of the new economy: the life cycle of a product has been significantly shortened and the process of technological change has gathered speed. Likewise, professional qualifications need to be permanently upgraded, and sometimes actually changed completely.

Thirdly, the modern economy is based on knowledge, which means not only increased employment in the sectors involved directly in information processing, but also steadily growing requirements with regard to employee qualifications.

Fourthly, the increasing importance of network. An ongoing process of specialisation results in companies being even more inter-dependent (linked) with other companies, institutions or suppliers than ever, while at the same time, networking brings about an increased flexibility and growth capacity (Blakely, Bradshaw 2002:5)

## Globalization

Globalization is a multifaceted process and state of creation and existence of global subjects of economic, political, and cultural activities. It has a number of important consequences in various fields, of which we shall mention just a few.

Among the key features of globalization is the strength and flexibility of economic links between global old and emerging growth poles. Another feature is a phenomenon known as “shrinking time and space”. Product life cycle is short (particularly in cutting edge industries). The results of decisions can be spotted almost immediately (in seconds in the case of stock exchange information) everywhere in the world. Global problems (including environmental) call for global solutions. And indeed, never before has the world seen so many activities looking for global regulation executed by supranational bodies. On the other hand, people look for protection against the negative impacts of globalization in “territorialisation” of development (Bauman 2000). The changes have never been so fast and often dramatic.

The industrial era was already characterised by growing development disparities (before it was estimated at 1:2; Landes 2005), but nowadays the time of globalisation gives examples of rapid changes in disparity levels. Concentration of new development factors in metropolises has led to the de-industrialization as well as the depopulation of more peripheral, less developed areas (Blakely, Bradshaw 2002). Most territory of the former GDR and large parts of Poland’s eastern provinces may serve as examples. On the other hand, however, there is a visible catch up process on the global level: a number of states (China, India, Malaysia, Brazil and others)

have significantly improved their position. China alone has quadrupled its GDP in less than 30 years. World Bank studies report the visible growth of the share of middle class all over the world (Markandya *et al.* 2005). Not all countries are that successful. It should also be mentioned that given the conditions of accelerated structural changes, the position of socio-economic groups tends to change fast, which has obvious implications on their notions and behaviour (Gardawski 2008). These changes are particularly intense at the local level, where the restructuring processes can be turbulent.

Among the new features are: an increasing segmentation of the labour market and new forms of poverty related to the existence of so-called marginal jobs, which hardly require any skills and are poorly remunerated (see Jarosz 2008).

### Postmodernist/information society

The changes taking place in the economy have had a significant impact on societies. New technologies call for better human capital. An increasing demand for a highly qualified workforce leads to the development of new sectors of the economy where teaching institutions are no longer a luxury but an industry closely linked with the business sector and its changing needs. Such phenomena mean that new society is not only better educated, but also expects more influence on public matters through increased participation and decentralization. Growing affluence makes people more mobile and better informed – having the firsthand experience of various countries, regions and places. Some also suggest that new generations are more tolerant and open minded; this, however, is based to a large extent on anecdotal evidence or research limited to certain millieus. Nevertheless, societies tend to be more fragmented than ever, undergo significant demographic changes, which in turn impacts lifestyles, public policies, and the economy (increasing the number of socially active people in retirement; increasing demand for health services for the elderly; a shortage of labour force etc.). One of the important aspects of the postmodern society is also its ability to organize people around common goals, starting from local environmental protection or lobbying for specific regulations. All these features make representatives of society an important stakeholder, who (collectively) is fully aware of his/her civic rights and possesses all the necessary knowledge and instruments helping to influence or control public administration. Knowledge and ICT are the main resources in the hands of new citizens (Krzysztofek, Szczepański 2002). The growing differentiation in the ability to utilise ICT becomes one major factor leading to the marginalization of significant parts of society.

### Development challenges

In the context of globalization, the growing demand for effective instruments of coping with uncertainty, increasing competition, technological change, and dimin-

ishing distances reducing the “own space” has turned the attention of the public sector towards strategic planning and management. It is a natural response to the changes described by Castells as the rise of a network society (2000). For regional and local governments, globalization means, among others, the weakening of the state as a key actor in the development field and the increasing role of supranational organizations (such as the European Union or international financial institutions) and multinationals, which de facto have no national flag and move their operations around the world. It leads to defensive responses often described as part of “glocalization”. Glocalization (a term introduced by Robertson in 1995) refers to parallel processes of globalization (which is of an economic nature) and the predominantly social response against negative impacts of globalization on local/regional communities. Recent decades have witnessed fast progress in community development, endogenous growth, and other concepts that are supposed to make communities less vulnerable to external shocks. It is also of growing importance in the perspective of new growth theories linking development with metropolises as hubs of commodities, services, and information production and exchange. According to Pike, Rodriguez-Pose, and Tomaney (2006:7), in the contemporary world there are three types of regions that may be successful:

- “Large metropolitan regions: Large urban agglomerations in both the ‘developed’ and the ‘developing’ worlds are where many of the high value-added service activities are concentrated. (...)”
- Intermediate industrial regions: (...) This type of area often combines labour cost advantages with respect to core areas, with human capital and accessibility advantages with respect to peripheral areas, making them attractive locations for new industrial investment (...)
- Tourist regions: Among the regions in the ‘developing’ world that have managed to find their market niche in a globalised economy are the tourist areas. Places like Cancun in Mexico or Bali in Indonesia have thrived thanks to their capacity to attract large number of tourists from all over the world.”

This raises the question about what is going to happen with other areas? This is a challenge to their public authorities and business. A growing number of researchers suggests that their future, to a large extent, depends on their ability to define and develop products that would make their economy functionally connected to better developed areas, mainly metropolises. A recent debate initiated by the European Commission on the territorial aspect of cohesion policy (EC 2008), Fabrizio Barca’s report (2009), the Fifth Report on Economic, Social and Territorial Cohesion (2010), and many other documents confirm the significance of the problem and difficulties with proposing such instruments of development that would satisfy the needs and expectations of those less lucky regions.

## Changes in public administration

Public administration is not an Ivory Tower splendidly isolated from its environment. It exchanges resources with and adjusts to the outer world. The increasing complexity of economies and societies, the development of new technologies (ICT first of all) push toward the necessary adaptations. In practice the highly rational Weberian model of bureaucracy (public administration) turned out to be neither as rational as promised nor able to cope effectively with the fast changing social and economic environment (Mazur 2003), Particularly when totally new and complex fields were introduced into the public domain (environment management, R&D, etc). The main reasons that forced the public administration and authorities to take a more active role through the development of a number of sectoral and horizontal policies were related to the internationalization and globalization of development and, on the other hand, to the process of making societies more mobile, fragmented, and diversified (OECD 2000). De facto national administrations have had to cope with the phenomena and effects of decisions of exogenous nature. European integration process also gave strong stimuli to modernize public administration in the context of both globalization and decentralization. Institutional response mostly takes the form of New Public Management (NPM), introducing elements of managerial rather than typically bureaucratic decision making procedures and accepting the fact that authorities are nothing more than one of the stakeholders in development (OECD 2007; Osborne, Gaebler 2004). The concept of Multi-Level Governance (MLG) is interrelated in that it takes into account not only a horizontal, but in particular a vertical dimension as well (OECD 2007; OECD 2008; Kozak 2009). The coordination of motives, interests, plans, and actions of numerous and diversified socio-economic partners turns out to be a major challenge for public authorities. The complex process of adjustment in administration functioning to the needs of contemporary economy and society should not be considered finally defined. Cultural differences significantly influence the mechanisms of functioning. Formal adoption of structures that accommodate solutions recommended for MLG or NPM does not guarantee immediate change. The Polish case shows that under the pressure of a set of factors (institutional reforms, needs of strategic programmes' management, civic society development, ICT proliferation) the process of change is irrevocable.

## Functions of strategies

The aforementioned factors characterising contemporary society, economy, and institutional framework explain to a large extent the increasing interest in strategic management of development. The world and our socio-economic environment become more and more complex and interconnected, and public authorities are under the growing scrutiny of society. Change and uncertainty are daily facts of life. Strategy seen from a broader perspective is nothing more than an attempt to cope with the growing uncertainty through long-term planning. And strategy is consid-

ered a valuable instrument to mobilize tangible and intangible resources around shared goals and visions.

More specific functions of a strategy cover a number of aspects:<sup>3)</sup>

- a) strategy helps understand changes and trends taking place in the global environment and their actual or potential impact;
- b) strategy gathers in one place all the relevant information about the region, its strengths and weaknesses;
- c) strategy informs the citizens and investors about the plans, priorities, and instruments, thus providing valuable information required for rational long-term decisions (type, location or conditions of planned investment, etc);
- d) strategy can be a valuable instrument of mobilizing people around long-term development goals;
- e) strategy serves as a basis for operational programmes elaboration and a benchmark helping to ensure coherence between different programmes and activities;
- f) strategy changes the reality; and finally
- g) strategy enables access to external funding (be it a public or private source).

In practice, the value of strategy depends on the main motives. A number of local and regional strategies in the EU Member States skyrocketed immediately when possessing a strategy was introduced as a formal requirement to apply for grants within the framework of the Cohesion Policy. On one hand, it contributed to increasing the awareness of strategic planning, while on the other hand, it often reduced the issue to a pure formality.

## Polish strategic system and regional policy

After the first years of economic and monetary stabilization at the beginning of the 1990s, the need for a better planned development was generally accepted. Despite fierce debates it was only the preparations for accession and the accession itself that helped make a decisive step towards the introduction of a systemic set of planning documents in Poland.

The process was also facilitated thanks to the completion of the last phase of national territorial reform, decentralisation of the state, and the implementation of administration areas (including regional development), which laid the institutional foundations for the planning system development. The adoption of Principles of Support to Regional Development Act of May 12, 2000 (Journal of Law of June 14, 2000) was one of the most important regulatory initiatives, as it introduced a system of regional contracts providing the basis for the financing of regional development

<sup>3</sup> based on analysis of publications by Klasik, Markowski, Kot and others.



with central government funds, which was an important novelty element introduced at that time. Despite the ongoing work to prepare for the upcoming European integration, the Act was not fully compatible with the already available European law on cohesion policy in the member states.

The first stage was also marked by the elaboration of a document called the Concept of the Spatial Development Policy (kppzk). Finally adopted in 2001 along with a set of 6 sectoral and regional strategies<sup>4</sup>, the Concept and 6 strategies were expected to provide a starting point for the development of a National Development Plan (NDP), which, according to the requirements set out in Framework Regulation 1260/1999, was to create the basis for the elaboration of Operational Programmes (and their Complements) within the framework of the EU Cohesion Policy. From 2001–2006, as in other years, the National Strategy of Regional Development focused on the distribution of the European funds. With the exception of the Concept of Spatial Development Policy (kppzk), the system was obviously subordinated almost completely to meet the needs of the preparatory process indispensable to ensure access to European funds.

The excessively detailed acquis on the Cohesion Policy planning and programming in the years 2000–2006 resulted in an unnecessary red tape burden, thus becoming an object of heavy criticism in the member states. The problem of bureaucracy was particularly acute in the countries with a poor quality of institutional systems. In Poland, for example, the high legal status given to both OP and OP Complements, which, combined with excessively restrictive and detailed law provisions has consequently led to an extremely time consuming and complicated procedure if changes to simplify and amend the system were to be implemented, as such changes proved to be essential in practice. All this created additional difficulty in the process of implementing cohesion programmes and projects.

The programming period immediately preceding the accession exposed the weaknesses of the legal system regarding the implementation of development activities as they were to meet the requirements of Polish law, and, quite soon, that of the European Union as well. Besides, they had to ensure the effectiveness and efficiency of the entire process as well. In an attempt to put some order into the existing system, the National Development Plan Act of 20.04.2004 (adopted 11 days prior to accession) determined the system of plans and their respective objectives (Journal of Laws, No 149, item 1074). In particular, the following structure was envisaged:

1. The National Development Plan (covering the programming period indicated in the plan) is identify the goals of socio-economic development, including the regional development objectives to be supported (Art. 3.1);
2. long-term regional development strategy (for 25 years);

<sup>4</sup> Strategies: the number of 6 strategies or their subject matter were by no means accidental. They reflected exactly the number of structural funds (4) and the type of measures financed under the Cohesion Fund (2).

3. National strategy of regional development (Covering the same time as the programming period).

Interestingly, the National Development Plan (NDP), being a document equivalent to the Development Plan, i.e. the document required in the aforementioned Framework Regulation, had to, pursuant to Art. 5, take into account the goals and objectives included in the planning documents of lower rank. The elaboration of sectoral, regional, and other OPs (Art. 8) was envisaged with a view to implementing the Plan. Each OP was to be supplemented by a Programme Complement, spelling out the details of the implementation system (Art. 11).

The provisions set out in the Act marked a step forward to improve the system structure, but they preserved the acutely felt absence of more comprehensive systemic solutions that would comprise not only the cohesion policy measures under Polish and European funds, but also the development planning in the areas excluded from the coverage of European policies or the cases when Polish funds were engaged independently of the European funds resources.

The document called “National Development Plan for the years 2007–2013” marked the first attempt to identify and discuss all the public funds available to meet the development needs. Prepared and discussed by the government in September, 2005, the draft was immediately put away on a shelf by the new government elected the same year. However, this was actually not the only reason, though: with the document preparation still underway, it soon became apparent that the European Union intended to introduce a new planning system for the 2007–2013 planning period. The document called Development Plan and prepared at the member states level was to be replaced by National Strategic Reference Framework (which also meant the clearly failed Programme Complements was to be eliminated as well). Thus, it was decided late in autumn 2005, that the work on an entirely new document would be launched, i.e. on NSRF. At the same time, work on Operational Programmes started. It needs to be added here that another document was ready in September, 2005, i.e. Updated Concept of Spatial Development, which was a far reaching modification of Spatial Development Policy from 2001. This document was also put away on a shelf and has not been replaced by a new one (however, the project of a new document called “Concept of Spatial Development 2030” has been under consultation since January 2011).<sup>5)</sup>

Generally, one can agree that despite certain difficulties, the foundations of the system to meet the needs of development policy and its implementation were laid in a successful and timely manner. Unfortunately, right from the very beginning it was flawed by certain shortcomings due to the hasty drafting of the law and documents. Furthermore, the system focused on spending European funds and achieving Community policy goals, which, right from the beginning, brought about some

<sup>5)</sup> The text of the 2005 document is available at: <http://www.fundusze-strukturalne.gov.pl/informator/npr2/dokumenty%20strategiczne/kpzk.pdf> (in Polish) (downloaded on 27.10.2009)

criticism (Kozak 2006). The imperfections were due to insufficient drafting time, and, consequently, numerous institutional changes followed in the years 2000–2005. They resulted in the transfers of administration areas dealing in regional policies amongst subsequently established and liquidated ministries. The only public agency (PARR – Polish Regional Development Agency) reporting to the minister of regional development and specialising in the implementation of regional development programmes also fell the victim to the institutional changes process (see EPRC 2009). As a result, the first period following Polish accession to the EU was a time of great chaotic effort to reorganise the system in Poland. Work to correct and improve the system was also undertaken at a strategic level. In Autumn 2005, the idea of creating a ministry of regional development (MRD) had a comeback (a similar ministry used to operate in the years 2000–2001) because of the well-justified expectation to gain benefits as a result of keeping the development policy in one ministry (being the Chairman of Coordination Board, the minister of regional development can in theory also influence the entire development policy).

Soon afterwards intense work was undertaken to elaborate the Principles of Implementing Development Policy Act of 6.12.2006 (Journal of Laws, No 227, item 1658), which was soon amended (only several months after its enactment).

Article 15 defines the relations between strategies and operational programmes. Thus, OPs are to serve the purpose of implementing the national development strategy, sectoral, and supra-regional strategies as well as regional ones in the form determined in the Act. The time a given OP is in effect cannot exceed the effective date of a respective strategy (except for the supra-regional strategy). The Act also envisaged that an implementation plan should be devised as a framework programming document to be prepared if the development goals were pursued in two or more OPs. Otherwise, they should be thematically coordinated operational programmes (see Art. and Chapter 4). When defining the requirements for the OP structure and the manner it should be developed (Art. 17 and the subsequent ones), a reservation was made that such programmes have to meet the requirements of the European law as well in the case of projects be compliant with the requirements set out in Art. 87.1 European Community Treaty or those in line with the notion of *de minimis* aid.

The planning period of the European cohesion policy for the years 2007–2013 has once again created the basis for planning Poland's development in general (even though European funds account for only one-fifth of the structural investments in Poland in the years 2004–2007; MRD 2009: 168). Despite everything, these funds expanded significantly the investment freedom Polish authorities had at a national, regional, and local level and created opportunities for accelerated growth or just the improvement of life quality. To a great extent, the difficulties faced during the preparatory period resulted from the fact that the elaboration of planning documents took place at the same time as the implementation of the projects and programmes of the 2004–2006 planning period, when their effects were still unknown and the

findings as to the experience confirmed by the *ex-post* evaluation were still to be gathered. The example of Eastern Poland shows that the planning work has not been fully coordinated and, as a consequence, a higher rank document (Strategy of Eastern Poland Development) was created later than the Operational Programme of Eastern Poland Development, which formally should have followed from the Strategy instead.<sup>6)</sup> Generally speaking, some solutions simplifying the system were set in place according to European guidelines. However, the peculiarity of Polish situation is that despite the negative evaluation of OP Complement and its rejection in Cohesion Policy, these documents survived under a slightly changed name (Detailed Description of Priorities instead of Complement) as national documents accompanying Operational Programmes. My hypothesis to explain the preservation of such a bad solution in the entire system is the following: the societies at a really low level of social capital development and, therefore, lacking in mutual trust, develop a natural tendency to enhance the safety of social contacts by providing excessively detailed legal solutions in their attempt to foresee all the possible social situations. Poland belongs to those countries known especially for their poor social capital and extremely over-regulated legal framework.

Given this context it is worth underlining that some more effort to give a more orderly structure to the national development management system was undertaken in 2008 with a view to making the system more transparent and resilient to the changes in, for example, the European legislation. The initiative was launched by the Ministry of Regional Development. The work resulted in the drafting of the Act on the amendment of certain acts in connection with the implementation of structural funds and Cohesion Fund of 7.11.2008 (Journal of laws No 216, item 1370). In Art. 9, the Act provides that the development strategies are as follows:

- 1) long-term national development strategy – a document outlining major trends, challenges and scenarios of the country's socio-economic development as well as guiding its spatial management while taking into account sustainable development principles to cover the period of at least 15 years;
- 2) mid-term development strategy – a document specifying basic conditions, goals and directions of national development in the social, economic, regional and spatial terms within the 4-10 year period to be implemented through the development strategy and programmes while taking into account the European Union programming periods;
- 3) Other development strategies – documents specifying basic conditionalities, goals and directions of development in certain areas defined in the mid-term national development strategy that refer to the development of regions, spatial development, that of sectors or fields and implemented thanks to programmes.

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<sup>6)</sup> The European Commission approved the Programme on 1.10.2007, and the Strategy was adopted by the Council of Ministers on 30.12.2008.

The arrangement of strategic documents partly reflects the actual situation with regard to the planning work that had started before drafting the Act. Therefore, the Act is to some degree reactive rather than creative, as the document covers the time perspective up to the year 2030 was elaborated under the leadership of Michał Boni, Secretary of State in the structures of the Prime Minister's Office early in 2008, before the Act was adopted. In its current form, the document presents undoubtedly an innovative approach to strategic planning based on, *inter alia*, the formula of challenges Poland is facing (Polska 2030).<sup>7)</sup> In the middle of 2011 it was followed by the long-term strategic document Polska 2030. Trzecia fala nowoczesności (Poland 2030. Third wave of modernity) ready for Cabinet approval. According to national regulation this long-term strategy will be accompanied by a medium-term strategy (in its final stage of preparation) and supplemented by eight sectoral and one regional strategy<sup>8)</sup>.

Krajowa strategia rozwoju regionalnego 2010-2020 (National Regional Development Strategy 2010-2020)<sup>9)</sup> is of crucial importance for both regional policy and the aforementioned 8 sectoral strategies, as it is the only of a more horizontal/regional nature (and the only ready) (MRD 2010b). The document was subject to public consultations process and finally adopted in mid-2010. It presents a new approach to development as it puts more attention than ever on efficiency rather than equity through attempts to apply a polarization and diffusion model based on the assumption that diffusion of metropolitan development benefits to the surrounding area is plausible. The main objectives of the strategy are: 1. Support to regional competitiveness; 2. Strengthening of territorial cohesion and counteracting marginalization; and 3. Creating conditions for efficient, effective, and partnership-based implementation of territorially oriented development activities.

Koncepcja Przestrzennego Zagospodarowania Kraju 2030 (Concept of Spatial Development 2030) is another document of great importance, especially in terms of the planning process completeness. The document was adopted by the Minister for Regional Development in January 2011 and presented for consultations.<sup>10)</sup> The document defines the strategic aims of the spatial development policy<sup>11)</sup> and pro-

<sup>7)</sup> A forgotten predecessor of the long-term strategy is a document called "Poland 2025. Long term strategy of viable and sustainable development," RCSS and NFOŚ, Warsaw – which the Council of Ministers adopted in 2000.

<sup>8)</sup> These are the strategies under preparation: 1. Transport development; 2. National security; 3. Energy and environmental safety; 4. Social capital development; 5. Economy innovativeness and efficiency, 6. Sustainable rural areas and agriculture development; 7. Human resource development; 8. Effective state. From the methodological point of view it is important to notice that the National Regional Development Strategy 2010-2020 was ready one year before the long-term strategy.

<sup>9)</sup> It is to be pointed out with satisfaction that the adjective describing this document has finally been translated into Polish as that concerning a country, not a nation. Earlier, in the case of NDP for example, the English word 'national' was automatically translated into Polish as 'narodowy' – an adjective concerning a nation, not a country, even though 'krajowy' is the only adjective in Polish describing the documents concerning the country, and not the nation. Unlike in English, "national" in Polish has two different meanings.

<sup>10)</sup> Available at: [http://www.mrr.gov.pl/aktualnosci/rozwoj\\_regionalny/Strony/Konsultacje\\_KPZK\\_2030.aspx](http://www.mrr.gov.pl/aktualnosci/rozwoj_regionalny/Strony/Konsultacje_KPZK_2030.aspx), [6.02.2011]

<sup>11)</sup> The main aims may be described in short as follows: 1. Increased competitiveness of main urban centres; 2. Increased internal cohesion of the country; 3. Improved internal accessibility at various levels through infrastructure development; 4. Creation of spatial structures able to improve and protect high quality environment and landscape;

poses a hierarchy of planning documents needed to reduce territorial tensions and ensure controllable and sustainable territorial development. It is clear that before the Polish Presidency institutions in charge of development, in particular MRD, are gaining momentum at developing new systems and a set of modern, high quality planning documents.<sup>12)</sup>

The description of changes in the strategic planning system has so far focused on institutional aspects, particularly with regional policy. Legal and institutional solutions determine the limit values of development policies but do not affect their contents. By the way of a summary one needs to underline both the strong determination to reach the goals, as well as the serious initial problems encountered due to the quality of institutional framework. However, while evaluating this field of regional policy one has to bear in mind its being nothing more than an integral part of the general institutional system in Poland, which is considered one of the worst in Europe according to many international studies. Therefore, one has to value the achievements even more (such as the full utilisation of European funds in the years 2004–2006, to say the least), but it must be realised that no one can expect a high quality institutional system of regional development to be created unless a comprehensive reform of the overall institutional system is carried out in Poland (EPRC 2009). Nevertheless, even today one can say the current regional policy implementation system is the most advanced public intervention system in the country.

The picture would not be complete if one omitted the changes in the development assumptions, factors determining the development, or, in a word, the new development paradigm applied in practice. Given this viewpoint, the Polish system is of a dual nature, probably not the only one of its kind in Central and Eastern Europe. As with the Community Strategic Guidelines, the key documents now in force with regard to the cohesion policy (National Development Strategy; National Cohesion Strategy) refer to the Lisbon Strategy (or its newer version – Europe 2020) assumptions, or in wider terms, to the paradigm of economic development based on the knowledge and information society. At a general level, the reference is reflected to some extent in the operational documents of the cohesion policy, as manifested, *inter alia*, by the fact that 64% of all cohesion policy funds were earmarked voluntarily for the Lisbon Strategy goals (New Member States are known to be exempt from this requirement in the years 2007–2013). The readiness of central level administration to satisfy this earmarking criterion did not meet with much enthusiasm at the regional level, where, under the operational programmes managed by regional authorities, on average only 40% of the total funds were intended to be used for attaining Lisbon Strategy goals. The analysis of projects implemented in the framework of the cohesion policy in Poland after the day of accession (May 1, 2004) led the Ministry of Regional Development to conclude that the funds had

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5. Improved territorial situation in relation to environment disasters, energy safety and defense. 6. Regaining and strengthening of spatial order.

<sup>12</sup> It does not refer only to EU-related activities. In line with the regional policy development pillar, the new *Rozwój miast w Polsce* (Cities and Towns Development in Poland) report was published in 2010 (MRD 2010 c).

been too heavily dispersed amongst numerous small projects of hardly any importance for reaching the cohesion policy goals (as they met only the social needs “at a local level and that of local communities”), which calls for some action to counterweigh this situation by, *inter alia*, incorporating such projects into ‘well thought out comprehensive activities’ (MRD, lipiec 2008:18; MRD 2010a).<sup>13)</sup> Referring back to dualism, it can be said that the closer one gets to operational activities such as the selection and choice of projects to be implemented, the weaker the readiness to accept sensible spending to achieve the goals of the Lisbon Strategy because the long-term development goals would often lose when competing with the current ‘needs’ of local communities. The more strategic and flexible approach to the planning and management of the cohesion policy program has turned out to be too difficult to adopt, which is manifested by the fact that Program Complement (of Operational Programme) has been maintained as a planning document under a slightly changed name even though it was repealed in the EU regulations. On the other hand, the principles of monitoring and evaluation<sup>14)</sup> have been implemented into Polish practice,<sup>15)</sup> which, in the long run, can make a more substantial contribution into the modernisation of the country than financial resources.

## Strategies and their impact: preliminary comments

Having a strategy is not the only important element, but ensuring its ability to achieve goals is more important still. The assessment of effects, the evaluation of implemented programmes, and, thus, the evaluation of whether the strategic aims have been achieved is one of the basic keys to the rationalisation of development policies. To what extent can the question about the effects (impacts) of the implemented activities be answered? So far, *ex-post* evaluation of the National Development Programme 2004–2006 proves that in the period 2004–2009 the GDP only grew thanks to European Funds by 3% (MRD 2010a: 13). Econometric models suggest that European Cohesion policy resources contribute yearly by 0.4 to 0.7 percentage points to both employment and GDP growth (*ibidem*). As it turns out, somewhat surprisingly, the impact on economic structure was the most positive in terms of industrial GVA production rather than services (*ibidem*: 15). The visible concentration of spending on infrastructural, often small, local projects may contribute to explain another conclusion found in two out of three of the presented econometric models that positive impact on GDP will end together with the end

<sup>13)</sup> The dispersion of projects financed from the cohesion fund results largely from the fact that municipalities have great financial freedom in operating their budgets, and thus, the use of European funds depends largely upon their interest in various Operational Programmes priorities. The infrastructure shortcomings and weak points direct their attention to investment in technical infrastructure. However, management poses a problem. With a tremendous pressure on spending, EU funds have obviously made the project of relatively low effectiveness acceptable (it follows indirectly from the MRD report; July,2008).

<sup>14)</sup> One important outcome is a considerable growth of interest in the methods of public policy management, including the laying of foundations of the evidence based policy.

<sup>15)</sup> Though almost exclusively under the Cohesion Policy for the time being.

of the influx of European money. For citizens of most affluent member states it can be of interest to know that money spent in Poland significantly contributed to an increase of Poland's imports from them. Most importantly, almost 60% of these imports relate to products of upper medium and high technology (ibidem: 19). Without going into detail, the evaluation leaves no doubt about the efficient implementation of the Cohesion Policy in Poland in the period after accession and also shows the benefit to net-payers. Simultaneously it stresses that to a large extent future benefits will be determined by the ability to activate demand side effects and ensure the durability of projects.

Regarding the financial aspect, the resources allocated under European structural funds for the years 2004–2006 were used up in Poland by more than 100% (exactly: 102%) (MRD 2009:3). The surplus resulted mainly from exchange rate fluctuations.

Any discussion on the effects and impacts has to take into account that in practice those stemming from the financial perspective 2004–2006 overlap with those from the resources of 2007–2013. Most Poles highly regard European Union funds though without necessarily knowing the specific source of funding.

The interpretation of results extending beyond the 2004–2006 period calls for some caution: the notable growth of employment after accession and the increase of income or level of investment activities is the result of many factors coming into play (such as economic growth trends worldwide and opening markets thanks to European integration processes); they cannot be attributed only, or mainly, to the cohesion policy. Apart from the analysis of changes currently underway in Poland, in a breakdown by regions, the publication 'Regional development in Poland. 2009 Report' indicates that as much as 70% of the total spending under structural funds in the years 2004-2007 was allocated for the development of basic infrastructure, support of manufacturing sector (16%), and human resources development (14% respectively) (MRD 2009 May: 168). Another report shows that transfers from the EU budget in 2009 have reached the level equivalent to 2.3% of Poland's GDP and 14.1% of total Polish investment outlays (MRD 2010 d: 31). However, not much convincing data is available to confirm that modernisation has been achieved thanks to structural changes in the economy or employment, or spending on research and development, expenditures on innovation, or the high share of advanced technologies in production or exports (Kozak 2010). This proves that after 5 years, the laying of the foundation of a new economy is less advanced than expected, and the good results that the Polish economy has achieved (including *inter alia*, the dynamic growth of export) follow primarily from comparative, not competitive (qualitative) advantages, but final opinions should be withheld until comprehensive next generation *ex-post* analyses are completed.



## Conclusions

To sum up, the development of strategic thought in Poland over the last two decades should be associated mostly with preparations for accession and participation in the implementation of EU policies, especially the cohesion policy. The association was particularly notable during the first period after accession, when the entire planning system was actually subjected to European policies. During the next stage, which is still in progress, work has been undertaken to create a comprehensive and more flexible system capable of adjusting to the changes in the national and European institutional framework. Given a more holistic nature (i.e. covering divergent and yet important aspects of social life), it is also to ensure the capacity to focus on truly strategic goals. So far, only the foundations of strategic planning system have been laid and the indispensable skills have become an important element in training, among other things, the Polish administration. Generally, the key strategic documents are acknowledged to be of high quality. Apparently the process of system maturing has not been completed, so it still remains to be assessed in terms of its usability and quality. The system is not only expected to ensure a clear division of responsibility and accountability for the efficient preparation of strategic documents that would meet the development needs of the country and be based on a new paradigm of development, but, at the same time, they should not be contradictory to the institutional framework and legal system of Poland and the European Union. Moreover, it is primarily to ensure the capacity to interface the strategic goals onto the operational level and ensure the cooperation of all stakeholders so that they can be achieved. Otherwise, strategic documents might just turn into papers to be put away on shelves, or elaborations created just to meet the needs of European and Polish law, and be void of any significance for development guidance and support. At the end of the day, the measurable impact strategic planning has on development is the ultimate test of its quality.

The process of pursuing and achieving the strategic goals has not advanced enough yet to be subject of a final assessment. However, it can be preliminarily stated that the planned structure of intervention has not been strictly maintained during the first planning periods. The share of funds used to finance basic infrastructure development was much higher than originally planned at the expense of investment into the production environment, and human resources in particular. The closer one gets to the reality at a grass roots level, the less readiness one finds there to finance projects referring directly to the elements of a new development paradigm<sup>16</sup>). Furthermore, this thesis has been additionally confirmed by the dispersed funding of numerous and unrelated local projects of small value and significance. Even considering these factors, the delays and difficulties encountered in the course of many infrastructure projects (motorways, railways etc.), implementation came as

<sup>16</sup> All in all, about 64% of all cohesion policy funds in Poland have been allocated for pursuing the Lisbon Strategy goals in the years 2007–2013; which, in the case of national programmes means about 90% of cohesion funds, whereas it is only 40% at the regional programmes level.

a surprise and exposed the poor quality of institutional framework and the need to opt for radical changes. The implementation of innovation-focused projects turned out to be a problem: both beneficiaries and implementing institutions lacked experience on how to define and evaluate innovation parts of projects. Many problems were caused by excessively complicated management systems with too much red tape. Given this, we should appreciate all the more the fact that none of the EU structural funds allocated for the 2004–2006 programming period were allowed to remain undisbursed.

The information presented here can be used to discuss a wider context, mainly of a cultural and institutional nature. However, strategic documents are neither created nor implemented in a vacuum. Their implementation depends directly and indirectly on many aspects of institutional order, which is not highly regarded, as many international studies indicate. A relatively poor quality of human capital is a notable weak point with a very low level of social capital in particular, which brings about the lack of trust in mutual relations amongst people and implementing institutions on one hand, and the tendency to over-regulate the system on the other (the new version of Complement – ‘Detailed Description of Priorities’ – is an excellent illustration of the problem at hand).<sup>17</sup> As many stakeholders focus their attention on the easily noticeable civilisation gaps, the possibilities of implementing a new development paradigm are thus postponed even further. While not overestimating the importance of strategic documents, they can become important tools to move the Polish way of thinking about the priorities and factors of development into a different direction. Undoubtedly the effects of the Cohesion Policy, the major source of funding development in Poland, show an increasing efficiency of the system. With a newly constructed strategic planning system one may also expect that the long-term effect shall improve significantly.

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<sup>17</sup> According to many opinions, this is the heritage of the farm estate and landed gentry culture dominant in Poland until the end of the inter-war years, which is found so very difficult to discard.

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