

# Regional Development in the Process of Enlargement

Marek Kozak



Centre for European Regional and Local Studies (EUROREG)  
Warsaw University

*Regional Diversity and Local Development in Central and Eastern Europe*, International Seminar, Warsaw 10 November 2006

# Aims of the presentation

- To discuss impact of the enlargement on the regional development
- To discuss institutional response to growing disparities and
- Compare two different strategic approaches to development policy in New Member States

# Factors determining success of regions

- New innovation based paradigm transformed into strategy
- Decentralisation and multilevel governance
- Institutional system supportive to sustainable growth

What really counts is the quality of these three combined factors

# Groups of factors shaping regional policies in CEEC after 1989

- political situation and dynamics
- economic transformation (stimulated by globalisation and privatisation processes)
- European integration processes (increasingly)

# Overall national framework after 1989

- Early nineties: few NMS taking radical reforms resulting in fast recovery, most trying to ensure soft transformation
- 1997-2001 – slow down, even stagnation
- Response at the turn of XX/XXI century:
  - radical reforms in less advanced countries
  - lack of willingness and ability to continue reforms among leaders of pioneer phase

Poland as a victim of its success?

# GDP growth in the New Member States

	2005	2006 (forecast)
• Estonia	10,5	8,1
• Latvia	10,2	8,5
• Lithuania	7,6	8,0
• Czech R.	6,1	6,1
• Slovakia	6,0	6,8
• Hungary	4,2	3,9
• Slovenia	4,0	4,5
• Poland	3,5	5,3

Is it going to last longer?

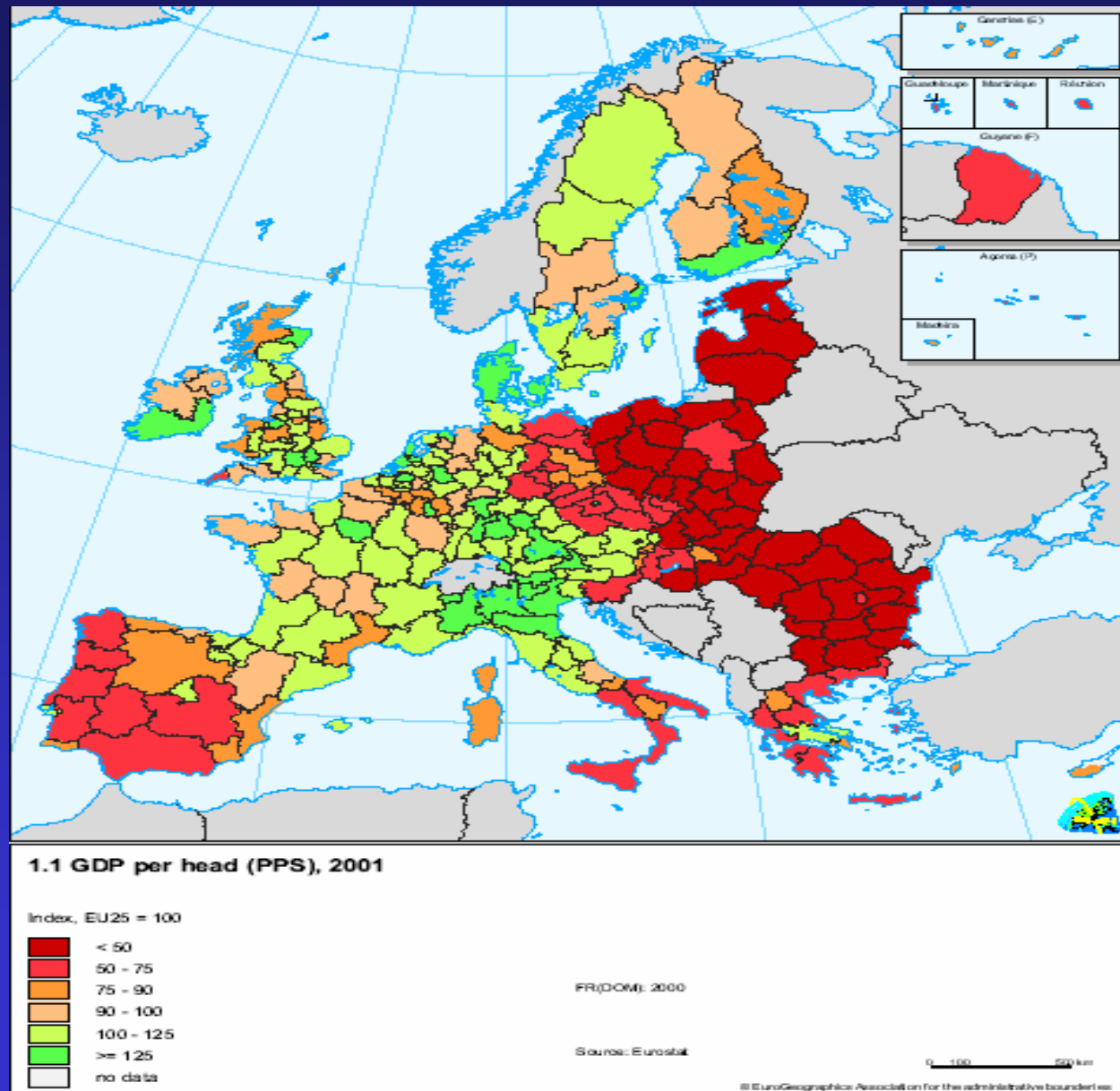
Source: Eurostat,, GUS, 06)

# Enlargement and regional development

- Enlargement brings qualitatively new dimension of disparities (plus statistical effect due to decrease of GDP pc by ca 12,5% on May 1, 2004) in the EU
- It strengthens increasing polarisation processes in new member states
- Offers EU instruments to support development in lagging behind regions

# EU 25 GDP pc

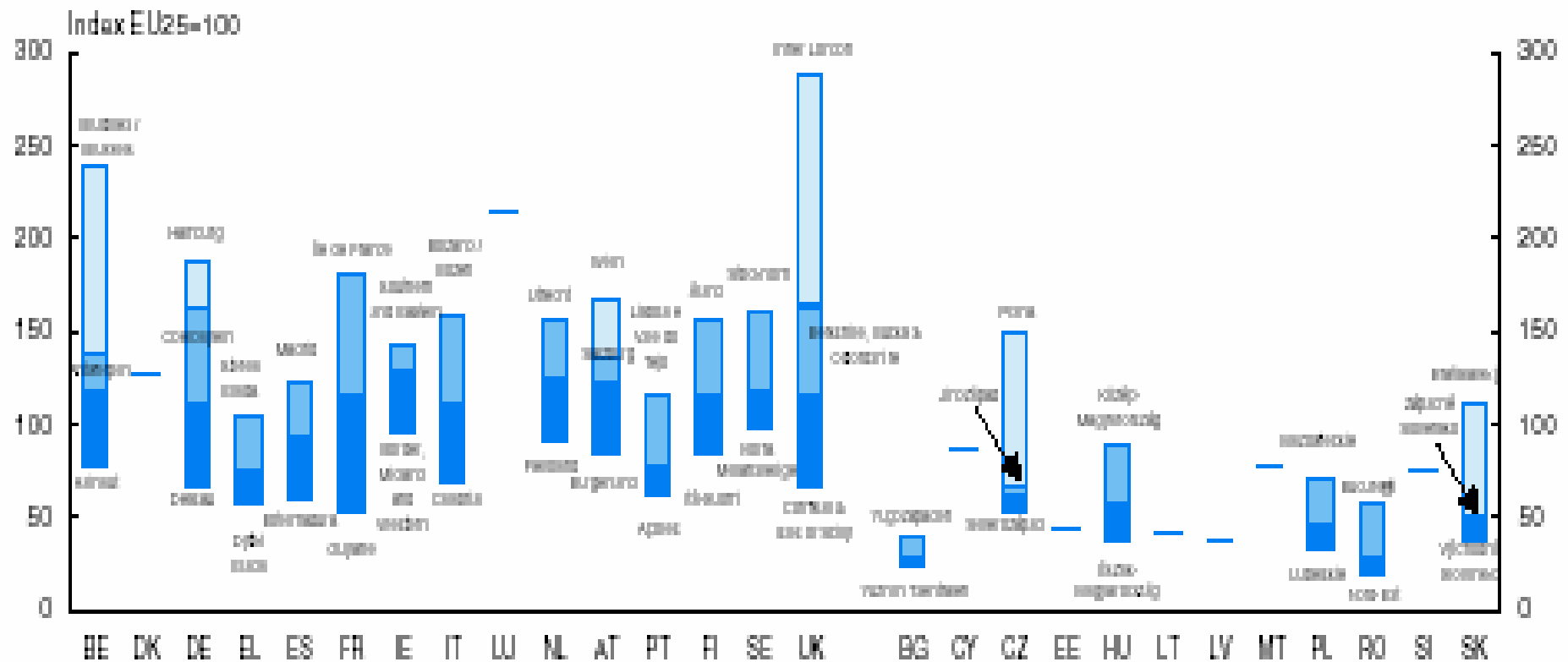
Źródło: 3 raport o  
spójności, luty 2004





# GDP disparities

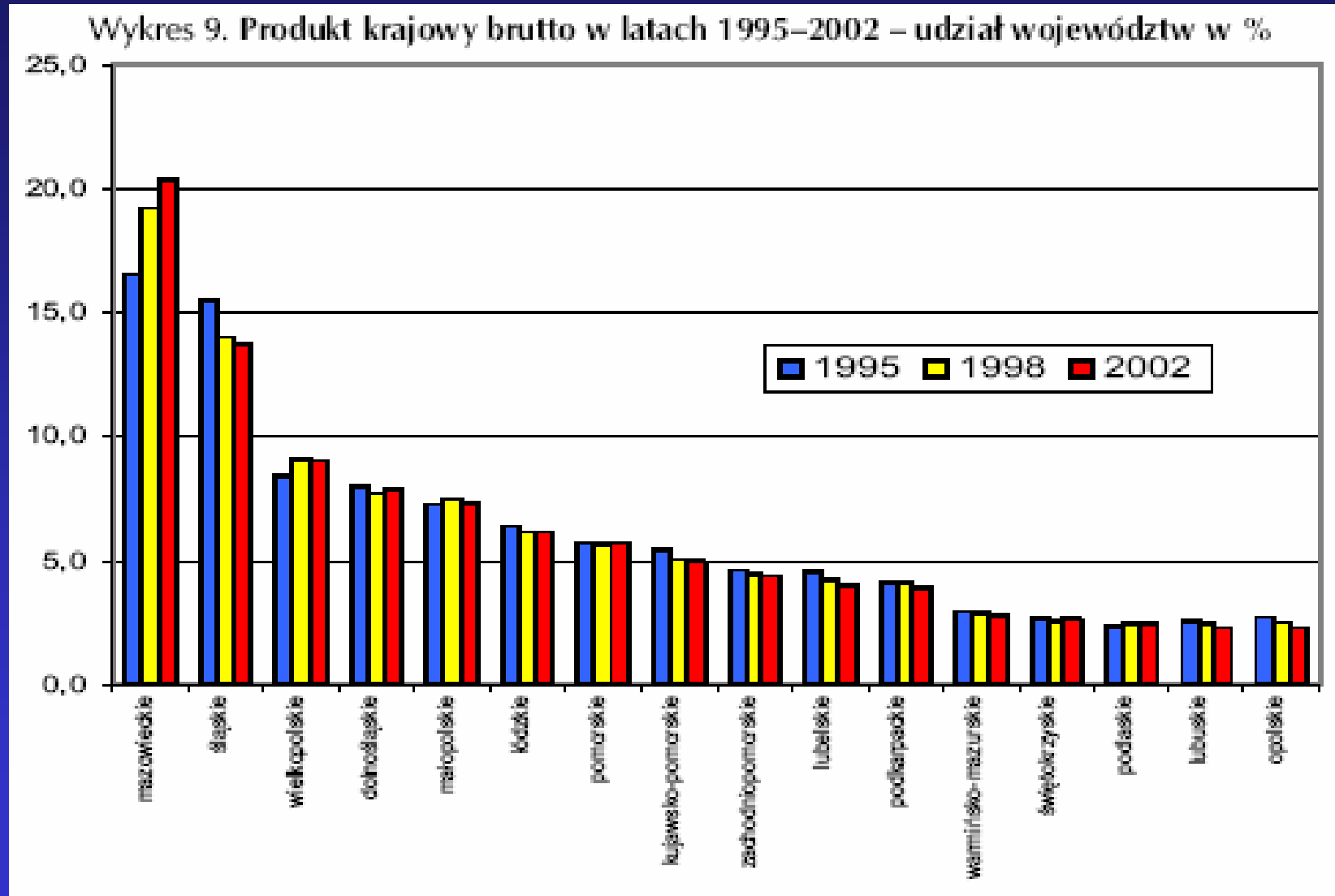
## 1.3 GDP per head (PPS) by country and regional extremes, 2001



Source: Eurostat, Regional accounts

Source: 3rd cohesion report, Feb. 2004

# Share of the regions in GDP creation, Poland



Source: NSRR (2005)

# Pre-accession preparatory process

- Thesis: in some countries preparatory process was dominated by reactive approach shaped up by availability of resources from the EU rather than by long-term strategy
- It started with Phare, ISPA and Sapard preparatory programmes: except for ISPA due to incompatibility with Structural Funds they did bring less knowledge on SF management than expected. Proof: till end of 2006 all NMS have two different delivery systems for pre-accession programmes and structural operations.

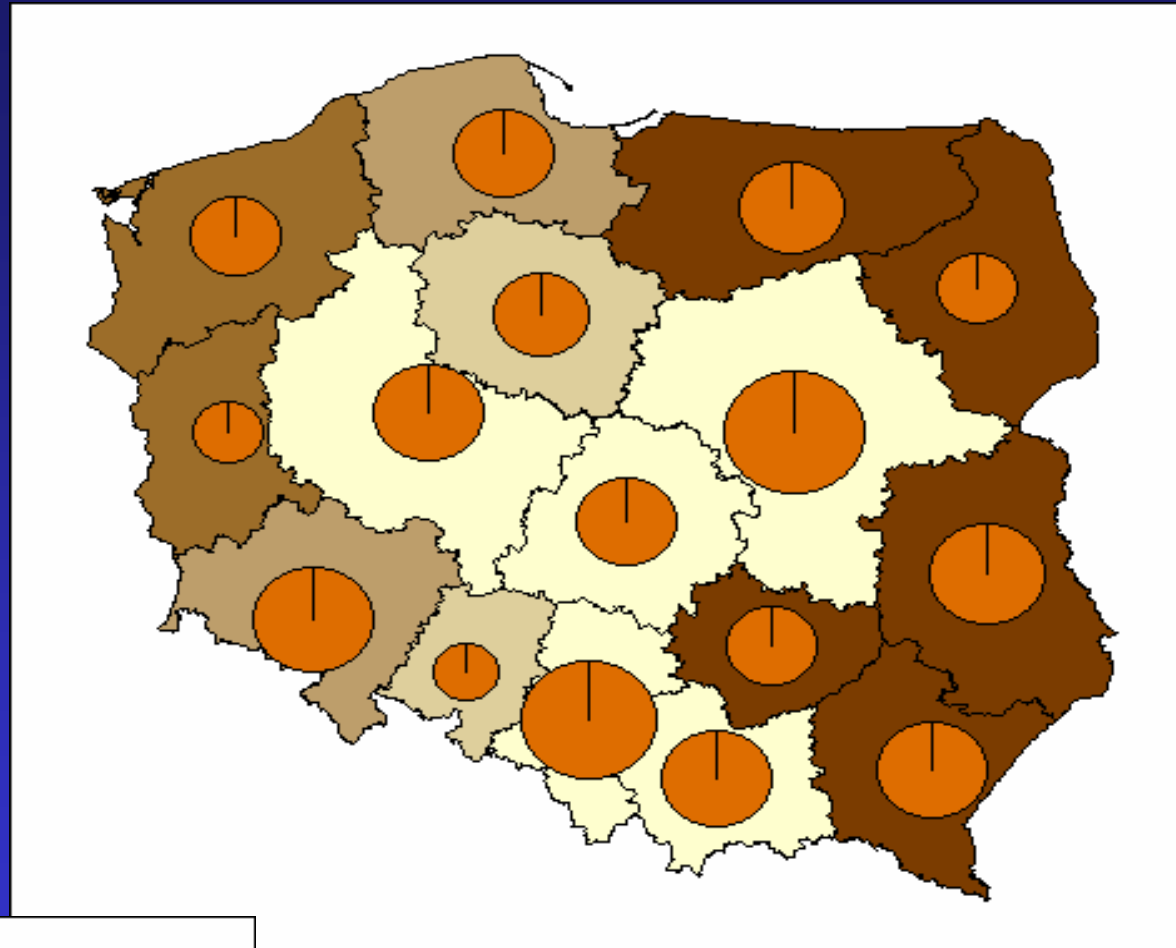
# Enlargement and regional development

By many national and regional level actors enlargement seen instrumentally as a chance to receive significant financial support rather than new development opportunities thanks to increased economic safety and stability plus large European market and structural policy

# EU money – fast development?

- It may happen that efforts that could have been used for economic development are being shifted towards structural instruments activation and application with increasing focus on amounts of money disbursed than its outcome (results and impacts)

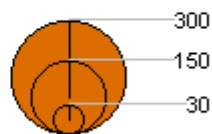
# IROP allocations by regions, 2004-2006



Structural funds per capita  
Poland = 100%

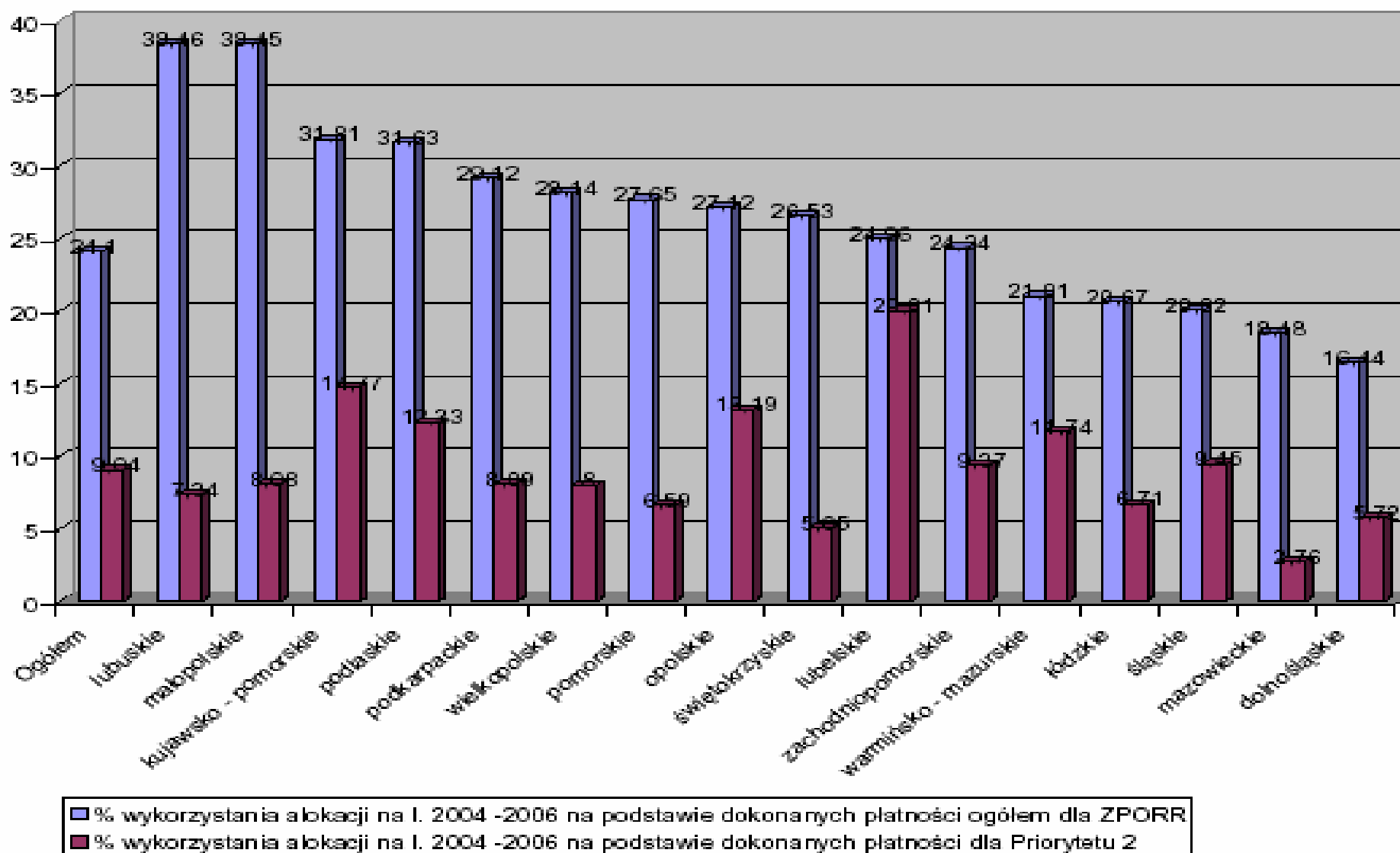
- 120,0 - 175,0 (5)
- 110,0 - 119,9 (2)
- 100,0 - 109,9 (2)
- 90,0 - 99,9 (2)
- 80,0 - 89,9 (5)

Structural funds  
mln EUR

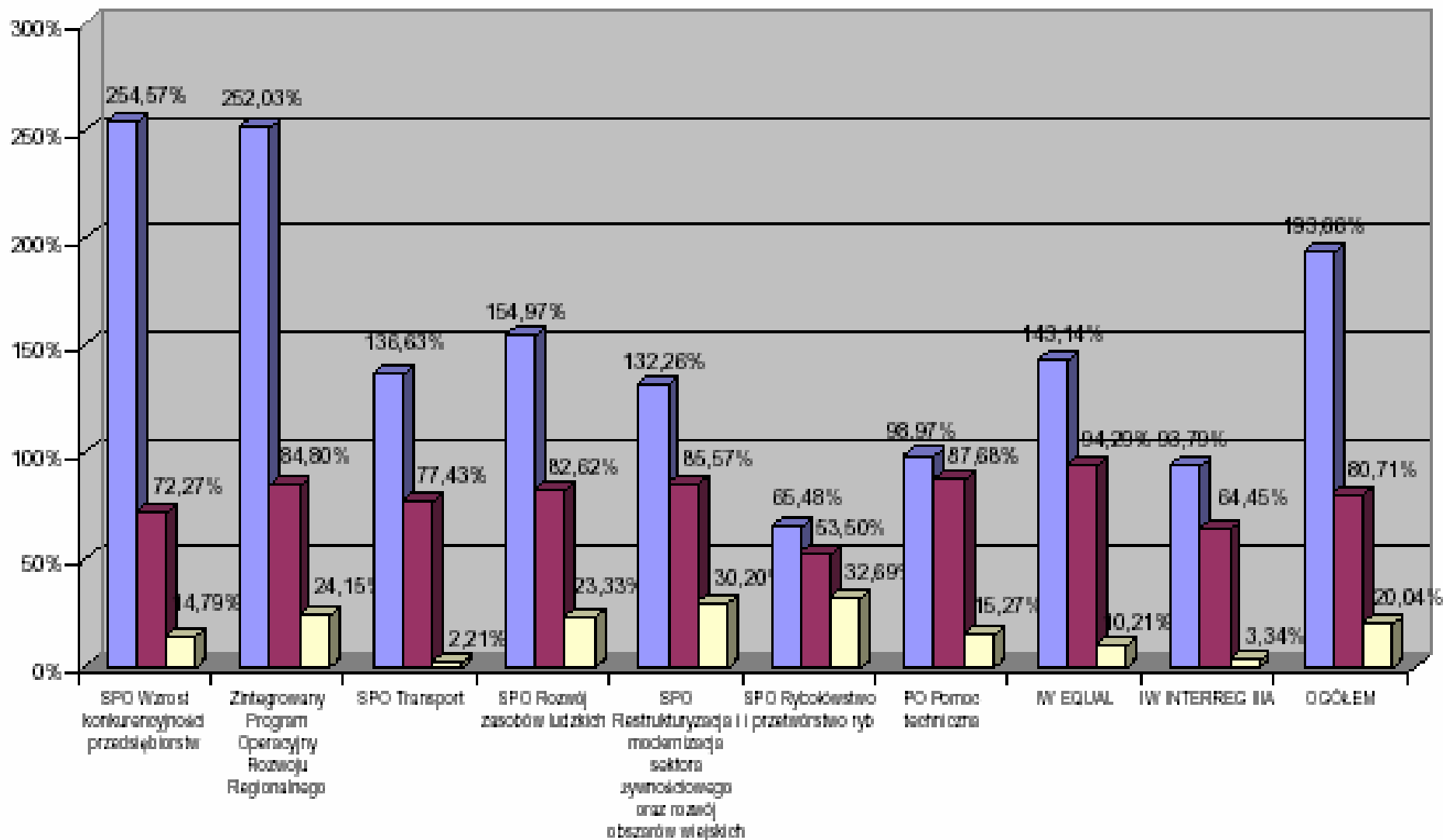


M. Smetkowski, EUROREG

# IROP disbursement by regions, Poland 31.07.2006



# Structural Funds disbursement, Poland 31.08.2006





# The challenge grows: national allocations 2007-13, examples

	billions EUR	pc, EUR
Poland	59,7	1563
Spain	31,5	746
Italy	25,7	443
Czech R.	23,7	2326
Germany	23,5	284
Hungary	22,5	2223
Romania	17,3	777
Latvia	4,1	1778

# How long traditional cohesion policy may last?

Longer than up to 2020?

- EMU goals mostly realized
- Spirit of solidarity erodes
- Disparity between EU and US increases,  
new competitors *ante portas*

# Conclusions

- The key to success in an enlarged EU lies in combination of new development paradigm, decentralisation and new governance and further improvements of institutional systems
- Experience from the EU 15 (5NL, Gr, Irl, E, P) says that there is no direct connection between accession and growth, unless accompanied by radical institutional reforms (growth oriented)
- Trends observed in NMS suggest similar situation

Any regional development strategy oriented exclusively on cohesion policy resources is the most risky strategy in the long run as it reduces development factors to one only.

**Thank you for your patience. Any questions, please..?**

