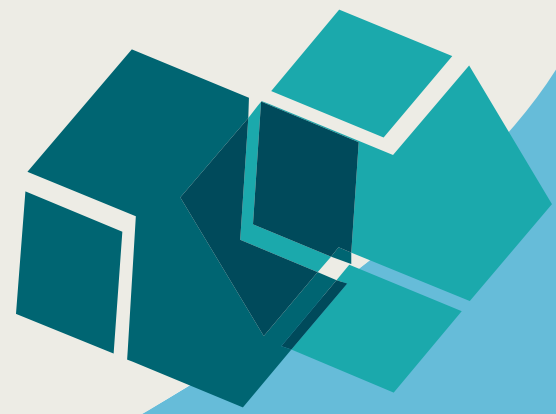




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Śląskie Case Study Report

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1 Introduction

Śląskie region lies in the south-west of Poland. In its current form, the region is the result of administrative reforms carried out in Poland in 1998 that merged the former provinces of Katowice, Częstochowa and Bielsko. Śląskie has a population of around 4.6 million people. It has the highest population density in the country (370 people per square kilometre, compared to the national average of 124). The majority of the population (around 3.7 million people) live in urban areas. Śląskie is the most industrialised area of the country and one of the most industrialised areas in Europe. Until recently, this was mainly associated with mining and metallurgy but although these sectors still continue to maintain a significant position in the region others have also emerged: the automotive industry, energy, engineering, information technology, logistics and financial services. Some sub-regions of Śląskie (Katowice, Rybnik, Bielsko) are classified as among the most attractive for investment in the country. Nevertheless, the region has endured the collapse of traditional markets for its coal and steel in the former Soviet Union, it has a polluted environment, a relatively well-developed but worn-down infrastructure and a poorly educated and low-skilled work-force. On the one hand, the region performs relatively well in terms of indicators such as GDP per capita and unemployment. However, in recent years, as a process of industrial restructuring has continued, the region has experienced significant job losses (Drobniak 2011).

Śląskie is a NUTS 2 region under the EU nomenclature. As in other Polish regions, the role of EU funding in the development of the region over the past two decades has been substantial, given strategically weak and under-resourced domestic regional development policy approaches. Between 1990 and 2003, the region was the recipient of EU programmes financed by the pre-accession funds. Over 15 programmes were implemented, including STRUDER, RAPID and PHARE. The total amount of aid granted to the former provinces and the region in the period 1990-2003 was €511 million. Following Poland's accession to the EU in 2004, the region received EU regional development support through a centrally managed Integrated Regional Operational Programme, IROP 2004-2006. The programme, committed EU Funds of €2806 million to regional development support in Poland's 16 regions. Around ten per cent of this figure, €280 million, was allocated to Śląskie (Ministry of Economy, Labour and Social Policy 2004, p127). For the 2007-2013 period, the region is responsible for managing its own Regional Operational Programme Śląskie (WS ROP 2007-2013) within the framework of the "Convergence" objective. The total budget of the programme is €2.02 billion and Community assistance through the ERDF amounts to EUR 1.7 billion (approximately 2.5 % of the total EU money invested in Poland under Cohesion policy 2007-2013). The role of Managing Authority for the Regional Operational Programme passed from the Ministry for Regional Development to the elected Boards of regional self-governments (established in 1998) and their executive bodies, the Marshals Offices.

The following section provides an overview of the development needs of Śląskie and explains the relevance of the theme of research, development and innovation in the regional context. It also briefly introduces the region's experience of Structural Funds programmes in the 2007-13 programme period within the broader Polish context. Section 3 assesses the performance of the ROP and specifically research, development and innovation measures, in terms of financial and physical performance as well as added value. Section 4, examines the quality of the programme strategy and the administrative capacity of those bodies involved in the management and implementation of the ROP. Finally, Section 5 draws conclusions on the role of programme strategy and administrative capacity in explaining the overall performance and achievements of the ROP.

2 Regional Analysis, Selection of Europe 2020 Heading

2.1 Regional development in Śląskie

Śląskie faces socio-economic challenges that are common to many other regions in Central and Eastern Europe. These relate primarily to integration into European and global economic markets following Poland's transition to a free market economy over the past two decades, and the country's accession and integration into the European Union in 2004. These processes require the development of a more competitive economic base. In common with other regions in Poland, Śląskie also faces the challenge of internal integration, resulting from the new form of governance and administrative boundaries introduced through the reforms of 1998. Śląskie as a self-governing region and a NUTS 2 unit includes part of the historical lands of Upper Śląskie, but also the areas of Bielsko and Czestochowa provinces.

However, Śląskie's specific challenges stem mainly from its heavy industrial heritage. Under the Soviet system of economic planning, Upper Śląskie was a fundamental pillar of the national economy, based on the expansion of coal mining and heavy industry (including metallurgy). It remains the most industrialised area in Poland and one of the most industrialised areas in Europe. Since 1989, the region has been faced with significant structural problems as its industrial base, with ageing infrastructure, low profitability and outdated modes of production was unable to operate in a market economy. This has created a series of challenges (Bafoil 2010). First, there has been a prolonged and ongoing process of industrial restructuring in the region since 1989. This has concerned both coal and steel-making branches of regional industry and has resulted in the closure of many factories and mines. In 1989, 70 mines were in operation. By 2011, less than 30 were still extracting coal. The restructuring of the industry resulted in a reduction of employment in mining from almost 400,000 jobs in 1990 to 165,000 in 2000 to 1114,000 in 2011. The iron and steel sector has also been subject to rapid restructuring. In 2012, 5 steel mills and 12 plants were located in the region but there have been significant changes over the past two decades, including significantly reduced employment and a shift towards more environmentally-friendly products and processes (Województwo Śląskie 2013).

Over the past two decades, Śląskie has consistently been among the regions with the largest contribution to Polish Gross Domestic Product (GDP) (see Table 1). The biggest drop in Śląskie's share of GDP in Poland occurred in the period 1995-2000, i.e. during the intensification of the restructuring processes of traditional industries (Drobniak 2011). The mining industry's share within the region's Gross Value Added fell from 15% to 9% during these years while the share of financial services and business services increased. Over the same period, the share of the region's contribution to national GDP fell from more than 15% to less than 13%. In subsequent years, the region's contribution has remained stable although there has been a slight decrease over time. In terms of GDP per capita, Śląskie's performance has improved steadily over the period from 2000 to 2011, in keeping with national economic growth. In relation to the average level of the GDP per capita in Poland, GDP per capita in the region remained essentially unchanged, (i.e. 108%, where Poland =100) .

Table 1. Gross Domestic product in Śląskie (1995-2011)

Category	1995	2000	2005	2008	2011
GDP - Poland (m PLN)	337,222	774,378	983,302	1,275,432	1,528,127
GDP - Śląskie (m PLN)	51,006	100,119	130,442	167,948	198,301
Share of Śląskie in GDP Poland	15.1%	12.9%	13.3%	13.2%	13%
Gross national product (in Śląskie) per capita	n.a.	20,963	27,792	36,126	42,830
GDP (in Śląskie) per capita, Poland = 100	n.a.	107.7	107.9	108.0	108

Source: Drobniak (2011), updated with Główny Urząd Statystyczny (GUS) - official Polish statistics

Distinctive features of the Śląskie economy emerge from analysis of the value added by different sectors (see Table 2). In comparison to the national context, industrial production remains crucial to the economy of Śląskie. Although there was an overall decrease in their share in regional GVA between 1995 and 2011, production and construction (including mining, production, energy, water, gas supply, and construction) remain vital to the regional economy. Within this, the share of mining and metallurgy has decreased and the role for the electro-engineering industry, the information technology industry, the power industry, the automotive industry (the region is Poland's largest car producer) and food industry has increased. It is also worth noting the establishment of the Katowice Special Economic Zone (SEZ) in 1996 (with a specific emphasis on developing the automotive industry in the region). The role of the services sector in gross value added increased from 50% in 1995 to 58% in 2011, although this is still less than the national contribution of this sector to GVA (62.5% in 2011).

Table 2: Main economic sectors in Śląskie and Poland along with their share in value added

Category	1995	2000	2005	2008	2011
ŚLĄSKIE	Share (%)				
Agriculture*	2.4%	2%	1%	1.0%	0.9%
Production**	47.3%	38%	39%	40.1%	41.2%
Services***	50.3%	60%	60%	58.9%	57.8%
POLAND	Share (%)				
Agriculture*	8.3%	5%	4%	3.7%	4%
Production**	34.7%	30%	30%	31.0%	33.6%
Services***	57.0%	65%	66%	65.3%	62.5%

Source: Drobnik (2011), updated with GUS.

*agriculture includes: agriculture and fishing

**production includes: mining, production, energy, water, gas supply, construction

***services include: wholesale and retail, hotels and restaurants, transport, financial services, real estate and business services, public administration, education, health service and social assistance, municipal services, households employing persons

Thus, the regional economy is still dominated by industry (including traditional and emerging sectors). The positive and negative consequences of this are demonstrated in other regional indicators (see Table 3). Over the past 10-15 years, the region's unemployment rate has consistently remained around two percentage points below the Polish average. The productivity of enterprises operating within Śląskie also remains at a relatively high level compared to other Polish regions (Ministry of Regional Development 2009, p63). Regional differences between wages are considerably lower than the differences in productivity, but cover the same map: the Mazowieckie region claims the highest wages, followed by Śląskie.

Śląskie is Poland's second ranked region in terms of the number of major investors. These investors include several major automotive companies, including Fiat, Opel and Delphi Automotive Systems. There are also a large number of companies operating in the business process outsourcing and logistics sectors, including engineering and design centres. Other strategic investors include FAMUR (manufacturers of machinery and equipment used for underground mining operations) and Kompania Węglowa S.A. (energy/coal producer). In 2012, there were 6,159 foreign firms in Śląskie which represents 8.2% of all foreign companies located in Poland (Główny Urząd Statystyczny 2013).

Although the capital city region of Mazowieckie accounts for a significant proportion of R&D expenditure and activity, Śląskie is also an important centre in this respect. In 2011, Mazowieckie accounted for 40.8% of national R&D expenditures, followed by Malopolskie at 10.5% and then Śląskie at 8.1%. The region surpasses the national average for GERD per capita. Out of all the entities

performing R&D in Poland 2010, 9.5% were located in the region. Nevertheless, public R&D expenditure in Śląskie accounts for 0.32% of GDP, which is both below the country and EU averages estimated at 0.48% and 0.74% respectively. Business R&D expenditure is only 0.14% of GDP, again lower than the country and EU averages estimated at 0.2% and 1.24% respectively (Klincewicz 2013).

Table 3: Structural economic data for Polish regions

Region	Unempl. rate (2012 Q4)	GDP per capita, 2010, Poland =100	Employed persons as % of total (2011)			Gross Domestic Expenditure on R&D (2011, in mln zł)	Average monthly gross wages and salaries, 2011, Poland=100
			Agriculture	Industry	Services (incl. financial)		
Dolnośląskie	12.5	112.5	8.7	31.8	59.5	725.2	99
Kujawsko-pomorskie	16.9	83.9	15.7	30.1	54.2	187.3	84.5
Lubelskie	13.3	67.6	38.3	17.9	43.8	378	89.8
Lubuskie	15.4	84.5	11.1	32.1	56.8	56	84.8
Łódzkie	12.7	92.1	19.2	28.4	52.4	578.5	89.5
Małopolskie	10.5	84.9	22	24.7	53.3	1210.5	91.9
Mazowieckie	9.9	162.7	13.3	19.9	66.8	4675.6	124.3
Opolskie	13.3	79.5	16.1	31.9	52	84.2	89.7
Podkarpackie	15.7	67.3	32.7	24.8	42.5	542.2	83.4
Podlaskie	14.1	72.7	31.4	20.6	48	139.5	87.7
Pomorskie	12.4	96	8.9	29.3	61.8	625.3	98.4
Śląskie	10.1	107	6.2	36.9	56.9	1033.7	104.7
Świętokrzyskie	15.3	75.8	32.3	23.7	44	143	86.6
Warmińsko-mazurskie)	20.1	73.4	16.5	29.9	53.6	201.1	83.3
Wielkopolskie	9.2	104.1	15.7	31.8	52.5	910.1	90.6
Zachodnio- pomorskie	17.5	87	9.8	27.2	63	196.5	90.8
Poland	12.5	100.0	17.1	27.4	55.5	11686.7	100

Source: Główny Urząd Statystyczny (GUS) (2012) *Statistical Yearbook of the Regions – Poland, 2012.*

A significant development challenge is the still incomplete process of restructuring the traditional industrial base of the region. The share of people employed in heavy industry is still significant and the regional economy remains strongly dependent on unstable raw material markets. The role of the region as a major industrial centre also means that the global economic crisis has had a negative impact. Evidence is emerging that the global economic crisis is having an impact on some western Polish regions which have strong economic links with Germany (Rzeczpospolita 2011). Śląskie is among the most threatened as its restructuring since the 1990s has largely been based on the development of consumer goods and manufacturing. There is also a relatively disadvantageous situation on the labour market with long-term structural unemployment, professional inactivity and a relatively poorly educated and low-skilled work-force (Olechnicka 2007). Over the past 15 years, the region has recorded one of the lowest economic activity rates in Poland, influenced by economic restructuring and early retirement of workers in heavy industry (Województwo Śląskie 2013).

The region's industrial heritage has also had a substantial and negative impact on the quality of its natural environment. In 2011, Śląskie was third among Polish regions in terms of the amount of land requiring rehabilitation. The region still includes large area of degraded land. Levels of pollution of surface waters, soil and air are still high in some areas and degradation of some urban areas is another significant challenge. Finally, Śląskie also faces serious demographic issues. The population of the region is 4.63 million, representing 12% of the Polish population. Śląskie is the most urbanized region in Poland (77.7 % of the population live in urban areas), and has the highest population density in the country (375 people per km², where the national average is 123 per km²). However, in the years 2002-2011, the population of the region decreased by 2.2%, while the population of Poland as a whole increased by 0.8%. This decrease in the region is the result of low birth rates but also negative net migration, due to the decline in the region's ability to draw in workers for jobs in

traditional industries. In 2011, 7,700 people came to Śląskie from other Polish regions while the outflow to other Polish regions amounted to 11,4000 people. In the same year, net migration abroad amounted to 2,000 people (mainly to Germany and the UK). Emigration from mostly young people adversely affects the value of the demographic dependency ratios and limits availability of human capital in the economy of the region. The population forecast for 2035 compiled by Poland's main statistical office (GUS) notes that the downward demographic trend in the region is likely to continue: the projected decline will be 12.4% (around 574,000 people) (Województwo Śląskie 2013). In the long-term, this could have an adverse effect on the labour market and increase demands on the health care system (ADE 2011, p141).

Thus, Śląskie faces some basic development challenges. The region's cities are shrinking and the regional industrial base is still in the process of restructuring. The overall need is to consolidate the status of the region as a national 'growth pole'. From an economic development perspective, Śląskie still belongs in the group of Polish regions that are second ranked behind Mazowieckie. However the region's status has been slipping in recent years as the regional rate of growth in GDP per capita has fallen below the national growth rate (in the period 2007-2009, 22.5 % versus 26.7 %)(PSDB 2012). New economic development priorities are needed to fully compensate for declining heavy industry, with a focus on: innovation, energy, mining, medicine etc. ¹ These general challenges are confirmed by specific issues highlighted in a range of national and regional strategic documents (Ministry of Regional Development 2009; Województwo Śląskie 2013):

- recultivation of natural environment, revitalisation of degraded urban areas;
- addressing significant demographic problems (population ageing and outmigration);
- support for the innovativeness potential in science and enterprises, including cooperation between universities and the science sector on the one hand and enterprises on the other hand (innovation clusters, technology clusters);
- support for constructing the potential of science sector;
- improvement of the potential of human capital by enhancing the quality of education and development of
- appropriate infrastructure;
- construction of the transport infrastructure that increases the accessibility of sub-regions;
- support for the development of social capital.

2.2 Śląskie and innovation, research and development

Cutting across several of these issues is the theme of innovation, understood in a broad sense relating to products (goods, services), processes and methods (technical, organisational and marketing), covering a wide range of topics. Innovation is here defined as a new or significantly improved solution (product or process) introduced into the activities of a company. This may be the result of the company's own R & D activity, cooperation with other enterprises and institutions or it may be a result of the purchase of immaterial knowledge (patents, licenses, software, know-how) or material goods. Current strategic documents place substantial emphasis on innovation: developing a knowledge-based region that creates its own innovation and absorbs emerging innovations, including

¹ Interview evaluation expert, 17/10/13 Katowice.

technology, drawing on its industrial heritage and capabilities but also branching out into specialisations related to modern industries and new technologies (Województwo Śląskie 2013).² The aim of regional policy in the medium and long term is to maintain the key role played by industry in the region while developing the service sector. This requires a redefinition of industrial activities, either through the modernization of production tools and processes, or through creating new economic sectors (particularly in high technology). However, the regional innovation context is ambiguous. For instance, according to different indicators (expenditure on R&D in absolute terms, share of entities engaged in R&D activity) Śląskie is among the top performing Polish regions. However, taking into account the region's overall contribution to national GDP, support for R&D in the region appears to be limited. In other words, these figures illustrate the size of the regional economy rather than the quality of development. This can be seen as a threat in a time of rapid structural change (Walendowski 2011).

2.3 Cohesion Policy

(i) Structural Funds Strategy 2007-13

Poland is the largest beneficiary of European Cohesion Policy in the 2007–13 period. It has been allocated approximately €67 billion, supporting 21 programmes: five national and 16 regional programmes for all 16 Polish regions. The five national programmes are: OP 'Infrastructure and Environment' (€27.9 billion from ERDF and the Cohesion Fund – 41.5% of total); 'Human Capital' (€9.7 billion from ESF, - 14.4%); 'Innovative Economy' (€8.3 billion from ERDF – 12.3%), 'Development of Eastern Poland' (€2.3 billion from ERDF – 3.4%) and 'Technical Assistance' (€0.5 billion from ERDF – 0.8%). Over €16.5 billion is being spent via the 16 regional programmes, funded by ERDF, representing 24.6% of total Cohesion policy funding in the country.

Between 1990 and 2003, Śląskie was the recipient of EU programmes financed by the pre-accession funds. Over 15 programmes were implemented, including STRUDER, RAPID and PHARE. The total amount of aid granted in the period 1990-2003 was €511 million. Following Poland's EU accession in 2004, the region received EU regional development support through a centrally managed Integrated Regional Operational Programme (IROP 2004-2006). The programme committed EU Funds of around €2806 million to regional development support in Poland's 16 regions. Approximately ten per cent of this figure, €284 million, was allocated to Śląskie. For the 2007-2013 period, the region is responsible for managing its own Regional Operational Programme, which has EU funding of around €1.75 billion. The regionalisation of programme management prompted a shift from a centrally managed Integrated Regional Operational Programme (IROP) for 2004-2006 to the ROP 2007-2013. According to MO, the ROP 2007-2013 in Śląskie was seen as a crucial part of a complex programme of institutional change designed to renew the regional economy. The ROP's perceived roles were:³

- to serve as the 'Śląskie version of the Lisbon strategy';
- to provide the basic conceptual framework for modernising the Śląskie economy; and,
- to mobilise domestic human and social capital for development.

² Interview Regional Innovation System unit, Marshal's Office, 18/10/13, Katowice.

³ Interview, policy-makers, Katowice, 16/4/2007, carried out by the author as part of the IQ-Net research network of regional and national partners from EU Structural Funds programmes.

- to be a means of confirming the leading role of regional self-government in terms of programming and stimulating regional development, through strengthening the position of the Marshal (representative of elected self-government), clarifying the division of responsibilities between regional government bodies, limiting the competences of the voivod (the regional governor appointed by central government) and creating a regional civil service corp.

Funding was divided among nine priorities. The proportion allocated for infrastructure for the ROP was slightly less than in the IROP 2004-2006 and the share for human resources and enterprise support increased slightly. Table 4 sets out the allocation of funds among ROP priorities.

Table 4: Priorities and measures in the Śląskie ROP 2007-2013

	ERDF funding €	% ERDF	Domestic contribution (all from public funding) (€)	Total
Priority 1: Research and technological development, innovation and entrepreneurship	296 238 553	16.96	52 277 392	348 515 945
Priority 2: Information society	150 000 000	8.59	26 470 588	176 470 588
Priority 3: Tourism	110 420 000	6.32	19 485 882	129 905 882
Priority 4: Culture	53 274 150	3.05	9 401 321	62 675 471
Priority 5: Environment	180 678 600	10.34	31 884 459	212 563 059
Priority 6: Sustainable urban development	312 802 445	17.9	55 200 431	368 002 876
Priority 7: Transport	460 254 825	26.34	90 948 558	551 203 383
Priority 8: Education	82 480 000	4.72	14 555 294	97 035 294
Priority 9: Health	57 759 000	3.31	10 192 765	67 951 765
Technical assistance	43 196 934		0	43 196 934
Total	1 747 104 507		310 416 690	2057521197

Source: *Województwo Śląskie 2011; Województwo Śląskie 2013b*

In comparison to the IROP, the ROP enabled the Marshal's Office, as a managing authority to become much more involved in activities tailored to the specific needs of the region.⁴ There was increased scope to develop flexible and tailored instruments in various policy fields, including innovation. In the 2004-2006 programming period, there was one sectoral OP dedicated to the development of innovation and entrepreneurship and this limited the involvement of the region. Now a specific, dedicated regional priority could be included in the ROP.

(ii) Innovation, research and development in the ROP

The ROP promotes innovation within Priority 1 'Research and technological development, innovation and entrepreneurship'. This has been allocated around 17 percent of total ERDF funding in the ROP, almost €300 million from ERDF. Priority 1 represented a new, dedicated regional innovation and business support strategy, including support to SMEs and a major project preparing business sites for investment in the region. This 'Gateway to Śląskie' involved business parks and science centres, based on partnership between the region and municipalities. It should be noted that providing innovation support for SMEs under P1 was seen as a challenge, given the region's limited experience in this field. The main objective of the priority is to increase the competitiveness of the regional knowledge-based economy. This is to be achieved through increasing the value of direct investments in the region, increasing the competitiveness of enterprises and strengthening R&D potential and network structures for innovation purposes. Specific activities include: actions to improve economic development infrastructure (supporting innovation and entrepreneurship centres, ensuring complete

⁴ Interview, policy-maker, Katowice 17/10/13.

fittings of land for investments, entrepreneurship support centres and business environment institutions of the 'one stop shop type', including those providing professional services); investment promotion (participation at trade fairs and campaigns promoting investment areas both at home and abroad); the development of SMEs through direct investment and advice, and transfer of technology and innovation (carried out by increasing the potential of technological centres and research institutions that providing the services of innovation and technology transfer, stimulating and developing network and cooperation links between R&D institutions and entrepreneurs and the development of local and regional clusters) (Województwo Śląskie 2011). Specific measures include sub-measure 1.2.3. Innovations in micro-enterprises and SMEs which involves investment in firms directly linked to research and innovation and measure 1.3 Transfer of technology and innovation which concerns technology transfer and improvement of networks' cooperation between SMEs, and other enterprises, universities, all types of institutions at post-secondary education, regional authorities and research centres.

(iii) ROP Management and implementation system

The Ministry of Infrastructure and Development (MID, formerly the Ministry of Regional Development) plays a key role in the design and implementation of Cohesion policy programmes in Poland. In 2006, the Act on Development Policy (2006) established the Ministry as the central government body responsible for formulating and co-ordinating Poland's development strategy, including domestic and EU-funded strategies. Under this, the Ministry has responsibility for co-ordinating all programming implementing development policy, applying across all ministries and agencies whose programming influences the achievement of development policy outcomes. Within this, the Ministry exercises significant authority in the management and implementation of Cohesion policy. It represents the Polish government in contacts with the European Commission on Cohesion Policy issues. Its responsibilities include the preparation of strategies for the development needs of the country and the supervision of Community policies, monitoring OPs according to Cohesion policy aims, and ensuring their complementarity with the Common Agricultural Policy, the Lisbon Strategy and other major policy strategies. The Ministry supervises the proper functioning of the National Strategic Reference Framework 2007-13 (NSRF) implementation system, and is also responsible for the execution of evaluation studies at the level of NSRF, including horizontal studies and ad hoc research, resulting from monitoring the implementation of NSRF. The Ministry is Managing Authority for all national Cohesion policy programmes funded through ERDF and ESF. However, other Ministries act as intermediary institutions, following MID guidelines in implementing programmes. MID is also tasked with coordinating the 16 Regional Operational Programmes and there is a department for coordination of the ROPs in the ministry. Tasks include: verification of draft ROPs as regards their conformity with the NSRF; negotiation of ROPs with the European Commission in cooperation with managing authorities of the ROPs; assuring cohesion of applied guidelines, monitoring effects of implementation of ROP in particular regions (comparative analyses). To assure effective current coordination of NSRF implementation, a unit headed by MID but including representatives of all Ministries, managing authorities and implementing bodies monitors the implementation status of operational programmes and decides necessary legal, institutional and procedural changes.

For all operational programmes, the Tax Audit General Inspectorate performs the tasks of Audit Authority. Sixteen Audit Offices operate at the regional level, subject to the Tax Audit General Inspectorate. In each regional office, separate organisational units have been established for the control of funds provided by the European Union. The Certifying Authority is an organisational unit

within MID, which is responsible for certifying of expenditure in the framework of European funds. It is independent from Managing Authorities responsible for particular operational programmes.

Turning to the regional level, self-government bodies have responsibility for the region's development. The elected regional assembly, the Sejmik, designates the regional executive body, the Board of the Voivodship; the Board is chaired by a marshal and supported by a Marshal's Office (MO). The self-government is responsible for a range of issues: spatial planning, higher education, healthcare, transport and communications infrastructure etc. In recent years, the range of responsibilities of the regional authorities has been expanded to include regional rail transport, waste and water management, and environmental protection. The board and the MO design and adopt multi-annual regional development strategies (these do not have dedicated funding envelopes as the majority of regional development funding flows from Cohesion policy through associated operational programmes). The region's development policy constitutes the basis for vertical co-operation between a regional self-government and the State. As noted above, in the initial period after Poland's accession to the EU, management of EU Structural Funds was centralised. Regional self-governments were consulted in the formulation of the Integrated Regional Operational Programme (IROP 2004-2006) and played a role in project assessment. However, priority setting under the IROP remained in the hands of central government, and it was the central government that was ultimately responsible for the programme's implementation.

Table 5: ROP management and implementation structures

Programme management	Responsible body	Notes
Managing authority (MA)	Marshal's Office, regional self-government	Regionalised
Certifying authority	Ministry of Infrastructure and Development	Centralised
Audit authority	Ministry of Finance Tax Audit General Inspectorate	Centralised
Intermediate bodies (IB)	Silesian Centre for Entrepreneurship	Regionalised

With the regionalisation of ROPs for the period 2007-2013, the Marshal's Office of each of Poland's 16 regional self-governments has the role of Managing Authority (see Table 5), funded through ERDF, and Intermediary Body (IB) for regional priorities in the OP Human Capital (HCOP), funded under ESF (the Managing Authority is the Ministry of Labour and Social Policy). The regional self-governments are now responsible for the development and implementation of ROPs, including the evaluation and selection of projects to be co-financed under the programme, making payments for beneficiaries, project control and programme evaluation and monitoring. In some Marshals' Offices, these expanded functions are being carried out by departments or units which were involved in the IROP 2004-2006 while in others organisational changes have taken place and new organisational units have been introduced. In Śląskie, new responsibilities for the programming period 2007-13 and the inevitable growth in personnel prompted an internal restructuring of the Programming Development and European Funds Department of the Marshal's Office (MO). The decision was taken to split the department between ERDF and ESF units with a Director responsible for each. Given the fact that potential regional partners in programme implementation were still building capacity and experience, MOs tended to maintain the majority of implementation tasks themselves. However, some Implementation Bodies are used in the ROPs. In Śląskie, the Śląskie Centre for Entrepreneurship is used as an Implementing Body under Priority 1 'Research and technological development, innovation and entrepreneurship'.

3 Assessment of performance

3.1 Financial performance

In terms of financial absorption the Integrated Regional Operational Programme (IROP) was among the best performing Cohesion policy programmes in Poland in the 2004-6 programming period: by January 2009, the level of payments in the IROP was 95.9% of the allocation compared to an average for all programmes of 92.4% (Ministry of Regional Development 2009b). Within this, financial performance in Śląskie generally followed the broad national pattern of steadily improving performance over the period, although the level of payments sometimes lagged behind other regions due to the relatively high level of funding involved (the region was allocated one of the highest shares of IROP funding in the country).

In the period 2007-13, the financial performance of the ROPs, taken together, has been good in comparison with other Cohesion policy programmes being implemented in Poland. By November 2013, 91.4 percent of the funds allocated to the ROPs had been contracted (compared to an average of 92% for all programmes) while payments made amounted to 67.8% (compared to an average of 61% for all programmes). The Śląskie ROP has exceeded the average performance of ROPs in terms of the amount of funding contracted: by November 2013 it had allocated 96% of its funding. The Śląskie ROP was slightly below the average for ROPs in terms of level of payments made (65.8%) but above the average for all OPs in Poland (Ministry of Infrastructure and Development 2013a).

Within the Śląskie ROP, there is strong variation in the financial performance of different priorities. On the one hand, interventions under Priority 7 Transport have performed well. By July 2013, 95.3% of funding allocated to Priority 7 had been contracted (compared to the then ROP average of 92.11%) and 65.17% of payments had been made (compared to the ROP average of 56.91%). On the other hand, Priority 1 Research and technological development, innovation and entrepreneurship was the weakest in terms of financial performance. As of July 2013, 81.85% of its allocated resources had been contracted while only 48.06% of its allocated funding had been paid out. According to the managing authority, this is due in part to the fact that Priority 1 involves a large number of small, complicated projects with low levels of funding, involving a range of beneficiaries that often have little experience of these types of interventions.⁵ However, it is worth noting that financial performance under Priority 1 has accelerated since 2012.

3.2 Physical Performance

Overall, physical progress of the Polish Cohesion policy operational programmes is deemed satisfactory by the MO although there is significant variation across priorities and measures. According to Annual Implementation Reports, the physical implementation of the programme is in line with what was planned. Visible progress in physical terms has been observed in the last two years as projects have been finalised. This, in turn, was due to increased implementation experience, certain procedural simplifications introduced on the EU level, triggered by the worsening financial situation and the economic crisis in most of the EU countries, and the influence of the evaluation reports, which in general helped to speed up the implementation process. However, it should be noted that analyses of physical progress are complicated by difficulties in interpreting and comparing data: there is significant variation in the number, type and categorisation of indicators and the measurement units and terminology used. This variation is apparent among ROPs which, though

⁵ Interview, policy maker, Katowice, 18/10/13.

similar in structure, employ different indicators for similar priorities and measures. Moreover, there is a strong propensity to repeat the same data in presenting the outcomes of different measures, which makes any calculation of totals risky (GorzelaK and Kozak 2012).

For the Śląskie ROP 2007-13, there has been satisfactory progress against general indicators such as 'projects of direct investment support for SMEs' and 'number of supported enterprises'. The value of the former at the end of 2012 amounted to 92% of the target value and the implementation of the latter was at 71%. Nevertheless, physical progress towards some programme level targets has been much more problematic. According to an ex post evaluation, the ROP will not manage to achieve the indicator: Gross number of created work places (indicator for monitoring main objective). Its estimated value amounts to 60%-70% percent of indicator's target value (PSDB (2012)).

Within this, the performance of different priorities varies considerably. Priority VII (Transport) is among the best performing from this perspective: on average indicators within this priority will achieve 200% of the target value. According to the managing authority, physical progress under this priority can be explained by the fact that interventions involved simple infrastructure projects with limited legal or regulatory complications and tangible effects were quick to emerge.⁶ On the other hand, physical progress under Priority 1 'Research and technological development, innovation and entrepreneurship' is limited: on average indicators within this priority will achieve 31% of the target value. There is strong variation in performance against specific indicators within Priority 1 (see Table 6). There are indicators such as 'number of projects involving direct investment in SMEs' and 'added investment created through support' where performance is strong. However, physical performance against several other indicators in Priority 1 is very weak. For instance, the progress against the target values of the product indicators 'number of projects in the field of R&D' and 'number of cooperation projects between businesses and research units' stood at zero in mid-2013 and will not be achieved.

Table 6: Physical progress of ROP Priority 1

Indicator	Unit	Target value	Physical progress towards target, July 2013
Product indicators			
1. No. projects involving direct investment in SMEs	no.	2,000	104%
2. No. supported businesses	no.	1,738	78.94%
3. Area prepared for investments	ha	250	4.95%
4. Area of incubators/ technology parks	m ²	11,000	0%
5. No. of businesses receiving support for innovation	no.	558	43.55%
6. No. R&D projects	no.	200	1.5%
7. No. R&D units supported	no.	45	2.22%
8. No. cooperation projects between businesses and research units	no.	30	0%
9. No. projects for Information Society infrastructure	no.	8	0%
10. Added investment created through support	€ mill	170	89.81%
11. No. businesses located in supported incubators, business and technology parks	no.	50	10%
12. No. new jobs directly created	No.	8055	40.72%

Source: *Województwo Śląskie 2013b*

⁶ Interview, policy-maker, Katowice, 18/10/13.

According to the managing authority and beneficiaries, particular problems have been encountered during the implementation of support for R&D activities in micro-enterprises and SMEs. This is mainly due to the demarcation line between the Śląskie ROP and the national Innovative Economy OP (see Section 5). For the ROP, there is also a state aid issue for business intermediary institutions providing advisory services to companies. For them, it is not possible to continue to the implementation of projects developed during the 2004-2006 programming period because the financial and time limits set for the provision of services on a commercial basis under state aid rules have been reached. A related problem was that aid intensity levels are too low: 40% for scientific units or universities, which are categorised as large enterprises under Polish law. In the current financial context, it has been very challenging for these potential beneficiaries to ensure their contribution (60%) and implement the projects. Beyond this, there have also been problems with national regulations for investments in R&D infrastructure, the low quality of submitted applications, lack of demand from beneficiaries in some measures and issues with choice of indicators in projects and their link with project selection criteria.⁷

3.3 Added value

Assessments of Cohesion policy achievements in Poland in the 2004-2006 period included recognition of added value effects. First, in terms of leverage, Cohesion policy significantly extended the level of funding available for the upgrading of infrastructure in the country. It also mobilised local resources, mainly through the co-financing requirement. The demonstrative or learning effect of implementing EU-funded programmes was also been a factor: the 2004-2006 period was the first occasion for local, regional and national authorities to get fully acquainted with EU rules, procedures and institutions and this has had an impact on the quality of policy administration. Significant progress was made in strategic planning and programming: *“EU cohesion policy has undoubtedly led to improvements in the decision-making process and in the procedures and arrangements adopted for both determining and implementing policy in relation to both regional development and other areas”* (Misiąg and Tomalak 2008).

Achievements in terms of added value have also been noted in the 2007-13 Cohesion policy programmes in Poland. According to evaluation evidence, Cohesion Policy funding has continued to help maintain the level of public investment in development. Moreover, with the regionalisation of ROP management and implementation responsibilities in the 2007-13 period, there has been increasing focus on the added value experienced at regional and local levels. The availability of Cohesion Policy funding has had a significant influence on increasing the mobilization of local communities around common development goals. Studies have indicated that Cohesion policy initiatives have increased awareness of potential responses to regional and local development issues and the role that regional and local authorities can play in these. In terms of strategic thinking, although there has been continued emphasis on the significance of investment in hard infrastructure for development, awareness of the potential of more innovative measures, linked closely to new development theories, has gradually increased (Gorzelać and Kozak, 2012).

Several of these general insights concerning added value are confirmed in the specific case of the Śląskie ROP 2007-13. For example, the ex post evaluation of the ROP included analysis of the additionality and leverage effects produced by the programme. According to the study, each Polish zloty from the ERDF invested in an ROP project generated PLN 0.31 of additional investment effects.

⁷ Interviews with beneficiaries from RTDI sector, Katowice, 18/10/13.

Such a high multiplier effect results from high percentage of projects which generate new investments. It found high levels of additionality as local government units in the region allocated greater means for investment than before the launch of the programme. This was particularly the case under Priority 7 Transport and Priority 9 Health and recreation. The study also identified some leverage of private funding, particularly under Priority 1 Technological research and development, innovation and entrepreneurship in which the amount of private means, owing to ROP SV intervention, was PLN 780 million (PSDB 2012).

According to interviews, there have also been clear effects in terms of 'democratic' added value. As a result of involvement in the ROP, regional and local actors are now taking more interest and responsibility in investment and development and improvement of quality of life. There is more emphasis on regional and local initiative rather than dependence on national or EU directives. This has been evident, for instance, in efforts to improve the state of the environment in the region. According to interviewees, the direct influence of Cohesion policy funding has produced positive examples of change: more responsibility for the upkeep of public spaces and more interest in quality of life. Cohesion policy provided the opportunity for this by raising awareness of the challenges facing the region and emphasizing that some of the responsibility to address this lies at the regional and local level.⁸

This added value effect in raising awareness among actors and providing incentives to develop initiatives has also been apparent in the field of innovation. The main innovation actors in the region now have experience in developing and implementing projects and in working together to do this.⁹ 'Operational' added value is also identified by interviewees. Mechanisms for the design and implementation of the ROP are now established parts of broader public policy administration. This applies to evaluation and the use of strategic programming, which are now institutionalised and have, to varying degrees, spilled over into domestic policies. There are several elements of the ROP in domestic policy systems, including the Śląskie Regional Development Strategy, (e.g. calls for proposals, project selection criteria, monitoring and evaluation).¹⁰ For instance, experience of project development and planning has improved as a result of experience of implementing large infrastructure investment projects under Cohesion policy. Following on from Cohesion policy approaches, city legislation introduced in Katowice in 2011 requires a feasibility study for investment projects over 10 million PLZ. In this context, it should also be noted that the Śląskie Regional Innovation Strategy, one of the first to be launched in Poland, was developed on the basis of EU models and pre-accession funding. In its first iteration it was developed according to a methodology adopted in other EU Member States. The European Commission initiated the process under the programme "Innovations and SMEs" within the Fifth Framework Programme and the tenth Article of European Regional Development Fund special programs for creating regional innovation strategies (RITTS/RIS).

4 Strategic Quality

For the 2007-13 period, the self-governing units of regions (through the Marshals' Offices) assumed formal responsibility for developing the ROPs in consultation with regional partners. The Śląskie ROP contains a description of a comprehensive consultation process that included: a survey of 215

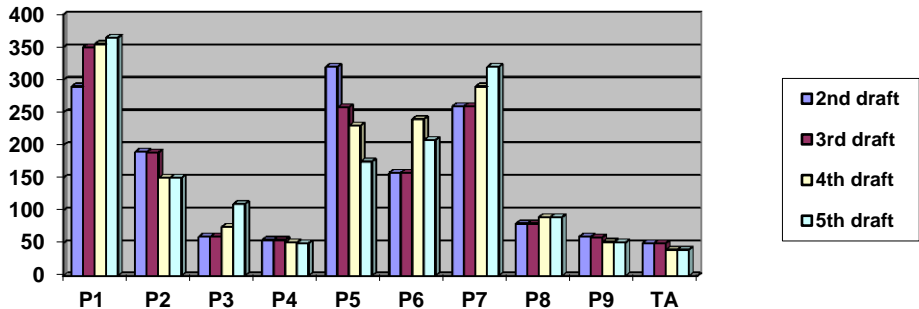
⁸ Interview, beneficiary, Katowice, 15/10/13.

⁹ Interview, academic, Katowice 15/10/13.

¹⁰ Interview evaluation expert, Katowice, 17/10/13.

institutions , 2 workshops with the social partners , four sub-regional consultation meetings with 283 participants , 5 meetings of experts , parliamentarians, rectors, 9 consultations with sectoral interests) According to interviewees, some regional actors were closely involved in the consultation process. The ROP notes some amendments made to the programme as a result of this process: a list of key projects that included the suggestions of representatives of subregions; a new approach to resource allocation (Integrated Sub-regional Development Programmes) to strengthen the role of local of local authorities in the decision-making process; and, substantially increased financial allocation for Priority III: Tourism. Draft ROPs, including the Śląskie ROP, were revised several times in the process and the importance of different policy fields was reflected in shifts in planned expenditure in successive drafts of the ROP (see Figure 6).

Figure 6: Financial shifts in ROP drafts (allocation €millions).



Source: Marshal's Office, Śląskie November 2006.

However, when considering its impact on strategic quality, the consultation process had some limitations. According to research carried out as part of the ex post evaluation of the ROP, less than half of the beneficiaries of the ROP actually participated in the consultation process. These results are surprising in the face of the comprehensive ROP consultation process but this could in part be explained by weaknesses in communication and publicity (PSDB 2012). Nevertheless, this participation did not equate with an exchange of views on the region's strategic vision but rather a struggle to ensure that specific interests and agendas were represented: there were a series of workshops but these were not helpful in the development of the ROP strategy.¹¹ There was input from different regional interests when the ROP was being developed but this input was political rather than strategic. In other words, regional interests aimed to ensure a share of the funding rather than contribute to strategic thinking.¹²

The team drafting the ROP had very limited research analysis or expert input on which to draw. The ROP had little connection with Śląskie's domestic Regional Development Strategy (which was judged to be broad and vague and of limited utility) and responsibility for the ex-ante evaluation of all Polish programmes, including the ROPs was carried out by central government. Thus, there was no region-specific strategic element in the ROP; the drafting team looked at the headings set out under the template provided by the European Commission and developed priorities and text in a very general way that was not fully tailored to the regional context.¹³ The strategic basis of the whole ROP was

¹¹ Interview evaluation expert, Katowice, 17/10/13.

¹² Interviews with beneficiaries from RTDI sector, Katowice 15/10/13.

¹³ Interview evaluation expert, Katowice, 17/10/13.

under-researched: most analyses were generic and carried out at the national level.¹⁴ The Ministry of Regional Development, now MID, played a leading role in determining the strategic content of the current generation of ERDF Regional Operational Programmes, 2007-13. At the outset of the programming period, the Ministry developed detailed guidelines (or *wytyczne*) for regions to follow as the ROPs were drafted. This included a list of approved levels of investments to be included in the ROP financial table that constrained the type of interventions the ROP could make. For example, although the process of 'earmarking' was not formally required in Poland, MRD guidelines indicated that around 40% of ROP funds to be dedicated to the support of SMEs and the improvement of the business environment (a total of €16 billion across all ROPs). Moreover, no more than 7% of funds could be spent on social infrastructure and 20% on small projects. Similarly, central government required that regions submit a list of 'key projects' that would be included in the ROPs, reserving the right to reject a project. Of course, strategic priorities in the ROPs also had to be closely aligned with the Community Strategic Guidelines set out by the European Commission. There was strong central guidance for ROP monitoring units which were given a list of indicators to choose from. These could not be altered significantly to reflect regional specificities, although this could be justified as the national level had to maintain an overview of overall progress.¹⁵

In this context, it is worth noting that in 2008, the Ministry of Regional Development pointed out that the Regional Operational Programmes for 2007-2013 were very similar in terms of identified strategic development challenges and that the discussion of specific features and needs in particular regions was very limited: in spite of significant regional differences the ROPs focus on supporting similar areas of strategic intervention. According to MID, this situation was only in part the result of MID requirements for the ROPs and was also due to the absence or weakness of strategic frameworks that allowed regions to link specific aims with national development goals (Ministry of Regional Development 2008)

The ex-post evaluation of the Śląskie ROP also identified elements of the programme strategy that have influenced the implementation and impact of the Programme. This included analysis of the regional strengths and weaknesses identified in the ROP and how these were related to a selection of indicators used for interventions in specific priorities and measures. The evaluation of these relationships concluded that the link between the ROP strategy and the indicator set was generally very uneven: "A problem linked with the analysis was that the SWOT did not provide the basis for developing context, programme and project indicators. Thus, strengths and weaknesses were not well reflected in indicator sets" (PSDB 2012). Several weaknesses were identified. Some issues highlighted in the ROP's strategic analysis were not covered by indicators while several elements were covered by a single indicator. Many of the detailed goals set out in the ROP were also not picked up in the indicator set. Output indicators tended to involve basic information such as 'number of projects' (see Table 6) that said little about the strategic impact of the programme.

These conclusions are supported by evidence from interviews. According to officials involved in the design of indicators at the outset of the programming period, the main focus was on implementation and absorption rather than impact: indicators were designed to facilitate the implementation of projects rather than to measure strategic goals or impacts. There was very little support for

¹⁴ Interview, policy-maker, Katowice, 18/10/13.

¹⁵ Interview, policy-maker, Katowice, 18/10/13.

programme managers as they developed indicators.¹⁶ As noted above, there were virtually no regional-level studies or expert analyses commissioned. Most analyses were carried out at the national level: although capacity has grown steadily, the challenge was developing indicators that linked to national analyses but could be monitored at project level.¹⁷ Coordination with MID is mixed. There is strong guidance as monitoring units are given a list of indicators to choose from. These in turn are based on Commission guidance. However, these cannot be altered significantly to reflect regional specificities – although this is justified as the national level must maintain an overview of overall progress.

Many of these issues were notable under the heading of innovation, research and development. First, the limited input of region-specific knowledge or expertise in the development of the ROP meant that the approach to innovation support was not fully consistent with regional needs in this policy area. Innovation support provided through Priority 1 is addressed to both entrepreneurs and the public sector. Entrepreneurs can receive grants for regional innovation and the ROP also supports technology parks and organisations which provide service connected with technology transfer and stimulate and develop connections between companies and scientific units. There has been strong interest from potential beneficiaries in terms of innovation and entrepreneurship. However, there has been much less demand for R&D, particularly technology transfer, although this was emphasised in the ROP strategy. There are virtually no links between universities and SMEs: universities tend to work within their own units, among entrepreneurs there is a reluctance to share innovative ideas in case they lose competitive advantage and the risk involved in these types of collaborative projects and the fear of failure has been a disincentive. There have been specific problems with three indicators in Priority 1: the number of R&D projects, the number of supported R&D institutions; and, the number of cooperation projects between enterprises and the science sector. In particular, problems have been encountered during the implementation of support for R&D activities in micro-enterprises and SMEs (Województwo Śląskie 2013b). As well as overestimating regional demand for these types of interventions, the ROP also underestimated the impact of the so-called ‘demarcation line’ introduced by the Ministry of Regional Development (now MID) at the start of the 2007-13 period and the influence of state aid issues (see Section 5). According to beneficiaries, the development of appropriate indicators, values and targets for innovation has been limited and thus it has been difficult, if not impossible, to measure progress. Basic indicators (e.g. number of projects) do not pick up efficiency or impact in terms of innovation and this is a problem for beneficiaries and programme managers.¹⁸ For instance, a key strategic aim of the ROP is the development of diversified and sustainable economy, including the modernization of traditional sectors and the development of future-oriented sectors that use knowledge and information as a basis for their activities. However, according to the ROP ex post evaluation, it is not possible to monitor these aspects using existing programme and project-level indicators (PSDB 2012). The level of foreign investment in the Śląskie economy is seen as a strategic strength in the ROP, including in the development of innovation but high concentration of foreign investment is not referred to in the indicator set. According to staff in the MO, a lack of prioritisation and the distribution of funding widely across large numbers of research centres and units limited effectiveness. Innovation support in the ROP is not concentrated on a restricted number of strategic areas. Grants are provided

¹⁶ Interviews with former policy makers, Katowice, 16/10/13, 17/10/13.

¹⁷ Interview with policy-maker, Katowice, 18/10/13.

¹⁸ Interview with beneficiary, Katowice 15/10/13.

through competitive calls, making it impossible to channel funding to a limited number of strategic projects.¹⁹

5 Administrative capacity

Recent years have witnessed a significant expansion of the capacity of public administration in Poland. According to OECD, significant progress has been made in strengthening the government's strategic capacity. Polish administration now has a strategic framework for the country's long-term development, the capacity to co-ordinate and lead is developing in public administration and there is a committed, dynamic public service workforce in government ministries and agencies (OECD 2013). One of the basic objectives included in the Polish NSRF 2007-13 is to strengthen the administrative potential of Poland and enhance the capacity of Polish administration to elaborate and implement long-term strategies and programmes. This includes strengthening administrative capacity in the processes of designing, implementing, monitoring and evaluating policies and public programmes. The NSRF highlights problems facing Polish administration from this perspective: high staff rotation particularly among young employees; lack of necessary qualifications; and, lack of adequate motivation systems (Ministry of Regional Development 2007a).

Despite recent progress, weaknesses in public administration are still apparent and capacity-building remains a priority. An OECD review of public governance in 2013 noted some key issues: line ministries still work in silos; budget and strategy are not yet sufficiently connected; performance information is still not sufficiently integrated into decision making and resource allocation; decision making is still seen as rule making; ministry and self-government mandates are not always supported by proper incentives; human resources management is still fragmented within and between government units; and, there is room to improve co-ordination across levels of government, and consultations with non-governmental representatives (OECD 2013a).

According to government reports, Cohesion policy funding and the management and implementation of Cohesion policy programmes have been influential in improving the quality of public institutions' performance and the expansion of the partnership mechanism. Generally, the size of Polish public administration has expanded as a result of Cohesion policy administration, especially between the 2004-2006 and 2007-2013 periods. Although the number of units involved in Cohesion policy management and implementation in the 2007-13 period is less than in the 2004-2006 period, the size of these units in terms of personnel has increased significantly. An Action Plan for increasing the administrative potential of units involved in the implementation of Operational Programmes in 2007-2013 was published in 2007 (Ministry of Regional Development 2007b). It included estimates of the anticipated increases in posts and staffing levels across different units. Cohesion policy implementation accounted for 877 posts in central ministries in 2004-2006 but by 2013 this had almost doubled to 1,633. At regional level the expansion has been even more substantial, reflecting the regionalisation of management tasks in 2007: in 2004-2006, 1018 jobs involved Cohesion policy implementation but by 2013 the figure was around 4,000 (Ministry of Infrastructure and Development 2013b). It is important to note that 85% of the overall cost of strengthening administrative capacity in 2007-2013 (around €4.5 billion euros) comes from EU funds in the Technical Assistance (TA) programme and in the TA components of all the OPs. Under the World Bank's measurement of the efficiency, transparency and legitimacy of public administration, Poland's rating improved from 0.41 in 2007 to 0.68 in 2011 and the Polish government attributed this to

¹⁹ Interview with policy-maker, Katowice 17/4/12.

Cohesion policy influence in its 2012 strategic report on Cohesion policy achievements (Ministry of Regional Development 2012).

Broader coordination among regional bodies and between regional and national levels became a priority with the new Cohesion policy management and implementation frameworks introduced in 2007 and the regionalisation of the ROPs. Overall strategic coordination is the responsibility of the Department for Coordinating Structural Policy. The main responsibilities of this unit include the preparation of strategies for the development needs of the country and the supervision of Community policies, monitoring OPs according to Cohesion policy aims, and ensuring their complementarity with other domestic and EU strategies (e.g. the Common Agricultural Policy, the Lisbon Strategy etc.). The Department is also responsible for elaborating domestic programme documents such as the *National Development Strategy*, the *NSRO* and the *National Conceptualisation of Spatial Development*. Second, coordination at management and implementation level is the responsibility of the Department for Coordinating and Managing Community Support. Third, to ensure common standards in preparing and implementing the ROPs, the Ministry has created a specific unit responsible for their coordination – the Department for Coordinating Regional Programmes. The department is responsible for coordinating the development and implementation of ROPs and is thus required to co-operate closely with the MOs. In addition, the MOs co-operate with the Voivod Offices (that represent central government in the regions), which are responsible for certifying expenses as part of the ROPs, a task delegated by the national certification authority. The latter is the Department of Certification of the MRD, which certifies the expenses as part of EU-funded programmes on behalf of the European Commission. MOs also liaise with the regional fiscal control offices that verify compliance of the ROP management systems with national and community law on behalf of the Ministry of Finance (which is the audit authority) (OECD 2013b). ROP managing authorities are represented on the NSRO coordinating committee, the Convent of Marshal's also provides a platform for the representation and coordination of regional interests. The National Strategy for Regional Development (launched in 2010) adopted a strengthened multi-level governance system and created new relations between the government and voivodship self-governments through the so-called 'Territorial Contracts'. These contracts are made between the central and regional governments in order to agree on the most important objectives and priorities, including those funded under Cohesion policy.

As noted above, in Śląskie, new responsibilities for the programming period 2007-13 and the inevitable growth in personnel, prompted an internal restructuring of the Programming Development and European Funds Department of the Marshal's Office (MO). The decision was taken to split the department between ERDF and ESF units with a Director responsible for each. The Śląskie MO employs the highest level of staff for Cohesion policy management and implementation among Polish regions, reflecting the size of the region and the level of funding it receives. In 2013, this amounted to 418 posts (228 in the ROP and 190 in the ESF unit for the Human Capital OP) while the average for all Polish regions was 236 posts (Ministry of Infrastructure and Development 2013b). Thus, in 2007 a basic issue for the Marshal's Office was organisational capacity, particularly the size and skill base of its personnel. The Marshal's Office estimated that the human resources required to administer one year of the ROP was the equivalent of its involvement in the administration of the IROP for the entire period 2004-2006.²⁰ By 2007, the number of staff involved in IROP management,

²⁰ Interview, policy-makers, Katowice, 16/4/2007, carried out by the author as part of the IQ-Net research network of regional and national partners from EU Structural Funds programmes.

implementation and monitoring had grown steadily but problems with understaffing and staff turnover were persistent. At that time, relatively low wages, particularly in comparison to private consultancy firms, meant that the number of suitably qualified and experienced personnel was limited. Between the 2004-2006 and 2007-2013 periods, members of staff in the MO moved to the private sector and to central government departments, limiting continuity. The level of experience and expertise in other regional government organisations limited the scope to outsource programming tasks. Thus, Śląskie favoured a system of centralised implementation at the regional level. The Marshal's Office has remained responsible for most interventions. However, the implementation of one measure in support of micro-enterprises and SMEs within Priority 1 Research and Technological Development, Innovations and Entrepreneurship is implemented by a second level Intermediary Body, the Śląskie Centre of Entrepreneurship which was established in September 2007.

The ex post evaluation of the Śląskie ROP included an analysis of its management and implementation capacity and this produced several insights (PSDB 2012). The study concluded that the system put in place for management and implementation of the ROP was sound. According to staff in the MO and in the Intermediary Body, processes and tasks defined at the level of the Programme were sufficient. The division of responsibilities between the MO and the Intermediary Body was also judged to be clear and comprehensive with good coordination of responsibilities and communication between bodies. Implementation arrangements were found to be flexible: staff could be transferred between units to adapt to changing circumstances and to respond to the emergence of unexpected issues. The ex post evaluation found that a good system of training and staff development operated in both the MO and the IB: at least once a year, the training needs of staff were addressed. Staff utilised the knowledge offered through training although there was some scope to tailor it more to practical, everyday tasks. The level of qualifications of staff was also positively assessed in the evaluation.

Nevertheless, although management and implementation tasks are generally well-defined, some issues can be identified. For instance, the structure of Cohesion policy management and implementation units within the MO creates some challenges for strategic programming. Programming and implementation are carried out within the same unit. This means that most attention has been focused on implementation after the ROP strategy was finalised. For instance, there has been a tendency to look at the priorities in the current ROP that did or did not absorb funds and make decisions on the priorities of the next ROP on this basis rather than on strategic considerations. A separate programming unit with its own director would guarantee more status and a stronger role and capacity for strategic thinking. In other Polish regions, the programming unit has stronger status and is very involved on the implementation side – e.g. it has input on the types of projects to be favoured in calls – ensuring that they are in line with original strategic goals. It is also worth noting that there was limited communication and coordination between the unit working on the ROP strategy and the unit in the MO responsible for work on general Regional Development Strategy.²¹

Tensions between national and regional levels in the distribution of Cohesion policy powers and responsibilities are still evident. In order to avoid duplication, MID introduced a so-called demarcation line. This was based on a table of common areas of EU funds intervention and

²¹ Interview with former policy-maker, Katowice, 17/10/13.

introduced different criteria to avoid double financing of projects in different operational programmes. Identification criteria included the type of project beneficiary, the value of the project and its location. The demarcation line between the national Innovative Economy OP and the Śląskie ROP has created some problems for the implementation of support for innovation and R&D activities in micro-enterprises and SMEs in the region. The demarcation line determines the level of eligible funding from national and sub-national levels. In practice, this means that the maximum amount of grant in the ROP is 750,000 PLN (around €180,000) for all types of companies (micro, small and medium sized). This is not seen as a sufficient incentive to achieve significant results, especially given the higher levels of funding available in the national OP. Moreover, the demarcation line differentiates by type as well as size of project: at the regional level ERDF can only support research infrastructure not research itself. Consequently, potential ROP beneficiaries have looked to the national Innovative Economy OP for support.²²

In this context, it is important to note that in the framework of the Operational Programme Innovative Economy, several key strategic projects are implemented in Śląskie: the Centre of Clean Coal Technologies is one of the projects with the highest budget, which aspires to become a leading European scientific research and development centre for the commercialisation of clean technologies. The total value of the project is estimated to be €48.3 million. The Euro Centrum Science and Technology Park aims to contribute to the development and application of new technologies in the area of energy efficiency and renewable energy. The park brings together the key scientific research partners from the region but also from Warsaw and Cracow and companies operating in the energy efficient technologies and technologies of energy saving in buildings. The total value of the project is estimated at €24 million. The Silesian Science and Technology Centre of Aviation Industry aims to strengthen the technological potential Polish aviation industry. The project is implemented by the Upper Silesian Agency for Enterprises Restructuring (GAPP) in cooperation with Bielsko-Biala County Office and several scientific research and companies from the aviation sector (Walendowski 2012). Regardless of arguments concerning the merits of centralised or regionalised Cohesion policy support for innovation and R&D, the key point is that there has been a lack of coordination between central and regional levels in this field. For instance, the Eurocentrum Park has received substantial funding under the OP innovative Economy and the achievements of the funding will be assessed as part of the OP evaluation. It is obviously a key factor in the regional innovation system but it has received very limited funding from the ROP.²³

These tensions have been reflected in relations between institutions in the region which had previously cooperated in the implementation of regional initiatives. For example, up until 2007, the Upper Silesian Regional Development Agency (GARR) had been the Regional Financing Unit used to deliver business support in the region. It was also an intermediary body in the IROP 2004-2006 for business support measures. However, a major change introduced for the 2007-2013 shifted responsibilities for the implementation of the measure in support of entrepreneurship from GARR to the newly established Śląskie Centre of Entrepreneurship. For the 2007-13 period, GARR oversees the implementation of six support measures of the Innovative Economy OP. The designation of some of the larger RDAs as implementing bodies for these national operational programmes could be seen as limiting their regional function. Some Marshals had already refused to finance the operating costs of RFIs in pre-accession EU regional programmes funded by PHARE, as they did not see them as

²² Interview, academic, Katowice 15/10/13.

²³ Interviews with beneficiaries from RTDI sector, Katowice, 15/10/13.

regional, arguing that regional budgets are not meant to support a series of central policy initiatives (Kołodziejczyk 2004).

This has contributed to a capacity problem that is related to the region's past. Śląskie now has a fragmented system for business support – including support for innovation in the business environment. In the 1990s, PHARE and World Bank funding created support institutions including GARR and local agencies. However, the situation became complicated with the establishment of regional governments who wanted to use their own instruments and organisations: the support environment has become congested with limited capacity at regional level to provide close support to beneficiaries. For instance, Silesia's Regional Innovation Strategy (RIS) noted 27 local and regional development agencies, as well as 15 Chambers of Commerce, 12 Centres of Business Support, 14 Financing bodies, 8 Business Incubators and 3 Centres for Technology Transfer. While acknowledging the strength of organisational support for businesses in the region, the RIS concluded that too many business support institutions were duplicating activities and services offered (Województwa Śląskie 2003, p11).

In terms of organisational stability, administrative and staffing arrangements have been consistent during the 2007-2013 programming period (although there has been some change in personnel following regional elections). However, staff turnover was an important issue between programming periods (Drobniak 2009). According to an OECD review, relatively low levels of remuneration in sub-national governments in Poland limited their ability to recruit and retain qualified staff. Staff have often left when offered positions in the private sector, creating a problem with turnover that increases the costs of hiring and training (OECD 2013a). Experience gained in implementing the IROP 2004-2006 both in the MO and GARR as a financing body were thus undermined by organisational and personnel flux. According to the ex post evaluation, three out of four staff members in both the MA and IB had no experience of implementing the funds in the 2004-2006 period. The situation is repeating itself in preparations for the 2014-2020 period: none of the team responsible for developing the ROP 2007-13 strategy is working in the MO now.²⁴

Other specific administrative capacity issues can be identified. Concerning project selection, there has been uncertainty in the division of certain tasks, including those related to the control of projects, the verification of information from beneficiaries and formal project assessment. In theory, the responsibility lies with the MO project selection unit but in practice other units have been involved).²⁵ The project selection process has been assessed by beneficiaries and evaluators to be too long: by the time projects were appraised and approved they had often been through several iterations and often the external circumstances had changed and the initial project goal was no longer relevant or had been significantly altered in the iteration process. According to an evaluation study, the period between filing the first printed version of the application and signing the grant agreement was, on average, 298 days. (PSDB 2010). According to beneficiaries, the administrative burden involved in project applications is a disincentive. Substantial time and money can be invested in the application process with uncertain periods of appraisal and no guarantee of success.²⁶

Concerning monitoring and evaluation, there has been rapid capacity-building over the past decade. There is a dedicated monitoring unit in the MO and the monitoring system is strong, allowing data to

²⁴ Interview with former policy-maker, Katowice, 17/10/13.

²⁵ Interview with policy-makers, Katowice, 18/10/13.

²⁶ Interviews with beneficiaries from RTDI sector, Katowice, 15/10/13.

be analysed in a variety of ways. However, there are still significant challenges to overcome: a focus on quantitative rather than qualitative aspects of the objectives pursued; and an emphasis on the implementation process rather than on effects and impacts. The MO evaluation unit has a staff of 4-5 people who are well-trained in evaluation practice: progress in terms of the quality, technical and methodological complexity of evaluations has been very fast. However, virtually all evaluations are contracted out to external bodies (private consultancies rather than universities). Most evaluations are of process issues and the MO unit has lacked the time and capacity to carry out impact evaluations to inform the programming process for the ROP 2007-13. Moreover, there is very little policy learning from evaluation as the culture of evidence based policy making has yet to become established.²⁷

6 Conclusions

6.1 Programme Achievements

Generally, the financial performance of Polish Regional Operational Programmes (ROPs) has been strong, relative to other Cohesion policy programmes implemented in Poland during the 2007-2013 period. However, there has been considerable variation in the financial performance of individual priorities in the ROPs. For the Śląskie ROP, financial performance under headings such as transport infrastructure has been strong but the performance of Priority 1 Research and Technological Development, Innovation and Entrepreneurship has been among the weakest (see Table 7). Overall, the physical progress of the Śląskie ROP has been satisfactory: according to Annual Implementation Reports, the physical implementation of the programme is in line with what was planned. Again, however, there are substantial differences across priorities and measures. Physical progress under Transport Infrastructure benefits from being based on relatively straightforward interventions with limited legal or regulatory complications and quick tangible effects. On the other hand, physical progress under 'Research and Technological Development, Innovation and Entrepreneurship' is limited by several factors: the inexperience of beneficiaries; issues of coordination between national and regional programmes in this field; state aid issues; and, national regulations for investments in R&D infrastructure (see Table 8).

Table 7: Financial performance of Śląskie ROP

	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
	Most or all funds committed, no decommitment, substantial level of payments made	Above-average commitment of funds, below-average decommitment, above average level of payments made	Average or below-average commitment of funds, above-average decommitment, payment levels below average	Significantly below average commitment of funds, and/or significantly above average decommitment, payments made significantly below average
ROP		The Śląskie ROP has exceeded the average performance of ROPs in terms of the amount of funding contracted: by November 2013 it had allocated 96% of its funding. Payments		

²⁷ Interview evaluation expert, Katowice, 17/10/13. See also Kot, T (2014) Mocne i słabe strony procesu ewaluacji 2007-2013 Pożądane kierunki zmian na lata 2014-2020, presentation at Akademia im. Leona Koźmińskiego Warsaw, 6 March 2014.

		slightly below average for ROPs (65.8%) but above average for all OPs in Poland.		
Specific heading				Priority 1 Research and technological development, innovation and entrepreneurship was among the weakest ROP priorities in terms of financial performance. July 2013, 82% of allocation contracted but only 48% paid out.

Table 8: Physical performance of Śląskie ROP

	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
	Targets exceeded	Progress towards targets on track,	Progress towards targets behind schedule	Progress towards targets severely constrained,
ROP		Satisfactory progress against most ROP-level indicators but problems with some specific programme level targets		
Specific heading				Progress under P1 'RTD, innovation and entrepreneurship' limited: on average indicators achieve 31% of the target value. Some indicators 'on track' but others will not achieve their targets.

Different types and levels of added value can be identified in the Śląskie ROP (see Table 9). There has been a moderate 'leverage effect': there is evaluation evidence that local authorities in the region have invested more in development than before the programme was initiated. This applies particularly to infrastructure investment. The leverage effect is much more limited for private investment and only a relatively small amount could be identified under P1 'RTD, innovation and entrepreneurship'. The extent of 'strategic' added value is difficult to assess because Cohesion policy programmes are dominant in the regional development context. They have significantly more funding attached to them than domestic development strategies. Nevertheless, significant impact can be identified in equivalent domestic strategies, even where the funding attached to them is more limited. Mechanisms for the strategic design of Cohesion policy, including the ROP, are now established parts of domestic strategy-building. This applies to the use of strategic programming, which is now institutionalised and has, to varying degrees, spilled over into domestic policies (e.g. the multi-annual Śląskie Regional Development Strategy). The same argument can be applied to 'operational' added value where there is evidence that key elements of the Cohesion policy implementation system have been replicated in domestic policy systems, (e.g. calls for proposals, project selection criteria, and use of ex-ante feasibility studies for large investment projects). Effects under 'accountability' are more limited. Some elements of Cohesion policy monitoring, reporting, financial management can be identified in a limited number of domestic policy systems. However, these are only gradually emerging. For instance, the Polish evaluation system has expanded dramatically in the past decade, largely under the direction of Cohesion policy requirements. Nevertheless, there is still limited policy learning being drawn from the evaluation structures that are now in place. On the other hand, added value under the 'democratic' heading is more significant.

Although formal consultation and partnership working were limited in the development of the ROP, the added value effect in raising awareness among actors and providing incentives to develop initiatives has been apparent, including in the field of innovation. The main innovation actors in the region now have experience in developing and implementing projects and in working together to do this. In a traditionally centralised context, interviewees emphasised that Cohesion policy has raised awareness among regional and local actors of the development challenges facing the region and the need to address these at the regional and local level.

Table 9: Added value in the Śląskie ROP

Added value	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
Financial	Substantial financial partnerships in operation - pooling of private and public co-financing	Substantial financial partnerships in operation but dominated by public resources	Local authorities have invested more in development than before (especially infrastructure). Leverage effect much more limited for private investment.	Availability of additional funding severely constrained
Strategic	CP programming principles now evident across all domestic policy systems CP objectives and priorities comprehensively and explicitly incorporated into domestic strategies (e.g. RTDI, business support etc.)	Mechanisms for the strategic design of Cohesion policy, including the ROP, are now established parts of domestic strategy-building.	CP programming principles only apparent in CP strategies Limited explicit reference or implicit reference to CP in relevant domestic strategies	CP programming principles only apparent in CP strategies No reference to CP in relevant domestic strategies
Operational	CP systems for project generation, appraisal and selection have produced innovative approaches that are now embedded across domestic policy system	Several elements of the ROP in domestic policy systems, including the Śląskie Regional Development Strategy, (e.g. calls for proposals, project selection criteria, ex-ante feasibility studies).	Some elements of CP systems for project generation, appraisal and selection evident in a limited number of domestic policy systems	CP systems for project generation, appraisal not fully operational or not used outside of CP programmes
Accountability	Extended use of CP monitoring, reporting, financial management and evaluation requirements across domestic public policy system	Use of CP monitoring, reporting, financial management and evaluation requirements in some domestic policies	Use of some elements of CP monitoring, reporting, financial management and evaluation requirements in a limited number of domestic policy systems.	CP monitoring, reporting, financial management and evaluation systems not fully operational or not used outside of CP programmes
Democratic	Increased consultation, partnership-working structures in policy-making, derived from CP partnership principle	Added value effect in raising awareness among actors and providing incentives to develop 'bottom up' initiatives, including in the field of innovation.	Partnership-working and consultation associated with CP, limited evidence of structures but some elements evident in a limited number of domestic policy systems	Partnership-working, consultation in CP weak, not in evidence outside of CP

6.2 Strategic quality

There is clear evidence that strategic limitations in the ROP have had a strong impact on the programme's achievements, especially in the field of R&D and innovation. In terms of the programming process, the Śląskie ROP met the formal requirements set out by the European Commission at the outset of the 2007-13 period. The programme contained the basic elements set out in the relevant guidelines, it went through a comprehensive consultation process and it was negotiated and agreed with the European Commission in a timely way. However, the quality of the ROP strategy suffered from several weaknesses (see Table 10). First, the consultation process on the development of the ROP strategy was limited in terms of the involvement of relevant stakeholders: according to research, less than half of the subsequent beneficiaries of the ROP actually participated in the consultation process and participation did not equate with an exchange of views on the region's strategic vision but rather a struggle to ensure that specific interests and agendas were represented. Moreover, the small MO team drafting the ROP had very limited research analysis or expert input on which to draw and the strategic basis of the ROP was under-researched: most analyses were generic and carried out at the national level. The Ministry of Regional Development (now MID) played a leading role in determining the strategic content of Regional Operational Programmes in the period 2007-13. The link between the ROP strategy and the indicator set (i.e. between the strategic and implementation components of the programme) was uneven. Several of these drawbacks can be applied to the specific heading of innovation, research and development. The limited use of region-specific knowledge or expertise in the development of the ROP strategy led to inconsistencies between the type of support offered and the regional needs in this area. For instance, there has been limited demand for technology transfer projects and cooperation projects between universities and SMEs, despite these being emphasised in the ROP strategy.

Table 10: Strategic quality

Strategic quality	Assessment of strategic quality			
	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
Specific indicators	Strong (A)	Significant (B)	Moderate (C)	Weak (D)
Programming process	Processes clearly defined and implemented well	Processes clearly defined and implemented adequately	ROP met formal requirements but some weaknesses in programming process, particularly concerning input of regional specifics.	Processes poorly defined and implemented inadequately
Negotiation and approval	Efficient and speedy negotiation and timely approval	Minor delays in negotiation/approval	Major problems with negotiations but minor delays in approval	Major problems with Negotiations, significant delays in approval
Quality of programme documents	Well-structured Documents, clear strategic focus	Programme documents with some deficiencies in strategy	Limited regional research analysis or expert input. Strong direction from central government. No region-specific strategic element in the ROP: priorities and text very general.	Programme documents with major deficiencies in strategy
Treatment of specific policy heading	Detailed, explicit reference to policy heading in programme strategy, adjusted to and appropriate to regional socio-economic context, strong links with related strategies	Explicit reference to policy heading partially adjusted to regional socio-economic context	Explicit reference to policy heading, limited adjustment to regional socio-economic context, limited reference to related strategies	Link between the ROP strategy for P1 and the indicator set weak: SWOT did not provide the basis for developing relevant indicators. Approach to innovation support was not consistent with regional needs in this policy area

6.3 Administrative capacity

The system for administering Cohesion policy in Śląskie experienced a substantial expansion and reorganisation of tasks and responsibilities and an accompanying growth in personnel as a result of the regionalisation of management and implementation tasks for the ROP 2007-13. The ability to implement development initiatives, both domestic and EU-funded, has grown considerably as a direct result of Cohesion policy. However, there are still significant structural and operational weaknesses that have limited ROP achievements (see Table 11). Internal restructuring of the Programming Development and European Funds Department of the Marshal's Office (MO) generally produced a clear, formal allocation of competencies and responsibilities and communication between bodies is effective. However, there are some management and operational issues, including a lack of integration of strategic programming and implementation units and the duplication of some implementation tasks among units (e.g. involving project documentation and appraisal tasks). In terms of coordination, there are several mechanisms and structures in place. Nevertheless, tensions between national and regional levels in the distribution of Cohesion policy powers and responsibilities are still evident. A prominent example is the so-called 'demarcation line' that differentiates between the type and size of project that can be funded in national and regional operational programmes. The demarcation line between the national Innovative Economy OP and the Śląskie ROP has created some problems for the implementation of support for innovation and R&D activities in micro-enterprises and SMEs in the region. Potential ROP beneficiaries have applied instead to the national Innovative Economy OP for support. Such tensions have also been reflected in the shift of Intermediary Body responsibilities between the IROP 2004-2006 and the Śląskie ROP 2007-13. In terms of administrative stability, staff turnover at the outset of the 2007-13 period had a negative impact on administrative capacity. Experience gained in implementing the IROP 2004-2006 was lost through organisational and personnel flux: three out of four staff members involved in implementing the ROP had no experience of implementing the funds in the 2004-2006 period. There are substantial administrative costs incurred by the MO and beneficiaries in managing and implementing projects. Under the heading of R&D and innovation, lengthy and complex procedures in project generation and selection and in processing payment claims created a significant administrative burden in comparison with other ROP priorities and in comparison with similar interventions in national, sectoral programmes. The development of appropriate indicators, values and targets has been limited, including under innovation and R&D making it difficult if not impossible to measure progress.

Table 11: Administrative capacity

Administrative performance	Specific indicators	Assessment of administrative performance			
		Strong (A)	Significant (B)	Moderate (C)	Weak (D)
Management	Structures	Clear allocation of tasks	Clear, formalised allocation of competencies and responsibilities but some management and operational issues	Partially formalized allocation of competencies and responsibilities. Significant operational weaknesses	Unclear or largely informal allocation of competencies and responsibilities. Major operational weaknesses
	Coordination and communication	Strong, regular coordination within administrative units and between units	Good coordination and communication but limited openness and	Coordination and communication mechanisms in partial operation but not regular	Poor intra-departmental communication. Lack of formal and informal channels for coordination

		and departments involved in CP management and implementation. Strong communication, with good use of formal and informal channels and periodic review	flexibility. Regular use of formal channels, limited use of informal channels.	and largely formal	
	Stability	Stable structures and responsibilities throughout the programme period	Largely stable structures. Minor internal reorganization	Significant organisational change at beginning of 2007-13 period. More change probable for 2014-2020 – shift to joint ERDF/ESF ROP.	Unstable structures with frequent/substantial reorganization of responsibilities among ministries or implementing bodies
	Human resources	Sufficiently qualified and experienced staff available. Low turnover	Staff available with some constraints in qualification, experience or turnover	Staff available, but major constraints in qualification or experience, or turnover	Severe lack of sufficient and qualified staff
		Well-developed HR management system with regular staff assessments and training.	Developed HR management system. Operational weaknesses in performance assessment and staff development	HR management system with limited performance assessment and staff development functions	No HR management system
	Administrative adaptability	Flexible mechanisms for ongoing adaptation and use of staff experience	Mechanisms in place for adaptation and transfer of staff to meet specific issues, dissemination of staff experience and knowledge a challenge.	Cumbersome, inflexible mechanisms for adaptation	No mechanisms for adaptation established
Project preparation and selection	Project generation	Sufficient demand, high quality of project applications	Project demand sufficient but some issues under innovation, R&D.		Low demand
	Project appraisal and selection	Clearly defined criteria, including well-developed and applied quality criteria, short decision times	Clearly defined criteria with deficiencies in quality criteria, partly long decision times	Mostly defined criteria, lengthy procedures with focus on formal criteria	Lack of defined criteria for appraisal and selection
Financial management	Processing of payment claims	Clearly defined and quick processing of payment claims,	Clearly defined processing of payment claims, partly multiple	Defined processing of payment claims. Frequent delays.	Processes not clearly defined. Major processing problems

		efficient checks	checks and delays	Multiple checks – some duplication among units.	
	Financial (de)commitment	Strategic approach to programme management to avoid decommitment	Measures in place to manage financial flows to avoid decommitment	Passive approach, case-by-case response to decommitment	No management mechanisms for decommitment
	Audit	System and procedures fully operational, coordinated arrangements for internal and external audit	Structures and procedures established but not fully operational, some issues with coordination of internal/external audits	System exists but only partially operational, significant procedural issues, lack of coordination of internal/external audits	Audit responsibilities and processes not defined, major problems with meeting external/internal audit requirements.
Monitoring and reporting	System of indicators and monitoring procedures	System and procedures fully operational, with coherent indicator system	System operational, procedures established, but not fully operational; some indicator weaknesses	Dedicated monitoring unit, system is working well. However, development of appropriate indicators, values and targets limited	No monitoring system
	Availability of financial, physical and procedural data	High-quality and comprehensive data, easily available and used for programme management	Good quality data, with some gaps, and/or imperfect procedures	Partial data available, mostly cumbersome procedures	No data available
Evaluation	Evaluation reports	Developed evaluation system with regular reports	Effective evaluation unit produces regular reports.	Only ex ante report(s) produced	No reports produced
	Evaluation methods and culture	Evaluation embedded. High level of capacity and utilisation	Evaluation system established, good capacity but utilisation is mixed	Mostly process evaluations – limited time, capacity to do impact evaluations Very little policy learning from evaluation	Evaluation is not considered useful. Limited or no capacity

6.4 Lessons Learnt

- The strategic quality of programming must be improved. Regional input into the programme strategy has been limited and this has produced weak links between the programme and actual regional needs. Looking forward, the principle of thematic concentration in the 2014-2020 period should facilitate a stronger focus on regional needs, although this again depends

on the extent to which EU and national inputs allow flexibility to tailor programmes to regional needs.²⁸

- There is a need for more institutional learning on the strategy-building side as most attention has been paid to implementation issues. This would be facilitated by the establishment of a dedicated unit that can focus on strategic goals without being encumbered by administrative or implementation considerations. The recent establishment of regional territorial observatories and a regional innovation observatory network means that more data will be available on specific territorial challenges and progress in responding to them. The mid-point evaluation and reporting on the new ROP in 2017 should be a very valuable exercise from this point of view.
- Although coordination systems are improving, the challenges of aligning interventions from national and regional Cohesion policy programmes has been emphasised under the heading of R&D and innovation. In this context, one of the aims of the new generation of territorial contracts negotiated between central and regional governments is to agree on the most important objectives and priorities, including those funded under Cohesion policy and identify and integrate regional initiatives and national initiatives that have an impact on specific regions.
- Despite considerable expansion over the past 5-10 years, administrative capacity is limited and there is the proportionality issue at the regional level. The administrative burden of project development and implementation is a disincentive, particularly for SMEs. Much time and money can be invested in the application process with uncertain periods of appraisal and no guarantee of success. The use of a short, pre-application fiche that could give an indication of the likelihood of approval would be more efficient.
- There has to be more flexible administrative processes for more complex, innovative projects. However, a basic issue is that administrative staff are trained in the mechanisms of spending Cohesion policy funding efficiently (e.g. meeting eligibility requirements, regulations and 'decommitment' rules etc.) but do not possess the knowledge in specific fields or policy areas that would allow them to assess the innovative worth of project ideas. Experts are involved in the project selection process but there is insufficient weight given to strategic, innovative aspects. There is very limited tolerance of risk and there has to be a stronger emphasis on risk assessment in innovative projects. This requires more training for staff in the managing authority or implementing body.

²⁸ Interview, policy-makers, Katowice, 17/4/2012, carried out by the author as part of the IQ-Net research network of regional and national partners from EU Structural Funds programmes.

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