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What is the role of regional policies in dealing with the economic crisis?

Although the ongoing recession is wide-spread, its **consequences** (scope of sectors, enterprises and citizens affected) **differ across particular territories/regions**, according to the type of regional specialization and level of regional/local vulnerability to recession.

As a result, any anti-crisis response should both **take into account particular regional characteristics and provide a package of well-coordinated** actions across different sectors. These conditions are met by EU structural funds, for instance, which are the main source of public investment in regional development in Poland.

Current regional policy in Poland (since 2000) is based on the new more **dynamic approach towards regional policy development**

- boosting competitiveness of **all** regions,
- referring to **endogenous potential** and unexploited resources
- and focusing on more **intangible assets** such as human capital.

These changes in regional policy-making in Poland are perfectly described in the OECD Territorial Review of Poland (2008) – a very valuable source of information for all experts, policy-makers, politicians, scientists.

For the period of 2007-2013 **Poland's regional authorities hold direct responsibility for 25% of the total allocation of those funds, which comes to nearly 17 billion EURO.**

This money is of crucial importance for smoothing the negative effects of the credit crunch on central and regional finances, and has become one of the pillars of Poland's national recovery effort.

As a part of this package, in January 2009 I presented the *Programme for faster implementation of programmes financed by EU Funds* to the Council of Ministries.

I believe that a fast disbursement of funds will allow us to provide our economy in 2009 with investment in infrastructure, human capital and business environment worth around 1.3 % of GDP.

These investments will not stop the development of a crisis in Poland but they can have a considerable impact on smoothing the recession path.

Among the instruments being implemented within the program you can find i.a:

- extended use of **pre-payments for all beneficiaries**;
- **faster transfers of money for big infrastructure projects**;
- simplification and rationalization measures in institutional and procedural environment **speeding up the process of projects implementation**;
- allocation of **additional 500 million EURO** in 2011 to 5 best performing regions.

Extended use of advance payment mechanisms allows to **improve and accelerate the expenditure of EU Funds**, mostly by entrepreneurs, which up-to-date have only been allowed to be given reimbursements.

The so called "**major infrastructure projects**" will be financed from the EU money **before getting the final approval of the European Commission**. Thus, the state budget which was the main source of their financing so far will be paid back.

Additional funds will be especially directed to the regions, **effectively implementing their development strategies** since their redistribution will depend on the evaluation of programme implementation **in 2009 and 2010**. Most of the RPO expenditures are directed to development activities (support for SME, R&D, information society, transport).

Apart from a national recovery package, some regional authorities have also developed their own anti-crisis or recovery packages. Among their main pillars one can find:

- stable budgetary policy;
- boosting public investments;
- increasing financial support for active labor market policy implemented by labor offices;
- speeding-up of implementation of projects financed by EU funds
- helping the poorest localities in fighting with recession.

Bearing in mind that in the long-term perspective the recent crisis can radically change the comparative advantages of regions, public authorities need to look at **the crisis as a catalyst of an innovative and more courageous approach** to the way they manage the regional development despite (or even because of) their shrinking budgets.

I hope that this active response of Polish government will not only **help to reduce regional suffering from the economic downturn and financial crunch** but different competition- and effectiveness-based measures will also ensure a **better starting point when the recovery begins**.