Abstract

The financial crisis caused that there is stronger than usual pressure on public finances and the need to use the available funds wisely and efficiently. Therefore public investments should be allocated mostly to the small number of priority investment aims to ensure more growth. This approach is called thematic concentration. Each region has to choose an investment strategy based on their own needs and challenges.

In this paper was taken an attempt to indicate how the West Pomeranian region can exploit the opportunities offered by the cohesion policy to stimulate the constant growth at the local and regional levels. West Pomeranian region should focus on making the necessary investments that will activate its economic potential and create new jobs, especially now when there are ongoing discussion about the future EU cohesion policy.

For practical support there were given some examples in the article that demonstrate the potential of innovative and efficient economy in terms of job creation, economic growth, protection of environment and natural resources.

Keywords: factors of development, thematic concentration, structural funds

Introduction

The financial crisis has caused stronger than usual pressure on public finances and the need to use the available funds wisely and efficiently. Therefore public investments should be allocated mostly to the small number of priority investment
aims to ensure more growth. This approach is called thematic concentration. This means that there is a need to select investment priorities to ensure their maximum impact on the achievement of additional benefits. It is important that investments are properly matched to the needs of the regions in which they are made. Each region has to choose an investment strategy based on their own needs and challenges. Sustainable economic growth is one of the three main pillars of the new strategy “Europe 2020”.

In this paper an attempt is taken to indicate how the West Pomeranian region can exploit the opportunities offered by the cohesion policy to stimulate the constant growth at the local and regional levels. The West Pomeranian region should focus on making the necessary investments that will activate its economic potential and create new jobs, especially now when there is a discussion going about the future EU cohesion policy.

The West Pomeranian region must be able to compete effectively with new competitive economies at the world market and a regional policy that will be implemented in the future is an investment program that will ensure growth and competitiveness.

For practical support some examples are given in the article that demonstrate the potential of innovative and efficient economy in terms of job creation, economic growth, protection of environment and natural resources.

1. The effects of structural funds in the province of Western Pomerania

The analysis of the data related to the GDP shows that in the last 10 years the economic role of West Pomerania has been significantly reduced in comparison with other regions of Poland and the rest of the EU. The decrease in growth can be estimated at 10%, the most significant being observed in Szczecin at around 30%. In the period of 1999–2006 the West Pomerania was the slowest growing Polish region. Its GDP declined by as much as 9.65%, which was the largest drop in the country. At the end of the period 1999–2006, the GDP per capita in the West region was 8.9 percentage point lower than the national average. The low outcome was mostly the result of the development during the period 2001–2003. The value of industrial output per capita dropped in Szczecin from 15 thousand PLN in 2004 to 11.5 thousand PLN in 2007. Among the provincial cities only Zielona Gora had a lower level of
production. West Pomerania is one of the provinces with the largest population of the disadvantaged in the labor market and has the lowest level of work activity. Despite significant improvements and an active policy it remains a region with a high percentage of the unemployed, including the long-term unemployed workers and the economically inactive residents. Number of unemployed workers is higher than the employed, average of 200,000. More than 15% of the region’s population aged 18–59 live in households where no one works. The employment rate in the region showing the share of employed in the total working-age population is maintained at the lowest level in Poland and is about 5 percentage points lower than the national average. Post-PGR areas, especially those located in the most difficult areas, are characterized by a permanent low activity rate – only 47% of the population are employed. The reasons for this are complex and form a vicious circle. The settlement pattern is scattered out, there are not many large urban centers. Agriculture does not provide new jobs. The areas discourage potential investors and entrepreneurs because of the poor condition of roads and lack of supporting infrastructure, thus there are no favorable conditions for the development of entrepreneurship. As the demand for jobs in other sectors is not found in the area where people live, those who would like to find a job are forced to search beyond the area.1

Studies with macroeconomic models show that thanks to the European funds there is a real process of economic convergence going on between Polish regions and the EU, and that the cohesion policy contributes to the reduction of divergence within the country. In the initial EU support period (2004–2008) payments from the EU funds were relatively low, and the total cumulative support value for the West Region was estimated at EUR 3 872.1 by the year 2015. The amount of funds per capita exceeds the total average for the country, amounting to 2 285 EUR per capita. The total size of the transfers allocated for the implementation of the NDP/NSRF in the years 2004–2015 is 2.95% in relation to the GDP level (in 2004).2

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1 The report on the state of Western Pomerania, West Marshal’s Office, Department of Regional Policy, Szczecin 2010.

As the analysis of transfers under cohesion policy shows, it is also important to study the structure of sharing resources for individual economic categories. There are three main sectors of support:

- basic infrastructure (IP),
- human resource development (HRD),
- direct support to the corporate sector (BSP).

The 2011 data published by Ministry of Regional Development demonstrate that in the case of West Pomerania (as well as in other regions), more than half of the funds are allocated for the support of basic infrastructure. The least amount of resources have been allocated for the development of human resources (under 20% of the total support amount in each region). Approximately 25% of the total sum was allocated for the direct support of the business sector. Because of the funding from the EU the Gross Domestic Product (GDP) in West Pomerania was higher by about 3% than the basic macroeconomic aggregate which is an emanation of the size and global importance of the economy. Positive effect of the EU funds is also observed in the case of measures reflecting the situation on the labor market. The simulations show that the funds under the NDP and the NSRF helped reduce the unemployment rate by 1.6%. The impact of the EU funds on the volume of fixed capital formation in the West Pomerania region is 12.4% over the level that would occur in the case of absence of EU support.

In comparison to the most developed regions of Poland such as Mazovia, Wielkopolska, Silesia, Lower Silesia the level of economy innovation in West Pomerania is very low. The share of expenditure on research and development (R&D) in the GDP is only 0.27%, which is much lower (11th position in the country) than the national average of 0.65% and 2% in the European Union. Also, other innovation indicators located West Pomerania as the 11th in the country: the number of people employed in R&D – 3440, spending on R & D per capita – PLN 53 (national average is PLN 120) or the number of patent applications registered by the Patent Office. There is a lack of individuals and organizations in the region whose main task is to develop and transfer technologies, including research and development institutions and commercial companies. As a result, West Pomerania is the last in the country as far as the share of development expenditure on R&D is concerned. The share of enterprises in the science financing programmes is also low – 0.6%, while the national average is 9.9% and 60% for the EU. As a result, there is no transfer of technology
and innovations from the research and development sector to the SME sector and the leading companies in the region’s economy do not use the research results by academic centers to solve their problems.

Low levels of innovation in the economy should be regarded as a threat to the future position of the region. Enterprises will not be able to participate in the future based on knowledge economy without raising the innovation capacity. This is also confirmed in other studies. According to two of the three research centers conducting the analysis of the impact of EU funds on economic development, the positive effect of the European cohesion policy funds will stop with the end of their programmes. This would mean that the results of the cohesion policy are mostly related to the demand effect rather than supply side. In other words, instead of investing in the future (innovation and competitiveness) too much funds are spent on projects improving the quality of life. Progress is mostly due to the use of common reserves and the continuing demand for the not much sophisticated technologically Polish products and to a small extent to the creation of the foundations of modern, innovative and competitive economy.

2. Thematic concentration – assumptions

Cohesion Policy will help achieve the goals of the Strategy “Europe 2020” by setting (thematic concentration) investments in the following areas:

- research and innovation activities,
- communication and information technologies (ICT),
- competitiveness of small and medium enterprises,
- transition to a low emission economy,
- adaptation to the climate change and prevention and management of the risks,

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5 A strategy for smart, sustainable and inclusive growth, the Communication Commission of Europe 2020, European Commission, Brussels, 3.03.2010.
– environmental protection and efficient use of resources,
– sustainable transport and removal of hindrances in key network infrastructures,
– promotion of employment and labor mobility,
– social activity and fighting poverty,
– education, skills developing and lifelong learning,
– institutional capacity creation and effective public administration.

Regions are differently prepared to participate in the 2020 strategy, which aim is wise (intelligent) growth through innovation and regional differentiation. Therefore there is no proper way to solve social and economic problems of the region. The desired results depend on the solutions (policy mix) which will develop the region’s strengths and address their weaknesses, either through the knowledgeable generation or through the diffusion and absorption including the adjustment of generic technology for specific market niches. Support for innovation should be adapted to the territorial conditions and rely on its local strengths. Regional policy can accelerate smart economic growth throughout the region through an integrated territorial approach which encourages regional cooperation and improves synergies with the Community policy for the research into the innovation of education. If the region develops an intelligent specialization strategy and uses the original, globally competitive specialties and niches then it will generate long-term profits. Such smart specialization strategies should ensure that financial resources directed to research and innovation will not reach critical mass and by targeted interventions will be directed in human resources, infrastructure, science and appropriate conditions for business. Smart specialization strategies should help the regions to concentrate resources on several key research priorities instead of shredding investments for different purposes and in different spheres. In this way, the region which is responsible for the development will be able to provide more efficient use of public resources and stimulate private investments. It may also be an important element in the development of multilevel management for integrated innovation policy. Moreover, the specialization strategies should be closely linked with other policies and require an understanding of regional strong sides in relation to other regions and the possible strengthening of

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6 Regional diversity is seen as an asset because it shows a variety of ways and roads leading to the growth and socio-economic development, therefore requires policy makers to develop the right policy mix adapted to regional needs and potentials.
inter-regional and international cooperation. The aim of the thematic concentration is to emphasize the innovation and to affect the innovation development strategies that focus on its strength and competitive advantage. Therefore the thematic concentration should provide a more efficient use of EU funds and other investments in the regions. One of the key features of a smart specialization strategy is its strong focus on the outside using a global competitive advantage. Many EU Members and regions have large experience in developing and implementing innovative strategies. These policies already cover most or many elements that could define it as “intelligent” in many cases, for instance they were based on careful assessment of the region, its competitive assets and capabilities, including SWOT analysis, extensive and intensive consultation with stakeholders and a deep understanding of business research.

In the face of the economic crisis, there is a particular need to intensify its activities without increasing the budget. This includes the implementation of ambitious and effective policies, with stronger supervision and simplified support system to substantially reduce bureaucracy on the beneficiaries’ side. In order to achieve this, the funds should be concentrated, shared more deliberately and goals should be defined more clearly. Because of these measures, funds will have a greater impact on the development and will help achieve even better results in the region. With wise spending of funds the instruments of cohesion policy will help achieve more with the same amounts.

The main aim of the new approach in the planning of actions is to consolidate the cohesion policy as the main investment strategy which is the pivot of “Europe 2020”. Proposals of the European Commission on the future cohesion policy is a serious attempt to improve the efficiency and effectiveness of the Structural and Cohesion Funds. Previous results (or the lack of them) in the spending of the EU funds has shown the need for a more strategic approach to the distribution of the EU funds, reduce fragmentation—spending on a wide range of intervention, social care and support policies to create an institutional environment that will foster the implementation of projects financed from structural funds. Proposals for common strategic purposes, thematic concentration, cooperation agreements, contingent payments and expenditures focused on the results represent an attempt to solve these problems. However, the key question is how to ensure the territoriality of the structural funds. A more

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7 See more: Cohesion Policy for 2014–2020, investment strategy for future development and competitiveness in EU.
strategic and thematic approach proposed by the European Commission should not lead to the reduction of regional projects that help deploy funds from the EU in accordance with the regional and local requirements and with the participation of sub-state partners. The effectiveness of the cohesion policy depends on the application of bottom-up approach to identify priorities and implement arrangements, as well as to rationalize administration, particularly in case of smaller programs.

3. Factors of contemporary regional economic development

Policy for economic development and regional planning strategy have undergone a series of evolutionary changes since World War II, driven by different paradigms of economic thought as shown in Figure 1. Those paradigms have shaped economic development policy and planning strategy.
the way regional and local communities and people think and plan for the future. But much thinking on regional economic development still remains embedded in the paradigms of the 1970s, because of an inherent reluctance of many regions and local communities to pro-actively embrace change. Subsequently, as suggested by Stimson, Stough and Roberts:8 …many regions are not re-equipping themselves fast enough to compete effectively in the global age of business and technology of the post-industrial economy. To compete successfully in the global economy, regional organizations and businesses need to understand the implications of the paradigm shifts occurring in economic policy and strategy, and to build the flexible strategic infrastructure to do so.

As shown in Figure 1, over the four to five decades that represented the transformation from the ‘industrial’ or ‘Fordist’ era to the ‘post-industrial’ or ‘post-Fordist’ era of the new knowledge economy, there was a shift from a focus on comparative advantage to a focus on competitive advantage as monetarism began to influence macroeconomic policy, and more recently on collaborative advantage. That shift is reflected in the evolution of regional development planning strategy.9 The evolution of advantage type thinking from the classical comparative advantage to competitive and collaborative advantage is described here in an effort to illustrate how one of the instruments of regional economic development strategy emerged and thus to further illustrate the broader evolution of strategy making process. The older notion of comparative advantage was derived from the economic theory on international trade which suggested that a nation or a region would or should specialize in an industry in which it had an advantage related to its particular resource endowments thus providing a factor cost advantage in producing a particular good. Until the mid 1970s, the focus of the master planning, goals and objectives, and structure planning paradigms in planning policy embraced the principles of comparative advantage.

Planning policies were primarily directed towards achieving the lowest production costs (labor, materials, energy, taxes and infrastructure) relative to competitors. Comparative advantage was heavily entrenched in the supply side economics,

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where goods and services were produced and surpluses sold (often with the support of subsidies and incentives) in international and domestic markets.

Later on during the 1980s, through the influence of authors like Michael Porter, the focus of regional economic planning strategy began to move towards *competitive advantage*, which put the focus on less tangible or ‘value factors’, including efficiencies, performance, and qualitative attributes such as quality of life, and human and social capital, and trust, rather than just on factor cost differentials that defined the concept of *comparative advantage*.

The emphasis thus changed towards the notion that regions would need to develop policies and implement strategies that sought to develop and promote their *competitive advantage*. That necessitated not only a factor cost advantage, particularly related to productivity and quality of goods and services that are traded, but also a competitive advantage with respect to other factors that enhance business development and operation, and that minimize risk. However, many governments continued to promote comparative differences and provided incentives to attract industries to regions, policies that do not dismiss the strategy of comparative advantage.

Both *comparative advantage* and *competitive advantage* strategies were and are heavily entrenched in a *win/lose* scenario. More recently, economic development and planning has promoted strategies that seek to develop and promote *collaborative advantage*, where firms and regions are encouraged to ‘collaborate in competition’ for strategic advantage, particularly through partnerships and alliances. That reflects a change in business attitudes, in which businesses and organizations that might once have considered themselves rivals, are now actively seeking strategic alliances, partnerships, and other forms of collaboration to explore opportunities and synergistically induced benefits for winning, creating and expanding business and business opportunities.

Foreign Direct Investment (FDI) is one of the most important factors of economic development in the contemporary world. Today, FDI is a basic mechanism of capital flows in the globalized economy, and the key factor for economic develop-

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ment in many countries. Foreign investments are of substantial importance for both the host country and foreign investor. For the host country, foreign direct investment contributes to the growth of business activity, increase of export, and employment, as well as to initiation or acceleration of the economic growth and development of the country. FDI is a valuable source of capital, but also an advantageous source of new technologies, technical and managerial know-how, and in this way it represents the source of human capital improvement. Firm specific assets, such as capital, technology, technical, managerial and human resource skills, according to some estimations, are scarce and lacking in the most part of developing countries.

In short, the characteristics of the modern model of development can be recapitulated as follows:12

1st. The sustainable competitive advantage can be achieved with the high level of innovation in the economy. In today’s model of development “quality” of the product is determined by its modernity, not by its life. Products and services with a high level of innovation are relatively expensive, so the cost of production is not a main determinant of competitive advantage.

2nd. The capital, which today becomes mobile, goes to where it meets the best economic conditions. The role of quantitative factors changes for qualitative factors – financial incentives are restricted and only have impact on the “low” segment, shaped by comparative advantage, in which production costs are essential.

3rd. The “high” segment seeks cooperating companies (so-called advanced business services), with the scientific, research, education and good living conditions for the “creative class.”

4th. The result is that the economy “goes to the people”, which is different from the situation in the past when people migrated to the places of extraction or processing of raw materials, port cities and other centers of dynamic industry. Transnational corporations play the most important role in the global economy and they are the creators of new technologies, organizational models, while creating jobs, providing income from exports and – if they find it appropriate to pay taxes in a given place (they apply internal transfer prices) – the tax revenue.

5th. At the same time the state withdrawn from direct businesses can influence local decisions only indirectly and it is mainly because of the creation of favorable conditions for the economy (qualitative importance of location factors).

This review shows that only some of territorial systems may be attractive to business and even fewer – to the activity that can be defined as technically advanced industry and knowledge services. These are the areas with characteristics that are consistent with the location criteria and thus able to attract capital (including the most valuable ones that bring innovation), and to create conditions to improve the competitiveness of enterprises operating in their area.

Conclusions

1st. The building process is the growth potential of the territory. Articulation of regional, national and international issues points at the need for cost-effective development processes.

2nd. Spontaneity and concentration characterize the modern development processes. Capital flows to the places where return on capital is the highest, mainly to metropolitan centers, which offer the highest quality of human capital.

3rd. The public policies should be made to support the diffusion channels. There are some examples in the world that a properly programmed regional policy can contribute to the spread of development processes from rich to poorer areas (some networks can contribute to that purpose, especially in the field of science and research and the dissemination of ICT networks that support direct transfer of knowledge to areas where it is not produced, for example by distance learning, upgrading the educational process).

4th. All development initiatives that involve autarkic orientation today have no chance for success. Territorial approach based on the development of endogenous resources and diffusion polarization becomes useful for the design of public policies that seek to promote balanced regional development. By 2020, due to the significant financial resources signed for the Polish EU budget for 2014–2020, the channel of diffusion in the region of West Pomerania should be the most important, the priority should be given to expenditure on modern transport, Internet, scientific cooperation, the cooperation of enterprises and building the social capital.
5th. Very important growth factors, that are mentioned in the document Poland 2030, are local human capital and high-quality public services. Without them, even if they exist, the diffusion channels will not be adapted in areas with lower levels of development. Therefore a model of polarization and diffusion is the model of sustainable development and a model that takes into account specific problem areas in the West Province.

6th. In order to compete effectively in the global economy, regional organizations and enterprises should: understand the implications of the paradigm shift occurring in the economic policy and regional economic development planning and build a flexible and intelligent strategies for the development of strategic infrastructure. In order to survive today, regions must develop their own strategies for how to use their own structures to compete internationally.

7th. This means that the reference to the endogenous processes is usually forced in regional economic development policies. In order to achieve that the regions must first understand what are the strongest factors that activate economy in the twenty-first century. Obviously, the development of external factors is important for the region, but it is the endogenous forces that are increasingly important determinants of competitiveness in the region.

8th. Endogenous growth theory assigns an important role to leadership, entrepreneurship and institutional factors.

9th. In order to achieve better results in the policy, there is a need to focus financial resources to achieve critical mass and make the intended economic and social changes. However, when selecting priorities for public intervention, it is necessary to take into account the specific characteristics of certain areas because there is no unified development path (universal approach to policy making) to be applied to different territories.

10th. The most important directive for the regional and state authorities is making the rational choices based on a broad, comparative international knowledge about the regional development, its mechanisms and instruments of influence – not on guesses, irrational notions and assumptions that the development of a backward region can be accelerated only by transferring substantial resources to it from the outside.

11th. The chances of region with underdevelopment and backwardness are in their possible fast structural changes – outflow workers from low-productivity sec-
tors (agriculture) to sectors with higher productivity. For these sectors to start growing it is necessary to raise the level of skills at the same time preventing brain drain through the use of specific instruments and incentives, to stop those most active and the most educated from emigration (scholarships, the rapid rise in public administration, promotion of scientific careers, etc.).

12th. It is necessary to increase the availability of transport and communication in major growth centers (the largest urban cities) and strengthen their institutional, research and development base. For this purpose resources should be focused on development-oriented projects, rather than scattered on welfare and other purposes that do not make up comprehensive development programs.

13th. It is important to use the existing endogenous potential to the maximum. It means focusing on the those elements of regional economies that already have a specialization and have obtained a competitive advantage at the national and international level (certain economic trends such as food, wood, tourism in some areas, etc.).

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**KONCENTRACJA TEMATYCZNA WARUNKIEM PRZYSZŁEGO ROZWOJU I KONKURENCYJNOŚCI REGIONU ZACHODNIOPOMORSKIEGO**

**Streszczenie**

Kryzys finansowy sprawił, że istnieje jeszcze większa niż zwykle presja na finanse publiczne oraz potrzeba wydatkowania dostępnych środków finansowych w sposób mądry i efektywny. Inwestycje publiczne powinny być z tego względu przeznaczane w większym stopniu na niewielką liczbę priorytetowych celów inwestycyjnych zapewniających największy wzrost. Podejście takie nazywa się koncentracją tematyczną. Oznacza to, że należy określić priorytety inwestycji, aby zapewnić ich maksymalny wpływ na osiągnięcie dodatkowych korzyści. Ważne jest, aby inwestycje były właściwie dostosowane do potrzeb regionów, w których są podejmowane.

W artykule podjęto próbę wskazania w jaki sposób region zachodniopomorski może i powinien wykorzystać możliwości stwarzane przez politykę spójności do stymulowania...
trwałego wzrostu na szczeblu lokalnym oraz regionalnym. Szczególnie teraz, kiedy trwa-
ją dyskusje na temat przyszłej polityki spójności UE, region zachodniopomorski powinien skoncentrować się na dokonaniu niezbędnych inwestycji, które pomogą zaktwywować jego potencjał gospodarczy i utworzyć nowe miejsca pracy.

Słowa kluczowe: czynniki rozwoju, koncentracja tematyczna, fundusze strukturalne.