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ABSTRACT
The paper presents results of implementing Operational Programmes offering support for small and medium-sized enterprises in Poland in 2004-2006(2009). The analysis is based on data on projects carried out by SMEs as final beneficiaries, especially in rural areas. The findings are discussed for all sixteen NTS 2 regions.

Keywords: SME, operational programmes 2004-2006(2009), rural areas

INTRODUCTION
The category of Micro, Small and Medium-sized Enterprises (SMEs) defines enterprises which employ fewer than 250 employees, which are independent from larger companies and have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro. SMEs great importance for EU and Member States economies is undeniable, which stems from the fact that there are about 23 million SMEs in the European Union (99% of all enterprises) providing over 100 million jobs [Facts…, 2009]. SMEs are the main driver of employment growth, a major source of entrepreneurial skills, innovation and social cohesion – that is why they are considered to be a backbone of the EU economy [Small…, 2007].

There have been many EU initiatives and documents both acknowledging the importance of SMEs sector and encouraging its development. Three of them seem to be of special significance: the European Charter for Small Enterprises, approved by EU leaders at the Feira European Council on 19-20 June, 2000, the Lisbon Growth and Jobs Strategy, simplified and relaunched in 2005, as well as the Small Business Act for Europe, adopted in June, 2008. They create a new SMEs policy framework, which proposes ‘a genuine political partnership between the EU and Member States that respects the principle of subsidiarity and proportional-

Poland became a EU Member State on May 1, 2004, which is also a date of starting a partnership with EU in supporting SMEs sector. Since that date, next to the domestic programs and instruments aimed at SMEs support and strengthening, there have also been EU strategies, programs and structural funds targeted at assisting Polish SME entrepreneurs in getting over bureaucratic burdens and other bottlenecks, resulting both from the unfavourable inheritance of centrally planned economy and from the current social and economic conditions. In 2004-2006 (up to 2009) Poland could use EU structural funds to realize a wide range of projects within two EU initiatives – INTERREG and EQUAL – and within seven EU Operational Programmes. The programmes were drawn up by the European Commission and Polish national and regional authorities on the basis of Commission guidelines and priorities of the Member States.

To investigate outcomes of realization of EU SMEs support policy in Poland, co-financed by EU structural funds, we will analyze these programs and projects that influence and support SMEs directly, i.e. that were carried out by SMEs themselves, as final beneficiaries.

Economic and social conditions in Poland differ significantly between urban and rural areas. The latter ones experience a much higher unemployment, both registered and unregistered as well as lack of possibilities for employment diversification [Rakowska, Wojewodzka 2010]. Most rural areas are not attractive for investors, either. In a research on the level of development of rural areas in Poland [Rakowska 2009], 1% of rural communes (NTS 5) was classified on a very low level of development, 95% were classified on a low level and only 4% on a middle level of development. These and many other factors contribute to piling up social and economic problems in rural areas, especially considering labour market and decreasing purchase power of inhabitants. SMEs may play a significant role in solving these problems. However the overwhelming majority of SMEs operating in rural areas in Poland are micro-enterprises, often run by a self-employed owner who operates only in local market.

These SMEs need a major support to survive in difficult local-rural market conditions, but there are no special measures for SMEs in rural areas – they act and apply for EU structural funds on the same rules as SMEs in urban areas, competing in a way for limited financial resources. That is why a special attention is paid in this paper to projects carried out by SMEs in

**Research objectives and methods**

The research is aimed at investigating the outcome of implementation of EU programmes supporting SMEs in Poland in 2004-2006(2009), in rural and urban areas of NTS 2 regions. It consists of two stages:

1. the analysis of documents, laws and legal acts defining rules for managing the Operational Programmes,
2. the analysis of statistical data on projects realized under these programmes.

EU structural funds management is based on general principles. According to EU rule called ‘n+3’, where ‘n’ is the last year of the programming period, the date of closing the operational programmes 2004-2006 in Poland was 2009. Thus, the research is based on data from the Ministry of Regional Development of Poland, as of June 30, 2009. The data base consists of 84 thousand entries describing projects carried out in Poland in 2004-2006 under the seven Operational Programs and two EU initiatives. The analysis consisted of five main stages: selection of data concerning project carried out by SMEs, data verification, qualitative analysis of description of projects, data compilation and quantitative analysis of value of projects by SMEs in NTS 2 regions, in rural and urban areas. The criterion for selecting projects for the research was that the projects should be carried out by the SMEs as final beneficiaries and they should be aimed at supporting the beneficiaries themselves.

Another EU principle defines which regions can benefit from EU structural funds – these are NTS 2 regions where GDP per capita is lower than 75% of average GDP per capita in EU, thus they are the regions whose development is lagging behind [Council…, 2006]. In Poland, all sixteen NTS regions met this requirement in programming period 2004-2006, and this research provides findings for each of NTS 2 regions.

**RESULTS**

Analysis of documents and legal acts concerning the seven Operational Programmes:

- Operational Programme Increase of Competitiveness of Enterprise²,³, co-financed by

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² Rozporządzenie Ministra Gospodarki i Pracy z dnia 1 lipca 2004 r. w sprawie przyjęcia Sektorowego Programu Operacyjnego Wzrost Konkurencyjności Przedsiębiorstw, lata 2004-2006, Dz. U. 04 nr 166 poz. 1744.
European Regional Development Fund (ERDF);

- Operational Programme Development of Human Resources\(^4\), co-financed by European Social Fund;
- Operational Programme Transport\(^5\), co-financed by ERDF;
- Operational Programme Restructurization and Modernization of Food Sector and Development of Rural Areas, co-financed by European Agriculture Guidance and Guarantee Fund;
- Integrated Operational Programme of Regional Development\(^6,7\), co-financed by ERDF;
- Operational Programme Fishery and Fish Processing\(^8\), co-financed by Financial Instrument for Fisheries Guidance;
- Programme Technical Assistance\(^9\), co-financed by ERDF;

proved that among numerous programmes, sub-programmes and actions, the criteria applied in this research were met by projects carried out by SMEs within three Operational Programme. Increase of Competitiveness of Enterprise was one of them. It was divided into 13 actions, of which only projects under action:

1. Increase of competitiveness of SME through advisory activities,
2. Support for product and technological competitiveness of enterprises, and
3. Increase of competitiveness of SMEs through investments were carried out by SMEs and met the criteria of the research.

Findings are presented in tables 1 and 2. SMEs in rural areas had the least share in projects under action 2.2 – merely 3%, in action 2.1. they carried out 16% of all projects and in action

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\(^3\) Rozporządzenie Ministra Gospodarki z dnia 30 grudnia 2005 r. zmieniające rozporządzenie w sprawie przyjęcia Sektorowego Programu Operacyjnego Wzrost konkurencyjności przedsiębiorstw, lata 2004-2006, Dz. U. z 18.01.06 Nr 7, poz. 43 oraz rozporządzenia i akty prawne zmieniające.

\(^4\) Sektorowy Program Operacyjny Rozwój Zasobów Ludzkich, Załącznik do Rozporządzenia Ministra Gospodarki i Pracy z dnia 1 lipca 2004 r., Dz. U. Nr 166, poz. 1743 oraz rozporządzenia zmieniające.

\(^5\) Rozporządzenie Ministra Infrastruktury z dnia 28 lipca 2004 r. w sprawie przyjęcia Sektorowego Programu Operacyjnego Transport na lata 2004-2006, Dz. U. Nr 177, poz. 1828, oraz rozporządzenia i akty prawne zmieniające.

\(^6\) Rozporządzenie Ministra Gospodarki i Pracy z dnia 01 lipca 2004 r. w sprawie przyjęcia Zintegrowanego Programu Operacyjnego Rozwoju Regionalnego 2004-2006, Dz. U. 04 nr 166 poz. 1745.

\(^7\) Rozporządzenie Ministra Gospodarki i Pracy z dnia 25 sierpnia 2004 r. w sprawie przyjęcia Uzupełnienia Zintegrowanego Programu Operacyjnego Rozwoju Regionalnego oraz Załącznik do rozporządzenia Ministra Rolnictwa i Rozwoju Wsi z dnia 7 września 2004r., Dz. U. Nr 200, Poz. 2051 oraz rozporządzenia i akty prawne zmieniające.

\(^8\) Rozporządzenie Ministra Rolnictwa z dnia 11 lipca 2004 r. w sprawie przyjęcia Programu Operacyjnego "Rybołówstwo i przetwórstwo ryb 2004-2006", Dz. U. Nr 197, poz. 2026, 2027 i 2028 wraz z załącznikiem: Sektorowy Program Operacyjny "Rybołówstwo i przetwórstwo ryb 2004-2006".

\(^9\) Rozporządzenie Ministra Gospodarki i Pracy z dnia 1 lipca 2004 r. w sprawie przyjęcia Programu Operacyjnego Pomoc Techniczna 2004-2006, Dz. U. Nr 166, poz. 1742 z dnia 26 lipca 2004 r.
2.3 SMEs in rural areas realized 35% of all projects, which was relatively the highest share. However, in terms of value, the relation is a little less unfavourable for SMEs in rural areas—they realized projects for the total value of 2,288,102 thousand PLN, which makes 36% of total value of all projects carried out within analysed actions.

Table 1: Number and value (thous. PLN and %) projects realized by SME in 2004-2006, under SOP ICE, actions 2.1, 2.2 i 2.3.

<table>
<thead>
<tr>
<th>Action</th>
<th>Number of projects</th>
<th>Value of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>of which:</td>
<td>(thousand PLN and %)</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>urban</td>
</tr>
<tr>
<td>2.1</td>
<td>2,234</td>
<td>1,808</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>81%</td>
</tr>
<tr>
<td>2.2</td>
<td>2,187</td>
<td>1,996</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>91%</td>
</tr>
<tr>
<td>2.3</td>
<td>2,837</td>
<td>1,798</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>63%</td>
</tr>
<tr>
<td>Total</td>
<td>7,258</td>
<td>5,602</td>
</tr>
</tbody>
</table>

Source: author’s elaboration.

The results of implementing discussed actions of the Programme also differ significantly in NTS 2 regions (see Figure 1 and Table 2).
Fig. 1 Share of total value of projects carried out by SME in rural areas in total value of all projects carried out under action 2.1, 2.2 and 2.3 in regions

Source: author’s elaboration.
Table 2: Share of the value of projects carried out by SME in rural areas in the total value of projects realized by SME in 2004-2006, under SOP ICE, actions 2.1, 2.2 and 2.3.

<table>
<thead>
<tr>
<th>NTS 2 region</th>
<th>Share (%) of SMEs’ projects in rural areas in actions:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.1</td>
</tr>
<tr>
<td>dolnośląskie</td>
<td>22</td>
</tr>
<tr>
<td>kujawsko-pomorskie</td>
<td>21</td>
</tr>
<tr>
<td>lubelskie</td>
<td>8</td>
</tr>
<tr>
<td>lubuskie</td>
<td>26</td>
</tr>
<tr>
<td>łódzkie</td>
<td>14</td>
</tr>
<tr>
<td>małopolskie</td>
<td>29</td>
</tr>
<tr>
<td>mazowieckie</td>
<td>13</td>
</tr>
<tr>
<td>opolskie</td>
<td>22</td>
</tr>
<tr>
<td>podkarpackie</td>
<td>19</td>
</tr>
<tr>
<td>podlaskie</td>
<td>29</td>
</tr>
<tr>
<td>pomorskie</td>
<td>26</td>
</tr>
<tr>
<td>śląskie</td>
<td>13</td>
</tr>
<tr>
<td>świętokrzyskie</td>
<td>13</td>
</tr>
<tr>
<td>warmińsko-mazurskie</td>
<td>36</td>
</tr>
<tr>
<td>wielkopolskie</td>
<td>21</td>
</tr>
<tr>
<td>zachodniopomorskie</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: author’s elaboration.

Operational Programme Restructurization and Modernization of Food Sector and Development of Rural Areas was another instrument supporting rural SMEs, however only in action 2.4 Diversification of agricultural and non-agricultural activities to ensure differentiation of jobs or sources of income. Although the primary financial limit for this action equalled 107,2 mln euro, in the process of reallocation it was decreased to 74 mln euro, which made 4.14% of the total budget of this program [Sprawozdanie 2009]. All 4015 projects carried out within this action were located in rural areas, which resulted from the general rules of this program. In the effect, 8847 jobs were created in rural areas, of which nearly 50% in service sector. This may indicate that entrepreneurs starting up non-agricultural businesses saw some potential in the local, rural markets. Interestingly, there were only 349 projects connected with agrotourism, and scarce examples of e-commerce. The majority of biggest projects were located...
in the south-east of Poland (see Figure 2).

Figure 2: Territorial spread of projects carried out under action 2.4 Diversification of agricultural and non-agricultural activities to ensure differentiation of jobs or sources of income. Source: *Sprawozdanie…*, 2009.

Integrated Operational Programme of Regional Development was another important instrument supporting SMEs, although it comprised of a wide range of differentiated actions. The most vital – from the point of view of this discussion – were actions 2.5 Promotion of entrepreneurship and 3.4 Micro enterprises.

Action 2.5 aimed at quite a wide range of activities including trainings, advisory, dissemination of good entrepreneurial practices as well as donating financial support after starting up a micro business. Among all 375 projects, no one was carried out by a rural SME and located in rural areas.
Action 3.4 was much more significant for rural areas as 697 (26%) of all 2700 (100%) projects were located in rural areas and carried out by rural micro enterprises. Projects carried out in rural areas made 31% (229 mln PLN) of the total value of projects under this action. The support was meant for micro entrepreneurs, i.e. those employing up to 10 persons and reaching up to 10 mln euro of annual net turnover, who had been running their businesses for up to 36 months before applying. Entrepreneurs-beneficiaries were supported in getting specialised advisory services and/or in getting financial support for investment. The majority of supported micro enterprises were run by self-employed natural persons, for whom it was the only job. It is estimated that this action influenced considerably the number of people employed in non-agricultural sectors in rural areas, however, lasting of the effects is quite controversial [Rakowska 2010].

CONCLUSION

In 2004-2006 SMEs operating in urban areas were much more active in applying for EU structural funds than those operating in rural areas. In case of Operational Programme Increase of Competitiveness of Enterprise, which was the most important for SMEs, the number of projects carried out under analysed actions in urban areas was four times higher than in rural areas. However, in terms of value, the relation is a little less unfavourable for SMEs in rural areas – they realized projects for the total value of 2 288 102 thousand PLN, which makes 36% of total value of all projects carried out within analysed actions. The results of implementing selected actions of the Programme also differ significantly in NTS 2 regions (see Table 2). In case of Operational Programme Restructurization and Modernization of Food Sector and Development of Rural Areas, action 2.4 there was no ‘competition’ between rural and urban SMEs as all the program was aimed at rural areas only. Integrated Operational Programme of Regional Development was similar in its legal construction and rules to Operational Programme Increase of Competitiveness of Enterprise and brought similar effects, when considering differences between rural and urban SMEs.

There are several reasons for such situation:

1. SMEs in rural areas are mostly micro-enterprises, which on one hand do not have enough financial resources of their own to co-finance the projects, which is required by regulations, and on the other hand - due to their financial and competitive condition - they are not reliable credit clients to banks.
2. SME entrepreneurs in rural areas often complain about too complicated, too bureaucratic procedures of application and about the lack of clear, practical information on how to apply.

3. SMEs in economically and socially handicapped regions apply mostly the strategy of ‘surviving till next season’ rather than ‘developing’ their business.

Summing up, it should be stressed that most rural SMEs in Poland, which are generally micro enterprises are still too weak and too vulnerable to quite often changing market conditions to play a role of economic backbone of local, rural economies.

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