



# **Review of policies and current situation in Poland and Warmia & Mazury region**

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**Warmia and Mazury Regional Development Agency J.S.,  
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## 1. POLICY ON NATURAL AREAS IN POLAND AND WARMIA & MAZURY REGION

Map of Poland



Source: European Commission <http://europa.eu/abc/maps/>

### 1.1 THE NATIONAL LEGISLATION OF POLAND GOVERNING THE FUNCTIONING OF NATURAL AREAS

**List of policies** (e.g. for UK the Environmental Protection Act 1990)

Nature Conservation Act 2004

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**Brief description**

Nature Conservation Act 2004 - The Act defines the objectives, principles and forms of nature conservation as well as the animate and inanimate landscape. It describes those forms in detail, even taking human activity into consideration. It has several paragraphs:

- 1) Conserving natural resources,

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- 2) Conserving flora and fauna and maintaining the longevity of protected species,
- 3) Goals and aims of environmental protection,
- 4) Definitions of all biological and scientific terms used within the act,
- 5) Defining the governmental responsibilities regarding the said areas and species,
- 6) Covering all forms of environmental protection (ex. Nature Parks or Natura 2000 areas),
- 7) Defining all laws and regulations in governing the said areas,
- 8) Defining the competences of the officials governing the areas, the competences and their dispensation is managed by the Minister for the Environment,
- 9) Covering the activities based on the said areas (ex. research, business activities etc.),
- 10) Managing all the registries concerning the said areas and species,
- 11) Taking health care and safety into consideration,
- 12) Managing the human resources needed for successful governing of the environmentally protected areas,
- 13) Managing the natural resources obtained from the said areas,
- 14) The final paragraphs consist of necessary amendments to the existing regulations,

The act is carried out on a national level and is enforced by the Ministry of Environment.

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## 1.2 THE EXISTING MANAGEMENT STRUCTURES OF NATURAL AREAS

### ***Brief description of the designation*** (e.g. for UK National Parks, in France – Grand Sites)

Natura 2000 - an ecological network of protected areas in the territory of the European Union. In May 1992, governments of the European Union adopted legislation designed to protect the most seriously threatened habitats and species across Europe. This legislation is called the Habitats Directive and complements the Birds Directive adopted in 1979. These two Directives are the basis of the creation of the Natura 2000 network. In May 2004, the Polish Minister of Environment, with the whole Polish Government's consent, submitted to the European Commission the list that proposed 184 pSCIs (proposed Sites of Community Importance), covering hardly 11 716 km<sup>2</sup>, i.e. about 3.7% of the country's area. Implementation process of Natura 2000 network has been carried out at the same time as the designation process. Within the framework of the N2000 implementation process, monographic reports were prepared in 2004 for particular species and natural habitat types, including guidelines for their conservation.

Zielone Płuca Polski (The Green Lungs of Poland) - the idea and conception of 'The Green Lungs of Poland'

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came into being in 1983; at the present time this conception could be recognised as a proposition of eco-development of the North-Eastern Poland. An Agreement was signed by administrative and political authorities of the North-Eastern region of Poland. The idea was to protect the nature as a composite unity by introducing the concept of sustainable development for North-Eastern voivodeships, called 'The Green Lungs of Poland' (Białowieża, 13.05.1988). Programmatic and scientific Council was appointed to realise the Agreement. On base of appropriate settlements, the Council attended the Agreement on behalf of the International Union for Nature Conservation. In the second half of 2003 Podlaskie Voivodeship Marshal's Office took actions to revive 'The Green Lungs of Poland' programme.

The main theses were accepted:

- activities defined in the Agreement should be connected with needs, tasks and chances of our region, especially in order to joining the European Union,
- structural funds should be raised and rationally used,
- promotion of regional goods and services,
- the proper legal and organisational form should be maintained,
- gaining the right to 'The Green Lungs of Poland' trademark,
- 'The Green Lungs of Poland' programme should be a self-funded undertaking.

Working teams, consisting of representatives of local authorities of 'The Green Lungs of Poland' region as well as the International Union for Nature Conservation were created. As a result of many consultations, main tasks were established:

- a new Agreement, providing a sustainable social, cultural and natural development as well as promotion of 'The Green Lungs of Poland' region, should be signed,
- 'The Green Lungs of Poland' Programme Council should be set up,
- The Foundation for 'The Green Lungs of Poland' should be established.

(text limit: 2000 characters by designation)

***How it relates to other administrative structures (hierarchy of responsibility)?***

Natura 2000 is a form of environmental protection that is governed nationally and maintained by the General Management for the Environmental Protection (Generalna Dyrekcja Ochrony Środowiska – for future reference called GDOŚ). Regionally it is enforced by the Regional Management for the Environmental Protection (Regionalna Dyrekcja Ochrony Środowiska – for future reference called RDOŚ). All reports to the European Commission are prepared and presented by GDOŚ.

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The Green Lungs of Poland – the main administrative body governing the organization is the Ministry of Environment of Poland. On regional level, any activity carried out through the scope of the Green Lungs of Poland is reported by the respective Marshall Offices. The programme also has created it's own foundation called The Foundation for 'The Green Lungs of Poland' – it is managed by four signatories, each from one of the participating voivodeships (podlaskie, warmińsko - mazurskie, kujawsko - pomorskie and pomorskie) as well as representatives of the National Foundation of Environmental Protection, members of several public committees and organizations and last but not least, the entrepreneurs.

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### ***How is it governed?***

Natura 2000 – the Minister of Environment is responsible for preparing and approving the lists of potential pSCIs (proposed Sites of Community Importance), habitats and species to be taken under the protection of N2000. He also is responsible for setting up a 20 year maintenance plan of the said areas and species. All decisions regarding new areas for implementation are directed to the Minister by the General Management for the Environmental Protection. Each area is governed individually by it's assigned administration staff, which reports to their respective Regional Managements for the Environmental Protection.

The Green Lungs of Poland – The Foundation's main task is to support actions of local authorities and the whole society in range of sustainable development of North-Eastern Poland, especially these actions connected with protection of the environment as well as preserving natural values. The Foundation is going to raise both national and foreign proper funds for that aim. The Foundation's activities amount to:

- implementing well balanced social and economical development of 'The Green Lungs of Poland' region, sustainable development of agriculture, tourism and forest management,
- considering specific values of the region in spatial and regional policy,
- financial initiatives as the base for 'The Green Lungs of Poland' development,
- increasing the attraction and competitiveness of the region,
- increasing the local, polish and European society's education about natural and cultural values of the region.

The Foundation Council's scope of activities entails:

- to chart main directions in functioning of the Foundation,
- to approve programs of functioning of the Foundation,
- to appoint and cancel members of the Foundation Board, to supervise works of the Board,
- to give the Board annual vote of approval.

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### ***Is there a link to the legislation already described?***

Natura 2000 is linked to the Nature Conservation Act 2004 due to the fact that the Natura 2000 was revalidated during the time of initiating the Nature Conservation Act 2004. For more information refer to paragraph 2.3 section “How it is governed?” for a more detailed outlook.

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### ***Highlight activity that is good and why (e.g. partnerships working, management plans, autonomy of activity)***

Natura 2000 – According to Warmia and Mazury Regional Management for the Environmental Protection, the current status of Natura 2000 territories amounts to: 259817,08 ha of protected habitats and 527483 ha of protected areas in general. 23 Polish National Parks have benefitted from the protection of Natura 2000. What has been done:

- Verification of all data regarding bird habitats,
- Evaluation of environment data concerning habitat area marking criteria,
- Designing a final list of protected areas,
- Finishing the list of areas included in the Natura 2000 Network.

The Green Lungs of Poland – The Green Lungs of Poland is acknowledged nationwide as an unique area with many distinctive and attractive traits. Through the activities of the Foundation, many initiatives were sponsored and implemented in its area of influence. For example - the following Nature Parks operate under Green Lungs of Poland and have benefitted much from the partnership: Białowiecki National Park, Wigierski NP, Biebrzański NP and Narwiański NP. The Green Lungs of Poland region was chosen for the development of ecological agriculture, agro- and nature tourism. It became a centre of healthy food production. Due to the Foundation’s activities, the regional system functioning in range of sustainable development as well as preservation of the cultural and natural Poland’s diversity should be implemented to social, economic and political activities in our region and the whole country, giving an example of good practice implemented on a national level. The foundation takes part in various projects encompassing various areas of interest within the environment sector – ex. educational programmes (“AGRISAVOIR” for young farmers) or promoting a healthier lifestyle (Youth Campaign for an Eco-Lifestyle). Many educational programmes are created to reach the social awareness about the need of environment protection. The Foundation also serves as a media partner for various cultural events – for example the Białystok Postive Vibrations Music Festival.

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## **2. POLICY ON ENTREPRENEURSHIP AND SMES DEVELOPMENT IN POLAND AND IN WARMIA & MAZURY**

### **2.1 JUDICIAL FORMS OF BUSINESS CONDUCT IN WARMIA & MAZURY - POLAND**

**Before the start-up of business activity it is good to make sure that any license (or permission) is not required and make efforts to obtain it.**

If the activity will be lead by a private person (or members of the civil partnership), an application for **entry in the register of business activity** conducted by the office of the municipality should be submitted.

Summing up the future entrepreneur can take business activity after obtaining entry to:

1. register of entrepreneurs in the National Court Register
2. register of foreign companies led by the minister responsible for economy
3. Business Activity Register

**Registered in National Court Register are:**

- a. companies of commercial law
- b. branches of foreign companies

Doing business activity in the **form of commercial law** is governed by the Code of commercial companies. The Commercial Companies Code normalized two types of companies: personal and capital. There is defined a way of their formation, merger, transformation and distribution. Partnerships are: general, limited, limited-joint-stock company. On the other hand capital companies are: limited liability company and joint-stock 25 company. Only capital companies have legal personality. Partnerships do not have a legal personality and their partners are responsible for the obligations of the company all their assets.

Foreigners from EU member countries and member states of the European Free Trade Association (EFTA) and citizens of other countries who have obtained permission to settle in Poland, a permit for permanent residence, refugee status granted in Poland or enjoy temporary protection on its territory may operate in all forms of legal instruments adopted in the Polish legal system. Other foreigners may operate only in a limited partnership, limited joint-stock, limited liability or joint stock company.

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## 2.2 ENTREPRENEURSHIP IN POLAND

1) By the end of 2005 in Poland there were over 3.6 m economic entities registered, of which 96.2% were private businesses. Micro companies (0-9 employees) form the biggest group among registered businesses as they account for approximately 95.1% of all economic entities. Out of all companies operating in Poland 4.0% were small companies (10-49 employees), 0.8% medium-sized companies (50-249 employees) and 0.1% big companies (250 employees or more). Micro companies are present mostly in crafts, trade, industrial processing, transport, construction, real estate and services to companies. In total they employ about 3.2-3.5 m people which accounts for almost 20% of those employed in the economy (on average 2 people in a business).

Industrial companies in Poland are not innovative which is confirmed by one of the lowest innovation coefficients in the EU. In 2004 the share of innovative companies amounted to 39.6 against 39.3% in 2003. The situation reflects unfavourable financial standing of Polish businesses and low interest in R&D activities linked

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to high risk of failure. There is also little propensity to establish co-operation links between businesses and research units resulting from, e.g. fears of business people of high investment risk when they decide to allocate their scarce resources for research. On the part of R&D economic innovations are adversely affected by the discrepancy between conducted R&D works and the needs of entrepreneurs. Also the share of high-tech industries in foreign trade significantly differs from highly developed countries. The share of new and modernised products in total production sold is on the increasing side.

In assessing the structure of industry in Eastern Poland, and in the five provinces making up the this region, we must emphasize that it is dominated by traditional industries, thus industries manufacturing the so-called “advanced technology” products are of lower importance. Of course this relates only to the products, as even in traditional industries, cutting-edge innovative technology is commonly employed.

The main objective of Poland's trade policies is, overall, geared towards increased liberalization. Poland maintains a multi-stranded approach combining multilateral, regional and bilateral initiatives. Trade liberalization in Poland has recently been largely concentrated at the regional level. Preferential tariff cuts within regional trading arrangements have exceeded multilateral reductions. Preferential access for EU products is provided under the Europe Agreement, whereby tariffs were eliminated on all industrial goods from 1999, except steel, and petroleum products, abolished from 2000, and automobiles, which are to be removed from 2002. Special arrangements apply to agricultural products. Poland also has free-trade agreements with EFTA member States, other CEFTA parties as well as bilaterally with the Baltic States, Turkey, and Israel. Preferential tariffs differ substantially between trading partners, and in 1999 were, on average, less than half of Poland's MFN tariffs.

Government incentives and guarantees for foreign investors include the following:

- full profit and dividend repatriation (after taxation);
- in-kind contributions to foreign-owned equity capital in the form of fixed assets are free of customs duty;
- funds from the liquidation of a company or from the sale of stock or shares may be repatriated;
- bilateral treaties have been signed with several countries for the protection of investments, providing for fair treatment of all investments and guaranteeing the investor's right to manage, obtain profits and utilize them;
- double taxation agreements have been signed between Poland and many other countries;
- certain additional guarantees and incentives may be obtained through negotiation with local authorities. This in particular relates to investments in certain economically depressed regions (in particular in the Special Economic Zones).

For more information about investing in Warmia and Mazury, see point 3.3.

Poland joined the European Community on 1 May 2004 and subsequently became eligible for support from EU Structural Funds.

Entrepreneurs carrying out business activity in Poland can be supported by grants within the framework of public aid provided in one of the Operational Programs. Operational Programs are co-financed from structural funds – European Regional Development Fund and European Social Fund.

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Subsidies are granted for entrepreneurs, who are investing in fixed assets (i.e. buildings, machines), intangible assets (i.e. royalty) and create new workplaces. Maximum level of support (depending on the chosen Operational Program) varies from 30 to even 85% of investments.

2) For all information regarding opening business in Poland refer to the previous point

Businesses registered in 2007

Industry – 397812, construction – 401143, wholesale and retail trade – 1230807, hotels and restaurants – 123568, transport and storage – 271124, financial intermediary – 142943, real estate – 627263, public administration – 28771, education – 108918, health and social care – 181378, community service – 280596.

3) Business environment institutions amount to (in %):

43% - SME supporting organizations

34,3% - Entrepreneurship Support Centres

14,4% - Entrepreneurship Incubators

5,1% - Technology Transfer Centres

Under 3% - Chambers of Commerce

- Science and Technology Parks

- Industrial Parks

- Technological and Innovation Centres

- Technological Incubators

4) The average loan size for starting a business, based on the Regional Loan Fund from WMRDAJS, amounts to ~65000 PLN (ranging from 10000 to 300000+ PLN with a larger part of those in the 50-120000 sector). The average wait time is 14 work days, which is ~3 weeks. Thus the average cost to start up a business amounts to ~80000 PLN.

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## 2.2. ENTREPRENEURSHIP IN WARMIA & MAZURY

In the Warmia and Mazury region there is produced 2,8% Polish GDP. The industry focuses only 3 per cent domestic employment and provides a 2,6 per cent of the total value of industrial sold output. Because of the agricultural character of the region, the production of wood and food processing prevail.

At the end of December 2008 in the REGON register of Warmia and Mazury, there were 116,1 thousand transactors. Public sector entities accounted for 5,8% and 94,2% in the private sector. In private sector individuals running a business accounted for 78,8%, most were engaged in trade - 29,6%, service of real estate and companies – 15,3% and building industry - 11%. However, in public sector, nearly half of entities (49,4%) dealt with the service of real estate and companies, 28% education, 8,3% public administration and 5,4% health. From the total number of employees 58,0% worked in industry, of which more than half in three

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sections: the production of food and beverages – 22,5%, production of furniture; other manufacturing activities – 17,5%, and the production of wood and wood products and straw and wicker – 11,5%.

Gross domestic product in the region in 2007 was 32 756 million PLN, representing only 2,78% of national GDP. The main sources of income were services (64% of GDP) and industry (8,2% of GDP). In the Warmia and Mazury province there is employed near 241 thousand people. Despite the nature of agric-tourism region, the industry employs 34% of people. Important from the standpoint of employment sectors are also education 15%, trade 9,8% and public administration. **Investments** in the Warmia and Mazury formed in recent years at 2-3 percent of domestic investments. The most important are investments in the industry, which are - just like at home - over 1/3 of investment expenditure. Nearly half of the capital is located in the companies. There are nearly 5,000 commercial companies, including almost 800 companies with foreign capital. With the biggest foreign investors in Warmia and Mazury are: Michelin (France, tire production in Olsztyn), Safilin (France, processing flax in Milakowo and Szczytno), Philips Lighting (Netherlands, machine industry in Ketrzyn), Heineken (the Netherlands, the brewery in Elblag), Schieder (Germany, furniture), Ikea (Sweden, furniture factories in Lubawa), Alstom Power (turbines producer in Elblag), Smithfield Food (United States, a shareholder in the Meat Factory in Elk, Morliny and Ekodrob in Ilawa).

Incentive for economic activity is an operating in the region of Warmia-Mazury Special Economic Zone (WM SEZ) with 18 subzones (Bartoszyce, Ciechanow, Dobre Miasto, Elblag, Ilawa, Ilowo, Lidzbark Warminski, Mlawa, Morag, Mragowo, Nowe Miasto Lubawskie, Olecko, Olsztyn, Ostroleka, Ostroda, Paslek, Szczytno and Wielbark) and two subzones Suwalki Special Economic Zone (SSEZ) - Elk and Goldap. WM SEZ occupies an area of 700,2 hectares, while the SSEZ (only for Elk and 11 Goldapia) area of 155,8 hectares. These subzones create for investors a friendly business environment, which ensure the local authorities and numerous organizations and institutions which facilitating an economic activity. One of such institution is Warmia and Mazury Regional Development Agency Joint Stock Company in Olsztyn, acting for the development of the Warmia and Mazury region and improving competitiveness of its economy. It inspires relationships between domestic and foreign transactors in the field of economic activity and stimulates the activities of institutions, social organizations and local government and businesses. Business services around the region are also provided by business consulting companies, branches and subsidiaries of banks, design offices, insurance companies and chambers.

Number of working in the region at the end of December 2008 was 336 191. The structure of working in the region varies relatively little from the national. Number of people employed in agriculture amounted to 6087, 81 640 in industry and construction 13 490, while 54 744 people were employed in market services and 78 650 non-market. Employment rate was in 2007 for women 48,94%, while for men – 51,05%. The average monthly salary in the enterprise sector of the Warmia - Mazury in the period of January - December 2007 was 2310 PLN. The average monthly salary is rising steadily, and last year, up to 13,8% in some sectors.

In 2008, in the Warmia - Mazury monthly salary in building industry was at the level of 2144,10 PLN. Private companies paid 2471 PLN, and the public 2585 PLN. The lowest wages were recorded in trade and repairs section 1950 PLN. In a private trade there was paid 1948 PLN, and in the public 2876 PLN.

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