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EFFECTS OF THE MEMBERSHIP IN THE EU – THE CASE OF LODZ

Abstract: Article is analyzing the socio – economic effects of Polish accession to the European Community. Particular attention is given to the level of economic activity of cities. On example of large urban center – the City of Lodz it's making the five-year review of Poland's participation of the European Union. The paper stresses in particular the role of European funds to stimulate economic development in cities and regions and the effect of opening up to foreign investments.

Key words: European Union, European funds, development, cohesion policy, infrastructural investments, partnerships, public participation.

Membership in the European Union with access to European funds, investors and European legal orders could guarantee long-term stability gave to the Polish cities the essential bases of development, without which the present day in Poland, economic growth and building a high quality of life would not be possible in such range like it is. Based on a review of selected references to the carried out operations in Lodz, as a consequence of accession to the EU's see what they look like real results.

In May it was five years since Poland had been present in the European Union. This is a good opportunity to make out a profit and loss account of Poland's membership of the Communities, especially with respect to the circumstances of our cities and the quality of life in the new post-accession reality.

The benefits are evident, and the public perception is more favourable by the year. Talking about the profits of Poland's five years in the European Union, we are talking about five years of rapid development reflected in the investment projects intended to modernise the Polish economy, somewhat civilisationally retarded in nearly every respect. We are also talking about building an infrastructure that meets modern western quality standards, as well as setting ever more excellent standards of democracy and social inclusion.

Our membership of the EU has significantly accelerated Poland's economic growth, and this growth has been largely affected by the European funds. In the

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period from 1 May, 2004 until the end of 2008 we received 26,5 billion euros, while we paid 12,5 billion euros to the EU budget. After five years of our membership Poland received 14 billion euros more than the contributions we paid to the common European budget. Until 2013 we are to pay to the budget 21 billion euros worth of contributions, to receive in return over 91 billion euros.

One direct success of Poland's accession to the European Union is the significantly reinforced stability of the democratic system in Poland, as well as public and state security. With Poland's accession to the group of Member States of the European Union, Poles became legitimate EU citizens, with all the ensuing benefits. Common Europe provides opportunity to travel, settle down, and work in any EU country.

With our membership of the European Union, Poland, and by extension the City of Lodz, began to be perceived as a stable investment market. Additionally, Lodz, with its business-friendly approach and good ratings, has been acknowledged by heavyweight international investors as a perfect place for investment. The City's presence in the European Communities has also given Lodz access to the European funds, in the acquisition of which we are a national leader.

It needs to be added that the consistently applied European cohesion policy, for providing access to sizeable funding resources has enabled Poland to make a quantum civilisational leap in respect of infrastructural improvements, both in terms of environmental protection and energy production and distribution systems, and transport and communication. The projects utilising the European funds that are offered by the various operational programmes have become an integral element of designing today's reality of developing Poland and increasingly modernised Lodz.

Open European borders and access to the funds earmarked for transnational and transregional projects have resulted in the development of partnerships, co-operation platforms, and exchanges of experience and know-how, which also enables Poland to join in the implementation of the Lisbon strategy and build an increasingly innovative economy and society based on knowledge and information management skills.

The growing financial needs of the City and Poland's opportunities brought about by the accession to the European Union have caused the City authorities to actively and effectively acquire financial resources from the European funds.

Thanks to Poland's accession to the European Union, Lodz is modernising and transforming into a modern metropolis. We are effectively seizing our development opportunities and successfully utilising European structural funds. During the programming period 2004–2006, i.e. from the accession to the Communities until 2006, the City implemented and overall 1.3 billion zloty worth of projects co-financed by the European funds, of which amount European co-funding contributions accounted for nearly 490 million zloty. The projects to

be implemented in the period 2007–2013 are worth nearly 2.5 billion zloty, including 1.3 billion zloty of co-funding contributions from the European funds¹.

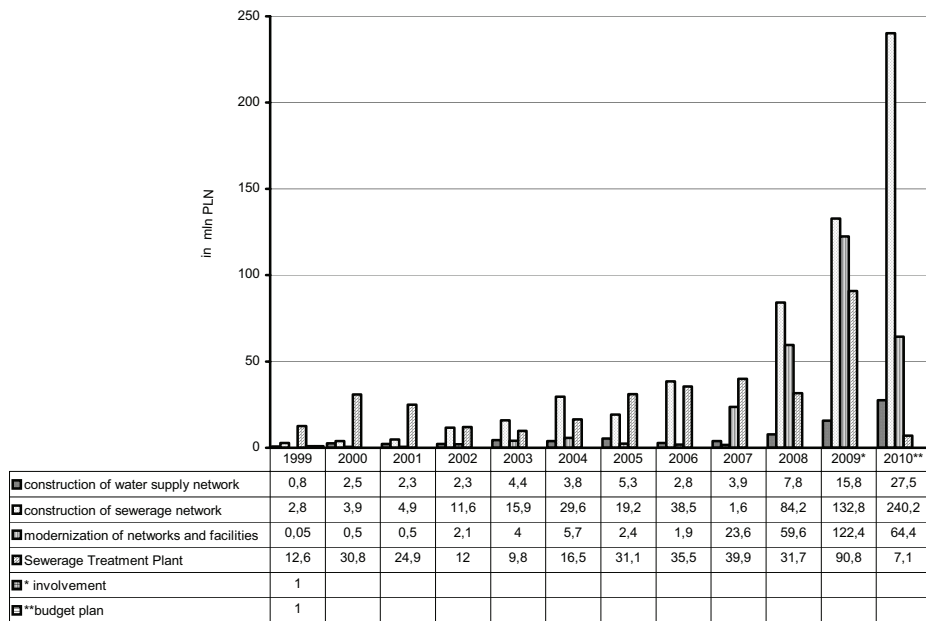


Figure 1. Expenses incurred for the construction and modernization of water supply and sewerage net and sewage treatment plant in the years 1999–2009

Source: data of The City of Lodz Office and Lodz Infrastructural Company.

The completed and ongoing investment projects have brought about a civilisation change of the living standards in the City, as reflected in its improved internal and external communication accessibility, better environment and recreation conditions, and access to modern communication infrastructure. Utilising the European funds Lodz has modernised the domestic road no. 1 – Włókniarzy Avenue, built the Lodz Regional Tramway, extended to the full size the Reymont Airport. Having access to the EU funding sources, Lodz has resolved the waste management issue by building the Collective Sewage Treatment Plant, sorting plant, waste handling station, modern biocontainer composting station, ballast dump with the appurtenant infrastructure. The nearest future will see the construction of a waste incinerator, already included in the Operational Programme Infrastructure and Environment. Effectively acquiring financial re-

¹ “Plan of the City of Lodz Local Development on years 2007–2013” (Lodz Assembly’s Resolution No. XLIV/876/08 of 19 November, 2008).

sources from the European funds we are implementing ambitious inner city revitalisation programmes, like the “New Centre of Lodz”².

With the EU funds, until the end of 2009 the entire urbanised zone of Lodz will acquire access to a modern waterworks and sewage network that meets the highest quality standards.

In Lodz, the opportunities brought about by EU funds, in the field of water – sewage economy has been a significant civilization change. It is illustrated by expenditures in this field to year 2004 and their significant increase after that date, associated with a significant increase in modern water supply and sewage networks.

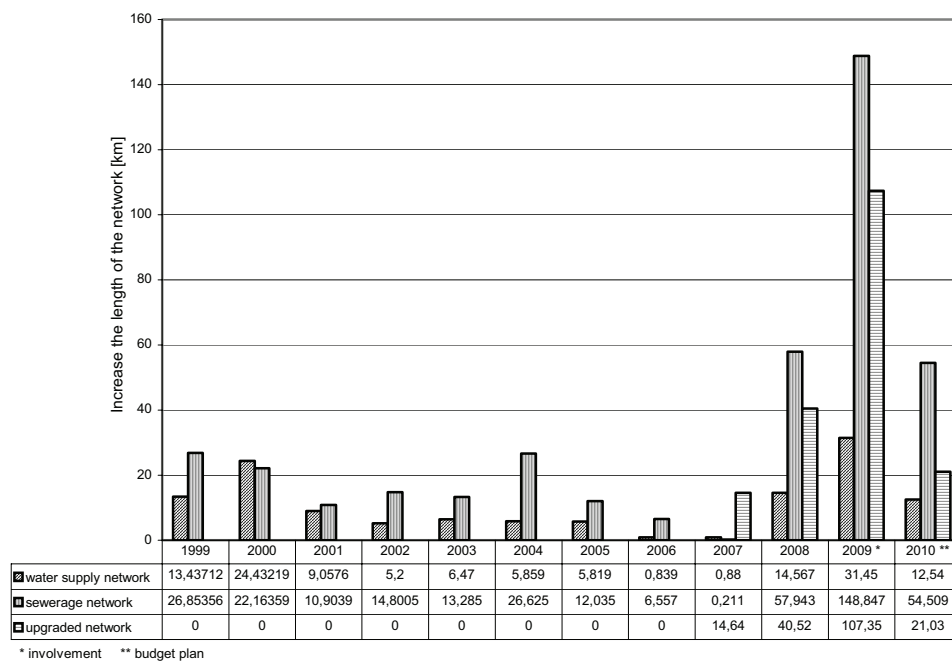


Figure 2. Increase the length of municipal water supply – sewerage network and the length of the upgraded network in the years 1999–2009

Source: data of The City of Lodz Office and Lodz Infrastructural Company.

² New Lodz Centre Programme (Lodz Assembly’s Resolution No. XVII/279/07 of 28 August, 2007).

This growth dynamics of expenditures on infrastructure of water and sewage systems in recent years is associated with large infrastructure projects, whose implementation has taken the city after the Polish accession to EU structures.

The first project entitled "Wastewater treatment in Lodz the phase I" implemented since 2004 aims to ensure basic urban amenities, and above all expansion of Group Sewage Treatment Plant for Urban Agglomeration of Lodz. The project is funded in 50% of the Cohesion Fund (total cost of 45.8 million euros) and is scheduled for completion in 2009. The second project is the largest infrastructure project in City. It is entitled "Water and sewage treatment plant in Lodz II" and is implemented since 2008, planned value of the project is more than 142 million EUR (actual value after the auctions more than 200 million euros), including 50% funding of the EU.³ With this investment, about 40 thousand inhabitants of the city will be given the opportunity to connect their properties to municipal water and sewage systems, giving all residents access to the network.

In addition the City created Lodz Infrastructure Company, a utilities company, which manages water and sewerage infrastructure in the city and is the proper beneficiary of structural funds, making the management of water infrastructure and raising funds for its modernization much more efficient.

The largest share of the City in implementation of infrastructure projects has been paid in period of 2007–2009, when outlays totaled of 953.7 mln PLN, including capital of Lodz Infrastructure Company – (740.6 mln PLN). The largest expenditures were incurred in 2009 and amounted to 361.9 mln PLN, including the amount invested by LSI – 265.1 mln PLN.

To improve the communication space organisation, the City has decided to extend and modernise the East-West tramway line (from Retkinia to Olechów) including the power supply and traffic control systems. This is a follow-up to the Lodz Regional Tramway project implemented in 2006, which was one of the biggest investment in field of public mobility. With this investment and the modernization of the keel tram on the main arteries achieved significant improvement in terms of trams (Figure 4).

There were also purchases of modern buses, including meeting strict emission standards Euro 4 and 5, which changed the entire city fleet on good quality public transport (Figure 3).

The first phase of the Lodz Regional Tram has been upgraded and connected to the zonal command and control system 60 intersections. The project also included stops' information and in terms of pilotage dimension electronically road signs and the installation of five cameras used for monitoring main roads in the city. The project cost more than 420 million⁴.

³ Multiyear economic programme titled „Waterworks and Wastewater Plant in Lodz II” (Lodz Assembly’s Resolution No. XVI/244/07 of 11 July, 2007).

⁴ Integrated Public Transport Plan for the Lodz Conurbation (Lodz Assembly’s Resolution No. XLIII/755/05 of 19 January, 2005).

A new project followed by LRT and now implemented is called "Improving the functioning of public transport in the central zone of the city of Lodz through the use of telematic systems" is a continuation of solutions initiated the project, LTR, and extend the system of modern, efficient solutions to the entire downtown area of Lodz.

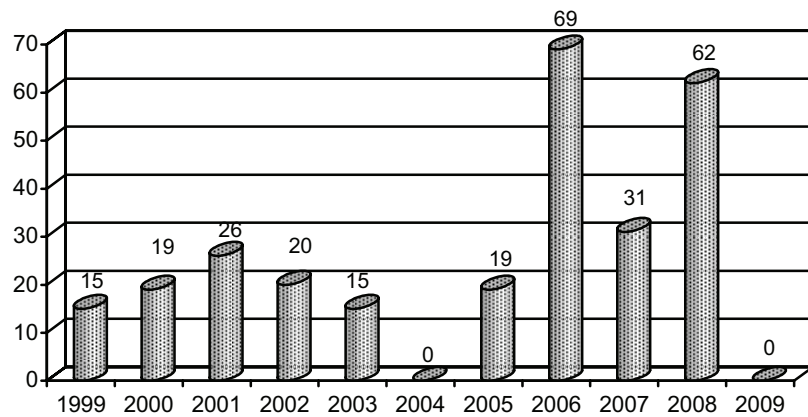


Figure 3. Buses purchased by MPK in the years 1999–2009

Source: data of The Roads and Transport Board.

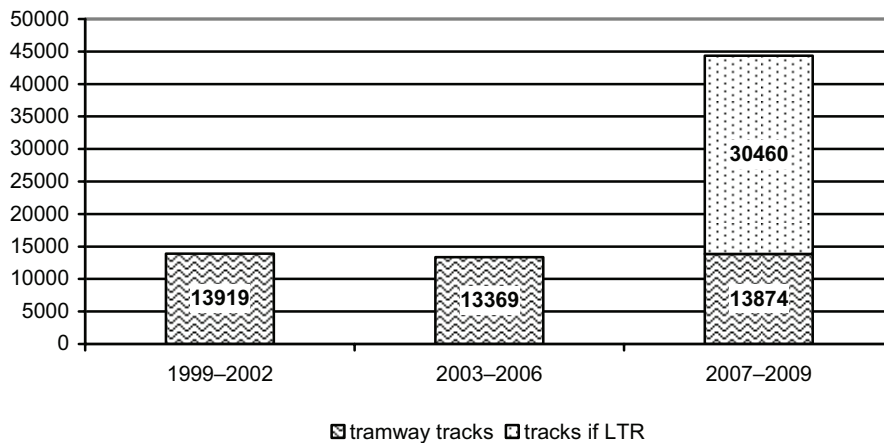


Figure 4. Tramway tracts along with the LTR in running meters

Source: data of The Roads and Transport Board and MPK (Municipal Transportation Company).

The European funds availability has inspired the City to launch various co-operation projects. In particular, the important issue of developing the information society deserves a comprehensive consideration and effective implementation, which is enabled by the projects in this respect being implemented in partnerships. The project designed to build a metropolitan Internet access network is an example of a large and very broad undertaking being implemented in partnerships with six municipalities in Łódzkie Region. The project is funded by the Regional Operational Programme of Lodz for 2007–2013 / European Regional Development Fund. The total project value is 48.7mln PLN, including the value of the grant from the ERDF is 36.5 million PLN. These kind of projects are given improvement of quality of IT and communication systems and strengthen the ties between other partners. A lesser digital exclusion in the municipalities and the City of Lodz, and broader citizen access to information will be a tangible effect for the local communities.

With the use of the EU funds we have an opportunity to actively support entrepreneurship development in the city. A very important result of the economic active participation in the EU is to implement an effective employment policy, allowing to achieve high employment rates (Figure 5, 6).

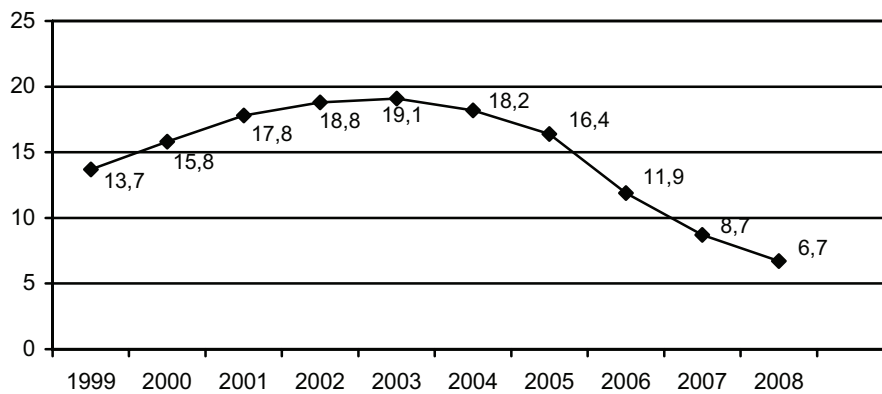


Figure 5. Unemployment rate %

Source: GUS (data of Main Statistical Office).

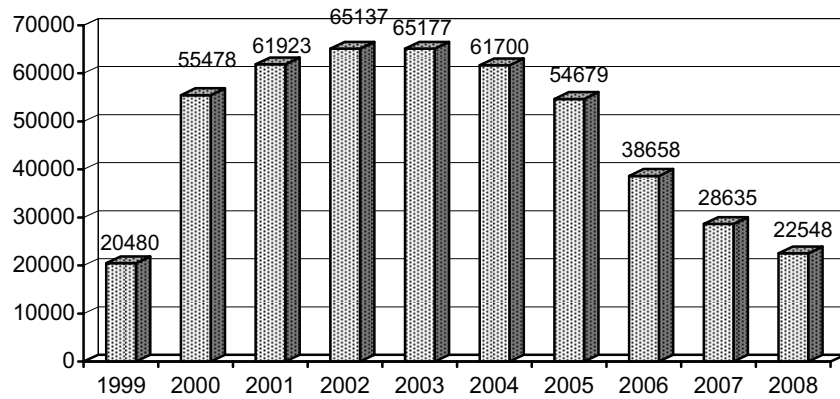


Figure 6. Total registered unemployed

Source: GUS (data of Main Statistical Office)

Using Poland's membership of the EU and applying active measures we have attracted heavyweight foreign investors like Bosch-Siemens, Indesit, Dell, Infosys, and many others, who have significantly increased the Lodz market's competitiveness and attractiveness.

The construction of the Science and Technology Incubator being part of the Lodz Regional Science and Technology Park will entail positive effects on the labour market by providing job opportunities for highly qualified human resources and reducing unemployment. Within the next 15 years the Technopark may attract 200 companies. This translates into one thousand highly qualified jobs. Another one thousand full-time jobs will be generated by the cooperating suppliers. It is vital that we keep and see employed the best educated graduates from the Lodz-based universities.⁵

Also, thanks to the presence in the EU and the use of ever more stringent safety standards and quality of safety of life has greatly improved. Visualize the expenditures on public safety and fire protection, which dramatically increased the possibilities offered by EU structural means.

⁵ "Strategy of development cluster in Lodz City on years 2007 – 2015" (Lodz Assembly's Resolution No. IX/155/07 of 11 April, 2007).

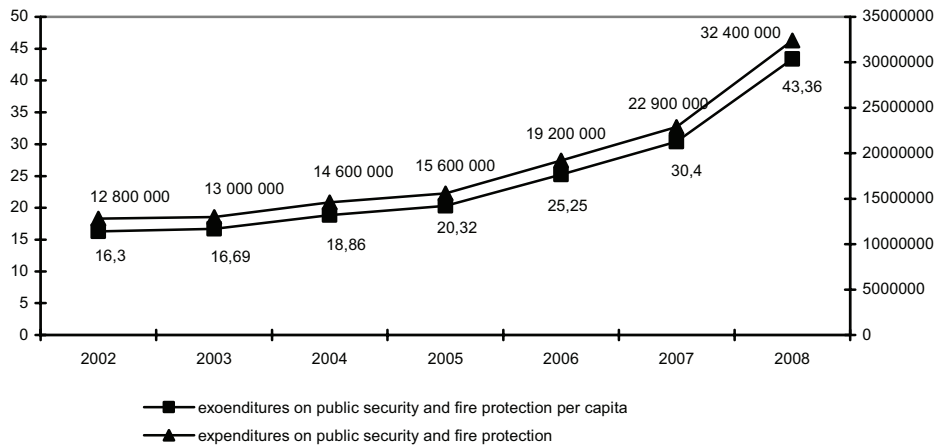


Figure 7. Expenditure on public security and fire protection (The City Lodz + budget units) in million PLN and per capita in an PLN

Source: data of the City of Lodz Office

With the need to meet high European standards in the financial policy of the city, Lodz led its policy of taking commitments in very responsible way, which showed statistical data of rating agencies. With a presence in the Community and good state of municipal finances Lodz all the time is a good place to do business, guaranteeing the conditions for a high European level (Table no. 1).

Table no 1.

date	rating
11 March 2003	BBB-/ negative
31 March 2004	BBB-/ stable
2 March 2005	BBB-/ stable
28 October 2005	BBB-/ positive
28 August 2006	BBB/ stable
7 December 2007	BBB+/ stable
23 December 2008	BBB+/ stable
23 November 2009 (Fitch)	BBB+/ stable
1 December 2009 (S&P's)	BBB+/ stable

Source: data of Strategy and Analysis Dept.

As we can see the development of Lodz City is obvious and it is thanks compilation of being in European Structures with the access to European grants, contacts, partnerships and implemented high standards of quality and of course trying to be more competitive between cities, what is also natural consequence of being in European Community.

Now what we can learn from the European Union is the skill of observing investment procedures, which has an impact on the investment project implementation efficiency. Another lesson learned is an increased involvement of public-private partnerships in investment projects. Such partnerships are still too infrequent in Poland and they still raise various concerns in both public and private sector partners.

Also, we could learn from members of the old Communities how to effectively implement and promote the idea of sustainable development, for example by applying the procedures concerning public procurement for environmental projects, and solutions designed to ensure better spatial organisation and harmonised development of the city.

On the other hand, the European Union, in particular its oldest members, could learn from Poland how to dynamically adapt to the existing circumstances and overcome problems, a skill that manifests itself in the transforming and increasingly modernised Polish economy. It is also reflected in the limited effects of the current financial crisis that is so severe in the old European Union. It is very clear that the current stability, ensured by Poland's conservative financial policies and likewise policies applied by leading Polish cities, like Lodz, makes it possible today to maintain a relatively higher economic growth rate without incurring high social costs, as is the case with the core countries of the old European Union.

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EFEKTY CZŁONKOSTWA W UNII EUROPEJSKIEJ – PRZYKŁAD ŁODZI

W artykule dokonano analizy efektów społeczno-gospodarczych akcesji Polski do Wspólnoty Europejskiej. Szczególną uwagę poświęca aktywizacji ekonomicznej na poziomie miast. Na przykładzie dużego ośrodka miejskiego – Miasta Łodzi powstał przegląd efektów pięcioletniego uczestnictwa Polski w Unii Europejskiej. Opracowanie szczególnie podkreśla rolę funduszy europejskich w pobudzeniu rozwoju ekonomicznego miast i regionów oraz efekt otwarcia się na inwestycje zagraniczne.

Słowa kluczowe: Unia Europejska, fundusze europejskie, rozwój, polityka spójności, inwestycje infrastrukturalne, partnerstwa, partycypacja społeczna.