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**Business Support in the  
2004–2006 and 2007–2013 Programmes  
in Poland and Hungary**

Iveta Černá

**Faculty of International Relations  
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## **Business Support in the 2004–2006 and 2007–2013 Programmes in Poland and Hungary**

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### **Summary:**

This paper attempts to compare the business support systems in Poland and Hungary, both implemented during the EC programming periods of 2004–2006 and 2007–2013. Only Objectives 1 and 2 (Objective Convergence and Regional Competitiveness and Employment) of the EC Cohesion policy are subjected to detailed analysis and evaluation. Special attention is paid to differences in terms of the character of the programmes, supported activities, institutional frameworks and rates of expenditure of the available funds. The paper also includes the comparison of business bases, classified in line with the OECD's methodology, distinguishing between the various levels of technology, intensity in manufacturing and the intensity of knowledge in the service branches.

**Key words:** business support, enterprise promotion, structural funds

## **Podpora podnikání v Polsku a Maďarsku v rámci programů pro programovací období let 2004–2006 a 2007–2013**

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### **Abstrakt:**

Článek porovnává systém podpory podnikání v Polsku se systémem uplatňovaným v Maďarsku. Komparace se zaměřuje jen a pouze na programy náležící v programovacím období ES let 2004–2006 pod Cíle 1 a 2 a v období 2007–2013 pod Cíle Konvergence a Regionální konkurenceschopnost a zaměstnanost. Hlavní důraz je kladen na rozdíly v charakteru programů, oblastech podpory, implementujících aparátů a v neposlední řadě míře čerpání disponibilních alokací. Ve středu zájmu se nachází také srovnání podnikatelských základů v obou zemích rozčleněných zejména dle technologické a znalostní náročnosti odvětví zpracovatelského průmyslu a služeb v souladu s metodikou OECD.

**Klíčová slova:** podpora podnikání, strukturální fondy

**JEL:** H25, H71, H81

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## Introduction

The character of the state's economic policy is considered one of the key factors in the competitiveness of the business sector. The business support system, co-creating the general economic policy, determines the performance of businesses situated in the given country. As regards the concept of the industry life cycle (Gort – Klepper 1982); when implementing the business support schemes, it is crucial that the levels of technology and knowledge intensity of the branches of manufacturing and services, respectively, are followed; because they are considered the determinants of businesses' innovation performance and competitiveness.

Since their accession to the European Union (EU) in 2004, both Hungary and Poland have benefited from the access to considerable financial allocations from the Structural Funds (SF) and the Cohesion Fund (CF), made possible by the *supranational programmes*. The latter are financed by both, the EU budget and national financial resources. Their focus and implementation are highly influenced by the policies and rules set at EU level. Due to the high amount of available financial allocations, they constitute the key tools for the promotion of business in both countries. Given this fact, the paper is focused on them. Accordingly, special attention is devoted to programmes, whose primary, and practically exclusive, goal is to promote business; i.e. the Sectoral Operational Programme Business Competitiveness (SOPBC), and the Operational Programme Innovative Economy (OPIE) in the case of Poland; as well as the Economic Competitiveness Operational Programme (ECOP), and the Operational Programme Economic Competitiveness (OPEC) in the case of Hungary.

Yet, businesses are not the eligible beneficiaries of all the programmes and their Priorities; therefore, not all supranational programmes serve as instruments of business support. Thus, in order to determine what Priorities genuinely comprise business support; the '*criterion of beneficiary*' was defined – its reason was to ascertain whether business establishments belong among the eligible beneficiaries of the aid. The above-mentioned condition is not applied when analyzing the level of actual expenditure of available sources; separate data for Priorities involving business support were unavailable.

In this paper, two economies of reasonably comparable economic, political, as well as historical backgrounds are analysed and compared. The countries used to co-operate closely within the Council for Mutual Economic Assistance (i.e. COMECON). To date, again, they are part of the one single grouping of States; the European Union; which results, *inter alia*, in the adoption and implementation of the programmes involving support for businesses through the Cohesion policy. Over the shortened programme period of 2004–2006 (following their EU accession), Poland and Hungary gained the opportunity to

draw money from the SF. Therefore, both of these countries were obliged to establish the institutional and programme apparatuses, as well as improving the administration process for the subsequent programme period of 2007–2013. As a result, not only does the comparison of both systems demonstrate whether the countries opted for the same, or at least similar, systems of programme implementation, but it also forms the basis for their assessment. It can be assumed that, given the differences in terms of the scale of the geographic area, and number of inhabitants (see OECD 2009), the systems of business promotion in Poland will, in terms of the number of programmes and institutions involved, differ from those existing in Hungary. Accordingly, as Poland attaches greater importance to the agricultural sector, it may be assumed that the business bases will also diverge.

*The objective* of this paper is to analyse and compare the systems of business support incorporated into the programmes available in Poland and Hungary under Objectives 1 and 2; and implemented over the course of the shortened programme period of 2004–2006. The programmes destined for the EU programme period of 2007–2013 are also subject to analysis, so we can observe the changes in programme spectra and institutional frameworks that were introduced in response to the previous programme period. In the case of the 2004–2006 period, it is possible to track the actual level of expenditure of the allocated funds.

Firstly, both systems for the 2004–2006 programme period are briefly analyzed and compared; *inter alia*, with particular emphasis on SOPBC and ECOP. Secondly, the level of the 2004–2006 allocations actually spent, together with the technological and knowledge intensity structure of the businesses operating in both economies are investigated. Thirdly, attention is given to the 2007–2013 programme period, namely to the character of the programmes, their layout as well as their institutional apparatuses. In addition, all the aforementioned characteristics are compared with those of the 2004–2006 period.

The services and manufacturing branches, in line with their technological and knowledge intensity, respectively, are classified in conformity with the *methodology* (see OECD (2005), p. 206), *which was developed by the OECD*, and is recognized worldwide, among others, by the EU. The methodology classifies branches into groups (hereafter to be referred to as the *Frascati groups*). Manufacturing industries are divided into the following four Frascati groups: high-tech (HT), medium high-tech (MHT), medium low-tech (MLT) and low-tech (LT) industries. The Frascati groups, into which the services are divided, are listed below: high-tech knowledge-intensive services (HT IK), financial knowledge-intensive services (financial IK), market knowledge-intensive services (market IK), other knowledge-intensive services (other IK), market less knowledge-intensive services (market LIK); as well as other less knowledge-intensive services (other LIK). Yet due to the lack of detailed data in both countries, it is

impossible to investigate the approved (committed) projects and grants and loans offered, or even, the actual spending of the allocations in line with this methodology.<sup>1</sup>

The comparative advantages of the manufacturing industry branches are stipulated according to the so-called *Contribution to the trade balance indicator* (see European Commission (2009); pages 43 and 48 for; respectively; the definition and statistics), representing the analytical indicator based on the share of the production of the total trade balance of the country, while also taking into account the size of the country's market (in relation to the world market).

## **1. General Comparison of the Systems Implemented over the 2004–2006 Period**

Both objectives (i.e. Objectives 1 and 2) had the same role in both countries, since all the regions of Poland, and Hungary as well, were eligible regions under Objective 1; whereas, Objective 2 did not apply at all; see Figure 1. Even the capital cities and their surroundings were underdeveloped (in EU regional policy terms, i.e. were eligible for aid under Objective 1).

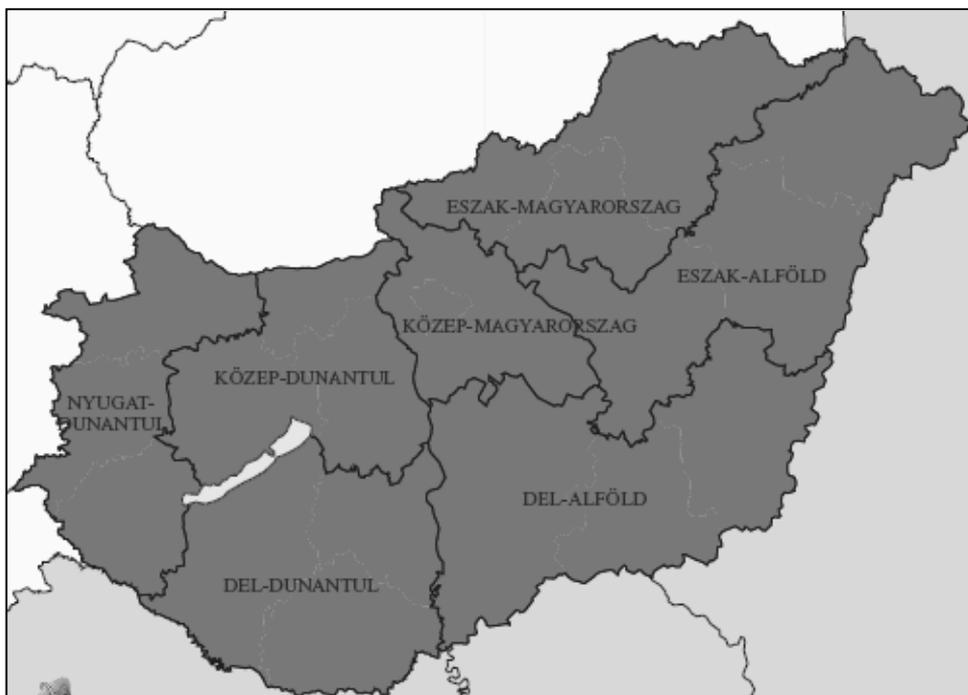
As for the financial resources, Poland was given a higher allocation than Hungary, in both absolute and relative terms; see Tab. 1. In fact, in Poland, the number of businesses was only three times higher than in Hungary (i.e. 3.62 million entities versus 1.21 million). As a result, the allocation per business in Poland exceeded, by only, some 39% the allocation per business in Hungary.

In Poland, there were seven *Operational Programmes (OP)*, whereas, in Hungary, there were just five operational programmes; see Figure 2. In conformity with the 'criterion of beneficiary', not all the Priorities (P) of the programmes represented tools of business support. Indeed, in Poland, the SOPBC played a crucial role, while the Technical Assistance OP included no business support, and so, is excluded from further investigation within this paper. In Hungary, its opposite number, the ECOP played a similar role. The position of business support in other programme documents in both countries was minor.

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<sup>1</sup> The above-mentioned data are not available for Slovakia, for instance. On the contrary, in the Czech Republic, this type of data is published; see for example Černá (2008), p. 13–14.

Figure 1: Eligible areas under Objectives 1 and 2 (Poland, Hungary)



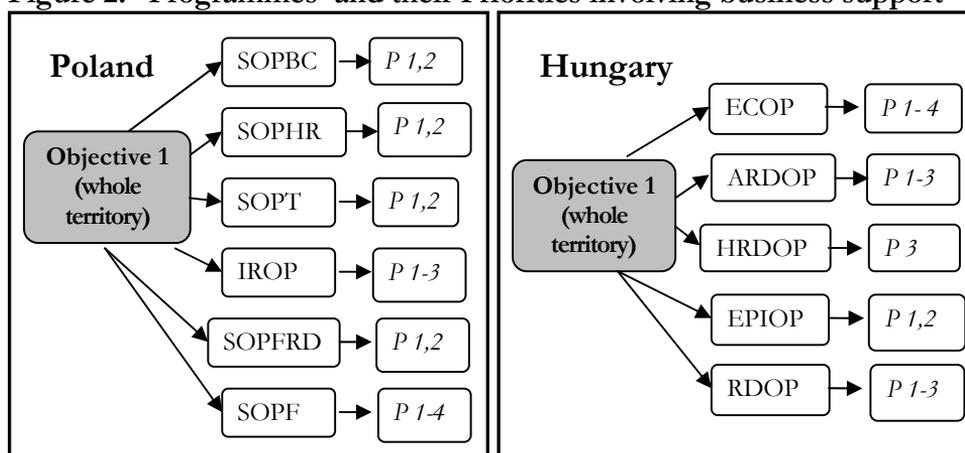
Source: European Commission (2004a).

**Tab. 1: SF allocations for business support in the period of 2004–2006 in EUR, (number of business as of the end of 2005)**

Regions in Poland	Allocation 2004–2006 (millions)	Allocation per business	Regions in Hungary	Allocation 2004–2006 (millions)	Allocation per business
Obj. 1	8 276	2 289	Obj. 1	1 995.7	1 651.0
Poland	8 276	2 289	Hungary	1 996.0	1 651.0

Source: European Commission (2004b), European Commission (2004c), Central Statistics Office (2008), Hungarian Central Statistics Office (2009); own calculations.

**Figure 2: Programmes<sup>2</sup> and their Priorities involving business support**



Source: European Commission (2004a), European Commission (2004b), European Commission (2004c), Structural Funds (2009), National Development Agency (2004); own elaboration.

In general, as regards scope, the Polish and Hungarian systems resembled each other to a great extent. In each of them, there was a programme aimed, primarily, at business support, a programme involving aid for human resources development, one or two programmes focused on rural development, as well as the agricultural sector (in Poland it also includes the fishery sector support) and a programme focused on regional development; see Figure 3.

<sup>2</sup> The names of the programmes *in Poland*: Sectoral OP Business Competitiveness (SOPBC), Sectoral OP Human Resources (SOPHR), Sectoral OP Transport (SOPT), Integrated Regional OP (IROP), Sectoral OP Restructuring and Modernisation of the Food Sector and Rural Development (SOPFRD), Sectoral OP Fisheries and Processing of Fishery Products (SOPF); *in Hungary*: Economic Competitiveness OP (ECOP), Agriculture and Rural Development OP (ARDOP), Human Resources Development OP (HRDOP), Environmental Protection and Infrastructure OP (EPIOP), Regional Development OP (RDOP).

Given the exclusive eligibility of the whole territories under Objective 1, over the 2004-2006 programme period, both countries ran systems whose implementation was nationwide (i.e. in each region, five or six variant programmes were available). All the programmes were sectoral and monothematic, since each of them showed a very narrow field of intervention.

**Figure 3: Supported activities – distribution among programmes (2004–2006)**

Poland		Hungary	
SOPBC	→	<b>Business support,</b> innovation, R&D, sites, access to capital	ECOP → <b>Business support,</b> innovation, R&D, sites
SOPHR	→	<b>HR development,</b> education, Promotion of HR in businesses	HRDOP → <b>HR development,</b> lifelong learning, HR in businesses
SOPT	→	<b>Environment,</b> <b>transport</b> <b>infrastructure</b> – ports, roads, rail	EPIOP → <b>Environment,</b> <b>transport,</b> anti- pollution, water management
SOPFRD	→	<b>Rural development,</b> changes in processing and primary production	ARDOP → <b>Rural development,</b> promotion of farmers, modernization
SOPF	→	<b>Modernization,</b> protection, aid for SMEs, marketing	RDOP → <b>Regional</b> <b>development,</b> tourism, infrastructure, HR
IROP	→	<b>Regional</b> <b>development,</b> infrastructure, human resources, local enterprise, tourism	

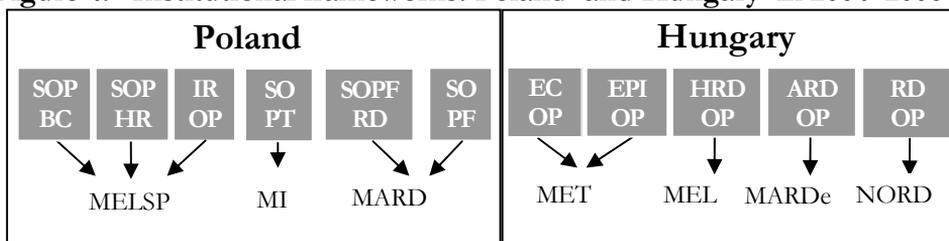
Source: own elaboration.

Unlike Poland, in Hungary the programme as well as the institutional layout reflected a rather moderate division of political, as well as administrative, powers within the country. Basically each programme was implemented through its own institutional framework. It can be said that the Hungarian system showed a fairly centralized approach to implementation. On the other hand, in Poland the leading powers (i.e. the role of *Managing Authorities* – MA) were in the hands of just three ministries, of which the Ministry of the Economy, Labour and Social Policy (MELSP) played a principal role; see Figure 4. It may be argued that in Poland, compared to Hungary, the competence of ministries are more concentrated.

In harmony with the aforementioned facts, the business support was implemented, primarily, through SOPBC and ECOP. Table 2 shows the activities which are eligible for aid within SOPBC, which itself included two

Priorities for supporting business. The aid included in Priority 1 was aimed at the development of the business environment; while Priority 2 served as an instrument for direct support. The major form of aid was represented by grants.

**Figure 4: Institutional frameworks: Poland<sup>3</sup> and Hungary<sup>4</sup> in 2004–2006**



Source: Ministry of Regional Development (2004), National Development Agency (2004); own elaboration.

**Tab. 2: Priorities covering business support within SOPBC**

Priorities and Measures	Form
<b>1 Enhancement of knowledge-based economy business environment</b>	
Strengthening of institutions supporting businesses' operations	grant
Creation of favourable conditions for enterprise development	grant
Creation of favourable conditions for enterprise development	grant
Strengthening of co-operation between the R&D sphere and the economy	grant
Development of a system for entrepreneurs' access to information and public services on-line	grant
<b>2 Direct support to enterprises</b>	
Improvement of the competitiveness of SMEs through advice	grant
Support for the production and technological competitiveness of businesses	grant
Improvement of the competitiveness of SMEs through investment	grant
Support for investment adapting businesses to environmental protection standards	grant or loan

Source: Ministry of Regional Development (2006); own elaboration.

<sup>3</sup> Ministry of Economy, Labour and Social Policy (MELSP), Ministry of Infrastructure (MI), Ministry of Agriculture and Rural Development (MARD).

<sup>4</sup> Ministry of Economy and Transport (MET), Ministry of Agriculture and Rural Development (MARDe), Ministry of Employment and Labour (MEL), National Office for Regional Development in the Prime Minister's Office (NORD).

Yet the division of Priorities within ECOP did not derive from the nature of the aid (i.e. either direct or indirect), but rather from its thematic focus; see Tab. 3. A grant represented the only available form of aid.

**Tab. 3: Priorities involving business support within ECOP**

<b>Priorities and Measures</b>	<b>Form</b>
<b>1 Investment Promotion</b>	
Development of competitive products and services	grant
Development of business infrastructure	grant
Pro-active investment promotion consultancy	grant
<b>2 Development of SMEs</b>	
Development of the technical & technological background of SMEs	grant
Development of the entrepreneurial culture	grant
Development of co-operation in corporate sector	grant
<b>3 R&amp;D, innovation</b>	
Support for application-oriented co-operative R&D activities	grant
Improvement of the conditions for research, technology transfer and co-operation at publicly financed and non-profit research facilities	grant
Reinforcement of corporate R&D capacities and innovation skills	grant
<b>4 Development of Information Society and E-Economy</b>	
Development of the e-economy, promotion of e-commerce	grant
Development of the information (digital content) industry	grant
Development of e-administration (local government)	grant
Development, and extension of, the broadband telecommunication infrastructure	grant

Source: National Development Agency (2004); own elaboration.

## **2. Comparison of the Use of the 2004–2006 Allocations, Structure of Business Bases**

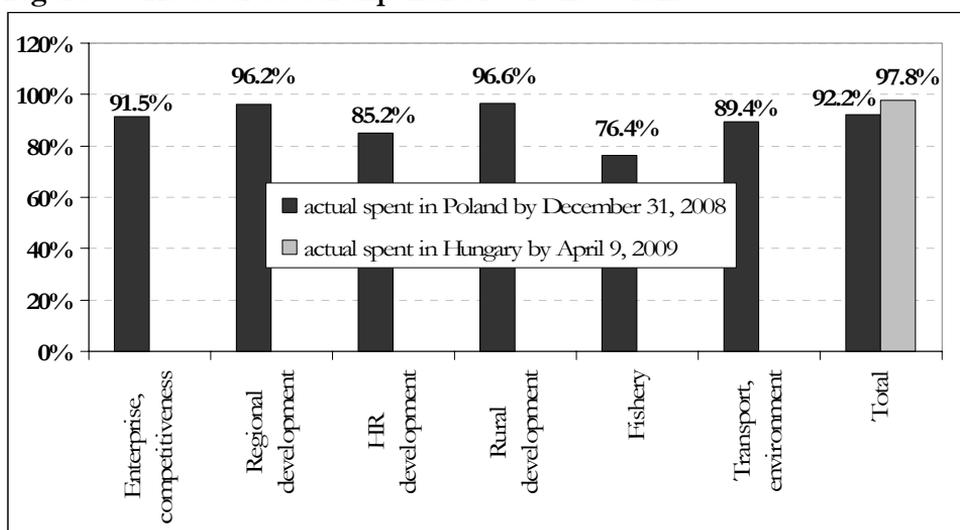
The chapter is divided into two parts – firstly, the comparison of the overall levels of the actual expenditure of SF allocations is presented, and secondly, the technological, as well as the knowledge-intensity structure of business bases is examined.

In total, both countries are quite close to having spent their allocations completely. Hungary shows slightly better results, though. In line with the ‘n+2 principle’, the projects approved at the end of 2006 are eligible for grant support

by the end of 2008. Due to this, there is still some room for further drawing of allocations.

Due to the lack of information, it is impossible to compare the results attained by both countries, therefore, only Poland has come under closer examination. From the business support point of view, it is considered positive that the programme aimed primary at it (i.e. SOPBC), showed actual amount of the allocation spent as coming to nearly 92%. A comparable, or even better, situation can be observed in case of IROP and SOPFRD. The lowest level of actual spending was achieved by SOPF.

**Figure 5: Rates of actual expenditure of allocations<sup>5</sup>**

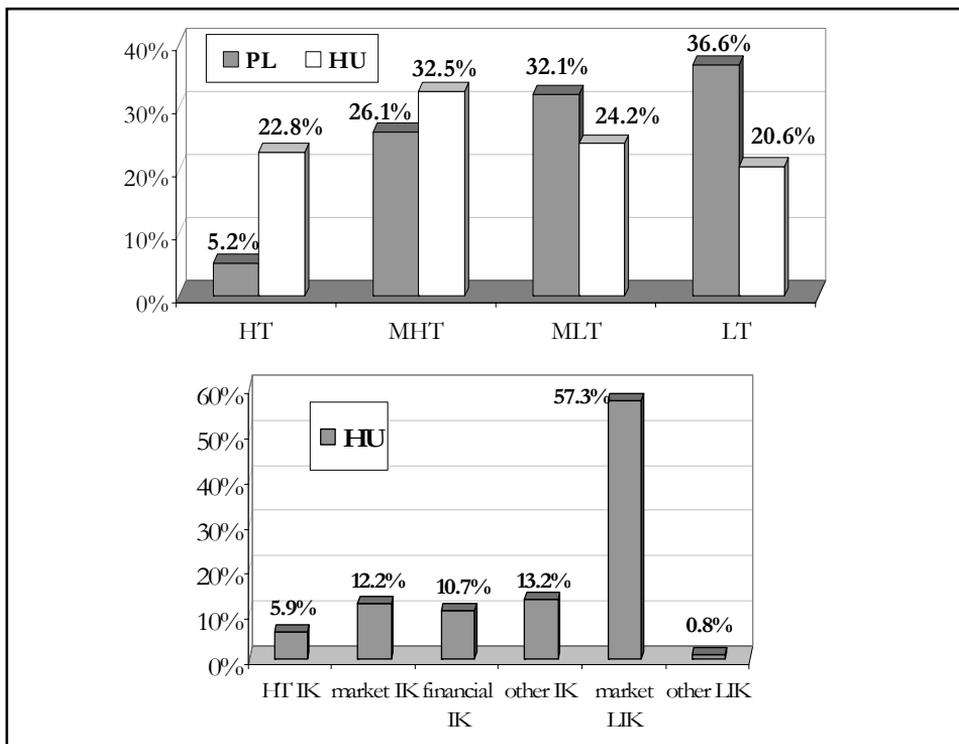


Source: Ministry of Regional Development (2009), Budapest Business Journal (2007), Hungarian Development Agency (2009); own elaboration.

Hungary shows, obviously, a more positive Frascati structure in the manufacturing industry than does Poland, where approx. 37% of the turnover generated in the manufacturing sector as a whole is attributable to LT industries; see Figure 6. Accordingly, the HT group of manufacturing branches shows a more than four times higher share in Hungary than in Poland, where it seems to be rather marginal. However, in the service sector, Hungary suffers from an unsatisfactory position of the knowledge-intensive branches. In fact, the share of KLI services in turnover amounts to nearly 60%. (Data on the service sector in Poland were inaccessible.)

<sup>5</sup> Data of actual expenditures of allocation within each OP in Hungary were not available in English, either in French. The information was published in the English version of the web pages of the Hungarian Development Agency is very limited.

**Figure 6: Position of Frascati groups: turnover in 2006 (for services in 2004) in Poland (PL) and Hungary (HU)**



Source: Eurostat (2008), Hungarian Central Statistics Office (2006); own calculations.

In fact, according to the European Commission (2009), Hungary shows a comparative advantage in the production of televisions and chemicals; this is in conformity with the structure of businesses (see Figure 6). Indeed, nearly 16%, and more than 7%, of the turnover in manufacturing was generated by these two branches, respectively, in 2006. The production of televisions forms part of the HT manufacturing, and thus represents the crucial powerhouse of the HT industry in Hungary. On the other hand, Poland shows the highest comparative advantage in the production of machinery, cars and food, which is, again, more or less in conformity with the findings of the paper in Figure 6. In fact, the food production as part of LT occupies approx. 19%, car production belonging to MHT at 10%; with machinery production as part of MHT accounting for 10% of total turnover generated in manufacturing.

In general, it is considered difficult to measure the actual outcomes of any aid; which is considered the weak point of, amongst others, all State aid, or aid granted under the EU Cohesion policy. As a consequence, the level of technology, or knowledge intensity, of a supported branch is considered to be criterion of a certain informative value.

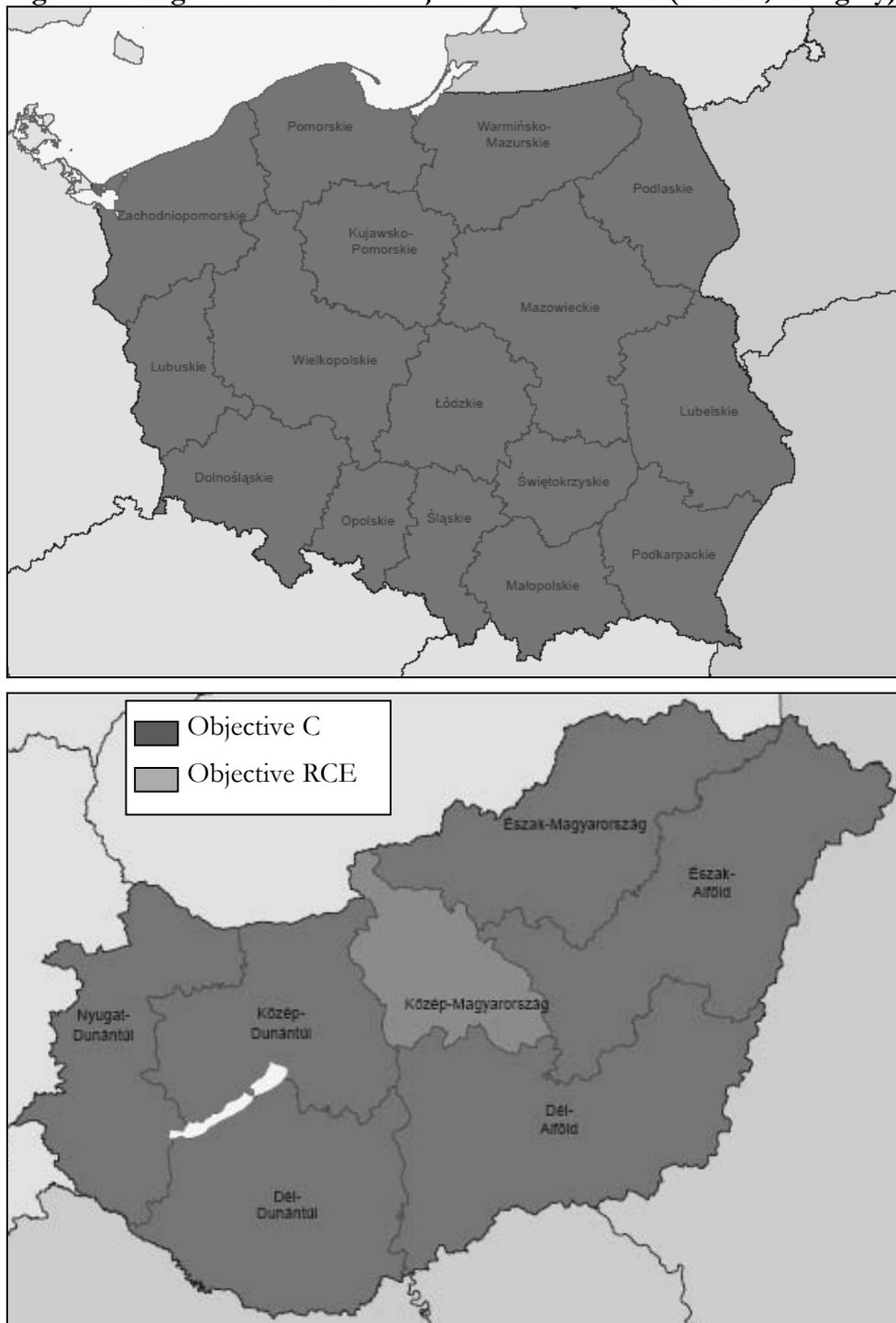
Indeed, it is desirable to promote, through supranational programmes, primarily the promising and innovative branches (i.e. HT or MHT). The Frascati structure of projects, and the aid offered, is highly dependent on the Frascati structure of the business base itself. However, due to the lack of detailed data in both countries, it was impossible to evaluate the actual spending of allocations in line with the OECD methodology, in this paper.

### **3. General Comparison of the Systems Implemented over the 2007–2013 Period**

In the new programme period of 2007–2013, the position of the countries differs slightly. Poland maintains the *status quo* already achieved in the preceding period; that is, all the voivodships represent underdeveloped regions (meaning that the whole territory is covered solely by Objective Convergence (hereafter referred to as Objective C). Conversely, in Hungary, unlike the rest of the territory, the region of Central Hungary, where the capital Budapest is situated, underwent a kind of graduation from Objective C, and belongs, from now on, to Objective Regional Competitiveness and Employment (hereinafter referred to as Objective RCE); see Figure 7. The region of Central Hungary is economically more developed than before, because Budapest has a strong position as a location where the headquarters of businesses are situated.

Even though in absolute terms, the allocation from the SF for Poland exceeds the allocation dedicated to Hungary, in relative terms (i.e. when measured by the allocation per business establishment); Hungary shows a higher number; see Tab. 4. This phenomenon derives also from the fact that the number of economic entities in Poland is just three times higher than the number of enterprises in Hungary (approx. 3.69 million versus 1.23 million).

**Figure 7: Eligible areas under Objectives C and RCE (Poland, Hungary)**



Source: European Commission (2007a).

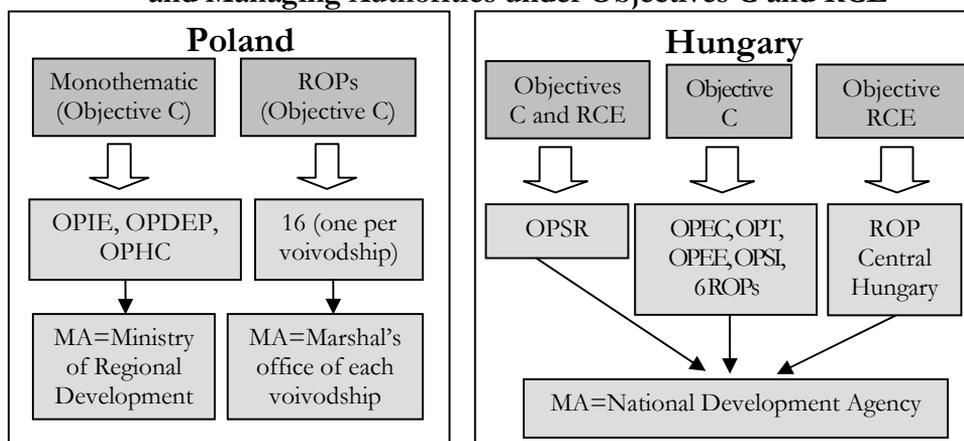
Definitely, not all supranational programmes represent instruments of business support, because in the case of some of them, businesses are just marginal beneficiaries of aid, or are even ineligible for aid provided within the programme in question. In Poland, this is primarily the case of OP Technical Assistance, and OP Infrastructure and Environment. In Hungary, the programmes listed below were excluded from further investigation for the same reason – OP State Reform, OP Electronic Public Administration and OP Implementation.

**Tab. 4: SF and CF allocations on business support in 2007–2013 in EUR, (number of businesses as at the end of 2007)**

Regions in Poland	Allocation 2007–2013 (millions)	Allocation per business	Regions in Hungary	Allocation 2007–2013 (millions)	Allocation per business
Obj. C	38 122.0	10 343.5	Obj. C	22 190.1	-
Obj. RCE	-	-	Obj. RCE	1 911.0	-
Poland	38 122.0	10 343.5	Hungary	24 101.1	19 535.6

Source: European Commission (2007b), European Commission (2007c), European Commission (2007d), Central Statistical Office (2008), Hungarian Central Statistical Office (2009); own calculations.

**Figure 8: Regional layout of programmes<sup>6</sup> involving business support and Managing Authorities under Objectives C and RCE**



Source: European Commission (2007e); own elaboration.

<sup>6</sup> *In Poland:* OP Innovative Economy (OPIE), OP Development of Eastern Poland (OPDEP), Regional Operational Programmes (ROPs), OP Human Capital (OPHC); *in Hungary:* OP Economic Competitiveness (OPEC), OP Social Renewal (OPSR), OP Environment and Energy (OPEE), OP Transport (OPT), OP Social Infrastructure (OPSI), 7 Regional Operational Programmes (ROPs).

The regional layout of programmes involving business support, as well as the distribution of competences among Managing Authorities (MA) is fairly analogous; see Figure 8.

Although the parallel systems of monothematic and regional programmes are implemented in both countries, the institutional frameworks are very concise and concentrated. In Poland, there are only two Managing authorities. In Hungary, just one (namely, the National Development Agency) is in charge of the implementation of all programmes. It may be argued that this approach is effective and cost-efficient, yet paying less attention to the regional government role. In overall terms, the Hungarian system seems to be less complicated and more user-friendly than the Polish one, even though there are merely twelve programmes implemented (compared to nineteen programmes in Poland).

Very similar patterns of intervention as well as their distribution among the programmes can be observed from Figure 9. From the business support point of view, the major role was played by OPIE and OPEC. Again, the other programmes are not primarily focused on business support.

**Figure 9: Supported activities – distribution among programmes (2007–2013)**

<b>Poland</b>		<b>Hungary</b>	
<b>OPIE</b>	→	<b>OPEC</b>	→
	Wide range: innovation, R&D, business sites and premises, business finance, technology transfer, internationalization		Wide range: innovation, R&D, business support services, business sites and premises, business finance, energy savings, technology transfer
<b>Other monothematic programmes</b>	→	<b>Other monothematic programmes</b>	→
	Human resources, regional development, infrastructure, environment		Social renewal, environment, energy, transport
<b>Regional programmes</b>	→	<b>Regional programmes</b>	→
	R&D, tourism, cultural heritage, innovation, knowledge-based business, environment, urban development, transport, education, healthcare infrastructure		Tourism, transport, regional enterprise and public services, human resources, environment
		<b>Central Hungary programme</b>	→
			Knowledge-based enterprise, transport, public services, urban renewal

Source: own elaboration.

The scope of the OPIE fields of intervention is quite broad. Compared to its predecessor, it involves some new fields, such as internationalization; see Tab. 5.

**Tab. 5: Business support within OPIE**

<b>Priority Axes</b>	<b>Main fields of intervention</b>
1 R&D of new technologies	closer cooperation between scientific and business communities
2 R&D infrastructure	R&D infrastructure, technical staff training
3 Capital for innovation	access to external financial resources
4 Investments in innovative undertakings	development, implementation and transfer of innovative solutions
5 Diffusion of innovation	quality services, infrastructure for businesses, development of cooperative relationships
6 Polish economy on the international market	new investments, economic and tourist promotion of Poland, internationalization
7 Information society – establishment of electronic administration	increase in the accessibility of public administration information resources and digital public services
8 Information society – increasing innovativeness	creation of new, innovative e-services as well as innovative electronic solutions for business

Source: European Commission (2007e.); own elaboration.

As for OPEC, compared to OPIE, the focus on R&D is maintained. Yet, some new fields of intervention have emerged (for instance, venture capital investments and energy savings); see Tab. 6. In conclusion, both countries have similar “core” fields of intervention. However, in Poland, more careful attention is paid to internationalization and tourism. Although grants, as a form of aid persist as the principal ones; the alternative forms of aid (i.e. favourable credits) are increasingly gaining ground.

**Tab. 6: Business support within OPEC**

Priority Axes	Main fields of intervention
1 R&D and innovation to encourage competitiveness	innovations, research capacities, cooperative research, knowledge and technology transfer, networking
2 Complex enterprise development with the focus on SMEs	technological upgrading, marketing, energy/material savings, HR, ICT
3 Development of the modern business environment	ICT network infrastructure, business sites, broadband technologies, logistics centres, advice services
4 Financial engineering	access to various financial instruments and advisory assistance, credit guarantees, equity investments

Source: European Commission (2007e.); own elaboration.

## Conclusion

The comparisons of the spectrum of programmes, institutional apparatuses and expenditure rates in Poland and Hungary have been carried out. It was assumed that, owing to the heterogeneity in terms of the scales of geographic areas, and numbers of inhabitants, the system of business support in Poland would, in terms of the number of programmes and institutions involved, differ from the one existing in Hungary. In regard to the analysis undertaken within the paper, this hypothesis turns out to be only partially true.

In fact, both countries have exhibited, in principle, similar approaches to the implementation of supranational programmes over the period 2004–2006. In both of them, Objective 1 of the EU Cohesion policy represented the only applicable objective over the whole territory. The institutional spectra were quite alike, in terms of both the number and nature of ministries executing the roles of Managing authorities. In addition, the programme documents were very similar in number, as were the targeted fields.. Nevertheless, the higher importance of the agricultural sector in Poland was reflected in the existence of two separate programmes aimed at rural development; the agriculture and fishery sectors.

In preparation for the 2007–2013 period, both systems underwent considerable changes and modifications, mainly as far as programme spectra are concerned. The ‘hybrid’ systems, based on the parallel existence of nationwide and regional programmes, were introduced; see Tab. 7. On the other hand, the managing responsibilities were concentrated; as a result, only a few institutions are in charge of the implementation of the programmes. This phenomenon is obvious,

most notably, in Hungary. Thanks to that, both systems seem to be, from the institutional point of view, highly user-friendly and lucid.

Unfortunately, the data on the technological and knowledge intensity of the entities that have been given support over the 2004–2006 period, is unavailable. As a result, it was impossible to assess, whether the supranational programmes promote mainly the innovative and promising manufacturing and services branches.

**Tab. 7: Summary of the major differences and similarities**

	<b>Poland</b>	<b>Hungary</b>
<b>Position of Objectives</b>	Stable unique role of Objective 1 (Objective C)	Stable key role of Objective 1 (Objective C); Objective RCE emerged in 2007-2013
<b>Spectrum of programmes</b>	System of monothematic programmes turned into a 'hybrid system' of nationwide monothematic and regional programmes	System of monothematic programmes turned into a 'hybrid system' of nationwide programmes, complemented by regional programmes
<b>Institutions in 2007–2013</b>	2 frameworks in each region (MRD and Marshal's office of each voivodship)	1 framework (unique role of National Development Agency)
<b>Level of user-friendly approach</b>	Considered quite high – rather subtle institutional framework, fragmentation of aid into several programmes	Considered very high; concise institutional framework, dispersion of aid into a few programmes
<b>Main changes in 2007–2013 vis-à-vis 2004–2006</b>	Considerable; creation of regional programmes, simplification of the institutional framework, increase in the number of programmes	Considerable; creation of regional programmes, complete rationalization of institutional framework, rise in the number of programmes

Source: own elaboration.

Both business support systems have been subject to important changes. It can be assumed, too, that partly because of, so far, limited experience in implementing the Cohesion policy programmes. As for the rates of the actual expenditure of the available SF allocations, in general, both countries show satisfactory results. Further drawing of money from the EU budget is expected, given the 'n+2 principle'.

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