SWIETOKRZYSKIE REGION
background information

General Introduction

Swietokrzyskie Voivodship (or region) is situated in the south-eastern part of Poland. Its population size is 1 278 100 people (3.3 % of country population) that makes it the 4th smallest region, whereas the territory of 11 711 square kilometers (3.7% of country territory) means that it is the 2nd smallest region. The Voivodship is composed of 102 municipalities and 14 districts. Swietokrzyskie Region has a special place on the geographic, historical and economic map of Poland; it is situated on the cross-road of major national transport routes in a close vicinity to the largest Polish agglomerations: Warsaw, Krakow, Katowice, Lublin, Lodz, Rzeszow.

Basic socio-economic facts

Demographic situation of the region is challenging as its population decreases at an accelerating rate. It belongs to 20 poorest regions in the EU, and is the 5th poorest region in Poland. GDP per capita amounts to PLN 27 000 (ca. € 6 500), whereas the country average is PLN 35 210 (€ 8 500), which is 77.6%. Together with four other poorest Polish regions, Swietokrzyskie creates a macro-region - the so-called Eastern Poland - which is the least developed part of the country. Within this group, Swietokrzyskie is the top performer, i.e. it has had the best track record of economic convergence towards the EU average, however, it was twice as slow as country's fastest converging region, Mazowieckie, where Poland's capital, Warsaw, is located. Swietokrzyskie has increased its GDP in relation to the EU average from 37.1% in 2002 to 47.2% in 2009 (10.1 pp difference); for Poland it was, respectively, 48.3% and 60.9% (12.6 pp), and for Mazowieckie 74.1% and 97% (22.9 pp.) – see Table 1.

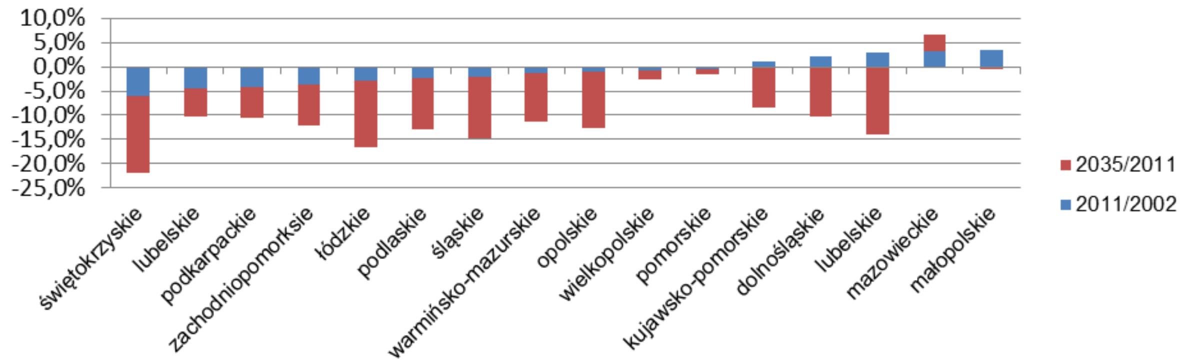
Table 1. GDP per capita 2002-2009 (EU-27 average = 100)

	2002	2003	2004	2005	2006	2007	2008	2009	Change in percentage points
Poland	48,3	48,8	50,7	51,1	51,9	54,4	56,4	60,9	12,6
Mazowieckie	74,1	75,8	77,0	81,3	82,7	86,8	89,2	97,0	22,9
Lubelskie	34,1	34,8	35,0	35,1	35,0	36,8	39,2	40,9	6,8
Podkarpackie	33,7	34,8	35,0	35,6	35,4	36,8	38,8	41,7	8,0
Podlaskie	37,1	37,2	37,8	37,8	38,0	40,4	41,2	44,7	7,6
Swietokrzyskie	**37,1**	**38,2**	**39,2**	**38,2**	**39,2**	**42,0**	**45,2**	**47,2**	**10,1**
Warminsko-mazurskie	36,6	38,6	39,2	39,1	39,2	40,4	41,6	44,7	8,1

Source: Ministry of Regional Development (2012), Diagnostic and Direction Setting Section of 2020 Eastern Poland Socio-Economic Development Strategy.

In terms of demographic situation, Swietokrzyskie has a negative migration rate, and from 2000 to 2010 its population diminished by 2.9% (the 3rd highest rate of negative migration in Poland.) One of the reasons might be the fact that within the radius of 200 km from regional capital, the City of Kielce, live ca. 10 m people, and there are several cities which act as a magnet attracting people from the region, e.g. Warsaw, Krakow, Lodz, Katowice, Rzeszow, Lublin.

Figure XX. Predicted population change in Polish regions in years 2002-2011 and 2011-2035



Source: Slaskie Marshal Office (2010), Development Strategy for Slaskie Voivodship 'Slaskie 2020', Katowice, p.15.

Enterprises

There are about 106 thousand businesses operating in Swietokrzyskie (status as of December 2011), which represent 2.7% of all businesses registered in Poland. This number is lower by 2.6% relative to the previous year. The most numerous groups of businesses come from the following sectors: trade and repairs of automobile vehicles 35.2 thousand (33.2%), construction 14.2 thousand (13.4%), manufacturing 9.7 thousand (9.2%), ICT companies 1.7 thousand (1.7%). Micro and small enterprises represented 94.9% of the overall number, and mid-size and large enterprises 4.2% and 0.9%, respectively. Among small enterprises, trade and vehicle repairs category was the most numerous, whereas among large enterprises manufacturing was at the lead.[1]

Universities and R&D

Swietokrzyskie hosts two public universities (one social science and one technical), and eight private higher education institutions, on top of these there are four branches of non-public schools from other regions. Student population in these facilities was 46.5 thousand. Teaching and social science programs attracted the biggest number of students in 2012 (respectively, 21% and 15% of total

[1] Central Statistical Office (2012), National Economy Entities in REGON Register in Swietokrzyskie Region: status as of the end of 2011].

student population), other popular programs somehow related to key economic specialization of the region were architecture and construction (8%), and engineering (5%.) In recent years, universities and R&D units took advantage of abundant EU funds and modernized their R&D infrastructure, but they now encounter problems with utilizing this infrastructure for the sake of research commercialization.

Leading economic sectors

Economy of Swietokrzyskie, with its workforce of 460 thousand people, is deeply rooted in several traditional sectors based on local resources. The strongest branches include: **construction sector** (both services and production of construction materials, with a strong emphasis on mining), **metallurgy and machinery** industry (foundry and metal processing, e.g. steelworks), and **agricultural sector** (food production.) However, these areas are not characterized by high value added products, which is an implication of low levels of product processing and weak cooperation between producers.

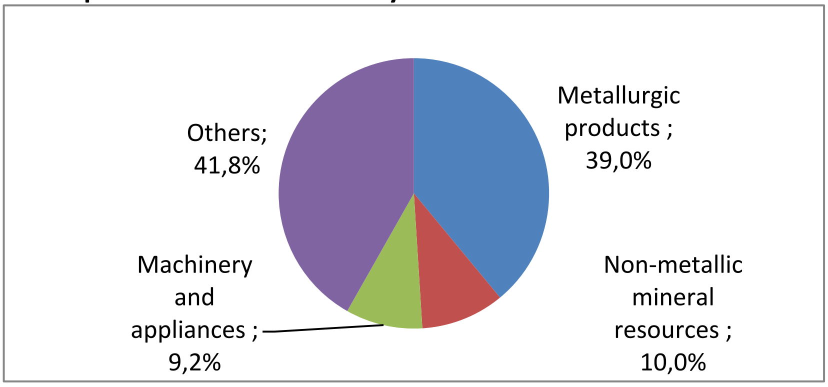
Table 2. Employment and added value by sector

	Employment by sector 2010		Added value by sector 2009	
	Swietokrzyskie	Poland	Swietokrzyskie	Poland
Agriculture	33%	17%	5.1%	3.6%
Industry	18%	21%	27.4%	24.6%
Construction	6%	5%	9.5%	7.8%
Trade, repairs, transport, accommodation and catering	18%	12%	28.3%	30.1%
(including ICT)	1%	5%		
Finance and insurance	1%	8%	6.5%	9.7%
Other services	23%	32%	23.2%	24.2%

Source: Central Statistical Office 2011.

Metallurgic products dominate region's exports, they constitute 39% of the total export from the region (US$ 610 m) and over 40% of this sector's macro-region export, followed by products from non-metallic mineral resources (10% of regional and 50% of macro-regional share), and by machinery and appliances (9.2%).[2]

Figure 1. Dominant export sectors of Swietokrzyskie



Source: On the basis of Komornicki T, Szejgiec B. (2011), Foreign Trade: Significance for Eastern Poland, expertise elaborated for the Ministry of Regional Development.

[2] Komornicki T, Szejgiec B. (2011), Foreign Trade: Significance for Eastern Poland, expertise elaborated for the Ministry of Regional Development.

The above-mentioned traditional specializations by and large overlap with region's other strengths, as identified by various actors in the region (on the basis of interviews and questionnaires carried out in the region). They complemented the above short-list with additional areas the region could build on, but which have not inspired general consensus. These areas include: tourism (bio-tourism linked with organic food, spas, especially in the southern part of the region, leisure, sport, cultural and historical highlights), energy efficiency, glass production (glassworks), ICT.[3]

The below Figure 2 outlines the evolution of attitudes towards leading sectors in the region, from one strategic document to another. Some sectors do repeat, but often in different context (e.g. food as food processing, or food and beverage, or bio-food etc.), which indicates that such sectors do not have yet a precise specialization or recognized strength.

Figure 2. Key economic specializations / potential smart specializations in strategic documents and analyses

Eastern Poland (in making)	Swietokrzyskie Voivodeship			
	Existing RIS (2006)	Foresight (2008)	Draft RDS (in making)	Draft RIS3 (in making)
- Food processing - Rubber industry - Plastic industry - Wood processing and furniture production - Industrial machinery - Tobacco industry - Aviation industry	- Construction - Industrial machinery - Medical and spa services - Food processing - Tourism Specializations are mentioned as a part of the document vision.	- Food and beverage production - Production of metals and metal products - Machinery and appliances production - Recycling - ICT - R&D	- Traditional sectors (metallurgy, machinery, foundry, mining, processing of non-metallic resources) - Smart construction - Trade fairs - Eco-food - Tourism - Future (not discovered yet) areas	- Energy efficiency - Conferences and fairs - Health and spa tourism - Metal/foundry industry - Utility/industrial design

Source: World Bank.

Clusters

The most prominent clusters in Swietokrzyskie include: Kielce Trade Fairs, KOM-CAST Association of Casting Components Producers (foundry sector), Swietokrzysko-Podkarpacki Energy Cluster, Swietokrzysko-Podkarpacki INNOWATOR Construction Cluster.

Business support institutions (BSI)

The most robust BSIs in Swietokrzyskie include: Kielce Technology Park (KTP), Kielce Trade Fair Cluster Chamber of Commerce (KTFCCC), 'Starachowice' Special Economic Zone (SEZ), Staropolska Chamber of Industry and Commerce (SCIC), Regional Centre for Innovation and Technology Transfer (RCITT), Swietokrzyskie Guarantee Fund and Swietokrzyskie Voivodeship Loan Fund (SGF and SVLFC).

Innovation landscape

According to the Regional Innovation Scoreboard, Swietokrzyskie is classified as the modest-low region, which means that the region falls into the group of the least innovative regions in the EU – in 2011, there were 19 such regions out of 190 in the entire EU.[4] This score places the region below country average because Poland is in the moderate innovator group. Swietokrzyskie ranks low across

[3] Opinions of the actors involved in the innovation system in the region have been gathered by means of in-depth, semi-structured interviews and questionnaires completed during regional conferences dedicated to innovation development.

[4] Regional Innovation Scoreboard divides regions into four main categories (leader, follower, moderate, modest), with three sub-levels each (high, medium, low.) There were 41 leader, 58 follower, 39 moderate and 52 modest regions in 2011. Source: European Commission (2012), *Regional Innovation Scorebord 2012*.

almost all indicators utilized by the Scoreboard, with the exception of population with tertiary education.

Table 3 presents basic information about the R&D related indicators in Swietokrzyskie and comparator regions. It has to be remembered that Poland overall score low on R&D indicators, but performs much better on non-technological innovation. Since 2005 gross expenditure on research and development (GERD) in Swietokrzyskie has risen by more than eight times, which should be attributed predominantly to EU transfers. Despite that the R&D spending level remains well below the country average and overall low.

Table 3. Basic R&D indicators for Swietokrzyskie and Eastern Poland (Mazowieckie and Poland included)[5]

Region	GERD				Employment in R&D activity [in FTE]			Patent applications		Patents granted	
	Total [million €]		Per capita [€]	% of GDP	Total number		Per 1000 economically active persons				
	2005	2010	2010	2009	2005	2010	2010	2005	2010	2005	2010
Poland	1340	2504	66	0.68	76761	81843	4.6	2028	3203	1054	1385
Mazowieckie	558	1021	195	1.19	24939	27078	10.4	431	701	285	326
Podkarpackie	27	122	58	0.37	1474	4079	4.2	45	82	35	32
Lubelskie	44	87	40	0.58	3457	3427	3,0	63	124	47	55
Warminsko-mazurskie	16	42	29	0.31	1221	1389	2.2	27	60	13	18
Swietokrzyskie	**5**	**40**	**32**	**0.42**	**790**	**1199**	**1.7**	**44**	**49**	**12**	**15**
Podlaskie	15	25	21	0.21	1285	1534	2.8	25	56	13	11

Source: World Bank on the basis of Central Statistical Office data; Euro exchange rate 4.16PLN.

The above presented data pose diverse challenges for Swietokrzyskie, however, they can be contrasted with region's bright sides. In November 2012, Busko sub-region reported a very low unemployment rate of 7.6%, in comparison to 15.2% in the region and 12.4% for Poland (2010 data.) Moreover, the 5th richest district of Poland - Starachowice district - is situated in Swietokrzyskie. Kielce ranks 7th on 'quality of life' ranking list of Polish cities[6], and Polaniec municipality in Swietokrzyskie region was the best place to live in 2012. Michal Solowow, the 3rd richest Pole, lives in the regional capital of Kielce – his wealth is assessed at €2 bn. There are examples of high value added products in the sectors which tend to be very traditional, like agriculture - for instance, production of strawberry seed oil or production of hand-made, uniquely designed pottery in Cmielow. The region has a track record of remarkable performance in professional sports, many teams from the region are on top of premiere leagues in Poland (handball, volleyball, football etc.). Last but not least, a latent advantage of Swietokrzyskie originates from its vast, environmentally protected areas – 66% of the territory falls under different schemes of environmental protection.

[5] Table presents 5 regions from the Eastern Poland macro-region, as well as the richest, capital region, Mazowieckie.
[6] Newsweek 2010 ranking