

	EUROPEAN COMMISSION RESEARCH AND INNOVATION DG	Periodic Report
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Project No: 290657

Project Acronym: GRINCOH

Project Full Name: Growth-Innovation-Competitiveness: Fostering
Cohesion in Central and Eastern Europe

Periodic Report

Period covered: from 01/03/2012 to 31/08/2013

Start date of project: 01/03/2012

Project coordinator name:
Prof. Grzegorz Gorzelak

Version: 1

Date of preparation: 09/09/2013

Date of submission (SESAM): 31/10/2013

Project coordinator organisation name:
UNIWERSYTET WARSZAWSKI

Periodic Report

PROJECT PERIODIC REPORT

Grant Agreement number:	290657
Project acronym:	GRINCOH
Project title:	Growth-Innovation-Competitiveness: Fostering Cohesion in Central and Eastern Europe
Funding Scheme:	FP7-CP-FP
Date of latest version of Annex I against which the assessment will be made:	23/03/2012
Period number:	1st
Period covered - start date:	01/03/2012
Period covered - end date:	31/08/2013
Name of the scientific representative of the project's coordinator and organisation:	Prof. Grzegorz Gorzelak UNIWERSYTET WARSZAWSKI
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Declaration by the scientific representative of the project coordinator (1)

I, Prof. Grzegorz Gorzelak UNIWERSYTET WARSZAWSKI , as scientific representative of the coordinator of the project GRINCOH and in line with the obligations as stated in Article II.2.3 of the Grant Agreement declare that:

The project has fully achieved its objectives and technical goals for the period.

The attached periodic report represents an accurate description of the work carried out in this project for this reporting period.

The public website is up to date.

To my best knowledge, the financial statements which are being submitted as part of this report are in line with the actual work carried out and are consistent with the report on the resources used for the project (section 6) and if applicable with the certificate on financial statement.

All beneficiaries, in particular non-profit public bodies, secondary and higher education establishments, research organisations and SMEs, have declared to have verified their legal status. Any changes have been reported under section 5 (Project Management) in accordance with Article II.3.f of the Grant Agreement.

Name	Prof. Grzegorz Gorzelak UNIWERSYTET WARSZAWSKI
Date	31/10/2013

This declaration was visaed electronically byedyta CZERWONKA(ECAS user name nczerved) on 31/10/2013

1. Publishable summary

Summary description of project context and objectives

The main objectives of the GRINCOH project is to deal with two major challenges facing the CEECs that are central to the goals of cohesion: they need to embark on a more innovation-driven process of development to secure long-term competitive and sustainable growth; and, at the same time, they need to create conditions for their citizens that allow them to enjoy more equal opportunities and to mobilise their full potential for economic and social development. The specific objectives of the project are: (a) to establish development scenarios for the CEECs for the period up to 2020 under different assumptions of political frameworks, institutional conditions and development strategies; (b) to identify the implications for sustainable growth – based on innovation and the development of technological capabilities – and greater economic, social and territorial cohesion in the CEECs; and (c) to advise on future policy options for the CEECs, and in particular for EU Cohesion policy.

The first phase of the project (March 2012 – August 2013) was devoted to:

- making progress in empirical research in the fields covered by the project framework,
- laying the foundation for scientific cooperation between particular streams of research primarily based on the outcome of WP1: Economic development patterns and structural change in the process of transition and EU membership,
- establishing a platform for deeper generalization focused on institutional and policy dimensions of socio-economic development based on the outcome of elaborated papers, reports as well as regional case studies (WP6 and WP8),
- setting up frames for consolidation of policy suggestions for Cohesion Policy derived from different WPs that provide the input for WP9 Scenarios, policy options and policy suggestions

The first 18 months of GRINCOH served as a preparation stage focused on empirical works in all analysed fields: structural change, international trade and FDI, innovation and entrepreneurship, labour market and skills, social cohesion and policies, regional development, institutions, cohesion policy and development scenarios. All planned output (including databases, models, academic papers and reports) foreseen at this stage have been elaborated with minor delays only. The elaborated materials provide solid foundation for the consolidation of results envisaged to be done in the second stage.

Description of work performed and main results

The work performed within WP1 covers various aspects of the three thematic subjects: economic growth and convergence at both country and regional level, structural changes in CEEC economies and the role of FDI, as well as a critical evaluation of economic policies. A special focus is devoted to the impacts of the recent crisis. The papers do not provide an unequivocal assessment of convergence patterns, driving forces of growth and economic policies pursued by the CEECs during the process of transition and EU membership. The diversity of approaches and conclusions reflects both the heterogeneity of countries analysed and the complexity of cohesion processes.

Within WP2 focus has been made on the role of external relations of the CEECs. The research reveals that according to econometric estimations, the contribution of supply capacity to the CEECs' export performance has been decreasing steadily and in 2011 contributed less than five percent to CEECs' export growth, with the remaining share being accounted for by improving foreign market access. The horizontal spillovers have become increasingly important, even more than the vertical ones. The basic purpose of foreign investments into various research units in the host countries is the exploitation of the local knowledge base for the general R&D tasks of the mother companies. Since local sources in the CEE countries are not supportive enough for innovation in CEE regions, they tend to rely more on external knowledge transferred from research networks in innovation.

In WP 3 research has been conducted to assess R&D excellence of CEE in a comparative perspective measuring patent activity in the CEECs and indicating the role of these countries, the changing structure of the global scientific production. Interregional R&D collaboration linkages have been identified, and innovation capacities of the CEECs are being assessed. Additionally, the territorial dimensions, networks of research and innovation and their effects on regional performance in CEE are to be embraced by research, to correspond with studies conducted in WP6. These topics are being researched with reference to social and institutional determinants of innovative entrepreneurship in CEE, as well as the entrepreneurial propensity of newly emerging technology sectors in CEE. A comparative analysis of policy-mixes of research and innovation policies in CEE will lead to

formulation of policy conclusions.

The study completed within WP4 revealed that employment and activity rates in the NMS declined significantly up to the early 2000s and started to increase along with strong GDP growth thereafter. Job losses following the outbreak of the economic and financial crisis varied substantially across countries and have not been offset yet. The low educated and the young people are very disadvantaged on the NMS labour markets. With the exception of Poland and Slovenia non-standard types of employment are uncommon in the NMS. Employment protection legislation has been adjusted to 'European standards' in the entire region. Union density and consequently the impact of trade unions on wage setting and employment in the NMS fell dramatically. In all NMS unemployment insurance schemes and minimum wage regulations were introduced at the beginning of the 1990s, but are less generous than in the EU-15.

WP5 was devoted to social cohesion and policies. The employment situations, activation and training policies in the different countries represent those background factors that shape social inequalities and stimulate different social interventions in CEECs. Such issues as the drivers of inequality and poverty in the CEECs, effects of income inequality on population health and social outcomes, disparities in health status within the NMS, and some aspects of exclusion from the labour market in post-socialist EU member states have been analysed. Family policies and female labour force participation and provision of employment rehabilitation services have become one of the axes for formulating policy suggestions.

The territorial dimension of EU integration as challenges for Cohesion policy was studied within WP6. Initial results reveal that regional divergence at country level is caused by simultaneous metropolisation and marginalisation processes. However, at the macroregional scale regional convergence has been observed as a result of differences in growth rates between individual countries. At the national scale petrification of existing regional structures has been prevailing in majority of countries which creates the most important challenge for regional policies conducted on national and EU levels.

Dynamics of institutional convergence, studied within WP7, is the important pillar of the project, since creation of institutions of market economy and democratic political systems have become one of the main foundations of the entire transformation process. Several topics are under study: a unified approach to institutional convergence towards EU norms and its relations to growth; comparative corporate governance in CEE, the impact of EU-wide coordinated policies and structural reforms on cohesion, and the analyses of political stability and institutional change and their impacts on economic performance of the CEECs.

The results of WP8 is a gateway to policy suggestions for regional, national and EU levels of policy formulation and implementation. It was found that the Cohesion policy funding was spent on urgent problems, not always best for long-term strategic development. The initial focus was on areas where authorities had experience (infrastructure and business support). There had been a move to more sophisticated interventions related to the Lisbon and Europe 2020 agendas (RTD, entrepreneurship) but implementation had been challenging and it had been difficult to quantify achievements in these latter areas.

The future-oriented WP9 has been until now devoted to work needed to prepare a third generation of the MASST model. It aims at encompassing several improvements in comparison with the previous versions needed for better modeling regional growth and cohesion policies in a more thorough structure. The MASST3 model benefits from the availability of a complete panel data set covering the years 1990-2010 for the national sub-model, and an unbalanced panel for the regional sub-model, covering the years 1995-2009.

Expected final results and potential impacts

The GRINCOH team expect to achieve results with clear socio-economic, scientific and policy oriented impacts:

- 1) GRINCOH will contribute to the debate on Cohesion Policy and the role it will pay in socio-economic development of the CEECs and their regions and cities
- 2) Scientific contributions are expected by linking several issues of social, economic, political, technological and institutional process within the CEECs, investigated in a wider global environment. This will create a unique possibility of a comprehensive, synthetic and at the same time holistic approach to socio-economic studies that will have a sound impact on theories and research methods in the field.
- 4) Policy-relevant results are expected in terms of scenarios for national and regional development through CEECs and their changing place within the EU family. These will include scenarios for

socio-economic development that will encompass a set of mutually related aspects, like social change, social stratification, economic growth, technological change, innovation creation and absorption, scientific activity and cooperation, transport system, natural environment change etc

5) A further policy-related result of GRINCOH will be to develop possible synergistic links between Cohesion and national policies and to suggest ways to more effectively integrate the CEECs countries and their regions into the process of EU development and strengthening its role in the wider global context.

6) GRINCOH will also have an educational impact. The project's theoretical insights, empirical results and methodology will continue to be incorporated in university curricula for undergraduate/post-graduate studies in economics, geography, regional planning, sociology, anthropology, cultural studies, political science, etc.

Project public website address:

www.grincoh.eu

2. Core of the report

Project objectives, Work progress and achievements, and project management during the period

The Project Summary Pdf document contains the core of the report.

3. Deliverables and milestones tables

Deliverables (excluding the periodic and final reports)										
Del. no.	Deliverable name	Version	WP no.	Lead beneficiary	Nature	Dissemination level	Delivery date from Annex I (proj month)	Actual / Forecast delivery date	Status	Comments
9	WP1 Report	0.0	1	WIENER INSTITUT FÜR INTERNATIONALE WIRTSCHAFTSVERGLEICHE	Report	PU	20	31/10/2013	Not submitted	
25	WP2 Report	0.0	2	MAGYAR TUDOMÁNYOS AKADEMIA KÖZGAZDASÁG- ÉS RÉGIONÁLIS TUDOMÁNYI KUTATÓKÖZPONT	Report	PU	30	31/08/2014	Not submitted	
26	WP3 Report	0.0	3	UNIVERSITY COLLEGE LONDON	Report	PU	30	31/08/2014	Not submitted	
27	WP4 Report	0.0	4	MAGYAR TUDOMÁNYOS AKADEMIA KÖZGAZDASÁG- ÉS RÉGIONÁLIS TUDOMÁNYI KUTATÓKÖZPONT	Report	PU	30	31/08/2014	Not submitted	
28	WP5 Report	0.0	5	MAGYAR TUDOMÁNYOS AKADEMIA KÖZGAZDASÁG- ÉS RÉGIONÁLIS TUDOMÁNYI KUTATÓKÖZPONT	Report	PU	30	31/08/2014	Not submitted	
29	WP6 Report	0.0	6	UNIwersytet Warszawski	Report	PU	30	31/08/2014	Not submitted	

30	WP7 Report	0.0	7	INSTITUT FUER WIRTSCHAFTS FORSCHUNG HALLE EV	Report	PU	32	31/10/2014	Not submitted	
31	WP8 Report	0.0	8	UNIVERSITY OF STRATHCLYDE	Report	PU	32	31/10/2014	Not submitted	
12	Policy paper 1: Future Cohesion policy options and scenarios	0.0	9	POLITECNICO DI MILANO	Report	PU	24	28/02/2014	Not submitted	
14	Policy paper 2: After-crisis scenarios for CEE countries and regions	0.0	9	POLITECNICO DI MILANO	Report	PU	26	30/04/2014	Not submitted	
18	Policy paper 3: Global challenges and European strategies: alternative scenarios	0.0	9	POLITECNICO DI MILANO	Report	PU	30	31/08/2014	Not submitted	
37	Policy paper 4: Future Cohesion policy suggestions	0.0	9	POLITECNICO DI MILANO	Report	PU	36	28/02/2015	Not submitted	
3	Newsletter 1	1.0	10	UNIWERSYTET WARSZAWSKI	Other	PU	6	31/08/2012	Submitted	
5	Newsletter 2	1.0	10	UNIWERSYTET WARSZAWSKI	Other	PU	14	30/04/2013	Submitted	
7	Project conference 1	1.0	10	MAGYAR TUDOMANYS AKADEMIA KOZGAZDASAG-ES REGIONALIS TUDOMANYI KUTATOKOZPONT	Other	PU	14	30/04/2013	Submitted	
8	Newsletter 3	0.0	10	UNIWERSYTET WARSZAWSKI	Other	PU	18	31/08/2013	Not submitted	
11	Newsletter 4	0.0	10	UNIWERSYTET WARSZAWSKI	Other	PU	24	28/02/2014	Not submitted	
13	Policy Brief 1	0.0	10	UNIWERSYTET WARSZAWSKI	Other	PU	24	28/02/2014	Not submitted	
15	Policy Brief 2	0.0	10	UNIWERSYTET WARSZAWSKI	Other	PU	26	30/04/2014	Not submitted	

17	Project Conferecne 2	0.0	10	INSTITUT ZA EKONOMSKA RAZISKOV ANJA	Other	PU	30	31/08/2014	Not submitted	
19	Policy Breif 3	0.0	10	UNIWERSYTET WARSZAWSKI	Other	PU	30	31/08/2014	Not submitted	
20	Newsletter 5	0.0	10	UNIWERSYTET WARSZAWSKI	Other	PU	30	31/08/2014	Not submitted	
21	Working Paper Series 1	0.0	10	UNIWERSYTET WARSZAWSKI	Report	PU	30	31/08/2014	Not submitted	
22	Working Paper Series 2	0.0	10	UNIWERSYTET WARSZAWSKI	Report	PU	30	31/08/2014	Not submitted	
23	Working Paper Series 3	0.0	10	UNIWERSYTET WARSZAWSKI	Report	PU	30	31/08/2014	Not submitted	
24	Working Paper Series 4	0.0	10	UNIWERSYTET WARSZAWSKI	Report	PU	30	31/08/2014	Not submitted	
32	Working Paper Series 5	0.0	10	UNIWERSYTET WARSZAWSKI	Report	PU	32	31/10/2014	Not submitted	
33	Working Paper Series 6	0.0	10	UNIWERSYTET WARSZAWSKI	Report	PU	32	31/10/2014	Not submitted	
34	Working Paper Series 7	0.0	10	UNIWERSYTET WARSZAWSKI	Report	PU	32	31/10/2014	Not submitted	
36	Newsletter 6	0.0	10	UNIWERSYTET WARSZAWSKI	Report	PU	36	28/02/2015	Not submitted	
38	Policy Brief 4	0.0	10	UNIWERSYTET WARSZAWSKI	Report	PU	36	28/02/2015	Not submitted	
41	Final Project Conferen ce	0.0	10	UNIWERSYTET WARSZAWSKI	Other	PU	36	28/02/2015	Not submitted	
1	Project Kick-off: wor kshop (1)	1.0	11	UNIWERSYTET WARSZAWSKI	Other	RE	1	31/03/2012	Submitted	
2	Project website	1.0	11	UNIWERSYTET WARSZAWSKI	Other	PU	1	31/03/2012	Submitted	
4	Project workshop 2 (W ar saw)	1.0	11	UNIWERSYTET WARSZAWSKI	Other	RE	6	31/08/2012	Submitted	
6	Project workshop 3 (B udapest)	1.0	11	MAGYAR TUD OMANYOS AK	Report	PP	14	30/04/2013	Submitted	

				ADEMIA KOZ GAZDASAG- ES REGIONALIS T UDOMANYI K UTATOKOZPO NT						
10	Project workshop 4 (T allinn)	0.0	11	Institute of Baltic Studies	Other	RE	24	28/02/2014	Not submitted	
16	Project workshop 5 (Ljubljana)	0.0	11	INSTITUT ZA EKONOMSKA RAZISKOV ANJA	Other	RE	30	31/08/2014	Not submitted	
35	Project workshop 6 (Warsaw)	0.0	11	UNIWERSYTET WARSZAWSKI	Other	RE	34	31/12/2014	Not submitted	
39	Synthesis report	0.0	11	UNIWERSYTET WARSZAWSKI	Report	PU	36	28/02/2015	Not submitted	
40	Project database	0.0	11	UNIWERSYTET WARSZAWSKI	Report	PU	36	28/02/2015	Not submitted	

Milestones

Milestone no.	Milestone name	Work package no	Lead beneficiary	Delivery date from Annex I	Achieved Yes/No	Actual / Forecast achievement date	Comments

4. Explanation of the use of the resources

The **explanation on the use of resources** was removed from the scientific periodic reports in SESAM. These details now have to be entered in the cost statement forms in FORCE instead.

Attachments	PERIODIC REPORT.pdf, PUBLISHABLE SUMMARY full version.pdf
Grant Agreement number:	290657
Project acronym:	GRINCOH
Project title:	Growth-Innovation-Competitiveness: Fostering Cohesion in Central and Eastern Europe
Funding Scheme:	FP7-CP-FP
Project starting date:	01/03/2012
Project end date:	28/02/2015
Name of the scientific representative of the project's coordinator and organisation:	Prof. Grzegorz Gorzelak UNIWERSYTET WARSZAWSKI
Period covered - start date:	01/03/2012
Period covered - end date:	31/08/2013
Name	
Date	31/10/2013

This declaration was visaed electronically by edyta CZERWONKA (ECAS user name nczerved) on 31/10/2013