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# Canada and Poland Partners in Transition

Canada 

**CANADA and POLAND**  
*Partners in Transition*

**Central and Eastern Europe Branch  
Graduation Publication**

**Canadian International Development Agency (CIDA)**

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## The Dorota Czarzasta Story

Like many other young people her age, Dorota Czarzasta didn't know what to do after graduating from high school in her hometown of Olsztynek, in northeastern Poland. With rising unemployment rates and few opportunities for youth, the future did not look very promising. So, when Dorota heard about the Canada World Youth Exchange Program, she knew that it was just the thing she needed to jump-start her career. After carefully preparing and submitting her application, Dorota was accepted into the 1996–1997 program and soon found herself on a plane heading to Canada.



The Canadian International Development Agency (CIDA) has supported the work of Canada World Youth's international training program in Central and Eastern Europe (CEE) since 1994. This program provided internship opportunities for both Canadian and Central and Eastern European youth between the ages of 17 and 30 to help them develop a range of work skills and gain first-hand experience with Canadian models of democracy, civil society, and a market-based economy. The interns lived and worked together in host communities across Canada and in the CEE region—three months in Canada and three months overseas—while gaining valuable, marketable work experience, in the form of volunteer work in the public and private sectors.

The ultimate objective of the program was the employment of participants, either through working in organizations or companies, or through self-employment in their own small businesses.

***Interested in an Internship?  
Check out the website!  
[www.cwy-jcm.org](http://www.cwy-jcm.org)***

### **DID YOU KNOW?**

**Since Canada World Youth (CWY) was established in 1971, over 20,000 youth and thousands of host families, in Canada and around the world, have participated in various exchange programs, contributing to the development of just, harmonious, and sustainable societies. Between 1994 and 2002, there were about 135 Polish participants!**

During her internship, Dorota actively participated in Canadian civil society and learned a lot about democratic processes, volunteerism, equality and diversity, and active involvement in community development. In addition, her experience provided her with a comprehensive understanding of development, a notion of interdependence and solidarity, a sense of social responsibility, and also taught her about respect for other cultures and the importance of environmental issues. Back in Poland, Dorota is actively putting her new skills to use and implementing novel ideas to help other young people in her hometown. Along with a fellow intern, she has started a local youth club with a membership of over 400 that is helping participants set and reach their own goals and contribute to community life. Dorota also went on to study management at the University of Warsaw; she has become a certified trainer for non-governmental organizations (NGOs) and is currently employed by the Foundation in Support of Local Democracy. Looking back at her experience, Dorota believes that her CWY internship has been pivotal in shaping her life.

## Canada in Poland

The Canada World Youth democratization project was only one of 276 projects in Poland funded by the Canadian Government between 1989 and 2003. Following the collapse of communism in 1989, Canada joined other members of the international community in helping Poland transit from a socialist system to a democratic system with a market-based economy. Canada's \$77-million contribution focused on three main objectives: helping Poland shape its new market economy, promoting democratic development and good governance, and improving bilateral trade and investment links with Canada. Projects touched on nearly all aspects of Polish society, from training programs for managers, to language training for the military, and democracy training for youth.

Spring 2004 officially marked the end of Poland's transformation when the country formally joined the European Union (EU). In the run-up to this historic milestone, Canada included Poland in its *Graduation Strategy*, making it one of the first countries to progress from Canadian assistance programming to a more diverse relationship. With graduation on the horizon, officials at CIDA took a look back to evaluate the program and gather lessons learned. The most important question is "Did we make a difference?"

## Poland in Transition

The answer to this begins with a look back at Poland's recent history. The negotiation of an historic agreement between the ruling Communist Party and democratic opposition forces in 1989 signalled the beginning of Poland's far-reaching transformation process. With an alarming national debt, deteriorating living standards, and a stagnant economy, the new government had its work cut out for it as it embarked on the road to democracy and a market-based economy.

Poland's journey has been long and difficult, encompassing the social, economic, and political sectors. There have been sweeping structural reforms in the

areas of decentralization, taxation, health care, pensions, privatization, labour, public administration, and education. Specific emphasis has been placed on building a democratic, multi-party system, creating a middle class, strengthening small- and medium-sized enterprises (SMEs), and building civil society. Many of these reforms initially had an adverse impact on the standard of living, causing production to fall rapidly, unemployment to increase (especially in rural areas), and poverty levels to rise. These negative trends, accompanied by high interest rates and decreased consumer spending, also led to widespread public frustration and discontent, as the people of Poland realized that the transition would be neither quick nor painless.

### What is the Balcerowicz Plan?

Also referred to as "shock therapy", the Balcerowicz Plan was designed to speed up the process of economic liberalization and macro-economic stabilization in Poland, and to stop hyperinflation and eliminate rationing and shortages, following the collapse of communism in 1989. Named after Leszak Balcerowicz, Polish Minister of Finance and Deputy Prime Minister, the plan was launched on January 1, 1990. The plan was not without controversy: it involved lifting most price controls, sharp cuts in subsidies to producers and consumers, restrictive credit policies, the immediate liberalization of imports, a currency devaluation of 32 percent, and establishment of a stock market.

Successive Polish governments, with the input and help of a large percentage of the general population, have played the lead role in the country's transformation, confronting challenges head-on and initiating innovative reform measures every step of the way. International political, financial, and technical assistance, including that provided by Canada, has played

a secondary, but important, role, helping secure a peaceful and productive transition. Lacking a specific, detailed, and first-hand knowledge of democratic and free market principles, Poland benefited greatly from the help and advice provided by its many international partners.

### **The Hand of Friendship and Cooperation**

In late 1989, the Canadian Government approved a program to help the newly established democratic governments of Central and Eastern Europe, including Poland, build stable and prosperous countries. Up to 1995, the program was administered by a special task force on Central and Eastern Europe (re-named the Bureau of Assistance for Central and Eastern

Europe in 1993), created by the then-Department of Foreign Affairs and International Trade (DFAIT). The \$25-million Polish Currency Stabilization Fund was the first funding initiative administered by the task force in Poland. It was soon followed by a \$10.5-million agricultural credit, to help alleviate food shortages, and also an export-credit subsidy. By the time CIDA took over in 1995, as many as 98 projects, worth \$59.2 million, had already been approved.

Most projects have focused on technology transfer, institutional strengthening, practical training, and policy advice. NGOs, professional associations, unions, teaching institutions, and various levels of government have participated in implementation.

### ***Spotlight: Canadian projects at a glance***

Investment in Environmental Management	Helped modernize water management and pollution prevention and control methods within a major Polish dairy.
Executive MBA Program	Developed a self-sustaining Executive MBA program at the Warsaw School of Economics.
Tools of Marketing	Supported the development of a self-sufficient, self-sustaining practical course in marketing.
Cereal and Legume Loss Study	Funded the visit of a Canadian grain storage experts to Poland to assess post-harvest grain storage loss and develop a plan to improve Polish grain storage technology.
Health Training Project	Provided Polish physicians-trainers (MDs) with the skills to help patients quit smoking.
Hydrotherapy Pool Project	Financed the building and installation of a hydrotherapy pool for disabled children in Poland.
Agricultural Credit	Delivered much-needed wheat, soybean oil, frozen pork, and fish to Poland during the first years of transition.
Renewal and Strengthening of the Polish Public Service	Equipped the Polish Government with the tools to implement the new Civil Service Act within the civil service.

## Helping Those at Home: The Role of the Polish Diaspora

The success of Canada's assistance program in Poland can be attributed in part to the role played by Polish-Canadians. Sometimes relying on their own financial resources, the Polish diaspora used their unique linguistic capabilities, professional expertise, cultural understanding, and personal connections to help move the transition forward. As a direct result of their participation in CIDA-funded projects, strong personal links have been established between Canada and Poland.

Close to 40 Polish-Canadians served as volunteer advisors for the Canadian Executive Service Organization (CESO), traveling back to Poland as many as 19 times, to provide advice and assistance to private businesses, government agencies, and NGOs. A number of leading consultants from the Polish diaspora made invaluable contributions to such projects as the Siedlce Dairy Enhancement Project, the public service reform project, the Canada-Poland Entrepreneurs Fund, and the Municipal Training Project. In addition, members of the Canadian-Polish community were very active in various regional initiatives, such as the Renaissance Eastern Europe Program, the Partnership for Tomorrow Program, and the Canada-Poland AIDS Alliance.

### DID YOU KNOW?

**Canada has just over 817,000 citizens of Polish origin!**

## Setting Up Shop: SME Development

An important step towards establishing a free market economy was privatizing the large, state-run companies and industries (like coal mines, steel mills, and railways) and promoting the establishment of new, locally owned businesses. Small- and medium-sized enterprises (SMEs) are an important element of a healthy market economy and a critical factor in curbing high unemployment rates. In 1995, the Polish Government adopted new policies and legislation to stimulate growth in its SME sector. The Polish Foundation for the Promotion and Development of SMEs was established, a national register of services for SMEs was created, and the National Loan Guarantee Fund was launched to improve conditions for SME development. Other measures were adopted in subsequent years to improve competitiveness, stimulate exports, and increase investor spending. Additionally, over 140 centres were set up to provide training, information, and financial services for small business owners.

Several CIDA projects, including the flagship Canada-Poland Entrepreneurs Fund, contributed to these efforts. Assistance was provided in the area of training, business advisory services, institutional capacity building, management instruction, and technical, financial, and operating advice. For example,



Employees of a small enterprise manufacturing clothing in Ozorkow, part of the small business development program with Confederation College.

## **The Canada-Poland Entrepreneurs Fund**

The largest and one of the most successful projects of Canada's technical cooperation program in Poland was the Canada-Poland Entrepreneurs Fund (CPEF)—a \$32-million project which established a fund supporting the development of small- and medium-sized enterprises (SMEs) in Poland. In addition to providing loans to SMEs, the program offered training and business advisory services to the SME clientele and to participating Polish financial institutions. The CPEF was the single largest project ever undertaken by CIDA's Central and Eastern Europe Branch, representing one-third of CIDA's contribution to Poland.

Now under the ownership and control of the Polish Government, represented by the Ministry of Finance and the Ministry of Economy, the program has been renamed the Polish Entrepreneurs Fund (PEF) and is continuing to offer loans and subsidized training in support of SME development in Poland. By September 2003, the fund had secured operational and investment financing for about 1,500 small enterprises and provided training for over 600 credit officers and 6,000 entrepreneurs.

### **DID YOU KNOW?**

**The PEF generates, either directly or indirectly, approximately 6,000 jobs annually in disadvantaged regions of Poland!**

the Canada-Poland Business Bridge project provided opportunities for Canadian and Polish enterprises to develop business linkages and joint ventures. Another project implemented by Confederation College helped set up two small business assistance centres, promoting the expanded role of SMEs in economic development and providing local entrepreneurs with the skills and knowledge required to build, run, and expand their small businesses.

### **DID YOU KNOW?**

**In 2001, SMEs generated almost 49 percent of Poland's GDP and employed 67 percent of the work force. There are now over three million SMEs in Poland.**

## **Education: An Essential Goal**

During Canada's program in Poland, education was considered potentially one of the most effective areas of intervention. As Poland shifted to a market economy, it needed people with up-to-date skills in

marketing, accounting, auditing, and management. Polish citizens also needed English-language skills in order to interact with foreign investors coming to Poland and with business partners in Western Europe and North America. Students in rural areas had to be given the same educational opportunities as their urban counterparts while learning institutions throughout the country needed to be strengthened to meet the needs of the labour market.

### **DID YOU KNOW?**

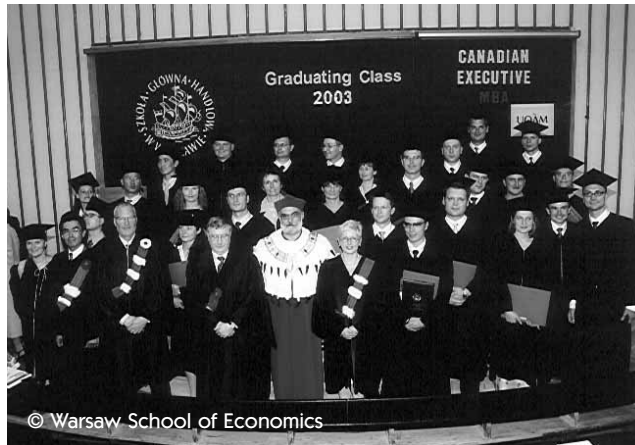
**In 1989, only 9.8 percent of 18-24 year old Poles were attending university. By 2000, that number had tripled!**

CIDA stepped in to address these needs with several projects, focusing primarily on business management and language training, as well as Canadian niche areas. For example, Canadian assistance helped the Warsaw School of Economics reform its undergraduate curriculum, train its professors, and establish a



sustainable executive MBA degree program. It also helped develop the West Pomeranian Business School in Szczecin, where the Canada-Poland Entrepreneurs Fund is based. Canada also helped alleviate

the chronic teacher shortage in Poland by sending many of its own teachers to the country to teach English.



© Warsaw School of Economics  
Graduation ceremony of Cohort 8 of the Canadian Executive MBA program

## Actuarial Training: A Canadian Niche Area



© Magda Stroinska  
Some students at the Actuarial Summer School in Warsaw in 1993

One of Canada's education-related projects in Poland involved a summer actuarial training program at Warsaw University. Professors from the University of Western Ontario travelled to Poland to administer this very specialized training program.

### What do actuaries do?

An actuary is a person who compiles statistics and conducts analyses in order to calculate risk. Often working in the insurance industry, actuaries help assess the risk of certain events occurring—such as death or accidents—and develop policies that minimize the costs of that risk. They may also look at financial questions such as how a company should invest resources to maximize returns or how much money has to be invested in a pension program to produce a certain retirement income. Successful actuaries must have a comprehensive knowledge of statistics, finance, and business.

### DID YOU KNOW?

An unexpected benefit of the actuarial training project was the establishment of the Polish Actuarial Society!

## **Learning English with Canadian Teachers**

Between 1991 and 1998, the Canadian Polish Congress, with financial assistance from CIDA, sent over 450 volunteer English teachers to various schools around Poland. The teachers, who paid for their own airfare and drew a meagre Polish salary and modest allowance, spent between six months and two years in Poland, helping meet the vast demands for English-language instruction. In December 1997, Polish President Aleksander Kwasniewski singled out the program, recognizing it for its major contributions.

“Our school has been cooperating with the Program since 1991. During the last seven years, we have hosted nine teachers—all volunteers from Canada. Thanks to their work, 628 students have not only learned how to speak English, but have also learned all about Canada. Friendships have been formed between the teachers and students and they continue to exchange correspondence. One of the teachers has even returned after the completion of her contract for summer holidays. The Canadian volunteers have made Canada so dear to us that we have decided to name our school after the maple leaf!”

**Principal Krystyna Zdzieborska**  
**Maple Leaf Elementary School, Warsaw**

## **Membership in NATO**

Following the collapse of communism in 1989, Poland identified membership in NATO as an important foreign policy objective and made defence reform an essential component of the social, political, and economic transformation process. In the lead up to NATO membership in 1999, Poland undertook an extensive series of reforms, changing the size and structure of its armed forces, their command, control, communication and intelligence systems, operational procedures, and the military education system and personnel structure. At the same time, English-language training was designated as a strategic requirement to enable the Polish military to operate with other NATO military forces. With only about 600 officers capable of functioning effectively in English, emphasis was placed on implementing a top quality training program as quickly as possible.

The two-year CIDA-sponsored English-language training for the Polish Armed Forces helped address this need. Canada’s Department of National Defence sent two teachers to Poland to provide English training to the senior cadre in the Polish General Staff who would be assuming command responsibilities at NATO, as well as to pilots from the first two fighter squadrons earmarked for NATO duty. Using a combination of classroom instruction and discussion groups, the program taught students at various levels to speak English quickly and effectively. Canada is now a recognized leader among NATO allies when it comes to providing quality language training that really works.

**DID YOU KNOW?**

Poland was one of the largest recipients under Canada's Military Training Assistance Program (MTAP). In addition to language training, Poland benefited from various types of military training, peacekeeping training, and civil-military relations training. In its fifth year as a NATO Nation, Poland has now graduated from its original status as a Tier 1 Nation (entitled to free tuition, rations and quarters, free transport, and subsistence allowance). It is now, from an MTAP point of view, a fully fledged NATO member with the same entitlements as the other NATO Nations.

**Towards Democratic Development and Good Governance**

The legacy of communism in Poland left the country lacking a well-developed modern infrastructure, especially with respect to financial institutions, the public sector, transportation, and telecommunications. In the area of public administration, management techniques were outdated and based on the principles of a controlled economy. The Polish bureaucracy was perceived as inefficient, inconsistent, and impenetrable. These concerns, which were not unique to Poland, were a substantial disincentive for foreign investment and trade.

**Enhancing Leadership and Capacity in the Polish Civil Service**

CIDA involvement in Polish civil service reform began in 1995 through a project managed by the Canadian Centre for Management Development (CCMD) and then by Human Resources Development Canada (HRDC). Canada was trying to help Poland establish an open and responsive public service that would achieve both enhanced performance and a better reputation at home and abroad.

During the first phase of this project, CCMD worked with Poland's National School of Public Administration to strengthen the school's capacity to identify training needs and deliver training for policy- and decision-makers in the Polish public service. Canadian expertise on values and ethics, communication and consultation across government and with the public service, was shared through high-level learning events in Poland. The second phase of the project, implemented by HRDC, was designed to enhance leadership capacity in the public service by developing new and future leaders in central ministries.

As part of this project, groups of Polish leaders travelled to Canada to study aspects of public service reform, intergovernmental relations, and modern management techniques. In addition, a cadre of future leaders was introduced to Canadian governance, strategic planning, policy-making, values, and culture through internships in Canada. These internships have created links on both a personal and institutional level, providing Canada with allies in key positions in the Polish public service.

**DID YOU KNOW?**

One of the first interns to participate in this program published an analysis of the Canadian staffing model and its applicability to Poland in the *Civil Service* journal. He presented his findings to groups of ministers, political advisors, and senior bureaucrats and was then invited to join the committee which drafted a critique of the 1996 Civil Service Act in preparation for the drafting of the new bill.

Canadian-funded projects had a significant impact on certain specialized aspects of institutional development and public administration in Poland, as well as on the improvement of civic attitudes among young people from rural areas. In addition, training programs were organized for the Ministry of Health, the Central Statistics Office, the Polish Motorway Agency, and the Civil Service Office, involving the provision of policy advice and management training. A project implemented by the Canadian Labour Congress provided assistance to Polish trade unions in the areas of workplace safety and occupational health. Other projects such as the Strategic Information Management Program promoted modern administrative procedures and management methods. CIDA's Canada Fund grants, administered by the Canadian Embassy, helped local NGOs strengthen their capacity to deliver local assistance to vulnerable groups, including women, children, and the disabled.

Municipal development and training was an important area of Canadian intervention in Poland. As part of the transition process, municipalities in Poland

were given new responsibilities such as property taxation, land use and subdivision planning, and municipal public works. It therefore became critical for the cities' administrators to have at their disposal the information, analysis, and modelling that would allow them to make informed decisions for the betterment of their communities. In one such project, the city of Starogard Gdanski was given the tools to manage a municipal geospatial information system which helped increase the efficiency of municipal projects and reduce costs. Two Canadian partners were involved: J.M. Zarzycki Consulting, and Universal Systems Ltd.

### **Managing Environmental Issues**

As in other countries in Central and Eastern Europe, Poland's environmental issues received scant attention during the communist era. As the country embarked on its reform process, the full extent of its environmental problems became apparent. In order to meet EU membership obligations, Poland had to make environmental protection a priority.

### **Support to the Odra River Program**

The Odra River 2006 Program is designed to develop the Odra River Basin into a modern commercial waterway, linking Poland, the Czech Republic, and Germany. The waterway passes through five different administrative regions in these three countries and nearly 50 municipalities. The proposed integration of Poland into the EU was a major incentive for completion of the project in accordance with EU standards and accession criteria.

With the help of CIDA funding, Roche Ltd Consulting Group, based in Quebec City, helped prepare a series of thematic diagnosis reports describing the strengths, weaknesses, opportunities, and threats to the Odra water system. In particular, special emphasis was placed on its economic and social roles, navigation and transportation infrastructure, hydrological regime and bank erosion, and the quality of waters and environmental protection. These reports formed part of the Odra 2006 Project pre-feasibility study.

This project is promoting regional cooperation in environmental management by assisting the Polish Government in meeting a number of its international commitments related to the quality of Odra waters flowing into the Baltic Sea, as well as transportation availability and long-distance navigational continuity concerns.

## Canadian Technology Helps Poland Improve Waste Management



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General view of the sorting and composting plant in the City of Zabrze.

An antiquated waste management system, combined with heavy industries such as coal mines, steel factories, and chemical plants, created a daunting environmental legacy for Katowice, a region in south-central Poland with a population of about four million. Urban life expectancy is the lowest in all of Poland and public health is poor. A large percentage of raw sewage and household garbage is dumped untreated in landfills, leaking contaminants into the ground water.

With support from Canada, Katowice is slowly reversing this damage. Canadian technology, funding from CIDA, and local partnerships are helping modernize domestic and industrial waste management systems. For example, with the help of Canadian partners (International Centre for Sustainable Cities, WCI Natcol, WCI Waste Conversion Inc., and Agra Earth & Environmental Limited), the City of Zabrze designed and built a \$5-million plant that can produce compost from organic waste. The plant, which handles 40,000 tons of waste per year, can also recycle and package metals, glass, plastics, and paper. Polish-Canadian ventures such as this have gone a long way in helping Poland solve its environmental troubles.



© WCI Natcol

Men working on the manual sorting line at the sorting plant

Among other things, municipal and industrial sewage and solid waste treatment methods had to be improved, dust and gas emission had to be cut, noise levels had to be reduced, and new environmental policies had to be drafted.

In 1994, a Memorandum of Understanding on Environmental Cooperation was signed between Canada and Poland, paving the way for collaboration in this area. Along with Industry Canada, Environment

Canada, Natural Resources Canada, Department of Foreign Affairs and International Trade (DFAIT), and the Canadian Commercial Corporation, CIDA helped Poland meet EU environmental standards, as well as develop a capacity for long-term environmental management. Projects were specifically designed to introduce Poland to leading-edge Canadian technology, equipment, and know-how. However, the scale of Canadian assistance in this area was too modest given Poland's needs.

## **Poland: A Success Story**

Poland is considered one of the great success stories of transition. The country has consistently ranked among the top performers in the European Bank for Reconstruction and Development's (EBRD) annual Transition Report which measures progress in various areas of reform, such as the establishment of rule of law, business privatization, a functioning market economy, and trade liberalization. While conditions in Poland were far from ideal at the start of the transition process, significant progress has been made: production has expanded, inflation has declined, and the standard of living has improved. Poland successfully joined NATO in 1999 and the EU in May 2004. It has a growing market economy, a stable democratic system, and a healthy civil society.

### **DID YOU KNOW?**

**More than 30,000 Poles visit Canada each year!**

The majority of CIDA projects targeted Poland's priority needs and were consistent with Canadian priorities in the region. Due to the strong commitment of both Canadian and Polish partners, and strong cooperation between the two, the majority of projects were able to achieve their intended results. Projects in the education and democracy-building sectors performed exceptionally well in terms of relevance, impact, and partnership. The most successful Canadian projects—the Executive MBA program, the Poland Entrepreneurs Fund, the actuarial training program, the Odra River 2006 Program, and the youth exchanges—were in the area of institutional capacity building. All of these projects were effective in attaining their objectives, are sustainable in the long term, and have had a clear impact in their respective sectors.

Initiatives aimed at promoting Canadian trade and investment links were usually less successful at achieving their objectives. Similar findings from the evaluations of CIDA's programs in other Central and Eastern Europe countries, namely Hungary and

the Baltic states, point to the conclusion that combining the development and trade agendas does not always yield fruitful outcomes. However, CIDA programming did occasionally lay the groundwork for increased trade, export, and human resources linkages. The Canada-Poland Business Bridge project, where public investment far exceeded private business returns, is a good example of this.

### **DID YOU KNOW?**

**Relations between Poland and Canada are excellent with expanding trade and investment links and increasing military cooperation.**

## **Poland's Turn**

As a member of the EU, Poland will now become a more substantial aid donor itself. Development cooperation is an integral part of Polish foreign policy. Through the \$15-million Official Development Assistance in Central Europe (ODACE) program, Canada is helping Poland strengthen its ability to deliver international assistance. Over the next few years, CIDA will work with Poland on this final project, jointly funding and managing projects in less-developed countries. This program is a unique way for both Canada and Poland to pool decades of technical experience together to deliver development assistance.

### **DID YOU KNOW?**

**In 2000, Poland gave US\$40 million in assistance to developing countries!**