



Barriers to the inflow of Foreign Direct Investments to Poland

Polish Information and Foreign Investment Agency

Warsaw, December 2010

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Introduction

This document, which examines the barriers to the inflow of foreign direct investments to Poland, is another report prepared by Polish Information and Foreign Investment Agency (PAIIZ). This year the following formula was adopted in order to identify barriers: part one of the report discusses the barriers identified on the basis of direct experience in assisting foreign investors conducted by the Agency, and takes into account the conclusions following the actions taken by the Agency as part of its responsibilities as an Investor Ombudsman. Part two of the report was prepared following the results of a survey among foreigners conducting their business activities in Poland.

The survey among foreign entrepreneurs consisted of a set of questions about:

- their opinion on Poland as a place for entrepreneurship,
- their opinion on the usefulness – during the investment process – of organisations such as PAIIZ, Investor Assistance Centres, embassies, chambers of commerce, law and consulting companies,
- their most positive and negative experiences connected with the Polish legal system,
- their opinion on whether for the past 5 years there have been any noticeable improvements in the Polish legal system in terms of investments and entrepreneurship,
- their ideas on how to improve the Polish legal system.

This year's edition of the report has been prepared in cooperation with the Partners of the project *Investor-Friendly Poland – a survey of the barriers to the inflow of foreign direct investments to Poland*, i.e. the Pytlak & Tymendorf Law Office and the Innovatika company.

This report is based on the state of the law in force as on 1 November 2010.

Barriers related to investment incentives.

Special Economic Zones

Special Economic Zones have proved to be an effective tool in attracting investments to the regions in which they are located. Their presence has resulted, as of late March 2010, in 1205 permits being issued for business activity in these zones (an increase of only 11 permits in comparison with the position in March 2009), on the basis of which entrepreneurs incurred investment outlays in the amount of PLN 63,719.9 million, and 148,762 new jobs were created (an increase of 3388 new jobs as compared to March 2009).

Despite the obvious benefit of operating in a Special Economic Zone, which is income tax exemption for activities conducted in the zone, there are still a number of problems connected with conducting business activity in an SEZ. These problems constitute barriers to investments and require the intervention of legislators. The first attempt to meet investors' expectations was made in 2008, after a laborious legislative process, when an amendment to the Act on Special Economic Zones of 30 May 2008 came into force. The amendment, effective from 4 August 2008, introduced the possibility of decreasing the level of employment by 20% in relation to the level specified in the permit, but only for investors who obtained their permits after 4 August 2008.

On 30 December 2008 the Regulation of the Council of Ministers concerning the criteria for including some areas in the Special Economic Zone entered into force. It allowed the inclusion of private land into Special Economic Zones.

The legislative process which led to the coming into force of the amendment to the Act on SEZ (in August 2008) and of the Regulation allowing private land to be included in SEZ (30 December 2008) was lengthy. As a consequence, the amendments had been prepared in conditions which differed from the ones in which they had to function, i.e. in the conditions of the economic crisis. It turned out that, facing economic difficulties, those entrepreneurs who had obtained their permits pursuant to previous regulations were also interested in reducing their employment levels in relation to those specified in the permit.

The conditions for including private land in SEZ also turned out to be difficult to meet, resulting in proposals to change them.

In 2009 a new legislative initiative was adopted to change the regulations concerning the operation of SEZ, but it has not been fulfilled to this day, even though more than a year of work on the draft has passed.

The draft contains suggestions for amendments which are important to the investors already present in the zones, and to those planning new investments. According to the draft, following the submission of a valid application by the entrepreneur, the level of employment could be lowered by 25% in relation to that prescribed in the permit, for every Zone entrepreneur, irrespective of the date the permit was obtained.

The draft also provides for the possibility to settle losses while calculating the income which is exempt from income tax. This possibility has been ruled out until now by the decisions of the tax authorities, who considered the settlement of losses by Zone entrepreneurs as an additional form of State aid given to them, which, however, is not reflected in the regulations concerning State aid.

The planned amendments allow the possibility of issuing a permit even in a situation when the implementation of the new investment does not increase the level of employment, but it allows the maintaining of a specific number of already-existing jobs. The introduction of this possibility is aimed at taking advantage of the instrument of Special Economic Zones to save existing jobs if an entrepreneur is capable of concluding a new investment which provides employment to the current personnel.

Some Zone entrepreneurs also proposing to extend the period of the functioning of the Zones beyond 2020, (the current date of terminating the Zones). This results from the fact that not all entrepreneurs, even those who had implemented investments, have started using tax benefits. In the Agency's opinion it would also be an incentive for investors who are now considering entering into a Zone. In the present day, the remaining 8 years until the termination of the Zones may not be enough to take full advantage of tax exemption, and that is why the period of the operation of the Zones must be extended, if they are to continue to attract new investments. The attractiveness of the Zones for investment is becoming smaller, and this trend will gather pace as the termination of the Zones draws nearer.

If the planned amendments concerning the operation of SEZ successfully come into force, most of the barriers reported by investors, and presented in the following table, will be eliminated.

No.	Barrier/problem	Legal basis	Recommendation/proposal/comment
1.	No flexibility in the conditions defined in the permit for conducting activity in a Special Economic Zone	The Act of 20 October 1994 on Special Economic Zones	<p>The possibility of changing the content of the permit to reduce the level of employment introduced in the amendment to the Act on SEZ of 30 May 2008 is only applicable to those entrepreneurs who obtained their permits after 4 August 2008 (entering into force) and only in relation to those permits.</p> <p>It is proposed that the amendment be extended to cover those entrepreneurs who obtained their permits before the amendment came into force.</p>
2.	Very limited opportunity to take full advantage of the State aid to which entrepreneurs are entitled	The Act of 20 October 1994 on Special Economic Zones	<p>Entrepreneurs with permits obtained before the coming into force of the amendment to Regulations concerning individual SEZ, which extended their activity to 2020 (i.e. before 30 December 2008), were not covered by the amendment.</p> <p>In relation to the above it is proposed that all entrepreneurs conducting their activities in SEZ be covered by the amendment extending the period of activity of SEZ.</p>
3.	Overly-restrictive criteria to include some areas in a Special Economic Zone.	The Regulation of the Council of Ministers of 10 December 2008 concerning the criteria for including some areas in a Special Economic Zone	It is proposed to change the criteria by reducing the number of new jobs that are to be created, and decreasing the amount of investment outlays necessary.
4.	Unfavourable or unclear taxation and Zone regulations concerning the settlement of activities in the Zone, which in the opinion of	Taxation regulations	<p>It is proposed that taxation regulations be changed, particularly in the following aspects:</p> <ul style="list-style-type: none"> – disambiguating the conditions for determining the tax result in the division into Zone activity and non-

	entrepreneurs are the main difficulty in conducting activities within a SEZ		<p>Zone activity,</p> <ul style="list-style-type: none"> – the possibility of the settlement of losses from Zone activity based on the applicable law, – providing a precise deadline for incurring investment outlays, and stating explicitly in the Act whether the revenue/expenditure constitute the revenue/expenditure in Zone (non-Zone) activity, – simplifying tax settlements between Zone activity and non-Zone activity conducted by the same entrepreneur, – specifying the moment of identifying eligible costs (accrual or cash based method), – qualifying investment outlays as eligible costs (investments in foreign fixed assets, investments financed from a technological credit, etc.).
5.	The Zones operating only until 2020	The Act of 20 October 1994 on Special Economic Zones	It is proposed that the deadline for the operation of the areas be postponed beyond 2020, so that investors already active in Zones, and investors planning investments, have a chance to take advantage of the entire aid they are entitled to in the form of income tax exemption.

Structural funds

It follows from the experience of PALIZ that structural funds are an important incentive for investments, and this particularly applies to funds from the Operational Programme Innovative Economy, which supports large and technologically-advanced investments. Similar to other programmes, there is a set of burdensome barriers obstructing the leveraging of the funds. One of the most serious barriers is the lack of systemic information on the offer of supporting entrepreneurs in the years following the current perspective for 2007-2013. The schedules for contests are published, but only for one year. However, the information on the dates and budgets of the contests in the following years is missing. Even the contests planned early become postponed, which makes the strategic planning of investments, while taking into account the potential support, impossible. This eventually affects the quality of the projects submitted.

Investors assisted by the Agency have also experienced problems with formal communication with institutions receiving applications and with people directly attending to applicants. Even though the Operational Programme Innovative Economy operates a system of appointing specific persons to assist a given project, access to definitive information from those project assistants is difficult. It results partly from the fact that each decision, especially a decision concerning detailed queries about the project under implementation, is arranged and discussed with superiors time and time again, which is caused by the restricted independence of subordinate officials. Also noticeable is the reluctance to provide binding answers in e-mail correspondence, which makes everyday contacts between the implementing institution and the beneficiary difficult.

Sometimes the contest guidelines, or their interpretation, are subject to change during the contest, and additional information which is important to applicants is not made available until during the call for proposals. Even those projects which have passed the formal and quality evaluation stage are called into question during the stage of verifying the request for payment, when the beneficiary faces further, as yet unknown, requirements. This causes considerable delays and failures in meeting the deadlines for payments, which is reflected in delays in project implementation.

Investors also complain about the overly-bureaucratic nature of inspections of investments and the rigid adherence to certain interpretations of regulations, which sometimes causes odd situations where investors are faced with requirements which are impossible to meet (for

example: the requirement to obtain a building permit in a situation when the organ authorised to issue the permit – the district governor - states in a certificate that the permit cannot be given, because it is not required). The low quality of service provided to applicants and beneficiaries is also the result of the uncompromising adherence to certain procedures, e.g. observing the deadlines for the approval of requests for payment, irrespective of the actual time dedicated to it.

The basic barriers related to the use of structural funds are presented in the following table:

No.	Barrier/problem	Legal basis	Recommendation/proposal/comment
1.	The schedules for contests are often changed or their announcement is delayed. Information about contests for the following years is lacking	The Operational Programme Innovative Economy	All institutions receiving applications should be obliged to announce contests at the beginning of each year, along with the plans for the following years, which should be binding on these institutions.
2.	Changes in the criteria during the call for proposals	The Operational Programme Innovative Economy	The contest documentation should not be changed during the call for proposals.
3.	Formal communication with persons providing service to the project on the part of the institutions responsible for the call for proposals	The Operational Programme Innovative Economy	The ongoing communication with the beneficiaries of people involved in the project on the part of the institutions responsible for the call for proposals, and quick and detailed answers to queries, should be standardised.
4.	The overlong period of verifying requests for payment. Presenting additional requirements or calling into question the previously performed evaluations at the stage of verifying requests for payment	The Operational Programme Innovative Economy	A single standard for the procedure of evaluating applications should be specified, along with the periods of individual stages of verification, which should be marked and observed.
5.	Scattered information on the available instruments of aid from structural funds		Creating own information facilities by each of the institutions responsible for the call for proposals increases the costs of giving information about the funds and causes difficulties in accessing the current information. One solution would be to establish a network of information points that

			would provide information on the offer of all operational programmes (there is a point of this type at PAIIZ).
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Government grants within the framework of the *System of supporting investments of particular significance to the Polish Economy*

Government grants for the largest foreign investors implementing new investments in sectors marked as priorities (automotive, aviation, electronics, biotechnology, R&D, innovative services) are a significant incentive to locate investments in Poland. Although in practice aid from Government grants is not high, and it does not exceed several percent of the eligible costs (while with EU funds, e.g. from the OP Innovative Economy, it reaches 30 or more percent), it is an instrument of support valued by investors, who often perceive it as a political confirmation of the interest of the Government in the project of the given company.

Up to today the Council of Ministers has adopted aid programmes for over 50 investments.

In July the Council of Ministers made a decision that, in principle, support will not be granted in agglomerations with a low unemployment rate. At the same time, it was not precisely stated how the notions of agglomeration and “low unemployment rate” should be understood, which yields a wide range of interpretations, and the final decision lies, on the basis of this ban, in the hands of the members of the Council of Ministers.

At the same time, such a provision is in contradiction to the document on the basis of which aid is granted, i.e. *“The system of supporting investments of particular significance to the Polish Economy”* approved by the Council of Ministers in September 2008, as it contains no mention of any connection between the possibility of granting aid and the unemployment rate in a given city.

In the Agency’s opinion this limitation will particularly affect the investments in the sector of innovative services (BPO, ICT and R&D), because the majority of these are located in large cities. This is mainly due to the availability of employees who have specific qualifications, acquired either through professional experience or by graduating from a specific course of studies. This kind of opportunity is provided by urban areas, which also are the largest academic centres.

The fact that the Ministry of Finance does not permit using aid from both the System and other instruments of regional aid, i.e. CIT exemption in SEZ or grants from structural funds, may be considered an additional barrier.

In the opinion of investors and institutions from the business environment (e.g. mixed chambers of commerce) these practices may negatively affect our competitiveness in relation to other countries of the East-Central Europe, which offer investors freedom by combining various forms of investment incentive constituting instruments of State aid.

Until now, an investor has been able to combine within one investment project various forms of aid through the accumulation of investment incentives permissible by law, naturally up to a maximum amount of State aid available for the given project. It is a common practice, consistent with legal regulations, used not only in Poland, but also in the neighbouring countries with which Poland competes for new investments.

It is therefore proposed that the interpretation which does not allow granting aid within the framework of Government grants when the investor uses other permissible forms of aid be dropped. It would also be reasonable to disambiguate the conditions of applying the ban for aid in agglomerations with a low unemployment rate, in order to increase the transparency of the decisions made in this field by the Council of Ministers.

No.	Barrier/problem	Legal basis	Recommendation/ proposal/comment
1.	In principle, support will not be granted in agglomerations with a low unemployment rate.	The system of supporting investments of particular significance to the Polish economy; Decision of the Council of Ministers.	The Agency proposes that the conditions for applying the ban on granting aid in agglomerations with a low unemployment rate be disambiguated.
2.	A ban on the accumulation of other forms of State aid while taking advantage of a Government grant.	The system of supporting investments of particular significance to the Polish economy.	The Agency proposes that the interpretation which does not allow the granting of aid within the framework of Government grants, when the investor uses other permissible forms of aid, be dropped.
3.	The entire Council of Ministers makes the decision on granting State aid, which makes the procedure considerably longer.	The system of supporting investments of particular significance to the Polish economy.	The Agency proposes that a change be made to transfer the power of making a decision on granting aid to the Minister of the Economy.

Barriers connected with investment areas and the construction process

Barriers related to the availability of investment areas, reported by investors assisted by the Agency, consist for the most part of the issues of spatial management of land, as well as issues of building code and environmental protection in the investment process.

The constant lack of current local development plans remains an unsolved problem. The fact that there is no development plan causes a considerable prolongation of the procedures necessary to obtain a building permit, as it creates the necessity of obtaining a decision on land development and management conditions, which may be issued only by the authorities of the relevant Communes. This allows much room for discretion to officials making the decision on land development and management conditions.

Preparing a new model for spatial planning and development should become a priority.

Investors still complain about the overlong and unpredictable administrative procedures. For example, the average time needed to obtain a building permit in Poland is 311 days (according to a report by Doing Business 2011), which gives us 164th place in the world (20 places from the last one in the ranking).

In the report on barriers from 2009, the Agency also points out that it is important to rationalise the free of charge transfer of real property managed by the Agricultural Property Agency to SEZ. This has been possible since 2006, but is used only occasionally, and the procedure related to it is very long. The changes proposed in this respect would allow the transfer of such land, even when there is no local development plan prepared, but when there is a decision on land development and management conditions (draft of the Act amending the Act on Special Economic Zones).

No.	Barrier/problem	Legal basis	Recommendation/proposal/comment
4.	There are no spatial development plans	The Act on planning and spatial development	Introducing the obligation of spatial development on the part of the Communes, within a period Stated in the Act.

5.	There is no possibility of transferring land managed by the Agricultural Property Agency free of charge when there is no local development plan for the land, but a decision on land development and management conditions is issued.	The Act of 19 October 1991 on managing State-owned agricultural property	It is proposed that the possibility of transferring land managed by the Agricultural Property Agency free of charge when there is no local development plan for the land, but a decision on land development and management conditions is issued, be introduced as early as possible. This change is provided for in the planned Act on amending the Act on SEZ.
6.	There are no incentives for developers to build office space in Special Economic Zones		Including already constructed office buildings into the status of SEZ, if they are located on private land, is practically impossible because of the strict criteria which cannot be met by either the developer or the individual investors who want to rent the buildings.
7.	There are too many procedures necessary to obtain a building permit	Building Code and other Acts	Decreasing bureaucracy and the number of procedures leading to obtaining a building permit should be Government's priority.

Conclusions from surveys among foreigners within the framework of the project *Investor-Friendly Poland*.



Investor-Friendly Poland

Project Report 2010



INNOVATIKA

PYTLAK TYMENDORF
KANCELARIA PRAWNICZA

HONORARY
PATRONAGE



MINISTRY OF ECONOMY

MEDIA
PARTNER

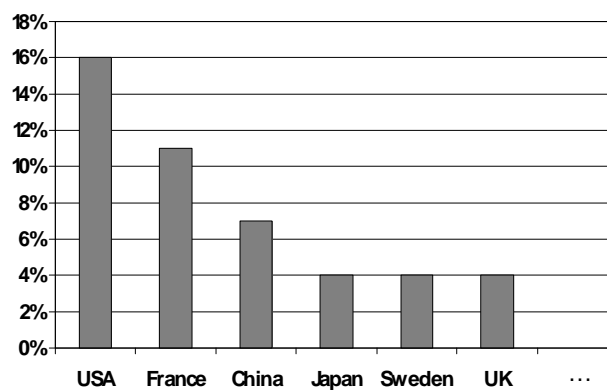


INNOVATIKA

PYTLAK TYMENDORF
KANCELARIA PRAWNICZA

About the project

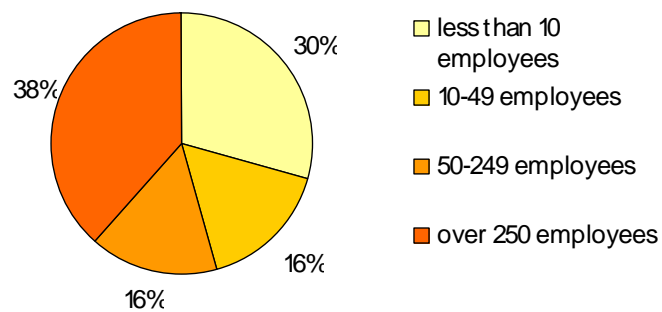
55 foreign investors from America, Europe and Asia participated in the survey in September 2010



N=55

There was a good balance of investors
from large and small companies

Current size of your company in Poland:



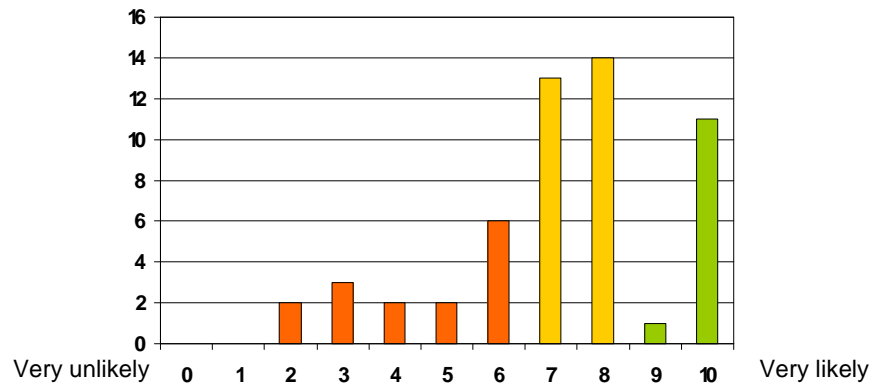
N=55

1.

Based on your experience,
how likely are you to recommend
Poland as a place to do business
to a friend or colleague?

Most of the respondents are on the edge
of being an active promoter of Poland

How likely are you to recommend Poland as a place to do business?



Great pool of talents was the #1 reason
named for recommendation

1. „Good availability of skilled workers.” „Polish intellectual capital is extraordinary.” „Hard working people. Excellent pool of talents.”
2. „Big market”
3. „Strong economy in times of crisis. Economic stability.”
4. „Good position in Europe.”



„We find the talent pool to be extraordinary, and the individuals we've hired are exceptionally motivated, intelligent, loyal, and committed.

The team here outstrips any other in our worldwide offices with respect to value created relative to total employee-related expense.”

*Investor from USA, Financial services industry
In Poland since 2007*



While human capital is the greatest asset,
the structural capital still requires improvement

1. „A killing bureaucracy”

2. „Infrastructure still not enough”



„Poland would be even more attractive as an investment destination were it not for the legal/regulatory environment!”

*Investor from USA, Financial services industry
In Poland since 2007*



„The 8 vs. 10 is for complex administration and crazy procedures.”

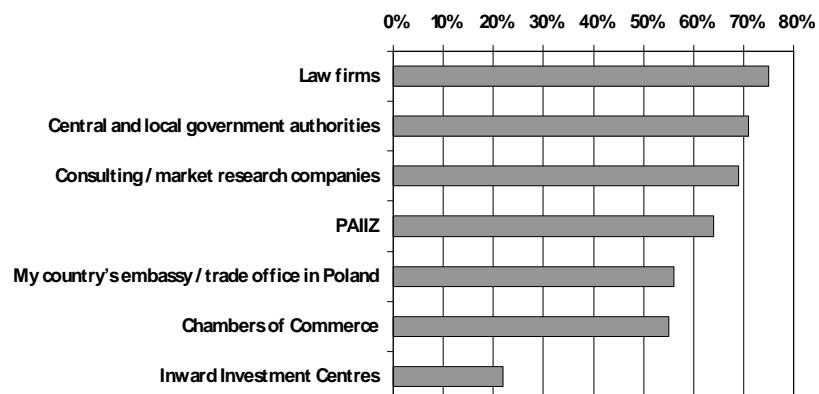
*Investor from USA, Renewable Energy
In Poland since 1997*



2. How helpful are the following organizations in supporting your activity in Poland?

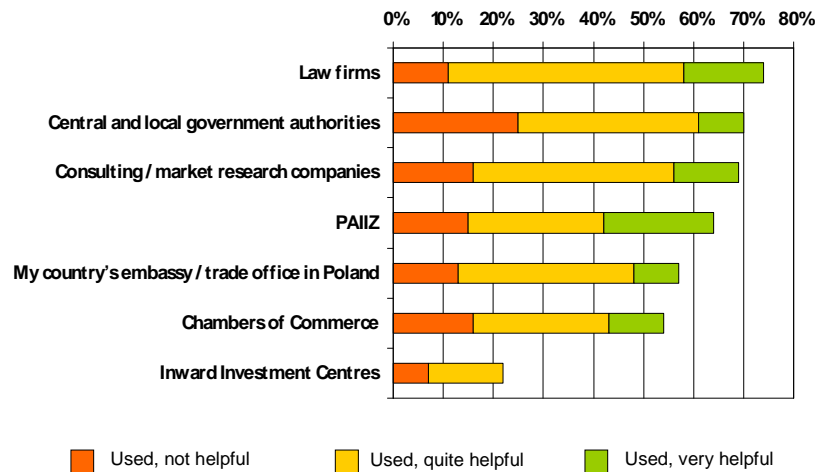
Support for the investor

% that used the support of the following organizations



Support for the investor

% that found it very helpful, quite helpful or not helpful



2

3. What was your most positive experience related to Polish legal environment for doing business?

„The fact we used a recommended lawyer whom we could trust.”

*Investor from UK, Recruitment industry
In Poland since 2008*



„May 1st 2004 as Poland joined the EU and it's positive consequences for the business environment in Poland.”

*Investor from Finland, Consulting Industry
In Poland since 1990*



„The legal environment appears to be generally easier than in my home country.”

*Investor from France, Oil Company
In Poland since 2001*



„Helpful people that can support despite the fact that the Polish legislation system is very complicated.”

*Investor from Germany,
Shared Service
Center Company
In Poland since 2006*



4.

What was your most negative
or frustrating experience related
to Polish legal environment
for doing business?



„To many rules
and regulations
with not clear
interpretations.”

*Investor from Israel,
Multiple businesses
In Poland since 1989*



„The still existing lack of transparency in the acting & decision making by the various authorities.”

*Investor from Finland,
Consulting Industry
In Poland since 1990*

4

„The legal environment itself. An endless stream of documents, stupid stamps and signatures.”

*Investor from Netherlands,
Media Industry
In Poland since 2006*



4

„Long procedure for
obtaining work permits
for foreigners.”

*Investor from Netherlands,
Shared Service Centers
Industry
In Poland since 2006*



5. Have you noticed improvements?



„Improved understanding,
management and protection
of intellectual property rights”

*Investor from USA,
Software development industry
In Poland since 2006*



„The adaptation of the EU legislation create clear, more stable and more transparent legal environment, especially for doing business by foreigners.”

*Investor from Israel, Multiple
businesses
In Poland since 1989*



6.

If you could improve one thing in the Polish legal environment for doing business, what would it be?

„Stop targeting expats with personal income tax return audits each year.

Simplify the residency permit process and keep it constant.

Reduce the number of statistical surveys to only those that are truly useful.

Stop adding new holidays almost every year.”

*Investor from USA, Financial services company
In Poland since 2006*

„Simplify labour law.

There are lots of rules which seem to be designed for a factory environment rather than a modern office where professionals are employed.”

*Investor from Switzerland,
Financial services company
In Poland since 2007*



„Poland like many governments in Central Europe need to organize themselves to work with SMEs.

SMEs create most of the new jobs in the world. Having a special team targeted to work with SMEs would accelerate progress.”



The investor's dream is a full transparency of the legal environment

Investor-Friendly Poland | Your Ideas for Quick Win Improvements

Ideas from Foreigners Doing Business in Poland

Forum

Sign in

Are you a foreigner doing business in Poland? Have you experienced our legal environment first-hand? Registered a company? Went to court? Do you see things that could be improved easily? Do you know any good practices from other countries that Poland could adopt to make life easier for foreign investors?

Our goal is to make Poland a truly great place to do business for everyone. With this initiative, we want to focus on those small improvements that can be implemented fast, without a large investment (like availability of official forms for registering a company in English). Everything that is important to you and would make your experience doing business in Poland better.

Let us hear your reflections and improvement ideas! Feel free to vote on other people's ideas as well. Top selected ideas will be presented to representatives of relevant government authorities and discussed at a special workshop in October 2010. We will do our best to have some "quick wins" implemented as soon as possible.

The Investor-Friendly Poland Team

I suggest ...

Enter your idea

Search

top ideas hot new accepted completed

29 votes

To establish a central, unified, and authorised electronic system

To establish a central, unified, and authorised electronic system which could offer the possibility for the foreign investors to consult the up-to-date legislation so necessary in order to be able to do business in Poland.

It would be great if, for instance, there were more transparency in what ... more

by Cristina Tinotte | 1 comment

10 votes left!

What happens if I run out?

Ideas from Foreigners Doing Business in Poland activity feed

Need Help?

Categories

All Ideas

Daily life in Poland - challenges for foreigners (2)

Getting credit (1)

Starting a business (1)

Trading across borders (1)

Some of the most popular ideas...

17

votes

vote

Make forms for registering companies etc. available in English

It would make life so much easier for foreigners if you wouldn't have to speak Polish to register a company etc. Please offer the top 20 most popular forms used by foreigners in Poland in bi-lingual version.

by Englishman in Warsaw in Daily life in Poland - challenges for foreigners |  2 comments

13

votes

vote

Internet based Public Services

Make a strong effort in the general public administration to bring the various services related to the daily life, including the business life in electronic format. This would most likely bring enormous savings for the entire society and national economy. The unnecessary "traffic" to and from various administrative offices would be avoided - the resources released could thus be directed for more productive & more motivated tasks. Also the life quality would improve - less frustrated citizens queuing! Take example from Estonia or the Scandinavian countries in this issue!

by Jussi in Daily life in Poland - challenges for foreigners |  0 comments

What could we do to really
make a difference?

Thank you!



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PYTLAK TYMENDORF
KANCELARIA PRAWNICZA

Summary

It follows from the analysis that there are still a large number of barriers, especially legal ones, which have a negative impact on starting investments in Poland. From the point of view of the Agency, the most significant barriers are those related to the possibility of taking advantage of the available forms of support. The investment incentive system in Poland comprises Government grants, structural funds grants, income tax exemption in Special Economic Zones, and exemption from real property tax. The barriers are particularly apparent when taking advantage of the instrument of Special Economic Zones. Investors await the amendment to the Act on SEZ and relevant Regulations that would bring flexibility in shaping the level of employment, allow using the entire amount of exemption (extending the period of operation of Zones seems necessary), and moderate the restrictive criteria for the inclusion of private land in the zones. Another necessary decision is the standardisation of the taxation regulations (their interpretations), which differ, and make the settlement of activities in the Zones more difficult.

Complex taxation regulations are not only a complaint by investors in Zones. This is proven by the fact that entrepreneurs in Poland must dedicate as many as 325 hours a year to tax settlement (according to the report of the World Bank *Doing Business 2011*).

The barriers also hinder the use (or only the settlement) of structural funds by investors. Most importantly, there is a lack of systemic information in the offer of aid that would also include schedules for the following years. This greatly hinders the planning of investments. Investors also complain about formal communication with institutions providing support and the formalistic approach to inspecting the use of funds.

A problem while leveraging Government grants is the overlong procedure of certifying aid that requires a decision from the entire Council of Ministers.

It would be reasonable to transfer this power to the Minister of the Economy. In the opinion of the Agency, it would also be reasonable to drop the interpretation not allowing aid from Government grants when the investor also takes advantage of other allowable forms of aid for the same project, and disambiguating the conditions for the ban on granting aid in agglomerations with a low unemployment rate.

The lack of spatial development plans is a serious problem that leads to the prolongation of procedures connected with obtaining a building permit, and, as a consequence, to delays in

the implementation of investment projects. In order to obtain a building permit, an entrepreneur must go through 32 procedures, which takes 311 days on average (according to the Report of the World Bank *Doing Business 2011*).

Preparing a new model for spatial development should become a priority.

Despite all the barriers mentioned above most of the respondents of the survey of the *Investor Friendly Poland Project* are on the edge of being an active promoter of Poland as the place to conduct business activity. Great pool of talents was the number one reason named for recommendation. What also was stressed is that Poland offers big market, strong economy during the crisis and good position in Europe.

However while human capital is the greatest asset, the structural capital still requires improvement as well as the legal and regulatory environment. Almost 50% of respondents have noticed improvements in legal environment recently (e.g. protection of intellectual property rights, legislation on doing business by foreigners in Poland). Among wishes for further changes were mentioned: simplifying procedures for work permits for foreigners and residency permit process, reducing the number of statistical surveys, simplifying the labour law and improving the policy to help small and medium enterprises).

More than 60% of respondents used PALiIZ services and found it very helpful.

During the survey we collect feedback on the usefulness of organisations such as PALiIZ, Investor Assistance Centres, embassies, chambers of commerce, law and consulting companies. More than 60% of respondents used PALiIZ services and found it very helpful.