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## **Local Government in the Process of Implementation of the European Union's Regional Policy in Poland**

Poland's political system is based on a broadly defined principle of decentralization. According to the administrative law, it denotes such a system, in which exist a larger number of independent power centers alongside one central one. They are independent of hierarchical subordination, yet represent interests of local and regional communities. The most characteristic exemplification of the decentralization process is a local government, which in our country arises from both a theory and practice of the European local government. While introduced in 1990, it did not require building from scratch. The legislator could take advantage of using the experiences from the pre-war Poland.

After World War II the local government in Poland functioned for a few years. However, in the wake of the ongoing petrification of a new, highly centralized system of power, its role was gradually marginalized. The legal basis for liquidation of the local government was the Act of 20 March on Local Organs of Unified State Authority<sup>1</sup>. It led to a formal abolishment of the local government and rejection of, in accordance with the Soviet doctrine, a concept of local representational organs.

Local government, as defined by the theory and practice of democratic states, was eventually introduced by the Act of 8 March 1990 on the Local Government<sup>2</sup>. It led to restitution of local power in Poland and, at the same time, it was the first step toward further local government reforms and, as a consequence, establishing county and voivodship local governments. On 1 January 1999, a three-level division of the country's territory was put in place: communities, counties, and, especially interesting to us, voivodships. That far-reaching decentralization resulted with creating a local government on all levels of administration. The local government

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<sup>1</sup> Dz. U. Nr 14, poz. 138.

<sup>2</sup> Dz. U. Nr 142, poz. 159.

reform, now encompassing voivoships, made a profound change because voivodships got subjectivity, situating their relations with central authorities on a partnership level. It may be seen without any doubt as the strengthening of the structure of state, in which a civic factor plays a significant role.

The first step on the way towards decentralization of competences on the regional level was the passing of the Act of 5 June 1998 on the Voivodship Local Government<sup>3</sup>. According to the that Act, residents of the voivodship create by law a regional local government community. It implies that a local government voivodship is a separate category of a local government, focused on prerogatives going significantly beyond a sphere of local operations. Therefore, voivodship, on the one hand, means a unit of regional local government. On the other hand, it is the biggest unit of the basic territorial division of the country in order to carry out public administration.

The defining of voivodship's development strategy is a considerable authority and includes such goals as:

- cultivation of Polishness; advancement and modeling of national, civic, and cultural consciousness of the residents;
- stimulation of economic activity;
- improvement of the level of competitiveness and innovativeness of voivodship's economy;
- preservation of cultural and natural environment that takes into consideration the needs of future generations;
- shaping and maintenance of the spatial order.

Tasks of the local government have a regional character, meaning that they concern the creation of conditions for sustainable regional development and carrying out the public services in the region. Furthermore, they are supposed, in collaboration with the government administration and thanks to the European Union's subsidies for structural funds, to create a regional policy.

A relatively broad scope of jurisdiction doesn't change the fact that a regional local government community doesn't constitute, in accordance with legal regulations, an autonomous voivodship. In fact, it upholds the unitary state principale. All voivodships (regions) have identical legal status and their areas are a territorial entirety. It's worth mentioning here that

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<sup>3</sup> Dz. U. Nr 91, poz. 576.

the state administration in the voivodship is also carried out by government represented by a voivode and his office. Thus, an administrative dualism existing in Poland resembles the French model.

The regional parliament (the voivodship parliament) and the voivodship board are organs of voivodship local government. The voivodship parliament is elected in general secret ballot for a term of four years. This is a legislative and control organ, when the board is the executive organ of voivodship. It comprises the voivodship marshal as its chairperson, the deputy chairperson and three members. The board executes the tasks of voivodship with the help of the Marshal's Office. The voivodship marshal is the head of the Office, supervisor of the office employees and the heads of the provincial local government units. He gradually becomes a central figure in regional administration. This thesis, despite maintaining dualism of public authorities in voivodship, seems, to be justified, given the rising role of local government in the implementation process of the regional policy, developed by the European Union.

The regional policy is a deliberate and intentional activity of the organs of public power aimed at regional development and meant as an optimal use of the regions' resources for a sustainable economic growth and growing competitiveness. In the literature of subject, one may distinguish inter-regional and intraregional policies carried out by the organs of the national government *vis a vis* regions. While the latter is usually oriented towards regulating the interregional development ratio, the former is most often conducted by the organs of the local government authority in order to achieve their own goals, thanks to their own resources and at their own responsibility<sup>4</sup>.

The regional policy is currently one of the European Union's priority programs. It's mostly financed by structural funds.

In the years 2000–2006 a significant majority of resources, almost 94% of general financial expenditure, was allocated for structural funds. There were the following structural funds:

- European Regional Development Fund,
- ESF (European Social Fund),
- EAGGF (European Agricultural Guidance and Guarantee Fund),
- FIFG (Financial Instrument for Fisheries Guidance).

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<sup>4</sup> R. Kmieciak, *Polityka regionalna Unii Europejskiej a proces globalizacji – zakres pojęć i wzajemne relacje*, in: *Wpływ globalizacji na procesy rozwojowe współczesnego świata*, ed. W. Malendowski, Poznań 2004, p. 82.

A supplemental instrument of structural policy is also, created by the Maastricht Treaty, the Cohesion Fund. The was introduced (originally only for the period 1994 until 1999) in order to help less developed countries (with GDP below 90% of the EU average) in integration with the economic center of the Union and to assist in preparations for monetary and economic union. Two kinds of investments can be financed by the means allotted for the Cohesion Fund: projects aimed to protect the environment and those for the development of the trans-European infrastructure. These undertakings can be financed up to 80-85% of public expenditure. In some cases (e.g., technical help and preparatory studies) even up to 100% can be financed. The Cohesion Fund has proven to be a very efficient instrument in endorsing regional policy, hence its existence was extended for a longer period of time<sup>5</sup>. The above-mentioned financial instruments were earmarked from 2000 to 2006 for implementation of the three goals of the structural policy.

Goal 1 was of the greatest importance. Within this framework help was directed especially to those regions, delayed in their social-economic development, where GDP was significantly below that of the EU average (below 75%) and the unemployment rate was the highest. Moreover, there were also planned specific solutions for areas characterized by exceptionally low population density and located peripherally. These applied mostly to northern regions of Finland and Sweden.

Goal 2 concerned strengthening social and economic transformation of regions going through a structural crisis. Under this goal help was provided to regions: urban, rural and those that are dependant on the development of fisheries, which didn't qualify for help under Goal 1.

Goal 3, the only horizontally oriented one, concerned adaptation and modernization of regional educational and training systems and employment. It meant that attention and means were focused on problems related to labor market modernization<sup>6</sup>.

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<sup>5</sup> K. Button, E. Pentecost, *Regional Economic Performance within the Euroean Union*, Edward Elgar Publishing, Inc. Cheltenham, UK–Northampton, MA, USA 1999, p. 38–39; K. Kokocińska, *Polityka regionalna w Polsce i w Unii Europejskiej*, Poznań 2009, p. 53–54.

<sup>6</sup> F. Bolle, I. Hartwig, P. Nicolaidis, *EU Structural Funds beyond Agenda 2000: Reform and Implications for Current and Future Member States*, Euroean Institute of Public Administration, Maastricht, the Netherlands 2000, p. 34–35.

The system of implementation of the European Union's regional policy characterized above included Poland after accession. It was a very serious challenge for our country due to a need for putting to use substantial financial means aimed at equalizing of socioeconomic potential of particular Polish regions and the extended Community. The proper organization of the absorption system of structural funds is a condition of the effective use of the financial help. At the same time, it tests Poland's credibility as a new partner of the more developed Old Continent's countries.

The first actions of the institutional character, aimed to coordinate a regional policy, were taken in the second half of the 1990s. The condition for their success was, among other, adaptation of both the country's territorial organization and the structure of local government in order to meet the European Union's standards. The reform authors, justifying the need for its implementation, stressed the fact that the Polish administrative system is based upon the dominance of the branch sector over the territorial arrangements. They pointed to extensive centralization of power and concentration of administrative authority at the central level. The lack of citizens' impact on state policy was also viewed as a problem. The creation of self-governmental counties and voivodships was considered a critical element of the decentralization reform.

The approval of the National Development Plan (NDP) and the Community Support Framework negotiated with the European Commission were seen as a key element of the accession process. The National Development Plan 2004–2006, which contained proposals for the actions and the use of the Community's help aimed to reduce socioeconomic disproportions between Poland and European Union countries, was accepted by the Council of Ministers (the cabinet) on January 14, 2003. Two months later the European Commission recognized it as an official document (a qualifiable document) to serve as a base for further negotiations. The negotiations kicked off on June 27, 2003 on the basis of the National Development Plan and the mandate prepared by the Commission. The agreement on allocation of fund sources was reached on July 31, 2003. As a result, the Community Support Framework was worked out. The appropriate document was accepted by the College of High Commissioners on December 10, 2003 first, and by the Council of Ministers on December 23, 2003 next.

The operational programs, relating to the National Development Plan, were the most important documents making the implementation of the Community Support Framework possible. In other words, the Community

Support Framework defined the directions and the amount of EU assistance in operational programs execution. Thus, above-mentioned programs comprised of priorities and operations, subsidized by structural funds. Operational programs were divided into the sector programs and the Integrated Operational Program of Regional Development, which was financed by two structural funds. The following programs were described in the Community Support Framework:

- SOP Improvement of the Competitiveness of Enterprises,
- SOP Human Resources Development,
- SOP Transport,
- SOP Restructurization and modernization of the food sector and development of rural areas,
- SOP Fishery and Fish Processing,
- Integrated Regional Operational Programme,
- OP Technical Assistance.

Altogether the European Union granted Poland 8.6 billion euros (approx. 32.8 billion zlotys) from structural funds and 4,178.8 billion euros through the Cohesion Fund.

As far as the subject of this presentation is concerned, the Integrated Regional Operational Programme played a key role as the biggest operational program in Poland. Its primary goal was “create the conditions for the increase of competitiveness of the regions and prevention of the marginalization of some areas, in such a way as to enhance the long term economic development of the country”.

The beneficiaries of the support were voivodship, county and commune local governments, associations and union of counties and communes, scientific institutions, labor market institution, agencies for regional development, entrepreneurship support institutions, and small and medium-size enterprises.

The projects carried out under the Integrated Regional Operational Programme were mostly financed by the European Regional Development Fund (2,530 million euros) and the European Social Fund (438 million euros). Due to the complementary principle, the state budget has to allot 346 million euros, units of the local government – 769 million euros, and the private sector – 46 million euros.

In the years 2004–2006, the Integrated Regional Operational Programme consisted of 4 priorities:

Priority I. Extension and modernization of infrastructure to strengthen competitiveness of regions – 59.38% of all means.

Priority II. Strengthening human resources in regions – 14.7 of all means.

Priority III. Local Development – 24.5% of all means.

Priority IV. Technical Assistance – 1.3% of all means of all means<sup>7</sup>.

The question that emerges here is: how have the European funds been used under the National Development Plan 2004-2006. According to the newest data, the total amount of payments from programs' accounts since the programs started until November 2009 has reached the level of 34.9 billion zlotys (it equals 106.6% of allocations).

In the case of the Cohesian Fund the amount of payments received from the European Union was over 3.7 billion euros (65.3% of the available allocation).

When it comes to the Integrated Regional Operational Programme administered by the local government, over 13 thousand projects have been implemented and beneficiaries have received over 100% of the means (over 9 billion zlotys). It means that Poland will not loose money from this program. The gained experience is undoubtedly very important experience as well.

The years 2007–2013 are extremely important for Poland as far as the cohesion policy programming is concerned. In order to utilize both the structural funds and the Cohesion fund rationally, European Union prepared “The Community Strategic Guidelines” supporting the economic growth and employment. It is in line with the Council regulation of July 11, 2006 introducing general regulations regarding structural funds and the Cohesion Fund.

The transfer of operations from the Orientation and Agricultural Guarantee Fund and the Financial Instrument for Fisheries Guidance to the Common Agricultural Policy and the Common Fishery Policy meant their exclusion from the structural funds.

The second significant change is redefining the goals of structural policy. The following are the present goals:

Goal 1 – Convergence – is aimed at securing cohesion and convergence of the least developed regions. It is measured by the development of the transport infrastructure, environmental protection, development of innovation and labor market activation. This goal remains a high priority.

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<sup>7</sup> Załącznik do rozporządzenia Ministra Gospodarki i Pracy z dnia 1 lipca 2004 r. w sprawie przyjęcia Zintegrowanego Programu Operacyjnego Rozwoju Regionalnego 2004–2006 (poz. 1745).

There have been allotted 251 billion euros for its implementation (81% of all means).

Goal 2 – Competitiveness and Employment – oriented towards building the regional competitiveness and promoting employment. In order to meet this goal the resources are reserved for the richest EU countries. They are supposed to support the practical implementation of the Lisbon Strategy, meaning investment into modern technologies, proecological actions, education and new ways of fighting unemployment. There have been allotted 49 billion euros (16% of all means).

Goal 3 – European Territorial Cooperation – is directed at the execution of operations related to interregional and trans-border cooperation. There have allotted 8 billion euros (2.52%) for this goal<sup>8</sup>.

Poland is the principal beneficiary of the EU Cohesion Policy. In order to get access to significant Union resources, Poland had to prepare the document complementary to the Community Support Framework: the National Strategic Reference Framework. The European Commission approved this document, of key importance to Poland's cohesion policy, on May 7, 2007. The strategic goal of the National Strategic Reference Framework is a creation of the conditions for the growth of competitiveness of the Polish economy based on knowledge and entrepreneurship assuring an increase in the employment and in the level of social, economic and territorial cohesion.

The total sum of financial resources engaged in the execution of the National Strategic Reference Framework in 2007–2013 will amount to 85.56 billion euros. 67.3 billion euros will come from the Community resources. Of that, 67% will come from structural funds, and the remaining 33% from the Cohesion Fund. Poland's co-financing is 15%<sup>9</sup>.

The above-mentioned resources will be expended through the following operational programs:

OP Infrastructure and Environment – 41.3% of all means (27.8 billion euros),

16 Regional Operational Programs – 23.8% of all means (15.6 billion euros),

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<sup>8</sup> Rozporządzenie Rady (WE) nr 1083/2006 z dnia 11 lipca 2006 r. ustanawiające przepisy ogólne dotyczące Europejskiego Funduszu Rozwoju Regionalnego, Europejskiego Funduszu Społecznego oraz Funduszu Spójności oraz uchylające rozporządzenie (WE) nr 1084/2006, in: Dz. U. UE Nr L 210 z 31 lipca 2006 r.

<sup>9</sup> J. Babiak, *Wiedza i innowacyjność we współczesnej gospodarce*, in: *Fundusze Europejskie a innowacyjność polskiej gospodarki*, ed. J. Babiak, Warszawa 2008, p. 23.

OP Human Capital – 14.4% of all means (9.7 billion euros),  
OP Innovative Economy – 12.3% of all means (8.3 billion euros),  
OP Eastern Poland Development – 3.4% of all means (2.3 euros),  
OP Technical Assistance – 0.8% of the total means (0.5 billion euros),  
OP European Territorial Cooperation – (0.7 billion euros)<sup>10</sup>.

All above-mentioned operational programs were approved by the European Commission until the end of 2007. Executive institutions are in charge of appropriate execution of operational programs. At the national level, the minister for regional development is the executive institution of operational programs. In the case of regional operational programs it's the charge of voivodship boards, meaning self-governmental power.

It's worth mentioning that the draft of the regional operational program is prepared by the voivodship board in cooperation with the minister for regional development. The voivodship board resolution approve the regional operational program. All its investments are financed from the means, that come from the state budget or from foreign sources. The minister for regional development enters into an agreement (called the "voivodship contract") with the voivodship board on cofinancing regional operational programs from the state budget or from foreign sources, within the scope and on the terms defined by the Council of Ministers.

Local government plays an important role in the process of regional policy implementation in Poland. The process of power decentralization will continue, as many indicators suggest. Local government expect that more authority will be transferred to them with regard to investments and undertakings in the region. It's worth reminding that it was one of the elements of the election platform of the current government, which promised to limit the central administration power for the local government.

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### **Samorządy w procesie wdrażania Polityki Regionalnej Unii Europejskiej w Polsce**

#### **Streszczenie**

Model ustrojowy Polski opiera się na szeroko rozumianej zasadzie decentralizacji. W znaczeniu prawa administracyjnego oznacza ona taki system, w którym istnieje większa liczba samodzielnych ośrodków sprawujących władzę przy jednym central-

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<sup>10</sup> J. W. Tkaczyński, R. Willa, M. Świstak, *Fundusze Unii Europejskiej 2007–2013 – cele, działania, środki*, Kraków 2008, p. 445.

nym. Wspomniane ośrodki decyzyjne uniezależnione są zatem od hierarchicznego podporządkowania, pozostając reprezentacją interesów lokalnych i regionalnych społeczności. Pierwszym krokiem na drodze do decentralizacji kompetencji na szczeblu regionu było uchwalenie w dniu 5 czerwca 1998 r. ustawy o samorządzie województwa, którego uprawnienia znacznie wykraczają poza sferę działań lokalnych. Zadania województwa samorządowego mają zatem charakter regionalny, tzn. dotyczą tworzenia warunków rozwoju regionu oraz wykonywania usług publicznych o zasięgu regionalnym. Ponadto mają one kreować politykę regionalną, współpracując w tej mierze z administracją rządową oraz wykorzystując środki unijne przeznaczone na fundusze strukturalne.

Polska jest obecnie największym beneficjentem polityki regionalnej Unii Europejskiej. Aby móc skorzystać ze znaczących środków unijnych musiała przygotować dokument pod nazwą Narodowe Strategiczne Ramy Odniesienia (NSRO), którego celem jest tworzenie warunków dla wzrostu konkurencyjności gospodarki polskiej opartej na wiedzy i przedsiębiorczości, zapewniającej zwiększenie zatrudnienia oraz wzrost poziomu spójności społecznej, gospodarczej i przestrzennej.

Łączna suma środków finansowych zaangażowanych w realizację NSRO w latach 2007–2013 wyniesie 85,56 mld EURO. Z tego wielkość alokacji środków wspólnotowych to 67,3 mld EURO. Wymieniona suma jest wydatkowana poprzez programy operacyjne, w tym 16 Regionalnych Programów Operacyjnych, których instytucją zarządzającą są zarządy województw.

Jak zatem widać samorząd odgrywa ważną rolę w działaniach służących implementacji polityki regionalnej w Polsce. Wiele wskazuje na to, że proces decentralizacji kompetencji w zakresie wykorzystania środków unijnych będzie pogłębiany, ponieważ środowiska samorządowe oczekują przekazania im większych uprawnień w zakresie realizowania określonych inwestycji i przedsięwzięć w regionie oraz na poziomie lokalnym.