

Integrated Regional Operational Programme as an instrument for supporting local and regional development in the perspective of EU funds for 2021-2027

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Abstract: The implementation of the IROP objective concerned the policy of regional development of the state, contributed to economic growth, decentralisation of state management, structural transformation of regions, increase in urbanisation, increasing the spatial mobility of the population, increasing the level of knowledge and access to the most modern technologies for the society and business entities.

Keywords: integration, local government, EU funds, local development, IROP.

Introduction

An extremely important issue for the regional development policy is the skilful use of the Union resources by the local government units, which facilitates equalisation of the social and economic development disproportions and creates an exceptional opportunity for the economic advancement, as well as significantly strengthens the competitiveness of all the Polish regions. In none of the Polish voivodeships, the GDP *per capita* did not exceed 75 % of the average level of the European Union and therefore each of them was entitled to the Community assistance. However, taking advantage of this opportunity was not easy. Although the first period of Poland's membership in the European Union is past, the first analyses and assessments of the EU funds absorption process in local government units can already be made. The Integrated Regional Operational Programme (IROP), the only regionally-oriented

programme implemented between 2004 and 2006, may serve as an example. According to the provisions of the National Strategy for Regional Development, the basic IROP objective is "creation of conditions for the growth of competitiveness of regions and counteracting marginalisation of some areas in such a way so as to favour long-term economic development of the country, its economic, social and territorial cohesion and integration with the European Union. This suggests that the country's economic development policy should be pursued in a decentralised system, with local authorities playing a fundamental role.

In the first part of the article, the main assumptions of the IROP as an instrument supporting regional development will be discussed, in particular in the area of financing various tasks and infrastructural investments. The next stage will be an analysis of the use of the IROP funds in the Kujawsko-Pomorskie voivodeship in terms of their usefulness in forming regional policy and an attempt to assess the accessibility of structural funds using a questionnaire survey among beneficiaries. The analysis of the use of the IROP funds was carried out on the basis of programme documents and information from the Marshall Office on the intake of applications for co-financing of projects within the IROP measures.

1. Rationale for the IROP

Following the accession to the European Union, Poland started to benefit from assistance under the structural policy and the Cohesion Fund. The concept of the structural policy for 2004-2006 was based on the Integrated Regional Operational Programme and five single-fund sector operational programmes - SOP. The IROP is oriented in the first place at the creation of conditions for the competitiveness of particular regions (voivodeships) through the development of regional transport infrastructure, environmental protection and social infrastructure, development of information society and development of the education system, training and advisory services. It is also intended to counteract the marginalisation of the least developed areas. This programme is addressed to regional and local institutions of a given voivodeship, while the ultimate or final beneficiaries are in most cases local government units. Measures proposed within IROP (Table 1) are to build up the competitiveness of regions, taking into account their social and economic structure and the current level of development, and at the same time to correspond to directions set out in the National Strategy for Regional Development. On the other hand, the principles of implementation of the programme should be based on the Community regulations and national regulations concerning public finances, state aid and division of responsibility for the regional policy between the government and the local government units.

Contrary to sector operational programmes, the Integrated Regional Operational Programme is clearly regionally oriented, although - which is worth stressing - it should be complementary to them and systemically harmonised with them [www1]. The IROP programming framework was defined in cooperation with voivodeship local governments, and the priorities of support allocation were subordinated to them. These priorities, as elements of the IROP structure, include measures and sub-measures. Within one priority there may be different beneficiaries entitled to receive support, a detailed list of which is provided in the IROP Complement.

Table 1. Summary of measures under the priorities of the Integrated Regional Operational Programme for 2004-2006

Priorities of the IROP			
Development and modernisation of infrastructure to strengthen regional competitiveness	Strengthening the development of human resources in the regions	Local development	Technical support
IROP activities			
Modernisation and development of the local transport system (road and public transport infrastructure)	Development of skills linked to the needs of the regional labour market and lifelong learning opportunities in the region	Rural areas Areas undergoing restructuring	Support for the implementation of IROP - limited expenditure
Environmental infrastructure (regional education and health infrastructure)	Equalising educational opportunities through scholarship programmes (support for children from rural areas and for students)	Degraded urban, industrial and post-military areas Micro-enterprises	Support for the implementation of IROP - unrestricted expenditure Information and promotion activities
Tourism and culture development Information society infrastructure	Professional reorganisation of persons leaving agriculture	Local social infrastructure (local educational and health care infrastructure)	
Development of public transport in agglomerations	Vocational reorganisation of persons threatened by reorganisation processes Promotion of entrepreneurship Regional investment strategies and knowledge transfer		

Source: prepared on the basis of the European Foundation Portal, Final Report 13.07.2020.

In the years 2004-2006 the implementation of the IROP is concentrated on three priorities (in total 98.7% of the total funding) [www1]. Measures implemented within Priority 1 (Table 2) focus mainly on supporting, modernising and supporting the development of technical and social infrastructure in the regions. This priority comprises six measures, which cover in a total of 59.4% of all IROP funds. The measures within Priority 1 are financed in 75% from structural funds. The remaining 25% come from national public resources, i.e., from the

state budget and from regional and local governments. Measure 6 is an exception as it is financed in half by the European Union and these units. The share of private capital in the financing of economic infrastructure is negligible, ranging from 1-7%. A potential opportunity for growth is provided by the public-private partnerships recommended by the EU, the wider use of which would allow private investors to become more involved in the delivery of public investment⁵. The largest expenditures and the highest share of EU funds are located in Measures 1-2. Support is provided primarily for projects concerning the regional transport system. In the area of environmental protection, attention is paid mainly to reducing air, water and soil pollution and improving flood safety. Measure 1.3 is aimed primarily at improving the quality of education and health care infrastructure, strengthening the position of universities and preparing them to play a key role in the process of regional development. Measure 1.4 supports projects for the development of tourism and culture, which have a significant impact on job creation and the economic development of regions. Measure 1.5 is intended to contribute in particular to the construction or development of local or regional broadband and secure networks for electronic communications. Supporting investments in these areas aims at levelling the disproportions in the access to the Internet and other information technologies between regions in Poland and in the EU, as well as in the intra-regional network between big centres and rural gminas and small towns. The last measure of this priority concerns programmes for the development and modernisation of the public transport system in agglomerations of more than half a million inhabitants.

Table 2. Estimated distribution of funds for measures implemented under the Priority Infrastructure development and modernisation aimed at strengthening the competitiveness of regions in the years 2004-2006 (in EUR mln according to current prices)

N°.	Activity	Total public funds	Total structural funds	National public funds			Private funds
				State budget	LGU	Total	
1.	Modernisation and expansion of the regional transport system	1024,8	768,6	-	256,2	256,2	1,0
2.	Environmental infrastructure						
3.	Regional social infrastructure	401,4	301,0	-	100,3	100,3	4,0
4.	Development of tourism and culture	311,9	233,9	35,4	42,5	77,9	20,9
5.	Information society infrastructure	263,8	197,9	24,9	40,9	65,8	13,2
6.	Development of urban transport in agglomerations	124,3	93,2	9,4	21,6	31,0	9,1
7.	Total	355,8	167,9	-	167,9	167,9	2,0
		2462,0	1762,5	69,7	629,4	698,1	50,2

Source: Complement to the Integrated Regional Operational Programme 2004-2006, Warsaw, Ministry of Regional Development, p. 30.

The basic objective of Priority 2, which covers in total 14.7% of all IROP resources, is the creation of conditions for the development of human resources on a local and regional level. This priority comprises six measures. They concern the development of skills related to needs of the regional labour market and possibilities of life-long learning, equalisation of educational opportunities through scholarship programmes, professional reorientation of employees before they become unemployed and requalification of persons leaving agriculture, as well as the promotion of entrepreneurship and regional innovative strategies and knowledge transfer. The implementation of Priority 2 is linked to activities undertaken under Priority 3 (Local development), in particular investments in rural areas and areas subject to restructuring and revitalisation.

Priority 3 covers in a total of 24.5% of all IROP funds. This priority covers five measures: rural development, support for areas undergoing restructuring, revitalisation of degraded urban, post-industrial and post-military areas, micro-enterprises and local social infrastructure. The main objective is the social and economic activation of areas at risk of marginalisation, facilitating their integration into the development processes of the country and the whole Community.

Apart from the three priorities mentioned above, part of the funds totalling to 1.3% of all IROP resources is allocated for the so-called technical assistance within Priority 4. This priority comprises three measures related to limited expenditure in support of the IROP implementation process, unlimited expenditure in support of this process and information and publicity activities. These funds are most often spent on improving the qualifications of the staff in the Managing Authority, Marshall Offices, Voivodship Offices, on equipping offices with computer equipment and on information and promotion activities.

Priorities and measures adopted in the Integrated Regional Development Operational Programme cover the territory of the whole country. Financing of IROP is based mainly on structural funds of the European Union, mainly from resources of the European Regional Development Fund and the European Social Fund. The projects implemented are subject to the so-called principle of financial assembly, which means financing from various sources. European Union funds, whose share, however, varies depending on the measure, cannot be higher than 75% of eligible expenditures, constitute (in accordance with the additionality principle) a supplement to funds collected for given measures by local, regional and national authorities. For the implementation of the IROP in the years 2004-2006 about 1.1 billion euro of national public resources have been planned, of which 346 million euro are funds from the state budget and 769 million euro - from the budgets of the local governments. The contribution

of private capital to the realisation of the programme in those years should amount to about 390 million euro [7].

2. Experience of the Podlaskie voivodeship local government in IROP implementation

The Integrated Regional Operational Programme was implemented in all voivodeships, however, the pace of that process varied. Data of the Ministry of Regional Development indicate that by the end of 2006 within IROP over PLN 2.2 billion had been disbursed, which accounts for 19% of total Community funds anticipated for the years 2004-2006. The highest disbursement rates - in line with the trend that has been continuing for several months - are characteristic for the following voivodeships: Małopolskie - 33% of the total allocation, Podlaskie - ca. 27%, and Kujawsko-Pomorskie - slightly above 24%.

The statistics presented here concern all IROP priorities and measures. It must be stressed, however, that within Priority 2, implemented from the European Social Fund, only PLN 81 million was disbursed, which amounts to 4.7% of the allocation for 2004-2006; there is a very strong variation between voivodeships. The highest disbursement rate was achieved by the Podlaskie Voivodeship (13.6% of total allocation).

Taking into account the value of European Union funds allocated [www1] to individual voivodeships, the Podlaskie Voivodeship is ranked 9th with the allocated amount of approximately 142 million euro. EUR 81.6 million was allocated to Priority 1, EUR 23.1 million to Priority 2, and EUR 37.2 million to Priority 3.

Tables 3-5 present the results of the competitions announced in 2004-2006. When analysing the above data, it can be stated that the highest number of applications was accepted for co-financing in three measures: 11 in Measure 1.3.2 (Regional health care infrastructure), 10 in 1.1.1 (Road infrastructure) and 8 in 1.2 (Environmental infrastructure). In terms of the value of applications selected for co-financing, Measure 1.1.1. is the leader, with projects worth in total over PLN 214 million. High absorption of funds is also characteristic for Measure 1.5, despite a smaller number of applications selected for co-financing.

Table 3. Use of IROP funds in the Podlaskie Voivodeship in the years 2004-2006 within the framework of Priority 1: Development and modernisation of infrastructure aimed at strengthening the competitiveness of the regions

Measure/Sub-measure	Number of projects	Total value of the project (PLN million)	Value of co-financing under IROP (in PLN million)
1.1.1	10	214,4	148,4
1.1.2	2	14,4	8,0
1.2	8	74,1	48,0
1.3.1	4	51,0	37,9
1.3.2	11	33,4	24,8
1.4	4	55,7	39,4
1.5	6	85,5	53,8

Source: compiled on the basis of data from the Marshal's Office in Białystok.

Table 4. Utilisation of IROP funds in Podlaskie Voivodeship in the years 2004-2006 under Priority 2: Strengthening human resources development in the regions

Measure/Sub-measure	Number of projects	Total value of the project (PLN million)	Funds paid to beneficiaries (in PLN million)
2.2	4	17,1	10,9
2.5	8	4,2	0,1
2.6	10	3,7	1,1

Source: compiled on the basis of data from the Marshal's Office in Białystok.

Table 5. Use of IROP funds in Podlaskie Voivodeship in the years 2004-2006 within the framework of Priority 3: Local development

Measure/Sub-measure	Number of projects	Total value of the project (PLN million)	Value of co-financing under IROP (in PLN million)
3.1	93	114,3	70,8
3.2	23	54,7	25,1
3.3.1	6	18,6	10,6
3.3.2	2	8,2	6,0
3.5.1	11	26,1	13,9
3.5.2	16	11,9	8,1

Source: compiled on the basis of data from the Marshal's Office in Białystok.

As can easily be seen by analysing the data in Table 4, Measure 3.1 (Rural areas, 93 applications) was the most popular, followed by Measure 3.2 (Areas undergoing restructuring, 23 applications), and then Measures 3.5 and 3.5.1 (Local social infrastructure and Local educational and sports infrastructure, 16 and 11 applications respectively).

According to the signed contracts, the degree of utilisation of the allocation for the years 2004-2006 amounted at the end of 2006 to approximately 80%, but according to the payments made, only slightly over 17%. This gave the studied voivodeship the second place, after the Małopolskie Voivodeship, where the first indicator is slightly lower (78%). The second one is higher - almost 20%.

Projects concerning the construction and modernisation of technical and social infrastructure (road investments, construction of sewage systems, water supply systems,

sewage treatment plants, schools, sports facilities and health centres) enjoyed the greatest interest. These are, therefore, areas where underinvestment has long been acutely felt by the voivodeship's inhabitants. It should be added that the basic criterion for selecting a given project for co-financing was its compliance with the voivodeship strategy and the voivodeship development programme until 2010 (for Priority 1 projects), as well as with local development plans in the case of projects under Priority 3.

In assessing the availability of structural funds in Podlaskie voivodeship, a survey was carried out among beneficiaries who had submitted their project applications and had received funding under the IROP measures for 2004-2006. The survey was aimed at checking:

- the degree of accessibility to information of individual beneficiaries about the possibilities of co-financing from structural funds,
- the complexity of the procedures for applying for EU funding,
- the possibility of setting aside national funds to co-finance projects.

The survey was conducted in the first quarter of 2006. 30% of applications were randomly selected from a group of 208 applications that had received IROP funding in 2004-2005. In response to the question concerning the form of obtaining information on the possibility of receiving assistance under the IROP, the majority of respondents (85%) indicated information obtained from the Implementing Authority (Marshall Office of Podlaskie Voivodeship) and the websites of this institution, which may indicate that an effective information and promotional campaign was conducted in this respect.

As for the time between obtaining information and the date of the call for proposals, half of the respondents said that it was between one and two months. 26.5% - that it was between 2 months and 6 months or between 2 weeks and 1 month. Only 17.6% of the respondents said that they had more than half a year to prepare their application.

The majority of respondents (over 85%) stated that they had no major difficulties in obtaining the application form. The remaining part (less than 15%) encountered some difficulties. Most often the respondents mentioned: the application form not opening correctly, texts and tables shifting, problems with entering text and numbers, and the fact that frequent modifications of the forms were not accompanied by information on which form corresponded to which action. Problems were also caused by the lack of appropriate quality computer equipment and access to the Internet at workstations of persons who were involved in the preparation of applications.

56% of respondents did not declare greater difficulties in accessing detailed guidelines

for preparing an application. The remaining 44% of respondents said that they had encountered some difficulties. They often stated that although guidelines were available, they did not fully prevent mistakes (e.g., there was no information that the cost of project security can be included in the project budget as an eligible cost, it was not clear how to enter VAT, whether in separate items or combined with each expense, or globally for all project expenses). Moreover, the respondents noticed that the guidelines were unclear, often ignoring the regulations in force, and were subject to constant changes and divergent interpretations. The degree of difficulty in preparing the application itself was described by 47% of the respondents as a medium, 38% as high and 15% as very high.

The number of required attachments was considered too high by the majority of respondents (over 85%). According to the vast majority of survey participants (over 91%), the application verification procedure also took too long.

The survey also shows that at the beginning of the process of preparing an application for IROP funding the most important factor was the first contact with the relevant Marshall Office and thorough familiarisation with the IROP Complement. All explanations regarding the programme and filling in the application form were provided by the staff of the Department for Implementation of Regional Programmes in the Marshall's Office in Białystok. The majority of the respondents (over 91%) had been informed about the pre-competition consultations and over 85% of them took advantage of them. This was reflected in a lower number of comments after the formal assessment of the application.

Summary and conclusions

In conclusion, it should be stated that in Podlaskie voivodeship a vast majority of local governmental units demonstrated relatively efficient administration, which was conducive to building the potential for absorbing funds from the European Union. In Białystok, for example, the share of EU funds in the city budget in the years 2004-2006 increased in absolute terms by more than four times. In percentage terms, the ratio of money obtained from the EU to income was less than 4% in 2004 to exceed 12% in 2006. Many good projects with the participation of structural funds are being implemented in the voivodeship, and some of them have already been successfully completed. Published data from the Ministry of Regional Development, which is responsible for overseeing the implementation of the IROP in individual voivodeships, confirm the good position of Podlaskie in comparison to other regions in Poland.

In spite of some problems mentioned in the answers to the questionnaires, which

occurred in the application procedure for EU funds for projects co-financed within the IROP priorities and measures, earlier concerns that it would not be possible to use structural funds made available by the EU for the Podlaskie voivodeship were largely unfounded.

In order to ensure efficient implementation of the Integrated Regional Operational Programme, it is of great importance to have stable rules for the division of competencies and correct cooperation of local governments with government administration, as well as a sense of joint responsibility of all public authority entities for the course of development processes beneficial for territorial communities. Only in such conditions, the flow of EU funds to local government units and their rational use will contribute to sustainable economic growth. In the voivodeship under analysis, one can observe incomplete use of the local governmental potential in EU funds management, while at the same time strengthening the role of the voivode in the creation of regional policy. On behalf of the Minister in charge of regional development, voivodes carry out the basic tasks related to the programme implemented in the voivodeship, control the process of implementation of individual measures and participate in the transfer of structural funds and funds from the state budget. The increase of the position of voivods in regional policy and the simultaneous limitation of statutory competences of voivodeship local governments is a sign of centralisation and obviously restricts the possibilities of independent shaping of development policy by local governmental units. In the implementation of the IROP, Marshall Offices perform an auxiliary function in relation to tasks undertaken by the government administration.

Previous experience in the use of structural funds points to the necessity of systemic strengthening of the voivodeship local government in the next period of programming the absorption of EU funds, i.e., in the years 2021-2027. Only on this condition, it will be possible to implement - within the framework of created 16 separate regional development programmes - the idea of full creation of the voivodeship development policy by its local government. Enabling the voivodeship local government to form the development policy on its territory by providing it with a regionally managed financial instrument in the form of Regional Operational Programmes would be an unquestionable factor of decentralisation of the system of programming and financing of regional development in Poland¹. This would be in line with the main political direction of the European Union, which tries to apply the well-known principle of subsidiarity in this area. Such a system would allow the priorities and activities to be adjusted to the specificity of the voivodeship and local needs and would facilitate the implementation of

¹ Ministerstwo Funduszy i Polityki Regionalnej, *Projekty rozporządzeń dla polityki spójności na lata 2021-27*, gov.pl

a coherent voivodeship development strategy aimed at continuous improvement of its competitiveness. Furthermore, entrusting the development management to the voivodeship local government would limit the need to expand the already numerous government administration (both at the national and the voivodeship level), involved in the absorption of structural funds.

The basic instrument for coordination of the regional policy of the government and the voivodeships in the field of development and management of structural funds should be a regional contract, i.e., an agreement between the government and the voivodeship local government, concluded for the whole programming period 2021-2021. The regional contract would define the Regional Operational Programme, directions of the region's development, individual large projects and programmes co-financed from the state budget. The programmatic basis for contract negotiations by the government should be the National Development Strategy, and on the voivodeship side - the Voivodeship Development Strategy, prepared by its local government and approved by the Sejmik. Regional contracts should include large infrastructure investments co-financed from the Cohesion Fund and the European Regional Development Fund, the list of which would be defined by the government on the basis of the Concept of National Spatial Planning. National Strategy for Regional Development and other strategic documents of the government.

Taking into account the experience of voivodeships in the implementation of the IROP to date, as well as suggestions made by local governments and experts, the following should be done in order to improve the implementation of the Regional Operational Programmes:

- reform public finances so that the regional level can independently co-finance Regional Operational Programmes,
- create a legal basis for effective multi-annual expenditure planning from the state and local government budgets,
- limit the competence of the voivode in the sphere of development policy to the control of the legality of the decisions of the voivodeship local government,
- introduce a civil service in local government units.

The adoption of such solutions would contribute to the better and more effective management of regional development and, in the long term, would bring our voivodeships closer to the more developed regions of the European Union.

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