

## **FACTORS OF SUCCESS IN RAISING EUROPEAN FUNDS BY SELECTED COMMUNES IN THE EASTERN PART OF POLAND**

Maciej Stawicki

Warsaw University of Life Sciences

**Abstract.** The goal of the article is to determine the main factors of success in raising European funds by selected communes in eastern Poland. On the basis of performed in-depth studies in municipalities it was noted that the factors that made the studied communes effectively apply for EU funds were similar in all municipalities, regardless of type, level and location of development. It was, first of all, organizational efficiency of the offices, competence and knowledge of their workers and high-quality strategic planning. Everywhere special positions or teams of employees involved in the acquisition of EU funds were created. All municipalities have created current development strategies and current land use plans and on the basis of these documents the application for EU funds was performed. Also important is the strong engagement and consistency of employees and local leaders, including the mayors. An important factor of effectiveness is also the stability of management and climate of cooperation between the commune council and the mayor or president.

**Key words:** EU structural funds, fundraising, local development, communes, success factors

### **INTRODUCTION**

Since accession to the European Union in 2004, Poland received from the EU budget about 35 billion euros by implementation of the Cohesion Policy [Ministry of Finance 2011], which aims to support specific areas of the member countries and enhance their competitiveness. It also supports the convergence process, which in turn improves the quality of life of residents and contributes to the development in regional and local scale. Since special attention on spending the structural funds is directed to less developed re-

gions, most of which are rural in nature, the author focuses on the peripheral provinces located in the eastern part of Poland. Communes were selected to analysis as they were the most numerous group of project promoters among territorial self-government units, which were the largest EU funds beneficiary group, having used 44% of EU funding by the end of 2007 [Ministry of Regional Development 2007].

After completion in 2009 of the first EU aid programming period (2004–2006), the author decided to identify key success factors of selected municipalities in applying for EU funds, which is the main goal of the article. Also the amount of completed projects and their main domains were analyzed. Identification of success factors in the studied municipalities and local governments should allow to create recommendations how to effectively attract EU funding for authorities of these municipalities, where so far the use of EU assistance was low. The main hypothesis of the article states that high level of EU funds absorption occurs in well-managed communities, characterized by stability of local authorities and a high level of strategic planning.

## MATERIAL AND METHODS

The article presents the use of the EU Structural Funds and The Cohesion Fund available in the period 2004–2009 (financial perspective 2004–2006) implemented through the Operational Programmes and Community Initiatives by municipalities. Measuring the absorption of European funds to determine most successful communes in raising European funds was based on a database of the Ministry of Regional Development providing information on the use of EU funds at the financial perspective 2004–2006 (according to state as of June 2009). Of the approximately 85 thousand projects available in the database only those implemented by the municipalities were selected. The rate of EU funds utilization was calculated by using partial indicators: number of projects, the total value of projects, the value of projects completed per 1 inhabitant in PLN, the number of types of projects completed.

In order to verify the hypothesis, in intentionally selected local government units in the third quarter of 2009 empirical research was performed. Individual in-depth interviews (IDI) were conducted with the staff offices of the municipalities who were responsible for development, investment or acquisition of funds. Strategic documents, the stability of local government, the role of local leadership and community management system were analyzed in order to identify key success factors in attracting external funds. The empirical material is based both on subjective opinions of municipalities' employees and objective expert assessment. The study was conducted in a small group of 5 cities and rural municipalities with high levels of use of EU funds, so the results can not be generalized and refer to the whole country. The information gathered, however, present success factors of several local authorities that are leaders in raising external funds, and organizational solutions used by them are dissemination worth.

Municipalities were chosen for analysis by expert selection, so that they represent both urban and rural areas, were located in different provinces, and where possible differed in indicators of the level and dynamics of development. All selected units had to be active in acquiring EU funds – each of the selected municipalities belongs to a group

of 75 units with the highest number of projects funded under the National Development Programme 2004–2006. Based on selected criteria the in-depth study was conducted in three rural communes: Strzegowo, Biskupiec and Brańsk and in two cities: Puławy and Stalowa Wola. Their main characteristics are shown in Table 1.

Table 1. Overview of key indicators for the studied municipalities

Tabela 1. Przegląd podstawowych danych o badanych gminach

Commune	Province	Type	Population (in thousands)	Area [sq. km]	Total revenue [mln PLN]	Total revenue per capita [PLN]
Biskupiec	warmińsko- mazurskie	rural	9,8	241,3	26,8	2735
Brańsk	podlaskie	rural	6,4	227,3	13,0	2031
Strzegowo	mazowieckie	rural	7,9	214,0	21,6	2734
Stalowa Wola	podkarpackie	urban	65,5	82,5	156,9	2395
Puławy	lubelskie	urban	49,1	50,5	135,65	2762

Source: Regional Data Bank by Central Statistical Office 2009

Źródło: Bank Danych Regionalnych GUS 2009

All selected communes were located in 5 different provinces: warmińsko-mazurskie, podlaskie, mazowieckie, lubelskie and podkarpackie, they represent two different types of rural and urban areas.

## RESULTS

All municipalities have actively absorbed European funds, having completed 9–18 projects co-financed by structural funds, while the average Polish commune has completed only 3,2 projects in the period 2004–2009.

Rural communes with the help of EU funds built or reconstructed technical infrastructure: sidewalks, roads, water supply systems and developed sewage systems. Most

Table 2. Overview of key indicators of EU funds use for the studied municipalities

Tabela 2. Wykorzystanie funduszy UE w badanych gminach

Commune	Number of projects	Total value of projects [PLN]	Total value of projects per capita [PLN]
Biskupiec	10	8 468 208,50	886,35
Brańsk	9	3 167 828,13	497,30
Strzegowo	15	11 135 674,59	1409,50
Stalowa Wola	18	115 990 336,45	1784,80
Puławy	12	21 433 788,49	434,01
Average in Poland	3,2	13 275 760,36	862,32

Source: author's calculations based on Ministry of Regional Development database

Źródło: obliczenia własne autora na podstawie bazy danych Ministerstwa Rozwoju Regionalnego

of the studied communes invested also in social infrastructure: they repaired and built community cultural centers or schools. The cities have also constructed roads, paid scholarships for students and pupils and reconstructed social infrastructure. Puławy are ranked 11th and Strzegowo 15th position in ranking of number of projects completed by municipalities in the whole country [Stawicki 2009].

Identification of key success factors of local authorities being leaders in raising external funds was divided into the following parts: the role and characteristics of the mayor, role of development planning, management in the offices and organization of fundraising in the studied communes. The role of own financial measures was not analyzed as it was subject to many studies and was identified as the most common factor that influence the acquisition of the EU funds [Standar 2010]. The main characteristics of the studied communes identified on the basis of performed individual in-depth interviews are presented in Table 3.

Table 3. Management and fundraising in the studied communes

Tabela 3. Zarządzanie gminą i pozyskiwanie funduszy zewnętrznych w badanych jednostkach

Mayor (time in office)	Biskupiec 5 terms	Brańsk 4 terms	Strzegowo 5 terms	Puławy 3 terms	Stalowa Wola 2 terms
Mayor's characteristics (description by employees)	social worker, open to collaboration, involved in community life, has clearly defined objectives, high creativity	assertive, responsible, hardworking and committed to the affairs of the municipality and residents	hardworking, open to the people, involved in community life	competent, cares about the interests of the city, encourages employees to intensive applying for EU funds	involved in community life, has clear objectives, able to convince people
Strategic planning	development strategy – 2007 (1 update); Social Pro- blem Solving Strategy	development strategy – 2001; Development Plan 2003	development strategy, updated for the purpose of raising funds; Social Problem Solving Strategy; Local Deve- lopment Plan	development strategy; two reports on the state of the strategy	development strategy – 2007; Local Development Plan (PRL)
Land use plan (% of area)	yes, 1% (plans under construction)	yes, 100%	yes, 3%	yes, 34%	yes, 21%
Organization of fundraising	position since 2007	position since 2004	team since 2004 (4 employees)	Project Management Office (4 employees)	fundraising team since 2007 (4 employees)

Source: in-depth interviews, data of Central Statistical Office 2009

Źródło: wywiady pogłębione IDI, dane GUS 2009

As we clearly see, the stability of leadership is an important success factor as it allows to treat local development as a long-term process, which can be realized only in a few terms. In Biskupiec the main factors were organizational efficiency of the commune office, competence and knowledge of its workers and high quality strategic planning by current development strategy, on the basis of which the community applied for EU funds. Also important is the strong engagement and consistency of the mayor and employees. Among the success factors in Brańsk one can also indicate organizational efficiency of the office and the competence and knowledge of workers. Also important was the involvement in development activities of the municipality mayor, whose persistence in the pursuit of purpose and well-prepared proposal teamwork were the base of success. Puławy as a cause of success indicates primarily on the commitment of authorities, also knowledge and skills and faith in the sense of action of the municipal office employees. An important role plays the involvement of local leadership, which focuses on the absorption of EU funds by the city. According to the respondents careful development planning and implementation of targets is important success factor. Among the success factors Stalowa Wola indicated the existence of the vision of city development and organizational efficiency of the office. The city has a current strategy for the development and current land use plans, on the basis of these documents application for EU funds was performed. Factors that resulted in effective application for EU funds in all studied communities were similar, regardless of their type, level of development or location. All the main factors are presented in Table 4.

Table 4. Main factors for the effectiveness in applying for EU funds

Tabela 4. Główne czynniki wpływające na skuteczność w aplikowaniu o środki UE

Commune	Main factors for the effectiveness in applying for EU funds
Biskupiec	organizational efficiency competence and knowledge workers high-quality strategic planning
Brańsk	office organizational efficiency competence and knowledge of the workers exchange of experiences with neighboring communities that successfully raise external funds
Strzegowo	creation of the team for raising EU funds organizational efficiency competence and knowledge workers high-quality strategic planning
Puławy	organizational efficiency of the City Puławy skills and knowledge of workers and their strong commitment to fundraising high quality strategic planning in the city significant local leadership approach
Stalowa Wola	structure of the City Office organizational efficiency competence and knowledge of the workers knowledge of experience in raising funds by other municipalities

Source: in-depth interviews

Źródło: wywiady pogłębione IDI

Selection of projects for implementation is mainly due to the strategic targets or current needs of the communities, although sometimes projects are tailored to announced call for proposals. The originators of grant applications are often office workers or the mayors. The factors of success in obtaining community resources can also include a well-marked out directions and priorities for development and a strong engagement and self-denial of the leader, who is not discouraged by initial failures. Some projects are created as an attempt to solve problems reported by residents involved in community life, what is strictly connected with the level of social capital in the community.

In all investigated communities the cooperation between commune council and the mayor is progressing well, and the board feels concern for the welfare of the city and residents. Thus, development projects are not blocked just for political reasons. It is also worth mentioning that for some projects were created with external partners, what was made due to the possibility of obtaining more points when assessing applications, as well as the possibility of enrichment of the request to make the project more valuable. An example of such cooperation may be two projects related to road infrastructure implemented in cooperation with neighbouring counties (Biskupiec) or forming a Local Action Group (LGD) in Strzegowo in order to invest with the aim to increase tourist attractiveness of the area located by the Wkra River. The ability to join networks and use their experience was identified as important factor also by Dziemianowicz and Nowicka in their research at 778 communes [2007].

It seems that clear objectives and the establishment of a separate team, which deals only with administration and management of projects financed by EU funds significantly contributed to the current use of EU funds by the municipalities. In each of the surveyed municipalities isolated position (mainly in rural areas) or team (in the cities) for the EU funds and projects was created, what significantly contributed to successful applying for funds in accordance with the strategic aims. The teams (or single jobs) consist of people whose duty is to examine the possibility of raising funds, applying, coordination and accountability of projects implemented and co-financed by the European Union. People employed in the teams have the necessary skills and knowledge of applying for EU funds as they participate in numerous trainings in this subject. The staff team of European funding works in collaboration with the office staff when preparing proposals and the necessary attachments associated with applying for EU funds. The only exception is the feasibility study, which implementation is usually outsourced to advisory and consulting businesses. This is partly because the costs of a feasibility study elaboration can be included in the application. In addition, sometimes applying for EU funds requires special competence, economic or legal expertise, which are not known to the commune office employees.

## CONCLUSIONS

The in-depth study was carried out in five municipalities of different nature and ways of spending of structural funds. Rural communes with the help of EU funds mainly satisfied their inner needs. They built or reconstructed technical infrastructure: sidewalks, roads, water supply systems and developed sewage systems. In most of the studied communes it was invested in social infrastructure: repaired and built community cultural centers or



schools. The cities have also taken steps to increase their attractiveness, paid scholarships for students and pupils. In rural communities the use of EU funds has contributed to raising the standard of living by investing in technical and social infrastructure. Representatives of some communities observe the increase their competitiveness in relation to external investors, what was caused by development of infrastructure. In addition, activity in the area of obtaining EU funds contribute to promotion of municipalities as a result of the insertion of the rankings, press articles, what can increase the interest of investors to make business in a specific location. Improving technical and tourism infrastructure could also have a positive impact on intensity of tourist traffic in rural areas and thus on development of services.

Factors that made the studied communes so effectively apply for EU support measures were similar in all located in different regions rural and urban municipalities. This was primarily organizational efficiency of the offices, competence and knowledge of the workers and high-quality strategic planning. Everywhere positions or teams of employees involved in the acquisition of EU funds were created. All municipalities have had current development strategies and current land use plans, on the basis of which they applied for EU funds. Also important was the strong engagement and consistency of employees and local leaders and mayors. The stability of leadership allowed to treat local development as a long-term process, which can be realized only in a few terms. The hypothesis claiming that high level of EU funds absorption occurs in well-managed communities, characterized by stability of local authorities and a high level of strategic planning was therefore fully confirmed.

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## CZYNNIKI SUKCESU W POZYSKIWANIU FUNDUSZY EUROPEJSKICH NA PRZYKŁADZIE WYBRANYCH GMIN WSCHODNIEJ CZĘŚCI POLSKI

**Streszczenie.** Celem artykułu jest określenie głównych czynników sukcesu w pozyskiwaniu funduszy europejskich przez wybrane gminy leżące we wschodniej części Polski. Na podstawie przeprowadzonych szczegółowych badań w gminach odkryto, że czynniki, które pozwoliły badanym gminom skutecznie ubiegać się o środki UE były podobne we wszystkich gminach, bez względu na ich rodzaj, stopień rozwoju i lokalizację. Był to przede wszystkim wynik sprawności organizacyjnej urzędów, kompetencji i wiedzy ich

pracowników i wysokiej jakości planowania strategicznego. Wszędzie powołano specjalne stanowiska lub zespoły pracowników do spraw pozyskiwania środków unijnych. Wszystkie badane gminy posiadały aktualne strategie rozwoju i aktualne plany zagospodarowania przestrzennego, na podstawie tych dokumentów wnioskowano o fundusze UE. Istotne znaczenie miała również silne zaangażowanie i konsekwencja w działaniu lokalnych liderów oraz pracowników. Ważnym czynnikiem była stabilność władzy i atmosfera współpracy między radą gminy a wójtem, burmistrzem lub prezydentem.

**Słowa kluczowe:** fundusze strukturalne UE, pozyskiwanie funduszy, rozwój lokalny, gminy, czynniki sukcesu

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