

Public projects and their major sources of financing in Poland after the accession into the European Union: The case of the Silesian voivodship

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In the period of time following the EU's accession of Poland (1 May, 2004), investment processes in individual voivodships have revived considerably. Infrastructure has become the main direction for investments. Local government units have a variety of options available in order to acquire funds for financing of public projects. The key aim of the paper is to discuss such issues, i.e. the authors present the scale of investments in municipalities, communes, poviats and self-governing voivodships as well as the extent to which EU funds are engaged in financing of investment projects carried out by these entities, based on the example of the Silesian Voivodship. The paper is an attempt at evaluating the dynamics of changes which occurred in the years of 2004-2008, within the source of financing for investments which plays an increasingly important part in budgets of local government units i.e. EU funds. The article presents a theoretical and empirical approach to the issues.

Keywords: Public projects, Infrastructure, Local governments' projects, Financing of investments, European Union's funds, Silesian Voivodship, Poland

1. Introduction

The Poland's accession to the European Union opened up new opportunities in terms of financing of projects in the public sector. In Poland public and private investors alike can use numerous ways of acquiring EU funds. (Currently, apart

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from traditional forms of financing for public investments, investors may also take advantage of a number of EU programmes, which are coordinated in Poland by the Ministry of Regional Development³). Also, at the level of voivodships in Poland, which are 17, EU funds are distributed among the entities involved. (Taking into account the size of the Silesian Voivodship, i.e. the second largest voivodship in terms of population, the EU funds are given to the local government authorities). It should be noted that in Poland, there's a formal administrative division (within voivodships) into towns with the rights of a powiat, municipal communes, rural communes, and municipal rural communes. These are so-called local government units, that's the basic units functioning within the administrative division of the country, which are headed by representatives of local government authorities (town presidents, mayors, commune leaders). Therefore, this paper aims at discussing the selected issues related to financing of public sector projects in Poland, based on the example of the Silesian voivodship, i.e. as seen from the perspective of the 19 biggest towns of the Silesian Voivodship. In particular, it discusses the use of EU funds for investments carried out in specific towns of the Silesian Voivodship. The deliberations in this article are both theoretical and empirical⁴. (This publication is the outcome of the authors' studies and research, conducted in two project teams doing statutory research⁵ in the Department of Investments and Real-Estate, The Karol Adamiecki University of Economics in Katowice, Poland).

³ See more: Ministry of Regional Development. Website: <http://www.mrr.gov.pl/>

⁴ In particular, point 2 of the paper is of the empirical character, i.e. its author is J. Czempas. Point 1, in turn, is of the theoretical character and it aims at e.g. definition of the term of "public project", including the discussion of the term of „infrastructure” and the importance of public investment in Poland. This point of the paper is written by P. Tworek. (In particular, this fragment of the article provides the background for the solution of the key issue, which is the financial support for public sector investments in the Silesian Voivodship in the years of 2004-2008, i.e. with the focus on utilisation of the EU funds).

⁵ See: Financing of investment projects in the public sector – availability of sources and their effectiveness. Stage I. Project leader: Prof. K. Marcinek. The K. Adamiecki University of Economics in Katowice. Statutory research, Katowice 2006; Financing of investment projects in the public sector – availability of sources and their effectiveness. Stage II. Project leader: Prof. K. Marcinek. The K. Adamiecki University of Economics in Katowice. Statutory research, Katowice 2007.

2. Public projects and their major sources of financing in Poland (in theory and practice)

In the scientific literature and in practice, public investments tend to be examined from the angle of infrastructural projects⁶. As emphasized by B. Winiarski (2000) “[...] a traditional area for public investment is economic, technical and social infrastructure”. Hence the assumption that an investment policy of the state and the local government is carried out in Poland, in most cases, through public projects, i.e. infrastructural undertakings⁷. As defined by The New General Encyclopaedia of PWN “[...] infrastructure is the essential equipment and service-providing institutions necessary for an economy and a society to operate” (Nowa Encyklopedia Powszechna 1995) . (“The economic infrastructure covers services related to transport, communications, power industry, irrigation etc, e.g. harbours, railway tracks, power plants, dams”⁸; “the social infrastructure covers services related to the law, security, education and schooling, culture, welfare and health care, residential construction industry etc., e.g. schools, hospitals, courts of law, prisons, public administration institutions”⁹). The classic division of infrastructure into the technical infrastructure and the social infrastructure, with the specific examples, are given in table 1.

⁶ Both in theory and in practice the division of infrastructure into the technical infrastructure and the social infrastructure is becoming increasingly common. There’s also the business infrastructure, which is synonymous to the economic, technical and production infrastructure.

⁷ The article assumes, as its starting point for any further deliberations, that the most representative example of public investments are infrastructural projects, therefore most of the issues were examined from this perspective. Consequently, such notions as a public project, an infrastructural investment (infrastructure), to be understood as a public investment, are frequently used in the text.

⁸ Ibidem, p. 55.

⁹ Ibidem, p. 55.

Table 1. Selected technical and social infrastructure by territory and competence

Areas of infrastructure	State authorities	Territorial scope	Local scope
Transport and communications	Motorways, railway tracks and stations, airports, sea harbours	Voivodship roads, poviats roads	Communal roads
Power industry	Power plants, transmission grid, power distribution network	Gas industry – transmission pipelines	Power supply to subtransmission grids, gas industry, street lighting, heat generation industry
Water management and environmental protection	Reservoirs and dams	Water supply and sewage systems	Water supply and sewage systems, waste disposal, town cleaning services
Schooling and education	Institutes of tertiary education, scientific units	Secondary and post-secondary schools	Kindergartens, primary schools, pre-secondary schools
Health care	University clinics, medical centres	Voivodship hospitals, specialist outpatient units	General outpatient units, welfare centres
Culture	Specialist and scientific libraries, museums, national galleries	Specialist libraries, galleries, voivodship concert halls, theatres	Public libraries, culture centres
Sport and leisure	Big stadiums and sports halls, monument parks, zoological gardens		Greenery, sports fields, gymnasiums

Source: Janowska (2002)

Essentially, all the examples of infrastructure listed in table 1 are specific public projects with a regional, local or even supranational scope. It may be assumed, therefore, that infrastructural projects create public goods. (A distinctive feature of public goods is the fact that it isn't possible to make the access to public goods conditional on payment of a price for their use (Denek et al. 2005) Consequently, it may be assumed that public investments are mostly real investments. The importance of public investments for the economy is enormous. It results, first of all, from the function which public projects perform in a state's economic system. The state or local government units take on investors'

responsibilities, making expenditures in the public sector and increasing the fixed resources located there (Winiarski). Based on that, it's easy to define "a public investment", i.e. "a public project", which should be understood as deliberate measures taken in order to bring about a specific effect in form of tangible goods (i.e. an infrastructural object), which may be obtained due to engagement of specific forces and means (human, tangible and financial resources), and the results of these measures demonstrate, first of all, the features of public goods¹⁰. Public investment, therefore, is simply a specific form of capital management, i.e. basically, a form of public funds management. The best example of such investments are communal investments carried out by communes in Poland. As emphasized by Bończyk-Kucharczyk et al. 1998 "[...] the importance of the investments carried out by communes for other investments, for the local development of businesses and for the economic development as such depends on the following factors:

- well-planned infrastructural projects bring about subsequent investments, e.g. territorial development for the construction industry may attract building investors,
- projects financed by a commune generate jobs in local businesses and, consequently, improve the economic outlook on the construction services market,
- public projects – by creating a local labour market – are the most effective method for prevention of unemployment,
- infrastructural projects, such as communal investments, raise the living standards of the commune's population,
- without certain investments, development of some business areas is impossible to achieve,
- lack of projects, particularly into the business infrastructure and the social infrastructure, imposes a dangerous barrier to the economic development,
- lack of necessary investments into environmental protection and other activities are a barrier to sustainable development, may lead to permanent deterioration of the inhabitants' quality of life and the failure to meet the basic needs, and result in social discontent"¹¹.

¹⁰ In the literature of the subject, there are a number of attempts at the definition of „a public project”. A very common definition, for example, is the definition of a public investment as a gross investment into the tangible capital of a public sector.

¹¹ E. Bończyk-Kucharczyk, K. Herbst, K. Chmura: Jak władze lokalne mogą wspierać przedsiębiorczość. Fundacja Inicjatyw Społeczno-Ekonomicznych. Polska Fundacja Promocji Małych i Średnich Przedsiębiorstw, Warszawa 1998, p. 34. After: S. Słupik: Inwestycje infrastrukturalne jako niezbędny warunek rozwoju gospodarczego gminy. In:

In general, management of public investments follows slightly different rules than management of commercial projects, which results e.g. from the need to have them administered by the state (local government) authorities, and the main difference lies in the way the economic effectiveness of public projects is measured. (Completely different evaluation criteria¹², as well as non-commercial goals, make public projects specific). What's important - their implementation provides conditions, first of all, for undertaking further commercial investments, that's why they create circumstances for development of small and medium-sized entrepreneurship, among the others. Therefore, there may be two types of functions to be performed by public investments, namely: the microeconomic function and the macroeconomic function. Macroeconomic functions are particularly important here, as they carry benefits for a big group of entities (including businesses), and the most vital ones are (first of all) creating conditions for a growth in national economic output, generating new jobs (elimination of unemployment), creating conditions for changes in the country's economic structure. It should also be noted that in the theory of economics special importance is attached to the allocating function. (Allocation means distribution of available factors of production throughout various types of activities (Szciodrowski 2003). There's a very clear correlation between public investments and private investments, as the allocation function of public investments may, in a way, be connected with the launch of commercial investments in the private sector, which belongs to the essential effects of public investment. Here, we can also talk about the stabilising function, which should be associated with the impact public investments have on economic processes, in macroeconomic terms, in order to ensure that specific goals will be reached, and these goals may include e.g. stabilisation. At the same time, public investments stimulate development, which means that such undertakings induce development on a macro, mezzo and micro-scale. This's particularly strongly emphasised by B. Winiarski, according to whom "[...] public investments are, first of all, a stimulant of investment processes in an economy" (Winiarski 2000). (As pointed out by M. Ratajczak, in turn, "[...] infrastructure may perform the role of allocation, location and spatial integration factors and may serve as a tool for stimulating social and economic development" (Ratajczak 1990).

Public project management also involves raising funds for implementation of public projects. In Poland infrastructure may be funded using a number of various sources. The best-known division in the scientific literature is the division into one's own sources and outside sources as well as into internal and external sources. (For instance, communes in Poland may finance the projects with the funds obtained

Rozwój oraz polityka regionalna i lokalna w Polsce. Edit. by J. Kaja, K. Piech. Szkoła Główna Handlowa w Warszawie, Warszawa 2005, p. 259.

¹² In Poland the Cost-Benefits Analysis – CBA method is recommended.

through the issue of municipal bonds, i.e. the town of Poznań, i.e. the Wielkopolska Voivodship, issued such bonds for approx PLN 500 million). In Poland financing of investment activities of local government units is governed by the provisions of The Act on Income of Local Self-Government Units (*Ustawa o dochodach jednostek samorządu terytorialnego*) (The Act on Income 2003). Furthermore, the entire array of other regulations apply to these issues, in particular the provisions of The Act on Public Finances (*Ustawa o finansach publicznych*) (The Act on Public Finances 2005), which is directly related to various financing options. In broad terms, the most essential sources of financing for communes' infrastructural projects in Poland are their own budgetary funds (of local government units), subsidies and grants from the state treasury, bank credits and soft loans, leasing, issue of municipal bonds. Moreover, here we should also mention private funds employed in projects carried out within Public-Private Partnership (PPP)¹³, or EU funds. Under the Polish law, the income of local government units comprises: "1) own income, 2) general subsidies, 3) designated grants from the state budget" (The Act on Income of Local Self-Government Units 2003).

In particular "the income of local government units may come from:

1. non-repayable funds from foreign sources,
2. funds from the EU budget,
3. other funds specified under separate regulations" (The Act on Income of Local Self-Government Units 2003).

In turn, "a general subsidy is made up of the following parts:

1. for communes: compensatory, equalising,
2. for poviats: compensatory, equalising,
3. for voivodships: compensatory, regional,
4. educational one - for communes, poviats and voivodships" (The Act on Income of Local Self-Government Units 2003).

(In compliance with the legal regulations effective in Poland, "an entity which is a local government unit makes a decision of what the funds from a general subsidy should be spent on" (The Act on Income of Local Self-Government Units 2003). However, "designated grants from the state treasury may constitute the income of the local government units, to be spent on:

1. government administration tasks and other tasks ordered by the legal acts,
2. tasks performed by local government units under the agreements concluded with the government administration authorities,
3. removal of direct threats to public security and order, consequences of floods, landslides and other natural disasters,

¹³ In Poland these issues are governed by the provisions of the Act on Public-Private Partnership (*Ustawa z dnia 19 grudnia 2008 r. o partnerstwie-publiczno-prywatnym*). See: Act on Public-Private Partnership of 19 December, 2008 (Journal of Laws of 5 February, 2009).

4. financing or supplementary financing of own tasks,
5. performance of tasks resulting from international agreements” (The Act on Income of Local Self-Government Units 2003).

Currently, in Poland the EU funds make a significant source of financing for investments in the public sector. Before the Poland’s accession to the European Union, such funds as PHARE, SAPARD and ISPA used to play a special role. After the accession, however, a decisive role started to be played by the Structural Funds and the Cohesion Fund. In the period of 2007-2013, within the framework of the so-called New Financial Perspective, the key sources of financing are the Cohesion Fund, the European Social Fund and the European Regional Development Fund.

3. The importance of European Union’s funds in financing of local governments in the Silesian voivodship in Poland in the period of 2004-2008

The principal aim of this part of the article is the analysis and evaluation of the importance of EU funds in financing of investments in 19 big towns of the Silesian Voivodship in the years of 2004-2008. Using the relative increments, the dynamics of total EU funds and the change in importance of these amounts in the local government units’ budgets for performance of annual investment tasks were compared. The data illustrating these issues are presented in tables 2 and 3.

Based on the figures given in tables 2 and 3, the following conclusions may be drawn:

- in consecutive years, investment expenditure incurred in the towns researched has increased regularly – from PLN 834 million in 2004 to almost PLN 2 billion in 2008 (PLN 1.917 billion – an increase by almost 130 percent);
- in the same period of time, the EU funds engaged in financing of the investments in these towns have gone up by over 200% – from PLN 292 million in 2004 to 882 million five years later;
- the importance of the EU funds has grown significantly every year – initially a third (35 percent), and then even more than 50 percent (in 2006) of total funds planned for financing of investments came from this source. In the last year of the period analyzed, this figure rose to 46.1 percent;
- EU funds have become an important external and non-repayable source of financing for investments - the annual growth dynamics in the first three-year period was definitely higher than in the following two years – it was 48.16 percent and 79.30 percent respectively, and then it was considerably reduced in the two recent years to 4.34 percent in 2007, compared to 2006, and almost 9 percent, when compared to the next two years;
- the towns which allocated the most funds for investments were: Katowice, Rybnik, Gliwice, Ruda Śląska, Dąbrowa Górnicza, Zabrze. Depending on the type

of the tasks performed, their sources of financing varied. In 2004 in such towns as Zabrze and Dąbrowa Górnicza, the participation of their own funds or grants in financing of investments went up to even a hundred percent;

- the importance of EU funds for investments has always differed significantly – in some towns as much as 80 percent of the funds came from this source (mainly Rybnik);

- the EU funds appeared in the budgets quite irregularly and, as may be suspected, accidentally – which may be confirmed by the amounts received by the local government units in the subsequent years: negligible amounts in the first year, followed by an increase of several thousand percent, to get to the level close to zero in the third year of the analysed period. The reasons for this should be looked for in a long-lasting process of preparation of applications for financing, in particular when investment plans were quite capital-intensive;

Table 2. Investment expenditure of poviats towns in Silesian voivodship and EU funds (in PLN million) and their percentages in the year of 2004-2008

Tab. 1 Investment expenditure of poviats towns in Silesian voivodship and EU funds (in PLN million) and their percentages in the years of 2004-2008																		
No.	Town	Population in 2008	2 004	2 005	2 006	2 007	2 008	2 004	2 005	2 006	2 007	2 008	2 004	2 005	2 006	2 007	2 008	
			Investment expenditure					EU funds					Participation of EU funds in investment expenditure					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
1	BIELSKO-BIALA	175 677	77,55	96,48	86,50	104,96	164,04	57,94	50,56	14,04	16,51	23,63	74,71	52,41	16,24	15,73	14,41	
2	BYTOM	183 829	10,52	12,47	19,39	59,00	106,32	4,43	3,01	13,12	39,03	80,57	42,07	24,14	67,88	66,15	76,78	
3	CHORZÓW	113 314	13,67	17,10	35,03	36,88	40,16	0,01	2,88	7,41	17,64	11,89	0,07	16,82	21,16	48,09	29,60	
4	CZĘSTOCHOWA	240 612	49,78	120,63	166,32	163,69	136,48	3,87	43,08	116,79	110,30	78,51	7,78	35,71	70,22	71,77	57,52	
5	DĄBROWA GÓRNICZA	128 315	45,48	54,27	45,24	41,34	51,05			2,55	6,73	6,89			5,63	16,28	13,49	
6	GLIWICE	196 669	39,84	86,61	107,94	182,89	155,20	0,82	9,51	31,33	91,24	4,49	2,05	10,98	29,03	49,89	2,89	
7	JASTRZĘBIE-ZDRÓJ	93 854	27,11	44,07	31,25	31,71	19,59	0,25	9,32	4,15	11,53	2,31	0,91	21,14	13,27	36,36	11,81	
8	JAWORZNO	95 228	13,12	15,69	46,90	60,40	94,50	2,39	4,41	16,92	5,88	1,10	18,21	28,12	36,08	9,73	1,16	
9	KATOWICE	309 621	227,72	223,89	303,81	208,56	264,81	146,15	181,06	244,26	16,86	181,47	64,18	80,87	80,40	7,51	68,53	
10	MYSŁOWICE	74 988	12,70	26,48	31,16	21,68	27,24	2,00	4,00			3,56	15,74	15,12			13,06	
11	PIEKARY ŚLĄSKIE	58 832	6,28	12,26	20,41	2,22	9,66	1,88	6,61	7,87	0,15	2,26	29,94	53,91	38,57	6,74	23,42	
12	RUDA ŚLĄSKA	143 930	53,19	76,74	156,72	169,08	79,59	13,24	17,61	93,46	120,94	43,85	24,89	22,94	59,63	71,53	55,09	
13	RYBNIK	141 177	78,36	119,27	160,30	232,66	177,54	40,79	69,85	112,83	189,43	131,18	52,05	58,56	70,38	80,99	73,89	
14	SIEMIANOWICE ŚLĄSKIE	71 118	22,53	17,48	12,53	13,11	18,26	0,01	0,12	2,27	0,21	1,55	0,02	0,69	18,13	1,58	8,48	
15	SOSNOWIEC	221 259	32,85	39,96	104,54	137,72	71,93	7,05	8,54	75,63	89,14	20,76	21,47	21,38	72,34	64,72	28,87	
16	ŚWIĘTOCHŁOWICE	54 380	6,18	4,15	7,28	19,05	15,66				1,32	4,91					6,95	31,38
17	TYCHY	129 475	24,02	33,66	47,76	81,51	216,71	9,18	15,28	7,63	21,80	135,31	38,20	45,40	15,97	26,74	62,44	
18	ZABRZE	188 401	81,16	81,45	70,10	89,93	160,67	0,00	3,27	8,69	15,38	80,07	0,00	4,02	12,40	17,10	49,84	
19	ZÓRY	62 044	11,94	13,97	42,60	92,95	107,59	1,99	3,51	16,72	57,46	67,78	16,66	25,13	39,25	61,82	63,00	
	Total towns	2 682 413	834,01	1 096,63	1 495,78	1 739,15	1 917,00	291,99	432,82	775,67	809,32	882,09	35,01	39,45	51,86	46,54	46,01	
	<i>minimum</i>	<i>54 380</i>	<i>6,18</i>	<i>4,15</i>	<i>7,28</i>	<i>2,22</i>	<i>9,66</i>	<i>0,00</i>	<i>0,12</i>	<i>2,27</i>	<i>0,15</i>	<i>1,10</i>	<i>0,00</i>	<i>0,69</i>	<i>5,63</i>	<i>1,58</i>	<i>1,16</i>	
	<i>maximum</i>	<i>309 621</i>	<i>227,72</i>	<i>223,89</i>	<i>303,81</i>	<i>232,66</i>	<i>264,81</i>	<i>146,15</i>	<i>181,06</i>	<i>244,26</i>	<i>188,43</i>	<i>181,47</i>	<i>74,71</i>	<i>80,87</i>	<i>80,40</i>	<i>80,99</i>	<i>75,78</i>	
	<i>max - min</i>	<i>255 261</i>	<i>221,54</i>	<i>219,74</i>	<i>296,53</i>	<i>230,44</i>	<i>255,14</i>	<i>146,15</i>	<i>180,94</i>	<i>241,98</i>	<i>188,28</i>	<i>180,37</i>	<i>74,71</i>	<i>80,18</i>	<i>74,77</i>	<i>79,41</i>	<i>74,61</i>	

Source: authors' own calculations based on annual statements of the Regional Accounting Chamber in Katowice

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Table 3. Dynamics of investment expenditure in big towns of Silesian Voivodship and EU funds in 2004-2008 (in %)

Tab. 2 Dynamics of investment expenditure in big towns of Silesian Voivodship and EU funds in 2004-2008 (in%)

No.	Towns	Dynamics									
		Investment expenditure					EU funds				
		2008/2004	2005/2004	2006/2005	2007/2006	2008/2007	2008/2004	2005/2004	2006/2005	2007/2006	2008/2007
1	2	3	4	5	6	7	8	9	10	11	12
1	BIELSKO-BIAŁA	111,53	24,42	-10,34	21,34	56,28	-59,21	-12,73	-72,22	17,55	43,16
2	BYTOM	910,59	18,57	55,45	204,26	80,21	1 720,24	-31,96	335,80	197,36	106,43
3	CHORZÓW	193,77	25,12	104,80	4,71	9,49	121 376,33	29 301,23	157,70	137,93	-32,62
4	CZESTOCHOWA	174,19	142,35	37,87	-7,59	-11,20	1 926,27	1 011,82	171,12	-5,56	-28,82
5	DĄBROWA GÓRNICZA	12,23	19,33	-16,65	-8,63	23,49				164,20	2,33
6	GLIWICE	289,53	117,38	24,62	69,44	-15,14	450,09	1 066,06	229,41	191,20	-95,08
7	JASTRZĘBIE-ZDRÓJ	-27,75	62,52	-29,09	1,47	-38,21	836,16	3 670,10	-55,49	178,00	-79,93
8	JAWORZNO	620,19	19,55	198,95	28,79	56,45	-53,98	84,57	283,67	-65,26	-81,30
9	KATOWICE	16,29	-1,68	35,69	-31,35	26,96	24,16	23,88	34,90	-93,59	1 058,93
10	MYSŁOWICE	114,41	108,41	17,68	-30,41	25,62	77,84	100,10	-100,00		
11	PIEKARY ŚLĄSKIE	53,82	95,08	66,55	-89,10	334,33	20,30	251,20	19,16	-98,09	1 408,66
12	RUŚLA ŚLĄSKA	49,62	44,27	104,21	7,89	-52,93	231,13	32,96	430,82	29,40	-63,74
13	RYBNIK	126,55	52,20	34,40	45,14	-23,69	221,62	71,25	61,53	67,01	-30,38
14	SIEMIANOWICE ŚLĄSKIE	-18,93	-22,44	-28,30	4,59	39,37	29 446,63	2 182,48	1 797,25	-90,87	647,56
15	SOSNOWIEC	118,99	21,65	161,62	31,74	-47,77	194,45	21,14	785,26	17,87	-76,71
16	ŚWIĘTOCHŁOWICE	153,49	-32,80	75,43	161,60	-17,81					271,24
17	TYCHY	802,13	40,11	41,91	70,67	165,85	1 374,47	66,52	-50,09	185,77	520,76
18	ZABRZE	97,98	0,36	-13,94	28,28	78,67			165,79	76,86	420,76
19	ŻORY	801,11	16,98	205,00	118,19	15,75	3 307,97	76,48	376,31	243,67	17,97
	Total towns	129,85	31,49	36,40	16,27	10,23	202,10	48,16	79,30	4,34	8,99

Source: authors' own calculations based on annual statements of Regional Accounting Chamber in Katowice

Source: own calculations based on annual statements of Regional Accounting Chamber in Katowice

- it's surprising that in 2004 and 2005 there were such big towns in the Silesian Voivodship which did not use the EU funds at all. It may be suspected that they had not had their projects prepared in advance, in order to finance them, completely or partially, from this important source, which was becoming increasingly relevant. Another reason for this may be initial poor preparation of the staff working on applications;

- a surprising thing are significant differences in the importance of EU funds in investment budgets of such communes as the regional capital town of Katowice, Bielsko-Biała, Żory, Zabrze, Gliwice, Chorzów. This may be due to implementation of investments with various levels of necessary engagement of such non-repayable outside funds;

- attention should also be paid to the towns in which the engagement of EU funds in the entire analysed period was very high: Rybnik, Tychy, Bytom. It may be supposed to be connected with appropriate preparation of applications already in the

first years of Poland's presence in the EU. (The ability acquired by these towns already at the stage of application for pre-accession funds).

Summing up, there are grounds to assume that most of the towns in the Silesian Voivodship have made an appropriate use of the new opportunities resulting from the Poland's accession to the EU.

4. Conclusion

The recovery of investment processes in Poland (in the Silesian Voivodship) was mostly due to the EU accession. Owing to the accessibility of EU funds, numerous public sector projects could be carried out. Moreover, the observations made so far indicate that the role of EU funds in financing of investments in communes increases regularly. However, it should be kept in mind that EU funds are just one out of many sources of financing for undertakings conducted by local authorities – the sources which are more and more frequently combined with one another. The limitation of budgetary funds and growing competition when applying for non-budgetary funds make communes face the need to use increasingly complex financing instruments which, on one hand, help them to increase the probability that an investment is going to be implemented and, on the other hand, allow them to adequately spread the risk related to individual sources of financing. It should also be noted that EU funds can only be used by communes as supplementary financing for the projects performed, and the remaining funds required for financing of investments had to be raised by communes from the state budget, generated using their own resources or a credit. Only rich communes could afford to gradually repay the credit or use free resources from their own income.

It should also be mentioned that currently in Poland a number of public projects related to the organization of EURO 2012 football championship with Ukraine are being implemented. For instance, the value of the "Construction of the National Stadium in Warsaw" project itself will amount to approx. PLN 1.2 billion.

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