

Multi level governance in Poland: program budgeting in the context of strategic planning



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Cracow
10 December 2013

”Sweet home Alabama ...”



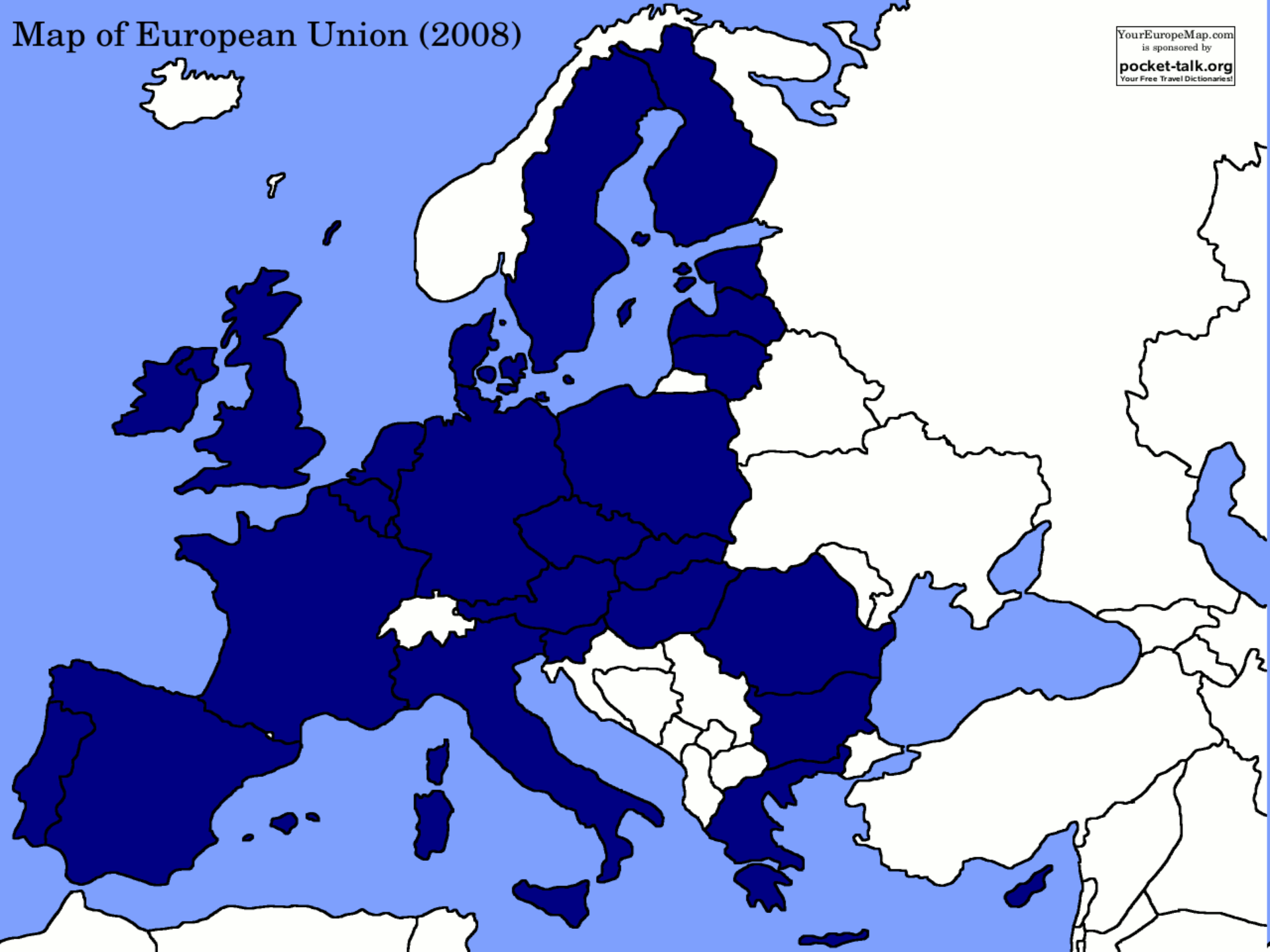
National states \neq EU

More \neq less integration & coordination



Map of European Union (2008)

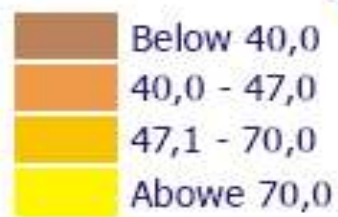
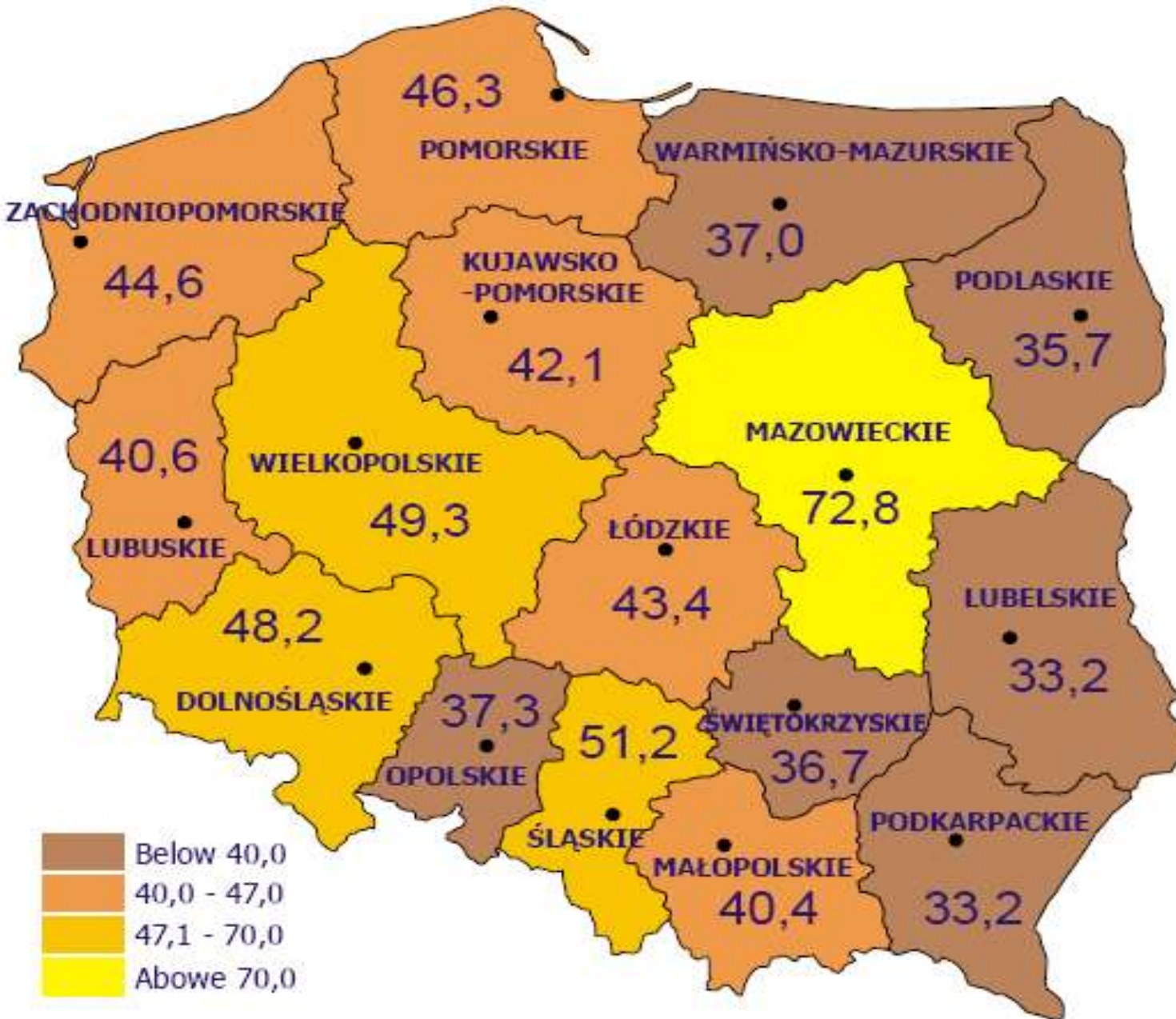
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Multi level governance in Poland – present situation

- Three-gradual system of administration (16 regions, 314 counties, 2478 local municipalities) – 1998
- Dual system: *Voivode* (united adminis.) + *Marshal*
- Dynamic economic development (**GDP**) & **EU Member**
- Increasing status of regions (**decentralization**) & **EU funds**
- **More responsibility**/tasks for regional / local level (education)
- Increasing **financial needs** & **various situation** of the regions
- Risk of **A, B, C division** (East Wall)





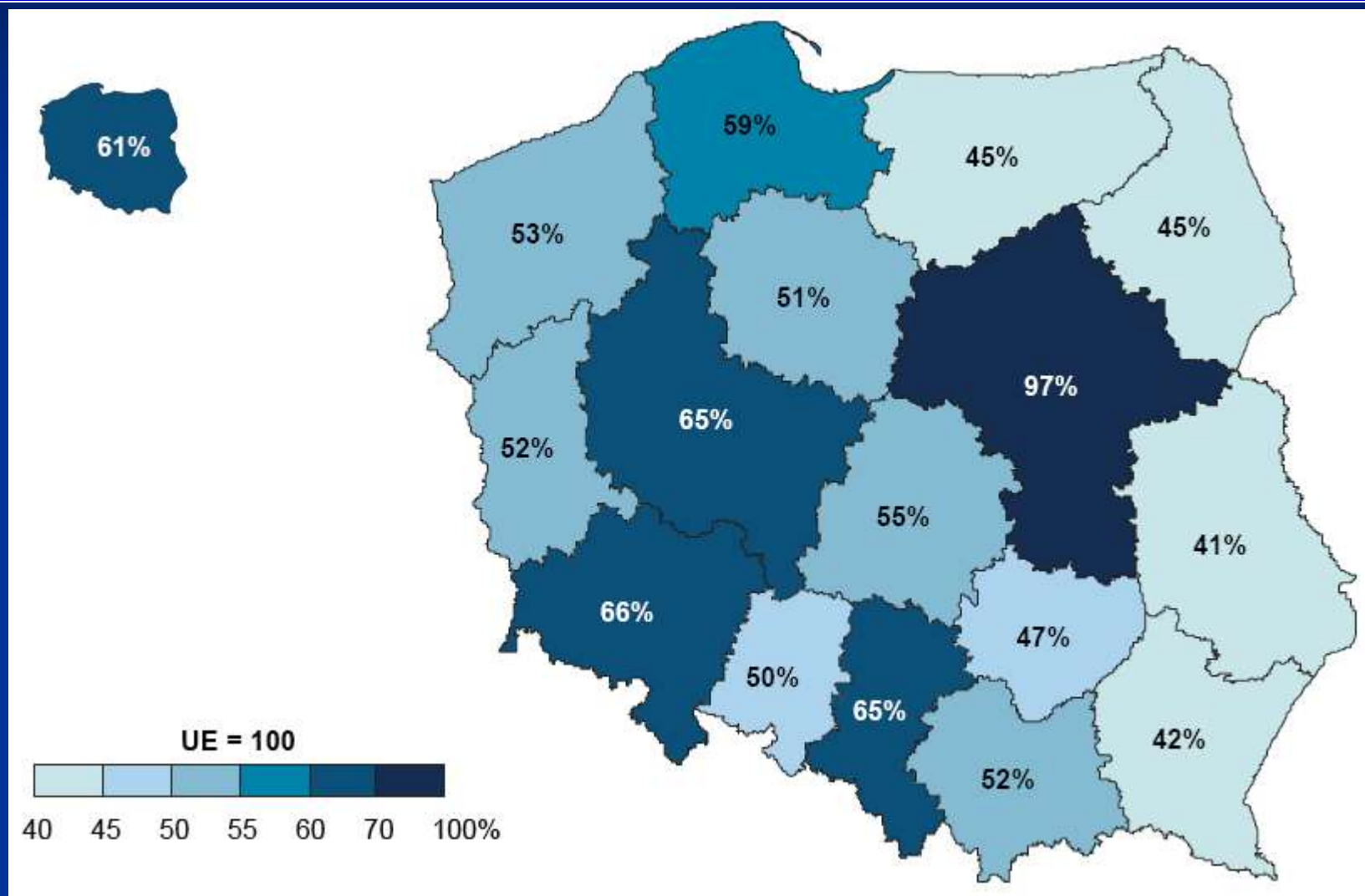
UE-25 = 100

Poland in total 47.0

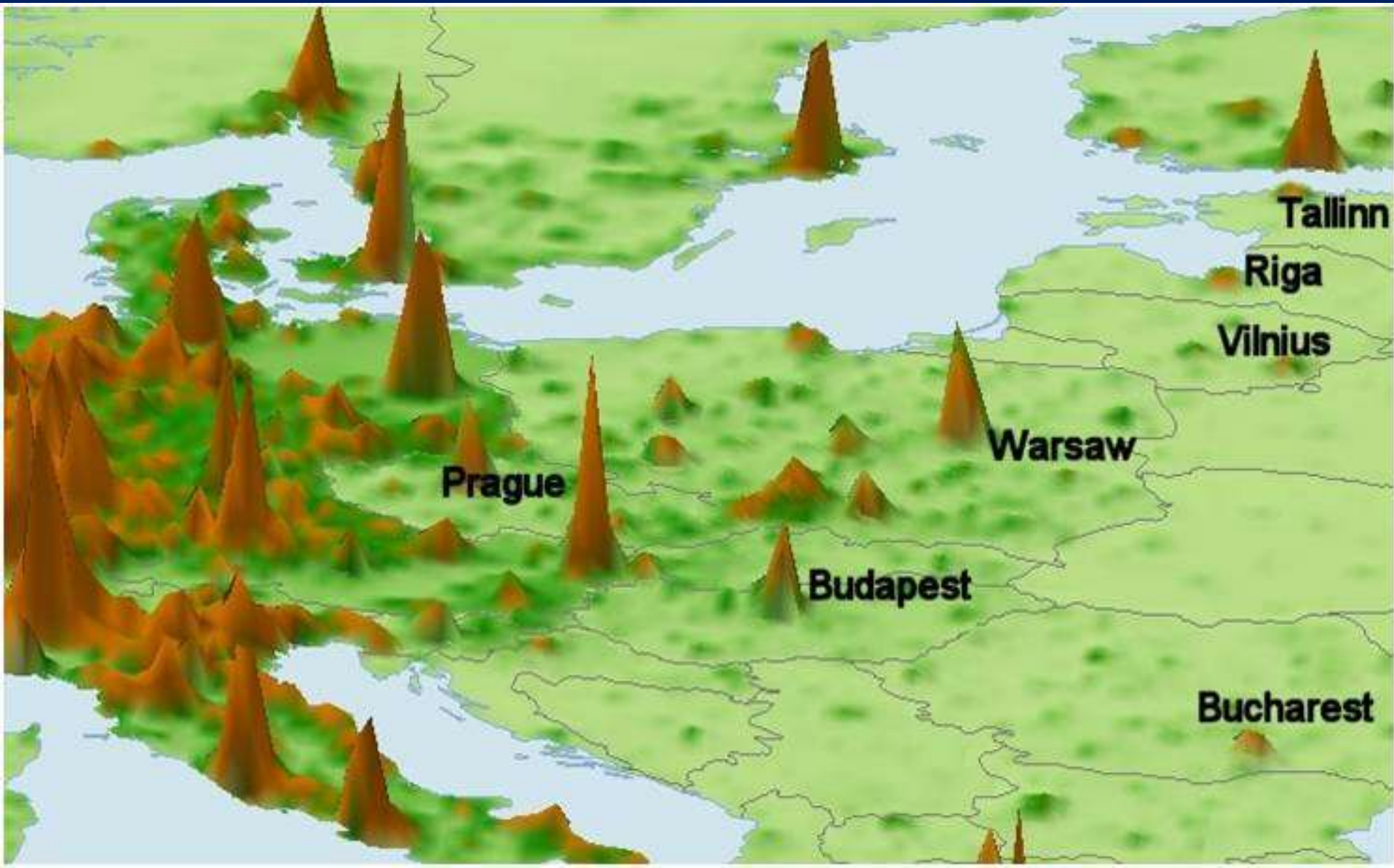
Source: Eurostat, data for 2003.



GDP of polish regions in comparison with EU average GDP - 2009 r.



Economic activity in central Europe
The map of economic density - An uneven topography
(GDP per sq km - *Source: World Bank GIS Laboratory*)



European cohesion policy

- Key words: sustainable & coherent long-term development



The polish local municipalities – building the budget

- 2004 – Poland became the member of EU
- 2009 – New Public Finance Act
- More responsibility at local level → huge financial needs
- Projects supported from EU budget (e.g. ERDF)
- EURO 2012 projects
- ”Daily life” investments
- Polish government programmes (e.g. sport infrastructure, rural development)
- Sharp debt limits for local municipalities (60% ^ 15%)

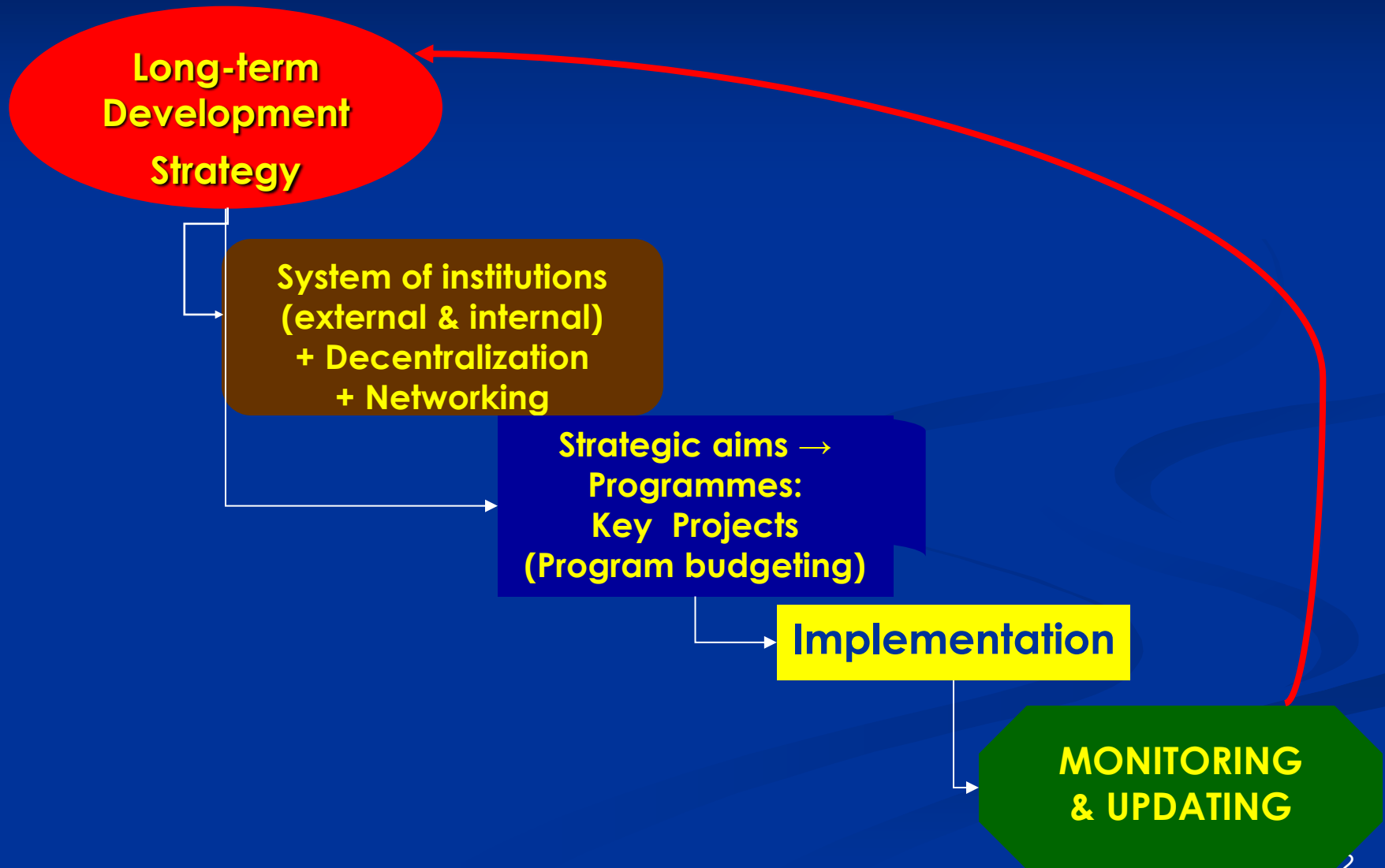


Multi level governance - Poland

- Special financial support for "East Wall" (EU - OP)
- Key word = **algorithm** (e.g. ERDF)
 - Numer of citizens (80%)
 - GDP (10%) – 80% < n. average
 - Unemployment rate (10%) – 150%
- **Types of investment** (hard & soft)
 - Projects supported from EU funds ("refund rule")
 - "Daily life" investments → **any Strategy ???**



Strategic management in the context of program budgeting



NATIONAL DEVELOPMENT STRATEGY 2007 – 2015

National Reform Programme

National Report on Social Security and Social Integration

National Cohesion Strategy 2007-2013 (NCS)

16 ROP

OP Infrastructure and environment

OP Human Capital

OP Innovative Economy

OP Development of Eastern

OP European Territorial Cooperation

OP Technical Assistance

National Strategic Plan for Rural Areas

OP Rural Development

Fisheries Development Strategy

OP Sustainable Development of Fisheries Sector and Coastal Fishing Areas

Convergence Programme

Other strategies (e.g. sectoral and regional)

<2007-2013> & "n+2" rule

EU funds & national actions and programmes

National medium & long term strategies (e.g. education, mine industry)

Legal basis – EU funds

- **COUNCIL REGULATION (EC) No 1083/2006** of 11 July 2006 laying down **general provisions** on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999
- **Commission Regulation (EC) No 1828/2006** of 8 December 2006 setting out **rules for the implementation** of Council Regulation (EC) No 1083/2006 laying down general provisions on the **European Regional Development Fund**, the **European Social Fund** and the **Cohesion Fund** and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund;

EU funds – Legal basis in Poland

- National Cohesion Strategy 2007-2013
- National Development Strategy 2007-2015
- National Strategic Plan for Rural Areas
- Fisheries Development Strategy

- National Reform Programme

- The Regional Development Act

- Act on Public Finance
- The Public Finance Discipline Act
- The Public Procurement Act
- The Self-Government Act
- Polish Accounting Act

Update of Development Strategy of Swietokrzyskie Region





Documents within the new programming period

■ Partnership agreement

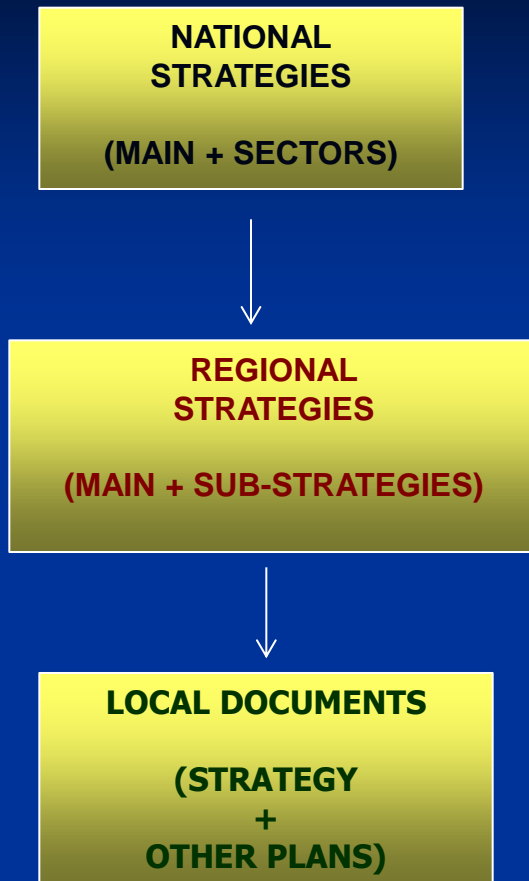
- document defining the strategy of the Member State as well as priorities and conditions for the effective and efficient use of funds covered by the Community Strategic Framework. It is developed by a Member State with partners and approved by the European Commission following an assessment and dialogue with the Member State.

■ Territorial contract

- Defined in KSRR, **instrument of programming coordination** used to enhance the effectiveness of development activities (mainly investment) territorially oriented, carried out by various public entities and established in the negotiation process between them.
- It is the result of bilateral negotiations between the government and local authorities (the first edition of the contracts will only cover contracts between the central government and regions.)
- **It is a part of reconciliation of cohesion policy 2014-2020 interventions.**

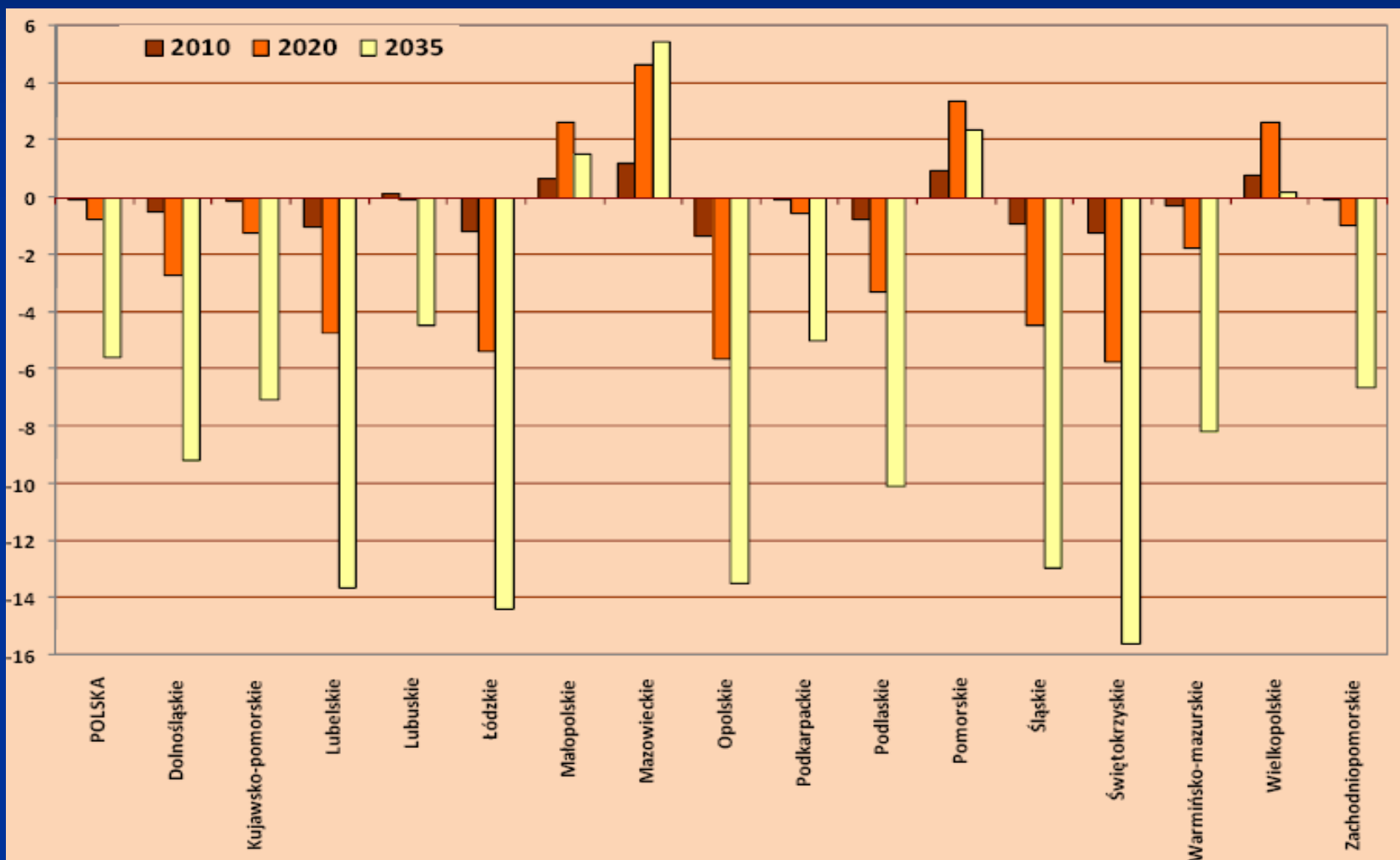
Strategic management

National / Regional / Local level



- Need for strategic & planning complementarity
- Operational level → key projects

Demographic forecast for the Świętokrzyskie Region – 2035



Regional Development Strategy:

- Improvement of **regional infrastructure**;
- **Key sectors and industries** for the economic development of the region;
- Building **human capital** and a base for an innovative economy;
- Increasing the role of **urban centers** in stimulating economic development in the region;
- Complex **rural development**;
- **Environmental aspects** of the region.

Why is it so complicated ?

ERDF / ESF / CF / EAFRD

Operational Programmes – national level:

- Infrastructure and Environment Programme
- Innovative Economy Programme
- Human Capital Programme
- Development of Eastern Poland Programme
-

Operational Programmes – regional level:

- **Regional Operational Programmes (16)**
- Rural Development Programme (EAFRD)



Województwa objęte programem Rozwój Polski Wschodniej

EU allocation for Świętokrzyskie Region 2007-2013



- Need for administrative & institutional capacity
- Network of key implementing institutions (partnerships)



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Monitoring the results of funds intervention 2014 – 2020 is based on
three-level system of indicators :

** Regional Strategy for Development*

Monitoring of strategic indicators (macroeconomic) assigned to individual CT

** Program / Priorities*

Monitoring of outcome indicators consistent with the strategic objectives set out in UP (the tool – STRATEG software)

** Action / project*

Monitoring product and direct result indicators from the Common List of Key Indicators. It is possible to establish additional indicators specific to the operational program

... dla rozwoju Województwa Świętokrzyskiego ...

MONITORING SYSTEM (1)



- **Strategy monitoring system** is linked to a system of its implementation.

Entities in the structure of the monitoring system :

- **Regional Board** – specifically responsible for:
 - Managing Regional Development,
 - overseeing the monitoring process
 - co-creation of the annual report of the monitoring
- **The Monitoring Committee for Development** - particularly :
 - adopt the annual reports on the implementation of the Strategy;
 - evaluates the effectiveness and effective implementation of *Strategy*;
 - recommend to The Regional Parliament implementing changes in the strategy, which will enable better effectiveness and efficiency of undertaken actions;

MONITORING SYSTEM(2)



- **Coordinator** – the department of regional development responsible for :
 - preparation of statistical indicators describing the strategic and operational objectives, as well as perform ratio analysis;
 - cooperation with institutions responsible for monitoring the implementation of the Strategy
 - preparing the annual report (formulation of proposals for the Regional Board in the context of the main activities)
 - Daily cooperation with Voivodship Board and Monitoring Committee
 - Coordinating the process of approval of the annual report
- **Other participants of the monitoring system** – organizational units of Marshal's Office and external organizations which implementing actions under the Strategy

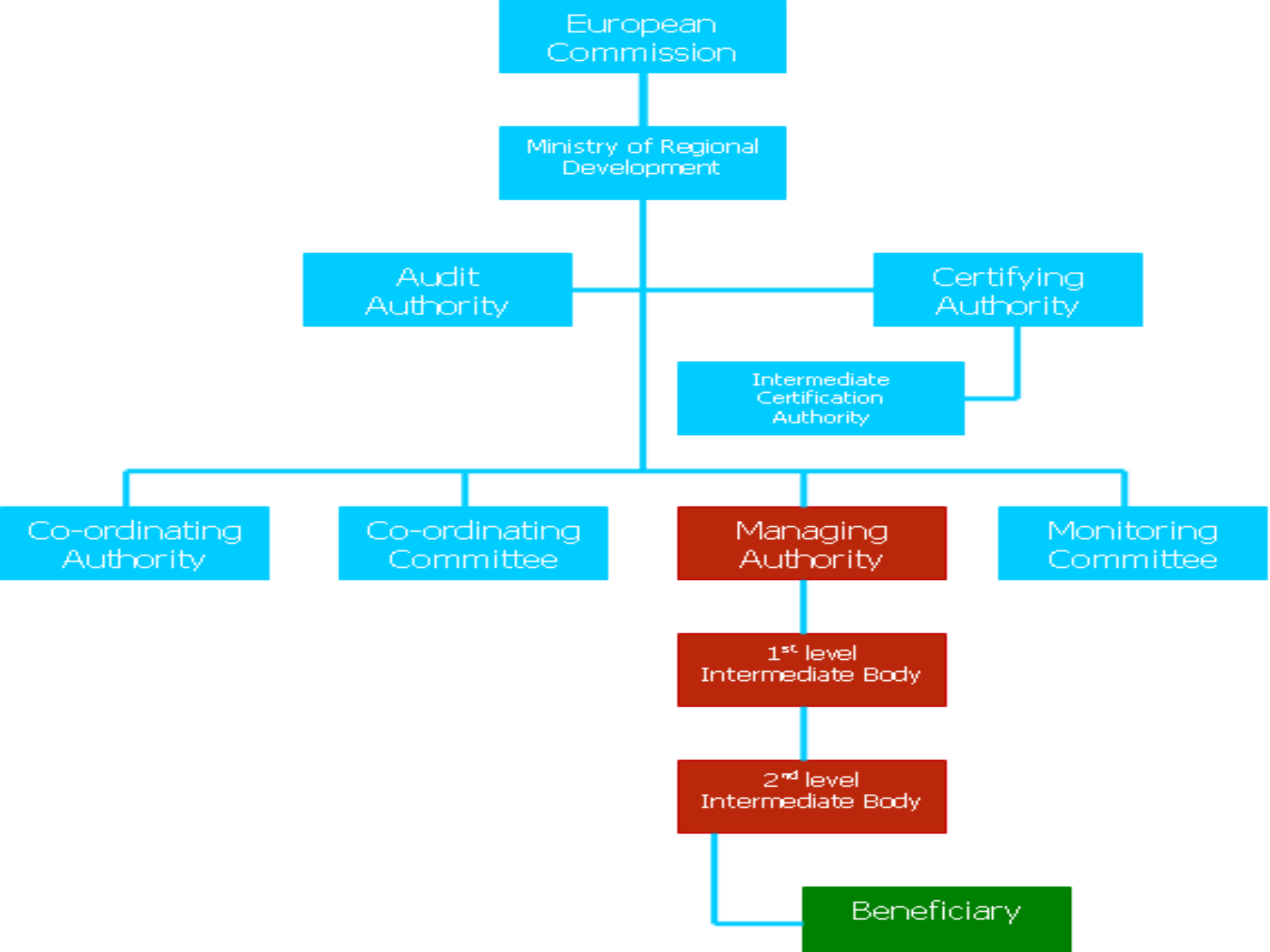
CONTEXTUAL INDICATOR

	CONTEXTUAL INDICATOR	MEASURE	SOURCE	THE BASE VALUE POLAND	THE BASE VALUE ŚWIĘTOKRZYSKIE
1	GDP per capita (UE-27=100)	%	Eurostat	61 (2009)	47 (2009)
2	GDP per capita (Polska=100)	%	GUS	100 (2010)	75,8 (2010)
3	Employment Rate wg BAEL (wiek 20-64)	%	GUS	64,8 (2011)	64,1 (2011)
4	the average monthly salary gross in the national economy	zł	GUS	3625,2 (2011)	3137,9 (2011)
5	Unemployment rate wg BAEL (wiek 15+)	%	GUS	9,7 (2011)	13,0 (2011)
6	The change in population per 1000 inhabitants	os.	GUS	0,2 (2011)	-3,5 (2011)

INDICATORS MISSION AND VISION

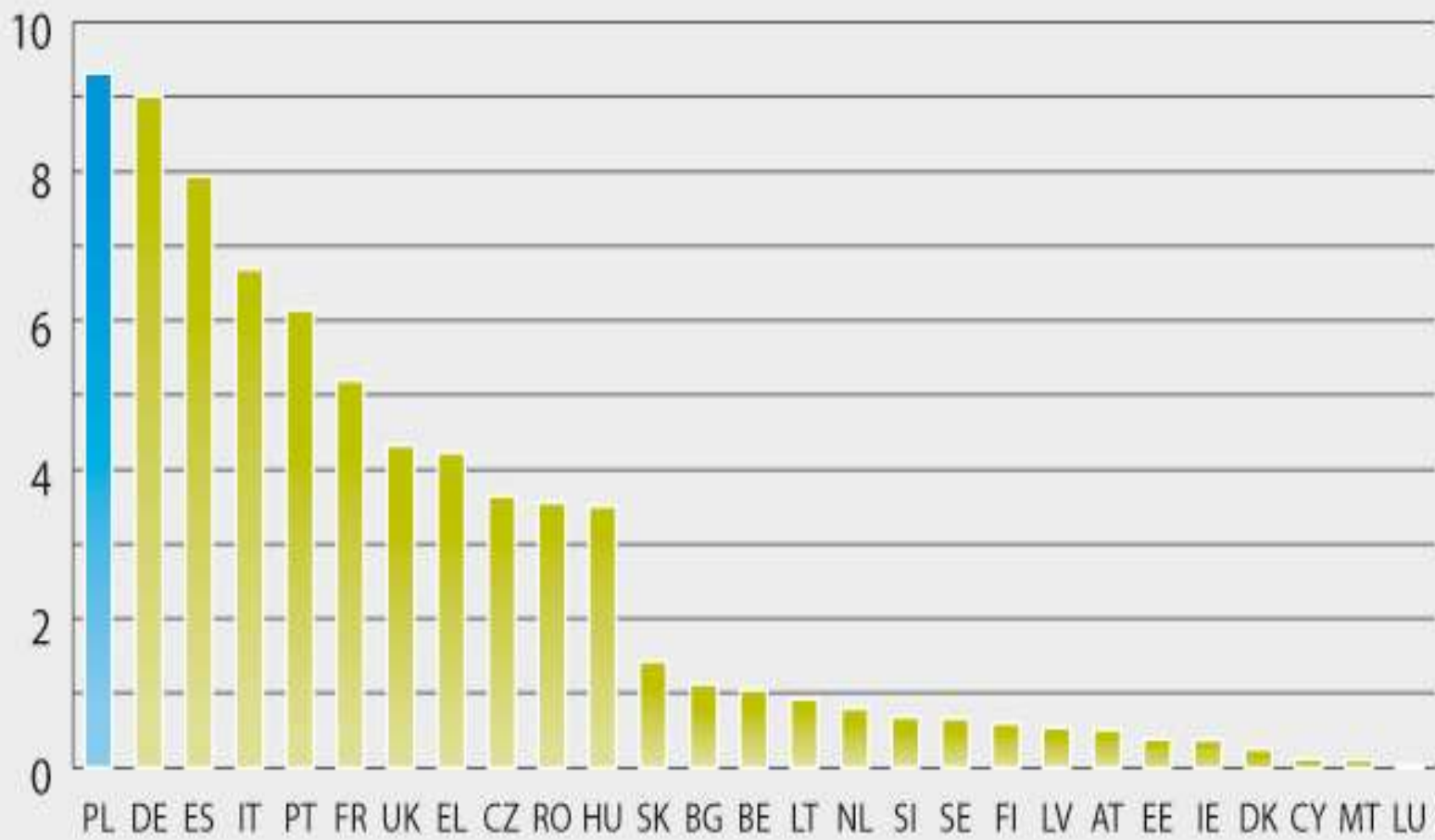


	INDICATORS MISSION AND VISION	MEASURE	SOURCE	THE BASE VALUE POLAND	THE BASE VALUE ŚWIĘTOKRZYSKIE
7	Impact of Strategy on GDP (in constant prices of 2000) per 1 inhabitant	%	using an econometric model accepted by the EC *	-	0 (2012)
8	The impact of the Strategy on the level of private consumption (in constant prices of 2000)	%		-	0 (2012)
9	The impact of the Strategy on employment rate wg BAEL (age 20-64)	pkt. proc		-	0 (2012)
10	The impact of the Strategy on the unemployment rate wg BAEL (age 15+)	pkt. proc		-	0 (2012)
11	The share of patents granted in the region in the total number of patents granted in Poland	%	GUS	100 (2011)	2,4 (2011)
12	The balance of external migration in general (migration for permanent and temporary)	thousand. people	Badanie zamówione GUS*		
13	The share of exports of foreign in GDP	%	GUS	20,2 (2010)	6,9 (2010)

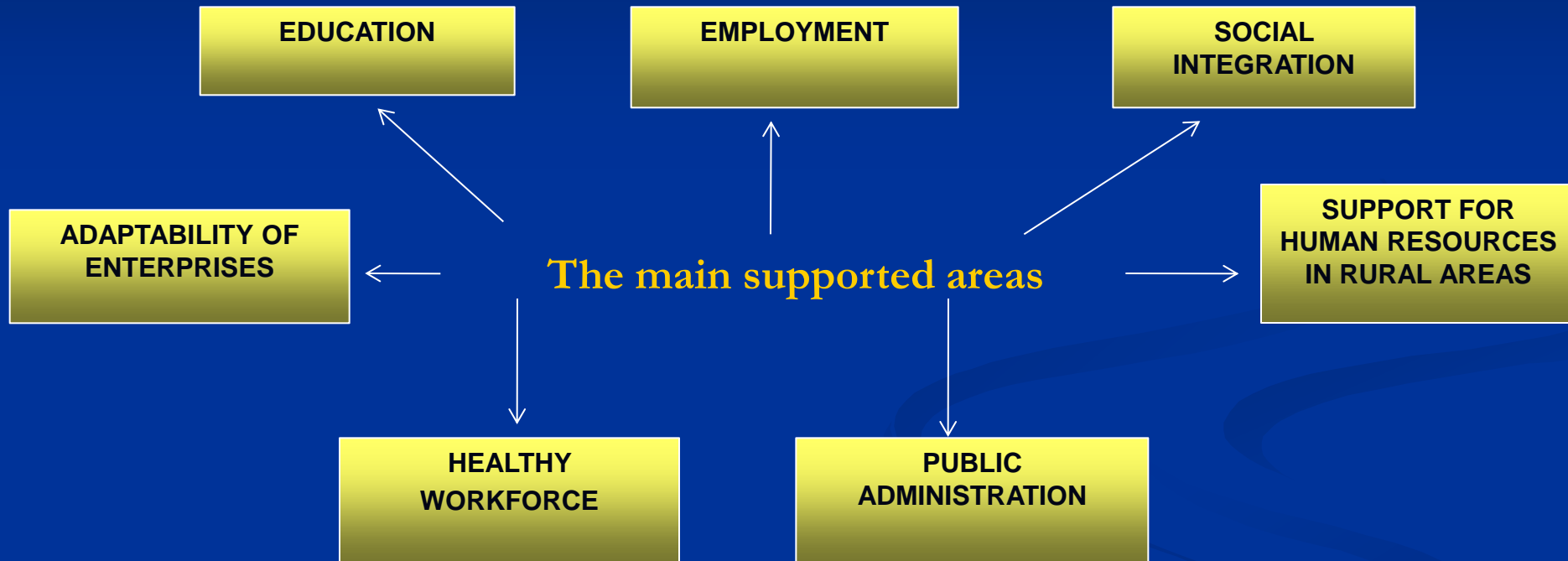


ESF funding per Member State

billion € (2007-2013)

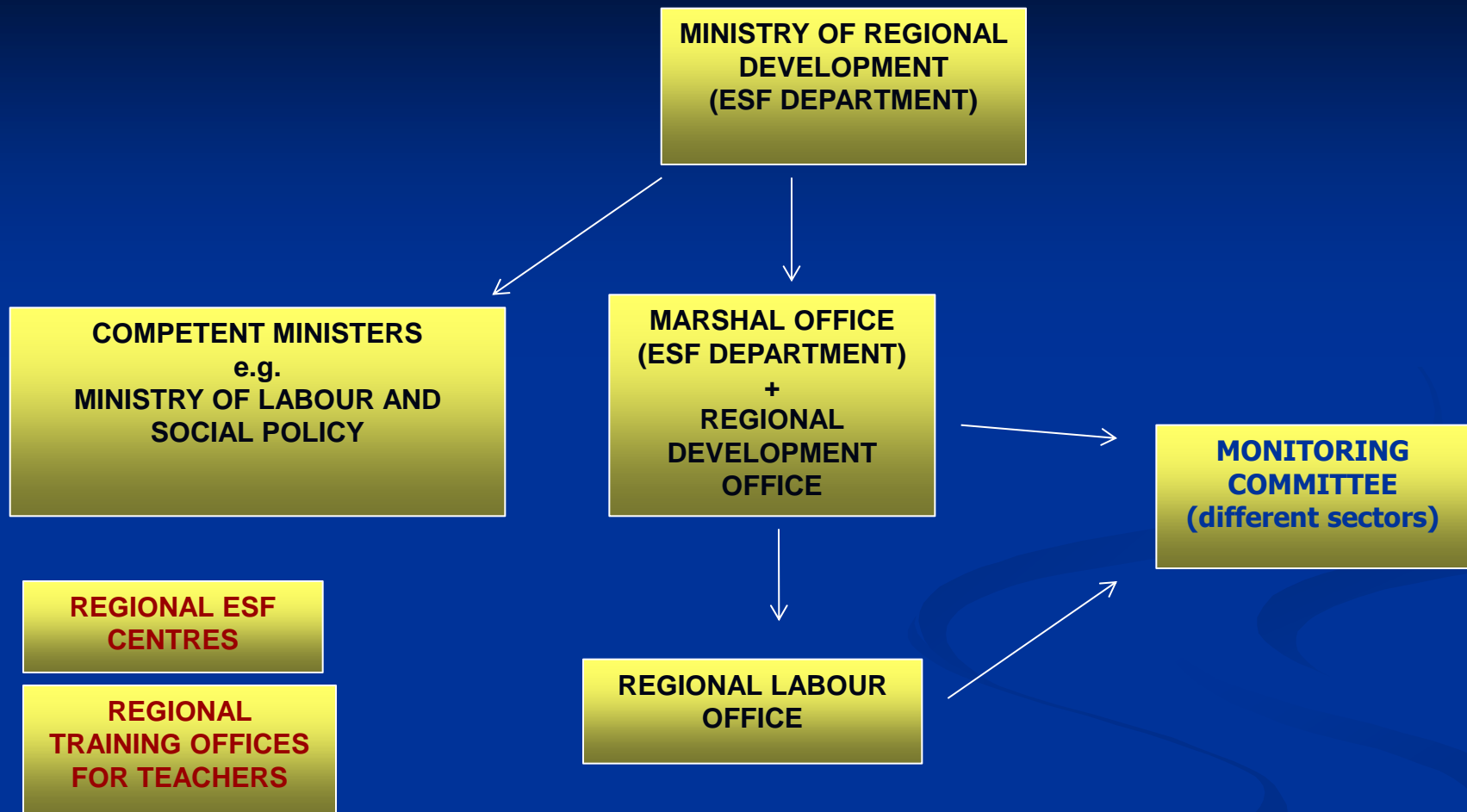


Human Capital Programme - Poland



Organizational changes public administration

Human Resources Programme - Poland



- National level – complex projects e.g. new software, trainings for public staff
- Flexibility of the structure at the regional level (separate department v new institution)
- Intermediate Bodies: basic education & local activities \neq labour market

Allocation of resources

Project Partnership Agreement (PPA)

- **ALLOCATION – 1 300 mln EUR (ERDF + ESF)**
- *Funds from the European Regional Development Fund– 70% of allocation;*
- *Funds from the European Social Fund– 30% of allocation*
- at least **20% ESF** must be allocated for **TT 9** – Promoting social inclusion and combating poverty

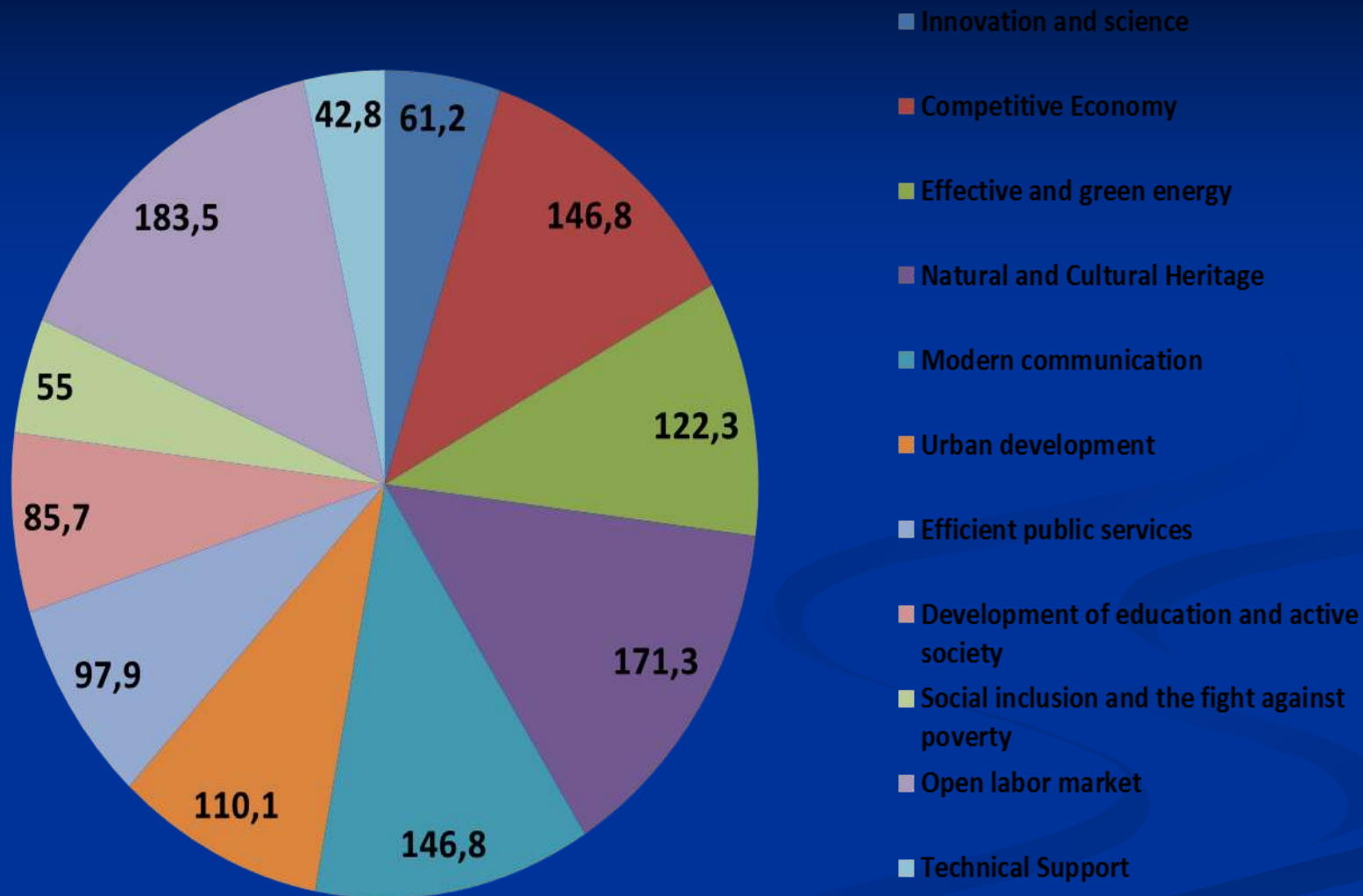
Health care sector



The priority axes of the Regional Operational Programme of Świętokrzyskie Region 2014-2020

1. Innovation and science- ERDF
2. Competitive Economy- ERDF
3. Effective and green energy - ERDF
4. Natural and Cultural Heritage - ERDF
5. Modern communication - ERDF
6. Urban development - ERDF
7. **Efficient public services - ERDF**
8. **Development of education and active i active society- ESF**
9. Social inclusion and the fight against poverty -ESF
10. Open labor market - ESF
11. Technical Support - ESF

Allocation of RPO WŚ 2014-2020 w mln zł





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MONITORING SYSTEM OF REGIONAL OPERATIONAL PROGRAMME OF THE ŚWIĘTOKRZYSKIE REGION 2014 – 2020

- **The Managing Authority**

Integrated Territorial Investment (ITI)

Voivodeship Labour Office

- **The Monitoring Committee**

Monitoring – serves to ensure adequate quality of implementation of the Programme

- Conducted on the basis of indicators which measuring the degree of achievement of the objectives of the Programme.

... dla rozwoju Województwa Świętokrzyskiego ...



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The Managing Authority will prepare a report on the implementation of the Programme in accordance with the rules laid down by the European Commission and national guidelines for reporting.

Reports:

- Quarterly
- Half-year
- Annual

Transmission of reports to the EC will dispense with the SFC system (System for Fund Management in the European Community).

Details for reporting will be aggregated from level of projects (directly from beneficiaries) and also from these institutions.

The Monitoring Committee

- Representatives of: public sector & social partners (l.s.g. universities, employers' associations)
- Analysis & approval detailed criteria and periodic correction (e.g. access criteria)
- Periodic control of the progress in achieving the aims of ROP-indicators
- Analysis and recommendation for annual Action Plans
 - allocation, strategic criteria etc.
- Analysis of irregularities (mistakes v irregularities \neq frauds)
- Intermediate Body \leftrightarrow Control Institutions
- Police \leftrightarrow EU funds
- MC & internal problem





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The monitoring system of RPOWŚ 2014-2020 includes monitoring :

- Aims of Programme through monitoring the output indicators and strategic outcome indicators assigned to the Investment Priorities,
- Established levels of spending through the monitoring of financial indicators,
- Maintaining thematic concentration through monitoring of levels of the allocation in designated areas

Summing up – multi level governance in Poland:

- Strategic planning approach (starting point - key documents !)
- Clear & precise legal acts (amendments)
- System of institutions (external + internal structure) + networking
- Magic word – ”decentralization” (regional level)
 - Division of competence between Intermediate Bodies in the regions (Voivodship Office ≠ Marshal Office)
 - Lots of different interpretations, instructions and opinions
- Motivation ! - Extra funds for the best regions:
 - special reserve (2011 - 1.3 billion € (5/16 regions))
- Crucial system of monitoring (data collection → corrections → strategic planning 😊)
 - indicators e.g. creating new work places (5-10-15%)

Indicator	Esti. value	2012
New work places	1200	2600

Multi level governance & program EU budgeting: "Fighting for money" & "Need for partnership"



Real multi level governance & program EU budgeting

"Partnership = Trust"



(Courtesy TriStar Pictures)



Success in multi level governance & program EU budgeting

"Common emotions & passions"



Poland – municipal budgets 2011-2013

- Local municipalities → main investors in Poland
- The **average total debt / annual budgetary revenue** ratio for polish local municipalities in 2011 = 25% (max 60%)
- Municipal debt means only 7% of total debt of public sector in Poland
- I half 2011 – a few 59,2% results & Cracow – 57,3 %
- Different rules in EU countries at local level (e.g. Berlin city - debt / annual revenue ratio = 120% in the past)
- <2008-2010> period: increase of: revenue + 8% ^ expenditures + 15%
- 2011-2013 period of intensive investments & increasing debts at municipal level → time of repayments ^ world economic crisis
- Total public debt in Poland = 5 000 € per capita (municipal debt = 250 € per capita)
- Since 2014: **new obligatory rules in polish public finance to reduce risks with budget's projections & new EU budget with different structure of money allocation**