
The Use of EU Funds to Finance Regional Development on the Example of the West Pomeranian Voivodeship

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Abstract:

Purpose: The aim of the article is to present the possibilities of obtaining funds from the European Union by Poland and its regions to stimulate regional development and to finance projects stimulating and assimilating this development in the face of limited own resources. The article presents a comparison of funds and programmes that were available in each financial perspective, along with individual allocation amounts. A detailed comparative analysis of the funds obtained by the West Pomeranian Voivodeship under the 2014-2020 perspective and a proposal for the division for the years 2021-2027 were made, from which the funds will soon be available and can be used to finance individual investments and tasks that are of fundamental importance from the point of view of development policy.

Design/Methodology/Approach: The assigned tasks and the defined goal determined the research procedure in which the empirical data were analyzed, measured and evaluated. The sources of data were reports from the Ministry of Development Funds and Regional Policy, the Ministry of Finance, as well as data from the Local Data Bank, the Central Statistical Office and the West Pomeranian Voivodeship. The research covered the years 2007-2020 and the latest financial perspective covering the period 2021-2027 and was based on method desk research, quantitative methods, in particular statistical methods, as well as comparative methods, and praxeological methods.

Findings: Due to its importance and impact on the functioning of regions and the possibilities of financing investment and pro-development projects, the discussed topic is very important and up-to-date. The funds from the European Union used in recent years have contributed to a significant and faster development of our country and its individual regions and should continue to be absorbed by Poland. Only their quick and appropriate use will contribute to the further development of a given region and the entire Polish. The results of the conducted research indicate that in strategic terms, the West Pomeranian Voivodeship treats the Regional Operational Programme and Funds for West Pomerania not only as a source of financing projects, but also as a comprehensive instrument of financial intervention in order to directly support the development of functional areas (through territorial support instruments) and stimulating the activity of the business sector, the public sector and non-governmental organisations, in order to achieve the level of socio-economic development assumed in the programming documents and strategies.

Practical Implications: Actual and real planning of the implementation of investment expenditures stimulating development and pro-innovation activities in the perspective

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exceeding a given financial year, using non-repayable funds from the European Union, is a key and necessary condition for achieving long-term development of a given region and thus Polish. The experience of using funds under the past financial perspectives clearly shows that thanks to EU funds, development and economic growth will be able to continue.

Originality/Value: *The article presents the results of the desk's own research, which reflect the applicability and effectiveness of the Multiannual Financial Framework in terms of stimulating and supporting the implementation of development policy.*

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1. Introduction

Regional development is the process of all changes occurring in a region (Kosiedowski, ed., 2005). Regional development is a multidimensional category and usually means a process of positive changes in terms of quantitative and qualitative transformations brought about by spontaneous mechanisms and/or deliberate actions of public entities (Piórkowska, 2015).

Regional development can be seen in terms of changes in the coexisting and interdependent economic, social, technical, technological and ecological systems of a given space (e.g., the highest units in the administrative division of the country), which consist in permanent replacement of the existing states of affairs with their better counterparts, i.e., evaluated positively from the point of view of the adopted criteria (Głuszczyk, 2011).

Regional development consists of implementing the tasks of regional policy and, more broadly, of economic policy and, indirectly, of general state policy. Regional policy therefore faces the difficult task of aggregating individual preferences (of local government units) into social decisions that are of strategic importance locally (Szewczuk, Kogut-Jaworska, and Ziolo, 2011).

The most synthetic way is the definition of Szlachta, Kudłacz and Klasik. According to Szlachta *et al.* (1998), "regional development is a systematic improvement of the competitiveness of economic entities and the standard of living of the inhabitants, as well as an increase in the economic potential of the

regions, contributing to the socio-economic development of the country". Kudłacz (1999), defines regional development as "a sustained increase in the standard of living of the inhabitants and the economic potential on the scale of a specific territorial unit". On the other hand, Klasik (2001), defines regional development as "a sustainable increase in three elements: the economic potential of regions, their competitive strength, and the level and quality of life of the inhabitants.

The level of development of a given region is expressed by the occurrence of technological and technical progress in its area. This is related to the high quality of goods and services produced in a given region using the most modern techniques (Budziewicz-Guźlecka, 2019) and production systems, in diversifying and increasing the state of the assortment, improving economic activity, which is related to the reasonable use of regional factors and resources, but also with the ability of the economy to produce and offer goods and services that will easily find buyers on external markets.

Shaping regional development is the process of determining tasks, ways and means of rational use and development of space, undertaken in order to improve the quality of life and competitiveness of a given area. This requires a strong involvement of local governments in activities conducive to opening up economic activity, changes and the search for new sources of income and new forms of using regional space.

In general, specific development goals are universal, but in practice each region has its own objectives (priorities), corresponding to its real capabilities and expectations (e.g. tourism activities, special economic zones, cultural heritage, etc.), (Wojtasiewicz, 1997, s. 7-18).

The achievement of regional development objectives is linked to the implementation of tasks included in development strategies or development programmes. They usually consist in creating a climate for the location of new business ventures, favourable conditions for the functioning of business entities and pro-development institutions, fostering entrepreneurship and innovation, supporting employment policy and openness in the labour market, etc., (Kupiec, 2011, s. 88-89).

The competences of the regions, as an important entity implementing the development policy and having a real impact on it should be recognized or defined by the Constitution, the statutes of the region, and provisions of national or international law. The regions' own competences may not be altered or limited in any way, except as provided for in the Constitution, domestic or international law. The regions should have the power to decide and administer in the areas within their own competence. These powers should make it possible to adopt and implement a region-specific regional policy.

It is desirable that, within the limits of the law, the implementation at regional level of tasks which fall within the competence of the government should be assigned to regional bodies. The regions should be provided with the necessary resources for this purpose (Council of Europe Reference Framework for Regional Democracy, 2009).

2. Financing Regional Development

An important issue in the financing of development by the local governments of provinces (regions) is to ensure sufficient financial resources for its implementation. The current system of financial support is shaped by many factors, including the existing structure of the administrative division of the country, differences in the development of individual regions, dominant political concepts, as well as the ad hoc situation in the public finance sector (Ofiarski, 2002, s. 9).

The resources at the disposal of local governments determine their strength and the extent of independence of local government decision-makers. They testify to a stable situation and often determine the development potential of communes, districts and provinces. In the group of total income, the level of own income is of great importance (Oręziak, 2018), which determines the actual development possibilities of a given entity and also enables the actual shaping of the directions of public funds spending.

In addition to own income, an operating surplus of an appropriate amount is a very significant category. It is understood as the difference between income and current expenditure and has a significant impact on the local government's ability to incur debt. The lack of an appropriate level of operating surplus results in the inability to take out new loans and advances, and thus limits the development opportunities of a given local government unit.

Unfortunately, in the current conditions, the own revenues of local governments are insufficient, which results in the fact that individual local government units are forced to use external sources of financing for development projects. Local governments can take out loans and issue securities, but their use increases debt. In view of the above, the funds from the European Union budget are of fundamental importance.

The European Union, as an international organisation, has its own budget to finance actions aimed at solving common problems. With a single budget, it is cheaper and more effective to meet the challenges than if each Member State had to tackle them alone. In this way, the Union pursues an active regional development policy, also known as cohesion policy or structural policy. Its main objective is to reduce disparities in the development of countries and regions, which increases the competitiveness of the Member States and the Union itself on the global market.

Thanks to the European Funds, the competitiveness of the economies of the Member States is strengthened, the fight against unemployment is undertaken, and measures are implemented to help develop poorer regions.

Poland and its regions benefit from funds from specific financial perspectives from the EU even before the official accession to the Community (from the so-called pre-accession funds 2004-2006 under the 2000-2006 perspective). The article will not describe these measures as not using the help within the whole perspective.

As a full member, Poland has been using the funds since 2007. The document defining the implementation of the European Funds for the years 2007-2013 was the National Cohesion Strategy (NSS) (official name: National Strategic Reference Framework, NSRF).

It has identified the priorities and areas of use and the system for implementing EU funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund. The strategic objective of the NSS was to create conditions for the growth of the competitiveness of the Polish economy based on knowledge and entrepreneurship, ensuring an increase in employment and an increase in the level of social, economic and spatial cohesion.

In addition to legal, fiscal and institutional activities, the objectives of the NSS were pursued through programmes (operational programmes) managed by the Ministry of Infrastructure and Development, regional programmes (regional operational programmes) managed by the boards of individual provinces and projects co-financed by structural instruments.

A very similar amount of funds and the purposes for which these funds can be transferred and serve faster regional development were available to Polish under the financial perspective in 2014-2020. The amount of EUR 82.5 billion, which the EU allocated to Polish, was invested in increasing the competitiveness of the Polish economy, improving the social and territorial cohesion of the country, and in increasing the efficiency and effectiveness of administration.

On the other hand, the European Funds for 2021-2027, which Poland and its regions are very much waiting for in order to be able to start implementing and financing investment projects aimed at development, amount to EUR 72.2 billion from the cohesion policy and EUR 3.8 billion from the Just Transition Fund. In total, this amounts to around EUR 76 billion. These funds are to be used for investments in innovation, entrepreneurship, digitisation, infrastructure, environmental protection, energy, education and social affairs. In this perspective, the funds will be used through the following programmes:

1. European Funds for Infrastructure, Climate, Environment, which will be invested in the energy security of Polish, the development of renewable energy

sources, environmental protection, safe and ecological transport, as well as the development of health protection, culture and protection of cultural heritage; the budget is 113,4 mld zł.

2. European Funds for the Modern Economy, which will finance research and development, innovation and competitiveness projects of the Polish economy. The programme will be used mainly by entrepreneurs and the science sector; The budget is 37,1 mld zł.

3. European Funds for Social Development, thanks to which it will be possible to improve the situation of people on the changing labour market, develop education and health services. In addition, parents and people with special needs will be able to be supported in caring for their children; The budget is 18,8 mld zł.

4. European Funds for Digital Development. These measures will enable the digital future to develop more rapidly, mainly through increased access to ultra-fast broadband. Cybersecurity and digital competences of society will be strengthened; The budget is 9,2 mld zł.

5. European Funds for Eastern Polish, from which additional support will be received by 5 voivodships, i.e.: Lubelskie, Podlaskie, Podkarpackie, Świętokrzyskie and Warmińsko-Mazurskie and part of Mazowieckie. The programme aims to facilitate business development, transport and will also include investments in energy networks, environmental protection and tourism; The budget is 12,3 mld zł.

6. European Funds for Food Aid, the proceeds of which will be used to support the poorest and most needy; the budget is 2,4 mld zł.

7. European Funds for Fisheries to support the Common Fisheries Policy, the EU's maritime policy, sustainable fisheries and the conservation of marine biological resources. They will support investments in food security and the development of a sustainable blue economy. Support will be available to projects that ensure the safety and cleanliness of the seas and oceans and improve the effectiveness of international ocean governance; The budget is 2,3 mld zł.

8. European Funds for Migration, Borders and Security, which consists of 3 programmes: the Asylum, Migration and Integration Fund (AMIF), the Financial Support Instrument for Border Management and Visa Policy under the Integrated Border Management Fund (IBM) and the Internal Security Fund (ISF).

9. Technical Assistance for European Funds for activities strengthening the potential of beneficiaries of European Funds and coordination projects, e.g. in the area of European Funds; 2,5 mld zł.

10. Interreg (European Territorial Cooperation) programmes. These programmes are international in nature and will support cultural exchange, scientific, business and local government cooperation across national borders; The budget is 2,2 mld zł.

11. Sixteen regional programmes. Following the example of previous perspectives and support, each province has its own program to finance investments in its area. Thanks to them, regions will support entrepreneurship, access to education, health care and culture. They take care of the social infrastructure and the environment. The funds also support digital technologies, energy and transport; The budget is 155,4 mld zł. The funds available at regional level have the greatest impact on stimulating regional development, as local and regional decision-makers have a say in the direction in which these funds are used.

Table 1. Comparison of funding in different financial perspectives.

	2007-2013	2014-2020	2021-2027
Funds	European Regional Development Fund European Social Fund Cohesion Fund	European Regional Development Fund European Social Fund Cohesion Fund European Agricultural Fund for Rural Development European Maritime and Fisheries Fund	European Regional Development Fund European Social Fund+ Cohesion Fund European Maritime, Fisheries and Aquaculture Fund Just Transition Fund
Programs	Infrastructure and Environment Programme - 28,3 mld euro Innovative Economy Programme – 8,7 mld euro Human Capital Programme 28,3 mld euro Eastern Polish Development Programme - 2,4 mld euro Technical Support Program – 05 mld euro European Territorial Cooperation Programmes – 0,7 mld euro Rural Development Programme Operational Programme Sustainable Development of the Fisheries Sector and Coastal Fisheries Areas 16 regional programmes – 17,3 mld euro	Infrastructure and Environment Programme - 27,4 mld euro Smart Growth Program - 8,6 mld euro Knowledge Education Development Programme - 4,7 mld euro Digital Poland Programme - 2,2 mld euro Eastern Poland Programme - 2 mld euro Technical Support Program - 0,7 mld euro	Infrastructure and Environment Programme - 25,1 mld euro Smart Growth Program - 8,0 mld euro Knowledge Education Development Programme - 4,3 mld euro Digital Poland Programme - 2,0 mld euro Eastern Poland Programme – 2,5 mld euro European Territorial Cooperation – 0,56 mld euro Technical Support Program - 0,5 mld euro Just Transition – 4,4 mld euro Fisheries & Sea – 0,5 mld euro Food aid – 0,2 mld euro
Allocatio	67,9 mld euro	82,5 mld euro	76 mld euro

Source: Own study.

3. Results - Study – West Pomeranian Voivodeship

The West Pomeranian Voivodeship is located in the north-western part of the Polish and is the fifth largest voivodeship, its area is 22,905 km² and has 1.65 million inhabitants (Statistics Poland, 2022).

Western Pomerania is characterized by exceptional natural conditions on a national scale a wealth of inland water (and ground) resources, one of the highest percentages of forested area in the country, as well as a large area of protected areas (protected areas, including bird habitats and Natura 2000 sites, together constitute 46% of the voivodship's area, which is the 5th highest percentage in Poland).

Compared to the rest of the country, the voivodeship is characterized by an exceptionally clean environment, including air, with one of the lowest degrees of pollution in Poland. The condition and protection of the environment is influenced by a very large area of protected areas (46% of the voivodship's area). In the region, 60 areas included in the European Ecological Network Natura 2000 have been designated (in total over 37% of the voivodship's area).

Specific natural conditions determine the development of certain areas of the economy, especially based on the blue economy, including all activities related to maritime economy (manufacturing activities and related modes of transport) and the green economy, aimed at improving the quality of human life while reducing threats to the natural environment, including tourism, agriculture and forestry, energy production from renewable sources.

An opportunity for the development of the West Pomeranian Voivodeship is the intensification of real integration processes within functional areas and between functional areas of Western Pomerania, integration processes between regions of Western Polish and effective urban-rural partnership. However, a high level of distribution of social benefits may indicate a low level of social capital (West Pomeranian Voivodeship, 2019).

The position of the West Pomeranian Voivodeship in the background of the country in terms of GDP is presented in Tables 2 and 3. Despite the increase in quotas, the voivodship's share in the country's GDP is gradually decreasing, which may indicate that other regions are developing faster.

Table 2. *GDP in West Pomeranian Voivodeship in mln EUR and its share in the country's GDP (current prices)*

2014	2015	2016	2017	2018	2019	2020
14,292	15,060	15,447	16,370	17,569	18,700	19,164
3,74%	3,77%	3,73%	3,70%	3,72%	3,68%	3,69%

Source: *Statistics Poland.*

Table 3. GDP in West Pomeranian Voivodeship in EUR (current prices) per capita

2014	2015	2016	2017	2018	2019	2020
8,319	8,787	9,039	9,592	10,316	11,011	11,501

Source: Statistics Poland.

4. Discussion

In order to implement investment tasks and projects that stimulate development and have the possibility of obtaining funding from the European Union, the West Pomeranian Voivodeship must have its own vision of development, which will support the implementation of these assumptions in an orderly and logical way.

In addition, the tasks that will be able to receive funding from the EU must be convergent and result from the strategic documents of a given region. Table 4 indicates the strategic objectives of Western Pomerania planned for the year 2030, so that it is possible to obtain a non-refundable grant from the EU budget.

Table 4. Strategic objectives of the West Pomeranian Voivodeship

The mission of the West Pomeranian Voivodeship is "Western Pomerania – a leader in blue and green growth ensuring a high quality of life for its residents."			
I Strategic Objective – Open Community Conscious residents and engaged communities – open and prepared for the challenges of the future	II Strategic objective – Dynamic economy Shaping a high quality of life for residents and strengthening the competitiveness of the region	III Strategic objective – Efficient local government Effective local government – an integrated region. Territorial equality in access to high-quality public services	IV Strategic objective – Partner region Strong position and active role in interregional and cross-border relations
1.1 Strengthening the demographic potential and function of the family	2.1 Development of the economic potential of the province based on smart specializations	3.1 Development of major urban centres	4.1 Strengthening the region's position in the Baltic Sea basin
1.2 Social inclusion and providing development opportunities for all inhabitants of the region	2.2 Strengthening the economy using the natural potential of the region	3.2 Development of non-agglomeration areas	4.2 Development of relations with the German Länder and the Berlin agglomeration
1.3 Development of community and creation of social capital	2.3 Improving the strategic management of the region's economic development	3.3 Providing an integrated and efficient infrastructure	4.3 Exploiting the potential of the Western Polish macroregion
		3.4 Ensuring efficient and effective public	

		service systems	
		3.5 Strengthening competences for development management	

Source: Prepared on the basis of the strategy of the West Pomeranian Voivodeship until the year 2030.

The main source of financing for the adopted strategic objectives, within the regional government, are funds from European funds and own resources from the regional budget. These are not all the funds that finance tasks. As previously indicated, the structure of regions in Poland also includes communes and poviats, as well as the government sector performs central tasks at the regional level.

The main tools for achieving the assumed strategic objectives are ROP WV in 2014-2020 and the new EFWP program. Both programs and their financing are based on EU funds. Table 6 compares the funds for the implementation of strategic objectives in ROP WV and EFWP. The indicated funds in part of the own contribution include the resources of the budgets of local government units at various levels and external entities.

Table 5. Comparison of allocations by axis/priorities under the Financial Perspectives 2014-2020 and 2021-2027 - Western Pomerania

Regional Operational Program 2014-2020			European Funds for West Pomeranian 2021-2027		
Priority axis	EU contribution to EUR	Aggregate EU contribution to EUR	Priority	EU contribution to EUR	Aggregate EU contribution to EUR
Economy, innovation, modern technologies	333,900,000	333,900,000	European Funds of enterprising West Pomeranian	189,400,000	189,400,000
Low-carbon economy	238,361,416	391,263,061	European Funds for Green Western Pomeranian	364,077,103	572,077,103
Environmental protection and adaptation to climate change	48,000,000		European Funds for mobile West Pomeranian	82,000,000	
Human natural surroundings	104,901,645		European Funds for partner West Pomeranian	126,000,000	
Sustainable transport	282,655,292	282,655,292	European Funds for	228,303,739	228,303,739

			Combined West Pomeranian		
Labor market	139,374,977	529,371,295	European Funds for a friendly West Pomeranian	180,045,133	629,259,029
Inclusion	126,788,618		European Funds for Active West Pomeranian	449,213,896	
Education	92,207,700				
Public infrastructure	171,000,000				
Support	64,049,568	64,796,003	Support (EFRD)	48,615,828	67,588,944
Support – REACT EU	746,435		Support (ESF+)	18,973,116	
Support for the health sector and the environment in the context of the pandemic COVID-19	17,914,434	17,914,434			
SUM	1,619,900,085		SUM	1,686,628,815	
Estimated own contribution	285,864,721		Estimated own contribution	297,640,379	

Source: Own elaboration on (West Pomeranian Voivodeship, 2022; the West Pomeranian Voivodeship, 2022).

The financial perspective 2021-2027 is focused on the implementation of environmental objectives, based on m.in sustainable development, renewable energy sources, adaptation to climate change, improvement of energy efficiency, sustainable transport, zero-emission economy, as well as social inclusion. To compare the allocations of the two financial perspectives, the main objectives of the priority axes/priorities were analyzed in order to be able to compare the allocation amounts aggregated by the different axes/priorities.

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