



Intelligent Region Management = Intelligent Absorption of EU funds

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Biographical note

Cornelius Pylak obtained Ph.D. (2006) in economics in the field of management (doctoral thesis: “Less developed region management model”), Doctoral Study Programme Diploma (2004), Management Analyst Post-Graduate Diploma (2003) and MA (MSc) in Marketing Management (2001). He works in Lublin University of Technology as a lecturer.

He runs an expert activity in the field of Regional Innovation Strategies, innovation policies assessment, business support organisations activity etc. prepared for Ministry of Regional Development (Managing Authority of the Community Support Framework and Operational Programmes) and Offices of the Marshal (Managing Authority of the Regional Operational Programmes in 2007-2013). He runs also expert activity in the field of programmes’ evaluations (ex-ante, on-going, ex-post) concerning institutional structure, systems, payment level, absorption level, etc. He has huge practical experience as a project author, project manager and project co-ordinator.

Abstract

Effective institutions and public administration is a key factor in designing and implementing the growth policy and the economic and social development. Effective institutional and administrative potential is also vital for good region management. Organisation of the system influences deeply the efficiency and effectiveness of the structural aid and simultaneously the level and quality of resources used, what has huge impact on the development and competitiveness of Polish less developed regions.

The paper presents the model of EU structural funds implementing, which would help to transpose Polish less-developed regions (their administration) into intelligent regions – implementing European Funds in a pro-developmental way (not pro-social), focusing on strategic synergy projects realisation based on proper timetable, adjusted to specific regional

factors (enhancing regional investment attractiveness), enabling individual approach to major developmental projects (increasing their effectiveness) and absorbing less financial sources on good purposes (not more – on bad purposes)

Key words:

Less developed region, region management, European Union funds, R58 – Regional Development Policy

Introduction

An ability to gain and optimally absorb external financial resources for regional and local activities is driven mainly by the efficiency of territorial autonomy units – i.e. ability to elaborate proper projects, concentrate partners and manage public initiatives in an effective way.

Effective institutions and public administration is a key factor in designing and implementing the growth policy and the economic and social development. Effective institutional and administrative potential is also vital for good region management. Organisation of the system influences deeply the efficiency and effectiveness of the structural aid and simultaneously the level and quality of resources used, what has huge impact on the development and competitiveness of Polish less developed regions.

When we take into account the institutional system of EU funds (acting within the public organisations), we have to emphasise the conditions described for public management issue. We have to think about dynamic changes of implementing system structures and processes, what would enable accelerating convergence of Polish regions (by EU funds destined on strategic synergy projects – SSP). It is the public administration to be the causative factor of strategic synergy projects creating (by diffusing the knowledge to the projector and initiating creating of self-government partnerships) and of monitoring the implementation of the resources in a strategic and innovative way.

Processes existing within the region management system should be therefore conducive for self-learning, because as we take into account less developed regions, there is often only one real competitive advantage: ability of the regional management system to learn faster than in more developed regions. Thus there could begin the process of transforming such less

developed region into the intelligent – self-learning region, possessing the strategic reacting ability.

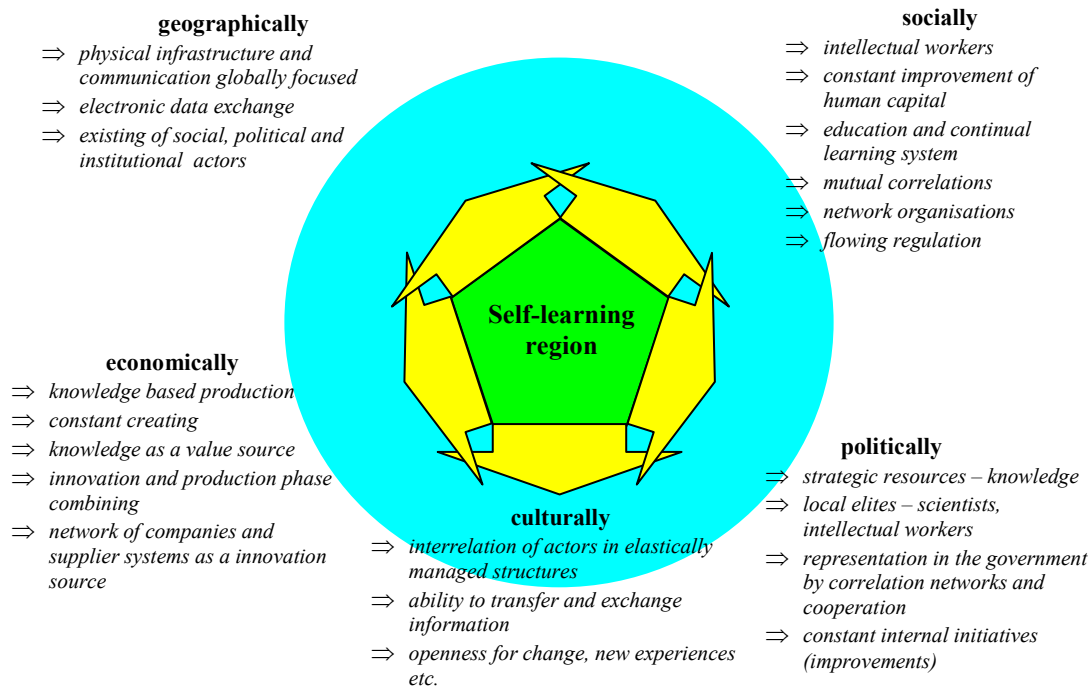


Fig 1. Features of the self-learning region.

Source: Pylak, C., *Less developed region management*, *Współczesne Zarządzanie* No. 2/2006, pp. 144-153; Florida, R., *Toward the Learning Region*, *Futures* 1995 vol. 27, No. 5, p. 533, Ache, P., *Vision and creativity – challenge for city regions*, *Futures* Vol. 32/2000, pp. 435-449.

Literature relevance

The concept of the model arises from various research conducted and described in the literature, mainly from the last D. Barker research (CEEN Consulting GmbH, 2005), where there has been institutional systems from less developed regions of new member states examined (but not in Poland). The results indicated plenty of shortcomings in the field of:

- Governance: general lack of provision of policy direction; ambiguity in legal requirements; inability to incorporate stakeholder needs into the planning process; perception of no ‘added value’ from leadership
- Management practices: low involvement of staff in decision-making; non-transparent recruitment; streamlining of procedure manuals; low functionality of supporting infrastructure

- Financial resources: poor cash-flow and budget management; weak internal audit function
- Service delivery: low recognition / estimation of sectoral expertise; need for better branding of the agencies
- Human resources: reactive implementation of HR development; non-competitive salaries; perception of low equity; non-transparent assessment and reward criteria/ criteria for promotion
- External Resources: low efficiency in sourcing data; internal perception of poor PR; low engagement of private sector resources
- Monitoring of projects & programmes: lack of experience of monitoring staff in pre-accession instruments; inadequacy of monitoring indicators; poor estimation of efficacy of IT systems; low opinion of quality and clarity of monitoring and reporting system
- Programme management: inadequacy of staff numbers at IBs and MA; poor application forms and evaluation grids
- Administrative capacity for formulation: inadequate involvement in programme preparation/ very low knowledge of procedures for programme formulation; almost none of the staff has experience in pre-accession instruments (at any part of the programming cycle)
- Management and Control of Programmes: expenditure forecasting not efficient/ functional; unclear risk analysis procedures

To conclude the purpose of the model creation, firstly, so far there isn't implemented an intelligent management model of the less developed region referring to EU funds and thus there isn't shown any modelling process of transposition such region into intelligently managed region.

Secondly, nowadays in Poland and in entire EU, all the regions are still creating or testing new systems of implementing new, changed structural policy in the programming period 2007-2013. This causes difficulties in acquiring publications and reports referring to this theme (for example ex-post evaluations would be available in 2008). The quintessence of EU structural policy is elaborated in the "Third report on economic and social cohesion". In Poland we can indicate expertises and reports prepared in 2005 for National Development Programme 2007-2013 and also on-going evaluations from the 2006-2007 period.

Thirdly, currently there are not available concrete tools enabling transposition of public management in less developed regions (like Polish) into intelligently managed regions implementing EU funds successfully. However, there are a few tools for institutional potential assessment in entire public administration (Institutional Development Programme – PRI) and in institutions implementing structural funds in new member states (Barker), there are not entirely adjusted to our research needs because of the lack of transposition paths indicating.

Less developed region management model

For the beginning and intensification of the transposition process of the less developed region into intelligent region, there is a vital need to create and implement the public management model. The less developed region management model will be based on three areas: structure of the model, processes of the model and reinforcement of the model:

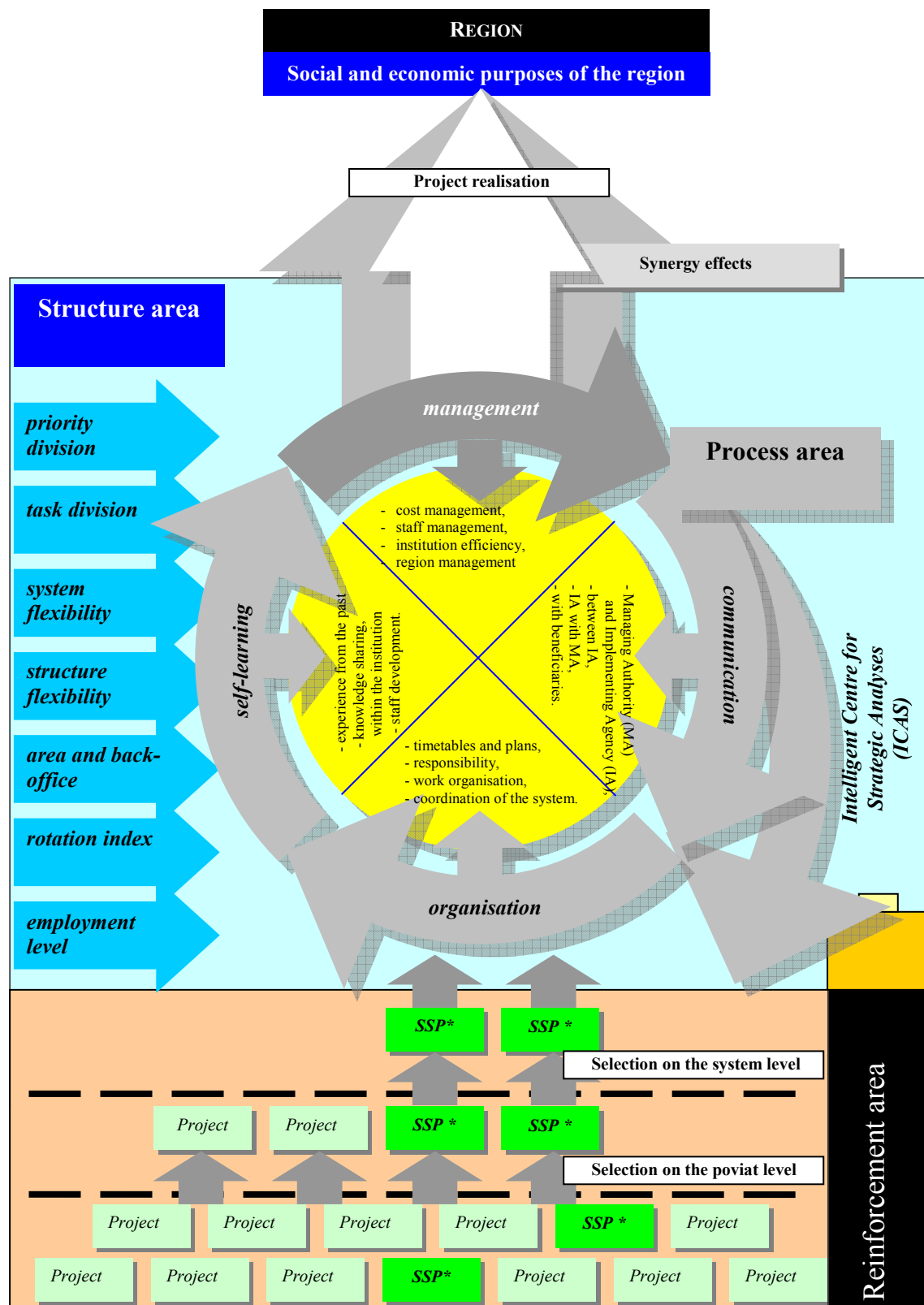
1. Structure of the model – institutional system for development management and EU funds implementing;
2. Processes of the model – choosing and realising (efficiency, effectiveness, financing, monitoring, promotion) of the strategic synergy projects (SSP);
3. Reinforcement of the model – preparing of the strategic synergy projects by the new regional institution: Intelligent Centre for Strategic Analyses (ICAS);

When we look at the model, it is obvious that two first areas are controlled by the system and the latter is outside the direct control – system institutions do not prepare projects for their own, they can only influence projectors as a feedback by various instruments and tools.

In the reinforcement area there are mainly projectors preparing their individual projects. Firstly, when the model starts to exist, there will be plenty of projects which will not meet the strategy and synergy needs. Then, after some time, thanks to mutual communication and cooperation with the reinforcement area, the proportion will change for the strategic synergy projects. To prevent maximum assurance that proper projects are chosen, the model assumes two-step process of selection: one step at the poviats level and second – voivodship (system).

Next, chosen projects go to the structure area (with the permeated process area). The structure is partly a determinant of the process area criteria, because process parameters are often

depending on it. That is why, when model functioning is analysed, these two areas should be examined jointly.



*SSP – strategic synergy project

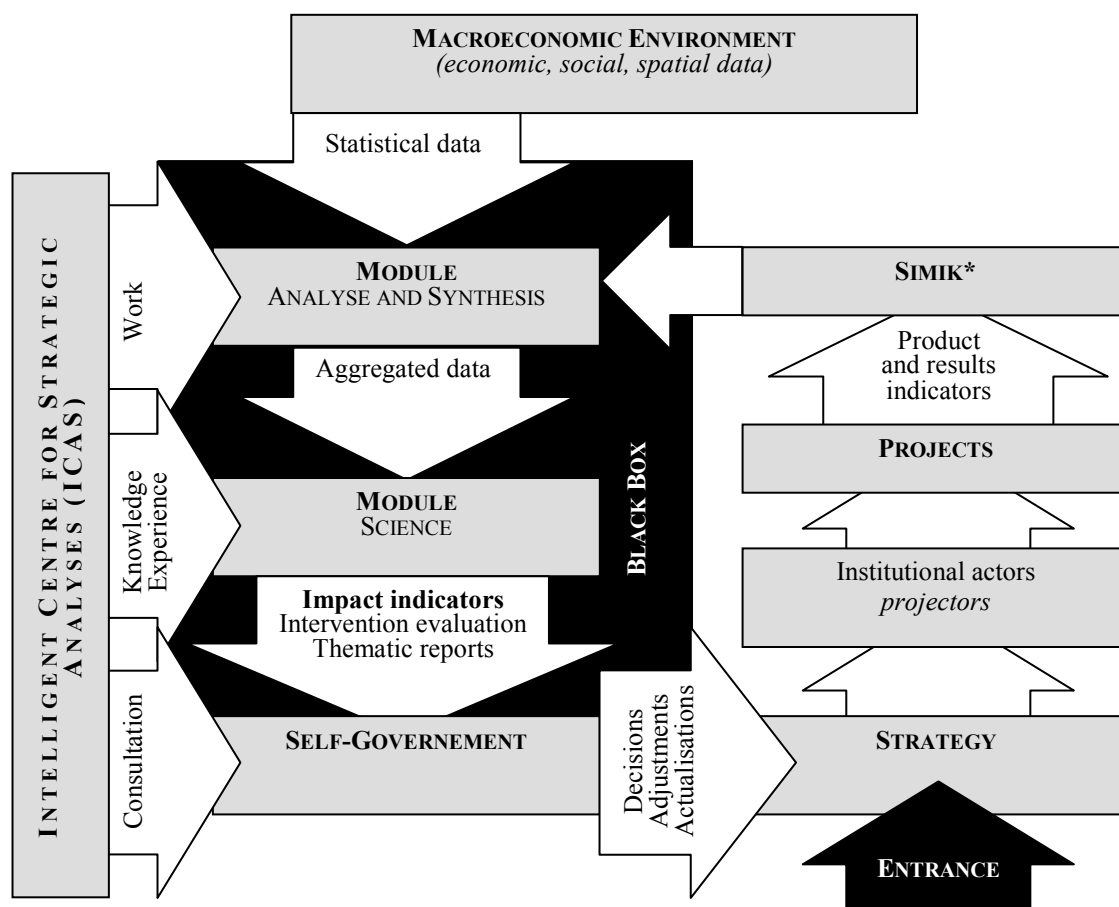
Fig 2. The concept of three-area model of the less developed region management.

Source:

self-elaboration.

Reinforcement of the less developed region management model has to be focused on creating real competitive advantage to the better developed regions, mainly in the field of faster learning and regional synergy creating. The following has to be taken into account:

- delivery of the strategic synergy projects to the system – based on the assessment of impact effectiveness of the programmes and gained results. Impact, beside of products and results, is the most strategic aspect of programming, referring to the mission and strategic goals, used during creation of strategies for companies, regions or states;
- selection of the strategic synergy projects – creating the proper system of selecting and assessing projects in a way that there are selected only or mostly strategic synergy projects;
- creating of the Intelligent Centre for Strategic Analyses (ICAS), which could be some kind of the region brain, effectively improving its ability to absorb reinforcement project stream, focusing on planning, preparing and implementing – in a intelligent way – information and knowledge about the project impact on the economy.



**SIMIK – Informatics System for Monitoring and Financial Control of structural funds*

Fig 3. Learning process of the less developed region management model.

The process of the model learning will cover model structure and processes area and create the entire synergy. The learning process should be managed in ICAS, placed in Managing Authority and act as a flexible structure.

Policy implication of the model

The model is superior to what exist in the field, because it has practical and complex approach to improving and drifting to intelligent region management. The approach assumes:

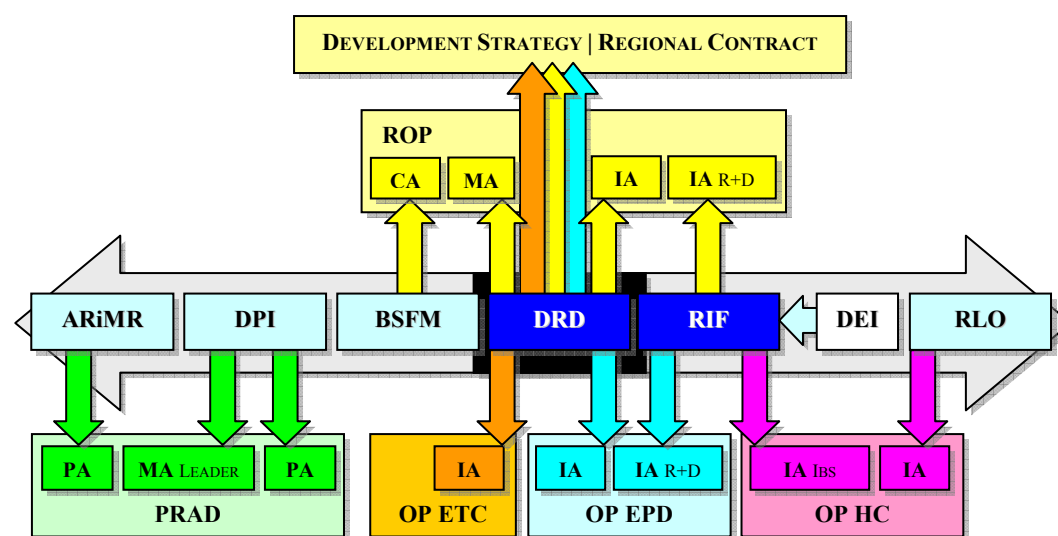
1. The diagnosis of the organisational potential, identification of the areas to enhance and the enhancing methods;
2. Creating of tools for self-assessment and self-improvement of the region management institutions;

Such approach is similar to the approach elaborated in the Institutional Development Programme (PRI), which is successfully implemented in Polish self-governments. Differences are: entire subject range, implementing way, and before others – the goal. Such approach would result in significant persistence, because institutions could use prepared tools in the future, improving different areas referring to quality, effectiveness, efficiency and transparency of their activities.

Additional advantage is the first diagnostic research in institutions implementing EU funds and getting them acquainted with the self-improving tool. Thus, institutions could only verify the development process of technical and economic potential in the future.

The purpose of given approach is though the diagnosis of the current state of the art and creating the tools, which (when there are conducive circumstances, actors interests and monitoring institutions determination) could become the catalyst for constant, cyclic improvement process of various institutions functioning. As we said above, the process is aimed in transposition of the less developed region into intelligent region.

^{*} Source: *self-elaboration based on Pylak, C., The concept of the less developed region management model (lubelskie region case study) [in:] Bojar E., Regional and local development management in the aspect of European integration, Polihymnia publishing, Lublin 2005, pp. 160-171.*

**Explanation**

PA	Paying Authority
CA	Certifying Authority
MA	Managing Authority
IA	Implementing Agency
R+D	priorities operations concerning entrepreneurship, innovation, research and development
IBS	priorities operations concerning information based society
ARiMR	Agency for Restructuring and Modernisation of the Agriculture
DPI	Department for the Programme Implementation
BSFM	Bureau for the Structural Funds Management
DRD	Department for Regional Development
DEI	Department for Entrepreneurship and Innovation
RIF	Regional Financial Institution
RLO	Regional Labour Office
PRAD	Programme for Rural Area Development
OP ETC	Operational Programme for European Territorial Cooperation
OP EPD	Operational Programme for Eastern Poland Development
OP HC	Operational Programme for Human Capital

Fig 4. The proposal of the less developed region management model scheme and processes.

Source:

self elaboration based on National Strategic Reference Framework, pp. 96-100.

Conclusions

In nearly every above mentioned descriptions, there are potential possibilities for using the model in preparing and realising Polish regions development policies. This approach has a pure practical and implementing sense. Let's indicate it once more:

Firstly, it can be used by regional authorities for improving the institutions responsible for region development and absorbing EU funds.

Secondly, diagnostic tool can be used for the assessment of current institutional potential.

Thirdly, self-improvement tool can be used for constant and systematic transposition of the regional institutions into intelligent ones promoting to create and realise strategic synergy projects and absorb EU funds in a pro-developing way adjusted to the specificity of the given region.

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