



IMPACT OF EU FUNDS ON THE DEVELOPMENT OF MOUNTAIN AREAS IN THE PERIOD 2007–2013 – THE EXAMPLE OF THE LIPNICA WIELKA MUNICIPALITY

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Summary

European Union support is often very important at the beginning of an investment, especially when own resources are insufficient. EU funds provide Poland with a range of development opportunities, and whether they are used appropriately depends mainly on their proper management. Lipnica Wielka is an example of the use of such funds, especially in the period 2007–2013, when the funds were primarily intended to improve the quality of life of residents. The investments in infrastructure should have a positive impact on tourism in the area. The municipality's main assets are its clean air and attractive location. Advanced organic farming together with a well-developed recreational and agrotourism base have been adopted as the main target of the Municipality's Local Development Plan. The material benefits of the development of tourism and agrotourism are expected to improve the standard of living of the municipality's residents. The aim of the paper is to analyse the use of grants received from the EU funds and to determine their impact on the development of the municipality. The largest investment included the extension of the sewerage system and the sewage treatment plant. Only 3% of the total funds were allocated to the development of tourism and agrotourism. The objectives of the Municipality's Local Development Plan were not achieved within the set time frame.

Keywords

European Union • EU funds • mountainous areas • rural renewal

1. Introduction

Poland's membership in the European Union offers opportunities for rapid development. However, adapting to the EU standards requires investment in various sectors of the economy. These mainly include infrastructure, modernisation of buildings, development of tourism and environmental protection. Voivodeship, county and municipal authorities as well as individual citizens can apply for subsidies for projects. Investments often depend on support from the EU, as local budgets are usually insufficient. The funds available to Poland provide a great opportunity for creating a strong and well-developed country. Obtaining the EU subsidies is therefore a chance for local

authorities to accelerate the development process and eliminate the infrastructural gap existing in their area [Sierak 2018]. The advancement of the programme representing the concept of economic development of Polish rural areas was possible thanks to the EU funds, the SAPARD programme, the SOP Agriculture, and now the Rural Development Programme (Program Rozwoju Obszarów Wiejskich, PROW) [Idziak and Wilczyński 2013]. The issue of using EU funds for agriculture in Poland was also discussed in [Mika 2007]. EU funds stimulate the development of municipalities and provide an incentive to activate and fully utilise their resources [Biczkowski and Grabowska 2015]. The PROW 2007–2013 programme contributed to increasing the competitiveness of farms, positively influenced the growth of social capital, stimulated structural changes in agriculture and supported the promotion of a sustainable farming system [Kurdyś-Kujawska 2011]. For the implementation of PROW 2007–2013 measures, Poland received financial support of EUR 17.2 billion, i.e. almost EUR 2.5 billion per year.

This paper discusses the investments made in the Lipnica Wielka municipality in the period 2007–2013 with the support of EU funds. These are mainly infrastructural investments, which have improved the living conditions of the inhabitants, environmental protection and tourism development.

2. Materials and methods

The main sources of information that were used in the research were the Lipnica Wielka municipality's website and data received from the Municipal Office of Lipnica Wielka. The following documents were shared:

- Local Development Plan of the Lipnica Wielka Municipality for the period 2005–2013,
- Lipnica Wielka Renewal Plan 2011–2019,
- Kiczory Renewal Plan 2011–2019,
- Strategy for Development of Tourism in Lipnica Wielka Municipality 2000.

The data obtained from these sources allowed us to identify the investments made in Lipnica Wielka municipality in the period of 2007–2013, and to determine the impact of EU funds on their implementation.

In order to gain a better understanding of the amount of EU funds involved, the study used the indicators that show the cost of investments and the amount of their financing per total area of the municipality and per capita.

Two villages from the Orava region that belong to the municipality of Lipnica Wielka, located in the Małopolskie Voivodeship in the Nowy Targ county, were studied in detail: Lipnica Wielka and Kiczory. These areas are important for the protection of the European natural heritage. A great advantage of the studied area is its location. Beautiful sights, clean air, and vast forests are just some of the assets that make this place ideal for relaxation, far from everyday problems. As agriculture, which used to be predominant in this area, is disappearing, agrotourism is becoming more popular.

However, the municipality has more weaknesses than strengths and thus more threats than opportunities. The main problem is that the municipality, which due to its natural values should be oriented towards tourism and recreation, does not exploit its tourism assets enough.

According to the Local Development Plan of the Lipnica Wielka Municipality for the period 2005–2013, the municipality's most pressing needs are conference centres, commercial, recreation and entertainment areas, and sports facilities. Tourism is also stagnating, mainly due to the lack of progress in the development of tourism infrastructure in the area.

One of the most important strategic documents influencing the development, revitalisation and improvement of working conditions and quality of life is the Local Development Plan of Municipality. This document is an obligatory element when applying for subsidies for investments planned in a municipality. The Local Development Plan of the Lipnica Wielka Municipality corresponds to the objectives of the Strategy for the Development of Tourism in Lipnica Wielka Municipality. The objectives of both documents are directed primarily toward the development of tourism and agrotourism. Additionally, they also cover environmental protection and organic farming, as well as social domain and municipal infrastructure, focusing on the balanced development of the municipality. The areas of development included in both the Local Development Plan of the Lipnica Wielka Municipality and the Strategy of Development of Nowy Targ County and the Strategy of Development of Małopolskie Voivodeship are culture and the protection of cultural assets, health care and the promotion of healthy lifestyle, tourism, transport and communications, and social policy. Achieving these objectives is the responsibility of the Municipality and, in case of some projects, depends on the contribution of county or voivodeship authorities, the local community or external investors.

3. Results of research

European Union funds make up the largest part of the funding needed to undertake the presented investments. Their total cost amounted to PLN 17 491 864, of which only 19% came from the municipality's own resources (Table 1). Most of the investments carried out in the municipality involved the construction or extension of sewerage systems and sewage treatment plants. The largest amount of funds, 69% of the total expenditure of the municipality, was allocated to the construction of a sanitary sewerage system and sewage treatment plant in the village of Kiczory. The total cost of this investment was PLN 12,141,273 and as much as 84% of the expenditure was covered by EU funds. In the period under review, investments related to municipal management were the priority, accounting as much as 93% of the total costs allocated for their implementation. As much as PLN 13 348 020 out of the PLN 16 309 631 spent was co-financed from EU funds. The remaining part of the total costs was allocated to investments in sports and recreation (3%), renovation of the Folk House (1%) and the development of tourism infrastructure (3%). On average, EU funding accounted for 3/4 of the cost of each investment carried out in the municipality.

Table 1. Overview of funds and their costs allocated to investments in the Lipnica Wielka municipality implemented in the period 2007–2013

Investment	Total cost		Municipality's own funds		EU funds		Source of funding
	[zł]	[%]	[zł]	[%]	[zł]	[%]	
Bike path on the Polish-Slovak border area	234 241.41	2	35 136.21	1	199 105.20	2	ERDF within the framework of the Cross Border Cooperation Programme RP-RS 2007–2013
Structure [%]	100		15		85		
Construction of a sanitary sewerage system and sewage system plant in Kiczory	12 141 272.75	69	1 919 535.22	58	10 221 737.53	72	ERDF within the framework of the Cross Border Cooperation Programme RP-RS 2007–2013
Structure [%]	100		16		84		
Renovation of Folk House in Lipnica Wielka	171 309.84	1	84 753.48	3	86 556.36	1	PROW 2007–2013
Structure [%]	100		49		51		
Construction of playgrounds in Lipnica Wielka municipality	172 894.08	1	67 471.08	2	105 423.00	1	PROW 2007–2013
Structure [%]	100		39		61		
Construction of sanitary sewerage system in Lipnica Wielka – II stage	2 747 422.57	16	686 841.57	21	2 060 581.00	14	PROW 2007–2013
Structure [%]	100		25		75		
Construction of social and technical facilities at the sports field in Lipnica Wielka	394 255.07	2	98 564.07	3	295 691.00	2	PROW 2007–2013
Structure [%]	100		25		75		
Expansion of the sewerage treatment plant in Lipnica Wielka	1 420 935.53	8	355 233.88	11	1 065 701.65	7	ERDF under the Community Initiative Programme INTERREG III A RP-RS
Structure [%]	100		25		75		

Redesign of the bike path Kiczory – Rajsztąg – I stage	209 533.17	1	41 907.17	1	167 626.00	1	Structural Funds under the Sectoral Operational Programme (SOP)
Structure [%]	100		20		80		
Total	17 491 864.42	100	3 289 442.68	100	14 202 421.74	100	
Structure [%]	100		19		81		

Source: Author's own study based on data made available by Lipnica Wielka Municipality

In order to gain a better understanding of the amount of EU funds involved, the study used the indicators that show the costs of investment and the amount of their financing per total area of the municipality – 67,5 km² (a and b) – and per capita – population of 5918 in 2012 (c and d).

$$a = \frac{\text{costs of investment [zł]}}{\text{area [ha]}}$$

$$b = \frac{\text{amount of funding [zł]}}{\text{area [ha]}}$$

These parameters indicate the size of the costs of investment and the amount of funding from the EU per hectare of the municipal area.

A percentage indicator (c) representing the share of EU funds in the total costs spent on a given investment was also used.

$$c = \frac{\text{amount of funding from the EU [zł]}}{\text{costs of investment [zł]}} \cdot 100\%$$

Indicators showing the investment costs and the amount of subsidy per capita in the municipality were determined as follows:

$$d = \frac{\text{costs of investment [zł]}}{\text{population}}$$

$$e = \frac{\text{amount of funding [zł]}}{\text{population}}$$

Table 2. Indicators describing the municipality of Lipnica Wielka

Type of investment	a [zł/ha]	b [zł/ha]	c [%]	d [zł/capita]	e [zł/capita]
Sewerage system	2 417.32	1 978.36	81.84	2 755.94	2 255.50
Sport and recreation	84.06	59.45	70.72	95.83	67.78
Tourism	65.77	54.35	82.64	74.99	61.97
Culture	25.39	12.83	50.53	28.95	14.63
Average in municipality	2 592.54	2 105.00	81.19	2 955.71	2 399.87

Source: Author's own study based on data made available by the Lipnica Wielka municipality

The municipality spent the most money on investments related to the sewerage system. The value of parameter “a”, representing the amount of incurred costs per hectare of the municipality’s area, was 2,417.32 PLN/ha, which is almost equal to the value of all incurred investments in the municipality (Table 2). The parameter “b” for

this type of investment, representing the ratio of the amount of subsidy to the area of the municipality, was 1,978.36 PLN/ha, which is the highest value in this category. The other investments are much smaller for both the “a” and “b” parameters, indicating that they have a very small share in the total EU co-financing.

The figures for the indicators related to the population of the municipality (d and e) are similar. The costs of individual investments and the financing per capita categories were also the highest for the sewerage system investments.

4. Conclusions

European Union support through the Structural Funds provides EU countries with development opportunities that would often not have been possible without it. An example of this is the municipality of Lipnica Wielka, where the investments carried out between 2007 and 2013 would certainly not have been as extensive without EU funding. The mission of this municipality is to promote the development of tourism and agrotourism, while preserving the values and qualities of the natural environment. The geographical location of the municipality, near Babia Góra and the Orava Lake, certainly helps to fulfil this mission. However, the municipality suffers from a lack of recreational and sports facilities and an underdeveloped tourist infrastructure. Funds from the European Union budget offer an opportunity to improve the situation. Between 2007 and 2013, the EU funds accounted for almost 75% of the cost of each investment in the municipality and was crucial in financing them. The most subsidised investment in the period under study was the construction and extension of the sewerage system and sewage treatment plant in Lipnica Wielka and Kiczory. These investments received up to 93% of all EU funding. For the development of tourism and agrotourism in this period, the municipality allocated only 3% of the total funds spent, as the priority was given to the construction of sewerage treatment plants and sewage systems, which are an essential element in further development. These conclusions confirm Niedziółka's claim that “the majority of tourism and agrotourism projects implemented with EU funds in the Nowy Targ county were mainly related to tourism infrastructure” [Niedziółka 2014].

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