

# INNOVATIONS 2015

## Information Society development in the New Financial Perspective

Peer Reviewer: Prof. Danuta Stawasz, Ph.D.

A collective work edited by Paweł A. Nowak



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***Dear Sir/Madam,***

***Dear Readers,***

Another new financial perspective for European Union began in 2014 and this is probably the last period with such substantial financial resources intended for creating equal development opportunities for Poland in relation to the "old EU" countries. One of the key conditions for increasing the development potential is to make use of the possibilities provided by the development of information and communication technologies in economic and social life, namely the establishment of information society.



In 2009, the Marshal's Office of the Łódzkie Region launched a scientific book series called INNOVATIONS, whose each volume is dedicated to a different aspect of information society. "INNOVATIONS 2015. Information Society development in a New Financial Perspective" is a study prepared by researchers from the University of Łódź. Prof. Danuta Stawasz, Ph.D. was the peer reviewer of the volume. It was published in a handy form of e-book and made available free of charge on the websites of the Łódzkie Region. Enjoy your reading.

***Witold Stępień***

Marshal of the Łódzkie Region

*I would like to thank all authors once again for their involvement and time devoted to the publication.*

Lodz, November 2015.

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Górczyńska A., *Impact of the Operational Programme Digital Poland (POPC)  
on the Development of Innovative e-Administration in Poland*

**Abstract:**

Programme Digital Poland is a new programme in the financial perspective for 2014-2020 not only for Poland, but also for the entire European Union. Until now, no other country has implemented a programme focused on digitalisation and projects concerning the so-called information and communication technologies (ICT). The aim of this chapter is to analyse how the Operational Programme Digital Poland may contribute to the development of e-services in public administration, and therefore increase its innovation. Twelve key areas of services were presented for this purpose, together with potential legal issues related to their implementation.

**Keywords:**

Operational Programme Digital Poland, information and communication technologies, e-administration, e-services

## 1. Introduction

The most important goals of EU structural funds are the increase of social and economic cohesion and the reduction of development disparities between EU regions.

**Strategy Europe 2020** determines three areas in which European economy should develop, namely: smart growth (based on knowledge and innovations), sustainable growth (environment-friendly) and inclusive growth (ensuring a high level of employment, as well as economic, social and territorial cohesion)<sup>1</sup>. The significance of digitalisation of EU economic and social life is emphasized in the document entitled **Digital Agenda for Europe**<sup>2</sup>. After the amendments of December 2012, Digital Agenda for Europe concerns the following 7 areas:

1. European Economy without Borders – Single Digital Market,
2. Accelerating Innovation in the Public Sector,
3. Supply and Demand for Very Fast Internet,
4. Cloud Computing,
5. Trust and Security,
6. Enterprise, Digital Employment and Skills,
7. Beyond the Scope of Research, Technological Development and Innovations: Programme of Industrial Activities for Key Supporting Technologies<sup>3</sup>.

The development of information society and e-services in public administration was already supported in the pre-accession period and in the previous programming period; however, the effective implementation was hindered by many difficulties<sup>4</sup>. Barriers for the development of e-administration in Poland are described in the literature on the subject<sup>5</sup>. In

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<sup>1</sup> EC Communication „Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth”, COM (2010) 2020,

<sup>2</sup> EC Communication „Digital Agenda for Europe”, COM (2010) 245.

<sup>3</sup> A. Górczyńska, Wpływ Europejskiej Agendy Cyfrowej na zmiany w uregulowaniach prawnych [Impact of Digital Agenda for Europe on Changes in Legal Regulations] in: edited by P.A. Nowak. Innovations 2013 „Innowacyjne Łódzkie 2013 – budowa społeczeństwa informacyjnego w regionach. Perspektywa końca okresu programowania 2007-2013” [Innovative Lodzkie Region 2013 - Establishment of Information Society in Regions], Łódź, 2013, p. 26-36].

<sup>4</sup> A. Kaczorowska, Polskie e-usługi jako wynik zarządzania poprzez projekty w sektorze administracji publicznej [Polish e-Services as a Result of Management through Projects in the Public Administration Sector] in: edited by P.A. Nowak, Innowacje 2011 [Innovations 2011]. Nowoczesna administracja Województwa Łódzkiego [Modern Administration of the Lodzkie Region], Lodz 2011, p. 41-49.

<sup>5</sup> M. Popiółek, Bariery rozwoju e-administracji w Polsce [Barriers of e-Administration Development in Poland], Zeszyty Naukowe Uniwersytetu Szczecińskiego [Research Bulletin of the University of Szczecin]. Ekonomiczne problemy usług Nr 105 [Economic Problems of Services No. 105], p. 161; D. Grodzka, E-administracja w Polsce [e-Administration in Poland] in: Społeczeństwo informacyjne [Information Society], edited by D. Grodzka, Studia BAS Kancelarii Sejmu nr 3 (19) [Studies of the Bureau of Research of the Chancellery of the Sejm no. 3 (19)], Warsaw 2009, p. 59; edited by D. Szostek, D. Adamski, E-administracja: prawne zagadnienia informatyzacji administracji [e-Administration: Legal Aspects of Informatisation of Administration], Warsaw 2009; edited by T. Stanisławski, B. Przywara, Ł. Kurek, E-administracja: szanse i zagrożenia [e-Administration:

line with the programming period 2014-2020, Poland has become the beneficiary of more than EUR 86 billion, and also has the opportunity to use EU funds for the development of digitalisation of the country. The priority activities for digitalisation in Poland are: wide fast Internet access, effective public e-services and increase of digital competences in the society. These goals will be implemented in Poland through the **Operational Programme Digital Poland (POPC)**<sup>6</sup>, which is intended for implementing the purpose of Strategy Europe 2020 referring to smart growth. The value of the Operational Programme Digital Poland amounts to more than EUR 2.3 billion, i.e. more than PLN 9 billion.

The Operational Programme Digital Poland is a new programme in the financial perspective for 2014-2020 not only for Poland, but also for the entire European Union. Until now, no other country has implemented a programme focused on digitalisation and projects concerning the so-called information and communication technologies (ICT). The target recipients of the support will be mainly telecommunication companies, public administration, non-governmental organizations, cultural institutions, research units, enterprises, local government units, as well as private persons.

The aim of this chapter is to analyse how the Operational Programme Digital Poland may contribute to the development of e-services in public administration, and therefore increase its innovation. Complex assessment of POPC cannot be performed yet, because the programme only began to be implemented in 2015 (the first project was announced on 31 December 2014, and the submitted project proposals have not been evaluated yet). Currently, there is no comprehensive literature concerning the subject available in the market, therefore the dogmatic and legal method was adopted for analysing legal acts, and the main focus was on the Operational Programme Digital Poland (POPC).

## 2. Wide fast Internet access

In line with the recommendations of the European Council concerning Poland's national reform programme of 2013, containing the opinion of EU Council on the Convergence Programme for 2012–2016, presented by Poland<sup>7</sup>, our country significantly

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Opportunities and Risks], Lublin 2013; A. Kaczorowska, K. Ciach, The Effectiveness of E-Government Development in Poland in 2004-2013, Systemy Informatyczne w Zarządzaniu 2013, Nr 4 [IT Systems in Management 2013, No. 4], p.274-288.

<sup>6</sup> The Operational Programme Digital Poland for the years 2014-2020 of 8 January 2014 available at [www.mac.gov.pl](http://www.mac.gov.pl).

<sup>7</sup> Council of the European Union, „Recommendation for a Council Recommendation on Poland's 2013 national reform programme and delivering a Council opinion on Poland's Convergence Programme for 2012-2016”, <http://register.consilium.europa.eu/pdf/en/13/st10/st10648-re01.en13.pdf>

differs from other EU members in the field of using information and communication technologies (ICT). The Council indicates that Poland is characterised e.g. by a low range of fixed broadband infrastructure, relatively low efficiency of public administration, relatively low level of e-administration use, as well as very low percentage of adults involved in the lifelong learning processes. Therefore, the main goals of POPC are the development of broadband networks and the improvement of quality and efficiency of digital public services<sup>8</sup>.

The state of digitalisation of Poland as of the end of 2012, i.e. the date of amending the Digital Agenda for Europe, significantly deviates from the EU average. 69.1% of households in Poland have fixed Internet access (95.5 % in EU). The target is 100 % in 2013. 44.5 % of households have access to Internet with the speed of at least 30 Mb/s (53.8 % in EU). The target is 100 % until 2020. Approximately 1.3 % of households in Poland have high-speed connections, i.e. at least 100 Mb/s (3.4 % in EU). Therefore, achieving the goals set by Digital Agenda for Europe will require not only the development of networks in new locations, but also modernisation of the existing infrastructure in order to increase demand for the highest-speed transmission services<sup>9</sup>.

### 3. Effective e-services

The Operational Programme Digital Poland is intended to implement the assumptions of the **Digital Agenda for Europe**. The problems of public e-services, analysed in this chapter, correspond to area 2 and partly to areas 4 and 5 of the Digital Agenda for Europe.

According to the analyses of the EU Council, the access to public e-services in Poland in 2010 amounted to 90 % in the field of e-services for enterprises (94 % in EU) and 85 % in the field of e-services for citizens (87 % in EU). The administration e-services in 2012 were used by more than 90 % of entrepreneurs and only 48 % of citizens, whereas only 16 % citizens sent forms via Internet (29.5 % in EU).

The Operational Programme Digital Poland specifies the list of most the important areas for use of EU funds, as well as the activities which should be undertaken in these areas for the establishment of information society<sup>10</sup>. The main activities should focus on the

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<sup>8</sup> compare J. Janowski, Informatyka prawa [Legal IT]. Zadania i znaczenie w związku z kształtowaniem się elektronicznego obrotu prawnego [Tasks and Significance in Connection with the Development of Electronic Legal Transactions], Lublin 2011 r.; Cyberkultura prawa [Cyberculture of Law]. Współczesne problemy filozofii i informatyki prawa [Contemporary Problems of Philosophy of Law and Legal IT], Warsaw 2012.

<sup>9</sup> Digitizing Public Services In Europe: Putting ambition into action, 9th Benchmark Measurement, prepared by Capgemini, IDC, Rand Europe, Sogeti and DTi for the European Council, December 2010.

<sup>10</sup> POPC [Operational Programme Digital Poland], p. 6 and Program Zintegrowanej Informatyzacji Państwa (PZIP) [National Integrated Informatisation Programme], version of November 2013. PZIP is an executive act to

development of functionality and reliability of the central point of access to public e-services (ePUAP platform), as well as on popularisation and improvement of the functionality of the main mechanism confirming the citizen identity in electronic contacts with administration, including by means of mobile devices (trusted profile ePUAP). Another horizontal objective is also to improve the data quality and the ability of public registers to perform mutual data exchange (data compatibility). Moreover, the expenditure on infrastructure should be optimised, e.g. by the application of the cloud computing technology.

### 3.1 Twelve key areas of public e-services

#### 3.1.1 Labour market

The purpose of activities in the labour market is to centralise services for the unemployed, job seekers, employers and entrepreneurs, as well as public employment services through e-PUAP. All job offers in the public sector should be available in one place, and it should also be possible to apply for jobs online. Moreover, other services related to the labour market (apart from the already available registration of the unemployed and job search facilities) should also be available on the Internet.

#### 3.1.2 Social insurance and benefits

The activities should particularly refer to the development of online account of an insured person, integrated with other e-administration services. The activities in this field will be mainly related to the Social Insurance Company (ZUS) and concern further electronisation of sick leave documents and sending them to ZUS by the issuing doctors. This service requires communication between IT systems of healthcare units, P1 platform and ZUS system). Another goal is to develop an analytic and statistical platform available for other systems and institutions. Moreover, one consolidated IT system is to be developed at the central level in order to support communes, poviats and provinces in implementing social security tasks, as well as to ensure cost reduction and uniform system across the country.

#### 3.1.3 Health protection

Development of e-administration in the field of health protection particularly means the development of e-services, including e-services available in projects P1 and P2, related to the management of electronic medical documentation by patients, as well as services such as e-prescription, e-referrals, e-sick leave (service integrated with the e-service provided by ZUS) and e-registration for medical appointment (using identification e.g. by means of trusted

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the Efficient State Strategy, indicating how informatisation will contribute to the implementation of „optimum state” model determined in the Efficient State Strategy.

profile). The implementation of electronic health insurance card is also important. The e-services in the form of information concerning the availability of medicines will also play an important part.

EU funds for supporting services in the e-health sector are also available within the framework of Regional Operational Programmes, including resources for adjusting IT systems of service providers for exchanging data within the national information system. Selection of regional projects should take into account complementarity and non-duplication of functions with the domestic systems.

The activities may also consist in adjusting healthcare units supervised by government departments for exchanging data with the medical information system. The following methods of supporting telemedicine are also provided for in the discussed area: consultations between medical employees; contacts between patients and doctors; development of digital applications supporting the monitoring of health condition, preventive medicine and treatment processes; post-accident medicine and medical rescue services.

### 3.1.4 Conducting business activity

The development of e-services will consist in issuing and sending invoices by electronic entrepreneurs to all public units (thanks to development of the platform allowing for exchange of invoices). Moreover, the development of Single Point of Contact with new functionalities (e.g. English language version is to be supported, as well as mechanisms for creating management information concerning the implementation of administrative procedures and extension of the scope of information available on the website). Electronic communication with tax administration by means of Tax Portal, as well as the option of full electronic inspection of tax issue files, will play an important part in this field.

### 3.1.5 Justice and Judiciary

The support of e-services is intended to provide for e.g. the possibility of electronic submission of written pleadings in civil proceedings together with attachments (evidence), as well as serving documents and implementing electronic records of proceedings, available for judges, participants of proceedings and their proxies on the Internet (possibility of reading the records of proceedings and electronic minutes of the hearings without the necessity of personal presence in the court). Audio and video recordings of hearings in civil and petty offence cases (full recording of the actual course of proceedings), as well as remote performance of procedural acts (e.g. hearings of eyewitnesses, experts and parties to the proceedings) using videoconference systems will play an important part.

### 3.1.6 Presentation and publication of spatial and statistical data

Support for the above-mentioned sector will consist in performing activities such as vectorisation of maps constituting geodetic and cartographic resources, continuation of the process of providing access to e-services developed on the basis of integrated data of national geodetic and cartographic resources (PZGiK) and geospatial data of government and local government administration, in line with the INSPIRE directive standard. A significant aspect of activities in this field is to provide every citizen with access to data and documents stored in powiat public registers of the national geodetic and cartographic resources, in particular to the land and property register EGIB (cadastre), database of topographic objects (BDOT500) and geodetic infrastructural network register (GESUT).

It is also important to provide the possibility of browsing, searching, downloading and transforming spatial data from the registers of national spatial information infrastructure stored by administration units other than geodetic and cartographic services. Another necessary step necessary consists in modernising processes related to production and publication of statistical data.

### 3.1.7 Science and higher education

The purpose of activities in this field is to develop a central tool of access to public information, scientific resources and interactive electronic services for students, scientists, entrepreneurs, public administration and citizens. Activities in the field of e-services also include enabling remote application for science financing, with the assumption of: the highest level of procedure transactionability, process approach, and complex electronic service, starting from submission of application form, through opinion of reviewers, and ending with the issue of decision. Higher education units also provide remote reporting services by electronic means.

### 3.1.8 Taxes and duties

Activities in the field of taxes and duties are intended to create new services for VAT and CIT taxpayers, as well as to improve the level of selected already existing e-services. Development of an integrated electronic customer service system at land, maritime, air and rail borders is intended to improve the effectiveness and efficiency of service.

It is also important to enable automatic data exchange between the Central Database of tax administration and other units of public administration (integration between Central Subjects Register - National Taxpayer Register as the reference register with other national reference registers).

Automation of activities will be supported, from covering goods with economic procedure, to completion of this procedure (currently, it is only customs declaration to the

procedure that is served, whereas the very process of economic procedure service, including communication with the entrepreneur, is not supported electronically).

### 3.1.9 Administration issues (especially citizenship)

Within this area, POPC aims to enable electronic settlement of official matters related to passports to the largest possible extent, as well as implementation of the service consisting in making online appointments for settling matters at the office.

It is also important to enable electronic submission of a request to issue the certificate confirming the right to vote, as well as electronic access to the register of voters.

### 3.1.10 Public procurement

POPC aims at electronisation of the public procurement procedure and development of e-service enabling performance of the entire public procurement procedure by electronic means. The dynamic purchase and electronic auction system is also to be popularised. The idea behind the planned solutions is to ensure ongoing automatic registration of activities undertaken during tender procedures, generation of tender documentation and requests to participate in tenders in the case when quantification of selected conditions for participation in tenders and bid evaluation criteria will be possible.

### 3.1.11 Security and emergency notification

The purpose of POPC is to enable mass notification of risks by means of messages sent to mobile phones or digital terrestrial television, as well as provide the possibility of filing reports and notifications to police using mobile applications, personalized emergency notifications (automatic attachment of special data assigned to a particular subscriber to notifications - the so-called golden list). The so-called eCall, i.e. automation of notifications about road accidents (communication between the system installed in a vehicle and the rescue service system), as well as services supporting forecast of natural risks and hazardous incidents and increasing protection from their effects, will play an important part.

### 3.1.12 Agriculture and development of rural areas

In the field of agriculture, POPC will support electronisation of data exchange related to pension benefits and profitable farmers, implementation of eIDAS (electronic identification of farmers), as well as implementation of register of farmers and manufacturers as the basic source of data on which services in all departments of the ministry of agriculture are based. There are also plans to implement e-services ensuring the support of agricultural manufacturers in farm management, development of e-sales, advisory and transfer of knowledge, including establishment of one point of electronic access to the above-mentioned e-services.

#### **4. Improvement of access to public sector information and possibility of its future application**

POPC clearly emphasizes the fact that the key element of activities for open government is the improvement of availability and quality of the so-called public sector information (ISP). It is estimated that the value of benefits resulting from a wider access to public information is approximately EUR 40 billion per year<sup>11</sup>. The direct and indirect economic benefits resulting from the use of public sector information are estimated as approximately EUR 140 billion per year. The amount and quality of publicly available data in Poland is relatively low, and the potential of ISP is unused. Therefore, it has been pointed out as necessary to undertake activities for developing standards of data sharing in electronic form and without sending a request, using tools such as e.g. programming interfaces (API) and online repositories, as well as to develop a coherent system of metadata for ISP and describe particular ISP systems with metadata. There are also plans to establish the so-called Central Repository of Public Information (CRIP), i.e. portal which will perform the function of a catalogue, access point and search engine for the data owned by public institutions. It should be connected with domain systems, whereas the public sector should have the possibility of direct publication of its information there.

#### **5. Digitalisation of internal processes in administration for improvement of external customer service**

According to the data presented in local government administration in POPC, 44 % of offices use electronic document flow, whereas 55 % use mixed document flow. The figures in government administration are 24 % and 69 % respectively, whereas electronic document flow is applied only in 7 % of offices. In 2012, 46 % of offices used electronic documentation management systems. As a principle, offices already have electronic inboxes, but a majority of correspondence is still executed in the traditional manner. In 2012, only 1 % of incoming correspondence and 2 % of outgoing correspondence was electronic; in the case of local government administration, the figures were 8 % and 6 % respectively. Unfortunately, the level of IT knowledge among office workers is insufficient in relation to their needs. In particular, this concerns management of electronic documents in accordance with the requirements of KPA (Code of Administrative Procedure) and new office instruction,

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<sup>11</sup> EC Communication to the European Parliament, European Council, European Economic and Social Committee and the Committee of the Regions, Open Data – An engine for innovation, growth and transparent governance, KOM (2011) 882,

application and use of secure electronic signature, principles of IT security, database management and data archiving.

## **6. Characteristics of projects planned under Priority II**

The above-specified assumptions of the Operational Programme Digital Poland are put into practice through the so-called priority axes. E-services in administration are supported by Priority Axis II: E-Administration and Open Government. The following detailed goals will be supported within Axis II:

### 6.1 Increase of availability and quality of public e-services (in POPC, the so-called detailed objective 2)

The goal of support is to increase the scope of official matters which can be handled electronically. The activities will consist in electronisation of new services, as well as improvement of the functionality of the already existing services in relations administration-citizen and administration-entrepreneur. The preferred activities are those intended to create services with a high level of e-maturity, security and integration of services at the common platform for electronic services of public administration. Priority will be given to super-ministry projects which are related to rearrangement of public registers and aim at ensuring their interoperability, optimisation of infrastructure use thanks to the application of cloud computing technology and ensuring IT system security. Within the discussed goal, support will be provided in areas specified as priorities in POPC, such as: labour market, social insurance and benefits, health care, conducting business activity, justice and judiciary, presentation and publication of spatial and statistical data, science and higher education, taxes and duties, administration matters, in particular citizen affairs, public procurement, security and emergency notifications, agriculture and development of rural areas.

### 6.2 Improvement of digital efficiency (in POPC, the so-called detailed objective 3)

The support will consist in implementation of good practices and standards in the field of IT in offices, including e.g. the following activities: IT security policy, personal data processing, popularisation of electronic documentation management systems and ERP class systems, standardisation of key interfaces between modules of used software, ensuring interoperability of existing systems and their integration on common platform for electronic public administration services, ensuring open access to public sector information without sending a request and IT staff qualifications.

### 6.3 Increase of availability and use of public sector information (ISP) (in POPC, the so-called detailed objective 4)

The implementation of this goal will be conducted in two ways, i.e. by increasing the availability of public sector information and development of services and applications using public e-services.

### 6.3.1 Increase of availability of public sector information

The support will include activities for increasing the availability of:

- public information<sup>12</sup> and culture resources owned by libraries, museums and archives,
- audio-visual resources, provided that they are made available for further use,
- scientific resources, provided that they are made available for further use.

The following activities will be financed: adjustment of information to machine-readable form, linkage of specialised systems with domestic and foreign central systems (e.g. CRIP<sup>13</sup>), improvement of data quality, providing online access by means of professional tools, providing electronic access to public registers, digitalisation of public sector information (particularly cultural and scientific resources), as well as construction or development of infrastructures for the purpose of storing published information. In particular, the support will concern the following areas: public data (such as e.g. demographic data, results of elections, information about energy production and consumption, information on budget and taxes, economic activity, environment protection, law and legislative processes), culture resources (digitalisation of cultural goods) and scientific resources (publishing scientific resources particularly significant for the development of economy, competitiveness, labour market and innovativeness. The outcome of digitalisation will have to be made available for re-use.

### 6.3.2 Development of services and applications using public e-services and public sector information

The projects within this activity are intended to increase the level of re-use of public sector information, and the support is intended to help create services, content and applications using public sector information and other e-services. The applicants in this case could be scientific units, non-governmental organizations and entrepreneurs. Priority will be given to projects pursuing public objectives, expanding functionalities available as a standard

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<sup>12</sup> The notion of "public information" shall be interpreted within the meaning of the Act of 6 September 2001 on Access to Public Information, in conjunction with the amendments introduced by the Directive 2013/37/UE amending the Directive 2003/98/WE of 17 November 2003 on the Re-Use of Public Sector Information. The recommendations of the European Council of 27 October 2011 on Digitalisation and Online Accessibility of Cultural Material and Digital Preservation (2011/711/UE).

<sup>13</sup> CRIP is a new method of providing access to public sector information, made available at the end of 2011 through an amendment of the Act on Access to Public Information. Apart from offering own virtual space with data, it will combine the functions of catalogue, search engine and access point to other locations containing public sector information. It will also offer a defined set of functions (API), thanks to which the application developers will be able to create added value based on the resources available at CRIP and in systems of other units connected with them.

within public IT systems and increasing the availability of content and services. These projects may support the development of e-administration through: expanding e-service functions offered by administration, integration of public e-services provided by various public sector institutions and units and combining public e-services with commercial e-services.

## **7. Summary**

Within POPC, support will be provided for nationwide e-services provided with the participation of central government units (e.g. ministries). It shall be noted that e-services may also be financed within Regional Operational Programmes, but this concerns only the services provided within the competences of local government administration, individual e-service projects of territorial government administration units and projects related to making available cultural resources owned by other units than indicated in the description of detailed objective 4 of POPC. Support for the development of digitalisation is also provided for within the Operational Programme Knowledge, Education, Development (POWER, CT 11).

With reference to the names characteristic for the Operational Programme Digital Poland, it shall be noted that the Programme is divided into the so-called priority axes, which are further divided into the so-called actions and measures, which in turn are divided into the so-called types of projects. Becoming familiar with the terminology related to structural funds is important in order to search for the appropriate source of financing and participate in a relevant competition. Therefore, in the analysed case of Priority Axis II: "E-administration and open government", the following have been distinguished:

Action 2.1 High availability and quality of public e-services

Type I: Creation or development of public e-services (A2B, A2C)

Type II: Creation or development of internal administration services (A2A) necessary for the functioning of public e-services.

Under this action, the first call for co-financing of projects has been announced and not evaluated yet. Over 40 projects have been qualified for further substantive evaluation.<sup>14</sup>

Action 2.2 Digitalisation of back-office processes in government administration

Action 2.3 Digital availability and usefulness of public sector information

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<sup>14</sup> Status as of August 2015.

### Measure 2.3.1 "Making public sector information from administration sources and scientific resources digitally available"

Digitalisation will contribute to an increase of innovation and save working time, energy and raw materials. The implemented solutions are intended to increase three key parameters in public service provision, namely availability (including availability and accessibility), quality and efficiency. This should result in reduction of lead time for handling official matters and administrative burdens<sup>15</sup>. However, it shall be emphasized that the undertaken digitalisation activities should be coordinated together, and the implemented technical solutions should be characterised by interoperability. Therefore, the mistakes made during the last programming period, related to the financing of various uncoordinated IT systems within one type of service (e.g. regional systems incompatible with national systems) should not be repeated. A frequent reason of the failure of digitalisation projects was the lack of temporal harmonisation of projects at the regional and central level, in consequence of which regional projects would come ahead of national projects and could only perform the function of test or pilot projects.

The problems related to the implementation of digital e-services are also related to application of the Act on Public Procurement Law<sup>16</sup>. The application of tendering procedure for the purchase of e-services is connected with numerous problems concerning the description of the object of contract. Administration frequently does not have sufficient knowledge concerning the market offer relevant to their needs; therefore there are numerous mistakes in descriptions of objects of contracts. This problem can be solved e.g. by applying technical dialogue in order to understand the market offer, providing functional description of the offer, applying the competitive dialogue procedure, or developing electronic public procurement.

Public administration has a lot of information in electronic form, previously collected for administrative purposes, but without the assumption of its further processing. Therefore, such information is either not described with metadata, or it is collected in a manner preventing easy machine-readability. Therefore, POPC aims at providing support for units publishing information in order to release the social and economic potential of public sector information, and therefore to facilitate undertaking innovative activities by entrepreneurs and

<sup>15</sup> Compare also N. Mańkowska, E-administracja a efektywność sektora publicznego [e-Administration and Public Sector Efficiency], Prace Naukowe Uniwersytetu Ekonomicznego [Scientific Work of the University of Wrocław] in Wrocław, 2014, No. 348, p. 200-209.

<sup>16</sup> Act of 29 January 2004 on Public Procurement Law (Journal of Laws of 2004, No. 19, Item 177, Uniform Text, Journal of Laws of 2013, Item 907, 984, 1047, 1473 of 2014, Item 423, 768, 811, 915, 1146, 1232 of 2015, Items 349, 478, 605).

citizens. The access to information will also enable entrepreneurs to develop new digital applications. Additionally, an increase of supply for digital services will stimulate demand for broadband Internet. However, we should remember about the potential risks related to publication of public information, e.g. using information for criminal purposes, in particular economic crime, cybercrime, using information in order to restrict competition or discriminate small and medium enterprises. Therefore, the access to information should also take into consideration legal regulations concerning personal data protection.

The digitalisation of administration in Poland is consistent with the unprecedented global informatisation of all aspects of social and economic life<sup>17</sup>. In Polish reality, the development of administration e-services must be strictly connected with the development of broadband Internet and education of society. The projects related to administration e-services must be easy to use, fast and compatible with national IT projects. Unfortunately, the practice shows that many projects related to electronic document flow in offices impeded the functioning of administration rather than facilitated it. The mistakes that were made should serve as an example of bad practices to be avoided in the future. Otherwise, public funds will be wasted, impractical solutions will be purchased and in consequence, administration employees will assume responsibility for a breach of public finance discipline.

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### **Abstract**

The article discusses the most important issues related to the problem of IT security in public organisations. The increase of the amount of information processed and collected by various institutions causes the necessity of applying appropriate data security systems, relevant for the potential risks. This necessity is further enhanced by the increase of the amount of electronic services provided by public organisations.

In the first part of the article, the author outlines the role of information in a modern organisation and its significance for decision making. Another issue raised in the publication is the problem of security of information generated, processed and archived in electronic form. The article ends with the discussion of the most important elements in the field of IT security management in an organisation.

The growing number of services and users of global IT network causes an increase of the number of potential risks. Due to this fact, information security becomes a key issue which every user of IT systems should be familiar with.

### **Keywords:**

information security, IT security management.

## **Introduction**

Information plays a very important part in the life of every human being. It determines our plans and actions and also allows to achieve the set goals. Management of every organisation is based to a large extent on using information required to take reasonable decisions, plan development and exercise efficient control. The beginning of the 21<sup>st</sup> Century is a real age of information, and the development of IT technologies provided every human being in any place in the world with access to incalculable amount of information. The easy and unlimited access to information also contributes to the occurrence of various risks which should be prevented effectively. Therefore, information security is very important. Due to the growing number of risks and potentially high costs related to loss or unauthorised access to data, information security issues have become particularly significant. Potential risks are limited particularly by implementing modern information security management systems in organisations, requiring ongoing modernisation and improvement.

Taking reasonable decisions by organisation managers and employees is not possible without collecting and processing data related to a specific issue. Every day, organisations generate incalculable amounts of information which should be protected against unauthorised access. Contemporary organisations cannot perform ongoing tasks without the support of IT systems, which enable to generate, process and archive incalculable amounts of data. Information is increasingly provided only in electronic form, recorded in a relevant IT system. Apart from electronic data, information in other forms still exists and also has great value for each organisation. Generating, processing and storing information by institutions or business units requires providing the appropriate level of its security. A potential loss of data or access of unauthorised individuals to data may result in negative consequences and huge costs for the organisation. Loss of sensitive data or information related to national security by public institutions is another area which requires implementation of modern information security measures. Due to the above, information security management is a very important area which requires taking appropriate actions on the part of the owners and managers responsible for organisations.

The purpose of the article is to present the most important issues related to IT security management in organisations. The increasing significance of information security requires specific actions to be taken by the organisation, which also causes the necessity of making potential users aware of its significance and meaning for secure data processing. The informatisation of a majority of areas of activity of public and commercial organisations

requires analyses and evaluations in the field of security, which have also been included, to a limited extent, within the scope of this publication.

## **1. The role and significance of information in an organisation**

Information has always been a very important element of social and economic life. Having up-to-date information is necessary for every human being and organisation in order to take reasonable actions. Throughout centuries, information was a product reserved for a narrow group of recipients, which was influenced by many factors, such as the lack of technologies enabling unrestricted information flow, social and cultural differences between people, political systems, common illiteracy, etc. Practically speaking, until the turn of 19th and 20th centuries, the exchange of information was either executed in oral form or written on paper (by means of handwriting or print). It was only at the end of 19th century that the development of new means of communication such as telephone or everyday press enabled to spread information to a wider group of recipients in a faster manner. However, the real development in access to information took place at the end of 20th century, with the appearance of IT networks and mobile telephony services. This process is in progress all the time, and the improvement of information flow is undoubtedly supported by the development of IT technologies and increasing demand for access to data, reported both by individual users and organisations.

When analysing the problems related to the significance and role of information for organisations, it is worth defining basic concepts in this field. The notions such as "information" and "data" are very frequently used in ordinary language. "Data" shall be defined as "things and facts on which arguments can be based"<sup>1</sup>, or "raw numbers and facts reflecting a single aspect of reality"<sup>2</sup>. On the other hand, "information" is a result of "organising or analysing data in a significant way"<sup>3</sup>. In order to be useful, information has to be accurate, relevant and up-to-date. An excess of information causes the so-called "information noise", which impedes quick and proper decision-taking, and therefore it should undergo initial assessment and selection before using, so as to be relevant and useful at a particular moment.

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<sup>1</sup> A. Jashapara, *Zarządzanie wiedzą [Knowledge Management]*, second edition, PWE, Warsaw 2014, p. 32.

<sup>2</sup> R. W. Griffin, *Podstawy zarządzania organizacjami [Basic Organizational Management]*, second edition, PWN, Warsaw 2006, p. 724.

<sup>3</sup> J. A. F. Stoner, R. E. Freeman, D. R. Gilbert Jr., *Kierowanie [Management]*, PWE, second edition, Warsaw 2011, p. 589.

Very quick changes in the world that surrounds us have occurred as a result of reducing barriers in access to information. The technological progress which took place at the turn of 19<sup>th</sup> and 20<sup>th</sup> centuries fundamentally changed access to data across the world. The formation of global IT network (Internet) means that every computer user and owner may potentially use the required information at their convenience without any major obstacles. Information, previously reserved only for specific and often strictly selected individuals, has become available for every user having access to IT network thanks to the Internet. Currently, every user may potentially collect and process incalculable amount of data, which, however, must be subject to assessment with regard to their reliability and suitability for use.

Globalisation, which has caused vast social and economic changes, would also not have such huge impact without the unlimited and quick access to information. The Internet enabled every user to communicate easily and quickly, whereas enterprises have become capable of gaining new customers around the world. The development of IT networks and increasing globalisation also contributed to the creation of new services and products. An example could be the development of electronic commerce and services available only in the virtual world. The very notion of virtual world is one of the "products" of the Internet development around the world. The development of IT systems allowing to send information by means of various transmission technologies required legal regulation for the purpose of protecting its users and units providing IT and telecommunications services. Currently, information can be transmitted in oral form, in writing, by voice services (traditional and mobile), by sending images and sounds (both terrestrial and satellite television), as well as through IT networks. The growing number of communication channels caused the necessity of regulating the principles of functioning of units acting in this dynamically developing market.<sup>4</sup>

The development of Internet also had an impact on the public sector, which gradually began to implement modern solutions in this field. Thanks to the Internet, public organisations can provide a number of services for citizens in virtual space. The increase of the amount of public services available in IT network has reduced the barrier between citizens and public authorities. The opportunity to use the service without having to visit the office personally brings huge benefits both for citizens and offices. This is due to the fact that it allows to limit the number of employees required for customer service, which reduces the costs of office operation, whereas the citizen does not have to bear the costs related to appearing in the office

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<sup>4</sup> The principles were regulated in the *Act of 16 July 2004 on Telecommunications Law*, Journal of Laws of 2014, Item 243 with amendments.

in person. The legal principles of providing services by public organisations through IT systems were specified in the Act on the IT Development of the Bodies Performing Public Tasks.<sup>5</sup> The provisions of the above Act e.g. introduced electronic public administration service platform, the so-called ePUAP system.<sup>6</sup> The ePUAP system enables customers to contact public administration offices online. A user registered in the above-mentioned system may use the IT resources collected and made available within the service package. Customers may obtain a wide range of required information without appearing in the office in person, which reduces the costs both for the customers and for the public units. Informatisation allows to increase the range of public services available for citizens. From the perspective of taxpayers, the possibility of settling income tax on a relevant website is an important service. The informatisation of administration also has an influence on the increase of information electronically processed by public organisations, and therefore on the increase of the amount of potential risks for the security of data processing and storage.

Information has always been a very important, key resource of every organisation, regardless of its organisational and legal form or ownership structure. Taking reasonable decisions by managers requires a range of information which needs to be obtained, analysed and processed in order to enable its use. The ongoing changes in the organisation environment contribute to the increase of amount of information processed by organisations. The constant necessity of quick collection of up-to-date data also contributed to the dynamic development of business entities providing IT equipment in the market, in response to the increasing demand of contemporary organisations. There are also new companies that provide a wide range of services related to collecting, processing and analysing information, as well as ensure the proper level of security for the purposes of both commercial and public organisations.

Companies, offices and all other public and commercial organisations would not be able to fulfil their missions and goals without ongoing information about their environment and implemented processes. Information may take various forms and contain diverse knowledge, e.g. about customers, competition, products, market tendencies, economic condition of the company and entire economy, which is required by managers for effective company management. The lack or distortion of information in the case of a company may be decisive for its development or further functioning in the market. Similar relations also occur

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<sup>5</sup> Act of 17 February 2005 on the IT Development of the Bodies Performing Public Tasks, Journal of Laws of 2014, Item 1114 with amendments.

<sup>6</sup> The detailed principles of the functioning of ePUAP system were specified in the Regulation of the Minister of Administration and Digitalisation of 6 May 2014 on the Scope and Terms of Using Electronic Platform of Public Administration Services, Journal of Laws of 2014, Item 584.

in public organisations. In order to take reasonable decisions, public managers also have to collect a range of necessary data. Taking decisions based on outdated and unreliable data may bear very serious consequences, resulting in losses or break-up of the business entity. Reliable and up-to-date information is a key element of the decision-making process.

The significance and range of required information will depend on the specific character of the industry, or on the field in which a particular organisation operates. For example, offices involved in the crisis management system must have efficient and effective communication channels, allowing for quick exchange of information that human life and health may depend upon. In fact, public security management depends on access to up-to-date and reliable information. Operating in a particular field requires obtaining and processing incalculable amount of information which has to be updated and verified on an ongoing basis. The occurrence of a particular natural disaster usually means that the situation is very dynamic, which requires ongoing updates and corrections of obtained information from the areas exposed to risk.

Public organisations generate and process large amounts of data, which are later used by various commercial, public and non-profit organisations (foundations, societies, etc.). Every citizen has the right to know how public and local government administration performs their duties.<sup>7</sup> While providing services for citizens, every state performs multiple tasks which may be of interest to citizens. It shall be emphasized that the above-mentioned civil right shall be granted to citizens also due to the number of contributions which they pay towards the state (in the form of taxes and all kinds of fees). Due to the incalculable amount of data processed by public organizations, the amount of information which may be of interest to citizens is constantly growing. Apart from the traditional form of making public information available, i.e. direct visit of a customer in the office, the process can also take place in electronic form, through websites (public information bulletins), or by e-mail. The above form of providing information to customers by offices is the consequence of technological changes, as well as of the growing number of Internet users. This is a natural consequence of technological changes; therefore, the number of users is expected to grow. Moreover, citizens are increasingly aware of their rights related to access to public information and very willing to use this right.

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<sup>7</sup> This access is executed by making public information available pursuant to the *Act of 6 September 2001 on Access to Public Information*, Journal of Laws 2014, Item 782 with amendments and in executive acts to this Act.

Another area of information management between public organization and customer are public registers kept by public administration bodies. The number of registers maintained in electronic form is growing, because IT systems are becoming more efficient and customer-friendly. Obviously, the use of electronic registers by customers requires access to IT network, as well as possession of hardware and relevant software.

The increase of the number of electronic services leads to the development of IT resources by the public sector. The growing number of users of electronic services means that state and local government authorities process an increasing amount of information, which requires suitable IT infrastructure. An example of modern investment in this field is the "Data Processing Centre of the Ministry of Finance", whose main task is to provide IT infrastructure services for central IT systems of the Ministry of Finance.<sup>8</sup> The functions of the centre include storing and processing vast amounts of information collected and processed in connection with collecting and settling contributions of citizens and business entities for the benefit of the state (taxes). The infrastructure of the centre and applied IT security systems enable safe data storage and processing.

Information as a valuable resource of organisation must meet specific quality criteria in order to be useful for users. The key criteria of usefulness are included in the below table.

Table 1 Key criteria of information usefulness

No.	Information usefulness criterion	Criterion characteristics
1.	Relevance	Determines information significance for the recipient with regard to his expectations and potential use.
2.	Accuracy	Information is accurate and presented in a way suitable for the level of user's knowledge.
3.	Topicality	Information is corrected and updated in line with the occurring changes of the object of description.
4.	Completeness	Information is available in the amount and level of detail compliant with the user's requirements.
5.	Coherence	Particular pieces of information are consistent, related to the given subject and provided in uniform form.
6.	Form adequacy	Information is presented in a manner minimising the possibility of wrong interpretation.
7.	Reliability	Elements included in the information guarantee its reliability to the user with reference to the transmitted content.

Source: K. Liderman, *Bezpieczeństwo informacyjne* [Information Security], PWN, Warsaw, 2012, p. 18.

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<sup>8</sup> The Statute of the Data Processing Centre of the Ministry of Finance constitutes an annex to the Regulation of the Minister of Finance No. 42 of 1 October 2010 on Formation of a State Budget Unit - Data Processing Centre of the Ministry of Finance, Journal of Laws of the Ministry of Finance No. 10, Item 47 with amendments.

The above table unambiguously illustrates that not all collected information is equally important and relevant. Due to the IT revolution, every day each organisation collects vast amounts of data that require proper selection and evaluation before use. In order to be useful, information must be particularly up-to-date and reliable, and each distortion may have very serious consequences for the decision-taking process, or for the ongoing task implementation by particular employees. Due to the above, the process of evaluation of usefulness and reliability of data incoming to an organisation is increasingly significant. Currently, even the latest IT systems cannot entirely replace human beings in the process of evaluating the quality of obtained information. This causes the necessity of forming task forces within organisations, whose function is to analyse collected information, and then transform it into data suitable for use. The necessity of evaluating information before its use may extend the time required for taking specific decisions by managers. For the purpose of effective management, sometimes decisions must be based on incomplete data, which constitutes an element of risk and requires taking proper actions in particular circumstances.

The role and significance of information for organisation activity will constantly increase, and only the application of proper methods for selecting and managing information may improve the decision-taking and management processes. Therefore, we should constantly aim at searching for innovative solutions in the field of information management. Information, being a key asset of every organisation, requires a well-organised and systematic approach. A failure to act in the above-mentioned area may have a negative impact on effective organisation management. Moreover, in the case of public organisations, wrong information management may cause inefficient use of public resources, and therefore reduce the level of citizens' confidence in the quality of work of the public sector.

## **2. Information security in any organisation**

Information in an organisation may take very different forms, e.g. such as data recording in IT systems, handwritten note, photo, traditional letter correspondence, digital or analogous conversation recording, etc. Information may be formed at every stage of organisation activity and is particularly the effect of work of a human being involved in performing specific functions. Regardless of the adapted form of generating or storing information, the organisation managers are obliged to protect it from unauthorised access or processing. Information may have different importance and relevance for the organisation, and therefore, in certain cases, particularly in the public sector, proper information security clauses are appended. This concerns mainly confidential information whose potential

unauthorised disclosure may constitute a serious risk for the security of the state and its citizens. The principles of processing and securing information significant for the state security were regulated in the Polish law with the Act of 5 August 2010 on Protection of Classified Information.<sup>9</sup> The Act sets forth in detail what information should be particularly protected by public organisations and business entities acting in the areas of strategic importance for the state security. The information generated by the public sector is frequently of key importance for the state defence. Apart from defence, both internal security and economic security are also very important. Many public administration offices possess data which may have an impact on the social and economic situation of the state. Obtaining confidential information by unauthorised individuals may constitute a significant risk for the economic and social stability of the state. Due to the increasing amount of security risks, providing information security is becoming a priority in the activity of public managers.

Commercial units are also obliged to protect their information. Unauthorised access to sensitive data of a company may constitute a significant risk for the activity of every company. For example, if competition obtains information concerning the planned strategy of activity, or technical documentation of a newly designed product, this may have an important impact on the market position of the company and its economic condition. In case of companies, there are frequent thefts of information constituting company business secrets, which may be also referred to as economic espionage (understood as illegal actions taken against the company upon the request of another unit). Moreover, even accidental disclosure of important information about a company (resulting from an employee error or wrong data processing) may cause, apart from measurable economic losses, significant deterioration of public image among customers and contractors. It shall be remembered that companies process data which are not only directly related to company activity, but also to the activity of their contractors and customers. Every contractor and customer wants to be sure that the information related to him is used only for the purpose of implementation of the concluded agreement and not made available to other unauthorised users. There have been multiple cases of large-scale thefts of data concerning customers. An example in the recent years could be the theft of data concerning millions of users of PlayStation Network and Curiosity, which took place in April 2011. At that time, Sony IT systems were hacked. The IT system which was successfully attacked enabled the owners of Sony PlayStation game console to play online with other users, as well as to download and purchase new games. According to the

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<sup>9</sup>Act of 5 August 2010 on the Protection of Classified Information, Journal of Laws of 2010, No. 182, Item 1228 with amendments.

published press information, almost 77 million users around the world were exposed to the risk.<sup>10</sup> Such incident was one of many examples showing how important it is to provide security both for IT network and data of customers using services available on the Internet. It shall be noted here that information processed by companies is also frequently regarded as sensitive data, whose unauthorised use may expose customers to serious problems and losses, both material and non-material, e.g. concerning their family or material situation, etc. Apart from many advantages, the increase of availability of electronic services is connected with the above-mentioned risks. When performing financial transactions online, apart from measurable benefits, Internet user is potentially exposed to loss of data which may be used against him.

The increase of risks related to unauthorised access to information has been noticed by specialists for many years, and public authorities also focused on the above-mentioned risks, taking a number of actions in this field. One of these actions was the implementation of many new legal regulations in the Polish legal system, intended to ensure the proper level of information security. This particularly concerns personal data of every citizen, which should be protected in a special manner. Public and commercial organisations, when fulfilling their missions and goals, frequently process certain amount of information about citizens, which is classified as personal data. In accordance with the existing regulations, personal data are defined as any information concerning an identified natural person, or a natural person who is possible to identify. Moreover, pursuant to the Act, person possible to identify is understood as a person whose identity may be determined directly or indirectly, in particular by referring to an identification number (e.g. PESEL number), one or a few specific factors determining his physical, physiological, intellectual, economic, cultural or social properties.<sup>11</sup> The scope of this information may be different, however, it may identify a particular citizen in an easy or even straightforward manner. The above-mentioned Act obliges all organisations to ensure protection of data concerning their citizens, which such organisation collects and processes. The process of processing personal data pursuant to the Act may take place for public policy reasons, in the best interest of the person involved, or in the third party interest.<sup>12</sup> Due to the above, public and commercial organisations collecting information which is regarded as personal data are obliged to ensure its security at a level suitable for potential risks. Protection of personal data concerns both conduct of registers, records, etc., in a traditional form (e.g.

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<sup>10</sup><http://www.pcworld.pl/news/369631/PlayStation.Network.jedna.z.najwiekszych.kradziezy.danych.w.historii.html>

<sup>11</sup> Act of 29 August 1997 on Personal Data Protection, Journal of Laws of 2014, Item 1182 with amendments, Art. 6.

<sup>12</sup> Act of 29 August 1997 on Personal Data Protection, op. cit., Art. 2 Par. 2.

handwritten files) and IT systems. It is obvious that IT technologies successfully displace the traditional methods of processing and archiving data (e.g. handwritten records), replacing them with modern, efficient database electronic systems. IT systems enable easy and effective information management and allow to process them in a manner which is most useful for the users. However, the technological progress in the above scope contributes to an increase of the amount of data processed in systems, as well as an increase of the possibility of making them available for other units, also in a manner incompatible with the existing regulations in this field.

Data collection, storage and processing is inevitably connected with the risk of their loss or unauthorised access. The level of potential risks has increased along with the development of IT systems and unlimited access to the Internet. Apart from many advantages facilitating communication and data collection, the Internet increases the risk of unauthorised access to resources owned by organisations. The risk of information loss increases in the case of an expanded network and with a large number of its users. Each new potential user increases the potential risk for information security.

Traditional data processing is mostly related to the possibility of physical theft of information, its destruction or making it available for an unauthorised person. This can be prevented by applying proper physical protection mechanisms in an organisation (such as: modern safes, anti-theft doors and systems, 24-hour supervision and monitoring). The situation is different in the case of IT systems. This particularly concerns ICT and IT security. ICT security especially includes "the scope of forms for exchanging, storing and processing information, limited to technical means of communication (through fixed lines, mobile telephones, radios, as well as IT networks and systems). IT security concerns the information sent, stored and processed in IT networks and systems"<sup>13</sup>. This means that apart from traditional risks, there is also a number of other risks, requiring proper physical, technical and logic protection. The legislator defined that data protection in IT system shall be interpreted as implementation and utilisation of relevant technical and organisational means, providing data protection against unauthorised processing or access<sup>14</sup>. The legal regulations concerning data protection require organisations to apply security means relevant for risks and categories of processed information. The more sensitive data are included in the information

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<sup>13</sup> K. Liderman, Analiza ryzyka i ochrona informacji w systemach komputerowych [Risk Analysis and Information Protection in IT systems], PWN, Warsaw 2009, p. 11-12.

<sup>14</sup> Act of 29 August 1997on Personal Data Protection, op. cit., Art. 7, Item 2b.

within increasingly expanded systems, the more effective methods should be applied for their protection.

The security of personal data and confidential information, due to its specific character and significance for the state and citizens, has been covered with special protection and supervision by public authority bodies. However, organisations process other information, which are also of great value and significance. Public units, providing public services to a much larger extent than companies, process personal data due to the tasks assigned to them and within their statutory competences. Due to this, the problems of information security of public units play an important part here. Public administration offices, which keep many public registers, apart from personal data, also process information about business entities. This concerns business activity registers and records, as well as e.g. project enrolments submitted by companies when applying for EU funding. An example could be electronic registers of corporate and personal income taxpayers conducting business activity. Data in this respect may constitute a very important source of information about companies. The information about tax payments, arrears, amounts, etc. may be of interest to competitors or contractors, and its disclosure may bear serious consequences. Apart from that, various public institutions possess certain amounts of other information concerning the financial condition of companies, and making such information available unintentionally may also be harmful for the involved company. Therefore, it is very important for public organisations to implement effective information security procedures.

The security of information processed by IT systems is at growing risk from individual network users, colloquially referred to as hackers. Hacker is a person or a group of people characterised by vast knowledge and skills related to IT systems. They particularly have the ability to break security systems used by organisations and institutions. These people have vast knowledge in the field of applying techniques enabling illegal access to internal IT systems and networks. The activities undertaken by them are different in character and are related to the so-called "cyberterrorism, i.e. a terrorist offence committed in cyberspace. Cyberspace is defined as the space for processing and exchanging information by IT systems"<sup>15</sup>. Their activity may bear very serious consequences for an organisation. The IT systems of public institutions are a very frequent target of their attacks or unauthorised access. Currently, almost all public administration offices and public organisations have their own

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<sup>15</sup> *Polityka Ochrony Cyberprzestrzeni Rzeczypospolitej Polskiej [Cyberspace Protection Policy in the Republic of Poland]*, Ministerstwo Administracji i Cyfryzacji [Ministry of Administration and Digitalisation], Agencja Bezpieczeństwa Wewnętrznego [Internal Security Agency], Warsaw 23 June 2013, p. 5.

websites, which become targets of hacker attacks. Their activity is intended to provide them with access to data processed within the attacked institution. This causes great risk for the security of information owned by a particular organisation. Moreover, a part of the undertaken actions is also intended to discredit or damage the public image of the attacked institution. There have been cases of unauthorised access to the content of an office website, intended to publish incorrect information harmful to the interest and public image of an institution. Such activities are increasingly wide and organised in character, and some countries even form special teams of specialists whose function is to paralyse the activity of offices and institutions in other countries. Such cases are referred to as "war in cyberspace". The increase of risks caused by cyberterrorism and the growing number of attacks also reported in Poland<sup>16</sup> have led to the formation of a special Governmental Computer Emergency Response Teams CERT.GOV.PL. Moreover, Cyberspace Protection Policy of the Republic of Poland has been developed in order to draw public attention to the problem of IT security risks and undertake preventive actions. The leading message of the above-mentioned strategy is the "security of cyberspace, which has become one of the strategic goals related to the security of each country. In the times of free movement of people, goods, information and capital, the security of a democratic country depends on developing mechanisms allowing to prevent and combat cyberspace security risks effectively"<sup>17</sup>. The assumptions of the above document provide for involvement of public authorities and institutions responsible for security (e.g. Internal Security Agency) in counteracting and combating potential risks related to the use of global IT network, i.e. Internet. The document is connected with the organisational and legal solutions existing in this field, e.g. in European Union and membership states. Moreover, the strategy takes into consideration domestic strategic planning documents concerning the country development in the field of informatisation of public services with reference to e-administration. The adopted strategy of development of public services online causes the necessity of increasing the level of IT system security in public organisations. The facilities for citizens provided by the implementation of e-administration bear a number of the already-mentioned new risks. The ongoing monitoring of changes related to potential risks requires undertaking relevant actions, including especially modernisation of hardware and implementation of new security measures, which will cause an increase of costs and public expenditures. However, it is not possible to ensure data protection without an increase of

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<sup>16</sup> Raport o stanie bezpieczeństwa w cyberprzestrzeni RP w 2014 r. [Report on the State of Cyberspace Security in the Republic of Poland in 2014], Warsaw March 2015, [www.cert.gov.pl](http://www.cert.gov.pl)

<sup>17</sup> Polityka Ochrony Cyberprzestrzeni Rzeczypospolitej Polskiej... [Cyberspace Protection Policy in the Republic of Poland], op. cit. p. 4.

expenditure for the improvement of security. The adjustment of IT systems to the changing environment and growing risks and requirements of users constitute a great challenge for all organisations. In particular, it is the public sector, which manages information of key significance for the state and its citizens, that will be forced to implement the above-mentioned solutions.

### **3. IT security management**

Technological changes have caused changes in the approach towards information security. Contemporary public organisations collect and process information mainly by means of IT systems, which are characterised by very high dynamics of changes, concerning both technical solutions and the manner of processing and using the collected information. IT information security management has appeared along with the development of IT technologies. The increase of risks was also the effect of the growing availability of global IT networks (Internet). Both hardware producers and users began to undertake activities intended to increase IT security. The universal character of data processing by IT systems and the number of related risks contributed to the development and constant improvement of various solutions in this respect. Apart from technical solutions, a number of universal guidelines and recommendations have been developed in order to improve the IT security management process in an organisation. An example could be the international standards which were published in Poland as the Polish version of International Standard ISO/IEC 17799:2005<sup>18</sup>. The standards concerning IT security and IT system management include several key areas. The general guidelines concerning IT system management were described in standard ISO/IEC 20000-1:2005<sup>19</sup>. The basic assumptions for IT systems and their security were characterised in the following standard PN-ISO/IEC 27001:2007<sup>20</sup>.

The above standards constitute general and complex guidelines concerning the implementation and ongoing management of IT systems in organisations. They specify the principles for implementing new systems, service management and monitoring of activities in the field of IT systems. Effective information security management, apart from specifying general framework and assumptions, also requires monitoring and analysing potential risks.

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<sup>18</sup> The referenced standard is known in Poland as the Polish Standard PN-ISO/IEC 17799 - IT Technology, Security Technology, Practical Principles of Information Security Management, Polish Committee for Standardization, Warsaw 2007.

<sup>19</sup> Polish Standard PN-ISO/IEC 20000-1:2007 IT Technology. Service Management. Part 1: Specification, Polish Committee for Standardization, Warsaw 2007 and Polish Standard PN-ISO/IEC 20000-2:2007 Part 2: Principles of conduct. Polish Committee for Standardization, Warsaw 2007.

<sup>20</sup> Polish Standard PN-ISO/IEC 27001. Information Technology. Security Technology. Information Security Management Systems. Requirements, Polish Committee for Standardization, Warsaw 2007.

The risks occurring in IT systems, which have an impact on their level of security, should be subject to ongoing verification. For this purpose, it is necessary to implement an effective IT risk management process, taking into consideration potential internal and external risks for IT systems applied in a particular organisation. The guidelines in the field of IT risk management process were set forth in Standard ISO/IEC 27005:2008.<sup>21</sup> The standard indicates how organisations should perform risk assessment for the security of IT systems and their ongoing use. IT risk management is currently a key element of data security. Proper estimation of IT risks will not guarantee full information security in an organisation. The ever-changing environment and the growing number of risks are also applicable for IT systems. Apart from the potential risk of data loss, there is also a risk that an organisation may be exposed to fire, natural disaster (e.g. flooding buildings during a flood) or other risks, which will impact the continuity of the institution operation. This possibility also requires taking certain preventive actions and preparing for such eventuality. Potential destruction of premises containing databases and other key elements of IT infrastructure require a special systematic approach. The guidelines concerning the recovery of IT systems after a disaster were specified in Standard ISO/IEC 24762:2008<sup>22</sup>.

The developed standards are a very important indication for organisation managers how to plan, organise and control the activity of IT systems. Full informatisation of many processes and activities performed by organisations drives the formation of new risks, which require implementation of efficient security measures. A helpful tool for improving IT processes in organisations are standards related to IT systems. Each standard refers to particular areas and issues concerning IT system management development and security. The implementation of solutions proposed in standards allows an organisation to systematise particular processes related to IT systems. The list of the most important standards including IT system issues has been presented in the table.

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<sup>21</sup> Polish Standard PN-ISO/IEC 27005 IT Technology, Security Technology, Risk Management in Information Security, Polish Committee for Standardization, Warsaw, March 2010.

<sup>22</sup> Polish Standard PN-ISO/IEC 24762 Information Technology. Security Technology. Guidelines for the Services of Recovering IT Technology after a Disaster, Polish Committee for Standardization, Warsaw, May 2010.

Table 2 Summary of the most important Polish standards concerning IT systems

No.	Name of Polish standard	Key areas and issues included in the standard
1.	Polish Standard PN-ISO/IEC 27001. Information Technology. Security Technology. Information Security Management Systems	The standard specifies general guidelines in the field of information security management system in organisations possible to develop and implement in an organisation. The standard specifies general assumptions related to the process of planning, implementing, managing and controlling the above-mentioned process.
2.	Polish Standard PN-ISO/IEC 20000-1:2007 Information Technology. Service Management. Part 1: Specification	The standard specifies general guidelines in the field of integrated approach to effective customer service provision in the IT area.
3.	Polish Standard PN-ISO/IEC 20000-2:2007 Part 2: Principles of Conduct.	The standard specifies general guidelines in the field of implementation of quality standard in an organisation, specified in the standard, in the area of IT service management.
4.	Polish Standard PN-ISO/IEC 17799 - Information Technology, Security technology, Practical Principles of Information Security Management	The standard specifies general guidelines in the field of implementing recommendations concerning the development of effective information security management system in organisations.
5.	Polish Standard PN-ISO/IEC 27005 - Information Technology, Security Technology, Risk Management in Information Security	The standard specifies general guidelines in the field of implementation systematic risk management process by organisations in the field of information security, with special regard to IT systems. The discussed standard contains guidelines for information security management system (described in Polish Standard PN-ISO/IEC 17799).
6.	Polish Standard PN-ISO/IEC 24762 Information Technology. Security Technology. Guidelines for recovery services of IT technology after a disaster.	The standard contains general guidelines concerning the utilisation of security management system in the field of recovery of IT systems of an organisation, which were destroyed or damaged as a result of occurrence of unforeseen external factors (fire, flood, construction disaster, armed conflict, terrorist attack, etc.). The process of recovering IT systems of an organisation is related to the so-called continuity of organisation activity.

Source: Own study based on Polish Standards (PN-ISO/IEC 27001, PN-ISO/IEC 20000-1:2007, PN-ISO/IEC 20000-2:2007, PN-ISO/IEC 17799, PN-ISO/IEC 27005, PN-ISO/IEC 24762).

The main purpose of information security management system should be to ensure that IT systems used in an organisation guarantee the confidentiality, integrity and availability of information and services<sup>23</sup>. The problems of information security management are key for public organisations, especially during the implementation of an increasing number of public services provided for customers online. Processing large amounts of information of key significance for the functioning and security of a state by public organisations requires implementing effective systems which guarantee secure data processing and storage. Public authority bodies undertook a number of activities intended to improve the security of information in public organisations, which are key for the functioning of a state. The main criterion during implementation of information security management system is to ensure that the used IT systems meet the following criteria:

- confidentiality of IT systems understood as a property ensuring that information is not made available or disclosed to any unauthorised individuals or units,
- integrity, thanks to which an IT system resource cannot be modified in an unauthorised manner,
- availability, meaning that an IT system resource is possible to use upon request, in specific time, by a unit authorised to work in the IT system<sup>24</sup>.

In order to ensure universal approach to IT security management in the public sector, relevant secondary legislation has been developed and implemented to the provisions existing in Poland, concerning personal data protection and electronic provision of public services. The implementation of relevant procedures and IT security management began with developing guidelines in the field of personal data protection. The Regulation of the Minister of Internal Affairs and Administration of 2004 on Personal Data Processing Conditions<sup>25</sup> obliged particular units to implement security systems compliant with the globally existing solutions in this field. The above legal act obliged public organisations to develop strategic documents concerning information security. Effective organisation management requires implementing modern internal procedures and regulations, which organise particular areas of institution activity. A similar situation takes place in the case of IT security. The key

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<sup>23</sup> Meeting these requirements is possible through the implementation of guidelines included in the following Polish Standards in an organisation: PN-ISO/IEC 27001, PN-ISO/IEC 20000-1:2007, PN-ISO/IEC 20000-2:2007, PN-ISO/IEC 17799, PN-ISO/IEC 27005, PN-ISO/IEC 24762.

<sup>24</sup> Regulation of the Council of Ministers of 12 April 2012 on the National Interoperability Framework, Minimum Requirements for Public Registers and Exchange of Information in Electronic Form, as well as Minimum Requirements for IT systems, Journal of Laws of 2012, Item 526 with amendments § 2.

<sup>25</sup> Regulation of the Minister of Internal Affairs and Administration of 29 April 2004 on Personal Data Processing Documentation and Technical and Organisational Conditions Which Should Be Fulfilled by Devices and Computer Systems Used for the Personal Data Processing, Journal of Laws of 2004, No. 100, Item 1024.

document in the field of IT security of an organisation is security policy and IT system management instruction. The information security policy should contain:

- list of buildings, premises or parts of premises where information is processed,
- list of data collections (especially personal data) including the specification of software applied for their processing,
- detailed description of the structure of data collections, indicating the content of particular information fields and connections between them,
- manner of data exchange and flow between particular IT systems,
- specification of technical and organisational means necessary to ensure confidentiality, integrity and accountability (understood as a property ensuring that activities of a particular organisation can be unambiguously assigned only to this particular unit) of processed information.<sup>26</sup>

The developed and implemented information security policy should contain the guidelines included in Polish Standards concerning IT systems. In order to ensure the compliance of solutions specified in the guidelines, it is necessary to make a number of investments in hardware and IT infrastructure. A failure to undertake relevant activities in this field may result in serious risks for the security of IT systems.

Apart from the information security policy, it is also essential to develop and implement the IT system management instruction, which should contain the following elements:

- procedures for granting rights to process data and record such rights in the IT system, as well as indication of the person responsible for such activities,
- applied methods and means for authorizing, as well as procedures related to their management and use,
- procedures for starting, suspending and finishing work intended for the system users,
- procedures of creating data back-up, as well as software and tools for processing such data,
- manner, location and period of storing electronic media devices and their back-ups (organisation should regularly create back-ups and verify the quality of reading. Moreover, back-ups should be stored in a different location than servers or drives for recording data),
- manner of protecting IT system against the activity of software allowing for unauthorised data collection or taking over control of the system,

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<sup>26</sup> Regulation of the Minister of Internal Affairs and Administration of 29 April 2004 ..., op. cit., § 4.

- procedures for performing periodic inspections and maintenance of IT systems and media devices used for processing data in an organisation<sup>27</sup>.

Ensuring the security of systems and information processed in them requires establishing relevant units within an organisation, which will be responsible for particular areas related to processing and collecting information. Also, competences and powers shall be granted to individuals responsible for IT system security and management in an organisation. Determination of potential risks is key for security and should be followed by developing relevant procedures and mechanisms of prevention. Obviously, it is also necessary to equip an organisation with proper IT equipment, corresponding to the identified risks. It is very important for particular organisation members to be familiar with the principles of secure information processing. Moreover, individuals responsible for administering and managing IT systems should grant employees with the rights to process information and access IT systems at the level necessary for carrying out relevant tasks in their positions. Incident management, i.e. handling events which have an impact on the security of IT systems and information processed by them, is key for the security of IT systems. Such incidents may include e.g. unauthorised breaking into the system, illegal installation of software by employees, attempts to modify data, hacker attacks on the office website, etc. Recording and analysing each case allows to develop new data security systems.

The ongoing development of IT systems causes the necessity of its monitoring both in terms of technological changes and the related risks. Every change which is key for IT security of an organisation should lead to updating information security policy and IT system management instruction. The previously described incidents related to information security are another impulse for changes. Each such incident shows new gaps in the system, which should be eliminated by proper security means protecting against the repeated occurrence of such incident. The development of electronic services provided by public administration also caused the necessity of issuing new recommendations adjusting IT systems of a public organisation in order to carry out new tasks. An important legal act in this field was the implementation of the Regulation of the Council of Ministers of 12 April 2012 on the National Interoperability Framework in 2012. The requirements in the field of information security and IT systems contained in the Regulation were based on the guidelines specified in the Polish Standards. Implementation of these guidelines in a public organisation is considered as fulfilment of the provisions of the Regulation by a particular unit. Pursuant to

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<sup>27</sup> Regulation of the Minister of Internal Affairs and Administration of 29 April 2004 ..., op. cit., § 5.

the above-mentioned Regulation, information security management is particularly executed through ensuring the following conditions by public managers:

- updating internal regulations existing in the organisation with reference to the changing environment,
- ongoing monitoring of the hardware and software owned by the company, intended for processing information, including its type and configuration,
- performing periodic risk analyses of information security and IT systems within the organisation,
- ongoing development of employees involved in the process of information processing in order to ensure that they have valid permissions which enable them to carry out tasks related to providing information security effectively,
- training organisation employees involved in the process of processing information with special regard to the problems of information security risks, consequences of violating the principles of information security, including legal responsibility and application of measures ensuring information security, including devices and software minimising the risk of human errors,
- ensuring protection of the processed information against theft, unauthorised access, damage or disruptions,
- monitoring access to information within the organisation,
- carrying out procedures revealing the cases of violating information security,
- providing measures preventing unauthorised access at the level of operating systems, network services and applications,
- establishing basic principles which guarantee safe functioning of mobile processing and teleworking,
- protecting information in a manner preventing its disclosure, modification, removal or destruction by an unauthorised unit,
- including special provisions in service agreements signed with service providers, which guarantee the proper level of information security,
- establishing the principles of handling information which guarantee the minimisation of risk of theft of information and IT devices, including mobile devices;
- providing a proper level of security in IT systems, in particular consisting in:
  - ongoing update of the used software,
  - minimising the risk of information loss in the case of a failure,

- providing protection against errors, data loss, unauthorised data modification,
- applying the data encryption mechanisms in a manner corresponding to the risks or legal regulations,
- providing the security of system files,
- reducing the risks resulting from the use of published technical vulnerabilities of IT systems,
- taking action immediately upon noticing undisclosed vulnerabilities of IT systems to possible cases of security violation,
- controlling the compliance of IT systems against relevant security standards, guidelines and policies,
- ensuring immediate reporting of incidents related to violating information security in a specific and predetermined manner, enabling quick implementation of corrective actions;
- performing periodic internal audits in terms of information security within an organisation, at least once a year<sup>28</sup>.

In order to meet the above requirements, it is necessary to modernise IT equipment, rebuild IT networks, as well as develop a new security policy and IT system management instruction. We should also be aware that this is a constant process, which causes the necessity of ongoing tracking of changes and quick response by modernising equipment or updating the existing procedures. The solutions included in the above Regulation have been mostly based on the existing guidelines specified in the Polish Standards.

The implementation of necessary solutions specified in the Polish Standards will allow public organisations to adjust their IT systems to the global standards. However, this process will not be possible without the involvement of all organisation employees. Making organisation members aware of the importance of information security and providing them with knowledge concerning the safe use of IT equipment is key for the effective management of IT systems and security. It is possible mainly through systematic and complex training of employees and promotion of the problems of IT security.

## **Summary**

IT security management is becoming increasingly significant with the increase of the number of processes supported by IT systems. Currently, almost every process carried out by public organisations is largely supported by IT systems. Traditional data collection and

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<sup>28</sup> Regulation of the Council of Ministers of 12 April 2012 on the National Interoperability Framework, Minimum..., op. cit., § 20.

processing have been replaced by efficient IT systems allowing for management of incalculable amount of data. The social and economic development cannot be successfully implemented without such valuable product as information. Public organisations collect information which may be of interest to citizens and business entities. The information owned by offices very frequently contain data whose unauthorised disclosure may expose both the state and its citizens to losses. Due to the above, their security constitutes a very important challenge for every public organisation.

Effective IT security management in public organisations requires the involvement of managers and employees. The development of internal procedures complying with the regulations and guidelines does not guarantee information security, if the employees do not know or observe them. Taking care of data security is applicable for all positions and employees, because incompetent application of internal regulations in this regard may expose the organisation to serious risks. Therefore, the implementation of IT security management system should begin with performing a reliable and complex analysis of potential risks. Identification of risks will allow to develop optimum mechanisms preventing the cases of unauthorised disclosure of information to third parties. Every organisation member should be aware of the risks related to his workplace. Employees should be aware that disclosure of information within an organisation may be most frequently the result of conscious or unconscious employee activity. The applied technical solutions largely minimise the risk of breaking into the system from outside the organisation, unfortunately, there is always a significant risk that such breaking may be caused by an employee.

The problems of IT security management will continue to develop and include an increasing number of areas. An example could be the increase of risks related to the use of mobile devices such as mobile phones, portable computers, tablets, etc. Each of these devices allows to process and store information, however, they are also exposed to unauthorised access. The IT equipment used in the premises of an organisation may be monitored and protected on an ongoing basis, however, outside the premises, the number of risks related to information security increases. Therefore, it is very important to make employees aware that improperly protected and used mobile phone also constitutes a significant risk for information security.

It can be expected that the following decades will bring many changes related to equipment and dynamic increase of the amount of processed information. Additionally, the number of public services provided by organisations will continue to grow. This will contribute to the increase of the amount of data processed by IT systems. The above factors

will result in the occurrence of new, yet unknown risks for IT security. They will have to be challenged by new technological and system solutions, which constitute the foundation of effective IT security management in an organisation.

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Sikora-Fernandez D., *Offer of communes in the field of digital services on ePUAP platform<sup>1</sup>*

## **Summary**

The application of advanced information and communication technologies in public administration becomes more and more common in the world. It brings measurable benefits for both the administration itself (lower costs of its functioning, better communication with its stakeholders), and for the citizens (savings of time and the costs of getting to a public authority, shorter time of handling a matter). However, in Polish conditions the minority of households (as compared to EC member states) takes advantage of electronic contacts with public administration. The reasons of such a state of facts should be read into low attractiveness of the platform of public e-services. The author of this article shall make an attempt to identify and analyse how a citizen communicates with an authority and the public services themselves, as provided electronically by the administration.

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<sup>1</sup> This article is the result of the implementation of the project financed from the National Education Centre resources granted on the basis of the decision No 2011/03/B/HS4/03892. It was prepared basing on the chapter entitled: Smart solutions within the public administration area, in: Management in Polish cities in accordance with the smart city concept, Stawasz D., Sikora-Fernandez D. (red.), Placet, Warszawa 2015.

## **Introduction**

Public administration performs the function of a servant towards citizens; it is an organization that refers to the management of public matters. As any other organization, it has a specific, organized structure and specified attributes. They include the sources of financing, which are based on public funds and the sources of knowledge, which are strictly connected with the public ownership of resources and the political mandate of the ruling party<sup>2</sup>. In the state it serves an organizational, executive and operational function<sup>3</sup>, while its scope comprises the tasks performed by the state and by local authorities.

Progressing globalization and the development of advanced information and communication technologies set new challenges to be faced by public administration regarding the improvement of management quality and the services provided to citizens. It is assumed that the said improvement depends on factors relating to computerization of the administration and digitalization of the state. Electronic administration (as e-Government) became the subject of political discourse yet in 2000, by the occasion of entering into force the Lisbon Strategy, which inspired a series of programs concerning public administration computerization. In the current perspective, the Europe 2020 Strategy and its leading initiatives may determine the framework for actions, the purpose of which is the unification of digital market by means of information and communication technologies, what within a long period shall bring measurable benefits relating to an open and transparent e-administration<sup>4</sup>.

Electronic public administration is an integrated action, the purpose of which is to reduce the costs of administration functioning, on the basis of the application of IT techniques, *inter alia* in the communication between a public authority and other entities. Its proper functioning is guaranteed by an IT platform, which is safely authenticated, and the register allowing data collection<sup>5</sup>. The literature defines it also as an instrument of public actions that is potentially able to solve a public problem and forms relationships between institutions and citizens<sup>6</sup>.

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<sup>2</sup> Bednarczyk M., Organizacje publiczne. Zarządzanie konkurencyjnością [Public organizations. Managing competitiveness], Polish Scientific Publishers, 2001

<sup>3</sup> Izdebski H., Badania nad administracją publiczną [Research on public administration], in: Hausner J. (ed.), Administracja publiczna [Public administration], Polish Scientific Publishers, Warsaw 2008, p. 14.

<sup>4</sup> The State Integrated Computerization Program, the Ministry of Administration and Digitalization, [https://mac.gov.pl/files/pzip\\_ostateczny.pdf](https://mac.gov.pl/files/pzip_ostateczny.pdf) date of access 15.02.2015r., p. 12.

<sup>5</sup> Papińska-Kacperek J., Usługi cyfrowe. Perspektywy wdrożenia i akceptacji cyfrowych usług administracji publicznej w Polsce [Digital services. Prospects for implementation and acceptance of digital government services in Poland], Publishing House of the University of Łódź, Łódź, 2013, pp. 80-81.

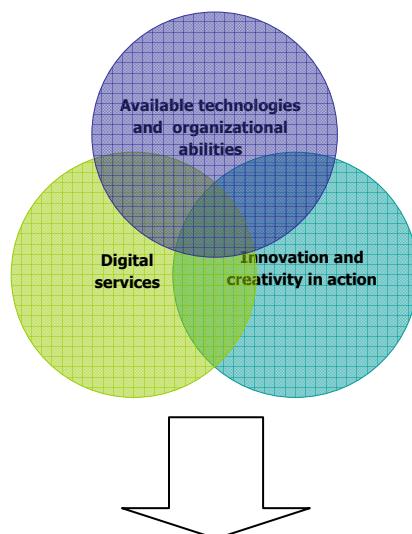
<sup>6</sup> Sorrentino M., de Marco, M., Implementing e-government in hard times: When the past is wildly at variance with the future, *Information Polity: The International Journal of Government & Democracy in the Information Age*, 18(2013), p. 335.

The purpose of this article is to identify and analyse the access to public services provided by Polish communes electronically and to determine the level of maturity of electronic authority-citizens relationships. This text was prepared basing on results of the researches conducted in the years 2012-2014 under the project entitled: „The smart city concept as a determinant of actions relating to the city functioning and development” financed by the National Education Centre.

### **Electronic public administration – legal and organizational grounds**

The essence of smart administration is, *inter alia*, the application of IT and telecommunication technologies in the process of providing services to an external client of a public authority and in the work management of a public authority. In addition, its quality is the ability to create knowledge and to apply it in practice, in the aspect of human resources and the instruments possessed and used at the purpose of performing the tasks.

Figure 1. Attributes of smart public administration



### **Smart public administration**

Reference: Own elaboration

One of its signs is the application of ICT techniques for keeping public registers, tax collection, issuing documents of various types and performing statutory objectives. ICT development is beneficial not only for citizens, who avoid personal visits to public authorities

by taking advantage of electronic platforms of access to services. Measurable effects relating to the application of advanced technologies are most of all reflected in the saving of time and resources in the process of providing services. They are also related to increased quality of services, for example by increasing transparency of undertaken actions.

The Bank of World defined electronic public administration as a public unit that applies IT technologies in contacts with citizens, economic entities and other organizations in governmental and non-governmental sector in order to increase quality of services and to improve effectiveness of the management in public administration<sup>7</sup>

In Polish conditions, the functioning of electronic public administration is regulated by the act on the computerization<sup>8</sup>. The document determines, *inter alia*, the principles for functioning of ICT systems that can be used for the performance of public tasks and sets out their minimal requirements and specifications, the manners of electronic data exchange and collection and the forms of controlling public use computerisation projects. The regulations refer to entities of public sector<sup>9</sup>, which perform public functions, as well as other organizations, which under relevant regulations were entrusted or contracted to perform public functions<sup>10</sup>.

Its proper functioning requires an IT platform, a safe way to authenticate, and a register allowing data collection<sup>11</sup>. The literature notes, apart from the financial aspect, a number of advantages relating to the functioning of electronic administration. They include:

- the transparency of actions,
- the accuracy in decision-making,
- a permanent access to information and the possibility to start the procedure of handling a matter at any time,
- the reduction of bribery.

The modernization and construction of new ICT systems reflects the EU and national strategic objections in the actual programming period. The unification of digital market and

<sup>7</sup><http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTINFORMATIONANDCOMMUNICATIONANDTECHNOLOGIES/EXTEGOVERNMENT/0,,menuPK:702592~pagePK:149018~piPK:149093~theSitePK:702586,0,0.html> date of access 15.02.2015

<sup>8</sup> The Act on the Computerisation of Activities of Entities Performing Public Functions dated February 17<sup>th</sup> 2005, The Journal of Laws No 64, item 565, as amended.

<sup>9</sup> Except for state-owned enterprises, commercial companies, special services, the Chancellery of the Sejm, the Chancellery of the Senate, the Office of the President of the Republic of Poland and the National Bank of Poland.

<sup>10</sup> The Act shall apply to the entities which were entrusted or contracted to perform public tasks and which are obliged to exchange information with entities that are not the bodies of governmental administration.

<sup>11</sup> Papińska-Kacperek J., Usługi cyfrowe. Perspektywy wdrożenia i akceptacji cyfrowych usług administracji publicznej w Polsce [Digital services. Prospects for implementation and acceptance of digital government services in Poland], Publishing House of the University of Lodz, 2013, pp. 80-81.

public services, due to ICT technologies, is provided for by the Europe 2020 Strategy and the European Digital Agenda or the Innovation Union being the strategy leading initiatives<sup>12</sup>. The European Parliament also noted the need to create a coherent European Union law regarding mutual recognition of an electronic authentication, an electronic identification and an electronic signature in the functioning of public administration for the needs of the cross-border administrative services within the European Union territory. Nevertheless, innovative public services of cross-border nature are one of the European Union priorities, while advanced ICT technologies shall support the achievement of the Europe 2020 Strategy objectives.

The eGovernment Action Plan for years 2011-2015<sup>13</sup> lists specific actions within the scope of the application of advanced technologies for the needs of public administration. They include:

- the improvement of organizational processes in public administration by faster processing of data and the increase of competences and skills of officials learning on the basis of experiences in various European countries,
- the reduction of administrative charges, by a smart use of information about citizens and the application of the principle that a given information shall be taken from a citizen and registered only once,
- the creation of energy-saving administration (Green Government), by e.g. conducting video-conferences instead of trips and an electronic archiving of documents.

The implementation and development of e-administration shall be monitored by the achievement of the following targets:

- by the end of 2015 the applicability of public e-services shall increase up to 80% in the case of enterprises and up to 50% by citizens,
- the possibility to establish and conduct an economic activity from any place in the European Union,
- making it easier, via e-services, for citizens to start education and work, reside and retire in any place of the European Union.

The challenges to be faced by Poland to the extent of the development of information society and the creation of a friendly electronic administration referred to determining legal and organizational framework for the functioning of an electronic administration

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<sup>12</sup> The State Integrated Computerization Program, the Ministry of Administration and Digitalization, [https://mac.gov.pl/files/pzip\\_ostateczny.pdf](https://mac.gov.pl/files/pzip_ostateczny.pdf), date of access 15.02.2015, p. 12.

<sup>13</sup> eGovernment Action Plan for 2011-2015

and its long-term developmental objectives. The first step towards the above was the establishment in 2011 of the Ministry of Administration and Digitalization (MAC) as a result of the transformation of a part of the Ministry of the Interior and Administration and the Ministry of Infrastructure. The competency catalogue of the newly established institution included the matters related to public administration and local government, e-administration, information society, post office and telecommunication, national minorities and religions<sup>14</sup>. Subsequently, next year, the Committee of the Council of Ministers for Digitalization was established, the task of which was the coordination of the implementation of intersectoral computerization projects in public administration. The same year the Efficient State Strategy<sup>15</sup> was prepared, the main objective of which was to increase efficiency and effectiveness of the state being open to cooperation with its citizens. To the extent of the creation of e-administration, the strategy defines the following particular objectives:

- an open government – by the implementation of the principle of full and open access to public information and the possibility to use it, and a broadly-defined involvement of citizens in the process of governance;
- the improvement of the state institutional effectiveness – by improving the functioning of local government, optimizing local government, optimising the governmental administration structures and improving the work of public administration bodies, *inter alia* by applying advanced technologies;
- effective provision of public services – to the extent of the creation of effective systems for the health protection, the protection of consumer rights, a broad access to legal and consular services, the standardization and management of public services, taking into account digital technologies, general access to Internet and the construction of well-functioning public registers<sup>16</sup>.

The strategy also assumed that the percentage of citizens using Internet in contacts with public administration, as well as of those submitting filled forms electronically, should increase reaching in 2020 the level letting place Poland in the first seven of the European Union member states. At present, only 27% of households in Poland use e-administration, restricting themselves in their actions to searching for information on

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<sup>14</sup> Boni M. (red.), *State 2.0 A new start for e-government*, the Ministry of Administration and Digitization, Warszawa 2012, [https://mac.gov.pl/files/wp-content/uploads/2012/04/MAC-Panstwo-2-0-Nowy-start-dla-e-administracji-4-2012\\_raport\\_web.pdf](https://mac.gov.pl/files/wp-content/uploads/2012/04/MAC-Panstwo-2-0-Nowy-start-dla-e-administracji-4-2012_raport_web.pdf), p. 16.

<sup>15</sup> The strategy Efficient State 2020, <https://mac.gov.pl/files/wp-content/uploads/2011/12/SSP-20-12-2012.pdf>

<sup>16</sup> therein

the websites of public authorities<sup>17</sup> (in the European Union nearly half of citizens uses e-administration<sup>18</sup>). In addition, it was assumed that all public administration offices would use the system of electronic management of documents. As for now, such a system is used by more than 40% of public authorities<sup>19</sup>.

The implementation of uniform rules for the functioning of e-administration is also one of the priorities of the mid-term State Development Strategy of 2012. The strategy provides for the establishment of one information centre for the governmental administration, and the necessity of administration digitalization at the purpose of establishing administrative processes and the availability of as many public services as possible to be provided electronically. The actions considered in the strategy as necessary include the development of an Electronic Platform of Public Administration Services (ePUAP).

It is essential in the process of electronic communication between a public authority and a citizen to define qualities of an electronic document. An electronic document is, in accordance with the European Committee guidelines, a set of data filled or stored on any data carrier by an IT system or a similar one. The data must be readable or displayable by a person or other IT device<sup>20</sup>. In Poland, along with entering into force the act on the computerization<sup>21</sup>, an electronic document was defined as a set of data constituting a separate meaningful whole, organised within a defined internal structure and recorded on an IT data carrier. This „defined internal structure” of a document is determined by its physical structure, i.e. proper format of saving a document (including its encoding) and the logical structure, i.e. proper placement of information in the document content itself. However, the above definition raises doubts of legal nature. Namely, a document in the time of sending it was not defined, whilst the absence of the requirement to affix it with an electronic signature occasions the uncertainty in relation to the possibility to use it in any situation<sup>22</sup>.

The basic tool that identifies participants of the process of exchanging electronic documents is an electronic signature. Legal possibilities of the application of a document with

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<sup>17</sup> Information society in Poland. Lead information. The Central Statistical Office. Warszawa, 2014.

<sup>18</sup><http://www.outsourcingportal.pl/pl/outsourcing/badania-i-raporty/raport-komisji-europejskiej-o-e-administracji-aby-sprostac-coraz-wiekszym-oczekiwaniom-obywateli-potrzebne-sa-dalsze-usprawnienia.html>, date of access 14.06.2015

<sup>19</sup> The strategy Efficient State 2020, <https://mac.gov.pl/files/wp-content/uploads/2011/12/SSP-20-12-2012.pdf>, p. 104.

<sup>20</sup> Appendix to the Committee decision No 2004/563/WE of July 7<sup>th</sup> 2004 amending its internal regulations, the EU Official Journal L251 dated July 27<sup>th</sup> 2004

<sup>21</sup> The Act on Computerisation of Activities of Entities Performing Public Functions dated February 17<sup>th</sup> 2005, The Journal of Laws No 64, item 565, as amended.

<sup>22</sup> Kotecka S., Prawne aspekty nowych regulacji w obszarze dokumentu elektronicznego [Legal aspects of the new regulations in the area of electronic documents], [www.elektroniczna-administracja.pl/index.php?option=com...](http://www.elektroniczna-administracja.pl/index.php?option=com...) date of access 10.02.2015 r.

an electronic signature in the form equivalent to a traditional document, usually characterized by a stamp and/or a hand-written signature, in Poland result from the act on electronic signature<sup>23</sup>. It was defined therein as electronic data attached to a document and used for identification of the person signing an electronic document. For this document to be safe, it has to be assigned exclusively to the person placing it and drawn up using a processor card or USB token together with special software.

The number and quality of provided electronic public services are the measure of effectiveness and openness of the state functioning. The administration computerization process itself takes place on three levels, on which public services are provided. On the lowest – information – level, the basic information concerning the functioning of public administration and the tasks it performs is provided by means of applied technologies. The tool used for that purpose is a website of specific public authority, which contains data essential for citizens. On this level it is also possible to download the forms of applications required for handling an official matter. The second, interactive, level consists in bidirectional communication between a public authority and a citizen, who may, via an adequate internet platform, download required forms of applications, and subsequently submit them electronically to a public authority. The highest – transactional – level provides full procedure for handling a matter, starting from the submission of an application to the issue of a decision or a document in an electronic form<sup>24</sup>.

### **Public services on ePUAP platform**

The functioning of the electronic platform of public administration services in Poland and its legal framework are specified in the act on the computerization<sup>25</sup>. In accordance with provisions of the act, the platform is an IT system by means of which public institutions provide e-services via a single access point in the network. It means a transsectoral approach to the provision of public services by means of electronic tools within areas, where the said services in a traditional form are performed by public authorities situated in various places in the administrative structure and territory. The most important functions of the system include:

- an informative function – consisting in providing a citizen with information about the type of a matter and the possibility and manners of handling it,

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<sup>23</sup> The Act of electronic signatures dated September 18<sup>th</sup> 2001, the Journal of Laws No 130, item 1450.

<sup>24</sup> Sikora-Fernandez D., Intelligent public administration as part of „smart cities” in Poland, in: Scientific Papers of the University of Economics in Wroclaw (285), Publishing House of the University of Economics in Wroclaw, 2013, p. 103-112.

<sup>25</sup> The Act on Computerisation of Activities of Entities Performing Public Functions dated February 17<sup>th</sup> 2005, The Journal of Laws No 64, item 565, as amended.

- an integration function – making it possible to create a common for all public authorities and coherent list of available public services performed electronically and to specify a place of handling it via Internet,
- the function of an information broker – resulting from the exchange and validation of the data stored in the registers created by public administration, and allowing the provision of standardized communication tools and schemes.

The identification of ePUAP users, and thus the physical possibility for them to take advantage of services provided by means of it, takes place by creating a trusted profile being an equivalent of a secure electronic signature, i.e. a set of data identifying and describing the platform user. By using a trusted profile and placing on an electronic document a signature acknowledged by this profile, every user may handle an electronic matter electronically, without the need to go to a specific public authority.

Matters that can be handled via ePUAP are grouped in the catalogue of life events comprising such areas of civic life as work and employment, entrepreneurship, education, taxes, fees, customs duties, civic matters, health, agriculture, law and judiciary, motorization and transport, construction and housing, social aid, geodesy and cartography, environmental protection, culture, sport and tourism, national security, infrastructure, statistics, EU funds, grants and central service (which makes it possible to send a letter to any public authority). The basic assumption for the platform functioning is independency of public authorities in choosing the services to be provided on it.

According to the data provided by the Ministry of Administration and Digitalization, the number of public services available via the platform systematically becomes higher and higher, nevertheless the services in question are performed to a little extent<sup>26</sup>.

The availability of selected public services on ePUAP performed by particular communes is illustrated by the table below.

Table 1. Selected public services performed by communes via ePUAP in 2015 in Poland.

Services	Number of commune/poviat/voivodeship offices	% of all public authorities responsible for the task performance
Application of assignment/change of personal identification number PESEL	37	1.49

<sup>26</sup> Boni M. (red.), State 2.0 A new start for e-government, the Ministry of Administration and Digitization, Warszawa 2012, [https://mac.gov.pl/files/wp-content/uploads/2012/04/MAC-Panstwo-2-0-Nowy-start-dla-e-administracji-4-2012\\_raport\\_web.pdf](https://mac.gov.pl/files/wp-content/uploads/2012/04/MAC-Panstwo-2-0-Nowy-start-dla-e-administracji-4-2012_raport_web.pdf), p. 44.

Declaration of intention to vote by correspondence by an handicapped voter	2	0.08
Adding to the list of voters	555	22.39
Submission of application for a maternity grant (the so-called “becikowe”)	87	3.51
Clarification of doubts regarding a decision issued by a public administration body	1	0.04
Drawing up the death record	120	4.84
Entering a foreign birth certificate to Polish register	103	4.15
Certificate for the needs of concordat wedding	15	0.61
Certificate for the needs of entering into marriage abroad	112	4.52
Issue of an excerpt or certificate from the civil status register	196	7.91
First issue of a driving license	120	38.22
Issue of driving license duplicate	40	12.74
Issue of international driving license	24	7.64
Temporary vehicle registration	42	13.38
Registration of used vehicles purchased on RP territory	38	12.10
Registration of used imported vehicles	28	8.92
Issue of registration certificate	27	8.60

Reference: Own elaboration based on [www.epuap.gov.pl](http://www.epuap.gov.pl), (status as of January 2015)

The table above constitutes only a selected attempt of e-services offered by public administration. Nevertheless, in the situation, where less than 50% of institutions responsible for the performance of a task offer them electronically, it is hard to speak of its common nationwide nature. The State 2.0 report<sup>27</sup> identifies a number of problems restricting the common and effective functioning of the platform. One of the main barriers is too low number of users resulting from insufficient knowledge about the functioning of Trusted Profile and the absence of sufficient benefits from having it. The insufficient number of services available on the platform and certain regulations that restrict the possibilities of handling a matter to personal appearance occasion in the majority of cases the necessity to pay a personal visit to a public authority.

## Conclusion

It is beyond any doubt that the change of the way of providing services by public authorities requires the formalization of services and their codification using advanced

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<sup>27</sup> therein, p. 45.

technologies, whereas the platform itself reduces the costs of providing them. The implementation of new advanced technologies to the customer service system in public administration shall increase the quality of government – citizen communication and reduce the costs of administration functioning. However, public authorities have to face the challenge of adequate selection of specific technologies, which shall be suitable in electronic contact. It is difficult due to frequent lack of required technical skills of both the public administration employees and the recipients of given services.

In addition, a noticeable problem is related to improper direction of services performance, what, *inter alia*, leads to the lack of demand to those services. A low number of services available on the platform and the availability of those at least „attractive” for citizens, along with a little-friendly and hardly intuitive way of browsing for matters that can be handled produce a negative image of ePUAP. The above occasions further restrictions – public entities, which are not properly motivated to provide services, do it only to a minimum extent, so as to fulfil their statutory obligations. The insufficient information campaign regarding the advantages of using the platform, as well as its unfavourable image result most probably from the lack of an entity to coordinate the promotional actions in this respect. In addition, another problem is the lack of standardization of provided services and the lack of their verification in respect of correctness.

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<http://www.outsourcingportal.pl/pl/outsourcing/badania-i-raporty/raport-komisji-europejskiej-o-e-administracji-aby-sprostac-coraz-wiekszym-oczekiwaniom-obywateli-potrzebne-sa-dalsze-usprawnienia.html>, access on 14.06.2015.

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTINFORMATIONANDCOMMUNICATIONANDTECHNOLOGIES/EXTEGOVERNMENT/0,,menuPK:702592~pagePK:149018~piPK:149093~theSitePK:702586,00.html>, access on 15.02.2015.

**PhD Ewelina Kiełek-Więcław ska**

Kiełek-Więcław ska E., *Development of enterprise innovation through the use of EU funds available for 2007-2013*

### **Summary**

The purpose of this elaboration is to present innovativeness of the Polish economy and to analyse and evaluate one of the financial instruments of innovation policy in our country, namely Measure 4.3. Technological credit provided in the years 2007-2013 by the Innovative Economy Operational Programme.

## **Introduction**

At present the economists agree that innovations significantly affect the economy. Simultaneously, they state that abilities of innovations to affect the social and economic development result from the following circumstances:

- The concentration of considerable financial resources appropriated to educational development, what makes it possible to create modern and highly efficient technical equipment and personnel.
- Strong ties between education and production, domestic and worldwide market, in consequence of which the undertaken research and development projects are oriented, most of all, to meeting the market needs. Considering innovations as a process, in which proper management is required on every organizational level of an enterprise, region, country, European Union<sup>1</sup>. The purpose of this article is to show the relationships between innovativeness of enterprises and the use of EU funds provided in the years 2007-2013.

## **Innovation vs. innovativeness**

In the economic literature an innovation has many definitions. Innovations are considered to be both the processes and the events of technical, organizational and social nature. All definitions lead to one conclusion, that an innovation is something new. Differences in defining the term innovation result from<sup>2</sup>:

- the specific nature of a fragment of reality being the subject of research;
- the attitude towards innovations;
- the understanding of innovations as a process;
- the understanding of innovations as an effect (result) of certain process.

The term innovativeness, same as the term innovation, does not have only one definition. A. Pomykalski considers innovativeness to be an ability of an organization to search for, implement and popularize innovations<sup>3</sup>. According to the Act on some forms of support for innovative activity<sup>4</sup>, an innovative activity is: an activity consisting in working out a new technology and launching it on the basis of the production of new or improved, to a large

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<sup>1</sup> A. Pomykalski, „Zarządzanie innowacjami” [Innovation management], PWN, Warsaw-Lodz, 2001, p.11

<sup>2</sup> S. Łobejko, Systemy informacyjne w zarządzaniu wiedzą i innowacją w przedsiębiorstwie [Information systems in knowledge management and innovation in the enterprise], SGH, Warsaw, 2005, p. 62

<sup>3</sup>A. Pomykalski, *Zarządzanie innowacjami* [Innovation management], PWN, Warszawa-Lodz, 2001, p.18

<sup>4</sup> The Journal of Laws of 2008, No 116, item 730, of 2010, No 75, item 473, No 96, item 620, No 257, item 1726, of 2011, No 85, item 457, No 106, item 622

degree, goods, processes or services. An organization oriented to innovations, or in other words an innovative organization, is an organization which<sup>5</sup>:

- a) carries out, in a wide range, the research and development works (or purchases designs of new products or technologies);
- b) appropriates to this activity relatively high expenditures;
- c) systematically implements new scientific and technical solutions;
- d) represents quite a share of novelties (products and technologies) in the volume of production and services;
- e) permanently implements innovations to the market.

Innovative activity is a conscious activity that is undertaken not only in consequence of occurrence of specified events, but also is oriented to achievement of specified goal<sup>6</sup>. The innovative activity determinants may be divided into internal and external. The group of internal determinants include: physical capital and human resources, experiences and skills ensuring the ability to absorb and apply innovations and to gain competitive advantage on the market. External determinants may be classified taking into account the type of enterprise environment. They include the type of sector and market, on which an enterprise operates, regional and local conditions, as well as educational, economic and political environments. It may be also divided into operational and general<sup>7</sup>. Innovative activity refers basically to all spheres of social and economic life; therefore an interdisciplinary aspect of this phenomenon is important, as it takes into consideration various conditions.

### **Innovative activity barriers**

Innovative activity of an enterprise may be obstructed by a variety of factors. T. Baczko distinguished four groups of those factors<sup>8</sup>:

1. Economic: the lack of financial resources in an enterprise, the lack of financial resources from external sources, too high costs of innovations and estimated economic risk, the lack of appropriate source of funds, too high interest rates of credits;

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<sup>5</sup> A. Jasiński, „Procesy innowacyjne w organizacji”, in: J. Bogdanienko (scientific ed.), Organizacja i zarządzanie w zarysie [Organization and Management at a Glance], Publishing House of the Faculty of Management at the University of Warsaw, Warsaw, 2010, p.221

<sup>6</sup> E. Okoń-Horodyńska, A. Zachorowska-Mazurkiewicz, *Innowacje w rozwoju gospodarki i przedsiębiorstw: sily motoryczne i bariery*, [Innovations in the development of economy and enterprises: driving forces and barriers] Institute of Knowledge and Innovation, Warsaw, 2007, p.105

<sup>7</sup> E. Stawasz, *Innowacje a mała firma* [Innovation and small business], Publishing House of the University of Łódź, 1999, pp. 35-36

<sup>8</sup> T. Baczko, Report on innovativeness of the Polish economy in 2005, INEPAN, Warsaw, 2005, p.104

2. Knowledge-related: the lack of skilled personnel, information about technology, markets and the difficulties in finding partners to cooperate within the scope of innovative activity;
3. Internal: the lack of flexibility in internal organizational structures of an enterprise (organizational „stiffness”);
4. Market-related: the market control by leading enterprises, uncertain demand for innovative (new) products.

Barriers relating to the development of innovations by means of new products refer to such spheres as<sup>9</sup>:

- a) finance** – the difficulties of SMEs in acquiring funds are considered as obstacles for experiencing, increase and implementation of innovations (short-term liquidity problems, insufficient working capital, and poor financial management).
- b) marketing skills** – a marketing ability in the form of market recognition is one of the most important skills required for the successfulness of a new product. Technological enterprises may excessively focus on technical aspects of their innovations at the cost of the skills required for effective commercial use of innovations. It is important for an enterprise to implement to the market products being in demand instead of products being, in its opinion, expected by the client.
- c) personal attributes of managers** – the lack of knowledge about managing is one of the most important causes of business failure.

Small and medium enterprises, even if they are characterized by pro-innovative organizational culture and a simple internal communication, encounter barriers connected with innovative activity. Insufficient financial resources are considered to be the most important barrier in undertaking innovative activity<sup>10</sup>.

## Polish economy innovativeness

Economy innovativeness is the ability and motivation of business entities to the activity consisting in continuous carrying out and searching for new results of scientific researches and research and development works, new concepts and ideas, in preparing and launching new or improved materials, products, equipment, services, processes or methods intended for the market or other practical application<sup>11</sup>. The level of innovativeness may be

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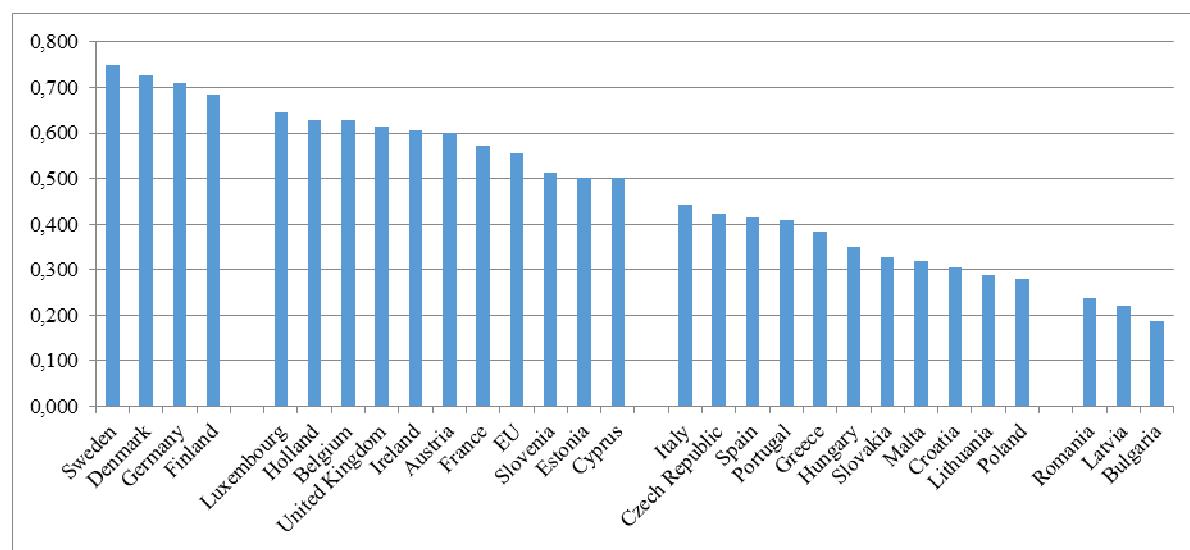
<sup>9</sup> P. Larsen, Al. Lewis, *How Award-Winning SMEs Manage the Barriers to Innovation*, Creativity and Innovation Management, Vol. 16, No 2, 2007, p.142

<sup>10</sup> PARP, Innovation micro-enterprises in Poland, Warsaw, 2010, p.69

<sup>11</sup> E. Okoń-Horodyńska, „*Co z Narodowym Systemem Innowacji w Polsce? [”What about the National Innovation System in Poland?]“* in: E. Okoń-Horodyńska (ed.), „Rola polskiej nauki we wzroście

measured in various ways. The European Commission examined on regular basis the level of innovativeness of the EU member states and the candidate countries. As compared to the IUS 2013 edition, there was one change in the fourth group i.e. of modest innovators. Poland left this group and returned to moderate innovators due to the achievement of innovativeness level slightly above 50% of EU average. (Chart 1)

Chart 1. EU Innovativeness index EU-27 (SII) in 2014



Reference: Innovation Union Scoreboard 2014, p.11, 92

Technological development of Poland place sit far behind the most developed countries of the world. The above situation results from the insufficient resources for financing basic researches and big developmental projects<sup>12</sup>. In addition, the lack of capital for the establishment and development of enterprises, in particular innovative ones, including those of the start-up type and a poorly developed venture capital market constitute a serious weakness. Expenditures incurred on innovative activity have a major impact on the increase of potential profits of an enterprise. (Table 1) In 2013 expenditures on innovations of Polish industrial enterprises amounted to 21.0 bn PLN, from which expenditures of enterprises employing more than 49 persons (constituting 25.8% of general number of examined group) – 93.1%. In the sector of services within the group of examined enterprises the above expenditures were estimated at the level of 12.0 bn PLN, from which expenditures of

innowacyjności gospodarki" ["The role of Polish science in increasing economic innovation], Publishing House of the Polish Economic Society, Warszawa, 2004, s.17-18

<sup>12</sup> A. Żołnierski (ed.), „Innowacyjność 2006” [Innovativeness 2006], PARP, Warsaw 2006, p. 20

enterprises employing more than 49 persons (constituting 14.9% of general number of examined group) – 81.0%. The concentration of resources on innovations in the industry and in the sector of services is particularly strong in enterprises employing more than 499 persons (respectively 56.4% of expenditures among 1.9% of entities and 64.3% among 0.9% of entities). Industrial enterprises incurred the greatest expenditures on fixed assets (73.6% of total expenditures on innovations), from which the majority was appropriated to the purchase of machines and technical equipment, the means of transport, tools, instruments, real estates and amenities (54.1%) and on the research and development activity, to which 4.0 bn PLN was appropriated (19.3% of total expenditures on innovations). Enterprises in the sector of services appropriated the biggest resources to fixed assets (42.4% of total expenditures on innovations) and on the research and development activity (2.7 bn PLN, what constituted 23.0% of total expenditures on innovations)<sup>13</sup>.

Table 1. Expenditures on innovative activity according to types of innovative activity (in bn)

Years	Total	Including					
		Activity B+R	Purchase of knowledge from external sources	Purchase of software	Investment expenditur es on fixed assets	Training of personn el	Marketin g
Industrial enterprises							
200 5	14329.1	1367.1	343.2	281.9	11865.8	42.9	289.4
201 0	22379.0	3272.8	910.6	451.8	16736.7	88.3	440.3
201 1	19 376. 5	2 617.2	257.8	428.6	15 003.2	64.8	439.4
201 2	20 293. 2	3 529.7	651.2	375.7	14 933.8	39.7	469.0
201 3	19 520. 7	3 829.7	210.4	332.4	14 321.8	127.0	370.0
sector of services							
200	7214.9	802.4	292.8	733.9	4452.2	64.4	292.5

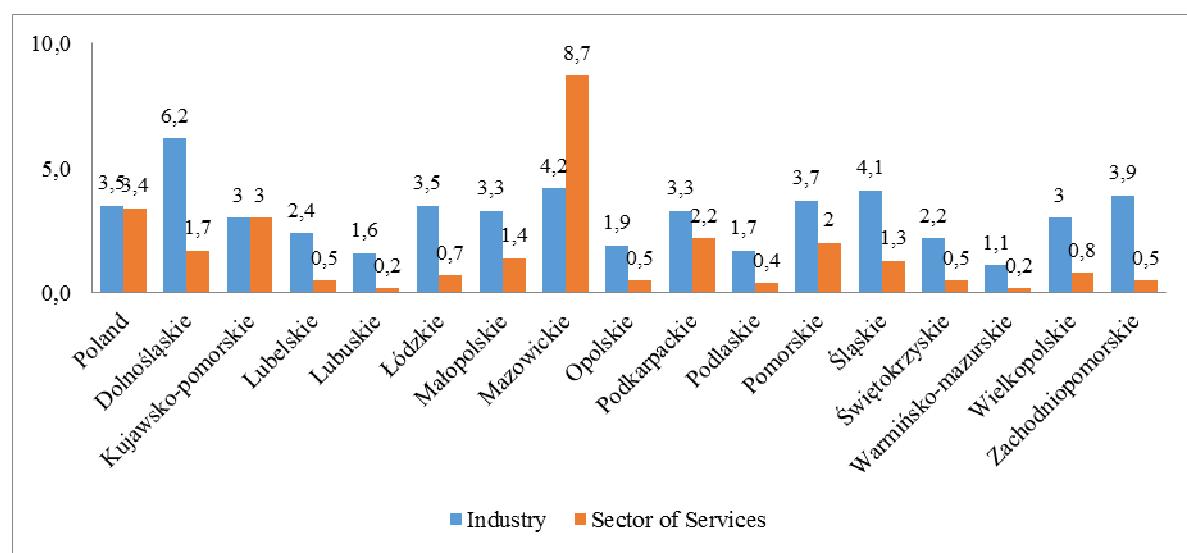
<sup>13</sup> Science and Technology 2013, CSO, Warsaw, 2014, p.134

201 0	9 921.1	1 270.5	787.5	1 482.1	5 530.1	71.5	453.5
201 1	10 317. 9	1 355.3	-	1 484.0	5 658.5	-	462.1
201 2	14 178. 2	5 795.7	-	1 347.1	4 557.2	-	940.2
201 3	9 702.3	2 391.7	-	1 640.9	4 501.1	67.8	454.8

Reference: Science and Technology 2013, CSO, Warsaw, 2014, p. 135, Science and Technology 2009, CSO, Warsaw, 2011, p. 372

Analysing, from territorial point of view, the amounts of expenditures incurred on innovative activity falling on one enterprise running such a business, it may be noted that in industrial enterprises the biggest expenditures were incurred by units from dolnośląskie voivodeship, whilst in the sector of services – from mazowieckie region. The smallest amount was incurred on average by one industrial enterprise from warmińsko-mazurskie region, whilst a service provider – from region: lubuskie and warmińsko-mazurskie<sup>14</sup>. (Chart 2)

Chart 2. Expenditures (in ml PLN) on innovative activity by region in 2013.



Reference: own elaboration on the basis of: Science and Technology 2013, CSO, Warsaw, 2014, p.136

<sup>14</sup> Science and Technology 2013, CSO, Warsaw, 2014, p.136

According to the latest researches presented by the Central Statistical Office (GUS) concerning innovative activity in Poland in the years 2010–2012, the percentage of innovative enterprises increased, as compared to the previous research results of 2009–2011, both among enterprises from industrial sector – 16.5% (was 16.1%), and from the sector of services – 12.4% (was 11.6%). The participation of innovative enterprises in the industry and in the services in the years 2010–2012 among small firms was respectively at the level 9.6% and 9.5%. There was 29.4% of medium innovative enterprises and 20.9% of service providers. Big firms, same as in the previous years, were characterized by the highest percentage of innovative enterprises both among industrial enterprises – 56.2%, and service providers – 44.7%.<sup>15</sup> In 2013 expenditures on innovative activity were mainly financed from own resources of enterprises. In industrial enterprises they constituted 71.1%, whilst in the sector of services – 79.7% of all expenditures. The resources coming from the venture capital fund constituted the source of financing which was most rarely used by both industrial enterprises and the enterprises from the sector of services (since 2009 enterprises from the sector of services have not acquired at all such resources for innovative activity)<sup>16</sup>. (Table 2)

Table 2. Expenditures on innovative activity by sources of financing (in ml)

Years	Total	Including the resources				
		own	received from the state budget	acquired abroad	coming from venture capital funds	bank credits
industrial enterprises						
2005	14329.1	10953	249.2	140.6	-	1899.4
2010	22379.0	17302.1	233.4	1621.7	0.3	1636.5
2011	19 376.5	14 766.6	233.4	1 342.5		1 738.4
2012	20 293.2	15 225.9	388.3	1 245.5	-	1 200.6
2013	19 520.7	14 090.2	284.9	1 518.3	-	1 318.4
Sector of services						
2006	7214.9	6556.5	66.3	45.9	-	427.4
2010	9921.1	8597.0	38.6	194.4	-	1036.8
2011	10 317.9	8 659.2	87.2	114.3	-	1 058.4
2012	14 178.2	9 929.8	2 082.4	792.2	-	634.4
2013	9 702.3	7 941.2	190.6	469.2	-	947.0

Reference: Science and Technology 2013, CSO, Warsaw, 2014, p.137, Science and Technology 2009, CSO, Warsaw, 2011, p. 374

<sup>15</sup> P. Zadura-Lichota (ed.), Innowacyjna przedsiębiorczość w Polsce. Odkryty i ukryty potencjał polskiej innowacyjności [Innovative entrepreneurship in Poland. Discovered and hidden potential of Polish innovation], PARP, Warsaw, 2015, p.18

<sup>16</sup> Nauka i technika 2013, CSO, Warsaw, 2014, p.137

Public support for innovative activity may come from the units at local or regional level, from the units at central level, from the European Union and from framework programmes (e.g. 7 Framework Programme). In Poland that source of financing innovative activity, as compared to the EU member states, is not so important. In the years 2001-2007 37.5 thousands enterprises from the SMEs sector took advantage of the European Union aid, while the value of obtained aid during that period amounted to 1489.6 ml PLN. The EU resources addressed to enterprises from the SMEs sector, which most significantly affected their development, include the support for the project carried out by the SMEs<sup>17</sup>. In the years 2010–2012 public financial support on innovative activity was provided to 25.9% of active, from the point of view of innovative activity, industrial enterprises (as compared to 25.5% in the years 2009–2011) and 18.7% from the sector of services (as compared to 17.6% in the years 2009-2011). (Chart 3) Public support for innovative activity in industrial enterprises referred mainly the private sector, where 26.1% of entities active, from the point of view of innovative activity, was provided with such form of financial aid. In enterprises from the sector of services such percentage was higher in the group of enterprises belonging to public sector (49.5 %). Taking into account the size, in active, from the point of view of innovative activity, industrial enterprises and among the units from the sector of services, the biggest public support in the years 2010-2012 was provided to enterprises employing 50-249 persons (respectively 27.9 % and 26.3 %)<sup>18</sup>. In total, in Poland 23.2% of innovative enterprises took advantage of public support. In Poland every fifth innovative enterprise took advantage of public support for innovative activity; however most often the enterprises took advantage of the EU funds – 19.5% and governmental support – 8.4%. In respect of the percentage of enterprises benefiting from public aid coming from the EU, Poland was placed second – giving place only to enterprises from Hungary (33.8%). 4.6% of enterprises in Poland took advantage of public support coming from the units at local level. It increased as compared to the results of the previous edition. The support for enterprises from the framework resources was provided to 3.8% of innovative enterprises. Such a high position of Polish firms indicates that they are able to compete successfully with the firms from the EU member states for the resources from framework programmes<sup>19</sup>.

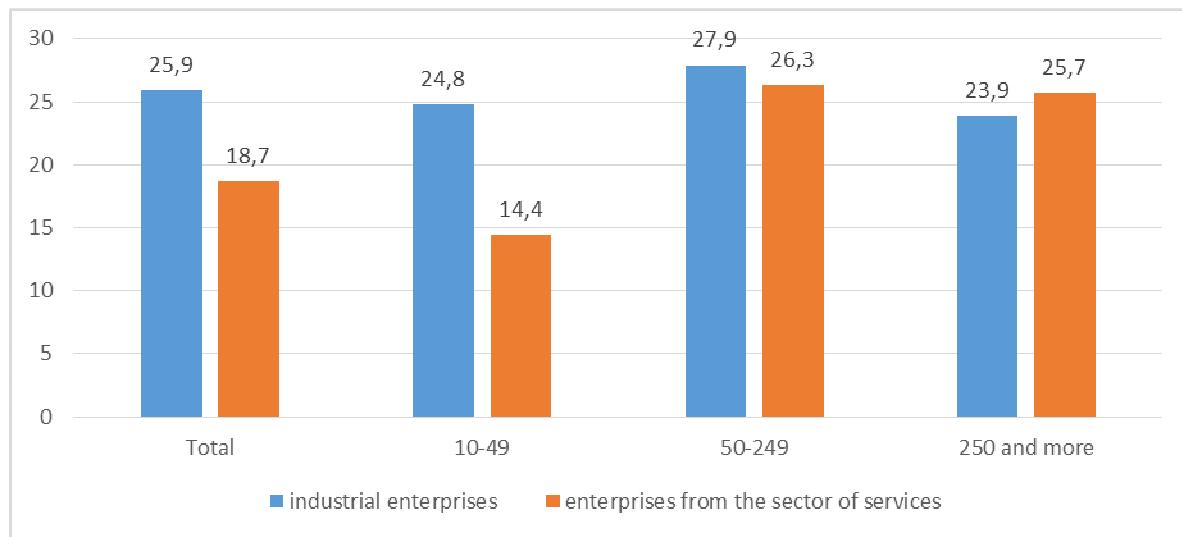
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<sup>17</sup> Report on the condition of small and medium-sized enterprises in the years 2007-2008, PARP, Warsaw, 2009, p.85

<sup>18</sup> Innovative activities of enterprises in the years 2010-2012, GUS, Warsaw, 2013, p.79

<sup>19</sup> P. Zadura-Lichota (ed.), Innowacyjna przedsiębiorczość w Polsce. Odkryty i ukryty potencjał polskiej innowacyjności [Innovative entrepreneurship in Poland. Discovered and hidden potential of Polish innovation], PARP, Warsaw, 2015, p. 40

Chart 3. Enterprises which in the years 2010-2012 were provided with public financial aid for innovative activity in % of enterprise active from the point of view of innovative activity



Reference: Innovative activities of enterprises in the years 2010-2012, GUS, Warsaw, 2013,  
p.79

### Financial programmes in the years 2007-2013

In the years 2007-2013 entrepreneurs benefited not only from the governmental programmes but also from the European Union programmes. (Table 3) Available financial instruments included both debt and equity instruments.

Table 3. Major financial programmes available for enterprises from the SMEs sector in the years 2007-2013

Governmental	Union
Loan Guarantee Funds	Operational Programmes including Innovative Economy Operational Programme (POIG)
European Union Guarantee Funds	16 Regional Operational Programmes
Loan Funds	7 <sup>th</sup> Framework Programme
Technological credit	Others
Passport to export	
Micro loans	
Programme to support Technological Start-ups	
Patent PLUS	
Innovation voucher	
Innovativeness creator	
First business activity	
Bank guarantees	
EU Pre-financing	

In the years 2007-2013 a programme supporting innovativeness on the national level was the Innovative Economy Operational Programme (POIG). POIG included the measures to support investments for enterprises:

- Measure 4.3. Technological credit
- Measure 4.4 New investments of high innovative potential
- Measure 5.1 Support for the development of supra-regional cooperative relations
- Measure 5.4 Intellectual property management
- Measure 8.1 Support for economic activity as regards electronic economy
- Measure 8.2 Support for implementation of electronic business – B2B
- Action 8.4 Ensuring Internet access at the ‘last mile’ level

In addition, the support related to investments in the Research & Development in enterprises via:

- Measure 1.4 Support for goal-oriented projects
- Measure 4.1 Support for implementation of results of R&D works
- Measure 4.2 Stimulation of R&D activity of enterprises and support within the scope of industrial design
- Measure 4.5 Support for investments of high importance to the economy

Due to the importance of the SMEs sector for the economy development and the existing barriers of its development, and also taking into account the requirement to prioritise this group of beneficiaries, the Managing Authority ensured the appropriation of at least 65% of resources allocated to direct support for the SMEs sector enterprises. The enterprises operating in Poland produce nearly three forth of the Polish GDP (73%-71.8% in 2011). In the structure of participation in GDP the SMEs produce every second Polish zloty (48.5%), including the smallest enterprises nearly every third one (29.7%)<sup>20</sup>.

- Measure 4.3 Technological credit – description and use of resources

Under the Act dated May 30<sup>th</sup> 2008 on „some forms of support for innovative activity”<sup>21</sup> amended by the act dated February 3<sup>rd</sup> 2011 amending the act on „some forms of support for innovative activity”<sup>22</sup> the entrepreneurs implementing new technologies were provided with the possibility of support in the form of resources coming from technological

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<sup>20</sup>PARP, Report on the condition of small and medium-sized enterprises in the years 2012-2013, Warsaw, 2014, p.14

<sup>21</sup> The Journal of Laws No 116, item 730, as amended.

<sup>22</sup> The Journal of Laws 85, item 457

credits granted by commercial banks. On the basis of the contract dated January 15<sup>th</sup> 2009, the Minister of Economy entrusted to the Bank Gospodarstwa Krajowego (BGK) the function of an Implementing Institution of Measure 4.3 Technological Credit. The objective of Measure 4.3 was the support for investments as regards to the implementation of new technologies by granting a technological credit to the SMEs in the form of a technological bonus. The technological bonus amount could not be higher than 4 ml, while the interest rate of technological credit could not be higher than the interest rate of the other investment loans. Besides the above, there were no other restrictions regarding the credit amount. An important document was the opinion of an educational unit or a research and development centre stating that the technological investment financed by technological credit was a new technology. An entrepreneur submitted an application for granting a technological credit to the crediting bank that had signed a contract with BGK. More than 336 ml Euro was appropriated to the Measure, from which more than 285 ml Euro constituted the European Union funds.

Table 4. Applications for financing under Measure 4.3 Technological credit in the years 2009-2014

Date	Applications for financing approved for realization by MA (after formal and substantial estimation)		
	Number	Subsidy	% of used public resources
31.12.2009	6	12062399.00	0.71
30.09.2010	41	70507568.00	5.27
31.01.2011	61	108133454.97	8.21
30.09.2011	110	209733987.65	15.01
05.09.2012	253	584267369.45	33.95
07.01.2013	508	1216473994.53	72.44
07.10.2013	775	2008322603.41	109.89
09.01.2014	789	2049604580.52	113.34

Reference: own elaboration on the basis of reports concerning the status of implementing the Innovative Economy Operational Programme,  
[www.poig.gov.pl/AnalizyRaportyPodsumowania/Strony/default.aspx](http://www.poig.gov.pl/AnalizyRaportyPodsumowania/Strony/default.aspx)

The use of resources for Measure 4.3 Technological credit in the years 2009-2010 was little. (Table 4) The increase in the use of those resources was noticeable in 2011. Greater interest in this Measure resulted from enacted amendments in the act „on some forms of support for innovative activity” at the beginning of 2011. On the 23<sup>rd</sup> of August 2013 the

financial allocation on Measure 4.3 Technological credit of the Innovative Economy Operational Programme ran out. In July 2009 BGK started receiving the applications for granting technological bonuses. 1 528 applications were received in total by BGK in the course of all calls. Subsidies will be paid out to beneficiaries by the end of 2015. Since the beginning of the process of implementing Measure 4.3 Technological credit, 717 agreements were signed for the total amount of 1 872 ml PLN (Table 5).

Table 5. Concluded agreements for subsidies and granted technological credits divided by categories of enterprises (SMEs status) in the years 2007-2013

Entrepreneur size	Number of agreements	Subsidy (technological bonus)	Amount of technological credit
Micro	98	245 148 254.67	306 121 976.79
Small	245	588 902 249.90	715 279 658.21
Medium	374	1 037 962 630.62	1 466 110 246.02
Final sum	717	1 872 013 135.19	2 487 511 881.02

Reference: materials provided by BGK

The key beneficiaries under Measure 4.3 Technological credit were medium and small entrepreneurs, who signed respectively 60% and 31.2% credit agreements. An average value of the project amounted to 4.86 ml PLN. According to the regional distribution, the higher number of projects was located in regions: wielkopolskie, śląskie and łódzkie. 42.8% of projects fell on those three regions jointly. As it results from the analysis of enterprises age, the enterprises operating on the market for many years took advantage of technological credits. An average age for 95 enterprises chosen at random (from among 166 beneficiaries) amounted to 14 years (median value – 16 years); the shortest time of the beneficiary's activity on the market was 2 years<sup>23</sup>.

### Measure 4.3 Technological credit – research results

The research<sup>24</sup> comprised the enterprises which received financial resources under Measure 4.3 Technological credit and were included on the ranking lists of projects by January 2011, available at the website of Bank Gospodarstwa Krajowego. The research covered 52 enterprises, from which 20 anonymous surveys were obtained that correspond to 38% of examined population. An anonymous survey form was the research instrument. The

<sup>23</sup> Evaluation of the implementation of financial engineering instruments in the NSRF 2007-2013, 2013, pp. 33-34

<sup>24</sup> was conducted from February to August 2011

purpose of this research was the estimation of used resources granted for this measure and their influence on the development of innovative enterprises.

As it results from conducted researches, the reasons of the development of activity basing on new technologies under Measure 4.3 Technological credit on a part of enterprises are: the increase of production capacity (5 out of 19 indications), the reduction of production costs (5 indications) and the improvement of the production process quality and the quality of provided services (3 indications). Whereas, external needs are: the pressure of competitors and willingness to increase enterprise competitiveness (9 out of 18 indications), the market needs (4 indications) and the increase of the demand for innovative products on the market (4 indications). The main sources of implemented changes in examined enterprises are: creativity of employees/management (8 out of 19 indications) and the purchase of new machines and facilities (6 indications). Measurable benefits from innovative activity appeared in 13 out of 20 enterprises, whilst immeasurable benefits in 4 enterprises. Enterprises on average throughout the years 2007-2010 appropriated 5% of their turnover to the development of innovations. In the years 2009-2010 half of examined enterprises implemented from 1 to 4 new products/services. It shows in the structure of innovation financing sources that bank credits prevail. In addition, enterprises finance the implementation of new technologies from their own resources and public (budget/EU) resources. The structure of expenditures on innovations in enterprises shows the advantage of investment expenditures over the other elements of this structure. Its other elements include: the purchase of finished technology, the R&D activity, the training of personnel, software. Expenditures on investments in enterprises take 60% to 100% of the structure of expenditures on innovations in total. In enterprises, the biggest barriers in further development are: high cost of implementing innovations (7 out of 20 indications), difficult access to financial resources (4 indications) and the tax system (2 indications). The realization of technological investment through Measure 4.3 Technological credit affected the financial result of enterprises. It is noticeable that sales revenue eventually increases as a result of the realization of technological investment, as compared to the beginning of the implementation. At the beginning of the implementation, 6 enterprises reached the said sales at the level from 1% to 5% in the total sale of an enterprise. Whereas 9 analysed enterprises plans to achieve sales revenue on technological investment from 6% to 30% in the total sale. In addition, for 1 enterprise the revenue from the sale of new products/services as a result of realization of technological investment will constitute the entire sale of the enterprise. Moreover, the realization of technological investment will also increase the turnover of enterprises. As compared to 2008, 5 out of 10

entrepreneurs at the beginning of the project implementation achieved the increase of turnover from 6% to 20%. Whereas the planned final increase for 5 enterprises is to reach the level above 30% in relation to 2008. In the enterprises an average growth of net profit at the beginning of the implementation amounted to 12% in relation to 2008. Whereas the final average growth is to amount to 23% in relation to 2008. Implementation of technological projects also results in new workplaces. 9 out of 12 enterprises plan to employ eventually for the implementation of technological project up to 5 new workers. In 1 enterprise the investment will not affect the number of persons employed. As an objective, on average 4 new workplaces will be created in the enterprises. The cooperation with the R&D units and the institutions of higher education among the beneficiaries of Measure 4.3 Technological credit was carried out by 15 out of 20 enterprises before the realization of technological investment. The enterprises which did not enter into cooperation with the R&D entities before indicate as the main reason the lack of such need (2 indications) and the lack of information about functioning of such units (2 indications). The scope of cooperation with the R&D units and the institutions of higher education mainly comprises the preparation of an opinion about the technology novelty (10 out of 17 indications). The technological bonus made it possible to execute the projects without material and financial changes for 9 out of 20 enterprises. Without Measure 4.3 of IEOP 4 enterprises would not have executed that project. Therefore, the resources in question let those entrepreneurs develop innovativeness. In the enterprises, where technological investment was implemented and launched, the financial indexes noticeably increased in relation to the beginning of the investment implementation. The effects of investment implementation are: new workplaces or keeping the existing level of employment, the increase of net profit, turnover and revenue from the sale of new products/services.

## **Summary**

The activity related to new technologies means: high risk, incurred costs and not always return on investment. But entrepreneurs know that they cannot be successful on the market without the development of their activity, including the development through new technologies. As the researches of the borrowers of technological credit show, the main reason why new technologies appear in enterprises is a previously assumed strategy making innovations more important in their activity. The investments in new technologies were necessary for further functioning of those enterprises on the market. The resources from the realization of a technological project were so important because they made its effective and

economically beneficial realization possible. But even without the technological credit in the majority of cases the project would have been realized through other sources of external financing, but only to a limited extent. It shows the determination of entrepreneurs to implement innovations and because of that it is still important to facilitate to the entrepreneurs from the SMEs sector to finance investments related to new technologies through the acquisition of external financing (debt or equity).

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Moterski F. *Integrated project management based on post-industrial heritage as an element of innovative adaptation of the “smart city” concept*

## **Introduction**

The smart city concept, although still difficult to define unambiguously, is more and more often used in the process of preparing strategies for the development of local units. The civilizational, social and technological development meet on one specified territory (in this case it is a city), where the resultant of their actions is to lead to integrated development. The subject becomes even more complicated, if former industrial facilities are one of the main resources of a city or region, the number and functional connections of which make it possible to make a networking product basing on material and non-material industrial heritage. Its proper adaptation and utilization, including via the application of modern technologies confirms the increasingly stronger relations between the smart city concept and the skill to manage its resources, which in consequence should lead to development of a given city or region.

## **What is an integrated project and how to manage it?**

Before presenting the “smart city” concept, it is worth discussing one of its main factors discounting the resources in development, namely integrated projects and the manner to manage them. Integrated projects are a very good example of the new look at the matters relating to development management, whilst one of their main objectives is the creation of coordinated translocal and transadministrative systems, able to enter into formal and factual cooperation in favour of actions, the purpose of which will be solving problems identified in the following areas: economic, social, spatial and territorial. On the other hand, the newly-built systems will be able to be more competitive at different levels, from local to international. A set of these actions, which are undertaken at different management levels in

local authority units, leads to the departure from the previous way of thinking about administrative units in favour of functional units<sup>1</sup>. The integrated approach, which is the basic assumption of the new development policy, is characterized by actions tending to cooperation of many entities at different conception and implementation levels. The said actions shall lead to the realization of certain broader plan<sup>2</sup>. In this context an action means the project, whilst a broadly defined plan means the strategy. The projects may refer to aspects related to improvement of functioning of an organization and its both internal and external relationships. Nevertheless, one should remember that project authors must be provided with a reliable set of information regarding: physical, social, economic and natural resources of a given unit. The lack of such data makes it impossible to identify the problems that projects should solve. In this case we only get to noticeable effects of problems, failing to get to their source. A good project should not only solve identified (detected) problem, but also indicate the best (from among specified) way to solve it, which will fall in line with development of an organization<sup>3</sup>. The above-mentioned strategy is to develop general framework for functioning of an organization through optimal utilization of resources and the possibilities (including market possibilities) provided by undertaken actions (performed projects).

An integrated project, within the context in question, is an instrument to perform the development policy assumptions previously specified in the strategy documents and it may be defined as: transparently determined active measures, spread out, realized through actual (most often formalized and based on partnership) cooperation of entities (public, private and non-governmental) in translocal systems, in favour of simultaneous, coordinated and multi-faceted solving of economic, social, territorial and spatial problems, identified in the process of extended diagnosis and analysis, aiming at the implementation of development policy. An integrated project should perform the functions, which are contained in the following strategy documents:

- a long-term and mid-term state development strategy;
- integrated strategies, along with the national strategy of regional development;

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<sup>1</sup> Cf. Strategicznie dla rozwoju. Polityka rozwoju w zintegrowanym podejściu, MRR, Warsaw 2011, p. 2-3, [http://www.mir.gov.pl/rozwojRegionalny/Polityka\\_rozwoju/Projekt\\_Zarzadzanie\\_Strategiczne\\_Rozwojem/Przydatne\\_dokumenty/Documents/Strategia.pdf](http://www.mir.gov.pl/rozwojRegionalny/Polityka_rozwoju/Projekt_Zarzadzanie_Strategiczne_Rozwojem/Przydatne_dokumenty/Documents/Strategia.pdf), [27.12.2014]

<sup>2</sup> Cf. A. K. Koźmiński, W. Piotrowski, *Zarządzanie. Teoria i praktyka*, Wyd. PWE, Warszawa 2013, p. 455.

<sup>3</sup> Cf. J. Penc, *Decyzje i zmiany w organizacji. W poszukiwaniu skutecznych sposobów działania*, Wyd. Difin, Warszawa 2008, p. 71 et seq.

- strategies of local governments at different levels (subject to their creation with the new, extended development paradigm)<sup>4</sup>.

The project management may be defined as a set of actions, which are performed for the achievement of determined primary objectives of the project within specified period of time and with the application of identified resources<sup>5</sup>. Koźmiński described the project management as creating and respecting certain rigours in the project performance process<sup>6</sup>. J. Bogdanienko and W. Piotrowski note that according to its narrow definition, the management of projects means a group of managerial actions relating to their performance and a set of rules, methods and measures applied in the course of those actions. In other words, it is a coordinated, integrated and unrepeatable set of informative and decisional actions performed for the achievement of objectives required by the scope of specified project, limited by the availability of possessed resources, according to specified techniques of execution of particular tasks<sup>7</sup>.

On the basis of the definitions quoted above, one may define the management of an integrated project as a set of actions performed by all engaged partners (both public and private and also social) at the purpose of fulfilment of the postulates included in the integrated strategy documents at local and regional level, which lead to the achievement of the objectives of the new paradigm of the state development management. It should be emphasized that the said actions are performed on the basis of a reliably carried out phase of diagnosis and analysis (including an integrated strategic SWOT analysis), in respect of the postulates of integrated management and development paradigms.

In the context of integrated management of a developmental project, the following phases of that process may be distinguished:

### **I. Planning phase:**

1. Appointment of project team.
2. Analysis of strategy documents.
3. Possibility to create a strategy transterritorial document basing on an in-depth analysis and SWOT analysis (SWOT integrated for the area, containing: economic, social,

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<sup>4</sup> Strategicznie dla rozwoju. Polityka rozwoju w zintegrowanym podejściu, MRR, Warszawa 2011, s. 8, [http://www.mir.gov.pl/rozwojRegionalny/Polityka\\_rozwoju/Projekt\\_Zarzadzanie\\_Strategiczne\\_Rozwojem/Przydatne\\_dokumenty/Documents/Strategia.pdf](http://www.mir.gov.pl/rozwojRegionalny/Polityka_rozwoju/Projekt_Zarzadzanie_Strategiczne_Rozwojem/Przydatne_dokumenty/Documents/Strategia.pdf), [26.06.2015].

<sup>5</sup> J. Kisielnicki, *Zarządzanie. Jak zarządzać i być zarządzanym*, Wyd. PWE, Warszawa 2014, p. 227.

<sup>6</sup> A. K. Koźmiński, W. Piotrowski, *Zarządzanie. Teoria...* Op.cit, p. 457.

<sup>7</sup> J. Bogdanienko, W. Piotrowski, *Zarządzanie. Tradycja i nowoczesność*, Wyd. PWE, Warszawa 2013, p. 211.

- territorial and spatial elements);
4. Identification of problematic area and selection of problematic area for which the project will be created.
  5. Detailed analysis of resources.
  6. Identification and mapping of stakeholders;
  7. Entering into partnership;
  8. Determination of:
    - the schedule,
    - the primary objective,
    - the sources of financing,
    - the level of participation (including: organizational, financial, substantial and material participation),
    - the division of responsibilities and benefits.
  9. Indication of organizational units from among all partners to perform the project;
  10. Determination of particular objectives of the project, particular actions, effects and indicators of outcome (assumptions for the monitoring process should be established on the basis of this point);
  11. Providing more details of the action plan, taking into consideration in particular the scope of each partner;
  12. Filling an application.

## **II. Performance phase**

In the course of this phase one may not forget about the possibilities of cooperation of particular units of local government, which consists in the functioning of units acting on the basis of partial conformity of interests and objectives, where this cooperation means searching for synergy from inter-organizational relationships and takes place in the process of creating an additional value in the network, while the competition refers to the division of this value<sup>8</sup>.

## **III. Monitoring and control phase**

As noted by Kisielnicki, controlling is a systematic effort made at the purpose of establishing norms of actions, comparing them to the progress made and performing correcting actions, if necessary, to get the results closer to the plan and expectations<sup>9</sup>. Whereas monitoring means collecting and analysing systematically the information about a given project along with the application of collected data for the project management.

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<sup>8</sup> A. Adamik, *Nauka o organizacji. Ujęcie dynamiczne*, Wyd. Oficyna, Warszawa 2013, p. 466-467.

<sup>9</sup> J. Kisielnicki, *Zarządzanie. Jak...* Op.cit., p. 179.

Therefore, it is a continuous process which starts during the project implementation and lasts for the whole period of its performance<sup>10</sup>.

The above explanations are necessary, because clearly defined: entity, subject, resources and instruments in management, especially in integrated management, will contribute to arousing positive developmental effects.

### **Smart city – characteristics of the concept**

One of the concepts indicating the optimal use of explored resources in achievement of durable developmental effects is „smart city”. In the original assumption, the cities considered as “smart” were connected with the presence of industry connected with the domain of information and communication technologies (ICT) and the activities connected with this domain. Other use of „smart cities” refers to the educational process in the cities, the positive product of which is knowledge, education and skills of local societies. Some say that the term „smart city” refers directly to relationships between local authorities and citizens, including for example: new communication channels (e-administration), the implementation of new technologies in the city life. The report authors note the need of broader approach to the term „smart city”, going beyond the term „ICT” (information, communication, technology). They suggest that this scope should be extended additionally by modern transport technologies. They propose to consider the concept as a combination of the following elements: industry, education, social engagement, ICT and technical infrastructure, which shall form six pillars of the „smart city”:

1. Smart economy;
2. Smart people;
3. Smart governance;
4. Smart mobility (ICT and transport);
5. Smart environment;
6. Smart living<sup>11</sup>

The authors of the report „*Smart city. Mission statement and guidelines*”, which was prepared to the order of Indian Ministry of Urban Development, note that it is impossible to indicate one universal definition of the „smart city” concept. One of the reasons may be the city location and cultural differences. They rightly note that the cities considered as „smart”

<sup>10</sup> J. Głuchowski, Z. Spyra, *Zarządzanie w kulturze, sztuce i turystyce kulturowej*, CeDeWu, Wyd. 2, Warszawa 2014, p. 222.

<sup>11</sup> *Smart cities. Ranking of European medium-sized cities*, Centre of Regional Science, Vienna UT, October 2007, s. 10.

on the territory of Europe should be parameterized differently than in the North America, and differently in Africa.

In this case the pillars for consideration as a „smart city” include:

1. E-public authority and public services;
2. Waste management;
3. Water management;
4. Energy management;
5. Traffic management;
6. Others, for example: tele-medicine, vocational training centres, education centres<sup>12</sup>.

The concept blurriness is also discussed by the authors of the publication referred to broad approach to the basics concerning smart cities<sup>13</sup>. They note that despite the fact that the „smart city” concept appears more and more often in scientific articles, trade press or at conferences, still it is hard to say that it is understood unambiguously. The authors also formulate a list of factors of internal and external nature, which determine the implementation of the „smart city” concept on the territory of a given unit. The internal factors include: technical and technological infrastructure, culture and management methods and local policy. The external factors are: the framework for governance, society (including local societies), natural environment, building infrastructure and economy. As the authors note, those factors have the nature of feedback loops.

J. Green, the author of the report entitled „*Digital Urban Renewal. Retro-fitting existing cities with smart solutions is the urban challenge of the 21<sup>st</sup> century*” speaks of the definition of a smart city in a similar manner. He underlines that it is hard to formulate precisely the framework of the term „smart city”. He states in addition that the majority of explanations oscillate around the improvement of city life through better use of the output of high ICT sector. According to him, better life is based on optimal use of the combination of the following factors: sustainability, social cohesion, better allocation and use of resources and cost reduction<sup>14</sup>.

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<sup>12</sup> *Smart city. Mission statement and guidelines*, Ministry of Urban Development, Government of India, June 2015, p. 5.

<sup>13</sup> H. Chourabi, J. Ramon Gil-Garcia, T. A. Pardo, T. Nam, S. Mellouli, H. J. Scholl, S. Walker, K Nahor, *Understanding Smart Cities: An Integrative Framework*, IEEE Computer Society, 2012, p. 2289, 2291-2294.

<sup>14</sup> J. Green, *Digital Urban Renewal. Retro-fitting existing cities with smart solutions is the urban challange of the 21<sup>st</sup> century*, 2011, p. 6.

Interesting observations are presented in the report „*Smart cities of the future*”<sup>15</sup>, according to which one of the most important reasons why cities do not become „smart” is that the improvements, which may be implemented, will be available only for chosen persons. Whilst according to the idea of a smart city, the units that will be able to monitor, understand, analyse and plan all actions to improve effectiveness, equality and life quality of its citizens may become them. In other words they will consciously responsibly govern, in accordance with contemporary guidelines of political nature at international, national and regional level. Only then would the system of feedback loops, the essence of which was discussed before, take place and actually exist. The authors define a smart city itself as a proposal to use modern information and communication technologies which may improve functioning of a unit, increase competitiveness, indicate new manners of fighting with exclusions<sup>16</sup>.

Another very interesting observation may be found in the study of the EC Policy Department relating to designation of smart cities<sup>17</sup>. According to this document, the „smart city” concept should be considered as a process, not as an effect.

To summarize this part of considerations, for the needs of the subject it should be stated that the „smart city” concept is the process of continuous transformations, which uses the latest output of education and technique, discounting it to multidimensional development which improve general life quality of citizens and users of a unit. According to the author, integrated projects, which are the next step of evolution in the city management, may be considered as one of the elements of the „smart city” philosophy.

### **Examples of integrated projects based on post-industrial heritage adapted in accordance with the “smart city” concept”**

This part contains a presentation of proposed use of post-industrial facilities in integrated projects which fall in line with the „smart city” concept. The projects were prepared as a part of the expert report entitled: „The use of the post-industrial heritage potential of Warsaw-Łódź functional area” that was ordered in the course of elaborating the Integrated Development Strategy of Warsaw-Łódź Functional Area under the project: „Systemic support for management processes in local government units”, the project

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<sup>15</sup> *Smart cities of the future, Working papers serie*, UCL Centre for Advanced Spatial Analysis, Paper no 188, 2012, s. 2.

<sup>16</sup> Op. cit., p. 3.

<sup>17</sup> *Mapping Smart Cities in the EU*, Study, Policy Department A, Economic and Scientific Policy, 2014, s. 21.

performed as a part of the Operational Programme Human Capital of Łódź, Priority V, Measure 5.2, Submeasure 5.2.2.

Post-industrial heritage constitutes a resource being very difficult to adapt. On one hand, it is often in bad technical condition, additionally of unclear ownership, in places exposed to occurrence of social and digital exclusion.

As rightly noted by D. Throsby, the definition of heritage is very elastic, whilst the heritage itself in the broadest meaning may be defined as anything that we inherited from the past and often specifying what it is and what it is not is the competence of the person who manage or administer heritage<sup>18</sup>. Kobyliński notes that cultural heritage is “the part of former cultural assets (and so material and nonmaterial man-made or natural structures having spiritual values) considered by the following generations as valuable and because of that it survived until now”<sup>19</sup>. T. Jędrysiak, and also M. Kronenberg note that industrial heritage and post-industrial heritage are the terms which are very often used as synonyms. Jędrysiak, describing industrial heritage, notes that „industrial heritage comprises monuments of industrial construction and techniques. They are facilities relating to production activity, but also industrial heritage is considered to be the machines and facilities constituting the equipment of factories, the collections of museums, motor vehicles, railway devices, etc.”<sup>20</sup> M. Kronenberg is of different opinion. He states that industrial heritage refers to areas where industrial function is still active, whilst the facilities, despite its basic function, i.e. in this case productive, perform also additional functions, including historical, cultural and touristic. Post-industrial heritage refers to site or facilities in which production activity ceased, whilst the basic function of a facility or site is touristic, historical or cultural function<sup>21</sup>. One should remember that an extremely important feature of cultural heritage is its uniqueness, on the basis of which we may try to create brand of a place, promote a city, use the elements for realization of a strategy which, following the spirit of time, will comprise more and more elements connecting with the „smart city” concept.

Two examples of integrated projects are presented below, which were based on post-industrial heritage and strictly correspond to the trend of management consisting in the realization of the “smart city” philosophy.

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<sup>18</sup> D. Throsby, *Ekonomia i kultura*, Narodowe Centrum Kultury, Warszawa 2010, s. 75.

<sup>19</sup> Z. Kobyliński, *Własność dziedzictwa kulturowego*, Wyd. Instytutu Archeologii i Etnologii PAN, Warszawa 2009, s. 18.

<sup>20</sup> T. Jędrysiak, *Turystyka kulturowa*, PWE, Warszawa 2008, s. 57-58.

<sup>21</sup> M. Kronenberg, Turystyka dziedzictwa przemysłowego – próba sprecyzowania terminologii [w:] T. Burzyński (red.), *Dziedzictwo przemysłowe jako strategia rozwoju innowacyjnej gospodarki* (Materiały pokonferencyjne IV Międzynarodowej Konferencji Naukowo Praktycznej, Zabrze, 6-7 września 2007), Katowice 2007, s. 36

Table 3 Assumption of integrated project relating to post-industrial facilities located on the area of region: mazowieckie and Łódzkie

Project title	Industrial monuments route of the central area
Project primary objection	The creation of high-quality networking products basing on key components of material and non-material post-industrial heritage of the central area
Project description	<p>Both domestic and foreign examples show that the dissatisfactory economic, promotional and cultural effects of individual actions of post-industrial facilities that constitute material and non-material examples of heritage most often result from the lack of actual willingness to cooperate between those points. Only their incorporation into a joint network of correlations, basing on the rules of integrated management, may bring positive effects tending to keep this part of the heritage, creating a long-term development of the region combined with activation of local societies.</p> <p>The project shall comprise indicated key elements of post-industrial heritage of the central region. It will be prepared with the application of the methodology of creating a thematic route (in this case basing on post-industrial heritage), which assumes the following steps:</p> <ol style="list-style-type: none"> <li>1. The first stage should be identification of resources. It has to consist in the stock-taking of post-industrial facilities, indicating where the function related to tourism, culture or art is currently performed.</li> <li>2. The second stage should be talks held with institutions that supervise chosen facilities, noting in particular the need to seek common developmental visions in all facilities.</li> <li>3. The next stage should be the specification of actual target customer – the „target” for each chosen object</li> <li>4. The next stage is integration of selected information – presenting a “common” developmental vision, the target and marketing strategy tending to maximize the identification and meeting the customer needs</li> <li>5. The fifth stage is the implementation of an industrial route concept <ul style="list-style-type: none"> <li>a. Examining the customer service quality system</li> <li>b. Examining possessed resources: material, nonmaterial, human and marketing resources</li> <li>c. Implementing common route marking</li> <li>d. Implementing common marketing strategy</li> </ul> </li> <li>6. Publicizing the news (promotional actions) about the existing (being created) route</li> <li>7. Creating a catalogue of accompanying events</li> <li>8. Monitoring, implementation of changes</li> <li>9. Development of the route – searching for new facilities</li> <li>10. Incorporation of an international network route</li> </ol>
Beneficiaries	Key components of material and nonmaterial post-

	industrial heritage specified above
Project partners	Institutions that manage the key facilities, Marshals of region, Presidents, Mayors and heads of communes, on the territory of which the heritage elements are located
Main actions	<ol style="list-style-type: none"> <li>1. Entering into cooperation between various stakeholders of post-industrial heritage.</li> <li>2. Creation of the new product idea</li> <li>3. Selection of the new tourist product ideas – at this stage it is necessary to collect as many ideas as possible, rejecting those little attractive and not suitable for implementation, keeping in consequence the ideas giving the biggest hopes.</li> <li>4. Development and testing the new tourist product concept – it is the new product idea expressed in the categories of customer requirements.</li> <li>5. Economic analysis of the undertaking – a long-term approach</li> <li>6. Development of the new tourist product</li> <li>7. Product tests – market researches</li> <li>8. Product implementation to the market</li> <li>9. Introduction of annual group of events connecting the facilities, encouraging them to cooperate</li> <li>10. Monitoring and evaluation, including feedback to each facility which elements should be improved, indicating the points that generate failures to the extent of the tourist product distribution</li> <li>11. Revision of the list of key heritage elements (implementation of new points, possible deletion of the points that did not apply the partnership principles when performing this project)</li> </ol>
Project outcome	Integrated, competitive and attractive tourist product based on material and nonmaterial post-industrial resources of the central region.

**Reference:** Own elaboration on the basis of the authorship expert opinion: „Wykorzystanie potencjału dziedzictwa poprzemysłowego warszawsko-Łódzkiego obszaru funkcjonalnego” ordered in the course of elaborating the Integrated Development Strategy of Warsaw-Łódź Functional Area under the project: „Systemic support for management processes in local government units” the project performed under the Operational Programme Human Capital, Priority V, Measure 5.2, Submeasure 5.2.2.

Another proposal may be the project strictly connected with the „smart city” concept within the meaning of the use of ICT development potential for the benefit of the city, taking advantage of post-industrial heritage of the central area, covering the terrain of regions: mazowieckie and Łódzkie.

Table 4 Description of an integrated project based on post-industrial heritage which corresponds to the „smart city” concept

Project title	Virtualization of industrial monuments route of the central area
Project primary objective	Establishment of high-quality technical and digital infrastructure, including internet and communication, in the facilities of industrial monuments route of the central area
Project description	<p>In accordance with the smart city concept adaptation for the needs of integrated projects, facilities after former factories, which due to their unique nature and disposition to cooperation were qualified to the industrial monuments route of the central area, should combine the optimal utilization of their resources, the possibilities to take advantage of the latest technical innovations and to support the strategic objections to be faced by a facility and by the whole route. The project is to make it possible through building special infrastructure, which will make it possible to pay a virtual visit, create audio-video bridges, holograms and use the facilities in mobile applications. Persons visiting one of the facilities will be able to download to a smart phone a mobile application, which concurrently will be an audio-video guide. With its assistance it will be possible to take a photo, print it and send to friends via traditional post. The application functions will be started on the basis of read QR code, which will be included on a ticket or on a monitor. This way a tourist may be provided with the service he paid for. In addition, the application will make it possible to create your industrial monuments route, by choosing respective facilities, types of tickets and by paying for them on-line. Besides, tourists are provided with a free monthly subscription that makes it possible for them to choose any thematic routs and create a virtual walk. Tourists will also receive access to digital resources, films, photos and digital library. Visitors of facilities may take advantage of free wireless network of the highest quality, enabling data transmission at the level higher than LTE. Tourists may also order a meal in restaurants, setting the time of its collection and paying for it on-line. The assumption is time saving, optimisation of basic (touristic) function of a facility and maximization of impressions flowing from visiting a facility or the whole route, also when visiting it totally virtually.</p> <p>High-quality laser projectors will make it possible to make numerous shows on buildings, which will present historical elements and also may be created by the present-day authors of culture.</p> <p>Hologram projector make it possible to reconstruct the elements referred to „story telling”, and also to connect with all points during occasional events, such as „The night of museums”.</p> <p>The above actions shall fall in line with the matters of interactivation of post-industrial facilities and of those that may become important points from the point of view of possessed resources, which may be considered as industrial monuments, as well as of those which may be considered as nonmaterial heritage referred to e.g. tradition.</p>

	The objectives of those actions will also include integration of particular facilities, which will jointly make a branded tourist product based on networking product of post-industrial facilities.
Beneficiaries	Facilities that form the route, tourists, and local providers of internet services based on a high-performance fibre optic network, local and regional authorities (which gain very attractive tourist products supplemented by a high-quality IT infrastructure).
Project partners	Institutions that manage the key facilities, Marshals of region, Presidents, Mayors and Heads of the communes on the territory of which the heritage elements are located
Main actions	<ol style="list-style-type: none"> <li>1. Construction of IT infrastructure.</li> <li>2. Purchase of laser projectors and software capable of producing interactive illuminations and multi-format projections of shapes on buildings (visual mapping 2D/3D)</li> <li>3. Creation of a mobile application compatible with most popular operational systems (Android, iOS, BlackBerryOS, Windows)</li> <li>4. Providing the possibility to create a personalized route via the application and the website.</li> <li>5. Entering into cooperation with carriers, restaurants and other entities that provide tourism-related services.</li> <li>6. Providing the possibility of on-line payments (application, website).</li> <li>7. Digitalization of resources, creation of a library of documents, books, articles, podcasts and making them available under preferential conditions.</li> <li>8. Launching a platform for mobile devices and a web portal.</li> <li>9. Coordination of virtual actions with assumptions of development strategies for regions: mazowieckie and Łódzkie, central region strategies and local development strategies for communes</li> </ol>
Project outcome	Raising attractiveness of post-industrial facilities referred to the use of constructed IT infrastructure

**Reference:** Own elaboration on the basis of the authorship expert opinion: „Wykorzystanie potencjału dziedzictwa poprzemysłowego warszawsko-Łódzkiego obszaru funkcjonalnego” ordered in the course of elaborating the Integrated Development Strategy of Warsaw-Łódź Functional Area under the project: „Systemic support for management processes in local government units” the project performed under the Operational Programme Human Capital, Priority V, Measure 5.2, Submeasure 5.2.2.

## Conclusion

A smart city may be realized in many ways. It depends not only on the above-mentioned cultural matters, but also from the city resources, including its historical heritage. It seems to be extremely important to combine different ideas which may lead to the development of a city or a region. Until quite recently it was difficult to find supporters of maintaining and adaptation of post-industrial heritage. A lot of people noted the fact that this type of resources would never be attractive. Today we may safely state that there is a sort of

fashion for post-industrial heritage and innovative possibilities to save it and adapt it to the market. Just like at certain time there was a fashion for using the high technology innovations to optimize organizational processes in cities, also in the case of the management of municipal units it turned out that only innovative projects performed on a large scale, a common denominator of which is the idea of a „smart city”, may acquire funds, properly use them, realize ambitious plans and leave a lasting mark (in the form of development) not only in the city structure, but also in the consciousness of its users. The philosophy of integrated projects is therefore a “clamp” fixing various problems and phenomena that occur on a given territory, which may be solved via targeted actions worked out especially for that purpose. They should lead to the elimination of the sources of a problem, the improvement of public space quality by using economically, technologically and spatially optimized instruments tending to development of a unit. The above actions, which meet the condition of innovativeness and take advantage of the output of the development of technological sector and information, perfectly fall in line with the philosophy of „smart cities”. Skilful implementation of technical novelties, their proper utilization highlighting the historical value, may lead to arousing positive developmental reactions identified with provisions of the strategy worked out in accordance with assumptions of the idea of “smart cities”.

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### **Summary**

This chapter takes up the issues referring to innovations in social policy of local governments. It describes the idea of social innovations and identifies the conditions of the creation thereof. To illustrate the specific nature of social innovations, the author presents their examples realized in the field of social policy on regional and local level.

Key works: social innovation, social policy, governance

## **Introduction**

Public sector organizations, including local government, as the performers of public policies of the State, have influence on the society and social problems that occur therein it. Their scale and complexity are bigger and bigger, what makes it difficult to solve them effectively. Traditional methods and instruments, which have been applied so far, are insufficient, what produces the demand for innovative solutions. Development of social innovations has been observed recently, and such innovations, contrary to technological ones, consider the social context in which they are being implemented. The innovations in question reflect the social and economic complexity of the reality, as well as the dynamics and the scope of its changes<sup>1</sup>.

The present-day meaning of social innovations differs significantly from the approach to innovations in Schumpeter's categories. Innovations underwent a noticeable metamorphosis, becoming an instrument for shaping social changes. Their important function is confirmed for example by the fact that they were written in agendas of modernization reforms, as an alternative for traditional governance, in some countries (United Kingdom) and also on the level of the European Union. They inspire people, politicians and decision-makers to search for and implement new ideas being the answer to numerous social challenges, problems of ageing society, budget crises, educational system challenges, social and economic degradation of cities and regions<sup>2</sup>. In the opinion of G. Mulgan, social innovations mean new ideas (products, services and models), which are worked out to meet unsatisfied social needs<sup>3</sup>.

The literature dedicated to the issues of social innovations notes their four characteristic features. Firstly, social innovations may generate long-term effects in societies and contribute to the creation of a public value.<sup>4</sup> Secondly, they change the existing social relationships between stakeholders and the rules of social game<sup>5</sup>. Thirdly, they assume the engagement and cooperation going beyond the organizational framework and legal

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<sup>1</sup> A. Olejniczuk-Merta, *Innowacje społeczne, „Konsumpcja i Rozwój”* 2013, no. 1, pp. 21-34.

<sup>2</sup> G. Mulgan, *The art of public strategy*, Oxford University Press, Oxford 2009.

<sup>3</sup> G. Mulgan, *Social Innovation: What It Is, Why It Matters, How It Can Be Accelerated*, Basingstoke Press, London 2006.

<sup>4</sup> J. Howalt, M. Schwarz, Social Innovation: Concepts, research fields and international trends, International Monitoring 2010; J. Hartley, Innovation in governance and public services: Past and present, „Public money and management” 2005, 25(1), 27-34; M. Moore, *Creating public value: Strategic management in government*, Harvard University Press, Cambridge Mass 1995.

<sup>5</sup> S. P. Osborne, L. Brown, *Innovation in public services: Engaging with risk*, “Public Money & Management” 2011, 31(1), 4-6.

regulations at the stage of design and implementation of innovations<sup>6</sup>. Finally, a social innovation is not only a delivery of new effects, but it is a process that requires abilities and readiness of entities to cooperate, combine and share ideas and exchange resources, which takes place in specified local and institutional context<sup>7</sup>.

Due to big definitional chaos referring to the concept of a social innovation, a detailed description of its essence was assumed to be the subject of this chapter. This purpose will be served by reviewing the literature that takes up such issues and by analysing chosen examples of implementing such solutions in social policy on the level of local and regional government in Poland.

### **Social innovations – a review of definitions**

It is very problematic to explain the concept of a social innovation, as it is difficult to separate a social innovation from other kinds of innovation being implemented particularly in public or governmental sector. The above results from the fact that each time they make a change in local environment and specify anew the conditions of life and the performance of economic activity on a given territory. However, on the other hand there are attempts to indicate characteristic features of social innovations via a strong accent on social aspects, in the context of both the objectives and the effects of their implementation. A clear division between technical (material) innovations and „purely” social innovations is hard to set and it will be only theoretical<sup>8</sup>. The purpose of the review of definitions of social innovations, as presented below, is to put the knowledge about them in order and to bring closer their essence.

The European Commission defines a social innovation as development of new ideas, services, with participation of public and private entities, including civic society, for better solving of social problems and improvement of social services<sup>9</sup>. Therefore, social innovations are oriented on solving social problems identified in different social layers and on responding to social needs. They are often defined in the categories of social entrepreneurship, what

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<sup>6</sup> C. Bason, *Leading public sector innovation: Co-creating for a better society*, The Policy Press, Bristol 2010 ; E. Sørensen, J. Torfing, *Enhancing collaborative innovation in the public sector*, „Administration & Society” 2011, 43(8), s. 842-868.

<sup>7</sup> V. Bekkers, J. Edelenbos, B. Steijn, *An innovative public sector? embarking on the innovation journey*, w: Innovation in the public sector: Linking capacity and leadership, V. Bekkers, J. Edelenbos, B. Steijn, (red.), Palgrave McMillan, Hounds Mills 2011, ss. 197-222.

<sup>8</sup> W. Kwaśnicki, *Innowacje społeczne – nowy paradymat czy kolejny etap w rozwoju kreatywności człowieka? „Innowacyjność a samoorganizacja społeczna”* 2013, [kwasnicki.prawo.uni.wroc.pl](http://kwasnicki.prawo.uni.wroc.pl), access: 08.07.2014

<sup>9</sup> [ec.europa.eu/enterprise/policies/innovation/policy/social-innovation/index\\_en.htm](http://ec.europa.eu/enterprise/policies/innovation/policy/social-innovation/index_en.htm), access: 08.07.2014

should be interpreted as innovative creative solving of social problems. Social innovations are also perceived as a way to fight with social exclusion, on both national and EU level.

Table 1. Description of social innovations

Characteristics of social innovations	Basic elements of social innovations	Types of changes
<ul style="list-style-type: none"> <li>- effective</li> <li>- innovative</li> <li>- responsive to social needs</li> <li>- increasing social ability to act</li> <li>- lead from an idea to its implementation</li> </ul>	<ul style="list-style-type: none"> <li>- intersectoral</li> <li>- creating new possibilities</li> <li>- open to cooperation</li> <li>- assume pro-sumption and co-production</li> <li>- bottom-up</li> <li>- interdependent</li> <li>- enhance new opportunities</li> <li>- use in a better way the assets and resources</li> <li>- intersectoral</li> </ul>	<ul style="list-style-type: none"> <li>- new concepts</li> <li>- new processes</li> <li>- new products</li> <li>- organizational changes</li> <li>- new manners of financing</li> <li>- new relationships with stakeholders or local units</li> <li>- new ways of policy formulation</li> <li>- new ways of cooperation</li> </ul>

Reference: elaborated on the basis of: *Defining Social Innovation. Part 1*, Tepsie Project, 2012 and OECD, *Local Economic and Employment Development, Forum on Social Innovations*, <http://www.oecd.org/regional/leed/leedforumonsocialinnovations.htm>, (access May 2015)

The approach of the European Commission also indicates conditions for the creation of such innovative solutions, which require intersectoral relationships. Therefore, one may perceive a strong relationship between social innovations and the concept of *governance*, the assumptions of which should be considered to be a starting point for generating an environment favourable to innovations. The foundation „**Theoretical, Empirical and Policy Foundations for Social Innovation in Europe**” (TEPSIE) notes the bottom-up nature of social innovations, considering the abilities of society to act and govern in the *governance* current as a factor favourable to innovations<sup>10</sup>. Whilst F. Moulaert notices an opposite causal relationship consisting in positive impact of social innovations on social relationships<sup>11</sup>. Therefore, a conclusion that may be drawn from the above is that social innovations require the engagement of social capital and concurrently they contribute to its escalation. Thus, they are an element of a social change, and at the same time they occasion social changes themselves<sup>12</sup>.

<sup>10</sup> TEPSIE, *Overview of Social Innovation, Part I Defining Social Innovation*, 2012, s. 17-18.

<sup>11</sup> F. Moulaert, *Social Innovation and Community Development. Concepts, Theories and Challenges*, w: Can neighbourhoods save the city?, F. Moulaert, F. Martinelli, E. Swygedouw, S. González (red.), Routledge, London, New York 2010, ss. 4-16.

<sup>12</sup> J. Howaldt, M. Schwarz, *Social Innovation: Concepts, research fields and international trends*, Aachen University, Aachen 2010, s. 28, [www.internationalmonitoring.com](http://www.internationalmonitoring.com)

The European Commission also notes one more aspect, namely the activation of citizens and their engagement in the creation of social innovations. A citizen becomes not only the user of effects caused by social innovations, but also their co-author<sup>13</sup>. The phenomenon of co-creation of social innovations is considered as a condition required for their occurrence. The experts in above-mentioned TEPSIE project combine the mass collaboration of the recipients of innovations in their creation with collaborative consumption of innovations. The integration of those two phenomena results in a pro-sumption, which assumes that a manufacturer of goods is concurrently their consumer. An equivalent of this concept in the sphere of public services is co-production. The participation of society in the creation of social innovations may be of different nature, from professional in the case of experts, through quasi-professional in the case of community workers, or mass in the case of undertakings addressed to specified groups of citizens.

Social innovations are created with the engagement of public sector and also non-governmental sector. However, they are not a domain of only one of them. In the case of them, a multi-sectoral cooperation is advisable. The engagement of representatives of different sectors in social innovations is not only a driver, but it also provides the possibility of their replication and scaling, and the possibility to create new cooperation forms<sup>14</sup>. At this point two approaches of social innovations should be referred to, taking into account the criterion of the time of their implementation. A narrow understanding of a social innovation means the first application of an innovative change, whilst a broad one accepts the application of already proven solutions in new geographical areas or on new fields of social activity<sup>15</sup>. It is often emphasized that it is a change which is not only a new concept or implementation, but also a new concept or implementation of already known solution appearing in new social context<sup>16</sup>.

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<sup>13</sup> European Commission, *Empowering people, driving change: social innovation in the European Union*, Publications of the European Union, Luxemburg 2011.

<sup>14</sup> L. Knop, M. Szczepaniak, S. Olko, *Innowacje społeczne w kreatywnej Europie w perspektywie Strategii Europa 2020*, Zeszyty Naukowe Politechniki Śląskiej, Seria Organizacja i Zarządzanie 2014, Z. 73, s. 245.

<sup>15</sup> A. Olejniczuk-Merta, *Innowacje społeczne*, Konsumpcja i Rozwój 2013, nr 1, s. 29.

<sup>16</sup> PARP, *Innowacyjność 2010*, Warszawa 2010, <http://www.parp.gov.pl/files/74/81/380/10838.pdf>

Figure 1. Social innovations - conditions

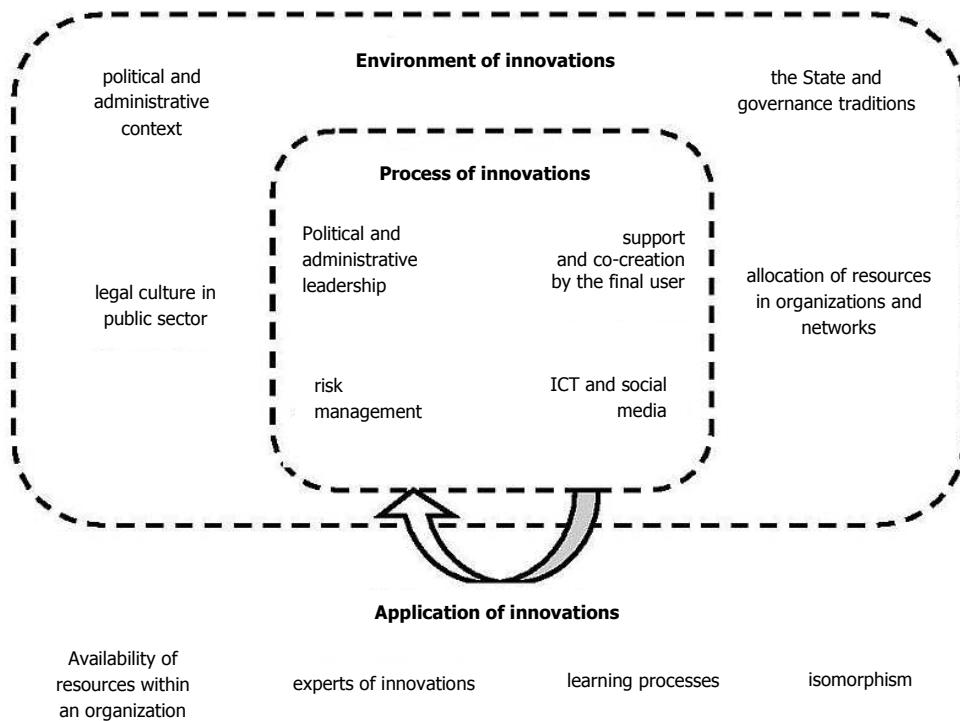


Figure 1. Social innovation – conditionalities Reference: V.J.J.M. Bekkers, L.G. Tummers, W.H. Voorberg, *From public innovation to social innovation in the public sector: A literature review of relevant drivers and barriers*, Erasmus University Rotterdam, Rotterdam 2013, p. 25.

Many authors consider a social innovation in the process categories. This process comprises learning and experimenting. It takes place in time and leads to qualitative transformations resulting from the implementation of a radical crucial change and in diversified environment, which is characterized by numerous interactions between different interested parties, an institutional environment and local rooting<sup>17</sup>. As regards social innovations, an important element is the context in which they embedded. The above is proved by the fact that an innovative change itself applied in various conditions entails different estimations and effects<sup>18</sup>. The consideration of an environmental context and the engagement of many actors in the creation of social innovations make it possible to realize systematic approach to solving social problems. It is particularly advisable in complicated situations of multi-faceted events.

<sup>17</sup> V.J.J.M. Bekkers, L.G. Tummers, W.H. Voorberg, *From public innovation to social innovation in the public sector: A literature review of relevant drivers and barriers*, Erasmus University Rotterdam, Rotterdam 2013, s. 25.

<sup>18</sup> A. Evers, B. Ewert, T. Brandsen (red.), *Social Innovations for social cohesion. Transnational patterns and approaches from 20 European cities*, EMES European Research Network asbl, 2014, s. 10-11.

## **Innovations in social policy – the analysis of case studies**

The last part of this study is dedicated to the analysis of chosen cases of implemented innovative methods of acting in social policy at the level of local and regional government in Poland. We present three different projects performed in recent years using the resources from the European Social Fund. Each of the analysed cases provides innovative products, the implementation of which may, in our opinion, affect the shape and form of actions of local social policy, and strengthen its institutional capital.

### ***Governance as a new paradigm of management in social policy: the case of ‘Let’s decide together’ project***

The trend of public management, which becomes more and more popular as a mechanism of the creation and implementation of social policy programmes, is a model of governance (participatory public management, network multi-actor management). According to this concept, the public sector and most importantly its administrative structures interact with society members through respective participatory and consultancy procedures. In the approach of the Bank of World, such a model of governance assumes the participation of various stakeholders (from public, private and social sector, often creating networks of dependences) in the processes of making public decisions and implementing them<sup>19</sup>. Therefore, the governance is perceived as a coordination mechanism of collective actions<sup>20</sup>.

Such a way of managing public matters is, *inter alia*, characterized by: engagement of stakeholders, openness and transparency, equality and lack of discrimination in access to public services, ethics in public services, accountability and tending to sustainability. It is worth noting the increasing importance, in the model of administration functioning in question, of modern digital and communication technologies, the use of which under so-called e-administration increases the transparency and openness of public sector.<sup>21</sup> An important mechanism used in the social policy performed in accordance with the idea of *governance* is partnership (formal and informal). It generates numerous benefits for the governing structures, which include: combining the resources of a variety of cooperating parties, providing the public opinion with information or better recognition of the needs of citizens. It shall

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<sup>19</sup> M. Kulesza, D. Sześciło, *Polityka administracyjna i zarządzanie publiczne*, LEX a Wolters Kluwer business, Warszawa 2013

<sup>20</sup> B. Jessop, Promoting "good governance and hiding its weaknesses: a reflection on the political paradigms and political narratives in the sphere of government, Public Management 2007, issue 2, p. 5.

<sup>21</sup> Hausner J., *Zarządzanie publiczne*, Wydawnictwo Naukowe Scholar, Warsaw 2008, p. 24.

eventually result in rational management of public services, precise determination of strategic goals and matching the methods to achieve them, better disposal of resources (according to the needs) and the realization of active, innovative and anticipating social policy, basing on reliable bottom-up information.

*Governance* may be considered as a process of searching for and applying the instruments of deliberate (negotiable, participatory and learning) democracy, through which citizens may broadly and deeply participate in government, including decision-making regarding the priorities and actions of social policy of local governments. This model is based on public cooperating participation instead of traditional one-way participation.<sup>22</sup> *Governance* may be interpreted as a task to govern diversified societies belonging to a variety of sectors.<sup>23</sup> Local government bodies usually perform the function of a coordinator of local networks (leaders), in which various stakeholders are involved.<sup>24</sup> The instrumentation they use assumes an indirect influence on local economic and social sphere, by creating a system of encourages and impulses managing the actions of other local actors.

One of the examples of innovative solutions within the scope of the popularization of the idea of *governance*, in particular the social participation in the creation of local social policy, was undoubtedly the project: “Let’s decide together”. The strengthening of participatory mechanisms in the creation and implementation of public policies and in making public decision”, financed from the Operational Programme *Human Capital*, under Priority V: Good governance. This project was of partnership nature and engaged in cooperation seven entities, however the consortium leader was the Ministry if Regional Development, while the partners were: the Public Affairs Institute, the Partnership for Environment Foundation, the CAL Association, the Local Democracy Development Foundation, the Social and Economic Initiatives Foundation and the Foundation „Cooperation Fund”<sup>25</sup>. The actions under the project focused on the construction of the system of public participation support and the implementation of pilot solutions within the scope of engaging citizens in making decisions concerning matters important for local societies.

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<sup>22</sup> H. Izdebski , Nowe kierunki zarządzania publicznego a współczesne kierunki myśli polityczno-prawnej, [in:] Bosiacki A., Izdebski H., Nelicki A., Zachariasz I. (ed.), Nowe zarządzanie publiczne i public governance w Polsce i w Europie, Liber, Warsaw 2010.

<sup>23</sup> H. Izdebski, *Od administracji publicznej do public governance*, „Zarządzanie Publiczne” 2007, no. 01, pp. 14-18.

<sup>24</sup> A. Wilde, S. Narang, M. Laberge, L. Moretto, *A Users’Guide to Measuring Local Governance*, UNDP Oslo Governance Centre, 2009, s. 5.

<sup>25</sup>[http://www.mrr.gov.pl/aktualnosci/fundusze\\_europejskie\\_2007\\_2013/Strony/Partycypacja\\_publiczna\\_120913.aspx](http://www.mrr.gov.pl/aktualnosci/fundusze_europejskie_2007_2013/Strony/Partycypacja_publiczna_120913.aspx),

The primary objective of the project was specified as the strengthening of public participation mechanism in planning and implementation of local polities by: working out and testing out the public participation models using social animation instruments, as well as working out and getting ready for implementation of a nationwide participation support system<sup>26</sup>.

A crucial element of the project was a deep and complex diagnosis of participation in local government in Poland. The results of conducted diagnosis are to be used for working out a package of instruments to raise the level of engagement of citizens in public life in the place of residing. Another purpose of the project was to prepare a set of tools by means of which local societies will be able to monitor and estimate the condition and scope of social participation. The actions under the project also provided for the analysis and monitoring of law on local level, in respect of the evaluation of the impact of effective regulations on the development of participation on the level and the development of recommendations for the government and local governments in this respect.

108 local government units were qualified for participation in the project, including 87 communes of all types and 21 poviats. In all the units governmental officials were appointed to perform the function of animators who, after adequate training, were responsible for engagement of citizens in cooperation in favour of local society affairs. The training of animators comprised the issues of: consultancy, social dialogue, environmental diagnosis, mobilization of people, building a team and the work on the documentation of local plans. Whereas, the main function of animators was to establish and organize the work of an interdisciplinary participatory team.

Intersectoral working teams (animated and coordinated by the animators trained under the project) were formed in the local units qualified for the project, which were composed of representatives of various local environments, in particular: public institutions, non-governmental organizations and citizens. As regards villages, the team work was also supported by village administrators. The task of the teams was joint elaboration of programmes or strategies being the grounds for realization of local policy in one of the following areas: employment, social integration, entrepreneurship or sustainability. The programmes elaborated by this method included: local development strategies, strategies of solving social problems, local activity programmes, programmes referred to social integration. This project, in our opinion, may contribute to popularization of participatory

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<sup>26</sup> <http://www.decydujmyrazem.pl/>

method as a practice of strategic governance of local governments. It is of mayor importance, because participatory methods of creating strategies as regards social policy and assistance still are not applied in practice by local governments (especially on local level). A wide participation of diversified actors of local social policy at every stage of strategic governance and a deep monitoring of public participation processes in local government units constitute an innovative method of planning, performing and monitoring of local interventions and developmental undertakings.

### **Social revitalization as a new method of municipal social policy: the case of systemic project of the Human Resources Development Centre “Social Revitalization”**

Recent years were a period of implementation of pilot social revitalization programmes<sup>27</sup>, being the programmes of local governments financed from the domestic and the European Union funds (ESF). Revitalization was born as a concept of municipal policy referring to neglected urban areas, where simultaneously undesired phenomena of social nature occur, such as: poverty and social exclusion, unemployment, health problems, delinquency, difficult housing conditions, deficiency of services or polluted environment.

A social revitalization means a long-term process of taking cohesive integrated actions relating to suppressing the development of adverse social tendencies, counteracting pathologies and social exclusion and improving the safety. It is initiated and coordinated by commune self-government and its organizational units to lead specified areas of cities and communes out of a crisis. Whilst the Social Revitalization Programme (SRP) is a complex programme of actions comprising the citizens of degraded areas, the purpose of which is to minimize adverse effects of existing social problems via the re-establishment of weakened or no longer existing social ties, the reconstruction of local identity, sense of responsibility and co-decision as regards the occupied social space.<sup>28</sup>.

In polish conditions, revitalization processes just become an important element of local social policy. A significant initiative in this respect is the project Social Revitalization, being currently performed by the Human Resources Development Centre, whose two editions resulted in the performance of 40 Social Revitalization Programmes in cities of diversified size. The SRPs performed so far were of pilot nature, whereas the evaluation of their course

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<sup>27</sup> You can read more about social revitalization programmes on the Human Resources Development Centre website [www.crzl.gov.pl](http://www.crzl.gov.pl), in particular in the studies: *Modelowe rozwiązania w zakresie aktywnej integracji* and *Wytyczne w zakresie konstruowania lokalnych programów rewitalizacji społecznej. Materiały pomocnicze dla partnerstw lokalnych*.

<sup>28</sup> A model standard for active inclusion, along with the conclusions of the pilot social revitalization programs, CRZL, Warsaw 2013, p. 10.

was to serve for working out a package of useful instruments and techniques, under so-called Model Standard of Active Integration. Working out a model solution shall improve effectiveness of revitalization as an instrument of active social policy within municipal areas through:

- ▶ the assistance in optimization of revitalization processes,
- ▶ the formulation of a proposal of general and elastic procedure and a set of revitalisation instruments,
- ▶ facilitating to understand the revitalization process,
- ▶ noting the fundamental elements of revitalization process,
- ▶ the delivery of practical tool helpful in planning revitalization programmes.

The primary objective of the project is to work out, on the basis of practical experiences gained in the course of Social Revitalization Programmes, standard actions of the nature of local partnerships, combining diversified methods and techniques of social work and the methods of activation and development of local society, which will become the grounds for implementation of actions as a part of active integration. The project is long-term and provides for the performance of combined tasks, including:

- ▶ Creation of guidelines for Social Revitalization Programmes (SRP).
- ▶ Tender for realization of the 1<sup>st</sup> edition of pilot SRPs
- ▶ Realization of 20 pilot SRPs
- ▶ Working out a social revitalization model (Model Standard of Active Integration – MSAI) on the basis of experiences gained in the course of the 1st edition of pilot SRPs and its popularization
- ▶ Working out a training method as regards the methodology of work with local environments and with persons excluded or threatened by social exclusion.
- ▶ Conducting the training for employees of social welfare organizational units regarding initiating and implementing social revitalization programmes with the application of the newly worked out training method.
- ▶ Conducting the 2<sup>nd</sup> edition of the tender for partnership SRPs testing the worked out model of local partnership and the model solutions regarding social revitalization.
- ▶ Realization of subsequent 20 partnership SRPs testing the worked out Model Standard of Active Integration (MSAI).
- ▶ Carrying out a research as regards effectiveness and efficiency of the two editions of Social Revitalization Programmes in the context of the basic product worked out – Model Standard of Active Integration.

In order to implement the social revitalization programme (SRP) it is necessary for a commune to have a local revitalization programme (LRP) or an equivalent document, however the LRP itself should be worked out with the participation of social partners or local environments (participatory method) or at least consulted among those environments before its official approval in the course of a resolution by a commune council.

Another condition for the realization of SRP (and thus the opportunity to obtain external financial resources for developmental actions) is a partnership formula of the undertaking. Partnership is of formal nature, it is based on a partnership agreement clearly defining the role, scope of actions and obligations of cooperating parties. The public and non-governmental sector usually cooperate with each other, however as a general rule it is a public authority or a social welfare centre that performs the function of the leader. The project in question is undoubtedly innovative, as it tends to work out a complex solution, i.e. referring to a variety of life spheres of local community and applying a diversified instrumentation for activation and integration of local environment. From the perspective of the functioning of social assistance system it may be considered as innovative also because of the new category of the final beneficiaries – persons who don't take advantage of social assistance. The income criterion, which determines the receipt of support from the social assistance system, is replaced in this case by territorial criterion (residing within the area being revitalized). In addition, a category of second order participants appear, i.e. professionals working with persons threatened by social exclusion. In this case MSAI offers a number of measures to improve competences of those persons, e.g. supervision, trainings for various target groups: social workers, local animators, street workers, local authorities, representatives of non-governmental organizations. A crucial added value of the project is also practical learning of the functioning of local animation and formalized intersectoral partnership, which is rarely used in the practice of municipal social policy.

### **Calculator of inaction costs as a good practice of innovations the social policy of region mazowiecki<sup>29</sup>**

It is worth summarizing the review of innovative solutions implemented in the practice of social policy of local governments by experiences of the project: „Calculator of Inaction Costs – implementation of innovative solutions within the region of Mazowsze to the extent of social policy within the area of the analysis of the costs resulting from the failure to

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<sup>29</sup> The presentation of the project and a detailed description of each of its outputs can be found on the project website <http://kkz.mcps-efs.pl/>

undertake activation and supporting actions”, which was performed in partnership formula under the Operational programme *Human Capital*, Priority VII – promotion of social integration. The primary objective of the project, declared by its performers, is to create conditions for improvement of effectiveness and cohesion of social policy for the local government units of region mazowieckie by working out a set of instruments for conducting active social policy. A key product is mazowiecki model for conducting active social policy entitled: „Calculator of Inaction Costs” (CNC). It relies on six instruments, i.e.: the Social Calculator, the Social Innovations Diffuser, the Catalogue of Social Innovations, the Network of Social Innovation Leaders, the Model Strategy of Solving Social Problems and the System of Trainings. The instruments worked out under the project are dedicated to decision-makers and various performers of local social policy. The model authors emphasize that the performance of active and efficient social policy requires an integrated approach, i.e. the use of the entire instrumentation proposed by the model.

The results of the researches, being an initial phase of the project and referring to the estimation of the manner of conducting local social policy in the local government units of region mazowieckie, showed many dysfunctions in the operation of social assistance system. In consequence of the above, many communes and poviats conduct an interventional, reactive and routinized social policy. Additionally, the lack of instruments to assess the costs of undertaking in social policy was identified. The diagnosed system weaknesses contribute to the dominance of intervention measures over preventive and activation measures, and in consequence to the reduction of efficiency and effectiveness in overcoming social problems of the region. The model authors indicate the following idea as a prerequisite of its working out and implementation: „the risk of incurring higher expenditures on social benefits may be limited by prior granting of benefits oriented on the fastest support for environments facing serious life problems. This makes it possible to prevent, in quite a number of cases, difficulties from increasing and problems from cumulating in the future”<sup>30</sup>.

One of the products of the project is the Social Calculator, i.e. an IT tool for estimation of the costs of failing to undertake activation and supporting actions in respect to persons that required social assistance within the seven year’s perspective. The Social Calculator is based on the concept of the costs of in-action in social policy, defined as alternative costs, which will have to be incurred in the future in consequence of the present lack of actions to the extent of overcoming social problems. By applying the Calculator it is possible to present

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<sup>30</sup> P. Błędowski, P. Kubicki, „Kalkulator Społeczny jako element projektu „Kalkulator Kosztów Zaniechania” in local social policy, Social policy, thematic issue 3/2014, p. 2

economic (financial) costs of undertaking of failing to take actions to support persons facing serious life problems.

Another tool of CNC Model is Social Innovations Diffuser. It is an interactive, internet base of knowledge about social policy and social innovations. The main purpose of the Diffuser is to improve the flow of data regarding innovative ways of solving social problems. The Diffuser contains an organized set of data about publications, reports and other studies referred to the subject of social problems. The tool makes it possible to exchange the data useful in performing supporting actions between representatives of various sectors and provides information about potential sources of financing those actions if a local government unit's budget lacks them.

The Diffuser is connected with another instrument, i.e. the Catalogue of Social Innovations. It constitutes a set of information on completed activation and supporting projects, which may be applied to avoid the costs of inaction. The data collected are complex and refer, inter alia, to: the description of target groups and their needs, the project objectives, the form of support, detailed information on the costs, time and place of actions to be performed and innovativeness. The Catalogue resources are rolled by its users. Besides the standard possibility to search for information about projects by specified criteria, the Catalogue has a function of social estimation of the projects.

An instrument oriented on the human resources quality improvement of a local social policy organization is the System of Trainings. It was attributed the formula of an educational programme, the purpose of which is to provide the users of CNC Model tools with knowledge and skills required for full exploitation of the potential of offered products, and to provide assistance at various stages of work and realization of the social policy strategy. The educational path comprises: trainings, e-learning platform, consultancy and tutorship.

An instrument that strengthens the mechanisms of participation and cooperation is the Network of Social Innovation Leaders. This solution was defined as a communication point of the Social Innovation Leaders, i.e. persons trained under the System of Trainings to popularize the new model of social policy in local societies. It is about the functioning of a forum of exchanging and propagating experiences of local societies within the Network.

In local social policy an important function is performed by the strategies of solving social problems, which should be worked out under the act on social assistance. This strategy value in the practice of social services may be forejudged by its quality and compliance with the principles of strategic planning and governance. The project produced the Generator of Strategies, i.e. an IT tool supporting the process of preparing by a commune or poviat the

strategy of solving social problems. The tool is to make it possible to work out the strategy document in a standardized way, both substantially and formally. The Generator is based on the model path of strategy preparation, which considers the rules of social participation and comprises consecutive stages of preparation, monitoring and evaluation of the strategy.

The analysis of the solutions and instruments worked out and implemented in the case at hand leads to the ascertainment that the CNC model may constitute an example of systemic social innovation in the local government actions. A social change, which is to be induced by the CNC Model implementation, is to consist in increasing the scale of preventive measures, what in turn is to result in the improvement of efficiency and effectiveness of local social policy, in particular in the field of social assistance.

## **Summary**

The considerations regarding social innovations, as presented in this chapter, and their illustrations in the social policy of local governments allow stating that they are a necessary direction of social transformations. The solutions being worked out only within the public sector are not efficient in the elimination of social problems. Also the private, i.e. non-governmental, sector itself is unable to solve all problems. Only the engagement of many sectors makes it possible to work out a synergic effect and sustainability. The networking and hybrid constructions determine the actions to improve the quality of human life. Self-governmental social policy emerges as activity particularly sensitive to the problems of social and economic nature. The need of continuous identification of social problems and the determination of efficient methods to counteract them constitutes a natural prerequisite of searching for innovative systemic, governmental and organizational solutions within the framework of social policy. It also occasions the need to implement innovative individualized instruments to act in favour of the improvement of life situation of specific units, social groups or local societies.

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**Rzymowski J.,** *Applications submitted by electronic means*

The computerization of the world resulted in the computerization of law. More and more fields of law are subject to computerization. Administrative procedure is one of them.

An application is an important action of administrative proceedings<sup>1</sup>. An application itself is usually understood as a letter containing certain content. However, when submitting an application it is not significant whether it is submitted on paper or in other form, but it is significant if the act of communication between the party submitting an applicant and the entity to which an application is submitted contains certain elements. “The Code of Administrative Procedure, to the extent of the form and content of an application, assumes the principle of limited formalism”<sup>2</sup>. Implementation of this principle favours the protection of interest of a party to the proceedings. The fulfilment of formal requirements regarding application guarantees, to certain degree, that the person indicated in an application as a party indeed submitted this application<sup>3</sup>.

### **Submission of applications – general information.**

Pursuant to Article 63 § 1 of the Act dated June 14<sup>th</sup> 1960 the Code of Administrative Procedure<sup>4</sup>, an application shall indicate at minimum the identity of the person making it, its address and the demand. Whilst pursuant to Article 63 § 1 CAP, any application made in writing or oral application recorded in the minutes shall be signed by the person making it. If an application was recorded in the minutes, the recording official shall also sign the minutes. If an application is made by a person who is unable to sign it e.g. due to broken hand or who cannot sign it e.g. due to illiteracy, the application or minutes shall be signed by a person authorized by that person, with a note made thereof next to the signature.

If an application does not indicate the address of the person submitting it and the authority to which it was submitted cannot identify the applicant's address from the data available, an administrative authority shall not examine such an application, what results from Article 64 § 1 CAP.

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<sup>1</sup> The article constitutes the second from a series of articles dedicated to the use of electronic documents in administrative proceedings.

<sup>2</sup> B. Adamiak. Comments to Article 63 CAP [in] B. Adamiak, J. Borkowski. The code of administrative procedure. Comments. 9<sup>th</sup> edition. Warszawa 2008. p. 369.

<sup>3</sup> B. Adamiak. Comments to Article 63 CAP [in] B. Adamiak, J. Borkowski. The code of administrative procedure. Comments. 9<sup>th</sup> edition. Warszawa 2008. p. 369.

<sup>4</sup> The act dated June 14<sup>th</sup> 1960 The code of administrative procedure. The Journal of Laws 1960 No 30 item 168, as amended, i.e. the Journal of Laws 2013 item 267, as amended Hereinafter: CAP.

If, in turn, an application does not indicate the address of the person submitting it but the authority, to which it was submitted, can identify the applicants' address from the data available, an administrative authority shall identify this address and continue the proceedings.

If an application does not contain the demand, the authority, to which it was addressed, shall summon the applicant to correct this defect within seven days; if the applicant fails to correct the defect, i.e. fails to address to the authority a letter containing the demand, the authority shall not examine the application, what results from Article 64 § 2 CAP in connection with Article 63 § 1 CAP.

It is similar when an application does not contain a signature; in this situation the authority, to which the application was addressed, shall summon to supplement this defect by submitting a letter with signature within seven days after being summoned. In this case also if the applicant fails to supplement the defect within the above time limit, the authority shall not examine the application, what results from Article 64 § 2 CAP in connection with Article 63 § 3 CAP.

An interesting problem arises when an application was filed without the applicant's name and surname indicated in the application but it was signed, however in a manner which makes it impossible to read the name and surname of the person signing. It seems that in such a case it would be necessary to summon to supplement the defects in the application. The problem is that although the defects in the application are known, it is unknown who should be summoned to supplement them. Therefore, if an administrative authority summons to supplement the defect in the form of missing name and surname, and subsequently posts the summons formulated this way, it may be found problematic to deliver a letter posted this way. This problem shall arise, because the post office simply shall not know whom to deliver the application. Nevertheless, it seems that in the case at hand an administrative authority still should make an attempt to deliver the summons to supplement the defects in the application. An application which do not indicate the identity of the person making it, should not be left unexamined without making prior an attempt to summon to supplement this defect. This perhaps controversial conclusion results in my opinion from the fact that the effect of leaving without examination is provided for in Article 64 § 1 CAP only for the situation, where an application does not indicate the applicant's address.

The rules of filing applications and summoning to supplement them, as described above, have not been changed for many years, and in fact<sup>5</sup> have not changed since the establishment of CAP by Professor Emanuel Iserzon and Professor Jerzy Starościak.

The submission of applications by electronic means of communication is a completely different story.

### **Applications submitted by electronic means of communication**

Article 63 § 1 CAP specifies acceptable manners to submit applications. Pursuant to this provision, „Applications (demands, explanations, appeals, complaints) may be filed in writing, by telegram, telefax, or orally recorded to the minutes, and also by other means of electronic communication via an electronic inbox of a public administration authority established under the act dated February 17<sup>th</sup> 2005 on the computerization of activities of entities performing public tasks.”

Electronic means of communications are defined in Article 2 item 5 of the Act dated July 18<sup>th</sup> 2002 on providing services by electronic means<sup>6</sup>. The said means, pursuant to the provision referred to above, mean: „technical solutions, including ICT equipment and software tools co-operating with them, enabling individual distant communication by using data transmission between ICT systems, in particular electronic mail”. Therefore, as it shows electronic mail is an exemplary electronic means of communication, however it is not the only electronic means of communication enabling distant communication. Electronic means of communication also include, as it seems, the solutions such as SEKAP, ePuap and other analogical. Surely the inboxes established in the above-mentioned (and others) electronic systems are electronic means of communication. We know it for sure because an electronic inbox is defined, in Article 3 item 17, as: „a publicly available means of electronic communication used for the submission of an electronic document to a public authority using a generally available ICT system”. If an electronic inbox is a publicly available means of electronic communication, surely it is also a means of electronic communication. Therefore, it is beyond any doubt that Article 63 § 1 CAP accepts the submission of an application via an electronic inbox.

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<sup>5</sup> The changes were of editorial nature, besides over the years the catalogue of means to submit applications has been extended.

<sup>6</sup> The act dated July 18th 2002 on providing services by electronic means – the Journal of laws of 2002, No 144, item 1204, i.e. the Journal of laws of 2013 item 1422 (hereinafter: APSBEM)

## **Electronic mail**

Despite determining that it is acceptable to submit applications via an electronic inbox, it is hard to stop wondering whether the analysed Article 63 § 1 CAP does not accept to submit applications also by means of electronic mail. Electronic mail is a solution known for years and easy to use. An electronic inbox is a relatively new invention, which besides the attribute of being new has also the attribute of being sort of exotic. Nevertheless, the question if Article 63 § 1 CAP accepts the submission of applications by electronic mail should be answered negatively. Several arguments speak for the above.

Firstly, in accordance with the rule of law<sup>7</sup> included in Article 6 CAP, „Public administration authorities act on the basis of legal regulations”. Therefore, if a legal regulation, namely in this case Article 63 § 1 CAP, provides for the submission of applications via an electronic inbox, whilst it does not provide for the submission of applications by electronic mail, it is obvious that applications may be submitted via an electronic inbox, whilst they may not be submitted by electronic mail.

Secondly, it is impossible to submit applications by electronic mail because the ban on synonymous interpretation speaks for it. An electronic inbox and electronic mail are two different technical appearances. Both terms are the terms of legal language<sup>8</sup>. Not to search far, they both occur in the Regulation of the Prime Minister dated January 18<sup>th</sup> 2011 in the matter of Office instruction, uniform subject file index and instructions regarding the organization and the functioning of non-current records, the Journal of Laws of 2011 No 14 item 67 as amended. Therefore, if a rational legislator uses in different places respectively the terms electronic inbox and electronic mail and the same legislator used in Article 63 § 1 CAP the term Electronic inbox, then this term cannot be identified with the term of electronic mail.

The third argument speaking for the unacceptability to submit applications by electronic mail seems to be forejudging. Article 63 CAP has been amended 7 times since 1960. The legislator accepted the submission of applications by electronic mail as late as in 1999<sup>9</sup>. The same legislator deleted electronic mail from Article 63 § 1 CAP in 2010, and thus made it impossible to submit applications by electronic mail. Therefore, if the legislator

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<sup>7</sup> B. Adamiak. Comments to Article 63 CAP [in] B. Adamiak, J. Borkowski. The code of administrative procedures. Comments. 9<sup>th</sup> edition. Warszawa 2008. p. 57.

<sup>8</sup> More in: B. Wróblewski. Język prawny i prawniczy. Polska Akademia Umiejętności. Prace Komisji Prawniczej No 3. Kraków 1948.

<sup>9</sup> The act dated December 29th 1998 on amending some acts in connection with the implementation of the State political system reform. The Journal of Laws 1998 No 162 item 1126. Article 2 item 18.

deleted electronic mail from the regulation<sup>10</sup>, it may not be pretended in the course of an intellectual acrobatics that it is there.

As it shows, constitutive, theoretical and legal and historical aspects speak for the conclusion that applications may not be submitted by electronic mail. It would be good to be allowed to submit applications by electronic mail, unfortunately the legislator decided contrarily.

An interesting thing is the fact that electronic mail addresses are often provided on the websites of administrative authorities. Thus it is obvious that applicants may want to use them, in the trust to the authorities that disclose their addresses. It seems that unacceptability to submit applications by official, because provided on official websites, electronic mail addresses may seriously hit the realization of the principle of strengthening the trust of citizens to the State authorities. Unfortunately, this seems to be the case also with reference to the principle of considering *ex officio* legitimate interest of citizens. The difference between the violations of the above principles is that the principle of strengthening the trust of citizens is day-to-day violated by authorities which cannot consider applications submitted by electronic mail, whereas the principle of considering *ex officio* legitimate interest of citizens was violated by the legislator by amending in 2010 CAP, deleting concurrently electronic mail from Article 63 § 1 CAP.

Although it is acceptable to submit applications by electronic mail, one should think what an authority should do if someone does file an application this way.

### **An application submitted by electronic mail**

If an applicant submits his application by electronic mail, an administrative authority may proceed according to one of the procedures presented below.

Firstly, an administrative authority may such an application simply delete from electronic mail and not to take any action towards an application submitted this way. I consider this solution as extremely inappropriate.

Secondly, an administrative authority may enter the application in the register of incoming letters, address the application to competent unit, qualify to appropriate group of matters, assign a reference number and stop there. Such a solution in my opinion is also inappropriate.

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<sup>10</sup> A separate issue is whether the legislator did right by making it impossible to submit applications by means of the solution so commonly known as electronic mail, replacing it by an electronic inbox. In my opinion the legislator did wrong.

Thirdly, an administrative authority may, same as in the case described above, enter the application in the register of incoming letters, address the application to competent unit, qualify to appropriate group of matters, assign a reference number however not stop there, but take further actions. Nevertheless, the key issue in this situation is the answer to the question what actions the authority should take.

The authority may inform the applicant about the requirement to submit it via an electronic inbox. Such a solution has a lot of charm but I find it inappropriate because it does not move the proceedings forward. It is unknown how long the authority should wait for the submission of this application via an electronic inbox or for any of the manners specified in Article 63 § 1 CAP. Even if the applicant submitted the application upon the receipt of such information in any of the manners specified in Article 63 § 1 CAP, the authority would not know what date of submission of this application to assume. Although one could try to answer the questions asked above with the support of the general rules of CAP and the regulations concerning the summons to supplement defects in the application by analogy *legis*, nevertheless I don't recommend this either, either. I do not recommend it most importantly due to the fact that there is a better solution, which does not require such an intellectual acrobatics, as it comes down to direct application of CAP regulations. Direct, but with a new understanding of them.

Therefore, if the applicant submits his application by electronic mail, the administrative authority, to which the application was submitted, is obliged to summon the applicant to supplement the defect by submitting it in one of the manners described in Article 63 § 1 CAP.

The procedure specified above results from the below understanding of the regulations. To simplify the disquisition, we assume that the application in question contains all necessary elements, but it was submitted by electronic mail.

As it results from Article 64 § 1. CAP, if an application indicates the applicant's address, or an authority may identify it from the data available and concurrently the application does not satisfy other requirements set in the legal regulations, an administrative authority shall summon the applicant to correct the defects within seven days and instruct him that the failure to correct the defects specified by the administrative authority shall result in leaving the application unexamined. In the case at hand the "other requirements set in the legal regulations" should be understood as the submission of application via an electronic inbox, while the „legal regulations" should be understood as Article 63 § 1 CAP. Further

proceedings should correspond to the proceedings in the case of submitting an application with any other defect.

The above-indicated procedure, in the situation of an application submitted by electronic mail, is, in my opinion, the only appropriate and resulting from regulations procedure in this situation. By proceeding in the above manner, an administrative authority not only demonstrates respect for law, but it also moves the proceedings forward to the next stage and thus makes its work, to a large degree, easier.

## **Signing an application**

An application submitted via an electronic inbox should be signed. The lack of signature certainly results in the obligation on an administrative authority to summon to supplement such defect. The application may be signed in one of the manners specified in Article 63. § 3a.

Firstly<sup>11</sup>, an application may be signed by a secure electronic signature verified by means of a qualified certificate. Such a signature entails legal effects of a hand-written signature.

Secondly<sup>12</sup>, such an application may be signed by a signature acknowledged by ePUAP trusted profile. This signature also entails legal effects of a hand-written signature.

Thirdly<sup>13</sup>, an application may be signed by means of another technology provided by a public authority, which makes it possible for the applicant to carry out identification in his ICT system. Such solutions include those used in so-called domain management systems.

One should remember that an application submitted by electronic means of communication has to be necessarily signed. The fact that an application submitted this way has the form of an electronic document, not a document on paper, does not change much in the matter of the requirement to sign an application. An application filed on paper is signed by a hand-written signature, an application files by electronic means of communication is signed in one of the manners described above. Resolving whether the document made on paper is

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<sup>11</sup> Article 20a item 1 of the Act dated February 17<sup>th</sup> 2005 on the computerization of activities of entities performing public tasks. The Journal of Laws 2005 No 64 item 565 as amended, i.e. the Journal of Laws 2014 item 1114 in connection with Article 5 item 2 of the Act dated September 18<sup>th</sup> 2001 on electronic signature. The Journal of Laws 2001 No 130 item 1450 as amended, i.e. the Journal of Laws 2013 item 262 as amended

<sup>12</sup> Article 20a item 1 of the Act dated February 17<sup>th</sup> 2005 on the computerization of activities of entities performing public tasks. The Journal of Laws 2005 No 64 item 565 as amended, i.e. the Journal of Laws 2014 item 1114 in connection with Article 20b item 2 of the same act.

<sup>13</sup> Article 20a item 1 of the Act dated February 17<sup>th</sup> 2005 on the computerization of activities of entities performing public tasks. The Journal of Laws 2005 No 64 item 565 as amended, i.e. the Journal of Laws 2014 item 1114

signed or not is quite simple. As regards signing an electronic document by an electronic signature, really very strange states of facts are possible.

It may happen that a document delivered to a public authority as an application signed by an electronic signature has „.sig” extension, which is a common extension in the case of documents signed by an electronic signature, but this document is not signed. It happens when someone, for example an applicant, simply changes the file extension e.g. from „.txt” to „.sig”. Similar situation may take place when attempting to sign an application by invalid electronic signature. Such a document will not contain any signature, but its extension will change to „.sig”<sup>14</sup>. Certainly in the case at hand it is necessary to summon to supplement such a defect in the form of the lack of signature.

Two other interesting states of facts are related to the appearance of internal and external electronic signature. A secure electronic signature verified by means of a qualified certificate appears in two technical varieties, namely an internal and external signature. It is the applicant who decides which of the two types of signatures he wants to choose to sign the document, and this decision takes place at the time of placing a signature or earlier, at the level of the settings of software used for placing a signature. If an internal electronic signature is used, the software used for placing a signature combines, at the time of signing, the file containing the document signed with the file containing the signature. When the applicant sends such a file, it is impossible, for technical reasons, to submit the application file without signature. It is impossible to detach the signature from the application. If, in turn, an external electronic signature is used, the software used for placing a signature will create, at the time of placing it, the signature file and write it in the place specified by the applicant<sup>15</sup>. In the case at hand, two files are the effect of signing, the document-application file and the signature file. Both of those files should be sent when submitting an application in the form of an electronic document. However, it may happen that the applicant sends to a public authority not both but only one of those files. Legal effects of such an event are contrary, depending on which of the files was sent and which one was omitted. If the document file, i.e. the application file, was submitted as the application, the matter is simple. The authority receives an application without signature, so it should summon to supplement this defect. The matter is

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<sup>14</sup> This appearance is not, according to my knowledge, described in the literature, however it was observed in the course of researches and workshop lectures led by Zbigniew Promiński with the cooperation of Mateusz Kamiński and this article author.

<sup>15</sup> Possibly indicated before by the administrator of electronic system for circulation of documents, EDM, or whatever we call a database in which electronic files are stored and partially created. In the main considerations I mit the matter of the scale of IT system, so as not to becloud the considerations, whilst for description of actions I assume one computer set, e.g. notebook, as their environment.

not so obvious if only the signature file was submitted as the application. In this case, the authority receives the signature without the application, and so a question occurs regarding further actions to be taken by the authority in this situation. There are two possibilities. First of all, the authority may consider it as the receipt of defective application and summon to supplement the defect. Such a solution does not seem to be quite proper, as the authority which received the signature file only, in fact does not know what kind of document was affixed with this signature. The authority does not know at all if the party tried to submit an application, the authority does not know what the party's intended action was. The second solution is a bit different. The authority does not know the intended action of the party so it may not summon it to supplement defects of such action. Nevertheless, if the authority receives only the signature file, especially via an electronic inbox, it should assume that the person submitting this file to the authority wants to handle a matter important for it, but the lack of knowledge about the IT lassos made it mistakenly sent something else. Therefore, the authority should, basing its actions on the principle of considering the social interest and legitimate interest of citizens<sup>16</sup>, and on the principle of convincing<sup>17</sup>, take care of those interests, so that they would be threatened. So it seems that in the case at hand the administrative authority should inform the person who submitted the signature file about this fact and explain to that person the possibilities of further procedure. The simplest solution is to send in the application file. If the party sends in this file, the authority has at its disposal the application and the signature. It is worth wondering in addition if in this situation the authority should consider that the party submitted the application at the time of submitting the application file or before, at the time of submitting the signature file. The analysis of the regulations regarding the supplementation of defects leads to a conclusion that the authority should consider as the day of submitting the application the day of submitting the application file, not the signature file. Simultaneously, it may be expected that new, unprecedented states of facts may lead to new understanding of known regulations. The authority, which receives the signature files, shall summon to supplement the defects and if the defects are supplemented, i.e., the right application is submitted, the authority shall consider the day on which the signature was sent as the day of submitting the application. I don't find it appropriate; nevertheless the matter shall be resolved by the jurisprudence.

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<sup>16</sup> B. Adamiak. Comments to Article 63 CAP [in] B. Adamiak, J. Borkowski. The code of administrative procedure. Comments. 9<sup>th</sup> edition Warszawa 2008. p. 74-78, J. Borkowski [w:] The code of administrative procedure. Comments. Red.J. Borkowski. Warszawa 1985. p. 68-69.

<sup>17</sup> B. Adamiak. Comments to art. 63 CAP [in] B. Adamiak, J. Borkowski. The code of administrative procedure. Comments. 9<sup>th</sup> edition Warszawa 2008. p. 91-93, J. Borkowski [in:] The code of administrative procedure. Comments. Red.J. Borkowski. Warszawa 1985. p. 77-78.

## **An application submitted by electronic means of communication – additional requirements**

If an application submitted on paper is filed using a form, then the application submitted via an electronic inbox should be filed using an electronic form, what results from Article 19b item 4 of the Act dated February 17<sup>th</sup> 2005 on the computerization of activities of entities performing public functions<sup>18</sup> in connection with Article 63 § 3a item 2 CAP.

An application submitted via an electronic inbox should contain also electronic address of the applicant. If an application submitted via an electronic inbox does not contain an electronic address, an administrative authority shall serve letters in these proceedings to the address, from which it was sent, namely for example to the applicant's address in ePUAP portal. If an applicant submitting an application via an electronic inbox resigned from the letter delivery by electronic means of communication, an administrative shall serve letters to him to respective postal address.

The performance of actions under administrative proceedings using electronic means of communication, or broadly speaking – using electronic documents is the reality which has already come around. Participants of the proceedings, attacked by info-terroristic propaganda, believed that it was in their interest to file applications via Internet. Everything happens but the officials have no other option than to adapt.

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<sup>18</sup> The Act dated February 17<sup>th</sup> 2005 on the computerization of activities of entities performing public functions. The Journal of Laws 2005 No 64 item 565 as amended i.e. the Journal of Laws 2014 item 1114.

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**Wojciechowski M., *Innovations in the local government***

**Summary**

This article refers to the issues relating to innovations in the local government in Poland. This matter is very seldom discussed in economic literature. Most of the studies comprise the area of functioning of an enterprise on the market. Local government constitutes a peculiar entity, in economic sense, which possesses valuable economic resources. Nevertheless, its activity is characterized by certain individuality, which affects the tempo of implementing innovative solutions. This study as a whole constitutes an outline and classification of the problem in question.

Key words: local government, public services, innovation.

## **1. Introduction**

Innovations, owing to J. A. Schumpeter, are one of the important matters being the subject of economic analyses. The researches relating to innovations bore fruit in the form of rich literature<sup>1</sup>. The main subject of theoretical and empirical interest is the area of economy in macro- and microeconomic aspects. Innovations are considered to be the basic source of innovative factors of dynamics and the development of developmental processes. The actions, referred to as above, constitute a prerequisite for the increase of competitiveness of entities and economic structures. Innovations are necessary also in the public activity for the improvement of social and economic effectiveness. The issues of innovations in the local and regional government are extremely taken up on Polish ground<sup>2</sup>. Probably the above results from the view that technical and organizational progress in the governmental sector is much slower than in other branches of economy.

The objective of this article is an attempt to outline the meaning and scope of innovations in the local government in the context of providing public services. The economy of local government consists in meeting cumulative needs of citizens via the process of providing services. It should be emphasized that the production activity (e.g. water production, collection of wastes) is also comprised by them, but the final phase ending the process is the provision of communal services. This article shall outline the problem, whilst the considerations made hereunder refer to theoretical analysis.

## **2. The essence and specific character of innovations in the local government**

Before discussing the problem of innovations in the local government, the term innovation shall be explained in general. The term “innovation”, despite rich literature, has not been unambiguously specified yet. For the needs of this analysis, certain approaches, which in the author’s opinion in the right way get to the heart of innovations, were chosen to be the starting point. The concepts strictly connected with an innovation are terms such as: knowledge, entrepreneurship, creative thinking and action (creativity). Speaking in general, an innovation is simply a change, something what is considered as new<sup>3</sup>. According to E.

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<sup>1</sup> The concept of innovations was for the first time introduced to economic sciences by J. A. Schumpeter.

<sup>2</sup> More about innovations was written by M. Stachowicz, Innowacje w usługach komunalnych na przykładzie gmin regionu świętokrzyskiego (doctoral thesis, typescript), Wrocław 2010 and G. Karwat, Wpływ rozwiązań organizacyjnych na skuteczność i efektywność usług komunalnych (on the basis of the water pipeline, sewage and heat industries within the region of Łódź), doctoral thesis - typescript, Łódź 2008.

<sup>3</sup> W. Kasperkiewicz, S. Mikosik, *Leksykon przedsiębiorczości*, Wydawnictwo Uniwersytetu Łódzkiego, Łódź 1993, p. 53.

Dworak, an innovation means the “creation of something new and enrichment of already existing knowledge”<sup>4</sup>. Certain elements related to the category of innovations are noticeable already in the views of the economy classics (J. Smith, D. Ricardo, J. B. Say). As late as in 1912 J. A. Schumpeter specified five situations in which innovations evince. They are the following:

- The production of new products or the improvement of existing ones,
- new production process methods,
- opening new trade area,
- gaining new raw materials or pre-fabricated elements,
- new industry organization<sup>5</sup>.

It is easy to notice that this approach represents a wide material scope and comprises the majority of technical, economic and organizational changes occurring in the process of entrepreneurship. As it results from this definition, the nature of the activities referred to as innovations is related to the product, process, organization and market.

The creation of an innovation and its implementation takes place at the purpose of obtaining additional economic effects, while in the case of social innovations, at the purpose of better satisfaction of the needs of people. As noted by B. Kaczmarek, the majority of authors identify innovations with changes, applying the criterion of originality<sup>6</sup>. The sense of innovations is rightly reflected in the interpretation of A. Jashapar, according to which an innovation means the creation or correction of processes, products, techniques and method of acting, considered by the organization as new or modern<sup>7</sup>. The essence of innovations is also noted by J. Baruk who underlines that an innovation is a change relating to a product, methods to manufacture, organize work and produce or a change of management methods aiming at the achievement of social and economic benefits<sup>8</sup>.

Simply speaking, innovations are the effect of the process determined by – innovativeness. This process is characterized by the ability to create new solutions (ideas) in the sphere of technology and goods (products or services). The innovativeness itself consists in the introduction of an element of novelty, meaning building “something” anew (quality characteristic) or implementing a solution for the first time. It is a very broad grasp of

<sup>4</sup> E. Dworak, *Gospodarka oparta na wiedzy w Polsce. Ocena, uwarunkowania, perspektywy*, Wydawnictwo Uniwersytetu Łódzkiego, Łódź 2012, p. 59.

<sup>5</sup> S. Mikosik, *Teoria rozwoju gospodarczego*, Wydawnictwo PWN, Warszawa 1991, p. 68 – 69.

<sup>6</sup> B. Kaczmarek, *Współczesne wyzwania dla zarządzania przedsiębiorstwami*, Wydawnictwo TNOiK „Dom Organizatora”, Toruń 2013, s. 55.

<sup>7</sup> A. Jashapara, *Zarządzanie wiedzą*, Wydawnictwo PWN, Warszawa 2006, p. 91.

<sup>8</sup> J. Baruk, *Dylematy rozwoju małych i średnich przedsiębiorstw, „Gospodarka Narodowa”* 2002, No 3, p. 55.

innovations, which exhibits to the fore the factor of innovation and originality. In the opinion of M. Jendra, an innovative undertaking is the one that implements certain novelty to the practise”<sup>9</sup>.

On the ground of the economy theory, strong relations between innovativeness and competitiveness are being emphasized in twofold sense. Firstly, innovativeness constitutes a key prerequisite for competitiveness. Secondly, the higher innovativeness the better competitive position on the market, giving an advantage over other entities participating in the market. From the point of view of flexibility, which is expected from all entities, their reactions towards changes and signals flowing from the closer and further environment may be twofold. First of all, flexibility of an entity consists in reacting *ex post*, i.e. adapting to changing environmental conditions. In other words, in this case we are talking about a reactive attitude. Secondly, if an entity foresees information coming from the outside and take actions in advance, such a situation may be specified as innovative (proactive attitude).

As it results from the approaches presented above, the category of innovations may be broadly considered in economic sense. For the needs of this article, the author assumes the division of innovations according to the new typology. Innovations assume the form of: a product, a process, organization and marketing<sup>10</sup>.

The above considerations concerning innovations referred to the category of an enterprise as a leading entity on competitive market. A grounded question arises, if the innovative issues can be described also with reference to public authority acting strictly in accordance with the rule of law of a democratic State? The answer is positive, however with certain remarks to be raised as to the specific functioning of public sector, and in its structure – the local government.

When speaking of the public sector, it is necessary to describe structure in more details. As wholeness separated on the basis of the ownership criterion, it consists of two areas characterized by different logics and functioning. The first area is the regulatory (governing) segment, which comprises public authorities and public administration units. The latter are strictly connected, and in fact subordinated to the public authority, i.e. politics. Whereas the second area of this sector is executory, where economic entities perform public products or services from a variety of tasks exercised by the State and by the local government.

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<sup>9</sup> M. Jendra, *Innowacyjność to wdrożenie nowości w praktyce*, „Gazeta Samorządu i Administracji”, 2007, No 25, p. 29.

<sup>10</sup> Oslo Manual 2005: Guidelines for Collecting and Interpreting Innovation Data, OECD, EUROSTAT 2005.

The source of innovations in the local government is anything that inspires to start the process of changes. They may be inspired by people seating in the local and regional authority centres, people working in the local government administration or in communal entities (companies). It may also comprise stimulation coming from the outside of decision-making structures, i.e. from the needs of the recipients (consumers) of public services.

In the case of local government the product and the service are rarely separated, as it is in a typical market enterprise<sup>11</sup>. Usually, managing in local government comes down to the process of transformation of limited public resources into a stream of goods, which usually assume the form of a service.<sup>12</sup> It results from the local government nature, as its substance is the provision of the said public services. The local government as a whole belongs to the service which differs from a typical production activity. The provision of public services is based on infrastructural facilities, which are characterized by clearly specified technical, organizational and economic separateness. The said services are included in the activities referred to as internal tasks of the local government units.

As a result of the application of the infrastructure facilities, the susceptibility of local governments to new technical and organizational changes, which bring economic benefits, is on quite low level. The above is forejudged by numerous features of infrastructure make the production and service activity in the communal economy specific. Infrastructure in other words is a set of facilities and institutions which provide grounds for proper functioning and development, on a given area, of economy and proper living conditions for the population<sup>13</sup>. Infrastructure is characterized by specified features which attribute separateness to it in relation to other economic resources. The most important of them are:

- the service activity nature and common availability of those services,
- the existence of external benefits on a part of the recipients of services,
- longevity and durability of structures and their strict relation to the site where services are being provided,
- the impossibility to apply the market mechanism and the requirement of public management,
- the appearance of relationships of substitution and complementary nature<sup>14</sup>.

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<sup>11</sup> In this case we are speaking of the service or mixed entities, combining those types of activities.

<sup>12</sup> E. Wojciechowski, *Gospodarka samorządu terytorialnego*, Wydawnictwo Difin, Warszawa 2012, p. 66 – 126.

<sup>13</sup> M. Sadowy, *Infrastruktura komunalna jako czynnik rozwoju miast polskich*, Szkoła Główna Planowania I Statystyki, Warszawa 1988, p. 20.

<sup>14</sup> *Ibidem*, p. 24.

Two elements are distinguished in the communal infrastructure: the technical infrastructure, also called economic, and the social infrastructure<sup>15</sup>. The first one is mostly networking, whilst the second one is spatially scattered.

The property in the form of facilities and buildings constitutes the ground for the process of rendering public services for the citizens of local governments and other entities and institutions. These tasks are of public service nature, which imposes the requirements of reliability and continuity. In accordance with legal regulations, the public service tasks comprise activities, the purpose of which is „*up-to-day and continuous satisfaction of collective needs of the population, by providing generally available services*”<sup>16</sup>. Particular nature of the needs of population and the existence of many contractors of communal services in monopolistic conditions tells to regulate the public service activities by the local government authorities and the administration related to them.

### **3. Product and process innovations**

In the communal economy product innovations mean changes consisting in improving the public service itself. It refers to the improvement of the final effect, i.e. goods in the form of products or services. An innovation of this type consists in obtaining better product parameters or better conditions for the provision of services to the recipients regarding the use of a given public service.

A particular condition is better spatial access of a recipient to a communal service provided via so-called network infrastructure facilities<sup>17</sup>. The improvement of accessibility in this respect is considered as a criterion for the estimation of social development of civilization and society. The possibility to take advantage of the collective network services has both, quantitative and qualitative aspect. From the point of view of public estimation, quantitative means a higher number of citizens (recipients) who consume an infrastructural service, whilst in qualitative sense – better features or standards of a communal service itself. Most of the features of public services may be quantified by quantity measures, whereas the standards require searching for significant elements for the whole description of the service being provided.

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<sup>15</sup> A. Ginsbert – Gebert, *Polityka komunalna*, Wydawnictwo PWE, Warszawa 1984, p. 132.

<sup>16</sup> Article 9 item 4 of the act dated March 8<sup>th</sup> 1990 on the communal local government (the Journal of laws of 2013, item 594 as amended)

<sup>17</sup> To the extent of water supply (water pipeline), sewage disposal (sewage network), the supply of electric, thermal and gas energy.

A process innovation in the local government economy is every change that contributes to the improvement of the value of the process of providing communal services. A process innovation takes place inside the local governmental structures: in public authorities, economic entities performing public tasks. In practise these changes refer to technological matters or organizational solutions. Process innovations in the local government are determined most importantly by legal regulations regarding different fields (aspects) of communal economy. Despite that, local governments and their administration affect the form and subsequently the implementation of such innovative solutions in practise. It should be underlined that process innovations in the local government activity are also of facilitating and more profound nature than implementing a new stage or an essential change in the service process functioning.

As already noted, due to simultaneousness of the service process and the consumption of its results, in the local government economy we often deal at the same time with process innovation and product innovation. The above may be illustrated by the provision of collective service of local transport, when a passenger takes advantage of modern means of transport.

Assuming in the considerations the division of public services into: administrative, communal (technical) and social, a different picture of their course is being outlined. Administrative, and partially social services are provided directly by the local government administration<sup>18</sup>. As it is known, these services are characterized by low flexibility and high formalization of performed actions. In view of the above, innovations in the services provided by public authority employees, the budgetary executive entities (e.g. schools, social welfare centres) are more facilitating than implementing an essential change.

In turn, in the field of technical services and a part of social services, deeper changes are possible in the technological, not restricted by legal regulations, layer. The waste management or road construction may be an illustration, as in those cases a wide scope of new solutions is possible. They are oriented on the improvement of quality of provided services but also they are related to the improvement of effectiveness leading to obtaining lower costs of operation. To a large degree it happens in the executive entities (operators) themselves, the bodies of which must however cooperate with the authority employees and with the local government authorities within the scope of respective procedures.

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<sup>18</sup> The local government administration comprises the employees employed in a public authority office and in the budgetary units and entities.

Whereas, it is hard to consider as innovation in collective municipal transport the decision regarding the provision of free transport services. Such solution is typically financial, as the departure from collecting charges (the sale of tickets) is nothing new in the scale of the European or developed countries and does not contribute to more efficient travelling on the road network of a given local government unit.

A factor which seriously affects the course of innovative processes in the local government economy is the nature and objective of the local government functioning. Unlike the *stricte* market entities, a local government as a whole is not oriented on profit, but on the fastest satisfaction of collective social needs of the community citizens. In view of the above, effectiveness of public resources management is lower than in conditions of direct competition. It is connected with the lack of rivalry between economic entities in many domains and with a multitude of functions, especially social and economic. Associating those functions in a well-defined public interest takes place at the cost of the reduction of effectiveness.

#### **4. Innovations in the management organization**

An important area of changes in the economy and in the communal policy refers to solutions of classificatory nature, to ensure efficient course of the service process and to conduct efficient management. It is easy to notice that many changes in this sphere are also strictly connected with the changes considered as process innovations. Assuming the broader interpretation of the term innovation, an innovation shall mean new methods and techniques in conceptional sense, which are worth applying in the public sector for the improvement of economic efficiency and social effectiveness. Usually the proposals of changes derive from the private sector, which implemented them in the business practise to achieve greater profit and obtain higher competitiveness on the market.

The legitimacy of new organizational solutions is characterized the NPM (New Public Management) concept. Its essence is the absorption by the public sector of the market logics in combination with the tool adaptation of rationalization activities and exerting pro-effectiveness attitudes. The NPM concept arose from the criticism of the previous model of functioning of public administration and authority basing on the assumptions of Weber's system. The traditional model stressed out the role of hierachic structure and the formalization of actions restricting the ability of creative actions in public sphere.

The examples of solutions typical for NMP in Polish local government include: the institution of public procurements, the use of developmental projects and strategies,

*benchmarking, outsourcing, sustainability scorecard, self-assessment model CAF, process management, strategic planning (including a long-term financial forecast), ownership transformations (including privatisation), the application of deregulatory model.* Some of them are obligatory (what results from legal regulations), others – facultative. The application of those tools in Polish conditions has various scope of is characterized by various effectiveness<sup>19</sup>. According to the foregoing researches, none of the Polish local government unit fully used all possible instruments of enterprising actions.

The first significant research of innovations in the Polish local government economy was the analysis carried out by M. Stachowicz. The research referred to the implementation of innovations to four communal services: water pipeline network, sewage network, the city cleaning and local collective transport. The results demonstrated that the majority of analysed changes did not bear the hallmarks of an innovation and constituted something new for the local society<sup>20</sup>.

## 5. Conclusion

In the light of the above considerations it may be stated that the issues of innovations in the local government in Poland has not become the area of greater interest on a part of economic analysis yet. The above may be explained by three reasons resulting from different approaches. Firstly, the local government economy is under more or less influence of the public and administrative factor, which affects the course of the processes and events taking place in this public sphere. Secondly, the economic activity performed by the local governments takes place, to a large degree, in monopolistic conditions, which are not conducive to pro-effectiveness basics. Thirdly, the tempo of technical and organizational progress in the local government structures is slower than the dynamics of those changes occurring in the market sector. In this sector innovative activities constitute the ground for gaining so-called competitive advantages over other entities acting on the market.

It should be emphasized once more that prevailing part of public tasks in the local government structures is based on infrastructural facilities in technical and social aspects. Such a situation occasions a series of economic, financial and organizational consequences, a common denominator of which usually is worse responsiveness of this type of economic

<sup>19</sup> A. Zalewski, *Reformy sektora publicznego w duchu nowego zarządzania publicznego* [in:] Nowe zarządzanie publiczne w polskim samorządzie terytorialnym (red.) A. Zalewski, Szkoła Główna Handlowa w Warszawie, Warszawa 2005, pp. 11 – 71.

<sup>20</sup> M. Stachowicz, *Innowacje w usługach komunalnych na przykładzie gmin województwa świętokrzyskiego* [in:] Gospodarka lokalna i regionalna w teorii i praktyce, Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu, No 3 (1203), Wrocław 2008, pp. 136 – 143.

activity to the changes of innovative nature. Nevertheless, the estimation assuming that innovative subject area in the local government is still poorly recognized, what does not mean carefulness and restraint in examining it. The social pressure and expectations of citizens result in the necessity of continuous attention to be paid by the local government authorities to even better meeting the needs of the citizens of the local government units in Poland. The said needs are satisfied through the system of providing public services, which is a complex and multi-faceted process that requires relatively considerable financial resources covered by the local and regional budgets.

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**Maria Kucińska, the Marshal's Office of the Łódzkie Region, Department of Digitalization**

**Kucińska M.,** *Increasing digital competences of senior citizens in the financial perspective for 2014-2020.*

### **Summary**

This article presents the problem of digital divide which appears commonly in Poland, especially among people aged 50 and more. It describes the reasons of such state of facts, focusing on the possibilities to suppress it by applying for EU funds in the new financial perspective for 2014-2020 and by taking advantage of already existing programmes and projects increasing digital skills of senior citizens.

**Key words:** digital divide, ICT, senior citizens

The purpose of this article is to discuss the problem of digital divide of persons aged 50 and more in Poland and to present the possibilities to increase their competences to the extent of the use of information and communication technologies - ICT. This article was elaborated basing on available reports and researches, as well as own experiences in working with older persons.

## 1. The problem of digital divide of the Poles aged 50+. The use of ICT among senior citizens.

A digital divide is an expression that refers to persons and societies which are clearly divided into those who take advantage of the information and communications technologies and those who do not do it mostly due to the access to them. A “digital gulf” is even referred to. Usually it results from the lack of proper Internet access infrastructure, but also from the lack of skills to use Internet or a little knowledge of foreign languages, what makes it impossible to browse the pages available in language other than native<sup>1</sup>. The definition proposed by OECD (Organization for Economic Cooperation and Development) defines it as an appearance of social inequalities and even a precipice in the social and economic development relating to the access and the use of ICT in all spheres of economic activity<sup>2</sup>.

On December 7<sup>th</sup> 2012 the European Union Council adopted the statement in the matter of the European Year for Active Ageing and Solidarity between Generations. One of the leading principles written in the document is „Meeting the challenges and taking advantage of the chances”. It is manifested inter alia in propagating the researches and innovations that improve the comfort of life of senior citizens, and in promoting digital joining and e-health and technological innovations within the field of ICT<sup>3</sup>. The document also specifies the need of long-life learning, in particular providing older persons with the possibility to learn in ICT<sup>4</sup>.

According to WHO (World Health Organization) a demographic old age starts at the age of 65. In Poland there is more than 5 ml of senior citizens. The old age divides into several age groups. The first group is the „young” and comprises people aged 65-75. The second group is formed by the “old” aged 75-85. The third group is “very old” over 85. The presence of considerable population of senior citizens in our country requires the implementation of economic, social and health solutions which will meet their basic needs. Undoubtedly one of

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<sup>1</sup> [http://pl.wikipedia.org/wiki/Wykluczenie\\_cyfrowe](http://pl.wikipedia.org/wiki/Wykluczenie_cyfrowe)

<sup>2</sup> Understanding the digital divide, OECD 2011, s. 5.

<sup>3</sup> The statement by the Council in the matter of the European Year for Active Ageing and Solidarity between Generations (2012), Bruksela, December 7<sup>th</sup> 2012, p. 4.

<sup>4</sup> Therein, p. 10.

them are educational needs, and so increasing the technical knowledge and skills within the scope of computer operation<sup>5</sup>.

According to the data provided by the Central Statistical Office in 2011, as much as 9.5 ml of the Poles do not have the access to Internet. People aged 55+ constitute, next to people with secondary or primary education, a group socially excluded in Poland. 13 ml of citizens is digitally excluded. In consequence of the above, Poland in respect of digital skills is placed at the tail end of Europe next to Romania, Bulgaria and Greece. The Coalition *M@turity in the net*<sup>6</sup> worked out researches, from which it results that the problem is not in the access to IT infrastructure itself. Internet is available on the majority of the country territory. The main barrier is psychological factors, i.e. the fear of the unknown or the lack of motivation<sup>7</sup>. A digital divide among senior citizens constitutes a social problem. It also refers to other groups. Active use of ICT is important for all citizens, not only for the generation 50+, but also for the institutions and firms, as they benefit from the increase of the number of people interested in computer and internet services<sup>8</sup>.

10 ml of the Poles aged 50 and more out of 13 ml do not use the net. 60% of the Poles aged 16 and more are internet users. The majority of internet users are aged 44 and less. Only 29.2 % of people aged 60-64 use Internet, whilst among the generation 65+ - only 10.6% of the Poles<sup>9</sup>.

According to the annual report entitled *The information society in numbers 2014* published by the Information Society Department of the Ministry of Administration and Digitalization, two social groups are definitely most exposed to the lack of digital competences. They are the disabled persons and senior citizens. People aged 55-74 most rarely demonstrate skills within the scope of computer and Internet operation and the performance of operations such as e.g. copying, moving files or folders, installing new devices, using the basic mathematical functions in spreadsheet, using internet browser, sending e-mails with attachments or phoning via Internet<sup>10</sup>. The data of 2013 show that only every fourth person aged 55-74 regularly used the net. For comparison, this proportion in the European Union is by

<sup>5</sup> T. Parnowski, Jak się starzejemy? Wymiar biologiczny procesu starzenia się, s. 9 i M. Sikora, Potrzeby osób starszych w kontekście procesu uczenia się, p. 43 [in:] Edukacja osób starszych. Uwarunkowania, Trendy, Metody, Warszawa 2013.

<sup>6</sup> <http://dojrzaloscwsieci.pl/>

<sup>7</sup> <http://wcag20.widzialni.org/wykłuczenie-cyfrowe.m.mg.150>

<sup>8</sup> P. Majnert, R. Machul, D. Batorski, *Internet dla użytkowników w wieku 50+*, p. 7-8.

<sup>9</sup> red. J. Orzeł, K. Głomb, *Pokolenie 50+ Pierwsze kroki w cyfrowy świat Ku sieciowej codzienności*, Stowarzyszenie „Miasta w Internecie”, 2011, p. 4.

<sup>10</sup> red. Violetta Szymanek, *Społeczeństwo informacyjne w liczbach 2014*, Ministerstwo Administracji i Cyfryzacji, p. 24-26.

20 percentage points higher than in Poland. Whereas, the 50+ generation representatives often use mobile phones<sup>11</sup>.

*The Social diagnosis 2013. The conditions and quality of life of the Poles* is a report published every two years by the Social Monitoring Council. It describes the life conditions of the Poles in its various aspects. The part entitled: *The Poles towards digital technologies – the conditions of access and use methods* contains the analysis of the information and communication technologies. As it results from conducted researches, people aged 50+ less often have the access to Internet. In addition, the availability of equipment and the use of the net itself decrease with the age. Senior citizens prevail among the non-users. They constitute as much as 84% of users. The lowest number of users is among pensioners and annuitants and also among farmers and persons economically inactive<sup>12</sup>.

### **1.1 Internet user profile at senior age.**

The 50+ generation people for a much diversified group. The Internet users within this group may be divided in respect of:

1. Age. The situation was different in the case of the persons aged 50-65, those older than 65 and the most aged persons 80+. Along with the age the percentage of person with access to computer and Internet drops. 40% of persons aged 50 and more use Internet and only 10% within the group 65+.
2. Professional activity. It is necessary to distinguish active persons on the labour market and those who no longer work (they retired or it results from other reasons). The persons economically active often use the net.
3. Place of residence. Internet is most rarely used in the village. Better situation is in the cities, especially those above 500 thousand of citizens.
4. Level of education. Persons better educated, i.e. with higher or post-secondary education, use Internet more often.
5. Sex. Generally speaking men use Internet more often than women. There also exist a division into persons aged 50 and more and senior citizens. Depending on the age, the net is more often used by women (50-59) or men (60+)<sup>13</sup>.

In 2011 the research report was published entitled *The 50+ generation. First steps into digital world. Towards everyday life in the net*. The researches were carried out under the

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<sup>11</sup> Therein, p. 37.

<sup>12</sup> J. Czapiński, T. Panek, Diagnoza Społeczna 2013. Warunki i jakość życia Polaków, p. 327-333.

<sup>13</sup> red. D. Batorski, J.M. Zając, Raport Otwarcia Koalicji „Dojrzłość w sieci”, Miedzy alienacją a adaptacją Polacy w wieku 50+ wobec Internetu, p. 27 - 32.

project *SIRMA plus* (*The construction and development of partnership in favour of counteracting the economic crisis in region mazowieckie by investing in innovative ICT solutions*) co-financed from the Operational Programme Human Capital in region mazowieckie. According to them, a person who does not use Internet is not a person who has never had any contact with it. It is a person who used it but to a very small extent. Nowadays Internet is present in the homes of 73% of the Poles. It is publicly available in the public service buildings, e.g. public authorities or offices. The majority of those who don't use the net already have some experiences and opinions related to the new technologies. Often they are repeated views of friends, opinions in the media, etc.<sup>14</sup>. The persons who don't use Internet, contrary to appearances, knows a lot about it. They are aware that in the net they may do shopping, play games, check timetables, download movies or send e-mails. Nevertheless, for the majority of users the most important application of Internet is keeping contact with friends who live far away. The conclusion is that social ties are very important for everyone, including the one who don't use the net. However, such a person does not identify Internet with the place where such relationships could be maintained.

In Poland, same as all over the world, senior citizens most often look in Internet for news about the world, and also about health, tourism and entertainment. E-mail is the most often used means of communication among senior citizens. An interesting thing is that they are active on social portals, despite the fact that they are resistant to the publication of their photos in the net. The most rarely they look for work on the Internet. They do not read blogs, either. They rarely do on-line shopping and a small percentage of them use electronic banking.<sup>15</sup>.

How does a non-user of Internet enter the digital world? Most often it is because of the family or friends, who show the net and most often use it themselves. A non-user of Internet does not want to be excluded anymore. In addition, there is a fear of getting addicted to the net<sup>16</sup>.

## **1.2 Causes and barriers of not using the Internet**

The main cause of not using the Internet by persons 50+ is not the lack of equipment or access to network. Definitely the majority of mature people have it or is within the network reach. It is not about the financial matters, either. The main barriers are: low motivation, fear,

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<sup>14</sup> red. J. Orzeł, K. Głomb, *Pokolenie 50+ Pierwsze kroki w cyfrowy świat Ku sieciowej codzienności*, Stowarzyszenie „Miasta w Internecie”, 2011, p. 9.

<sup>15</sup> B. Szmigierska, A. Bąk, M. Hołda, *Seniorzy jako użytkownicy Internetu*, Nauka 2/2012, pp. 145-146.

<sup>16</sup> Therein, p. 12-16.

lack of the need and lack of knowledge<sup>17</sup>. The “Maturity in the net” Coalition Opening Report, edited by Dominik Batorski and Jan M. Zajac entitled *Miedzy alienacją a adaptacją Polacy w wieku 50+ wobec Internetu [Between alienation and adaptation. The poles aged 50+ towards Internet]* published in 2010, distinguishes the following barriers in not using the net by senior citizens:

So-called hard:

- financial (lack of access to the infrastructure),
- reach-related (problems with the provision of Internet and with the possibility to use it),
- equipment-related (inadequacy of equipment and software to skills).

So-called soft:

- absence of interesting services and contents (contents are mainly adjusted to the young),
- psychological (fear and concerns e.g. about addition to Internet which takes too much time and occasions the loss of contact with reality<sup>18</sup>),
- autoexclusion from the world of new technologies (demonstration of unwillingness towards changes and novelties),
- lack of knowledge,
- lack of needs to use it,
- lack of skills to use it<sup>19</sup>.

## 2. National and European funds for combatting the 50+ digital divide

In the new financial perspective for 2014-2020 it will be possible to finance a number of activities relating to initiatives referred to senior citizens. The main and most popular sources of acquiring funds for combatting the digital divide of this group of people are:

### 1. Operational Programme Knowledge Education Development 2014-2020 OPKED

**Priority axis II:** Effective public policies for the labour market, economy and education

**Investment priority 10iii** Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences.

**Specific objective 4.** Improving access to various forms of lifelong learning for adults.

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<sup>17</sup> P. Majnert, R. Machul, D. Batorski, *Internet dla użytkowników w wieku 50+*, pp. 8-9.

<sup>18</sup> B. Szmigierska, A. Bąk, M. Hołda, *Seniorzy jako użytkownicy Internetu*, Nauka 2/2012, pp. 143.

<sup>19</sup> red. D. Batorski, J.M. Zajac, Raport Otwarcia Koalicji „Dojrzłość w sieci”, *Miedzy alienacją a adaptacją Polacy w wieku 50+ wobec Internetu*, p. 35.

- development of multimedia courses allowing to conduct the theoretical part of courses for adults using distance education methods and techniques<sup>20</sup>.

2. *Regional Operational Programme for the Łódzkie Region for years 2014-2020.*

**Priority axis XI – Education, Qualifications, Skills**

**Measure XI.2** Education of adults

Specific objective – Increasing key competences of adults being in particularly unfavourable situation on the labour market, within the area of ICT and foreign languages.

A/m objective pays attention to the processes of depopulation and ageing of society, what makes it necessary to take actions to supplement or increase competences of people aged 25-64 within the area of ICT and foreign languages. These persons are to be supported most often. The projects will be performed, the purpose of which is to conduct trainings and courses for adults who will want, by their own initiative, increase their skills within a/m scope<sup>21</sup>.

3. *Operational Programme Digital Poland for years 2014-2020.*

The objective of this programme is the strengthening of digital priorities for the State development. They include: broad access to Internet, effective and user-friendly public services, permanently increasing level of digital competences of the society.

**Priority axis III. Digital Competences of the Society.**

**Specific objective 5:** Increasing the degree and the improvement of Internet skills, including public e-services.

The support within the scope of digital integration and activation of local societies, innovative initiatives in favour of e-integration, conducting education and information campaigns aiming at increasing the importance of e-skills.

The projects covered by the support include training activities in favour of the development of digital competences, innovative solutions in favour of digital activation, education and information campaigns in favour of the popularization of the benefits from the use of digital technologies<sup>22</sup>.

The above initiatives are addressed, inter alia, to non-governmental organizations, local government units, institutions performing activities within the scope of the third age universities.

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<sup>20</sup> OPKED, 17.12.2014, p. 116-122.

<sup>21</sup> ROP ŁV for years 2014-2020, p. 249-250.

<sup>22</sup> Operational Programme Digital Poland for years 2014-2020, pp. 33-40.

4. *Government Programme for Social Participation of Senior Citizens for years 2014-2020 (SPSC).*

The programme was prepared on the basis of experiences from the cooperation of the organizations performing the projects under the Government Programme for Social Participation of Senior Citizens for years 2012 – 2013 and on the basis of the dialogue held with representatives of the non-governmental sector, scientific and expert environments, local governments, the central administration, as well as trade unions and employer organizations, conducted under the activity of the Senior Policy Council<sup>23</sup>. The programme authors note that increasing digital competences of people 50+ is a big challenge as regards including the senior citizens in the sphere of active citizenship and reducing the level of digital divide. At this purpose, it is necessary to reform education, strengthen the system of long-life learning and digital competences in both formal and informal education. It is also necessary to change the habits of senior citizens and to overcome their fears<sup>24</sup>. It is also noted that the costs of access to Internet may constitute an insurmountable barrier for people aged 50 and more, taking into account the amounts of old age pensions or annuities. The programme provides the possibility to finance the initiatives relating to digital divide by the implementation of the priorities and directions of actions. The following actions relating to digital divide were foreseen under the tender component:

**Priority I** Education of senior citizens

Direction of actions: Educational classes from a variety of fields, e.g. new technologies.

**Priority II** Social activity promoting the integration inside and between generations

Direction of actions: Combatting the divide.<sup>25</sup>.

The programme beneficiaries are non-governmental organizations and legal persons, social cooperatives, associations of local government units, joint stock companies and limited liability companies, sport clubs. The beneficiaries may also be partnerships of local government units, higher education institutions and other public legal entities<sup>26</sup>.

5. *Long-term Senior Policy for years 2014-2020*

It was adopted on February 4th 2014 by the Resolution No 238 of the Cabinet and the minister competent for social security affairs is responsible for its implementation. A/m assumptions

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<sup>23</sup> The resolution No 237 of the Cabinet dated December 24th 2013 in the matter of establishing the Government Programme for Social Participation of Senior Citizens for years 2014-2020, Monitor Polski, Dziennik Urzędowy Rzeczypospolitej Polskiej, Warszawa, January 24th 2014, p. 4.

<sup>24</sup> Therein, p. 8.

<sup>25</sup> Program SPSC 2014-2020, pp. 22-23.

<sup>26</sup> Therein, p. 26.

constitute the performance of the obligation provided for in the Government Programme for Social Participation of Senior Citizens for years 2007-2013. It constitutes a concrete set of required actions within the area of senior policy in Policy. The document is addressed to the society and also to the public authorities of each level, the private and non-governmental sector, as well as social partners, who are to cooperate with each other to achieve the basic objective of the senior policy, namely the improvement of the situation of senior citizens for dignified ageing in good health<sup>27</sup>. It is noted in the document that new technologies may be a great support in the care of senior citizens. They facilitate everyday functioning of people 50+. However, it is currently observed in Poland that there are no publicly available solutions within the scope of telecare and telemedicine<sup>28</sup>.

The program determines priorities and objectives, and directions of intervention. Some of them refer to the access to information and communication technologies.

**Priority 3.** Development of social and care services adjusted to the needs of senior citizens.

**Objective 3.** Working out and implementing a telecare system and using innovative technologies in facilitating to organize the care for senior citizens.

Recommended directions of intervention include: working out the minimal standards of telecare and other forms of caring services using ICT; determining the sources and rules for financing telecare, supporting the implementations of solutions with application of telecare or new technologies for the prophylaxis development<sup>29</sup>.

The Senior Policy Council acting as a part of the Ministry of Labour and Social Policy worked out the recommendations concerning the measures provided for the Programme Solidarity between Generations, which takes up the matters of professional activation of 50+ generation.

The following objective was assumed in the field of professional activation:

**Objective 1.** The popularization of educational offer, the improvement of its quality and the adjustment to both the needs of the labour market and the needs and possibilities of the recipients (employees and persons looking for job at the age of 50+). Recommended directions of intervention include: the development of forms such as distance learning, e-learning, blended learning.

The following objective was assumed in the field of educational activation:

**Objective 3.** The popularization of education to the extent of new technologies.

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<sup>27</sup> The resolution No 238 of the Cabinet dated December 24th 2013 in the matter of adopting the document of the establishment of the Long-term Senior Policy in Poland for years 2014-2020, p. 4.

<sup>28</sup> Therein, p. 15.

<sup>29</sup> Therein, p. 21.

It is being emphasized that an extremely important factor of senior education is the acquisition of computer skills by senior citizens. Digital services are favourable for the appearance of social inclusion. It is necessary to provide senior citizens with the access to IT resources. Computer competences are among eight most important key competences required for every person.

Recommended directions of intervention within this area include: the creation of systemic solutions relating to learning by senior citizens within the scope of digital competences; the popularization of the benefits from having such competences, supporting educational activities within the scope of Ambient Assisted Living (better life conditions for senior citizens due to ICT application) and the popularization of the results of researches referred to new technologies among senior citizens<sup>30</sup>.

### **3. Projects activating senior citizens**

This chapter contains the presentation of the most popular projects and initiatives, which efficiently combat the problem of digital divide of senior citizens.

#### **3.1 *Digital Poland of Equal Opportunities***

Digital Poland of Equal Opportunities is an initiative the purpose of which is to introduce to the world of digital communication persons aged 50 and more. The project is performed by the „Cities on the Internet” Association (SMWI) and the Ministry of Administration and Digitalization. It is financed under the „*Systemic project – actions for the development of broadband access to Internet*”, Measure 8.3 of the Programme Innovative Economy. It is a unique project on the European scale.

The Lighthouse Keepers of Digital Poland are local animators acting in their local environments. They encourage making the first step on the Internet by holding meetings in the places equipped with adequate equipment and free access to Internet, i.e. the libraries, depots, telecentres, schools, etc. The work of a lighthouse keeper is based on voluntary services. He does not charge any fees from participants of the classes. He does not get any remuneration either. 2707 certified Lighthouse Keepers of Digital Poland act in Poland. This number continuously increases because due to the support of the ministry, the project was extended by another year. Further trainings are conducted, the purpose of which is to train a new group of lighthouse keepers.

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<sup>30</sup> Therein, pp. 27-34.

According to the data provided by SMWI, 175 911 persons aged 50+ entered the digital world during the period from November 2012 to May 10<sup>th</sup> 2014. There are 182 Lighthouse Keepers in the Łódzkie Region, who conducted in total 2085 educational classes and trained 14190 persons. A Lighthouse Keeper conducts his classes in agreement with various institutions, which agree to use gratuitously their space, computer equipment and Internet. These institutions are usually libraries, which despite enormous engagement and support on a part of the people working there are often insufficiently equipped with adequate number of equipment, which at the same time want to be used by participants of the trainings and the persons who visit a library. It raises, in a way, the problem of accessibility, especially due to the fact that the interest in the trainings is very high.

Particularly important is the interest in the project of local government authorities, which should aim at activation of persons 50+ and combat the social exclusion. That's why an idea was born to build so-called Polish Digital Lighthouse. They are digital education workshops, which are established as a result of an agreement – the contract between three partners: local government authorities, the Lighthouse Keeper of Digital Poland and SMWI. Active lighthouse keepers appointed by SMWI are the lighthouse hosts. The brand is owned also by the association, whereas the lighthouse infrastructure is owned by the local government authorities. The lighthouse objectives shall include:

Conducting trainings, workshops, webinars and meetings regarding digital education of mostly the generation 50+, but also other target groups interested in this subject,

Promoting the use of public e-services,

Organizing digital educational games,

Organizing videoconferences and e-learning courses,

Providing support and consultancy,

Providing the place of meetings and videoconferences by the Lighthouse Keepers,

Assisting in obtaining access to public information<sup>31</sup>.

At the conference entitled „The 2020 Perspective. Digital competences as a condition for the development of Poland”, which was held on April 15 2015. It was officially announced in Warsaw that the project Digital Poland of Equal Opportunities would be extended by 2020.<sup>32</sup> Further interested persons will join the team of lighthouse keepers and propagate new technologies among senior citizens. However, the engagement of local governments in this

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<sup>31</sup> [www.latarnicy.pl](http://www.latarnicy.pl)

<sup>32</sup> <https://mac.gov.pl/aktualnosci/minister-andrzej-halicki-na-konferencji-perspektywa-2020-cyfrowe-kompetencje-warunkiem>

respect is necessary. At present the lighthouse keepers make efforts to convince local government authorities to join the project. Their task is to sign the letters of intent, in which they declare to cooperate within the scope of e.g. the provision of rooms for the classes, Wi-Fi networks, etc. In addition, the diagnoses of commune digital competences shall be worked out, what will facilitate better identification of digital needs on a given territory.

### ***3.2 Fifty-Fifty – a model of social franchising network as a method to combat the digital divide being one of the barriers of professional activity of persons 50+.***

Fifty-fifty is a project prepared by HRP group Sp. z o.o. in partnership with the Foundation Supporting Development of Innovative Technologies 4Future under the Priority VI „the labour market open to everyone” Submeasure 6.1.1 „Supporting the unemployed on the regional labour market” of the Operational Programme Human Capital. The target group is made up of the persons aged 50 and more who are unemployed and the representatives of the non-governmental organizations sector from the Łódzkie Region and IT trainers aged 50+. IT trainings are conducted in the premises located in Łódź and in smaller cities for persons 50+ by trained persons at similar age. The initiative is based on the model of social franchising. It means that the 4Future foundation performs the function of a Franchisee. Social Franchisees run points, where meetings take place. The points are supported by the foundation<sup>33</sup>. Such a point may be established by any institution acting in the Łódzkie Region, which wants to develop digital competences of persons 50+. The project comprises the organization of meetings, trainings and trainer's courses completed by a certifying exam<sup>34</sup>.

### ***3.3 E-Senior academy***

E-senior academy is a social programme performed by UPC Polska. Its objective is to develop competences within the area of computer and Internet skills among the generation 50+ through conducted courses and e-learning. The programme authors noticed the need of digital education within the group of people aged 50 and more. The project was commenced in 2006 and at the beginning was implemented in 10 UPC internet workshops in 9 Polish cities. In the case of other cities, internet cafes were hired. Whilst in 2007 UPC entered into cooperation with the Academy for the Development of Philanthropy in Poland (an independent non-governmental non-profit organization dealing with activities, *inter alia*, within the scope of the

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<sup>33</sup> <http://sieci5050.org/>

<sup>34</sup> Podręcznik dla Franczyzobiorców Społecznych opracowany w ramach projektu „PI:fifty-fifty – model sieci franczyzy społecznej metodą przeciwdziałania wykluczeniu cyfrowemu jako jednej z barier aktywności zawodowej osób 50+, s. 25-27.

activation of senior citizens)<sup>35</sup>, and also with local partners chosen in the course of tender proceedings. UPC signed the cooperation agreement with non-governmental organizations, public institutions and housing cooperation. Due to this fact, six internet workshops were opened. The workshops were connected to broadband Internet. Since 2006 it has been decided to extend the time of classes up to 16 hours and to elaborate a handbook and a website and to prepare properly the instructors for conducting the trainings. In addition, four-hour consultations were foreseen to be provided after each course. The organizers also introduced a fee for the course in the amount 26 PLN. At present the courses are conducted by 120 trainers in 100 institutions in 65 cities in Poland. According to UPC's statement, already several thousands of people aged 50+ have been trained within the scope of computer and Internet skills. Due to constant interest in such courses and permanent development of the Academy programme, there is a continuous need to train the trainers conducting the classes. Their knowledge is up-to-date supplemented at the meetings, during which they develop their skills.

The e-Senior Academy programme of UPC was honoured *inter alia* in the contest "We jointly build the social capital". It was recognized as one of 10 best good practises of the cooperation between business and non-governmental organizations.

The experiences from the programme implementation resulted in the appointment of the Coalition of Digital Inclusion of 50+ Generation. Its purpose is to encourage senior citizens to use Internet actively<sup>36</sup>. The Coalition of Digital Inclusion of 50+ Generation „M@turity in the net”, observing a low level of the use of network and new technologies among senior citizens, is to unite companies, non-governmental organizations, as well as public authorities and institutions to promote the use of Internet. It is to speak up in public debates referred to the matters significant for combatting the digital divide.

The members of the organization include: The Foundation for the Jagiellonian University, the Foundation for the Development of Information Society, IBM, Microsoft or the Polish Scouting and Guiding Association<sup>37</sup>. The Coalition published interesting reports describing the status of the development of digital competences 50+: *Dojrzałość w sieci [M@turity in the net]. Między alienacją a adaptacją [Between alienation and adaptation]; Polacy w wieku 50+ wobec Internetu [Poles aged 50+ in the face of the Internet]; Internet wzbiogacił moje życie [The Internet has enriched my life]; Internet dla użytkowników 50+ [Internet for 50+ users]*.

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<sup>35</sup> [http://aplikacje.upc.pl/upc-esenior/o\\_akademii/partnerzy\\_i\\_przyjaciele](http://aplikacje.upc.pl/upc-esenior/o_akademii/partnerzy_i_przyjaciele)

<sup>36</sup> [http://aplikacje.upc.pl/upc-esenior/o\\_akademii/](http://aplikacje.upc.pl/upc-esenior/o_akademii/)

<sup>37</sup> <http://dojrzaloscwsieci.pl/o-koalicji.html>

#### **4 Some comments on the experiences in working with senior citizens – the Lighthouse Keeper of Digital Poland<sup>38</sup>.**

The issues of digital divide among senior citizens are in the present-day world very important. Taking into account the fact that the European societies ages fast (Lodzkie Region is one of the oldest in Poland) whilst the persons aged 50 and more rarely use new technologies, it is important to take actions helping familiarize with them in an intelligible way. However, they may not be traditional IT trainings, at which a teacher uses complicated technical vocabulary teaching things which in a senior's life may be found completely useless. The Lighthouse Keepers of Digital Poland assume that a person 50 plus does not need to know how to design a website or send a letter in the form of serial correspondence. The meetings with the lighthouse keepers do not lead to obtaining ECDL certificate (the European Computer Driving License). They are not even conducted by IT specialists. The most often the "trainers" are persons who does various things, they have extensive knowledge and experience in operation of computer and Internet. Because of that they are able to pass their knowledge in quite a simple and intelligible way. One should speak to senior citizens in a simple way, bearing in mind that new technologies are strange to them. They did not learn about IT at school, not all of them have a computer at home and access to Internet. The idea of a lighthouse keeper is a cycle of meetings in the places where adequate infrastructure is available (computers and free access to Internet), i.e. e.g. in the libraries. Due to the participation in the project the Academy for the Development of Libraries, the libraries have broadband free Internet. Those places are senior-friendly, in which they feel safe and comfortable, since libraries have always been positively associated.

The meetings are held in small groups. The best effects may be achieved by working with max. 5 persons. In this case the attention may be focused on every person. The smaller the group the better, both for the teaching person – the Lighthouse Keeper, and the learning person – the Senior. The classes are most often attended by persons who either have a library card and go to a specific library, or heard of the classes from their friends and decide to it as they were recommended to do so. The participants are often the persons who already have the knowledge and who willingly attend other classes in Lodz from the rich offer of classes for persons 50+.

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<sup>38</sup> In 2013, I graduated from a training provided by the Association "Cities in the Internet" which resulted in obtaining a title of the "Lighthouse Keeper of Digital Poland" and gave me the right to conduct classes with older people. For about a year, I have been holding meetings in one of Lodz libraries, trying to introduce seniors to the digital world.

The third age universities, the City Hall of Lodz or other organizations hold a variety of interesting meetings dedicated to seniors.

The older children, as the Lighthouse Keepers call the persons aged 50+, decide on the classes on their own accord. They by no means are forced to them. They come voluntarily, because they don't want to be left behind. They wish to learn how to operate such a common tool as computer or to deepen their knowledge in this regard. Most often I meet with people who know something about the new technology. However, it is not systemized. The senior citizens show huge shortages in digital competences. They are aware of them and that's why they regularly attend the courses.

The recruitment for the lighthouse meetings is carried out by displaying information posters, advertisements in media, etc.

The courses are carried out in the form of meetings, which are held once a week and last about 1.5 hour. The programme of classes comprises the basics of computer and Internet operation. An important matter is that the Lighthouse Keeper helps make the first step into the digital world. It is not his duty to conduct a complete IT course. His task is to encourage people who are not convinced to the use of Internet and to help familiarize with new technologies, which may be very useful in human life if skilfully and rationally used. The senior citizens discover the tools which are particularly useful for them, i.e. the web pages dedicated especially to them, medical portals, they set accounts in the National Health Fund and watch old movies on You tube or look for old friends on Facebook.

It is worth underlining that a Lighthouse Keeper is a volunteer. I do not charge any fees for my classes. The course is free of charge. The payment is the satisfaction of the knowledge gained, a smile on a face of a senior citizen, its gratefulness and demonstrated liking. The trainings are very popular and more and more persons sign up for the classes.

## **Summary**

Increasing digital competences of persons aged 50+ in the contemporary world is very important. Despite the fact that it is just senior citizens who constitute in Poland the group of most excluded digitally people, they are simultaneously the persons who willingly undertake new challenges referred to acquiring knowledge, improving skills and broadening the horizons. These people are often still very active (also professionally), interested in the surrounding world. This world becomes much more accessible, if we use skilfully its digital achievements. For the senior citizens, they have a lot to offer. Making an appointment at the doctor by electronic means, checking a bus timetable, or internet shopping make our everyday

functioning easier. An economic factor is also important in this case. Surfing on digital world saves time and money. Senior citizens are aware of it and that's why they are more and more willing to increase their computer skills through the participation in a variety of initiatives and projects.

The new programming period provides them with numerous opportunities in this respect. The programmes and projects initiated in the previous financial perspective, i.e. e.g. the Digital Poland of Equal Opportunities, shall be continued. They shall contribute to the development of digital competences of further groups of people. This leads to decreasing the level of digital divide of the Poles. It also leads to increasing the self-esteem of senior citizens, who feel important and needed. A statement that is often repeated, also by the senior citizens, is that new technologies "kill" human relationships and make people lock themselves in their homes in front of computer monitors. This thesis is not true because, as proved by for example the examples referred to in this article, the projects increasing digital skills of senior citizens provoke them to go out, meet with peers and enter into new social contacts.

It is worth taking actions addressed to senior citizens. This social group should not be condemned to isolation but develop its passions and interests and inspire to activation. The information and communication technologies may contribute to the improvement of their comfort of life.

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**Nowak P.A., *Websites of Public Entities as an Element of Digital Inclusion***

**Summary:**

One of the priority tasks of the local government is to combat the social exclusion of citizens. The majority of the exclusion areas require the engagement of considerable or extremely considerable financial resources. One of the exceptions is the area of electronic communication, where the application of solutions that comply with effective standards makes it possible to combat the digital divide due to the dysfunction of the organ of vision. The rules resulting from the *Regulation of the Council of Ministers dated April 12<sup>th</sup> 2012 in the matter of the national interoperability framework, the minimal requirements for public registers and the exchange of information by electronic means and the minimal requirements for the information and communication technology systems*<sup>1</sup> took effect on June 1<sup>st</sup> 2015. It means that public entities in Poland had three years for adjustment of *inter alia* websites to the requirements set out in the Regulation. This article shall present hereunder the research results regarding websites of 66 cities under the rights of powiaty and some central offices (including those of governmental administration) in respect of the compliance with the requirements set out in the Regulation. The research was carried out on during the period of 3-15 June 2015.

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<sup>1</sup> The Journal of Laws dated May 16<sup>th</sup> 2012, item 526

## Digital inclusion in development priorities of the EU and Poland

Counteracting to social exclusion constitutes one of the development priorities of the European Union. The strategy paper *Europa 2020. Strategia na rzecz inteligentnego i zrównoważonego rozwoju sprzyjającego włączeniu społecznemu*<sup>2</sup> [Europe 2020. Strategy for smart and sustainable inclusive social growth] has been described as one of five main objectives, assuming that by 2020 the number of people at risk of poverty and social exclusion will be reduced by at least 20 million PLN of people<sup>3</sup>. As one of the main causes of vulnerability to social exclusion and poverty the digital exclusion<sup>4</sup> has been recognized. The phenomenon, taking into account the emphasis that the European administration puts on the development of such areas as e-health, e-government and e-learning, can be particularly dangerous. Counteracting to digital exclusion is possible, provided by support of education of digital literacy in the groups at risk of exclusion and construction of Digital Services favourable to the digital (social) inclusion. This means also the necessity of common administrative activities and commercial entities for facilitating the use of information society services to people at risk of digital exclusion, including those with disabilities.

On 19 May 2010 the European Commission launched the *European Digital Agenda*<sup>5</sup> [*Europejska Agenda Cyfrowa*] - first of the strategy initiatives Europe 2020. The Agenda recommends to the European Union and the Member States more than 100 actions of legislative and non-legislative nature, aimed joke effective public intervention diagnosed problem areas. *In the face of aging the population and global competition we have to choose three options: work harder, longer or smarter. We will probably need to apply all the three, but the third option the only way to guarantee better quality of life of Europeans. To do this, within the framework of the European Digital Agenda the actions were proposed that should be taken as soon as possible in order to provide Europe's smart, sustainable and inclusive social growth. These proposals will prepare the ground for long-term changes resulting from the progressive digitization of economy and society*<sup>6</sup>. Agenda points out, among others, the eight areas of action, which support may allow the implementation of its priorities. As part of

<sup>2</sup> [http://ec.europa.eu/europe2020/index\\_pl.htm](http://ec.europa.eu/europe2020/index_pl.htm) (21.04.2013)

<sup>3</sup> [http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/targets/index\\_pl.htm](http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/targets/index_pl.htm)

<sup>4</sup> According to Eurostat, approx. 150 million Europeans have never used the internet

<sup>5</sup> European Digital Agenda, [http://eur-](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0245:FIN:PL:PDF)

<sup>6</sup> ibidem, p. 4

the second *Interoperability and norms* it was indicated that advocating for digital inclusion requires effective implementation of open architecture telecom products and services. Unacceptable is a situation in which the choice of Equipment Brands, Operating System in which it operates, whether the specific manufacturer cuts off the user from a significant part of the public resources or digital services. To change this situation it is required:

1. Improving of the standard-setting in the field of ICT.
2. Promoting a better use of standards.
3. Enhancing the interoperability through coordination<sup>7</sup>.

Following the recommendations of the European Digital Agenda, the Polish public administration intensified its work on standardization of ICT area<sup>8</sup>. They resumed works over the corporate architecture of the state (understood as Kaskade of architectures from the strategic level for the state, by each of its elements to the operating level for the individual units of state and local administration) and interoperability of ICT systems of the administration. A key element in this regard is the *Regulation of the Council of Ministers as of 12 April 2012 on National Interoperability Framework, the minimum requirements for public registers and Information Exchange in Electronic and minimum requirements for ICT application*<sup>9</sup>, which determines:

- 1) *the National Framework of Interoperability;*
- 2) *minimum requirements for public registries and Exchange of Information in electronic form;*
- 3) *minimum requirements for the application of ICT including:*
  - a) *a specification of data formats and communication protocols and encryption to be used in the interfaced Software,*
  - b) *ways to ensure the security in the exchange of information,*
  - c) *technical standards for information exchange with the participation of public entities, taking into account cross-border exchanges,*

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<sup>7</sup> Ibid., p. 18

<sup>8</sup> TIK – Information and Communication Technologies, the name is often used interchangeably with the English equivalent of ICT (*Information and communications technology*)

<sup>9</sup> <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20120000526>

*d) ways to provide the access to information resources of public entities for Persons with Disabilities<sup>10</sup>.*

As binding for Information Resources of Public entities (including websites) have been indicated the Polish norms ISO / IEC 20000-1 and ISO / IEC 20000-2, and in *case of lack of*

*a regulations, standards or standards in a matter, referred to as in sec. 1 (as defined in the applicable regulations, norms, standards or recommendations established by the National standardization body or the European Union standardization agency), application of those standards recognized at international level is obligatory, in particular developed by:*

*1) Internet Engineering Task Force (IETF) and published in a form of Request for Comments (RFC)*

*2) The World Wide Web Consortium (W3C) and published in a form of W3C Recommendation Form (REC)<sup>11</sup>. Taking into account the exceptionally long, up to three years transitional period from 1 June 2015, all the web sites of the Public entities should meet the requirements of Web Content Accessibility Guidelines (WCAG 2.0)<sup>12</sup>.*

### **Analysis of the selected websites of public entities<sup>13</sup>**

In order to diagnose the level of implementation of the Regulation of Ministers Council as of 12 April 2012. the following probe was adopted:

1. in the range of websites of local government units there was conducted an analysis of websites of total 66 cities with the rights of counties,

2. in the field of web services was carried out analysis of the Central Administration pages Total 17 ministries, the Office of the President, the Office of the Prime Minister, the Sejm, the Polish Senate, the National Health Fund (NFZ), the Social Insurance Institution (ZUS), Agricultural Social Insurance Fund (ASIF), the Prosecutor's Office General, the Ombudsman (Ombudsman) and the Ombudsman for Children (RPD) - a total of 27 institutions web sites.

Cities and towns with the rights of counties were chosen because:

1. they are the biggest Cities in Poland

2. due to decomposition of population they represent the greatest accumulation centers of people at the risk of digital exclusion

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<sup>10</sup> Ibid., p. 1

<sup>11</sup> Ibid., p. 6

<sup>12</sup> Ibid., p. 6

<sup>13</sup> The article uses excerpts of copyright tests carried out on 5-15 June 2015 on 133 sites of public bodies (central government, local government bodies responsible for public aid, cities and towns). The date of the study is due to the entry into force, on 1 June 2015, of the Guidelines for the accessibility of websites of public entities resulting from the Resolution of the Council of Ministers dated 12 April 2012 on the National Interoperability Framework, the minimum requirements for public records and exchange of information in electronic form and the minimum requirements for ICT systems.

3. due to the level of employment in Municipal offices and the budget size, they have the greatest human and financial potential to make changes in the area of ICT,

4. they constitute the main centers serving the tourist business and foreign investments, thus their web sites should serve as a model not only the aesthetic but also the technological.

As the representatives of the central administration there were selected the entities:

1. participating in creating the law (eg. The President and Prime Minister offices, ministries, the Parliament and the Senate),

2. responsible for direct contacts with persons at risk of digital exclusion (eg. ZUS, KRUS NFZ)

3. responsible for "intervention" contacts with citizens (Prosecutor General's Office, the Ombudsman, the RPD).

As part of the research, the following has been verified:

1. responsiveness of the party, understood as the ability to display a particular service on monitors with different screen resolutions (for example, monitors of 24 inches and 17 inches) and mobile devices (tablet, smartphone)

2. possessing the basic facilities for the visually impaired (change of contrast, the possibility of enlarging the fonts)

3. availability of the Public Information Bulletin from the site's home page,

4. possibility to move to the official channels in the social media from the main page of the service.

5.compliance of the site construction with the W3C (using validator <https://jigsaw.w3.org/css-validator/>)

6. Compliance of posting content on a website that the standard of WCAG 2.0 (for using validator [http://achecker.ca/checker/index.php#output\\_div~~HEAD=pobj](http://achecker.ca/checker/index.php#output_div~~HEAD=pobj))

In terms of points 1-4 study was conducted on 3-12 June 2015 in the range of point 5 on 13-14 June 2015 and compatibility with WCAG 2.0 standard was tested on 15 June 2015.

## **Survey results**

Out of 92 testes respondents of public entities websites, the vast majority provides even partial responsiveness. Only 5 sites (Dabrowa Mining, Plock, Poznań, the Senate and the Ombudsman for Children), which is less than 5.5% does not meet this criterion at any level. Almost 61% of web services allows you to view the content on the monitors of all sizes, while only 33.5% ensures complete responsiveness of the used templates or have a mobile version.

## **Responsiveness of tested www services**

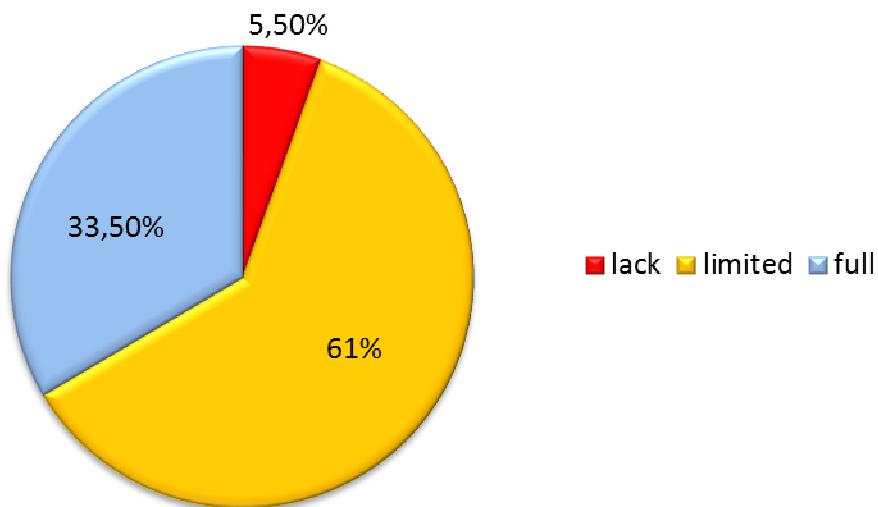
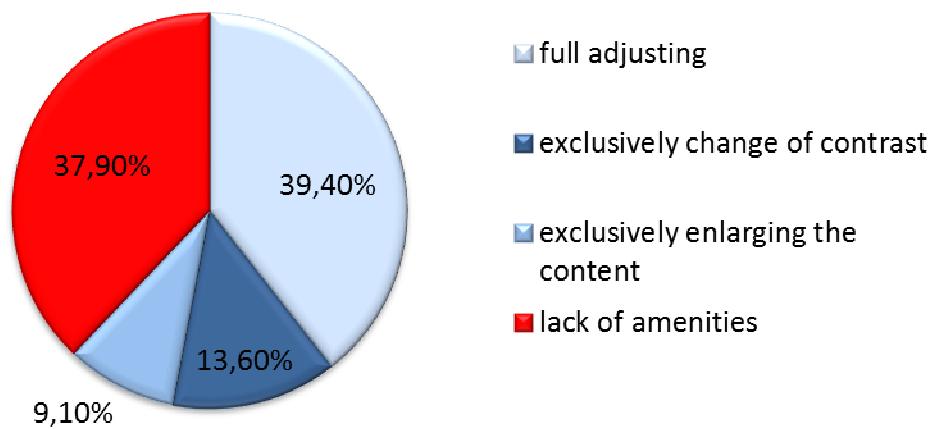


Chart 1 - responsiveness of public entities' tested websites. Source: own research

This feature is evenly distributed in both tested groups of services (cities with the rights of counties and institutions and central offices).

Testing for built-in tools to facilitate the use of web services for people with impaired eyesight showed that less than 43.5% of a total of 92 sites allows free enlarging the size of spoken text, and change the contrast. An additional 12% of web services content allows you to change the contrast of the surveyed sites, and 7.6% the change in the text size.

## **Facilities for visually-impaired people web sites of local governments**



## **Facilities for visually-impaired people web sites of central institutions**

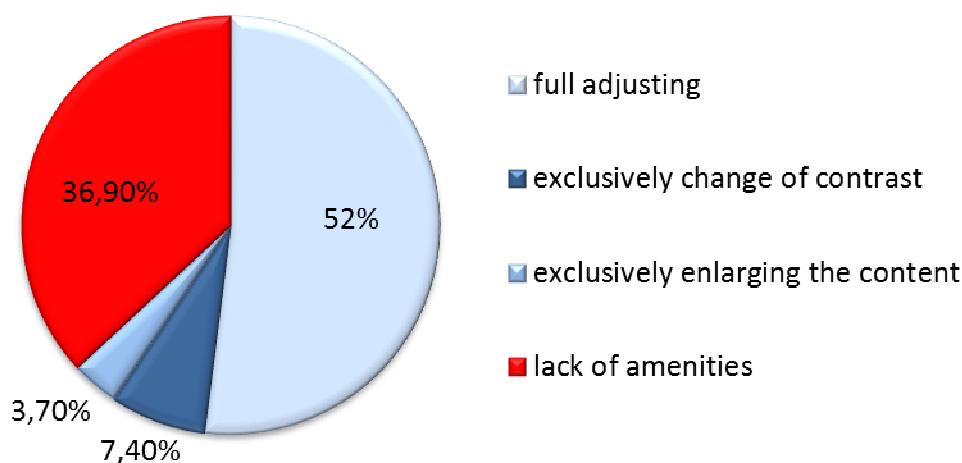


Chart 2 - the use of internal tools to facilitate the use of web services for visually-impaired people.  
Source: own research

In fact, all of the tested web sites comply with the obligation to have on your home page a link to the Public Information Bulletin. Inglorious exception is the website of Sopot, Office of the President and the Ministry of Agriculture and Rural Development (3.2% of total websites).

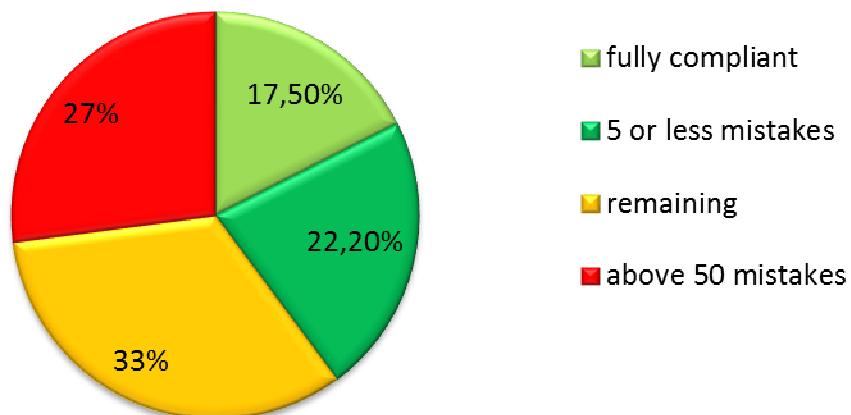
Web sites of public institutions in addition to information functions also perform marketing tasks. As many as 75% of the surveyed sites have links to social media, among which is the strong leader is Facebook, followed by Twitter and thematic channels on YouTube.

To examine the compatibility of the construction sites with the W3C validator was used online available at <https://jigsaw.w3.org/css-validator/>.

Using the validator the number of errors was checked in the code and structure of individual pages. Note, however, that is not always bugs in the code page of poor result from their construction. Developers often use shortcuts that validator shows as an error and which do not affect the display quality services. It must therefore be concluded that the finding in the service of 5 or fewer errors qualifies page as "almost" perfect. During the study failed to perform validation of five websites: Gdansk, Jaworzna, Krosno, Ministry of Administration and Digitization and the Office of the President. Out of the remaining 87 sites only 15 (17.2%) than validation error-free, and another 19 (21.8%) had 5 or fewer errors. The analysis showed at 23 (26.4%) surveyed 50 websites and more error code and record holder website of

Wroclaw was their 723, not much less as many as 634 had a party the Ombudsman for Children.

### **Compliance of www websites of local governments with W3C standard**



### **Compliance of institutions and central offices www sites with W3C standard**

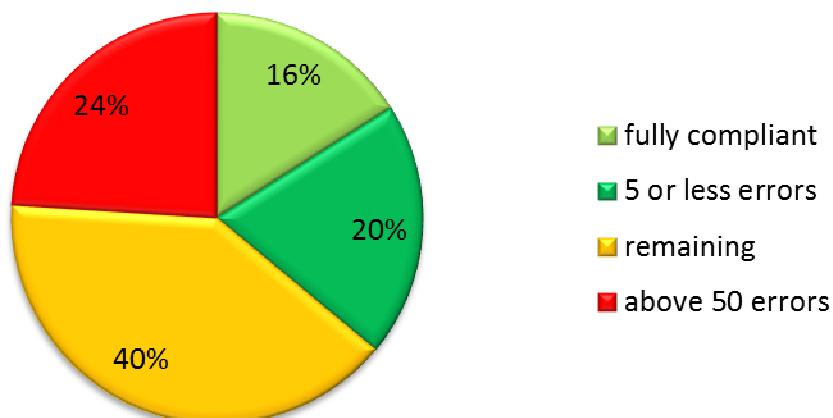


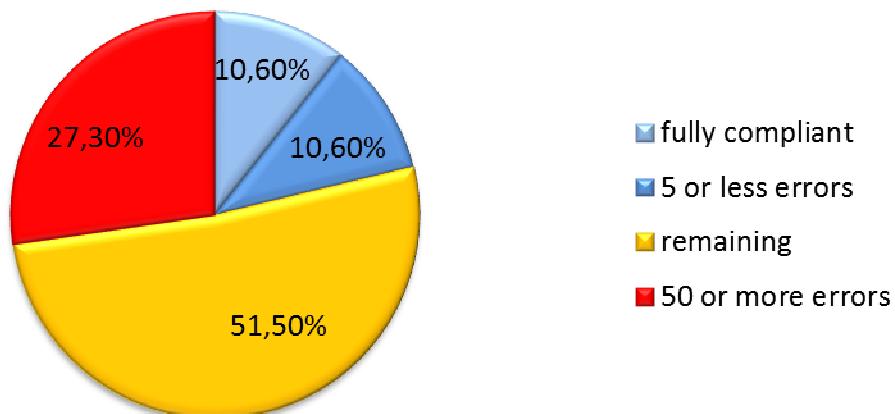
Chart 3 - compliance of the public institutions construction from the W3C. Source: own research

To examine the compatibility of content sites with the standard of WCAG 2.0 online validator was used available at [http://achecker.ca/checker/index.php#output\\_div](http://achecker.ca/checker/index.php#output_div)

Validation was done at the level of AA in accordance with the requirements imposed by Regulation of the Council of Ministers dated 12 April 2012.

Out of total 92 web sites only 11 (12%) were on the study day compliant with WCAG 2.0.standard. Another 14 (15.2%) contained 5 or less errors. As many as 20 (21.7%) of the test sites had more than 50 errors.

### Compliance of local government websites with WCAG 2.0 standard



### Compliance of www sites of institutions and central offices with WCAG 2.0 standard

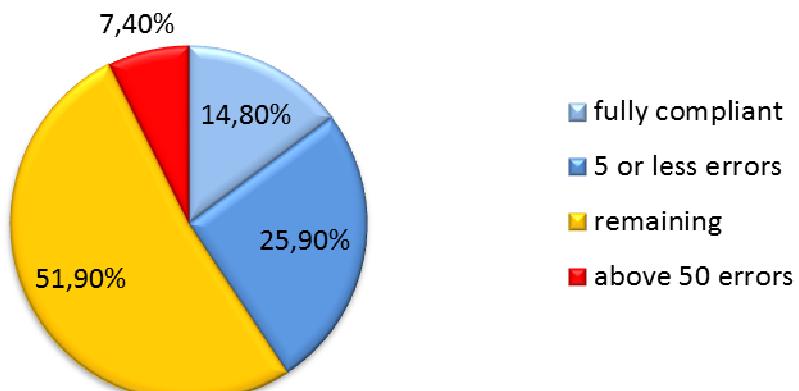


Chart 4 - the contents of the websites selected public institutions with the standard of WCAG 2.0. Source: own research

As part of the study we analysed the coexistence of the different characteristics. Assuming that fulfilment of all of the requirements 0 or 1 point<sup>14</sup> can be obtained , as a unsatisfactory score is considered to be to obtained two points or less for an average of 2.5 to 3.5 points satisfactory 4-4.5 points, too high 5 or 5.5 point. Gaining 6 points is exemplary fulfilment of technical requirements and technological the regulation of the Council of Ministers, referenced earlier.

Analysis of the results showed that 23 websites (25%) received an unacceptable result, 44 websites (47.8%) received the average score and 21 websites (22.8%) achieved a satisfactory result and only 4 (4.3%) the score high. The weakest in the statement were the websites of Plock and Sopot (1 point each). The highest number of points (5) were obtained by the websites of Łódź, Świnoujście, Ministry of Science and Higher Education and the Ministry of Justice, and none of the sites did not receive the study found more than 5 points. Distribution of results in each category (except high) between the websites of local governments and authorities and central institutions is proportionate and does not require the on separate charts.

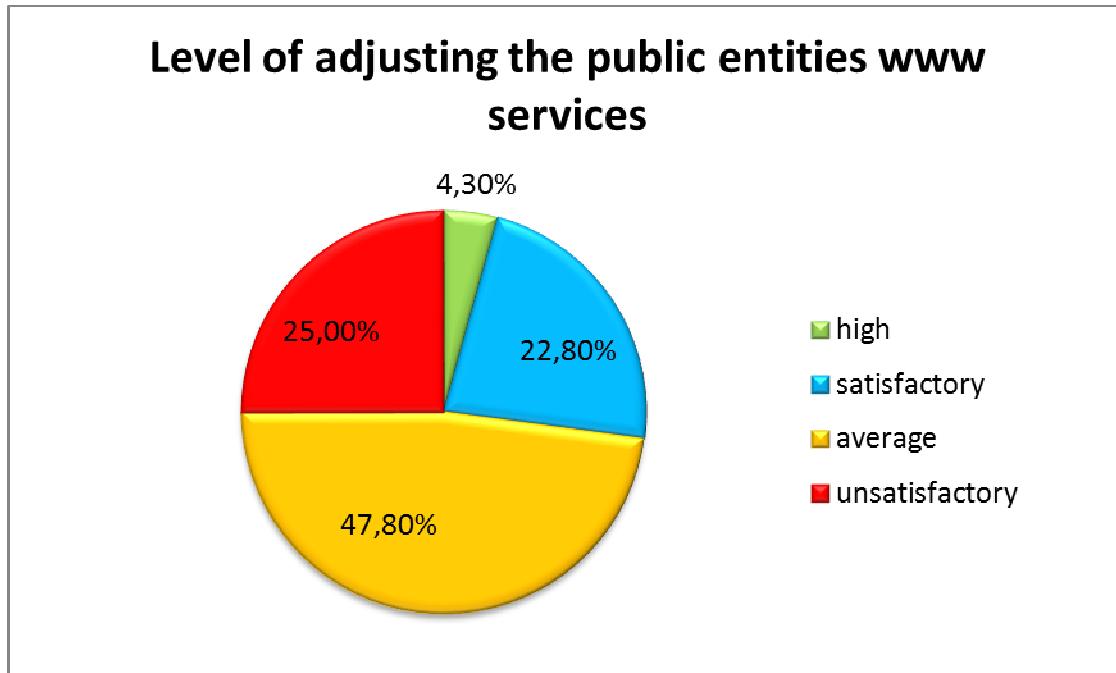


Chart 5 - the level of adjustment surveyed websites of public entities to the requirements of the Council of Ministers dated 12 April 2012. On National Interoperability Framework, the minimum requirements for public records and exchange of information in electronic form and minimum requirements for ICT systems

<sup>14</sup> the exception is the study of responsiveness of websites where: 0 was awarded for the lack of responsiveness, 0.5 for a partial responsiveness and 1 point for a total responsiveness

## Summary

The strategic and operational documents of the European Union prevention from social exclusion is one of the key current development perspective. One of the elements that support the implementation of this task is to digital inclusion<sup>15</sup> as many EU citizens as possible. Practical actions for Digital Inclusion, due to the different levels of digital literacy of citizens and various reasons for exclusion must be done at the level of individual member states. EU member states since 2010. (adopting the Europe 2020 strategy and the European Digital Agenda) had time for a precise diagnosis of the situation of their people and develop appropriate action plans. One of the element of this preparation in Poland was the *Regulation of the Council of Ministers dated 12 April 2012 on National Interoperability Framework, the minimum requirements for public records and exchange of information in electronic form and minimum requirements for ICT systems*. One of the effects of this Regulation was to adapt the websites of public entities to meet the needs of people with disabilities while maintaining the technological neutrality of the user side (full access to the in / in service should be available regardless of the device used by the user, the operating system which is running and the browser used). As the described regard the very long the three-year adjustment period was applied- until the end of May 2015.

In mid-June 2015, so at the end of the transitional period 92 pages of public entities were studied for implementation of the recommendations cited the Council of Ministers. Analysis of the results of the study, however, does not inspire optimism. Only one of the surveyed sites ([www.nauka.gov.pl](http://www.nauka.gov.pl) - website of the Ministry of Science and Higher Education) meets all of the requirements applied technologies (W3C standard) and how to present content (standard WCAG 2.0). Even treating as a good result achieving an overall satisfactory and high level<sup>16</sup> it should be noted that almost 75% of the surveyed sites does not fulfil the necessary conditions for digital inclusion of citizens<sup>17</sup>. It seems legitimate to claim that across all public entities in Poland, these proportions look even worse - in the sample there were the offices

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<sup>15</sup> The program documents of the previous programming periods used the term "digital exclusion" as a description of one of the elements of social exclusion. The European Commission acknowledged, however, that that concept is stigmatizing because it began to be replaced by the term "digital inclusion"

<sup>16</sup> Achieving a total score or high level of satisfaction required the implementation of at least one of the described standards

<sup>17</sup> At the same time, somewhat illogically, 75% of the respondents assumed their use of promotion and marketing by posting links to social media

and institutions with the necessary financial background and competence to implement the expected standards.

It is significant that quite a weak result in the study was achieved in offices and institutions involved in law creation and enforcement. Out of the 21 analyzed websites (17 ministries, the Office of the Prime Minister, of the President, the Sejm and Senate) meet the standard of WCAG 2.0 3 services, and the standard W3C 4. According to the old saying, the example comes from the top, if so, it is not a good example.

It seems legitimate to claim that a significant impact on low level of implementation of the guidelines of the *Regulation of Council of Ministers dated 12 April 2012* in the scope of availability of public entities websites is the lack of penalties for their failure to implement.

The modern world through digitization of life puts more and more challenges in ICT. Distance learning, lifelong learning, eServices and the Internet of things are concepts that appear not only in futures descriptions of the future, but more often in the description of reality. If so, you might want to start with the simplest things.

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3. [http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/targets/index\\_pl.htm](http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/targets/index_pl.htm)
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**Wyporska-Frankiewicz J., *Challenges Faced by Administration in the Field of Implementing the Obligation to Provide Care in a Residential Home. Selected Issues.***

**Summary:**

The article concerns the practical problems associated with one of the non-cash benefits from social assistance, ie. ensuring your stay and services in a social welfare house, and this primarily relates to costs incurred in connection with the administration. The problem at the moment - due to the rapid aging of the Polish population, emigration of the young generation, as well as the huge costs incurred by the government in connection with the need to carry out this task - is extremely important. Attention was also paid to the major discrepancies in jurisprudence associated with a fee for staying in nursing homes, and also recognized the need to introduce amendments to the existing laws and proposed their direction. The raised issue relates to tasks relevant to both local residents and local government administration.

## I.

### **Residential home - general issues**

1. In accordance with Art. 2 paragraph 1 of the Act of 12 March 2004 on social care<sup>1</sup> "Social care is an institution of state social policy, aimed at enabling the individuals and families to overcome difficult situations, where they are not able to overcome using their own powers, resources and capabilities". While the legislator founded the wording in the Article. 3. 1 ups, that it has to support of individuals and families in their efforts to meet the necessary needs and enables them to live in conditions equivalent to human dignity, and its main task is to prevent a difficult situation in life, by taking action to individual independence of individuals and families and their integration the environment (art. 3. 2 Act on Social Assistance). Of course, the type, form and size of benefits may be different, but always should be appropriate to the circumstances which justify assistance (Art. 3. 3 Act on Social Assistance), and the same needs of individuals and families benefiting from the aid should be taken into account if they correspond to the objectives and are within the capabilities of social assistance (Art. 3. 4 Act on Social Assistance). It must be remembered that social services have limited resources and therefore cannot realistically expect to take full responsibility for the affairs of their clients. The core of social care is represented by the administration authorities<sup>2</sup>. It is apparent from the provisions - Art. 2 paragraph 2 ups - that help the organizing authorities of central and local government, working in this field, in partnership with civil society organizations and non-governmental organizations, the Catholic Church, other churches, religious organizations and individuals and legal entities. Social assistance realizes benefits of various kinds - both monetary and non-monetary - mentioned in the text of Art. 36 Act on Social Assistance. At the same time, one of these non-monetary benefits listed in Art. 36 point 2 of ups is the stay and services in the social welfare home<sup>3</sup>.

In accordance with Art. 17 paragraph 1 point 16 ups directing to DPS and incurring the payment for stay of the inhabitant in such a house by municipalities is the responsibility of the

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<sup>1</sup> Unified text Journal of Acts. U. of 2015. Item. 163, as amended. – referred to as ups.

<sup>2</sup> See. A. Miruć, J. Mackowiak, *Administration of social care in Poland [w] Unit in a democratic state of law*, ed. Sciences. J. Filipek, Bielsko-Biala, 2003., Pp. 425 - 439 and indicated there literature; Vol. Martysz, S. Nitecki, G. Szpor, *Commentary to the law on social assistance*, Gdansk 2001., Passim; T. Kuta, *Role of government services in meeting the needs of social and living conditions and educational - cultural citizens [in] Public Administration at the threshold of the twenty-first century. The work dedicated to prof. comp. Assoc. John Szreniawski on the occasion of the Jubilee of 45 years of scientific work*, Przemysl, 2000., Pp. 336 - 338.

<sup>3</sup> referred to as dps.

municipality of compulsory nature. At the same time the legislator remarked (Art. 17 paragraph 2 point 3 ups) that the commune's own tasks include handling and providing the places in DPS-wide municipal and directing people there in need of care. On the other hand, running and development of social welfare houses with outside municipal range, and placing there the designated people is the responsibility of the county (Art. 19, paragraph 10 ups)<sup>4</sup>. Whereby, the provisions of law provide (Art. 25 ups) that government administration and local government may entrust the task of social assistance by providing grants for financing or co-financing the implementation of tasks commissioned to various entities authorized<sup>5</sup> active in the field of social welfare<sup>6</sup>. However, outsourcing these tasks is done after competitive tender (Art. 25, paragraph 4 ups), and what's more is used here PCA provisions (Art. 25, paragraph 5 ups). It should be noted that the DPS - social welfare homes [Domy Pomocy Społecznej] can be led - but after receiving authorization from the governor competent for the location of the house – by local government units<sup>7</sup>, the Catholic Church, other churches, religious associations and social organizations, foundations and associations; other legal and natural persons (Art. 57 paragraph 1 and 2 ups). However, the mere permit the province governor issues after a visit to the facility, where DPS is located (Art. 57, paragraph 4 and 5 ups)<sup>8</sup>. Such a permit is issued for an indefinite period. However, the legislator pointed out that if the entity to whom it was issued: no longer fulfills the conditions set out in the Act; no

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<sup>4</sup> It should be noted that under Art. 22 point 3 ups the issuance and revocation of permits or conditional licenses on maintaining DPS and issuing and revoking permits for establishments providing the daily care for people with disabilities, the chronically ill or the elderly, including those conducted under the provisions on economic activity (Art. 22 pts 3 ups); and moreover keeping a register of DPS, providing day care facilities for people with disabilities, the chronically ill or the elderly, including those conducted under the provisions of business, institutions providing accommodation units and specialist counseling (Art. 22 point 4 ups); and quality control services provided by DPS conducted on behalf of local government authority by non-state actors referred to in Art. 57 paragraph 1 point 2-4 ups (Art. 22 point 9a ups) - is the responsibility of the governor.

<sup>5</sup> This is a non-governmental organization, referred to in Art. 3. 2 of the Act of 24 April 2003. Public benefit activity and volunteerism (consolidated text. Dz. U. of 2014., Pos. 1118 d.) - Referred to as the PCA and other entities referred to in Art. 3. 3 of this Act.

<sup>6</sup> The legislator reserved, however - in Art. 25 paragraph 2 ups - that the commissioning of the tasks of social assistance may not, however, include: "1) determining entitlement to benefits, including family conduct community interviews; 2) the payment of social security contributions and health; 3) payment of cash benefits."

<sup>7</sup> The Art. 57 par. 3 ups, however, shows that the "province governor issues a permit to conduct a social assistance if the entity not to present: 1) meets the conditions set out in this Agreement; 2) meets the standards, referred to in Art. 55 paragraph 1 and 2; 3) submits an application for authorization to conduct a social welfare home." At the same time the conditions to be met by an application for permission to conduct dps and additional requirements defined in the wording of Article legislature. 57 paragraph 3a, 3b and 3c ups

<sup>8</sup> Governor is also obliged to keep a register of residential homes, and what is more in accordance with Art. 57 paragraph 6-ups - each year, until 30 June, announces a record of DPS in the provincial official gazette.

longer meets the standards referred to in Art. 55 paragraph 1 and 2; and also did not submitted the valid documents at the request of the Governor within the prescribed period, statements or information (referred to in Art. 57 paragraph 3b ups) - the province governor fixes another date for fulfilment of the conditions or standards, or to provide the required documents (statements or information) and upon its expiry, withdraw the authorization to conduct DPS and signs off the house from the register of social welfare homes (Art. 57a paragraph 1, 2 and 3 ups).

DPS (Houses of social assistance) are special administrative establishments - their existentially-care services are provided for round the clock in perpetuity, in the most intense way, replacing its inmates home. Increasingly, it is precisely DPS, and no family that gives support and care to those, who are not able to function independently in daily life round the clock. At the same time one cannot overlook the fact that the maintenance of such houses entails significant costs, which are generally not possible to be covered by their own residents, and thus municipalities also participate in these for this spending the public funds for this purpose.

2. The problem of directing to DPS and any rules relating thereto is regulated in detail by the provisions of DPS: in Chapter 2: "*Houses of social assistance*" in Section II Fri. "*Social assistance benefits*". First, the legislator pointed out that "*A person requiring full time care because of age, illness or disability who cannot function independently in daily life, whom cannot be provided the necessary assistance in the form of care, has the right to be placed in a house of social assistance*" (art. 54 paragraph 1 ups). Whereby, such person shall be directed to the appropriate type of DPS <sup>9</sup>, located as close to home of the designated

person<sup>10</sup> - unless the circumstances indicate otherwise - after obtaining the consent of that person or their legal representative to be placed in DPS (Art. 54 paragraph 2 ups). So directing to DPS is a right and not an obligation of the person who satisfies the specified conditions in Art. 54 paragraph 1 ups. However, in case a person, who absolutely requires the

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<sup>9</sup> At the same types of residential homes legislator are described in the text of Art. 56 ups, indicating that they are divided - depending on to whom they are intended - into the following types: for "1) *the elderly*; 2) *people with chronic somatic diseases*; 3) *chronically mentally ill*; 4) *adults with intellectual disabilities*; 5) *Children and young people with intellectual disabilities*; 6) *persons with physical disabilities*; 7) *persons addicted to alcohol*". See. also Art. 56a ups.

<sup>10</sup> The legislator noted, however - Art. 54 paragraph 2a ups - that if the expected waiting time for placement in the DPS particular type is located closest to the place of residence of the person targeted "is over three months, a person authorized turns to her request to DPS the same type located as close to her residence, where expected waiting time for placement is less than 3 months.

aid or the legal representative does not agree to the inclusion in DPS or withdraw their consent after directing her/him, the social welfare center or DPS have the obligation resulting from art. 54 paragraph 4 ups to notify to the competent court, and if such a person has no legal representative or guardian - a prosecutor<sup>11</sup>. In accordance with the will of the legislator, DPS has an obligation to provide the living, care services, support and education at the level of the required standard, in the scope and forms resulting from individual needs of its occupants (Art. 55 paragraph 1 ups). At the same time the organization of such homes, as well as the scope and level of services rendered<sup>12</sup>, must in particular take account of: freedom, privacy, dignity and security of its inhabitants and their degree of physical and mental fitness (Art. 55 paragraph 2 ups). At the same time expenses associated with providing full time care for citizens and satisfying their necessary living and social needs are fully covered DPS (Art. 58 paragraph 1 ups), moreover, enables and organizes residents help in exercising their health benefits (Art. 58 paragraph 2 ups).

In accordance with Art. 59 paragraph 1 ups the decision to send to DPS and the decision establishing a fee for staying in this house is issued by the appropriate municipal authority for the beneficiary on the day of sending to DPS. On the other hand, the decision to place in DPS is issued by the authority commune maintaining the DPS or the County Executive maintaining

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<sup>11</sup> It is important to note the provisions of the Act of 19 August 1994 on Mental Health, consolidated text. Journal of Laws of 2011., No. 231, item. 1375, as amended. - Further uozp, which is in Chapter 4 governs the issue of admission to the DPS. In accordance with Art. 38 uozp "A person who, due to mental illness or mental disability is unable to meet the basic necessities of life and not the possibility of using care of others and needs constant care, but does not require hospitalization, can be taken without the agreement or consent of her the legal representative admitted to the social welfare home." However, in accordance with Art. 39 paragraph 1 uozp "*If the person referred to in Art. 38, or its legal representative did not express their consent to be her home social assistance and the lack of care threatens a person's life, body for social welfare may apply to the court guardianship place of residence of the person requesting admission to the social welfare home without her consent*". Next - art. 39 paragraph 3 uozp - legislator remarked that "*If a person requiring referral to a social assistance because of his mental state is not able to give its consent, its referral to a social welfare guardianship court decides.*" At the same time it should be noted that a person admitted to the DPS in accordance with art. 39 uozp her legal representative, spouse, relatives in direct line, siblings, and the person who has actual custody over it - may apply to the guardianship court for modification of a decision about admission to the DPS. Moreover, with such a request may also occur director of DPS, if it considers that the circumstances justifying the decision to accept this person into DPS without her consent (Art. 41 uozp).

<sup>12</sup> It should be noted that the legislator pointed out in the text of Art. 55 paragraph 3 Act on Social Assistance that DPS may also provide care services and specialist care services for people living in that country

a house, and in case of regional DPS, the Marshal of the province (Art. 59 paragraph 2 ups)<sup>13</sup>. It should be noted, however, that the number of persons entitled to benefit from this form of assistance is constantly growing, while the number of seats in DPS is limited. Therefore, the legislator assumed that in case of impossibility to place in DPS - due to lack of vacancies – a person is notified about entering on the waiting list and the foreseen timescale of waiting for the placement (Art. 59 paragraph 3 ups). Such a regulation causes that, in fact, those people interested in living in the future in such a house should submit their applications in advance, failing to meet - the day of application – the conditions set out in Art. 54 paragraph 1 ups, explaining, however, that due to the long time of waiting for place, they prefer, just in case, enter the waiting list<sup>14</sup>. Of course, such a request must be refused, the right to be sent to DPS the legislator conditioned on fulfilment of the conditions set out in Art. 54 paragraph 1-ups, and thus the authority will issue a positive decision only if, first, the person requires full time care (due to age, illness or disability); Secondly, the person cannot function independently in daily life; and thirdly, the person cannot be provided with the necessary assistance in the form of nursing services. In the course of the proceedings the competent administrative authority should make appropriate arrangements in this regard, which should be supported by appropriate - gathered in the file - evidence.

## II.

### **The costs stay at residential home**

1. Stays in DPS entails costs. For this reason, the legislator expressly stated that it is payable - up to the average monthly cost of the inhabitant (Art. 60 paragraph 1 ups). Then an average

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<sup>13</sup> According to art. 59 paragraph 4 ups "Paragraphs. 1-3 applies to residential homes run on behalf of local government bodies ", and also in the case of a regional DPS financed from own revenues of the regional government decided to refer it seems municipal authority, and the decision on the placement and the fee for stay marshal of the province on the basis of Article . 61 paragraph 1 subsection 1 and section. 2 Section 1 - applying Article. 64 (Art. 59 paragraph 5 USP). On the other hand, in case of a regional DPS, referred to in Art. 56 Section 7 - whether to send and decision about the fee for staying in DPS seems municipal authority as the person on its management to such a house, and the decision to place a regional DPS issued by the marshal of the province (Art. 59 paragraph. 6 Act on Social Assistance). Wherein according to the art. 59 paragraph 7 Act on Social Assistance decisions to refer and to place a DPS referred to in Art. 56 point 7 seems to be for a fixed period not longer than 12 months, with possibility of extension - in appropriate cases - up to 18 months.

<sup>14</sup> The appeals flowing into the Local Appeal Government in Lodz multiple pages clearly show that at the time of the application for referral to DPS are able to function independently, often do not even need care, or they are sufficient, and thus are not interested in immediate placing in DPS, but would like to have guaranteed him a place in the event that their health had deteriorated..

monthly cost of the inhabitant is set in case of DPS: with the commune range by the mayor (mayor, city president); county-wide by the governor: while with the regional range by the marshal of the province - and announced in the provincial official gazette not later than 31 March of each year (Art. 60 paragraph 2 ups). This notice is the basis for establishing the payment for stay in DPS from the next month following the month in which it was published, and in the meantime payment for stay in DPS is determined based on the notice of the previous year (Art. 60, paragraph 4 ups). However, in the DPS, which started operating, the average monthly cost of the inhabitant is set at: voivodship average amount of the average cost of living in DPS of the given type and if this type is not within the province - at an average provincial of the amount of the average cost of living in nursing homes social (Art. 60, paragraph 5 ups)<sup>15</sup>. Wherein according to the art. 60 paragraph 3 ups "Announced the average monthly cost of living in the household social assistance (...) may be lower than calculated in accordance with Art. 6 paragraph 15, however, provided that the fulfilment of tasks required standard level "(art. 60, paragraph 3 ups). The legislator also established who is obliged to pay a fee for staying in DPS and pointed the applicable order in this regard. In accordance with Art. 61 paragraph 1 ups the obliged to pay a fee for staying in DPS are the first resident of the house (and in the case of minors, the legal representative of the child's income); then spouse, descendants before ascendants; and thereafter the municipality from which the person was designated to such a house. In jurisprudence it emphasized that the principle of the order adopted in Art. 61 paragraph 1 ups means that when a person is placed in the house of social assistance, he is not able to bear the cost of the placement, the obligation to pay fees rests on the descendants, followed by on descendants, followed on by the ascendants, and still later - on the municipality from which the person has been assigned to the house of social assistance. Significant in this solution is a fact that at the same time the payment of fees does not burden all the obliged mentioned in Art. 61 paragraph 1-ups, but this obligation passes on them in the order set out in that provision<sup>16</sup>. These entities, however, have no obligation to pay fees if a resident of the home takes full remuneration. At the same time, the legislator has set a fee payable by the individual obligation to the parties. Thus, the resident of the house pays a fee for their stay in DPS - however, not more than 70% of your

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<sup>15</sup> You should also pay attention to the content of Art. 60 paragraph 6-ups, according to which "In order to determine the average monthly cost of living in residential home, which was not maintained throughout the calendar year, the amount of the cost of a home based business resulting from the maintenance of inhabitants with the previous year divided by the average monthly number of residents residing in the home help social and number of months in the year falling after the month authorization to maintain the home".

<sup>16</sup> Judgement of the Supreme Administrative Court of 15 January 2010, And OSK 1171-1109, Lex No. 594,941.

income (and in the case of minors, the legal representative of the child's income, not more than 70% of income). In turn, the spouse, descendants before ascendants of the DPS pensioner - pay fees for his stay in such a house under contract in accordance with art. 103 paragraph 2. It should be noted, however, that the case law mentions that "Construction of Art. 103 paragraph 2 u.p.s. it is unambiguous in nature and excludes thereof arbitrariness administrative authority in the selection of procedure in determination of the amount on participation of persons required to bear the costs of payment for stay in a social welfare home. "<sup>17</sup> At the same time, according to art. 61 paragraph 2 ups, such agreement can be concluded : in case of a single person household - if her income is greater than 300% of the income of a single person criterion, but the amount of income left after paying the fee cannot be lower than 300% of that criterion, where the person in the family - if the income per family is higher than 300% of the income criterion for a person in the family <sup>18</sup>, but the amount of income remaining after payment of the fee cannot be lower than 300% of the income criterion per person in the family. In turn, the municipality, of which the person was addressed to DPS - pays the fee for staying in DPS as the difference between the average cost of living in DPS, and the fees paid by a resident, his spouse, descendants and ascendants (Art. 61 paragraph 2 ups). Moreover, the fee for staying in DPS may also bring other people <sup>19</sup> - not mentioned in Art. 61 paragraph 2 ups - in this case, however, the municipality shall pay the difference between the average monthly cost of living in DPS, and the fees paid also by all persons obliged (Art. 61 paragraph 2a ups). Technical matters related to the payment of fees for DPS are regulated by the provision of art. 62 of DPS, under which a resident of the house can bring it to the cashier of DPS or on the bank account, as well as with the consent of the resident may be deducted from his pension or his permanent benefit (par.1). In contrast, others pay these fees to the cashier or bank account of the municipality from which a resident was addressed - this forward it, along with which a fee is paid to the bank account of the competent DPS (Art. 62 paragraph 2 ups). The charges, according to the will of the legislator, are designated for maintaining DPS. The provisions show that there is also the possibility of exemption (partial or complete) of the person requesting a fee - at his request - with such an obligation.

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<sup>17</sup> Judgment of the Administrative Court in Bydgoszcz on 23 January 2008. II SA / Bd 884/07, Lex No. 499,736

<sup>18</sup> It should be noted that at present the income criterion for a single person household - according to § 1 point 1 a) Council of Ministers of 17 July 2012. on verified income criteria and the amount of cash benefits from social assistance (Dz. U. of 2012., pos. 823) is PLN 542.00, and for a person in the family - as with § 1 point 1 b) of that regulation - is PLN 456.00

<sup>19</sup> In such a case under Art. 61 paragraph 2c ups of the appropriate application will be Art. 103 paragraph 2 Act on Social Assistance.

Legislator described but in which, in particular, where possible<sup>20</sup>. It should also be noted that the municipal council may always determine by resolution - for persons referred to in Article. 61 paragraph 1 point 1 and 2 and paragraph 2a - favorable conditions: the pricing for your stay at DPS-wide municipal, partial or total exemption from these fees, reimbursement for the period of absence of the person at home (Art. 66 ups).

2. The legal obligation to contribute to the cost of living of DPS residents is burdened on the municipalities. It is not difficult to note here that these figures today are significant and what is more, it seems that they will grow - because of aging of the Polish society, more and more people need this type of institutional support. And at the same time the income of DPS inhabitant rarely allow him to cover the total costs of a stay because the cost of the inhabitant in DPS are at a fairly high level. For example, from the Order No. 5941 / VI / 14, the President of Łódź on 21 March 2014 on determining the average monthly cost of maintaining the inhabitant in the care homes run by the City of Łódź<sup>21</sup> results that these costs when it comes to nursing homes run by the City of Łódź, formed in the range from 2155.00 PLN to 4385.00 PLN. At the same time the legislator introduced restrictions on incurring charges for the stay in DPS by persons obliged to do so. However, only in relation to the municipality from which the person was referred to DPS, no limitations do not apply - as I have already pointed out - it must incur a fee equal to the difference between the average cost of living in DPS, and the fees paid by the obligation to the people. In accordance with Art. 61 paragraph 2 ups the municipality from which the person has been referred to the DPS is required to put the missing to cover the costs of their stay in DPS amount - and thus pays the fee for staying in DPS as the difference between the average cost of living in such a house, and the fees paid by a resident, his spouse and descendants initial (Art. 61 paragraph 2 paragraph 3 and paragraph 2b ups). However the fact cannot be overlooked that, in practice, the residents of DPS very often do not want to allocate their assets to pay for staying in such a house, and the persons liable for alimony do not intend to subsidize the whereabouts of their loved ones, and thus do not contain the agreements referred to in Art. 103 paragraph 2 ups. Thus, in practice they usually charge for my stay in DPS bears his boarder is equal to 70% of its income, and the remaining amount every month pays the municipality - incurring very often an essential part of the cost of the

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<sup>20</sup> The legislator pointed out in Art. 64 oops, that it is possible in particular if: "1) shall pay for the stay of other family members in a residential home, support centre or other facility; 2) there are reasonable circumstances, especially long-term illness, unemployment, disability, death of a family member, the material losses caused by natural disaster or other events; 3) The spouse, descendants, ascendants persist from one benefit or remuneration; 4) the person obliged to pay a fee are pregnant or bringing up a child "(art. 64 Act on Social Assistance).

<sup>21</sup> Acts. of Office. Province of Łódź of 27 March 2014. Item. 1502. See. § 1 of this ordinance.

stay. The analysis of legal regulation in force in this area of is questionable. It should be noted that Article. 103 paragraph 2 ups stipulates that "*Head of the social welfare center shall be determined by agreement of the spouse, descendants before ascendants inhabitant amount paid by their fees stay the occupant in a social welfare, taking into account the amount of income and opportunities, the levy should not* It is increased when one person is released from payment under the law or for the reasons referred to in Art. 64" From the wording of this provision therefore it may be inferred that the basis to charge a spouse, descendants or ascendants of DPS inhabitants by the charge of his stay in such a house will be an agreement concluded with him in the basis of art. 103 paragraph 2 ups. At the same time it will be able to be concluded only if the criteria are met, referred to in the text of Article. 61 paragraph 2 ups. The consequence of this interpretation is that we have, that if the agreement referred to in Art. 103, paragraph 2 ups do not occur, there is no basis for the decision charged to the spouse, descendants, or pre-inmate DPS costs of the stay and thus must be held vicariously municipality.

Such a position was and is also presented today in jurisprudence. Of course, this does not mean that the municipality does not have any claims against the person who has not entered into such an agreement, or failing to fulfil it - due to expenses incurred for her. On the contrary, as the basis for such claims would be Art. 61 paragraph 3 ups. This provision states that "*In the case of non-fulfilment of persons referred to in paragraph 2 points 1, 2 and 2a be no fee for staying at a welfare charges can vicariously brings a municipality from which the person has been referred to a social assistance. Commune is entitled to claim reimbursement of expenses for this purpose.*" From the wording of that provision therefore it must be inferred that the municipality (of which the person was addressed to DPS) brings vicariously charge when revenue capita are not sufficient to cover these costs, and if the spouse, descendants before ascendants fail to comply with agreement. The question is, when and how a municipality can recover lined for this purpose amount. The content of Art. 61 paragraph 3 in fine-ups is clear only that the municipality is entitled to claim reimbursement of expenses for this purpose. The wording of this provision the legislature not clarified what mode and when possible. Yet as a whole (complex) the provisions ups should be noted that the legislator normalized issues as tuition provision in Chapter 6 Fri. "*The rules of payment for services,*" which was also included in Section II ups Fri. "*Social assistance benefits*". Thus, what would be a reasonable assumption that the municipality is entitled to claim

reimbursement of expenditure on fees, which brought in the alternative for those who are required to do under Art. 61 paragraph 2 points 1 and 2 and paragraph 2a on the principles set out in Chapter 6, Section II-ups. At the same literal wording of the provisions of this section<sup>22</sup> must lead to the conclusion that it will not be possible kind of "instant" recovery laid out by the municipality amounts. There will be not possible to immediately to charge for stay in DPS the person refusing to conclude the agreement referred to in Article. 103 paragraph 2 ups - the municipality will be able to recover lined measures only after the death of inmate dps. The use shall be found in the art. 96 ups that paragraph 1 ups stipulates that "***The obligation to reimburse the expenditure incurred on the provision of social assistance rests on: 1) the person and the family entitled to benefits from social assistance;***

***2) The heirs of the person who benefited from social assistance benefits - from the estate;***  
***3) The spouse, descendants before ascendants person entitled to benefits from social assistance - only in the absence of such reimbursable expenses in accordance with paragraphs 1 and 2, at the rate provided in the decision for individuals or families entitled to benefits from social assistance ".*** At the same time the legislator remarked (Art. 104, paragraph 1 ups) that "Claims expenditure on social assistance benefits, the payment of certain provisions of the Act and due to unduly collected benefits shall be collected under the provisions on administrative enforcement proceedings." In light of the above, it should be assumed that the legislature included a specific order in which the reimbursement of expenses, and if the parties fail to comply voluntarily imposed upon him the obligation will be made forcibly by the use of state coercion in the mode regulated by the Act of 17 June 1966. On administrative enforcement proceedings<sup>23</sup>. Thus, what the municipality will be able to seek the reimbursement of expenditure on social assistance in the form of fees for staying at DPS, invited by the alternative for those obliged to do so under the terms of the content of Art. 96 paragraph 1 ups. This provision clearly prescribe the order in which people are obliged to reimburse the expenditure of social assistance<sup>24</sup>, with the spouse, descendants and ascendants inmate DPS are required to reimburse the expenditure incurred for the stay of their loved ones in DPS in last place - ie. a person and family benefiting from social welfare and for the survivor of such a person (this responsibility, however, was limited by the legislature

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<sup>22</sup> It should be noted that the authorities being bound by the rule of law (which is both a general rule, the administrative procedure - its source is Art. 6 of the Administrative Code, as well as the principle of the entire legal system - is apparent from Art. 7 of the Act of 2 April 1997. Constitution of Polish Republic, Dz. U. N 78, pos. 483 as amended.), are obliged to act on the basis and within the law. And thus they are obliged to apply the law in force in both substantive and procedural

<sup>23</sup> Text one. Journal of Acts. of 2014. Item. 1619, as amended. - Further up ea.

<sup>24</sup> See. I Sierpowska, Commentary on Art. 96 of the Law on Social Care, Lex el

to the estate). Thus, then, to exhaust the possibilities referred to in Art. 96 paragraph 1 point 1 and 2 ups allow for the application of Art. 96 paragraph 1 point 3 ups - the legislator made clear that a duty of reimbursement of incurred expenses will fall on the spouse, descendants before ascendants of a person entitled to benefits from social assistance, "*only in the absence of such reimbursable expenses in accordance with paragraphs 1 and 2 in the amount provided for in Decision for individuals or families entitled to benefits from social assistance*". Such reasoning must lead to the conclusion that the result of their refusal to sign by the person liable for alimony agreement referred to in Article. 103 paragraph 2 ups, there may not be a decision on the return of the municipality of expenses it has incurred to cover the cost of your stay in DPS. However, in this case the municipality must make a substitute payment for stay in DPS, and so somehow credited to the cost of the stay and obtaining a refund will be possible under the art. 96 par. 1 ups ie *de facto* only after the death of the pensioner of such a house. It should be noted that with no doubt, only after his death you will be able to determine exactly what total amount was issued vicariously for his stay by the municipality. At the same time, one should be aware that the moment to recover such amounts can be significantly moved away in time, and what's more the passing of time may further complicate the very possibility of their recovery. It seems, therefore, that we need is a solution that will enable the kind of immediate possibility of recovering the incurred amounts. It was only the exercise of the option, referred to in Art. 96 paragraph 1 point 1 and 2 ups allows the use of Art. 96 paragraph 1 point 3 ups<sup>25</sup>. The legislator made clear that a duty of reimbursement for the incurred expenses will fall on the spouse, descendants before ascendants of a person entitled to benefit from social assistance, "*only in the absence of such reimbursable expenses in accordance with paragraphs 1 and 2 at the rate provided in the decision for the person or family that uses benefits from social assistance*". Thus, if charges which may pay boarder DPS are not sufficient to cover the cost of his stay in such a house, then the remaining amount should cover his spouse, ascendants or descendants. At the same time the wording of ups leads to the conclusion that "*spouse, descendants before ascendants*", pay a fee for staying at DPS only on the basis of the agreement referred to in Article. 103 paragraph 2 ups. Whereby the content of Art. 61 paragraph 2 point 2 ups that the possibility of concluding such an agreement (referred to in Art. 103, paragraph 2 ups) has been determined by the legislature on whether held by a person (family) income is greater than 300% of the income criterion single person household ( per family), and what's more, the fee shall agreement must take into

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<sup>25</sup> See there.

account the fact that a person who has entered into such a contract must remain after the payment of the amount of aid to stay in DPS income of at least 300% of the income criterion. We cannot forget that according to the will of the legislator - Art. 103 paragraph 2 ups - the contract is subject to the will of all its pages. So that it can come to its conclusion on the basis of Art. 61 paragraph 2 point 2 ups needed is the will of both the body as well as the entities referred to in that provision, ie. A spouse, descendants or the preliminary. Both sides of such a contract must comply in order to come to its conclusion. Such reasoning leads to the conclusion that the legislature has not signed clear grounds to issue an administrative decision in this case. Therefore, if the analyzed laws do not provide a basis for a decision, and yet the authority has taken proceedings it would have to be terminated. In accordance with Art. 105 § 1 of the Code of Administrative Procedure "*When proceedings for any reason became irrelevant, a public administration body issues a decision to discontinue the proceedings.*"<sup>26</sup>. It must therefore be assumed that there are no grounds for taking the case on the merits by issuing an administrative decision, and what's more there are no grounds at all to proceedings. This in turn must lead to the conclusion that if in spite of all the result of their refusal to sign by the person liable for alimony was to issue a decision on the return of the municipality of expenses may have incurred to cover the costs of their stay in DPS the authority of the second instance should - on appeal - the decision to repeal in its entirety and discontinue the proceedings at first instance. It should be noted that since accepted that the fee paid for the stay in DPS by persons obliged to alimony (spouse, descendants and preliminary inmate DPS) results from an agreement pursuant to Art. 103 paragraph 2 ups (and what's more, the legislator clarified what income allows its conclusion, which should be subject to the arrangements made by the administration - should in fact verify that the revenue side of the agreement allow for its conclusion) is therefore no basis to identify it in an administrative decision. Since the provision of art. 103 paragraph 2 ups clearly states that "*Head of the social welfare center shall be determined by agreement of the spouse, descendants before ascendants inhabitant amount paid by them a fee for staying in the household of social assistance*", is the same that one must admit that the legislator did not foresee the possibility

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<sup>26</sup> Also, if the authority issued a decision in such a case - and the party starts the proceedings before the second instance by submitting an appeal, the second instance should annul the contested decision to him and to discontinue the proceedings at first instance pursuant to art. 138 § 1 point 2 of the Administrative Code, according to which "The appeal authority shall issue a decision in which: (...) repealed the contested decision in whole or in part and in this regard adjudicate on the merits of the case or annulling the decision - dismiss the cases of first instance in whole or partially, (...)".

to determine the amount of that the fee is an administrative decision. Proper form - provided by the legislator - is in fact an agreement concluded respectively with spouse, descendants, ascendants. Thus, then, the content of the provisions indicates that the municipality (of which the person was addressed to DPS) brings vicariously charge when revenue capita are not sufficient to cover these costs, and if the spouse, descendants before ascendants fail to comply with the agreement. And hence the decision issued pursuant to Art. 59 paragraph 1 ups would determine the payment for stay at a welfare same inmate and municipalities and the person who has entered into an agreement pursuant to art. 103 paragraph 2 ups.<sup>27</sup> The jurisprudence emphasizes that "The content of the legal norm built on the basis of art. 61 paragraph 2 pt 2 ups leaves no doubt that incurring the charges for staying at a welfare by the obliged group should be in accordance with the Agreement in accordance with art. 103 paragraph 2 ups. This means above all the need for agreement in which the parameters have been established for payment of these people stay at home the welfare of their family member. The existence of the agreement is a necessary element to this that when the municipality was established entitlement to claim reimbursement of expenses incurred by the municipality pursuant to art. 61 paragraph 3 ups. Without a contract, there is no possibility of putting anyone out of these people plea of not fulfilling the obligation to pay fees for residence in dps family member "<sup>28</sup>. At the same time judicature draws attention to how important it is that the authority addressed the issue of concluding the agreement establishing the fee for staying in DPS on the basis of Art. 61 paragraph 2 point 2 ups<sup>29</sup>. In the judgment of 13 February 2013, In case no. Act VIII SA / Wa 887/12<sup>30</sup>, the Administrative Court in Warsaw stated that "The obligation to pay fees arises from the earliest date on which the person liable under Article. 61 paragraph 2 point 2 of the call-ups will be delivered to conclude the agreement referred to in Article. 103 paragraph 2 of the Act". You should therefore consider whether the mere service of a summons to conclude the agreement referred to in the text of Art. 103 paragraph 2 ups the person responsible for feeding is essential to indicate in a decision under Art. 59 paragraph 1 ups such person as the one charged - next inmate DPS and municipalities - to pay a fee for stay in such a house. Such a solution is difficult to accept. It should be noted that the case law is presented the view that it is unacceptable to issue an administrative decision pursuant to

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<sup>27</sup> See. judgment of the Administrative Court in Lodz on 6 listopada 2012 r., II SA/Ld 735/12.

<sup>28</sup> Judgment WSA in Lodz of 7 March 2013. II SA / LD 1172-1112, Lex No. 1,303,649.

<sup>29</sup> See Judgment WSA in Lodz of 7 March 2013. II SA / LD 1172-1112, Lex No. 1,303,649; cf. also, e.g. the judgment of the Administrative Court in Lodz on 29 February 2012. II SA / LD 72/12, published on the <http://orzeczenia.nsa.gov.pl>

<sup>30</sup> Lex nr 1278068.

Art. 104 paragraph 3 in conjunction with Art. 61 paragraph 3 ups with regard to persons obliged under the agreement to pay fees for staying at a welfare of their family member. Moreover, the courts show that when a spouse or relative of a social welfare home resident refuses to sign the agreement referred to in Article. 103 paragraph 2 ups, the body of social assistance should apply to the ordinary courts with a claim based on Article. 64 of the Civil Code<sup>31</sup>. In the judgment WSA in Wrocław as of 21 May 2009<sup>32</sup>, it was noted that "provision of Art. 61 paragraph 3 of the Act on social assistance establishes the substantive basis for an investigation by the municipality reimbursement of their expenses, but only when the person who signed the agreement did not comply with its implementation. The claim for reimbursement of expenses incurred by the municipality has a civil nature, and as such may be subject to a civil dispute between parties with equal rights. Such disputes can be settled while the ordinary courts. It cannot therefore this provision as a legal basis for the decision fixing the amount of debt to be repaid in respect of expenditure incurred by the municipality brought a substitute for staying in nursing homes, in case of refusal to sign the agreement by an obligated person referred to in Art. 103 paragraph 2 of the Act ". At the same time in its judgment, the court concludes that "In the case where a spouse or relative of the resident social assistance, refuses to sign the agreement referred to in Article. 103 paragraph 2 of the Law on Social Welfare, the body of social assistance should apply to the ordinary courts with a claim based on Article. 64 of the Civil Code. It is unacceptable while issuing an administrative decision pursuant to Art. 104 paragraph 3 in conjunction with Art. 61 paragraph 3 of the Act on social assistance, specifying the amount of expenditure on social assistance, ie. Brought vicariously by the municipality charges for staying at a welfare with regard to persons obliged under the agreement to pay fees for the stay at home to help their family member. Documented refusal to conclude an agreement by an obligated person can not justify a decision determining the amount of expenditure incurred vicariously by the municipality and undertaking to return them the person who refused to conclude an agreement"<sup>33</sup>.

3. However, you can take and a different understanding of legal regulation quoted above, which also can be justified and can approve. It should be noted that the case-law of Art. 61 paragraph 3 ups also derives that the municipality (of which the person was addressed to DPS) brings vicariously charge when revenue capita are not sufficient to cover these costs,

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<sup>31</sup> Judgment of the Administrative Court in Warsaw dated 9 December 2009. VIII SA / Wa 537/09, Lex No. 583,656.

<sup>32</sup> Ref. No IV SA/Wr 30/09, Lex no. 580399.

<sup>33</sup> Judgment of the WSA in Wrocław of 21 May 2009 r., IV SA/Wr 30/09, Lex no. 580399.

and if the spouse, descendants before ascendants fail to comply with the concluded contract<sup>34</sup>.

. At the same time, it is assumed that the mere possibility of requesting the municipality to repay the sums which issued a stay alternative for a specific person in DPS is the domains of administrative law and thus inadmissible is the judicial route on for reimbursement of such expenses in the basis of art. 61 paragraph 2 point 2 ups. At the same time these views appeared in jurisprudence after the Supreme Court resolution on 29 October 2009 in case no. III CZP 77/09<sup>35</sup>.

It is indicated in the jurisprudence that the obligation of payment for stay in DPS due to the power of art. 61 paragraph 1 ups, but - as pointed out by the Administrative Court in Poznan in its judgment of 10 December 2013<sup>36</sup>. - "For its implementation it is necessary to concretize this obligation by entering into the relevant agreement referred to in Article. 103 paragraph 2 ups, or by issuing an imperious act (constitutive decision pursuant to Art. 104, paragraph 3 ups). However, the decision establishing the payment for stay at home welfare (the amount of debt to be repaid and the period for repayment of that debt) may be issued only if the person obliged to pay fees do not comply with this obligation ". It should be noted that in practice the government judicial appeal boards assumed that with the negative attitude of the persons liable to pay a fee for staying in DPS member of their family, which manifests itself documented refusal to sign the agreement referred to in Article. 103 paragraph 2 ups, social welfare body should issue an administrative decision pursuant to Art. 104 paragraph 3 in conjunction with Art. 61 paragraph 3-ups, which have been applied to the amount of expenditure on social assistance, ie. Brought vicariously by the municipality fee to stay in the household social assistance. However, in a decision that should also be indicated the person required to reimbursement, and its release must be preceded by - the person liable for reimbursement - Environmental Intelligence, referred to in Art. 107 paragraph 1 ups. It is necessary for the precise determination of material and life situations such person to the amount of fixed charges does not run counter to the limitations resulting from Article. 61 paragraph 2, point 2 point b ups - founded since the legislature that the amount of income left after paying the fee cannot be lower than 300% of the income criterion. College emphasized by the fact that the legislature did not foresee the possibility of a request by the head of the social welfare center, other body or court of conclusion of the contract - eg. In the case of the

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<sup>34</sup> See. judgment of the Administrative Court in Lodz of 6 November 2012, II SA/Ld 735/12.

<sup>35</sup> OSNC 2010/5/66. This view has been approved in some judgments of administrative courts - see. e.g. the judgment of the Administrative Court in Lodz on 6 November 2012 r., II SA/Ld 735/12.

<sup>36</sup> Judgement of WSA in Poznan of 10 December 2013 r., II SA/Po 618/13, Lex no. 1417656.

agreements referred to in Art. 390 § 2 of the Civil Code<sup>37</sup>. Thus, what was assumed that the basis for determining the amount of the fee, which is to bring a family member of a person directed to the DPS, was concluded in accordance with art. 103 paragraph 2 of the Act, and only documented refusal to its conclusion by the person liable justifying the decision determining the amount of expenditure incurred by the municipality vicariously. Thus, in case the spouse, ascendants or descendants inmate DPS does not have entered into the agreement referred to in Article. 103 paragraph 2 ups - and therefore they did not agreed to voluntarily pay fees for their loved ones to stay at DPS - then a fee they should be paid by these entities shall be established by the authority. It is now accepted so quite well that the lack of conclusion of the agreement referred to in Art. 61 paragraph 2 point 2 ups by the spouse, descendants, or pre-inmate DPS does not mean, however, that they will not incur charges for your stay in DPS. In the absence of such an agreement because authority shall issue a decision thereon. In accordance with Art. 61 paragraph 3 ups "*In the case of non-fulfillment of persons referred to in paragraph 2 points 1 and 2 and paragraph 2a be no fee for staying at a welfare charges can vicariously brings a municipality from which the person has been referred to a social assistance. Commune is entitled to claim reimbursement of expenses for this purpose*". It should also be noted that the case law is not of doubt is that "the agreement concluded between the head of the social welfare center, a spouse or descendants or ascendants capita social welfare home is not the sole source of payment obligation by these people for staying in a social welfare home. The wording of Art. 103 paragraph 2 ups proves that the purpose of such an agreement does not establish a contractual relationship under civil law to pay fees for the stay in social assistance, but fixing the amount of the fee paid by such person, and so the fee which the obligation to bear has already been established. Conclusion of the agreement provided for in Art. 103 paragraph 2 ups is to enable a spouse, descendant, and the preliminary declaration pay a higher percentage fee than is indicated in the provisions on minimum duty set out in Art. 61 paragraph 2, point 2 point a and b ups "<sup>38</sup>". Also, in its judgment of 29 August 2013. Administrative Court in Warsaw <sup>39</sup> stressed that "the conclusion of the contract provided for in Art. 103 paragraph 2 u.p.s. It is designed to allow a spouse, descendant, and the preliminary declaration pay a higher percentage fee than is indicated in the provisions on minimum load under Art. 61 paragraph 2 point 2 letter a and b u.p.s. ".

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<sup>37</sup> Decision of WSA in Wroclaw of 21 June 2007 r., SKO 4310/21/07, OwSS 2007/4/78/78.

<sup>38</sup> Judgment of the Administrative Court in Rzeszów of 20 November 2012 r., II SA/Rz 861/12, Lex no. 1241372; see. also the judgment of the Administrative Court in Warsaw on of 10July 2013, VIII SA/Wa 267/13, Lex no. 1352783; judgment of the Administrative Court in Poznan as of 14 May 2014, II SA/Po 89/14, Lex no. 1474200; or judgment of WSA in Warszawa s of 13 March 2014 r., VIII SA/Wa 1142/13, Lex 1468434.

<sup>39</sup> Ref. Act VIII SA/Wa 311/13, Lex no. 1368332.

The jurisprudence also drew attention to the fact that "in the first place on management to a social assistance should determine the amount of the fee for the stay, and then by an agreement pursuant to art. 103 paragraph 2 u.p.s. seek to define the responsibilities of the pensioner's relatives. Both the boarder and his relatives - commitment - they must be fully informed as to what and who will bear the fees associated with referral to a social assistance and make an informed choice whether to place the person in a social welfare, or otherwise resolve the issue of the necessary take care of her." <sup>40</sup> This position deserves approval. It should be emphasized that the NSA is of the opinion that "Replacement incurred by the municipality charges (Art. 61 paragraph 3 ups) may take place only if the person on which the obligation to pay fees was imposed by the decision (Art. 59 of the Act ) or have undertaken to bring such charges under the contract (Art. 103 of the Act) does not comply with this obligation "<sup>41</sup>. In the judgment of 5 June 2014. Administrative Court of Gliwice<sup>42</sup> it was pointed out that provided for in Art. 61 paragraph 1 ups obligation to pay fees for staying at a welfare must be elaborated and individualized in relation to each person who would incur such charges. At the same time, as a rule, concretization of this should be effected by a decision under Art. 59 paragraph 1 ups. The court further noted that "replacement incurring fees by the municipality, referred to in Art. 61 paragraph 3 u.p.s. can take place only in a situation where a person, which must pay a fee was imposed by a decision or agreeing to payment of such fees under the contract, they do not comply with this obligation. The obligation to contribute to the cost of maintaining a person directed to a social assistance persons mentioned in Art. 61 paragraph 2 point 2 u.p.s. It should therefore be specified in the decision to refer to a social assistance and the charge for the stay. Thus, even documented fact refuse to conclude a contract, which is Art. 103 paragraph 2 u.p.s. (about the charge for the stay at home capita social welfare), by the person indicated in the text of Art. 61 paragraph 2 point 2 oops, can not constitute the sole basis for the decision on the repayment obligation to the municipality part of the fee payable by such person. "<sup>43</sup> It must therefore be assumed that the "failure to contract is not a prerequisite to a decision to set payment for stay in a social welfare home. The agreement referred to there must be concluded with a spouse, or

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<sup>40</sup> Judgment of the Administrative Court in Warsaw dated 29 August 2013 r., VIII SA/Wa 311/13, Lex no. 1368332; see. also the judgment of the Administrative Court in Warsaw on 11 2012 r., VIII SA/Wa 1005/11 Lex 1276032.

<sup>41</sup> NSA judgment of 30 October 2012 r., I OSK 653/12, ONSAiWSA z 2013/6/107.

<sup>42</sup> In case no. No. IV SA/GI 877/13, Lex no. 1508507.

<sup>43</sup> Judgment of the Administrative Court of Gliwice dated 5 June 2014 r., IV SA/GI 877/13, Lex no. 1508507.

a descendant authority has determined that the payment will be in the form of an administrative decision pursuant to Art. 59 paragraph 1 u.p.s. "<sup>44</sup>".

At the same time, in its judgment of 13 March 2014. WSA pointed out that "the basic premise of the investigation by the municipality of recourse against relatives capita social welfare home is failing to meet their submitted obligations, whether by decision or by agreement"<sup>45</sup>. In the judgment of 7 August 2013, WSA in Warsaw <sup>46</sup> it was pointed out that "in the decision, referred to in Art. 59 paragraph 1 ups or by agreement of the kind referred to in Art. 103 paragraph 2-ups, experience concretization of those provisions of the Act by: determining the amount of the fee for stay in a social welfare, an indication of their obligation to bear with the class of persons referred to in (.) regulations, establish attributable to these amounts the fee"<sup>47</sup>. and possibly dismissal, in accordance with Art. 64 ups, in whole or in part with a fixed fee. In its judgment of 15 January 2010<sup>48</sup> NSA pointed out that it is wrong position that the obligation municipalities, as referred to in Art. 61 paragraph 3 ups, should be understood as a social assistance benefit, which the municipality has to provide irreversibly whenever the obligation not fulfil the persons liable in the first place. Moreover, the court stressed that the conclusion of an agreement of the kind referred to in Art. 103 paragraph 2 ups, only serves to determine the amount of the fee paid for the stay at home capita social welfare, and the same obligation to pay the fees due under the Act, and not in the contract. If therefore obliged to family members of a person placed in a welfare facility, consisting in bringing the relevant fees result directly from Art. 61 paragraph 1 point 2 ups in a situation evasion of duty by the persons liable, the municipality, which vicariously incurred expenses can enforce their return administratively. The proper way to enforce such claims by the municipality, is to issue a decision pursuant to Art. 104 paragraph 3, in connection with art. 61 paragraph 3 ups. Thus, what it would belong to assume that in the light of the views presented in the jurisprudence against the existing legal solve that: first, the decision to put the DPS issued pursuant to Art. 59 paragraph 1 ups should also specify the amount of the fee for the stay and show people that should be incurred and the amount attributable to each of them; Secondly, efforts should be made to conclude the agreement referred to in Article. 103 paragraph 2 ups; and thirdly, it was only in the last step is to take a decision in accordance with art. 104

<sup>44</sup> Judgment of the Administrative Court in Rzeszów of 15 January 2014 r., II SA/Rz 1217/13, Lex no. 1424410.

<sup>45</sup> Judgment of the Administrative Court in Warsaw on 13 March 2014 r., VIII SA/Wa 1142/13, Lex no. 1468434; see. also the judgment of the Administrative Court in Warsaw on 7 August 2013 r., VIII SA/Wa 43/13, Lex no. 1352818.

<sup>46</sup> In case no. Act VIII SA/Wa 43/13, Lex no. 1352818.

<sup>47</sup> Judgment of the Administrative Court in Warsaw on 7 August 2013 r., VIII SA/Wa 43/13, Lex no. 1352818.

<sup>48</sup> Ref. Act I OSK 1171/09, Lex no. 594941.

paragraph 3 in conjunction with Art. 61 paragraph 3 ups - by her return to the municipality the amounts that it brought in the alternative for a spouse, descendants or pre-inmate dps

4. It should also be noted that, in practice, those persons repealing the obligation of incurring the payment for staying in dps very often - justifying their behavior - point to the need to incur large expenses. It should be emphasized that the existing laws related to income rather than expenditure. Thus, when determining the payment for stay in DPS the meaning must have the revenue of persons liable for alimony, but not their expenses. Moreover, it should be assumed that the absolute priority - of expenditure for each person liable to feeding - should be the costs for the pensioner's support in dps. This burden cannot be transferred to on others - including at the municipality, this should bear only those costs which neither the pensioner, nor the person closest to him - and the closest person, according to the legislator is his spouse, descendants and ascendants - can bear, because their income is too low. Such views are also presented in jurisprudence - indicate the fact that "for the determination of remuneration of relatives of a person in a social welfare home does not matter why a person in a social welfare, and responsibilities of spouses and relatives of such persons are dependent solely on their income situation what constitutes art. 61 paragraph 2 point 2 u.p.s. The circumstances concerning the family situation, or assets are therefore not relevant for determining the obligation to incur charges by the principal. However, they may provide a basis for decision by the administrative authority to exempt from the obligation to bear in whole or in part fixed fee pursuant to Art. 64 u.p.s.<sup>49</sup>.

### **III.** **The *de lege ferenda* demands**

1. It seems that due to the divergence of the judiciary views and the importance of which is the question of payment for the finances of municipalities should be advocating changes in regulations ups. One must emphasize that even today, even though it seems already shaped line of jurisprudence in administrative courts - in line with the resolution he had made the Supreme Court on 29 October 2009<sup>50</sup>. - there are judicial decisions which seem

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<sup>49</sup> Judgment of the Administrative Court in Warsaw on 7 August 2013 r., VIII SA/Wa 43/13, Lex no. 1352828.

<sup>50</sup> In case no III CZP 77/09, OSNC 2010/5/66.

to be from her fundamentally differ<sup>51</sup>. The legislator should therefore clearly, in a way that does not raise any doubt prejudge the question of the way in which the municipality may recover fees that it had paid a substitute for the stay of its inhabitants in DPS - discrepancies in the case testify because of the fact that the applicable provisions of doubt the court and, consequently, can cause real problems the administration authorities. It should also be noted that although contemporary in jurisprudence clearly outweigh the views according to which the municipality can somehow immediately request the persons liable for alimony reimbursement of amounts that vicariously issued to pay for staying in DPS, however, the first occurring and different views, and secondly, keep in mind that the administrative court's ruling is binding only in the case on which base it was decided on<sup>52</sup>. At the same time, even in the event that the issue referred to discrepancies in the case of administrative courts<sup>53</sup> was ruled by NSA adopting a resolution - it will still link the composition of administrative courts<sup>54</sup> and not the administrative bodies<sup>55</sup>. Therefore, due to the fact that, compared with the current legal regulations the different views are formulated in judicature, and this in turn can confirm the fact that the rules are not entirely clear, and no doubt in doubt - would postulate to change them. It should be remembered that the legal regulation must on the one hand, ensure constant and immediate assistance to those in need (ie. to those who are not able to function

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<sup>51</sup> It should be even indicate the judgment of the Administrative Court in Lodz on 26 March 2014., Ref. Act II SA / LD 50/14, (Lex No. 1,522,706), in which the court stated that "Until the contract is not concluded until after the spouse, descendant or pre-elaborated and there is no legally enforceable obligation to incur charges for staying at home help social, and only failure to comply with such an obligation entitles the municipality to seek reimbursement of expenses for this purpose. " Moreover, that judgment was raised that when there has been no conclusion of the agreement (referred to in Art. 103, paragraph. 2 Act on Social Assistance), while the authority does not have the judgment of the court of general replacement declaration will of the person responsible for feeding the commitment to incur these charges at a certain level, then you should consider the lack of substantive legal basis to charge such a fee in any respect..

<sup>52</sup> In accordance with Art. 153 of the Act of 30 August 2002. Law on proceedings before administrative courts (consolidated text. Dz. U. of 2012., Pos. 270 as amended.) - Appointed referred to as the PPSA, as amended by the Act of April 9, 2015 r. amending the Act - Law on proceedings before administrative courts (Dz. U. of 2015., pos. 658) in force from 15 August 2015. - "*Legal and guidance for further proceedings expressed in the judgment of the court binding on authorities, whose action, inaction or chronic conduct of the proceedings was the subject of appeal, as well as the courts, unless the law changed.*".

<sup>53</sup> In accordance with Art. 15 § 1 point 2 of the PPSA NSA "adopts resolutions aimed at clarifying legal provisions, the use of which caused discrepancies in the case of administrative courts".

<sup>54</sup> In accordance with Art. 269 § 1 of the PPSA "If any part of the administrative court hearing the case does not share the view expressed in the resolution of seven judges, across the House or in the resolution of the full composition of the Supreme Administrative Court, shows the resulting legal issue to be decided an appropriate composition. The provision of Art. 187 § 1 and 2 shall apply accordingly.

<sup>55</sup> The literature indicates, however, that one of the functions of administrative judiciary is shaping the administrative jurisdiction - see more broadly. J. P. Tarno [w:] J. P. Tarno, E. Frankiewicz, M. Sieniuc, M. Szewczyk, J. Wyporska, *Sqdowa kontrola administracji*, Warszawa 2006 r., pp. 26 – 27, and the literature herein.

by themselves in everyday life, they do not receive assistance from their loved ones and cannot afford to pay the total cost of their stay in dps), on the other hand, it should enable the municipality to quick recovery lined with a substitute (for the spouse, descendants and preliminary inmate DPS) for the purpose of public funds. It is difficult to accept the fact that the municipality does not have the option of immediately recover the funds, which put forth a substitute - for the person obliged to do so - against payment of staying in dps its citizens, especially when there are people committed to feeding which are subject to such a duty. Moreover, even if the boarder DPS has assets that can be allocated for this purpose.

2. There is no doubt that there is a legal obligation to implement the tasks incumbent on the administration in providing full time care in nursing homes. Moreover, the municipality has a legal obligation to subsidize its residents their stay. Nevertheless we cannot forget that it should not in any case the responsibilities of the persons liable for alimony terms of dps residents. The municipality has since firstly limited financial resources and, secondly, has a duty to take care of public finances. The analysis adopted by the legislator legal solutions leads to the conclusion that they do not protect adequately the public interest. Legal regulation is not in fact entirely clear, and therefore the municipality can have a real difficulty in recovering the amounts laid out in the alternative for individual obligation to the inmate DPS to feeding (spouse, descendants and preliminary). The legislator did not provide for a way that does not raise any doubts about the possibility of immediate occur by the municipality - which she laid out vicariously financial resources for staying in DPS, despite the existence of persons liable for alimony and financial capacity - with recourse to these entities. The discrepancies in the case of administrative courts prove the doubts. At the same view of the significant costs to be borne for this purpose every month by municipalities is difficult to accept such a doubtful legal regulation. It would therefore be postulated changes in regulations ups - for we must clearly and unequivocally resolve the issue. Municipalities must, of course - by virtue of the tasks facing them react immediately - and thus have to pay a substitute fee for the stay of its inhabitants in DPS, and thus a way to keep pay the missing funds. However, they must also have the ability to quickly recover them in case the persons liable for alimony to the inmate DPS do not fulfil their statutory duties. It must be remembered that municipalities expend for this purpose public funds, and thus measures that need to be specifically taken care of. Even more so today, when social assistance must often react - more people need for different kinds of support, and thus must also be for this purpose money and spend it properly. It cannot be forgotten that, in accordance with the will of the legislator "*Social assistance is an institution of state social policy, aimed at enabling*

*individuals and families to overcome difficult situations, where they are not able to overcome using their own powers, resources and capabilities*" (Article . 2 paragraph 1 ups); and its purpose is to prevent just such situations - by taking steps to individual independence of individuals and families, and their integration with the environment (art. 3.2 ups). Furthermore, "*Social assistance supports individuals and families in their efforts to meet the necessary needs and enables them to live in conditions equivalent to human dignity*" (art. 3. 1 ups), and "*The needs of people and families benefiting from the aid should be taken into account if meet objectives and are within the capabilities of social assistance*"(art. 3.4 ups).

It is therefore necessary to introduce clear rules that will allow the municipality to keep recover the lined vicariously financial means to stay in DPS by its inhabitants. Unable to agree on the fact that the municipalities took over full financial responsibility for persons an obligation to the residents DPS to feeding. It also seems that reflection is also needed on the very concept of an agreement referred to in the text of Art. 103 paragraph 2 ups. Since, in modern jurisprudence it is usually assumed that the conclusion set out in that provision is designed to allow a spouse, descendant and pre-inmate DPS to declare the payment of fees higher percentage than is apparent from the provisions on minimum duty set out in Art. 61 paragraph 2 point 2 letter a) and b) ups - it seems that in most cases the contract will be redundant. In practice, very rarely to be liable to alimony take on a larger burden than that required by law. Thus, what should be considered by the legislature to introduce such solutions, which will result that the agreement referred to in Art. 103 paragraph 2 ups will come into play only if the persons liable for alimony they are going to pay more than is apparent from the decision to refer to the DPS, or payment for your stay at DPS wants to pay another person who has no obligation to pay maintenance to the inmate of DPS. In any other case it would have in the decision to refer to the DPS to determine whether a fee for this stay, as well as those required for its pay together with an indication of specific amounts that accrue to them. Consequently, you would propose changes in the wording of Art. 61 ups. First would be advocating the deletion of Art. 61 paragraph 2 point 2 ups the formula '- in accordance with the Agreement in accordance with art. 103 paragraph 2 ". At the same time the end of Article. 61 paragraph 2 ups would add: "*- the fee is fixed in the decision to refer to a social assistance*". Thus, what provision of art. 61 paragraph 2, point 2 should read as follows: "spouse, descendants before ascendants:

*a) for a single person household, if the income is higher than 300% of the income criterion single person, but the amount of income left after paying the fee cannot be lower than 300% this criterion,*

*b) in the case of a person in the family, if the per capita income is higher than 300% of the income criterion for a person in the family, with the amount of income remaining after payment of the fee cannot be lower than 300% of the income criterion per family; - but the fee is fixed in the decision to refer to a social assistance ".*

Moreover, Article. 61 paragraph 2c should be changed - with the following wording: "In the case referred to in paragraph 2a apply. 103 paragraph 2 ". At the same time should be added to Art. 61 paragraph 2d reads as follows: 'Where the spouse, descendants or ascendants want to declare the amount of the charge is higher than is apparent from the wording of Art. 61 paragraph 2 point 2 then after the decision to refer to a social assistance an agreement, referred to in Art. 103 paragraph 2 ". Moreover, the change should also be subject to the provision of Article. 61 paragraph 3 ups - should be offered following the following: "In the case of non-fulfilment of persons referred to in paragraph 2 points 1 and 2 and paragraph 2a be no fee for staying at a welfare specified in the decision to refer to the social welfare home or in the agreement referred to in Art. 103 paragraph 2 - these fees are vicariously brings a municipality from which the person has been referred to a social assistance. Commune is entitled to claim reimbursement of expenses for this purpose. In the case of reimbursement for this purpose expenditure, the responsible municipality issues a decision specifying vicariously paid the amount with interest - but not less frequently than once a quarter." Such changes will make the issue of fees for staying in nursing homes cease to be questionable. However, it seems that it is also necessary to take extensive action beyond the legal form of even informational campaign. This information campaign is necessary, because modern society seems to have forgotten that it was on the family, not the organ of administration, is obliged to help and support (including financial) of its members.

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The Act of 17 June 1966. of the execution proceedings, consolidated text. Acts. U. of 2014. Item. 1619, as amended;

The Act of 19 August 1994 on mental health, consolidated text, Journal of Laws of 2011, No. 231, item 1375, as amended;

The Act of April 2, 1997, Polish Constitution, Journal of Laws No. 78, item. 483, as amended;

The Act of 30 August 2002 on Law on proceedings before administrative courts, consolidated text, Journal of Laws of 2012, Item 270, as amended;

The Act of 24 April 2003 on public benefit and volunteer work; consolidated text, Journal of Laws of 2014. Item 1118, as amended;

The Act of 12 March 20040 on social assistance, consolidated text, Journal of Laws of 2015, Item 163, as amended;

Resolution of the Council of Ministers of 17 July 2012 on verified income criteria and the amount of cash benefits from social assistance, Journal of Laws of 2012, Item 823;

Ordering of the Mayor of Łódź on 21 March 2014, No. 5941/VI/14 on determining the average monthly cost of living per capita in community homes run by the city of Łódź, Office Journal of the Province of Łódź of 27 March 2014, Item 1502;

The law of 9 April 2015 Amending the Act - Law on proceedings before administrative courts, Journal of Laws of 2015, Item 658

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**Żbik A., Renewable Mechanisms for Financing Investment from the EU funds**

## ABSTRACT

The article presents the role and significance of financial instruments as a means of financing investment projects funded cohesion policy. It describes the mechanisms for implementing renewable instruments in the financial perspectives 2004-2006 and 2007-2013 and the experience of the implementation of the JEREMIE initiative in the Łódz region. The text also presents the assumptions of the Regional Operational Program for 2014-2020 Łódz in the use of financial instruments to implement the investment and development in the region.

Since joining the Polish community structures, structural funds have become one of the major sources of investment financing and development of both businesses and public sector entities. The deteriorating economic situation of the Member States of the European Community has forced a discussion on the effectiveness of financial aid given to the beneficiaries. Its outcome is to increase the role and scope of support for renewable transferred from the cohesion policy funds, in the form of loans and guarantees for the implementation of economically viable investment projects. The aim of the article is to present the feedback forms of investment support from the cohesion policy in this: the role and significance of financial instruments to achieve policy coherence, the scale and scope of the implementation of instruments revolving in Poland, progress in the implementation of the JEREMIE initiative in the Lodz region and the prospects for the use of renewable financing mechanisms under Regional Operational Program of the Lodz 2014-2020.

Financial engineering instruments<sup>1</sup> entered into catalogue of cohesion policy support tools in the mid-twenty-first century. For the first time they have been used to finance investment projects in the programming period 1993-1999. The role and scope of the implementation of the feedback forms of support is steadily increasing, but until today the basic form of financing development projects remain grants. In the first years of Polish membership in the European Union support the feedback was granted to entities of the SME sector through loan and guarantee funds, on the basis of grants awarded to financial institutions under the Sectoral Operational Programme Improvement of the Competitiveness of Enterprises 2004-2006 (SOP WKP)<sup>2</sup>. Zoom capital fund aimed at facilitating access to companies classified as a group of micro, small and medium-sized enterprises to finance investment and therefore limit the funding gap problem. Entrepreneurs capitalized institutions grant support, in the form of loans or guarantees for the implementation of development projects. A non-refundable financial

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<sup>1</sup> in the 2014-2020 financial perspective financial instruments

<sup>2</sup> Polish Agency for Enterprise Development, Report on the evaluation of the sub-measure 1.2.1 and 1.2.2 of SOP ICE, Polish Agency for Enterprise Development, p.3-6, Warszawa 2008 [https://www.ewaluacja.gov.pl/Wyniki/Documents/2\\_49\\_50.pdf](https://www.ewaluacja.gov.pl/Wyniki/Documents/2_49_50.pdf) (access 23.06.2015)

assistance granted to local and regional funds resulted in, among others, an increase in loan capital and reduce the amount of commissions and interest rates of financial liabilities incurred by the business entities<sup>3</sup>.

Implementation of the revolving support mechanisms was continued in the 2007-2013 financial perspective. The funds earmarked for reimbursable aid was increased, catalogue of implemented financial instruments was expanded and the circle of potential recipients. Estimates of the Ministry of Infrastructure and Development indicate that during the last programming period to support the feedback has been allocated about 1 billion Euros, ie. 1.5% of the allocation granted to Poland as part of a seven-year programming period<sup>4</sup>. Renewable support mechanism implemented both in operational programs at national and regional levels. Financial instruments supported the implementation of development projects within the framework: Innovative Economy Operational Program (equity investments, loans), the Operational Program Development of Eastern Polish (loans and guarantees), Human Capital Operational Program (loan), and 16 regional operational programs (loans and guarantees).

The definition of a financial instrument regulated by the Regulation of the European Parliament and of the Council (EU, Euratom) of 25 October 2012. On the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC RURATOM) No 160/2002<sup>5</sup>. In accordance with Art. 2 item p) of the document "financial instruments shall mean Union measures of financial support provided from the budget in a complementary way to achieve an objective or policy objectives of the Union. Such instruments may take the form of equity investments or quasi-equity<sup>6</sup>, loans or guarantees or other instruments based on risk-sharing<sup>7</sup>, where appropriate, may be combined with grants. " It is worth noting that the instruments feedback mechanism is not a substitute subsidy support. They are merely complement it. They are used to finance potentially profitable development projects, ie. Those that promise to get surplus funds to enable repayment (principal and

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<sup>3</sup> Pokorski J., Sectoral Operational Programme Improvement of the Competitiveness of Enterprises Measure 2.1, 2.3, 1.2.1, 1.2.2. The effects of business support and business environment, p. 40, Polish Agency for Enterprise Development, Warsaw 2009

<sup>4</sup> Materials from the meeting of the Interbank Team. EU funds "Programs for 2014-2020 financed and co-financed by the European Union. Status of works, Warsaw 01.09.2015 r. <Http://instrumentyfinansoweue.gov.pl/wydarzenia/2015/20150109/> (Access 22.06.2015 r.)

<sup>5</sup> <http://eur-lex.europa.eu/legal-content/pl/TXT/PDF/?uri=CELEX:32012R0966&from=EN> (dostęp 23.06.2015 r.)

<sup>6</sup> eg.: financing mezzanine

<sup>7</sup> np.: securitization instrument

interest) contracted to carry them out. The projects uneconomic (ie.: the social initiatives) and subject to above-average investment risk (eg.: R & D) are funded on the basis of a non-refundable mechanism (grants). In accordance with Art. 140 paragraph 2 analysed regulation is implemented repayable assistance "to remedy weaknesses in the market or inadequate level of investment, where financially viable but do not generate sufficient funding from market sources." Feedback instruments contribute, as mentioned in the introduction, to reduce the incidence of financial gap in the SME sector. In the longer term, also increase the chance of getting investment support financial institutions operating in market conditions<sup>8</sup>. The involvement of revolving facilities to finance potentially cost-effective investment brings many benefits. The most important results from a revolving (return) the nature of support and a direct impact on the ability to finance several investments from one limited pool of funds. Another advantage of renewable help in relation to support grant is a multiplier effect<sup>9</sup> resulting from the fact that the EU's contribution to a financial instrument is run total investment (the value of which exceeds Community resources) and therefore needs to raise additional (private) funding. You need to return the invested public funds by the recipient repayable support translates into lower risk investments. It is the result of in-depth feasibility studies and development of alternatives potentially resulting in the selection of the most cost-effective investment plan that guarantees the repayment of financial liabilities. It is further stressed that after 31.12.2015., And therefore after the end of the eligibility period for the 2007-2013 financial perspective, the funds involved in the implementation of financial engineering instruments will not be returned to the general budget of the EU. This means that they will continue to circulate in the economy by financing investment projects of SMEs sector entities and investments in the field of urban development, in accordance with Art. 78 paragraph 7 of Council Regulation (EC) 1083/2006<sup>10</sup> and Art. 98 of the Act implementation<sup>11</sup>.

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<sup>8</sup> Construction of credit history increases the chance of micro and small entrepreneurs to gain financial support on commercial terms.

<sup>9</sup> Art. 140 par. 2 p d)

<sup>10</sup> The Act of 11 July 2014. On the basis of the implementation of programs funded cohesion policy in the 2014-2020 financial perspective: <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20140001146> (accessed 23.06.2015 r.)

<sup>11</sup> The Act of 11 July 2014 on the basis of the implementation of programs funded under cohesion policy in the 2014-2020 financial perspective: <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20140001146> (access 06/23/2015)

Repayable instruments cited advantages translate to increased efficiency of spending of EU funds, which is the primary goal during a deteriorating public finances of the Member States of the European Community.

### **The use of instruments feedback within ROP 2007-2013**

R repayable instruments have been implemented in the Lodz region, in the previous programming period, under Jeremie Initiative (Joint European Resources for Micro to Medium Enterprises). Contribution to the financial instruments was filed under Measure III.4 Development of the business environment Lodz Region, the Regional Program (ROP). Regional Board decision support entrepreneurs in Lodz feedback is realized through the implementation model involving the Trust Fund Manager (MFP), which was selected in the contest No. RPLD.03.04.00-1 / 09 carried out in 2009. By the Implementing Institution Third priority axis of the program Operating - Entrepreneur Service Centre. Lodz Regional Board by the Resolution No. 1499-1409 dated 2 September 2009 has selected for financing a project entitled: "Supporting entrepreneurship through the development of financial engineering instruments under the JEREMIE initiative in the Lodz region" composed by Bank Gospodarstwa Krajowego (BGK), which under agreement signed 25 September 2009. entrusted the creation and management of Lodz Regional Trust Fund (ŁRFP)<sup>12</sup>. It is the responsibility of BGK should m.in.: selection of financial intermediaries providing support to entrepreneurs as well as monitoring and reporting to the Managing Authority ROP and the European Commission. The successful MFP carry out the tasks on the basis of the accepted investment strategy<sup>13</sup>.

Since 2009, the MFP has conducted 11 competitions<sup>14</sup>, which aim was to select financial intermediaries triggering repayable financial instruments for SMEs.

29 operating contracts were signed with the selected intermediaries with a total value of 297 million PLN<sup>15</sup>.

In the years 2011-2014 5 competitions were conducted for the selection of intermediaries in the context of a global loan product, 3 competitions under the guarantee of the product

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<sup>12</sup> The JEREMIE Initiative for the development of the Lodz region: <http://www.jeremie.com.pl/lodzkie/o-jeremie/> (accessed 23.06.2015 r.)

<sup>13</sup> <http://www.cop.lodzkie.pl/index.php/jeremie-w-lodzkiem/o-inicjatywie-jeremie.html> (access 23.06.2015)

<sup>14</sup> In the framework of competitions No. 1.1 / 2010 / ŁRFP and 1.3 / 2014 / ŁRFP not signed contracts for the product re-guarantee with financial intermediaries

<sup>15</sup> <http://www.jeremie.com.pl/aktualnosci/> (access 23.06.2015)

portfolio and 3 contests within the product re-guarantee. Within the framework of the global loan through calls for proposals emerged: Lodz Regional Development Agency (ŁARR), the Association Ostrowskie Enterprise Support Centre, Foundation for Community Development Zelów, Cooperative Bank Association of Savings and Loan PA-CO-BANK, Koneckie Association for the Support of Entrepreneurship, Polish Foundation for Enterprise, IKB Leasing Poland Sp. z oo, the National Association for the Support of Entrepreneurship, the Society for Social and Economic Investment SA, the European Centre for Financial Advisory Services Sp. zoo. Sp. k., Initiative Micro Sp. zoo. and Idea Bank SA Within the framework of the guarantee portfolio through competitions chosen: esbank Cooperative Bank, Idea Bank SA, FDI Bank and FM Bank. The re-guarantees in the Lodz region are provided only by ŁARR.

Financial intermediary implementing the financial instruments with the highest value is ŁARR<sup>16</sup>. It is worth mentioning also that that entity is the first institution in Poland implementing two categories simultaneously repayable instruments (loans and re-guarantees).

Since the start of the JEREMIE Initiative in the Lodz region by the end of the first quarter of 2015. Financial intermediaries have concluded with final recipients, ie. The SME sector operators a total of 1 778 contracts with a total value of 235 344 197 PLN. That is, it contracted 124.8 percent. pool of funds provided by the Regional Board of Lodz BGK (MFP) under an agreement for funding. Intermediaries have signed a total of 1 225 loan agreements with entrepreneurs about the value of 199 406 816 PLN. Detailed characterization of the lending activities of funds is presented in Table 1.

Table 1. The activity of the lending instruments (as of 03.31.2015 r.)

<b>Status of entrepreneur</b>	<b>Number of contracts</b>	<b>Value of contracts</b>	<b>Funds actually paid off</b>	<b>Funds returned</b>
<b>Businesses classified to micro-entity group</b>	979	119 037 584	118 825 381	38 401 892
<b>Businesses classified to small-entity group</b>	186	57 993 472	57 743 472	20 061 051
<b>Businesses classified to medium-entity group</b>	60	22 375 760	21 950 760	8 189 196
<b>TOTAL</b>	<b>1 225</b>	<b>199 406 816</b>	<b>198 519 613</b>	<b>66 652 139</b>

Source: Own calculations based on data from the Ministry of Infrastructure and Development

<sup>16</sup> Lodz Regional Trust Fund

Among the borrowers benefiting from support under the JEREMIE initiative in the Łódź region, the businesses classified to the group of micro entities dominate, acting 80 percent. general public support. The value of agreements concluded with the above. customers amounted to 119 037 584 PLN, which constitutes 60 per cent the value of loans granted since the start of the Community initiative in the region. The average value of a loan agreement taken out by the entrepreneur amounted to 121 591 PLN. With entrepreneurs counted among the group of small entities there were concluded a total of 186 contracts for loans with a value of 57 993 472 PLN. Thus, they represent 15 percent the total number of recipients of repayable assistance in the framework of the global loan product. The average value of the loan amounted to 311 793 PLN. The least outnumbered group of recipients support a revolving account for entrepreneurs of Group medium-sized entities with which concluded 60 loan agreements. Last analysed group of entrepreneurs entered 5 percent the total number of loan agreements. Medium-sized businesses feedback received financial support worth a total of 22 375 760 PLN. The average amount of the loan amounted to 372 929 PLN.

The status of implementation of repayable instruments - guarantees is presented in Table 2.

Table 2. Activity of guarantee instruments (as of 31.03.2015 r.)

Status of entrepreneur	Number of signed guarantee contracts	Value of loan contracts /credits awarded based on signed guarantee contracts
<b>Businesses classified to micro-entity group</b>	510	35 594 437
<b>Businesses classified to small-entity group</b>	37	21 613 746
<b>Businesses classified to medium-entity group</b>	6	2 449 068
<b>RAZEM</b>	<b>553</b>	<b>59 657 251</b>

Source: Own calculations based on data from the Ministry of Infrastructure and Development

In the analyzed period the financial intermediaries entered into agreements with entities of the SME sector 553 guarantee contracts with a total value of 35 937 381 PLN. The contracts allowed the recipients to obtain loans worth 59 657 251 PLN. Among the guarantees the traders dominated counted to the group of micro-entities who have entered into 510 guarantee agreements, i.e. 92 percent of the total number of the bonds. The average value of a loan agreement / loan which was concluded thanks to the financial collateral amounted to 69 793 PLN. Businesses classified to the group of small entities have entered into with financial intermediaries 37 guarantee agreements, which accounts for 7 percent. the total number of issued securities. The average value of a loan agreement, which was underwritten public JEREMIE initiative amounted to 584 155 PLN. The smallest group of recipients of guarantees were the entrepreneurs included in the Group of medium-sized entities with which till the end of the first quarter of 2015 there were concluded 6 agreements securing the commitment of financial resources. The average value of a loan agreement secured by a surety issued by the

ROP for 2007-2013 amounted to 408 178 PLN. In the analyzed period it enforced a total of 10 guarantees with a total value of PLN 312 734. JEREMIE Initiative with the support of most commonly used by businesses operating in the following sectors<sup>17</sup>: retail trade (15 percent), Construction (11.5 percent), Wholesale trade (10.7 percent), Land transport (6.8 percent), trade and repair of motor vehicles (5.1 percent) and housing (4.6 percent).

The eligibility period for the financial perspective for the 2007-2013 ends on 31 December 2015. However, the European Commission issued a decision according to which<sup>18</sup> the final maturity of resources allocated to repayable instruments is 31 March 2017. This means that the financial intermediaries have more time to transfer funds contributed in the form of contributions from operational programs to recipients final. It is worth noting that the condition of recognition by the European Commission contribution to the operational program to the instrument is eligible to make trading ie. The transfer of 100 percent funds received under the contribution entrepreneurs. The interests generated by payments from operational programs to funds are also subject of mandatory use. In the absence of a full rotation of the contribution or the interests assigned to him, the funds shall be subject of recovering to the EU budget.

### **Revolving instruments in the financial perspective 2014-2020**

The scope and nature of the changes made in the rules of implementation of repayable support in the new financial perspective largely results from the experience of the 2007-2013 programming period, including difficulties encountered by managing/implementing operational programs, Managers of Trust Funds<sup>19</sup>, financial intermediaries and end customers. Among the most important issues of concern, facing the donor and recipient repayable assistance in the past term, it should be noted: the lack of detailed regulations for the establishment and implementation of financial instruments, the low efficiency of expenditure provided in the form of contributions from operational programs, no rules to combine several

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<sup>17</sup> Data for six provinces implementing the JEREMIE initiative in the formula of the Manager of the Trust Fund - Bank Gospodarstwa Krajowego by the end of April 2015. [Http://www.jeremie.com.pl/](http://www.jeremie.com.pl/) (accessed 23.06.2015 r.)

<sup>18</sup> Point 3.6. Guidelines on closure of the operational programs adopted for aid from the European Regional Development Fund, the European Social Fund and the Cohesion Fund (2007-2013), C (2015) 2771 final [http://ec.europa.eu/regional\\_policy/sources/docoffic/official/guidelines/closure\\_2007\\_2013/annexe\\_guidelines\\_closure\\_20072013\\_pl.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/guidelines/closure_2007_2013/annexe_guidelines_closure_20072013_pl.pdf) (dostęp 23.06.2015 r.)

<sup>19</sup> In the 2007-2013 financial perspective the two institutions serve as guarantee fund manager: Bank Gospodarstwa Krajowego (in Wielkopolska, Lower Silesia, Pomeranian, Łódź, West-Pomeranian and Mazowieckie) and the region Pomeranian Loan Fund Sp. zoo. (in Kujawsko-Pomeranian).

forms of EU-funded support in a single investment, and limited monitoring of activities of final recipients.

Although legislation in the area of the establishment, implementation and use of repayable support are still in the programming phase, the scope of changes already introduced by the European Commission in relation to the provisions governing the functioning of financial engineering instruments for the period 2007-2013 suggests that most of the problems identified were resolved. Comparative analysis of the implementing rules for financial instruments in the two programming periods is presented in Table 3.

Table 3. The implementing rules of repayable instruments in the period 2007-2013 and 2014-2020

Comparison area	2007-2013	2014-2020
<b>Scope of support</b>	Support provided for implementation under the three funds: the European Regional Development Fund, European Social Fund, European Agricultural Fund for Rural Development.	Support provided for implementation under all the funds: the European Regional Development Fund, the European Social Fund, the Cohesion Fund, European Agricultural Fund for Rural Development, the European Maritime and Fisheries Fund
<b>Scope of support</b>	Support for SMEs and projects in the field of urban development, energy efficiency and use of renewable energy in buildings <sup>20</sup>	Support all activities carried out within 11 thematic objectives (in the case of market failure diagnosis in a given area).
<b>Establishing the instrument</b>	No obligation to conduct a financial gap analysis. Financial engineering instruments approved for implementation at national and regional level.	Basing the implementation of financial instruments carried on the mandatory ex-ante evaluation <sup>21</sup> . Financial instruments admitted to implement at EU level, transnational, cross-border, national and regional level.
<b>Opcje wdrażania</b>	One option to support the implementation of the reverse - "tailor-made". There are no standardized instruments. Repayable instruments implemented in the formula of the Fund of Funds (MFP) or directly by financial intermediaries.	Four repayable support deployment options: - "Tailor-made". <sup>22</sup> , - "Off-the-shelf" (loan portfolio risk sharing limited warranty portfolio, the loan to renovate) - Implementation of loans and / or guarantees independently by managing the operational program. -making contribution to a financial instrument managed at EU level by the European Commission.
<b>Payments</b>	The possibility of declaring the proposal payment to the European Commission 100 percent. funds	Linking the amounts declared in the application payment to the European Commission with the level of support submitted to the eventual

<sup>20</sup>The explanatory note COCOF 10-0014 / 04 in the field of financial engineering instruments in accordance with Art. 44 of Council Regulation (EC) no. 1083/2006, pp. 25-26

<sup>21</sup>Pursuant to art. 37 of the Regulation 1303/2013 dated 17 December 2013.

<sup>22</sup>A financial contribution to a financial instrument existing or newly formed, specially designed to achieve specific objectives set out under that priority (Art. 38, paragraph 3, point b of the Regulation of the European Parliament and of the Council (EU) No 1303/2013)

	transferred to the fund. No links amounts eligible the size of the support given to recipients final.	recipients.
<b>Connecting the forms of support</b>	The ability to combine financial instruments with grants or other assistance from an operational program. <sup>23</sup>	The ability to combine financial instruments with grants, interest rate subsidies, guarantee <sup>24</sup> fee subsidies and grants for technical support <sup>25</sup> .
<b>Costs and for management</b>	The amount of costs and management fees related to the effectiveness of the management of entrusted funds.	The amount of costs and management fees depend on the performance of the fund (basic salary and performance-based remuneration). <sup>26</sup>
<b>Reporting</b>	Reporting obligation in a limited set of 2011 r.	Mandatory reporting since the start of the financial perspective, an extensive range of monitoring financial instruments <sup>27</sup> .

Source: Own calculations based on: *Financial instruments in ESIF download\_programmes 2014-2020. Short reference guide for Managing Authorities*, Ares (2014) 2195942-02 / 07/2014, European commissions; *Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014.; Regulation of the European Parliament and of the Council (EU) No 1303/2013 of 17 December 2013. And the Commission Implementing Regulation (EU) No 964/2014 of 11 September 2014.*

The implementation of financial instruments under the national and regional operational programs, as was the case in 2007-2013, is optional. The decision to implement the revolving assistance as a form of financial support of investment projects at the discretion of the various managing and should be the consequence identifiable market failure or sub-optimal level of investment in the area. In accordance with Art. 37 paragraph 2 of the *Regulation of the European Parliament and of the Council (EU) 1303/2013* relevance of the implementation of financial instruments, ie. An ex ante evaluation determines the estimated level and scope of public investment needs, including identification of the types of financial instruments, that correspond diagnosed with market needs. The present analysis, in accordance with Art. 37 paragraph 3 analysed legal act can be carried out in stages, but should be completed before a decision by the competent managing to contributing to the financial instrument of the operational program.

By the end of June 2015 there were developed the assessments of ex-ante capacity to implement the financial instruments in the framework of two national programs, ie. the Operational Program Knowledge, Education, Development and the Operational Program Development of Intelligent. At the regional level completed and adopted ex ante analysis in

<sup>23</sup> Ibid., explanatory note COCOF, p.17

<sup>24</sup> Art. 37, paragraph 7 of the Regulation of the European Parliament and of the Council (EU) No. 1303/2013 of 17 December 2013.

<sup>25</sup> Art. 5 Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014

<sup>26</sup> there, art. 13 par 1 and 2.

<sup>27</sup> Scope of responsibilities of entities implementing financial instruments regulated by Commission Implementing Regulation (EU) no. 821/2014 dated 28 July 2014.

the following provinces: Lower Silesia, Kujawsko-Pomorskie, Lubuskie, Łódź, Małopolska, Mazovia, Opole, Podkarpacie, Podlasie, Śląskie, Świętokrzyskie, Wielkopolska, Warmia-Mazury and Pomeranian.

Analysis of the merits for implementation of support through financial instruments in the Łódź region was carried out in 2014 in the study called. "*The ex-ante evaluation of the Regional Operational Program of the Łódź for 2014-2020*". The survey was conducted by a consortium composed of the Institute for Social Research, Coffey Sp. z o.o. and Policy & Action Group Uniconsult. z o.o. Conducted among entrepreneurs operating in the Łódź region, interviews CATI possible to estimate the size of the funding gap, i.e. The difference between capital supply and demand for capital by entrepreneurs<sup>28</sup> reported at PLN 1.8-2.4 billion for the six-year financial perspective, i.e. approx. PLN 300-400 million on an annual basis<sup>29</sup>.. The study showed that the majority of operators having limited access to capital is an entrepreneur included among micro-entities<sup>30</sup>. The smallest difficulties in obtaining external financing in the SME sector have while firms included in a group of medium-sized entities.

The report was recommended to implement financial instruments in the formula using a fund of funds, as was the case in the 2007-2013 financial perspective. Among the advantages of the proposed solution the authors pointed: implementation of all tasks in the area of establishing instruments by one, professional financial institution possessing the infrastructure and staff with great experience, the possibility of a relatively flexible response to changing demand for particular financial instruments, potential ability to act as manager fund of funds by the well-known and recognized in the financial market, and (if you choose a regional institution) to build competence and experience in the Łódź region. As examples of institutions that could serve as the manager of a fund of funds indicated: Bank Gospodarstwa Krajowego (with experience in the implementation of the JEREMIE initiative in 6 provinces and measure 1.2

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<sup>28</sup> In the literature, the financing gap is defined as the difference between the supply of capital and demand for capital in a certain size range of measures resulting from information asymmetry between the company and provider of external capital (Institute for Market Economics, Mechanisms of financial engineering in increasing the efficiency of absorption of EU funds and their the importance of cohesion policy after 2013., pp. 37-38, or as limiting access to external financing economically viable investment for a subset of businesses resulting from market failures (Institute for Structural Research, Evaluation financial gap in the access of Polish companies to external financing . Conclusions and recommendations for the programming process cohesion policy for the period 2014-2020 - Final Report, p. 22)

<sup>29</sup> Institute for Social Research, Coffey Sp. z o.o. and Policy & Action Group Uniconsult. z o.o., "The ex-ante evaluation of the Regional Operational Programme of the Łódź for 2014-2020," p. 171

<sup>30</sup> Difficult access to capital concerns in particular, those starting business activity and companies operating on the market for less than two years. Mainly due to the high demands on security for the loan

OP DEP) and regional institutions: Lodz Regional Development Agency (PI. 3.3 and PI 8.7) and Provincial Fund for Environmental Protection and Water Management (PI. 4.3) <sup>31</sup>.

The result of the analyses is the investment strategy ROP WL for the years 2014-2020, recommending the use of financial instruments within the framework of four investment priorities:

- PI 3.3 - Support the creation and extension of advanced capacities for product and service development;
- PI 4.3 - Support for energy efficiency, intelligent power management and the use of renewable energy sources in public infrastructures, including in public buildings and in the housing sector;
- PI 8.5 - Access to employment for job seekers and inactive people, including long-term unemployed and away from the labour market, including through local employment initiatives and support for labour mobility<sup>32</sup>;
- PI 8.7 - Self-employment, entrepreneurship and business creation, including innovative micro, small and medium-sized enterprises.

As the result of analyses, connection of financial instruments was not recommended with other forms of support from EU funds.

The characteristics of the financial instruments proposed for implementation under the different investment priorities shown in Table 4.

Table 4. Financial instruments recommended to be implemented under ROP 2014-2020

Investment priority	Detailed purpose of Investment priority	Financial instrument	Maximal amount of support	Estimated budget of instrument	Support recipients
PI 3.3 – Support of creating and expanding the advanced abilities in the scope of developing the products and services	Development of existing businesses activities	Microloan for investment-trade purposes (on preferential rules)	120 000 PLN	200 000 000 PLN	Entities of MŚP sector
		Microloan for trade purposes (on market rules)	500 000 PLN		
		Microloan for investment purposes (on	500 000 PLN		

<sup>31</sup> Ibid., 195-196

<sup>32</sup> Within the priority financial instruments will be implemented by the Labour Fund provided for in the Act on promotion of employment and labour market institutions.

		market rules)			
		Investment loan (on preferential rules)	2 000 000 PLN		
		guarantee (preferential or market)	500 000 PLN	30 000 000 PLN	
PI 4.3 - Promoting energy efficiency, intelligent power management and the use of renewable energy sources in public infrastructures, including public building and in the housing sector	Improving energy efficiency in the public sector and the housing sector	Investment loan (on preferential rules)	3 000 000 PLN	100 000 000 PLN	Housing communities and other stakeholders (in particular public sector institutions)
PI 8.7 - Self-employment, entrepreneurship and business creation. including innovative micro, small and medium-sized enterprises	Increase in the number of jobs	loan for investment or rotary (on preferential terms)	60 000 PLN	30 000 000 PLN	People starting a business (newly registered companies)

Source: Own calculations based on the Institute for Social Research, Coffey Sp. z.o.o. and Policy & Action Group Uniconsult. Ltd., "The ex-ante evaluation of the Regional Operational Programme of the Lodz for 2014-2020", pp. 174-192

Progress in the implementation of financial engineering instruments under the JEREMIE initiative in the 2007-2013 financial perspective, the growing interest of financial intermediaries active participation in the distribution of direct support a revolving, a significant level of contracting the contribution from the operational program (124.8 per cent. Of funds transferred MFP) and the results of the ex-ante evaluation clearly show the legitimacy and desirability of the use of financial instruments within the framework of ROP 2014-2020.

Presented the advantages of the use of renewable support mechanisms for development projects make when you start the next programming period growing pool of funds allocated to help revolving, circle the recipients and a catalogue of support tools. This contributes to include to increase the competitiveness of enterprises, to improve the situation on the labour market (thanks to financing a start-up business) and urban development. The gradual implementation of feedback mechanisms to support programs provided an opportunity to individuals, businesses and institutions of public finance sector (including entities implementing the financial engineering instruments) to learn the rules of the investment aided

revolving, The experience gained should translate into increased interest in financial instruments. He counts on both the European Commission and national and regional authorities, which approved the operational programs for 2014-2020 have planned more than twofold increase in the allocation to finance revolving investment projects.

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