

## THE CONCEPT OF A PROCEDURE FOR MANAGING THE 'METROPOLITAN SOLIDARITY FUND' PROGRAMME

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**Purpose:** The purpose of the article is analysis the current procedure for granting support for the implementation of projects under the Programme and analyses and identifies the factors that make it hard to meet the requirements to benefit from the Programme. Based on the considerations, an attempt was made to develop a procedure for managing the Programme.

**Design/methodology/approach:** The objectives will be achievement by web/desk research, analyses documentations of GZM, and interviews with GZM employees.

**Findings:** Based on the diagnosis and analysis of the current procedure of managing the MFS Programme, interviews, observations and analysis of reports on project execution, factors impacting the change in the value and scope of projects were identified. The identified factors which had a negative effect on the execution of the MFS Programme resulted in most cases from specific deadlines in the adopted Programme management procedure.

**Originality/value:** With a view to reducing the factors influencing the changes in the Programme, the concept of Programme management procedure was suggested, which included eight steps.

**Keywords:** The Metropolitan Association of Upper Silesia and Dąbrowa Basin, programme, project.

### 1. Introduction

The Metropolitan Association in the Silesian Voivodeship was established on 1 July 2017 on the basis of the Act of 9 March 2017 on the Metropolitan Association in the Silesian Voivodeship. The Metropolitan Association consists of 41 member municipalities. These are: Będzin, Bieruń, Bobrowniki, Bojszowy, Bytom, Chełm Śląski, Chorzów, Czeladź, Dąbrowa Górnicza, Gierałtowice, Gliwice, Imielin, Katowice, Knurów, Kobiór, Łędziny, Łaziska Górne, Mierzęcice, Mikołów, Mysłowice, Ożarowice, Piekary Śląskie, Pilchowice, Psary, Pyskowice,

Radzionków, Ruda Śląska Rudziniec, Siemianowice Śląskie, Siewierz, Sławków, Sosnowiec, Sośnicowice, Świerklaniec, Świętochłowice, Tarnowskie Góry, Tychy, Wojkowice, Wry, Zabrze, Zbroślawice.

In accordance with the provisions of the Act on the Metropolitan Association in the Silesian Voivodeship, the implementation of public tasks of the Metropolitan Association began on 1 January 2018, which include: shaping spatial order, social and economic development of the Metropolitan Association area, planning, coordination, integration and development of public public transport, including road, rail and other rail transport, as well as sustainable urban mobility, tasks in the field of metropolitan passenger transport, cooperation in determining the course of national and voivodeship roads in the area of the Metropolitan Association, promotion of the Metropolitan Association and its area. Moreover, the Metropolitan Association may perform public tasks belonging to the scope of activity of a commune, county or voivodeship local government or coordinate the performance of these tasks on the basis of an agreement concluded with a unit or with an association of local government units (Act on the Metropolitan Association).

On the basis of this provision, a decision was made to implement the 'Metropolitan Solidarity Fund' Programme as an initiative aimed at providing financial support to weaker member municipalities of The Metropolitan Association of Upper Silesia and Dąbrowa Basin.

## 2. Methodology of research

In the first year of its operation, The Metropolitan Association of Upper Silesia and Dąbrowa Basin started to implement the 'Metropolitan Solidarity Fund' Programme. The Programme implemented since January 2018 in the Metropolitan Association was addressed to all member municipalities and was aimed at supporting the weakest municipalities with the use of PLN 100 million. The distribution of such an amount requires the use of an appropriate procedure. In this context, it seems reasonable to find answers to the following research questions:

- Was the procedure adopted right and can areas for improvement be identified, if so, how should the procedure look like?
- Were the criteria for project selection adequate to the objective of the Programme defined?
- Were the reference points defined for particular project evaluation criteria?
- Did the project evaluation take into account the fact of limiting the subjectivity of the evaluation?

The aim of the research is to analyse the procedure adopted for granting financial support for the implementation of projects and to identify factors that make it difficult for municipalities to meet the requirements necessary for the use of funds from the MFS Programme by member municipalities. The objective of the research was achieved through web/desk research, interviews, observations and analysis of source materials (resolutions and reports from implemented projects).

### **3. Legal basis for the implementation of the 'Metropolitan Solidarity Fund' Programme**

'The Metropolitan Solidarity Fund' Programme is an initiative to support weaker member municipalities in The Metropolitan Association of Upper Silesia and Dąbrowa Basin. According to the assumptions of the Programme, support is granted in the form of a targeted grant aid to local government units for the implementation of investment tasks in order to reduce differences in the development of individual municipalities of the Metropolitan Association.

The possibility of granting support to municipalities in the Member States derives from Article 16 of the Act of 9 March 2017 on Metropolitan Association in the Silesian Voivodeship (Journal of Laws of 2017, item 730), under which 'the Metropolitan Association may grant assistance, including financial assistance, to local authorities and their associations'. Moreover, Article 220 paragraph 1 of the Act of 27 August 2009 on Public Finance (uniform text: Journal of Laws of 2017, item 2077) stipulates the possibility of granting financial aid to municipal government units in the form of a targeted grant aid by another municipal government unit. In order to benefit from such a grant aid, it is required to conclude an agreement, as specified in Article 220 paragraph 2 of the Act of 27 August 2009 on Public Finance. It seems that the justification for the introduction of Article 15 to the Act of 9 March 2017 on Metropolitan Association in the Silesian Voivodeship is to grant The Metropolitan Association of Upper Silesia and Dąbrowa Basin a certain flexibility in the transfer of funds. Such a transfer should, however, concern the implementation of tasks within the framework of a specific leading theme, while meeting additional requirements. Otherwise, there may be a risk of inefficient allocation of funds.

In accordance with the rules of the MFS Programme, the member municipalities of the Metropolitan Association of Upper Silesia and Dąbrowa Basin could receive financial support in the form of a targeted grant aid for the implementation of their own tasks of great importance for the development of the Metropolitan Association area, which will have an impact on reducing differences in the level of social and economic development of the member municipalities (Resolution No. 4/2018 of the Metropolitan Association of Upper Silesia and Dąbrowa Basin Board).

#### 4. Diagnosis of the management procedure of the 'Metropolitan Solidarity Fund' Programme

To ensure proper allocation of funds intended for the implementation of the Programme in 2018, the area of the Metropolitan Association of Upper Silesia and Dąbrowa Basin was divided into five subregions:

- **Bytom subregion** formed by: Bytom acting as the leader, as well as Ożarówice, Piekary Śląskie, Radzionków, Świerklaniec, Tarnowski Góry, Zbroślawice;
- **Gliwice subregion** formed by: Gliwice as the leader, as well as Gierałtowice, Knurów, Pilchowice, Pyskowice, Rudziniec, Sośnicowice, Zabrze;
- **Katowice subregion** formed by: Katowice as the leader, Chorzów, Mysłowice, Ruda Śląska, Siemianowice Śląskie, Świętochłowice;
- **Sosnowiec subregion** formed by: Sosnowiec as the leader, as well as Będzin, Bobrowniki, Czeladź, Dąbrowa Górnicza, Mierzęcice, Psary, Siewierz, Sławków, Wojkowice;
- **Tychy subregion** formed by: Tychy as the leader, as well as Bieruń, Bojszowy, Chełm Śląski, Imielin, Kobiór, Łęziny, Łaziska Górne, Mikołów, Wry.

Under the provisions of Resolution No. 4/2018 of the Metropolitan Association of Upper Silesia and Dąbrowa Basin Board of 9 January 2018 on the adoption of the regulations for granting financial aid in the form of a targeted subsidy to local government units under the MFS Programme, leaders of individual subregions were required to carry out the procedure of selecting motions within the represented subregion by 31 January 2018. By 5 February 2018, the leaders of the subregions together with the municipalities forming part of a given subregion were obliged to provide the Metropolitan Association of Upper Silesia and Dąbrowa Basin Authority with a list of projects together with a justification of the compliance of the proposed projects with the Metropolitan Association's own tasks. The proposed projects had to concern investment tasks which are part of the Metropolitan Association of Upper Silesia and Dąbrowa Basin's own tasks, and should also show a high level of preparation, and their implementation should be completed in the same year in which the grant was awarded.

Partnership projects integrating the activities of the Metropolitan Association member municipalities, as well as projects co-financed from other external funds and implemented together within the framework of public-private partnership in accordance with the rules of granting financial aid in the form of a targeted grant to local government units within the framework of the 'Metropolitan Solidarity Fund' Programme have a preference in obtaining a grant.

Based on the applications submitted by the member municipalities for financial aid in the form of a targeted grant under the MFS, a formal and legal assessment of projects is conducted. Applications for financial aid should include, among others, the applicant's data, name of the project, short description of the project, degree of advancement of the task, information on project financing from other external funds, information on partnership in the project or the integrating function of the member municipalities' activities, description of the project's compliance with the Metropolitan Association of Upper Silesia and Dąbrowa Basin's own tasks, information on securing the own contribution to the municipalities budget, deadline for completion of the project's implementation and the applied gross amount of the grant.

The assessment of projects from the point of view of formal and legal correctness is performed by the Project Assessment Team appointed by the Metropolitan Association of Upper Silesia and Dąbrowa Basin's Authority. After the assessment of projects, the Team is obliged to prepare reports with the list of evaluated projects (Resolution No. 12/2018 of the Metropolitan Association of Upper Silesia and Dąbrowa Basin Board). On this basis, the Board approves the lists of projects and the Metropolitan Association of Upper Silesia and Dąbrowa Basin's Assembly adopts a resolution on granting financial aid for the implementation of approved projects. Subsequently, agreements are signed between the Metropolitan Association of Upper Silesia and Dąbrowa Basin's Authority and individual member municipalities.

Briefly, the following steps can be identified in this procedure:

Step 1. Call for applications.

Step 2. Arrangement and adoption of the list of projects and submission of the list to the Management Board of the Metropolitan Association of Upper Silesia and Dąbrowa Basin.

Step 3. Formal and legal evaluation of the submitted projects.

Step 4. Approval of the list of projects by the Management Board.

Step 5. Adoption of a resolution by the Metropolitan Association of Upper Silesia and Dąbrowa Basin.

Step 6. Signing of agreements between the Management Board and individual member municipalities.

Step 7. Implementation and supervision of projects. Publishing reports on the implementation of projects by the municipalities which received financial aid by 30 September 2018.

Step 8. Settlement of the projects.

Based on the presented procedure, PLN 100 million was allocated to investment projects in 2018.

## 5. The amount of grant aid under the 'Metropolitan Solidarity Fund' Programme

In accordance with the initial assumptions of the 'Metropolitan Solidarity Fund' Programme, the task of which is to support investments of the weakest municipalities of the Metropolitan Association, the value of the grant aid was set at PLN 60 million. It was assumed, however, that this value may be increased if the submitted projects are considered as priorities. The interest in the grant aid and the vast needs of the member municipalities resulted in the final financial resources allocated for the grant aid amounted to PLN 100 million.

On the basis of the submitted applications for grant for projects under the MFS Programme as of February 2018, the value of grant aid amounted to PLN 99,284,603. In accordance with the projects approved for implementation, the value of grant aid for five subregions is as follows:

- Bytom subregion — PLN 19,940,166;
- Gliwice subregion — PLN 17,332,402;
- Katowice subregion — PLN 20,000,000;
- Sosnowiec subregion — PLN 20,000,002;
- Tychy subregion — PLN 20,012,033.

The assumption for the division of funds for the implementation of projects in particular subregions was to evenly distribute the amount of PLN 100 million among five subregions. On the basis of the submitted reports on the state of project implementation under the MFS Programme as of September 2018, it appears that there were slight discrepancies in the value of grant aid in relation to those adopted in February. As of 30 September 2018, the value of grant aid for five subregions is as follows:

- Bytom subregion — PLN 19,999,169;
- Gliwice subregion — PLN 19,962,407;
- Katowice subregion — PLN 19,794,806;
- Sosnowiec subregion — PLN 19,335,156;
- Tychy subregion — PLN 20,012,033.

The projects qualified for the implementation under the MFS Programme concern undertakings with a wide range of topics, including reconstruction and modernisation of roads, purchase of real estate, improvement of road safety, transfer infrastructure, bicycle infrastructure, lighting and thermal modernisation, as well as undertakings related to green areas, car parks, preparation of documentation, construction of sewage system and reconstruction of the market square.

## **6. Analysis of the procedure for managing the MFS Programme and the factors influencing changes in the scope and value of grant aid**

Based on the diagnosis of the MFS Programme management procedure (Chapter 4), analysis of reports on the project implementation and the interviews and observations carried out, it appears that one of the weak points of the procedure were short deadlines for preparation and submission of project applications by member municipalities. Moreover, the project applied for should have partially secured financial resources for the implementation, which often constituted an obstacle due to the fact that the municipalities' budgets are approved one year in advance. Additionally, the objective of the Programme was not clearly defined. It was only indicated that the projects submitted were to be consistent with the Metropolitan Association's own tasks, which on one hand allowed for greater flexibility in the subject matter of the projects submitted, but on the other hand made it impossible to make an unambiguous assessment of the degree of programme implementation.

During the implementation of the MFS Programme, the concept of an even division of funds into five subregions has been preserved, and the differences in the projects submitted for implementation between the state as of February and the state as of September 2018 most often resulted from the following situations:

- resignation from the implementation of the project(s),
- replacement of the submitted project(s) by another project(s);
- changes in the value of the project,
- changes in the scope of the project.

On the basis of the reports submitted by the member states' municipalities, it is possible to identify the reasons for the changes in the value of the projects, the type of projects and the amount of grant aid for their implementation. They include:

- inability to perform the task (Mysłowice, Wojkowice),
- change in the value of expenses covered by grant aid following public procurement procedures (Świętochłowice, Pilchowice, Chełm Śląski),
- inability to select a contractor whose price offer would be within the limit of expenses allocated for the performed task (Wojkowice),
- risk of not completing the investment in the current financial year (Sośnicowice),
- the need to stage the project (Bytom),
- the matter of land ownership and the obligation to perform a long-term procedure of dividing the property and separating the land for the planned investment (Świerklaniec, Tarnowskie Góry),
- non-execution of the tender procedure (Wyry),
- inaccuracies in the technical documentation (Sławków, Rudziniec).

In the vast majority of municipalities there were changes (taking into account the state as of February 2018 and as of September 2018) in the scope and/or value of grant aid in projects submitted under the MFS Programme. However, it can be pointed out that those which did not introduce any changes in the period covered by the research are the following: Ruda Śląska, Chorzów, Dąbrowa Górnicza, Piekary Śląskie, Będzin, Bieruń, Czeladź, Imielin, Łaziska Górne, Psary.

The necessity to introduce changes into the projects, and often the resignation from their implementation in each of these cases directly or indirectly resulted from the short period of time for the preparation and implementation of the submitted projects. However, one could hardly expect from a new institution, i.e. the Metropolitan Association of Upper Silesia and Dąbrowa Basin, which actually started to implement public tasks on 1 January 2018 to prepare well in advance the procedures for the implementation of such a Programme. Clearly, subsidising of the projects of the member municipalities should be assessed positively, especially as without such support many of the urgent needs of these municipalities would have to be postponed to the next, not determined years.

## **7. Proposal of a procedure for managing the MFS Programme**

The activity of the Metropolitan Association requires the simultaneous implementation of many project activities (i.e. various types of projects, programmes and portfolios), which require appropriate control as well as sharing of resources available in the organisation. Therefore, it can be said that this organisation operates in a multi-project environment.

According to R.J. Grey (1997), a multi-project environment is characterised by the need to create a sort of umbrella grouping projects together, taking into consideration the links between projects, programmes, subprojects and different types of project work. When talking about a multi-project environment, it is worth defining basic concepts. According to the methodology of the Project Management Institute, a programme is a set of interconnected projects managed in a coordinated way in order to obtain benefits that would not be possible to achieve if the projects were managed independently from each other (PMBok, 2018). The project portfolio is defined as a set of projects, programmes and other activities that are grouped together to facilitate their effective management to meet strategic business objectives. The way in which a project portfolio is defined is used to determine the objectives of project portfolio management. The authors of PMBoK state that organisations should manage their portfolios in such a way as to maximise their value. R. Murray-Webster and M. Thiry (2000) understand project programme management as a way of working, which allows the organisation to achieve optimal benefits from integrating individual project activities. All projects and programmes ensure tactical and operational results, the true value of programme management results from



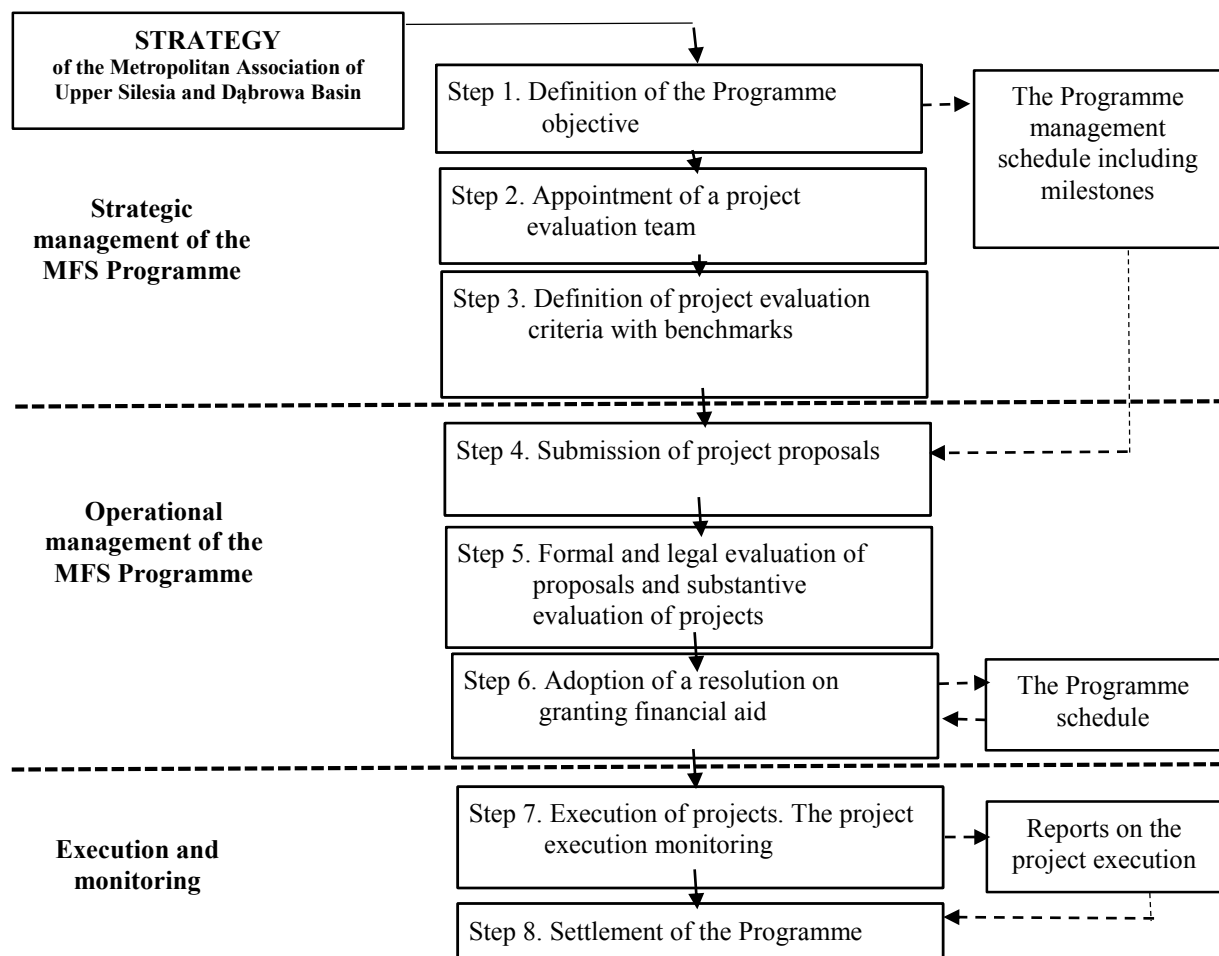
the integration of the management of highly independent projects in order to produce a final product that contributes to the achievement of the organisation's strategic objectives (Jałocha, 2014). The question arises as to whether the 'Metropolitan Solidarity Fund' Programme is a programme or a portfolio of projects and how to manage it. Based on the literature study we can conclude that the MFS Programme is a portfolio of projects, i.e. a group of projects or programmes executed in an organisation which are strategically oriented, use the same resources and must compete for funds. Projects and programmes included in the portfolio may or may not be interdependent or directly related, as it can be concluded from the analysis of projects which have been financed.

Gray and Larson emphasise that each organisation must develop its own portfolio management system (Gray, Larson, 2008). The absence of such a system may lead to inefficient use of resources, selection of projects that contribute little to the implementation of the company's strategy, or conflicts related to the competition for access to limited resources. The key to success is therefore to select the right projects at the right time (Levine, 2005).

The MFS Programme cannot be fully regarded as a project portfolio because, according to the literature of the subject, the project portfolio building process includes the following steps: identification, categorisation, assessment and selection of projects, prioritisation and balancing of the project portfolio. It is very difficult to observe such steps in the procedure of managing the MFS Programme. Therefore, it is suggested that in subsequent editions of the MFS Programme, the main objective of the Programme, which will determine the selection of projects and the resulting set of projects will contribute to obtaining benefits which would not be possible to achieve if the projects were managed independently of each other.

Based on the literature considerations carried out and the analysis of the applied procedure for the management of the MFS Programme, the procedure (Figure 1) is proposed which includes the following steps:

- Step 1: Definition of the Programme objective and development of the Programme management schedule. The GZM [the Metropolitan Association of Upper Silesia and Dąbrowa Basin] strategy serves as the starting point.
- Step 2: Appointment of a project evaluation team.
- Step 3: Definition of project evaluation criteria with benchmarks.
- Step 4: Submission of project proposals.
- Step 5: Formal and legal evaluation of proposals and substantive evaluation of projects.
- Step 6: Adoption of a resolution on granting financial aid.
- Step 7: Execution of projects. The project execution monitoring.
- Step 8: Settlement of the Programme.



**Figure 1.** Proposal of a procedure for managing the MFS Programme. Source: own elaboration.

The suggested procedure should result in the fact that the projects which will be qualified to the MFS Programme will meet the Programme objective. It should be emphasised that an essential element in the suggested procedure is a Step 1, which should be approved at least six months in advance of the submission of project applications. This will facilitate early preparation of member municipalities to participate in the Programme and to prepare the project application.

## Conclusion

The Metropolitan Solidarity Fund resources of PLN 100 million were distributed evenly across five subregions, which included the member municipalities of the Metropolitan Association of Upper Silesia and Dąbrowa Basin.

The financial resources of the subsidy granted to the municipalities of the member states were allocated to the implementation of projects mainly related to road infrastructure, improvement of road safety, transfer infrastructure, cycling, lighting and thermal modernisation, but also to projects related to green areas, car parks, preparation of documentation, sewerage construction and market square reconstruction.

Based on the diagnosis and analysis of the current procedure of managing the MFS Programme, interviews, observations and analysis of reports on project execution, factors impacting the change in the value and scope of projects were identified. These factors include inability to perform a task within a project, change in the value of expenses covered by grant aid as a result of a public procurement procedure, inability to select a contractor, high risk of not completing the investment in the current budget year, the need to stage the project, the matter of land ownership and the obligation to perform a long-term procedure of property division, failure to execute the tender procedure and inaccuracies in the technical documentation.

The identified factors which had a negative effect on the execution of the MFS Programme resulted in most cases from specific deadlines in the adopted Programme management procedure.

With a view to reducing the factors influencing the changes in the Programme, the concept of Programme management procedure was suggested, which included eight steps.

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