

THE USE OF EU FUNDING IN THE DEVELOPMENT OF LOCAL ECONOMIC ACTIVITY ZONES

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ABSTRACT

The paper concerns the assessment of the economic effectiveness of the use of EU funds (Regional Operational Programme of the Silesian Voivodeship 2007-2013) in the development of local economic activity zones. Research (in the form of an analysis of literature, reports and statistical data) and empirical work (case study and interviews evaluating seven selected zones in the Silesian Voivodeship) indicate that EU projects serving the development of economic activity zones show a high level of economic efficiency, which results mainly from the high level of subsidies (85%). The development of zones generates socio-economic multiplier effects, which may be precisely measured only over a longer time period. Subsidies, thanks to which infrastructure is created, are nonetheless only a base for stimulating entrepreneurship. A necessary complement thereof is economic promotion and efficient investor service by communes.

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KEY WORDS

Economic activity zone, local government unit, subsidy, European Union funds.

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Introduction

The tasks of local government units include facilitating local development. This is largely related to the stimulation of entrepreneurship (Walker and Andrews 2013), e.g. by creating zones of economic activity in communes. The legislature does not explicitly classify tasks related to creating conditions for business development among the tasks of communes as local government units. However, it indicates the need to satisfy the collective needs of the community (Act of 8 March 1990 on local government). Acquiring investors who provide communes with tax revenues, create new workplaces and increase the purchas-

ing power of the residents, are the tasks of local governments resulting from the need to care for the common good (Agranoff and McGuire, 2004; Ohanyan and Androniceanu, 2017). Such activities also generate many beneficial multiplier effects, i.e. they attract new residents, develop the personal services sector, and build the commune's visibility. The purposefulness of communes supporting entrepreneurship has been proven both theoretically and empirically (Ambos and Schlegelmilch, 2009). Frequently, however, there is a lack of sufficient funds for such activities, but also a lack of ideas to attract investors

by creating the appropriate infrastructure and conditions for the development e.g. of business activity zones or investor service centres. In such circumstances, communes very often benefit from EU subsidies. They are intended for preparing areas for investment and investment promotion. Subsidies from European Union funds can be an effective source of sustainable stimulation for the development of local entrepreneurship, but their use also imposes specific restrictions on local governments, which result from the specificity of non-repayable funding (Makiela, 2013). Given the deliberations presented, the aim of the paper is to assess the economic effectiveness of the European Union's involvement in the economic development of local areas, with particular emphasis on the tasks that local government units perform in this process. This paper can be a useful illustrative material for theoreticians and practitioners interested in creating economic activity zones in communes with the use of EU funds.

1. Theoretical background

The economic situation and development possibilities of the commune depend on the efficiency of local government (Ślusarczyk and Kot, 2012). Local government management at the commune level means the process of taking decisions and actions aimed at effective and efficient achievement of the assumed goals by its constituting units (Szczepańska-Woszczyna and Kurowska-Pysz, 2016). These are activities focused on spatial, social and economic structures. Economic promotion and various forms of support for the development of the local economy are important tasks that communes undertake to stimulate entrepreneurship. Workplaces and tax revenues, as well as the high purchasing power of residents, are the driving force behind the development of communes. They also generate multiplier ef-

fects, such as an improvement in the availability and quality of public services, for example cultural (Wróblewski et al., 2018). Local governments have diverse resources and potential, which differentiates their competitiveness as areas of business development. At the same time, local governments are responsible for many elements which shape the economy (Szczepańska-Woszczyna et al., 2015; Dacko-Pikiewicz and Wróblewski, 2017; Nica et al., 2018). They operate independently or through independent entities (e.g. non-governmental organisations, communal companies, etc.). The process of future transformation is favoured by effective local government management (Kožuch and Kożuch, 2013: 137-147) which is used to create new institutional forms. They are focused on mutual trust (Oláh et al., 2017), partnership and cooperation, including inter-sectoral cooperation. Participatory management methods are important in the processes of planning economic development in the commune and reconciliation of various interest groups, among others (Leigh and Blakely, 2016).

The requisite for local government entrepreneurship is when the commune shows the ability to attract strategic partners and investors, and thus raise new revenues for statutory purposes (Meyer et al., 2017). Support for local entrepreneurship (Bryson and Crosby, 2014) can be based on the pursuit of local government to improve the conditions for business, such as gathering and zoning areas, providing infrastructure, improving local regulations, improving the aesthetics of the local landscape, conditional sales of premises, attracting outside business, developing existing business and supporting innovation and entrepreneurship, development incubators, technology and business parks, and industrial zones (Ejdys, 2014). As a result, the conditions for conducting business activity im-

prove in the communes for residents and external investors alike. These include integrating the local community cooperation of the public sector with business entities and non-governmental organisations. Entrepreneurial management of the commune means creating a climate of entrepreneurship, based on public-private partnership which is understood as cooperation between the commune and commercial entities, including external investors (Kloot and Martin, 2000).

A special type of activity to support entrepreneurship in the commune involves the use of expenditure tools. This implies the incurring of investment expenditures by local government units for socio-economic development. The expenditure includes the reinforcement of free investment areas, increasing their attractiveness for potential investors, e.g. in connection with the creation of economic activity zones. The zones, as areas well prepared for the needs of potential investors in terms of infrastructure, are an attractive feature for enterprises seeking new locations (Mitchellmore and Rowley, 2010; Klietkova et al., 2018). However, the process of their creation and related costs exceed the financial capabilities of many local governments. Communes intending to create zones of economic activity seek external financing, from EU funds among others. For many communes these EU subsidies are a source of financing for enterprises supporting entrepreneurship. At the same time, numerous restrictions and specific conditions for utilising European funds define a narrow range of eligible investments, which do not always meet the needs of communes.

2. Economic activity zones – characteristics

Economic activity zones (EAZs) are separate areas prepared for investments corresponding to the needs of potential investors. They are created in a formalised way: by the commune, in agreement with the commune and/or at the commune's request, on land with regulated legal status, usually compact with prepared infrastructure (access to communications, developed land). Zones operate in Poland under the law in force (Act of 20 October 1994 on Special Economic Zones), regulations and development plans.

The zone operating model should always be adapted primarily to the verified needs of entrepreneurs (Bondonio and Engberg, 2000) and only then to the expectations of the local government. The location of the business is one of the factors, determined not only by the company's philosophy (Kot, 2014), but also by real conditions that must be taken into account when implementing a specific management concept (Lisiński et al., 2012: 26-30). The creation of zones is associated with the implementation of a strategic development policy for communes (Wojtyra, 2014: 25:35; Androniceanu, 2017), which should also include projects undertaken by companies related to business optimisation, such as through strategic alliances, changes in the location of operations (Sroka, 2009) or setting up new branches. Factors affecting the proper functioning of business activity zones include financial, infrastructure, legal, administrative, planning, information and marketing as well as institutional instruments (Moberg, 2015). The potential of the business activity zone is reflected by (Miszczyk et al., 2007):

- infrastructure preparation – developed land with access to a public road;

- advantageous financial offers (including tax concession, land prices or leases as well as financial support from the local government);
- intensive promotion of the location of the zone, so that it can be easily recognised by potential investors;
- location and access to institutions providing support to the business environment (Boter and Lundström, 2005);
- legal preparation of the land: the zone should be covered by the local spatial development plan, standard legal status of land, respect for planning principles, first of all (Loorbach, 2007) spatial order and sustainable development (Kurowska-Pysz and Szczepańska-Woszczyzna, 2017);
- an appropriate socio-cultural climate, a favourable attitude towards the investor and support from the zone organiser (Enright 2005);
- valuable human capital and a qualified workforce.

These and many other conditions ultimately determine the attractiveness of the EAZs to potential investors. The creation of good conditions for the development of entrepreneurship in zones requires considerable expenditure, which most communes are unable to bear on their own. Local governments, however, are aware that zones - as local centres of economic development - also implement local development goals, such as increasing the competitiveness of the area and activating it in relation to neighbouring communes, increasing the number of business entities and, consequently, creating new jobs, developing technical infrastructure, and diversifying the employment sector. Creating zones is therefore a strategic challenge for many communes, which is behind their search for funds. In the period of 2007-2013, a significant number of communes benefit-

ed from the funds of regional operational programmes and nationwide programmes which supported the development of the EAZs. A model project which was implemented in the Jasienica commune, in the Silesian Voivodeship, with the support of the Regional Operational Programme of the Silesian Voivodeship 2007-2013 is presented below.

3. Methodology of the research

A research hypothesis has been put forward that the EU subsidy is a financial and substantive impulse stimulating entrepreneurship in a commune, provided that the commune undertakes its own complementary tasks, such as investment promotion. A study and empirical research were two research methods used to verify the research hypothesis. The study primarily included a critical analysis of the literature in the field of publications, legal acts, and internet portals presenting local zones of economic activity and the use of EU funds for the development of entrepreneurship in communes. Empirical research included an analysis of the existing data regarding the evaluation of the Regional Operational Programme of the Silesia Voivodeship 2007-2013, in the scope of activities related to the creation of business activity zones. It also included the desk research of seven selected zones in the Silesian Voivodeship carried out in 2018. A case study was also developed which presented the means of using EU subsidies in the development of local economic activity zones. In this case, it refers to the Jasienica commune.

Based on the desk research study concerning the ex-post evaluation of the Regional Operational Programme of the Silesian Voivodeship 2007-2013 (Evaluation of the Regional Operational Programme of the Silesian Voivodeship 2007-2013, 2014), a detailed analysis of the economic effec-

tiveness of the use of funds in Measure 1.1 'Strengthening the investment attractiveness of the region' was made, within which communal zones of economic activity were formed, among others. Economic efficiency was measured using the benefit index (the difference between outcomes and inputs), where the desired result > 0 means the advantage of effects over inputs. The products and results of EU projects implemented in this activity and other multiplier effects were also taken into account.

A detailed description of the process of creating the communal zone of economic activity with the involvement of EU funds from the Regional Operational Programme of the Silesian Voivodeship 2007-2013 is presented in the case study of the Jasienica Commune. It was based mainly on project documentation and information obtained from the website of the commune. The study contains information on, among others, the characteristics of the commune, a description of individual stages of activities related to the creation of the zone, the main elements of the EU project based on which co-financing for the construction of the zone was obtained, intervention logic concerning the use of EU funds and the effects of zone creation.

In October 2018, qualitative research was carried out using the computer-assisted telephone interviewing method (CATI) in selected communal zones of economic activity in the Silesian Voivodeship (Marklowice, Zawiercie, Dąbrowa Górnicza, Bytom, Sośnicowice, Piekary Śląskie, and Jasienica). The respondents were those responsible for the operation of the zones. The following issues were taken into account in the study: the competences of the staff involved in the operation of zones, methods of zone promotion, scope of services for investors and entrepreneurs, and the implementation of projects co-financed from European Union funds concerning economic promotion and utilities infrastructure.

Additional supplementary information for the interviews was collected through a desk research study based on a website analysis of the studied zones. The following information was verified: the year of the zone creation and its size, the number of companies operating in the zone, the scope of economic promotion, strategic assumptions of the activity, the number of implemented projects, and the manner of investor service.

4. Communal zone of economic activity – a case study

Jasienica commune occupies an area of 91.71 km². The commune has around 23,000 inhabitants and consists of 14 villages. Jasienica commune has an agricultural and industrial character and is very conveniently connected to the Bielsko – Skoczów – Cieszyn route, and also indirectly with Katowice, Ostrava and Žilina. One can distinguish many advantages and the great potential of Jasienica commune, among others its location (i.e. the proximity of the DK1 route and the E75 road, railway connections, its proximity to the Polish-Czech-Slovak border, the possibility of using tourist and commercial links, and its proximity to the city of Bielsko-Biala), cultural identity and attractiveness based on Cieszyn Silesia's traditions, favourable natural conditions and attractive landscapes, extensive communal infrastructure and positive demographic and employment trends (Strategy of Jasienica Commune 2000). When it comes to the weaker elements of Jasienica commune's potential and unused opportunities, one can indicate the low investment attractiveness of the area (despite the fact that the commune owns areas for investments), as well as:

- the low level of innovation in the local economy;

- a lack of diversification of economic activity;
- unemployment;
- the outflow of young educated people to centres offering better career prospects (Bielsko-Biała, Kraków, Katowice).

Factors such as infrastructure deficiencies, including the lack of developed investment land prepared for the entrance of new investors and insufficiently developed technical infrastructure serving the development of entrepreneurship, lower the attractiveness of the commune for investors. In order to revive the economy, the commune undertook actions aimed at creating new jobs, through investments in technical infrastructure and developing communal investment areas, as well as a system of reductions in local taxes.

In 2017, Jasienica Commune purchased land for a future zone of economic activity, while in 2012 activities aimed at formalising the zone's activity were undertaken, the main function of which is to improve the conditions for business and investment. Its ultimate function is to increase the number of investments and workplaces. In 2012, Jasienica commune applied for co-financing for Sub-measure 1.1.1. Infrastructure of Economic Development, Measure 1.1. Strengthening the Investment Attractiveness of the Region, Priority 1. Research, technological development, innovation and entrepreneurship of the Regional Operational Programme of the Silesian Voivodeship 2007-2013 (RPO WSL 2007-2013) in order to obtain funds for the construction of the zone. An application entitled 'Comprehensive land development for the business area in Międzyrzecze Dolne in the Jasienica commune', for a total amount of PLN 21,858,048.82, included PLN 17,940,512.73 of EU funding. The subsidy was granted in 2013 and the project was carried out until May 2015.

The investment related to the creation of the communal zone of economic activity which covered an area of 71.6017 ha, which has been developed and equipped with modern technical infrastructure. As part of the zone project, Jasienica commune implemented the following activities:

- the purchase of land for the zone,
- construction of an access road to the zone and internal roads;
- the installation of a new rainwater drainage system;
- construction and modernisation of the water supply network;
- modernisation of sewage management;
- construction of a new transformer station and modernisation of data transmission (telecom and IT network) in the zone;
- the installation of road lighting in the zone.

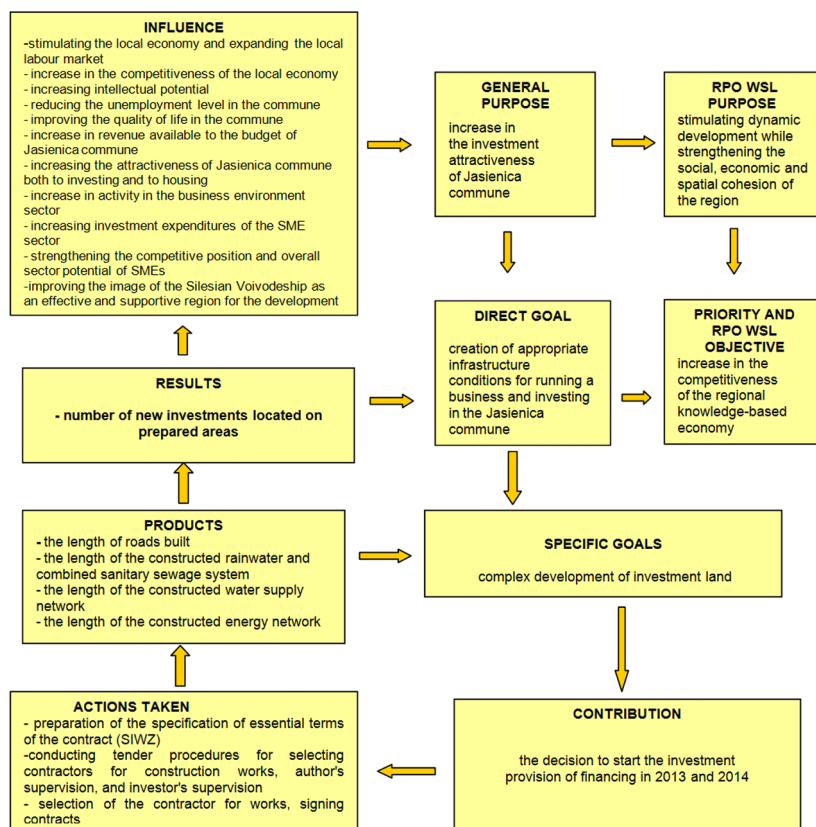
The implementation of the project with the support of RPO WSL 2007-2013 was possible due to the demonstration of its impact on the competitiveness of the regional knowledge-based economy, e.g. through the comprehensive infrastructure of investment areas (Ejdys et al., 2015; Moravcikova et al., 2017). The type and scope of the project was in line with the second type of project listed under Sub-measure 1.1. RPO WSL 2007-2013, i.e. 'Comprehensive utilities of land designated for economic activity, excluding infrastructure serving residents'. Under this category of EU projects, projects may be implemented to ensure the comprehensive preparation of the investment area, e.g. levelling, utilities (construction of sanitary, rainwater, water supply, electricity, heating, telecommunications and gas networks) and communication by building a road network.

The project enabled the creation of conditions for conducting business and investing in the zone, which is largely due to the

technical condition of the available investment areas. In most cases, it is a key factor in determining the location of the investment. In the local and regional dimension, therefore, this factor is of strategic importance for socio-economic development.

The logic of intervention in the project concerning the creation of a communal zone of economic activity in Jasienica commune is presented in Figure 1.

Figure 1. Logic of the intervention of ROP WSL 2007-2013 in the project concerning the creation of a communal zone of economic activity in Jasienica commune



Source: Own elaboration.

The long-term impact of the project goes beyond its immediate effects for beneficiaries (communes, residents, entrepreneurs). Thanks to the complete development of investment areas and the package of concessions and preferences being made available, the local economy was stimulated and the local labour market improved, the competitiveness of the

local economy increased and human capital was strengthened. There was also a partial retention of the educated labour force through activities aimed at creating new, attractive jobs, increasing the income for the commune's budget, improving the quality of life and increasing the prestige of Jasienica commune as a place which is welcoming to investors.

In the long term, the project is also projected to have a positive impact on the region, through stimulating the development of entrepreneurship and the labour market. Along with the improvement of the material situation and the living status of the inhabitants, this will mean that household incomes and social mobility increase, and ultimately the value of human capital does as well. It should also positively influence the improvement of the education level of society as a whole (lifelong learning, remaining on the labour market) and the increase in the consumption of higher-order services (Wróblewski et al., 2017; Becerra-Alonso et al., 2016).

The zone was planned in the province of Silesia, one of the strongest regions of the country in economic terms, with great development potential. The region directly borders industrialised areas of the Czech Republic (Moravian-Silesian Region) and the Slovak Republic (Zilinski Samosprávny Kraj). The region is inhabited by 4.7 million people, which constitutes 12.3% of the population of Poland, and is the most urbanised region of Poland (78.9% of the population) with the highest population density (382 people / km²). The main branches of the region's economy are services and industry, while the fewest number of people work in agriculture and forestry. The region has many opportunities to develop innovative and technologically advanced activities that are related to industrial culture, qualified personnel and educational and scientific-research facilities of universities and research institutes. In economic terms, the region is very strongly diversified, which is evident both in the spatial and industry cross-section. The mining industry dominates, as does industry related to metallurgy and energy. The region plays a key role as the basis for the national fuel and energy balance (hard coal mining, iron and steel metallurgy).

The current economic potential can be

used in the development of the existing, and the creation of new, specialties of the region including industrial processing, IT, automation, telecommunications, electronics, pharmaceuticals, specialist medical and rehabilitation services, material engineering, biotechnology and environmental protection technologies.

The Katowice Special Economic Zone SA (KSEZ) has been operating in Katowice since 1996. It was created to support and accelerate restructuring processes and create new jobs in the region (Act of 20 October 1994 on Special Economic Zones). Jasienica commune is located in the Jastrzębsko-Żorska Subzone. As of 2018, 350 enterprises operate in the zone, which have jointly invested around PLN 32 billion and created over 75,000 jobs. Most investments in the zone have been in the automotive industry (61.2% of all investments). Other industries constitute 38.2% of all investments (including the glass products industry – 5.6%, metal – 5.4%, construction – 4.7%). Most investments come from France – 20.65%, Italy – 17.22%, Poland – 14.42%, USA – 11.32%, Germany – 13.23% and Japan – 9.84%. Companies such as Opel Manufacturing Poland, FCA Poland, NGK Ceramics Poland, Brembo Poland, Isuzu Motors Poland, Guardian Częstochowa, Electrolux, and Roca have invested in the zone. The Jasienica communal zone of economic activity complements the KSEZ; together they have a significant impact on the economy of the region. The greatest benefit of their activity is the acceleration of the area's economic development. This can happen through:

- creating new jobs and reducing unemployment;
- development of the existing industrial assets and economic infrastructure and prevention of their destruction;
- development of specific areas of economic activity;

- export development;
- management of unused natural resources, observing the principles of ecological balance.

5. Discussion¹

Despite a number of advantages resulting from having capital ownership, foreign sources are the dominant source of financing investments. The use of foreign capital means incurring an equivalent liability to other entities, which must then be paid out along with the agreed remuneration (interest) and within the set time limit. One of the instruments for financing investments with foreign capital is a subsidy, which nonetheless under certain conditions remains a non-returnable source of financing for development. Subsidies are not a commonly and unconditionally available instrument of financial support (Sadaf et al., 2018), and their acquisition requires the knowledge and skills to create projects, significantly exceeding the competences of the average organisation. The high number of formal and substantive requirements accompanying the process of applying for EU funds mean that, in the opinion of potential applicants, applying for a subsidy is burdened with a high risk of the project being of insufficient quality, which makes it impossible to grant co-financing. Therefore, this is another of the numerous risks associated with investment projects, such as time risk, the risk of contractor diversity, the investor's lack of experience, legal risk, quality risk or a number of other conditions related to uncertainty as to the circumstances of undertaking the project (Werner 1999: 153-156). In the case of project implementation with the use of EU funding, the risk of incorrect project implementation and return of funds also has to be taken into account.

One cannot talk about the unconditional non-returnability of investment capital obtained in the form of subsidies. The most frequent reasons for reimbursement are improper use due to various deficiencies and errors typical of the implementation of EU projects. It is worth noting that the limited eligibility of types of investments and types of costs, which are subject to co-financing from EU funds, leads to realistic and forward-looking planning of the investment project and its results. Applying for a grant requires detailed planning of the project, which results in more efficient spending of funds. In the case of grants, this requirement can be assessed as an advantage of this method of financing, because it at least partially protects against the risk of non-feasibility of the project (e.g. technology, time) despite the financial support obtained.

The EU subsidy as an instrument for co-financing investments is therefore the cheapest source of foreign capital, which eventually transforms into the assets of the entity in the form of various types of fixed assets (e.g. facilities and their equipment). The low cost of obtaining this capital is usually expenses related to the development of application documentation, providing a bond for the performance of the contract, and expenses for project settlement. As long as all the requirements regarding the implementation of projects co-financed from EU funds are met, the beneficiary is not particularly exposed to the risk of repayment of the subsidy granted. The importance of risk management is a highly topical issue for SMEs, as many authors have proved in their research (Dvorsky et al., 2018). A grant is often used by local government units for the purposes of the development of economic and social functions of the area, especially when the high individual cost of the task would significantly reduce the availability of funds in the commune for other purposes.

¹ It discusses the use of the Regional Operational Programme of the Silesian Voivodeship 2007-2013 for the needs of the development of Communal Economic Activity Zones in detail.

The ex-post evaluation of the Regional Operational Programme of the Silesian Voivodeship 2007-2013 (The evaluation of Regional Operational Programme of the Silesian Voivodeship 2007-2013, 2014) reveals that under Measure 1.1. 'Strengthening the investment attractiveness of the region', 34 projects were implemented to support the infrastructure of economic development, including creating communal zones of economic activity. The vast majority of beneficiaries were local government

units (82 communes) or their organisational units (28 beneficiaries). Projects concerning comprehensive land development for business and the promotion of investment areas predominated, and projects also supported investments in industrial and technology parks. These investments were mainly located in areas with high endogenous potential, gathering investment areas, especially those where enterprises which generate a relatively large share of the region's GDP are located.

Table 1. Characteristics of projects co-financed from the ROP WSL 2007-2013 as part of Measure 1.1.

Type of project	Number of projects	Project value
1.Construction (including outward extension, alteration and upward extension) conversion and renovation of industrial and technological parks with comprehensive land development for business activity, excluding infrastructure serving residents	3	3,875,086,275.00
2.Comprehensive land development intended for business activity, excluding infrastructure servicing residents	24	28,422,389,080.00
3.Recapitalisation of external sources of co-financing of entrepreneurship	4	8,282,180,832.00
4.Organisation and participation in trade fairs and exhibition events	55	4,669,497,804.00
5.Promotional campaigns in Poland and abroad	59	4,669,497,804.00

Source: KSI SIMIK 2007-2013.

The assumed economic and social goals for investments implemented under Measure 1.1. RPO WSL 2007-2014 focused on increasing the investment attractiveness of the region, and indirectly on increasing the modern economy, technology transfer and development of cooperating enterprises. Although many projects were carried out regarding the creation of infrastructure conditions for the development of investments in the communal zones in the province of Silesia, there were very few projects aimed at modernising the infrastructure of business environment institutions of local and regional importance. There were also no initiatives regarding cooperation with international networks. Consultancy services projects for institutions managing technology and industrial parks or business incubators attracted little interest. As mentioned above,

activities related to increasing the attractiveness of the region and the growth of direct investments were more prevalent.

The key measures regarding the effectiveness of economic promotional activities supporting the growth of direct investments in the region are as follows:

- 70 campaigns promoting investment areas implemented domestically and 54 foreign campaigns;
- The dissemination of information on investment areas to 7148 potential investors.

This data indicates a significant effect of the impact of RPO WSL 2007-2013 on the dissemination of information on the attractiveness of investment areas in the region. Another important factor determining the growth of direct investments in the region is the development of the investment area. The area of developed areas supported by

ROP WSL 2007-2013 funds amounted to 439 ha. It is assumed that, as a result of these projects, the number of new investments located in the area of the KSEZ alone will amount to 14%. According to interviews with employees of the Silesian Centre for Entrepreneurship responsible for the implementation of Measure 1.1., projects promoting this potential, resulting in the inflow of investments and commercial contracts, are of significant importance in terms of increasing the attractiveness of investment areas. Nevertheless, the comprehensive infrastructure of investment areas can be considered a key factor in determining the growth of direct investments in the region.

Other effects of project implementation under Measure 1.1. RPO WSL 2007-2013 include the creation of two workplaces related to the specificity of the project, support for three industrial and technological parks and an increase in the number of domestic and foreign investors in the area covered by the abovementioned funding programme.

A comparative analysis of the cost effectiveness of investment area support in the Silesian Voivodeship in comparison to the Lesser Poland and Masovian Voivodeships indicates the low cost effectiveness of the implemented investments. While the average cost of one ha of supported investment areas in the Silesian Voivodeship amounted to as much as PLN 643,978.45, the average cost of supporting analogous areas in the Masovian Voivodeship amounted to PLN 130,607.00 and in the Lesser Poland Voivodeship 230,279.00 PLN. These data indicate relatively liberal

criteria for assessing the effectiveness of investment projects in Measure 1.1. in the Silesian Voivodeship (Evaluation of the Regional Operational Programme of the Silesian Voivodeship 2007-2013, 2014).

At the current stage of the analysis, it is difficult to clearly show a statistically significant impact of projects related to the development of investment areas for economic and social multiplier effects at project sites and in the region, as the process of acquiring investors is still ongoing. In addition, one needs to be aware that after the land purchase by the investor, further activities and investments related to the development of the project are necessary. Nevertheless, it should be stated that projects implemented under Measure 1.1. show great potential to increase the amount of direct investment in the region due to filling deficits in the development of attractive investment sites and their economic promotion.

In order to verify the effectiveness of support related to the preparation of investment zones in areas constituting communal areas of economic activity, desk research and telephone surveys (CATI) were conducted in October 2018. The following communes which are developing business activity zones in the Silesian Voivodeship were selected to participate in these studies: Marklowice, Zawiercie, Dąbrowa Górnicza, Bytom, Sośnicowice, Piekary Śląskie and Jasienica. The results of the desk research analysis based on the verification of the websites of zones are presented below (Table 2).

Table 2. Characteristics of the examined communal zones of economic activity

Criterion	Marklowice	Zawiercie	Dąbrowa Górnicza	Bytom	Sośnicowice	Piekary Śląskie	Jasienica
Year of establishment	2008	2006	2008	2013	2013	1999	2015
Size of the zone (ha)	11,65	250	259	82	13	70	71
Number of companies active within the zone	lack of data	23	25	3	12	19	7

Economic promotion: passive – only information (I) active – information and other companies (I + IF)	I	I+IF	I+IF	I+IF	I	I	I+IF
Strategic business assumptions	lack of data	Strategy of Zawiercie City	Strategy of Dąbrowa Górnicza City, Commune Revitalisation Programme	Statute	Strategy of Commune Development; Revitalisation Plan	lack of data	Strategy of Commune Development
EU funds (number of implemented projects)	0	2	1	0	1	1	1
Investor service – responsible entity	Commune Office	Investor Service Office	City Development Office and Investor Service	Investor and Entrepreneur Service Office	Commune Office	City Hall	Commune Office

Source: Own elaboration.

The above analysis shows that communal zones of economic activity have been developing in the Silesian Voivodeship for many years, yet both their area and the number of companies operating within them are somewhat diverse. Most of the zones were created thanks to the support of European funds. The zones differ in terms of both the approach to investors and entrepreneurs (the manner of service in the commune), as well as the location of the problems of zone development in the strategic documents concerning a given area. Most of the local governments analysed include zones which are at least listed in the development strategies of communes/cities. The zones can have a very different approach to economic promotion. Some of them base such activities only on publishing information on websites, whereas larger zones have a much wider range of possibilities and instruments for the promotion of zones and undertake such activities in cooperation with partners, e.g. KSEZ, industrial and technological parks, and so on. Practically all the analysed zones have as yet undeveloped areas and are looking for more investors.

Seven representatives of the zones examined took part in CATI telephone surveys, answering questions about the functioning of the zones, their promotion and service for investors and entrepreneurs as well as the implementation of projects co-financed by the European Union regarding economic promotion and the development of investment areas. The conclusions from the survey are as follows:

- employees involved in servicing the investor and entrepreneur in specially designated organisational units of the local government (e.g. Investor's Service Office) usually do not have any specialised training in this area, but most of them know the basics of at least one foreign language. They base their competences and skills primarily on their own experience resulting from this work and on the benchmarking of larger zones which they have contact with;
- the model of the economic promotion of a given zone is primarily associated with three types of factors:
 - the budget which the commune allocates for given activities;

- the ingeniousness and creativity of employees responsible for the development of the zone and services for investors and entrepreneurs;
- the stage of zone development (whether it is the initial stage of acquiring investors or the stage of service for entrepreneurs in the developed zone).
- the use of EU funds for the utilities of investment areas is a catalyst for activities related to the formalisation of the existence of the zone and ensures a particular standard of infrastructure (utilities, internal roads, etc.). The EU funds allocated for the economic promotion of economic activity zones are, in turn, a necessary supplement to local government budgets, usually limiting funds for such activities;
- managing the development of the communal zone of economic activity requires ensuring participation on the part of three key stakeholder groups in making decisions: local government, entrepreneurs investing in the zone. The zone management process requires prioritisation, which changes with the development of the zone. In the first phase, the key is to obtain public acceptance for the zone creation initiative and to implement all formal and legal procedures related to its creation. In the second phase, the priority is to equip the zone with the highest quality technical infrastructure necessary for the enterprises located there. The next stage is to attract investors in connection with the incentive system and establish a set of economic promotion instruments for the needs of the zone. The last phase of operations is serving companies operating in the zone and cooperating with them, including engaging them in socially useful activities, as well as building synergies between enterprises from the zone and local companies by creating co-operative chains;
- investment activities and promotional activities undertaken by local governments undoubtedly have a key impact on the efficiency of communal areas of economic activity. However, making investment decisions on the location of companies is a much more complex process and depends on many external factors, e.g. conditions of activity in competitive zones, land prices, synergy in terms of location with business partners, availability of potential customers, availability of a qualified workforce, and conditions of operation in the zones, in terms of local taxes and available reductions and exemptions among others;
- in order to obtain the expected multiplier effects from the development of the zone, the communes try to undertake complementary activities in relation to the implemented EU projects, including land development for emerging zones as well as activities in the field of economic promotion. It is emphasised, however, that all the EU projects are implemented only in a certain time horizon, whereas obtaining investors for communal zones and cooperating with them is a continuous process. It requires the provision of certain human, financial and organisational resources on the part of communes to service entrepreneurs and investors, which is not always the case - or such resources are implemented in a diversified range;
- social and economic effects of the creation of zones, as indicated by the respondents, include improving the image of the commune as an attractive place to invest, an increase in land

prices, introducing order in the public space by giving it new economic and social functions, creating conditions for the creation of new jobs, increasing tax revenues from entrepreneurs, and stimulating local entrepreneurship and complementary services, e.g. transport, logistics, etc.

Regardless of the long-term socio-economic effects of zones created by respondents, it is possible to estimate the economic effectiveness of the EU projects that contributed to their creation. Economic efficiency is measured using the benefit index (the difference between outcomes and expenditures), where the desired result > 0 means the advantage of effects over expenditures. Based only on the communes' own expenses for EU projects including land development for emerging zones and for economic promotion, it is stated that they accounted for only 15% of the gross investment value (the value of the EU project), which corresponds to the value of their own contribution to the project. This is a significantly lower cost than the value of assets that the communes acquired as a result of these projects (this was assessed solely on the basis of the increase in land prices developed as a result of the land project, because the value of economic promotion cannot be clearly estimated in a short period of time, but would require further research). If the socio-economic multiplier effects achieved by the communes are added to this, then it is clear that the economic effectiveness of the involvement of the EU funds in the development of local areas of economic activity is high.

Conclusions

The aim of the paper was to assess the economic effectiveness of the European Union's involvement in the development of local economic activity zones, as well as to analyse the tasks that local government

units perform in this process. The conclusions from the research clearly indicate that EU projects for co-financing the creation of local zones of economic activity and related economic promotion show a high level of economic effectiveness, which results at least from a very high level of EU funding for these investments (85%). According to respondents' opinions, the creation of zones also generates socio-economic multiplier effects, which are possible to evaluate using other research methods and over a longer period of time.

The study verified the research hypothesis that the EU subsidy may be a financial and substantive impulse stimulating entrepreneurship in the commune, provided that it undertakes its own supplementary tasks, e.g. investment promotion. The author has analysed the tasks of territorial self-government as a creator of conditions for the development of entrepreneurship in communes, as well as outlined the assumptions concerning the creation and functioning of communal zones of economic activity. Using the example of a case study of Jasienica Municipality, the process of using the EU subsidy in connection with the creation of the economic activity zone was analysed, and the use of the Regional Operational Programme of the Silesian Voivodship 2007-2013 was analysed for the purposes of creating infrastructure conditions for the development of investment zones in the region.

The hypothesis put forward in the study was only partially verified on the basis of interviews with representatives of the surveyed zones. Desk research analysis of the data on individual zones was not complete, as some of the zones did not provide all the required information. Moreover, the results of the evaluation of the Regional Operational Programme 2007-2013 refer only to financial activities from this programme; they do not analyse complementary activi-

ties in the surveyed zones. The following conclusions arise from the work:

1. Communal areas of economic activity as infrastructurally prepared areas for investing are only the basis for the development of entrepreneurship. Unless the communes and their partners (e.g. KSEZ) take active steps to attract specific investors to the zones, these areas may remain unused for many years. It can therefore be concluded that the optimal use of the Regional Operational Programme of the Silesian Voivodeship 2007-2013 as a catalyst for the development of zones should take into account both infrastructure measures and economic promotion;
2. Socio-economic multiplier effects related to the activity of zones in communes are currently difficult to determine in most cases, because the zones have been operating for a relatively short time, and often the moment of investor acquisition was significantly delayed compared to the moment the zone was opened. In turn, between the moment at which the real estate is purchased in the zone and the commencement of production, there is another period of time when good cooperation between the investor and the commune is required. However, it does not have visible effects in the form of workplaces. These conditions cause the local community to feel the improvement of the quality of life, albeit with some delay, thanks to the development of entrepreneurship in the zones;
3. The efficiency of the EU funds' involvement, i.e. the Regional Operational Programme of the Silesian Voivodeship 2007-2013 as measured in zone development, can be measured by product indicators and output indicators assigned to a given intervention

category, but it does not take into account other, e.g. qualitative effects. In comparison with the costs of creating similar zones in the Lesser Poland or Masovian Voivodeships, the cost of creating zones in the Silesian Voivodeship was relatively large. In Measure 1.1. projects related to the reinforcement of land designated for business activity and activities in the field of investment promotion were prevalent, i.e. participation in trade and exhibition fairs and running promotional campaigns in the country and abroad. Taking into account the eligibility criteria for costs in the Regional Operational Programme of the Silesian Voivodeship 2007-2013, it is difficult to expect that the catalogue of expenses available there covered the entire demand of communes for investment promotion. An analysis of the situation in selected zones indicates that some communes also undertook additional activities related to the promotion of investment areas, but these were not general activities. The approach to servicing the investor and entrepreneur was quite differentiated in terms of organisational solutions, which also resulted in diversified efficiency of these activities;

4. The EU projects aimed at co-financing the creation of local zones of economic activity and related economic promotion show a high level of economic efficiency.

A practical aspect of the paper is the following recommendations for municipalities developing local business activity zones:

- the use of EU funds significantly increases the economic efficiency of the development process of local economic activity zones. However, it also requires the commune's additional financial resources (preparation of documentation, own contribu-

tion to the EU project, and the cost of project management and settlement). This often requires abandoning other activities in the commune or limiting their scale, while the effects of the development process of the zone are usually felt by the commune only over a longer period of time. Therefore, an important complementary activity to the zone development process is to conduct participatory dialogue with the local community and other stakeholders from the commune, which would explain the multiplier socio-economic effects of measures supporting the economic development of the commune;

- irrespective of the infrastructural preparation of the zone, it is necessary to undertake intensive activities related to its economic promotion, especially marketing activities aimed at attracting investors to the zone; it is also very important to provide high quality services for investors and entrepreneurs operating in the zone, which affects the image of the zone and is an important factor in encouraging cooperation with the commune.

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