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DETERMINANTS OF INVESTMENT EXPENDITURE OF LOCAL GOVERNMENT (VOIVODESHIPS)

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Abstract: Investments of the local government are an important determinant of development both for the regions and for the whole society. The aim of the article is to evaluate the possibility of financing investment activities by the local governments at voivodeship level in Poland. The scope of investment expenditures of these units was also analysed. The adopted time scope of the study covers the period 2012-2018. Among the levels of the local government units, voivodeship allocated the largest part of funds for investment. The level of investment expenditure of local governments varied greatly from region to region.

Keywords: investment expenditures, financial determinants, voivodeship local governments.

1. Introduction

Investments of the local government (voivodeships) are an important determinant of development both for the regions and for society as a whole. Sustainable social and economic development is not possible without investment. Well planned and implemented investment projects at the level of local government also affect the development of counties ('powiat') and communes ('gmina') (Filipiak, 2017, p. 95). The implemented investments increase the competitiveness of the local government unit and also affect the standard of living of its inhabitants. The investment activity of local government units should ensure their long-term development through the economic activation of the region.

Local governments are complex entities that carry out a number of tasks. These entities are obliged to maintain continuity in the implementation of the tasks as well

as to ensure the expected development, so they must be equipped with adequate financial resources (Grad, 2019, p. 37; Wyszowska, 2019, p. 83). The budgetary expenditure related to fulfilling society's needs, which includes investment, is constantly growing. Consequently, the financial needs of voivodeships are constantly increasing. Therefore, financial determinants play the most important role among all the factors which influence the undertaking and implementation of investments in the regions by the local government. The investment capacity of local government units is closely related to their financial situation.

This article aimed to assess the financial determinants of investment activity of voivodeships in Poland. The scope and geographical diversification of investment expenditure of the local governments at provincial level was also analysed. The selected time scope of the research covers the period 2012-2018. During this time the financial conditions of local governments' functioning changed, which influenced their development potential, especially in relation to the transition period in the allocation of European Union funds and concerning the new mechanism for reducing the debt of local governments. The data comes from the Local Data Bank of the Central Statistical Office, studies done by the Ministry of Finance and the National Council of Regional Chambers of Accounts.

2. Financial factors that shape the investment activity of local government

The local government units (voivodeships) are largely responsible for creating the development of the region primarily through the maintenance and development of social and technical infrastructure of regional importance. Of all levels of local government, they show the highest share of investment expenditure in the general structure of expenditure. This tendency is distinct from the beginning of their functioning (Krajowa Rada RIO, 2019). It is important to stress that social needs are constantly increasing and their fulfilment is always unsatisfactory. For this reason, budgetary expenditure related to meeting the needs of society is also growing. Consequently, the financial needs of local government units are constantly increasing. Among the most important reasons for the increase in budgetary expenditure, including investment expenditure, one can mention the following (Błachut, Cierpień-Wolan, Czudec, and Kata, 2018, p. 48): sociological, social, political and economic.

The investment activity of voivodeships is a result of many complex economic conditions as well as factors of a non-financial nature, including, above all, legal and organisational. These factors, both dependent and independent of local government, are closely related and interact with each other. Dworakowska, apart from the financial factors, also identifies determinants (2013, pp. 122-130): socio-economic, legal, political-administrative, technical, geographical, historical and cultural. Financial determinants connected with the budgetary situation of the voivodeship play the most important role among all the factors influencing investment. Finance

is a key element in the functioning of a local government unit and a basic indicator of the reality and success of each investment. The state of the finances of local government units is diverse, since it is shaped both by the amount of income and by the direction of expenditure. This diversity is a consequence of, among others, the different level of social and economic development of particular regions of the country. The financial factors, combined with those of a social and economic nature, together constitute the economic basis for the determinants.

Income is of key importance for determining the ability of voivodeships to invest (including the costs of external financing). It determines the development possibilities of these units, influencing their expenditure. In a healthy financial economy, the expenditure and income side of the budget must be balanced, at least in a wider perspective. Unlike private entities, local government units cannot freely shape their tasks (especially current ones) according to the income they receive. They also cannot maximise income at the expense of satisfying social needs (Ruśkowski, 2004, p. 155). In theory, an increase in investment expenditure may occur constantly (along with the continuous development of society's needs). In accordance with the thesis on the predominance of the income side of the budget over expenditure, the level of the local government budgetary expenditure (mainly investment expenditure), however, is determined by financial possibilities rather than the scale of needs (Patrzalek, 2004, p. 74).

The level of investment tasks which are carried out by the local government is a result of its financial situation. The issue of evaluating the financial economy of the local government is very broad, therefore selected areas of this problem were analysed.

Table 1. Indicators of evaluation of the financial situation of local government in Poland in the period 2012-2018

Years	2012	2013	2014	2015	2016	2017	2018
W1 (PLN/person)	395.4	418.7	461.1	444.9	351.5	384.5	441.4
W2 (PLN/person)	169.9	163.7	170.1	186.1	187.5	202.4	234.9
W3 (PLN/person)	147.2	165.1	200.3	192.9	80.2	103.4	147.0
W4 (%)	43.0	39.1	36.9	41.8	53.4	52.7	53.2
W5 (%)	39.1	40.3	43.7	44.3	26.8	31.2	35.9
W6 (%)	10.7	10.1	10.2	10.9	14.1	14.1	18.2
W7 (%)	38.8	38.5	36.2	39.6	46.0	39.3	35.3

W1 – total income per capita (PLN), W2 – own income per capita (PLN), W3 – investment expenditure per capita (PLN), W4 – own income in relation to total income (%), W5 – property expenditure in relation to total expenditure (%), W6 – operating surplus in relation to total income (%), W7 – total liabilities in relation to total income (%).

Source: own study based on (GUS, 2019; Ministerstwo Finansów, 2019; Krajowa Rada RIO, 2019).

The social and economic development of local governments is affected by income factors which determine their investment activity. The indicator of the

amount of income per inhabitant of a given unit shows the contractual unit share of residents in public resources, which illustrates the wealth of local government and its development possibilities (Wiśniewski, 2011, p. 126). The analysis of the value of income per capita of voivodeships indicates a large decrease in their overall income potential in 2016, combined with a decrease in investment expenditure per capita (Table 1). The decrease in the size of investments per capita indicates lowers the possibilities of creating development by voivodeships (Stanny and Strzelczyk, 2018, p. 87), and the importance of their own income potential should also be emphasized. The high level of own income per capita, as well as its high share in the total income, favours the greater financial independence of the local government units in shaping its own development policy (Jastrzębska, 2012, p. 54). Local governments were distinguished by stable own income per capita in the period under examination. The share of own income in the total income of these units also increased. Own income is the most important source of income for voivodships. Their average share in the period under review was 45.7%. The targeted subsidies also maintained their role as an important source of income. Their average share was 39.6%. In 2013-2015, targeted subsidies predominated in the income structure of voivodeships (the largest share was in 2014 – 46.9%). There was a significant increase in the share of own income in 2016. In the following years it remained at the level of about 53%. The revenue from income taxation remained the most important source of own income of voivodeships. While constituting state budget revenue, income tax is a source of revenue that is most susceptible to the economic fluctuations of the country and at the same time closely linked to the economy and fiscal policy of the country. Proceeds from shares in corporate income tax remained the most important source of income for the voivodeships (in 2018 they constituted about 70% of their own income and 37% of total income).

The history of the allocation of EU funds in Poland shows that EU funds also have a significant impact on the development of regions (Sierak, 2018, p. 207). EU funds constituted an important source of investment financing for the local government. The share of income obtained for programmes and projects implemented with EU funds in relation to total income was particularly high in voivodeships in the period of intensive investment activity in 2013-2015 (Table 2). A similar trend can be observed in the case of other TSU levels. However, it was local governments that obtained the most funds in connection with the implementation of EU programs and projects.

In the period 2012-2018 the share of property expenditure in the total expenditure of voivodeships changed, ranging from 26.8% to 43.7%. The nature of these changes indicates the significant dependence of the development possibilities of voivodeships on external sources, especially funds obtained from the EU. Up to 2015, the share of investment expenditure had been systematically increasing, which was partly related to the implementation of projects co-financed with EU funds at the end of the 2007-2013 (settled in 2014 and 2015). This translated into a high level of investment

Table 2. Share of funds transferred to the local government units in relation to implementation of EU programmes and projects in total income (%)

Years	2012	2013	2014	2015	2016	2017	2018
Local government units in general, including:	9.6	8.7	9.3	8.6	3.4	3.8	6.7
Voivodeships	28.5	33.5	37.2	35.5	19.4	21.7	26.9
Counties (“powiat”)	6.0	5.5	5.6	4.5	1.7	3.7	6.4
Cities with county (“powiat”) rights	9.0	7.8	8.1	7.4	3.7	3.0	5.0
Communes (“gmina”)	7.5	5.4	5.6	5.5	1.4	2.0	5.1

Source: own study based on (GUS, 2019).

expenditure in 2013–2015 (Sekuła and Śmiechowicz, 2018, p. 190). There was a very clear decline in the local government property expenditure (from 44.3% in 2015 to 26.8% in 2016). The decrease of investment, characteristic for the entire local government sector in 2016 was due to, among other things, the lower level of EU subsidies obtained, which was associated with the transition period in the allocation of EU funds. The launch of the procedures related to the implementation of the new seven-year EU budget was a protracted one. Therefore, in the first years of its validity, local governments minimized the scale of new investments – completing and accounting for projects from the previous perspective. At the same time, local governments faced the need to reduce the debt related to the financing of investment activities in the previous years, also in connection with the so-called own contribution, necessary to finance investments from EU funds. Taking into account the still wide range of investment needs of local governments, as well as the high level of their debt, the possibility of incurring investment expenditures in the following years will to a large extent depend on the operating results of these units, both their development capabilities and creditworthiness. The operating result makes it possible to forecast the possibility of financing investment expenditures or the return of previously applied repayable instruments (Satoła, 2015, p. 120). The ability to generate long-term surpluses determines the pace of development processes. It is worth noting the high level of the operating surplus developed by voivodeship in the period 2012–2018 (the highest in comparison with other units of local government). Moreover, one should note the increase in the level of the indicator, apparent from 2015. The reasons for the increase in the ratio are primarily due to the new mechanism for reducing the debt of local governments. It was introduced in 2014, whereby the level of the developed operating surplus determines the possibility of a local government unit becoming indebted (Ustawa z dnia 27 sierpnia 2009, art. 243).

For the local government units, the issue of maintaining an optimal level of debt is very important. The amount of investment expenditure of local government affected the level of indebtedness of these units. This indicates the important role external

sources of funds play among the sources of financing. In 2012-2018 the total debt of local government units increased from PLN 67.8 billion to PLN 76.1 billion. At the end of 2018 the debt of local governments amounted to nearly PLN 6 billion. Over the period under review, its size was the highest in 2014 (PLN 7.3 billion). In relation to the revenues of the local governments, the debt was the most significant in 2016. In subsequent years the ratio decreased – in 2018 it was 35.3%. Despite the fact that the value of the debt of voivodeships from 2015 began to fall, along with an increase in property expenditure after 2018, one can expect a growing trend in the debt of local governments.

3. Investment expenditure of voivodeships in a regional perspective

In total local government units spent over 250 billion PLN on investment in 2012-2018, most of which were municipalities (108 billion PLN) and cities with county rights (80 billion PLN). The least expenditure on financing investment activities was made from county ('powiat) budgets – PLN 25 billion, whereas voivodeships spent about PLN 40 billion on investment in this period, which constituted on average 16% of the investment implemented by the local government units (Table 3). However, it should be noted that the income available to voivodeships constituted only about 6% of the total income of local government units, whereas the income of communes and cities with county rights constituted respectively 48% and 34% of the income of local government units (Krajowa Rada RIO, 2019).

Table 3. Investment expenditure of local government units in 2012-2018

The specification	2012	2013	2014	2015	2016	2017	2018
billion PLN							
Local government units in total, including:	34.4	33.5	39.9	37.5	24.6	33.5	51.1
Commune ("gmina")	13.9	12.8	15.1	14.2	10.6	16.1	25.8
County ("powiat")	2.8	2.8	3.4	3.4	3.0	4.0	5.9
Cities with county rights	12.1	11.4	13.6	12.2	7.7	9.4	13.7
Voivodeships	5.7	6.4	7.7	7.7	3.3	4.0	5.7
%							
Local government units in total, including:	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Commune ("gmina")	40.4	38.4	37.8	37.9	43.1	48.0	50.6
County ("powiat")	8.1	8.4	8.5	9.1	12.2	12.0	11.6
Cities with county rights	35.2	34.2	34.1	32.5	31.3	28.1	26.7
Voivodeships	16.6	19.0	19.3	20.5	13.4	11.9	11.1

Source: based on own analysis (Krajowa Rada RIO, 2013-2019).

Compared to other levels of local government, the voivodeships allocated the most funds for investments in relation to the total expenditure. In the period 2012-2018 the investment expenditure of voivodeships in relation to their total expenditure ranged from 24.4% to 43.1%, while the expenditure of local government units ranged from 11.8% to 20.3% (Figure 1). When taking into the account the investment activity of voivodeships since their establishment (1999), the largest amount was allocated for investment by these entities in 2009 (47.3% of total expenditure), while the most unfavourable year in terms of development opportunities was 2016.

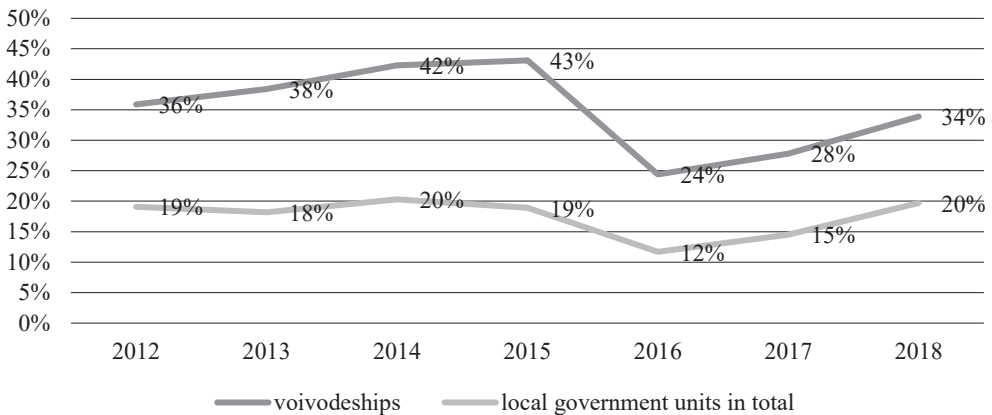


Fig. 1. The share of investment expenditure in total expenditure of voivodeships in comparison with local government units in 2012-2018

Source: based on own analysis (Krajowa Rada RIO, 2013-2019).

The level of investment expenditure in voivodeships in 2012-2018 was highly diversified geographically. Nominally (i.e. without taking into account inflation), the largest investment expenditure was in the Mazowieckie, Śląskie and Dolnośląskie voivodeships (Figure 2). It should be pointed out that in this period these voivodeships had the highest income in comparison with the rest of the country, including very high own income (as well as their high share in total income). The lowest level of investment expenditure was observed in the Opolskie, Lubuskie and Kujawsko-Pomorskie voivodeships. The Opolskie and Lubuskie voivodeships are among the smallest in Poland in terms of population and territory, and are characterised by very low income accumulated in the period under study, and their own income (also in relation to the total income) was among the lowest in the country.

These patterns, which concern the relation between the level of investments and own income, were not observed when comparing these figures per capita of the voivodeship (Table 4). Considering the level of investment expenditure per capita, the highest investment levels per capita in 2012-2018 were recorded in the Podlaskie,

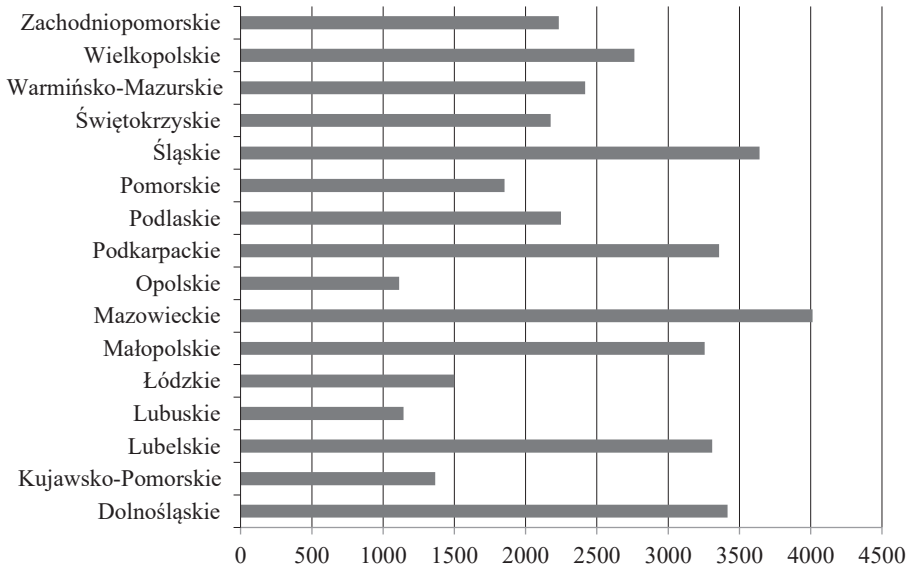


Fig. 2. Investment spending in local government in 2012-2018 in million PLN

Source: own analyses based on (Krajowa Rada RIO, 2019).

Świętokrzyskie, Warmińsko-Mazurskie, Podkarpackie and Lubelskie voivodeships, which were on the lowest level in the country in terms of income potential expressed in terms of own income per capita (Table 4).

It is also worth noting the relatively high level of investment expenditure made from the budgets of voivodeships of Eastern Poland. Due to the specificity of the social and economic situation of the Eastern macroregion, the development possibilities of local governments in this area are of special importance. Despite the fact that the voivodeships of Eastern Poland were characterised by low own income, the level of their investment expenditure in relation to the number of inhabitants was ranked among the highest in the country. The Eastern macro-region was also characterized by the highest level of investment expenditure in the country in relation to their total expenditure. Undoubtedly, this could be attributed to the underdeveloped infrastructure in this area which still required significant investment. However, one should also take into account the growing income potential of the local governments of the region. In voivodeships such as Podlaskie, Warmińsko-Mazurskie and Podkarpackie, in the period 2012-2018, total income per capita was among the highest in the country, while in the remaining voivodeships of that region, i.e. Lubelskie and Świętokrzyskie, it was above the national average.

This situation was only made possible by the European Union’s resources, which were intended to help reduce regional development disparities. Two initiatives were dedicated to this goal: the Development of Eastern Poland Operational Programme,

Table 4. Investment income and expenditure per capita of self-government voivodeships compared to the national average (%)

Voivodeships	Total income per capita			Own income per capita			Investment expenditure per capita		
	2012	2015	2018	2012	2015	2018	2012	2015	2018
Poland	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Dolnośląskie	145.2	97.9	98.0	185.5	144.8	117.5	142.7	86.6	68.0
Kujawsko-Pomorskie	91.6	103.7	86.4	67.8	71.4	65.8	67.3	90.2	61.9
Lubelskie	90.6	119.8	92.5	55.3	62.5	50.9	91.7	187.1	104.8
Lubuskie	108.6	107.9	95.5	61.7	74.0	66.3	92.4	102.1	98.6
Łódzkie	82.2	67.2	76.1	82.9	84.0	80.0	95.1	48.7	61.2
Małopolskie	86.1	75.8	91.2	76.6	79.0	91.5	93.1	64.8	91.8
Mazowieckie	118.9	116.5	124.6	192.5	180.1	203.2	68.6	88.6	85.7
Opolskie	103.6	95.6	119.1	67.2	74.9	64.2	91.0	45.6	144.9
Podkarpackie	103.5	131.4	127.4	54.7	67.7	71.3	112.8	194.9	172.8
Podlaskie	98.7	160.0	135.5	45.3	61.6	57.3	113.5	260.2	261.2
Pomorskie	98.1	82.1	101.3	106.5	93.2	94.9	101.2	63.8	119.7
Śląskie	76.5	86.6	79.0	90.9	100.1	95.2	78.8	86.1	63.3
Świętokrzyskie	117.6	118.5	119.5	63.1	61.2	55.1	214.7	158.1	210.9
Warmińsko-Mazurskie	107.1	144.3	90.3	53.6	65.0	47.4	142.0	186.6	74.1
Wielkopolskie	80.4	72.2	80.2	91.1	104.1	108.4	78.8	47.7	66.0
Zachodniopomorskie	115.5	101.0	125.2	73.1	76.3	78.2	152.2	82.9	170.7

Source: own study based on: (Krajowa Rada RIO, 2019; GUS, 2019).

which operated in 2007-2013, and the Eastern Poland Operational Programme, which is being currently implemented.

When analysing the income potential of voivodeships, one should not forget about the large decrease in the development potential of local government units at voivodeship level which occurred in 2016. The downturn affected almost all voivodeships (except the Opolskie voivodeship), including those that use external financing sources (with low own income). The highest drops in total income per capita pertained to voivodeships of Eastern Poland, including Podlaskie, Warmińsko-Mazurskie and Świętokrzyskie. These decreases were highly significant – by half in relation to the previous year, which was largely caused by a lower level of obtained EU subsidies. Consequently, in 2016 there was a clear fall in investment expenditure, which concerned almost all regions (except Małopolskie and Opolskie). The largest decrease in investment expenditure in relation to total expenditure concerned the Warmińsko-Mazurskie voivodeship (from 50% in 2015 to 12% in the following year),

Podkarpackie (from 60% to 18%) and Podlaskie (from 64% to 25%). In 2017-2018, investment expenditure started to increase in most voivodeships. In the period 2012-2018, the highest level of investment expenditure in relation to total expenditure was reported in the following voivodeships: Świętokrzyskie (fluctuated between 59% in 2013 and 24% in 2016), Podlaskie (64%-25%) and Podkarpackie (60%-18%). The least amount of investment in relation to total expenditure was spent in the Mazowieckie, Kujawsko-Pomorskie and Łódzkie voivodeships in this period (Table 5).

Table 5. Investment expenditure in relation to the total expenditure of voivodeships in 2012-2018 (%)

Voivodeships	Investment expenditure in relation to the total expenditure						
	2012	2013	2014	2015	2016	2017	2018
Poland	35.9	38.4	42.3	43.1	24.4	27.8	33.9
Dolnośląskie	36.2	37.3	41.4	37.2	29.9	27.7	24.7
Kujawsko-Pomorskie	27.1	20.9	29.3	38.0	16.5	13.7	23.2
Lubelskie	34.8	47.4	61.5	57.7	29.3	34.4	35.0
Lubuskie	31.3	31.4	42.8	40.8	24.2	33.0	32.4
Łódzkie	39.2	31.3	28.9	31.3	21.1	17.7	26.7
Małopolskie	40.3	38.9	40.5	38.0	40.7	41.9	34.8
Mazowieckie	21.7	20.5	23.3	35.2	17.6	20.1	25.8
Opolskie	33.0	30.2	34.2	22.5	47.3	37.1	42.1
Podkarpackie	39.7	49.5	54.2	60.2	18.0	35.1	47.2
Podlaskie	40.8	48.7	57.7	64.2	24.7	40.4	55.8
Pomorskie	37.1	24.7	35.5	35.4	20.3	21.8	39.1
Śląskie	36.6	43.0	41.2	42.4	20.9	16.9	29.0
Świętokrzyskie	58.6	58.3	51.3	55.7	24.1	36.8	52.7
Warmińsko-Mazurskie	44.7	56.1	65.1	54.8	12.1	16.0	25.5
Wielkopolskie	35.4	46.1	38.8	30.9	25.7	29.4	26.6
Zachodniopomorskie	46.9	40.4	41.5	37.2	25.2	37.7	44.9

Source: own study based on (GUS, 2019).

A wide range of pro-development expenditure undertaken by voivodships contributed to the size of their liabilities. The most indebted voivodeships in 2012-2018 were Lubelskie, Mazowieckie and Dolnośląskie (Table 6), while at the same time these are the units which spent the most on investments in the country in the period under review (PLN 3.3 billion, PLN 4 billion and PLN 3.4 billion respectively). Lubelskie was the most indebted voivodeship in the country. The level of its indebtedness was measured by the ratio of the liabilities in relation to the income. On average it amounted to almost 65% in the examined period. The highest level of indebtedness occurred in 2016 and reached 87.5%. In the Mazowieckie and

Dolnośląskie voivodeships, the average debt ratio was about 50%. However, in both of them the debt was falling in recent years (2017 and 2018). It is worth noting that in the Mazowieckie and Dolnośląskie voivodeships both their own income and total income reached a very high level. In the Lubelskie voivodeship, total income per capita was higher than the national average. However, its own income potential ranked among the lowest in the country (both measured by own income per capita and the share of own income in total income).

Table 6. Liabilities in relation to total income of local governments at the level of voivodeships (%)

Voivodeships	Liabilities in relation to total income						
	2012	2013	2014	2015	2016	2017	2018
Dolnośląskie	34.5	34.0	44.9	59.1	63.2	59.7	48.6
Kujawsko-Pomorskie	50.3	48.7	43.1	34.1	40.4	39.6	34.5
Lubelskie	50.9	40.9	47.3	66.3	87.5	75.3	83.0
Lubuskie	46.3	31.9	32.2	34.8	39.5	39.0	41.3
Łódzkie	51.2	58.7	53.5	50.7	46.6	39.2	37.4
Małopolskie	36.5	39.7	38.4	39.4	48.5	32.5	30.4
Mazowieckie	57.4	73.3	66.6	54.2	62.7	46.8	33.8
Opolskie	61.3	49.2	44.3	42.9	30.7	28.4	22.7
Podkarpackie	37.3	27.8	23.7	23.8	35.5	24.3	16.4
Podlaskie	6.4	3.6	3.9	7.9	12.7	7.1	18.2
Pomorskie	42.4	46.8	37.2	36.8	39.8	32.4	21.0
Śląskie	30.7	31.4	35.5	39.2	56.9	55.1	38.3
Świętokrzyskie	20.3	22.5	27.2	28.9	43.8	32.4	22.9
Warmińsko-Mazurskie	38.3	31.1	31.2	33.1	50.4	58.9	63.7
Wielkopolskie	22.7	37.7	43.9	41.5	37.4	29.3	32.7
Zachodniopomorskie	34.0	38.9	38.3	41.0	40.8	29.3	31.1

Source: own study based on (Krajowa Rada RIO, 2012-2019).

The level of debt of voivodeships was measured by the ratio of liabilities to income. It was very diversified both between units and throughout the time. As already been indicated, the highest average level in the analysed period was reached in the Lubelskie voivodeship, It ranged between 60% and 40% in six voivodeships, while in the remaining units it amounted to less than 40%.

The Podlaskie voivodeship was characterized by the lowest level of debt. Its rate in 2012-2018 was on average about 8%, of which the highest was in 2018 – 18%, the lowest in 2013 – 3.6%. Apart from the lowest level of debt, it was also characterised by the lowest income potential in the country, yet the amount of its investment expenditure was in line with the average in the country. The Podkarpackie and Świętokrzyskie voivodeships were also characterised by a low level of debt

(below 30%). At the same time, they had relatively low own income, but this did not lead to low development opportunities. The situation was particularly favourable in the Podkarpackie voivodeship, where investment expenditure in the analysed period was among the highest in the country. The Małopolskie voivodeship was also in a favourable situation as it invested in the period 2012-2018 relatively high sums (among the highest in the country). It was one of the regions with the highest average debt and had a high income potential. The average level of debt also characterised voivodeships that in the analysed period spent the least funds for development in the country, i.e. Lubuskie and Opolskie. These units had limited financial possibilities due to very low total and own income.

4. Conclusion

The investment activity of voivodeships helps with reducing the interregional and intra-regional disparities found in the level of the economic development and the quality of life of the inhabitants. Thus, it increases further potential for development. The local authorities primarily focus on the implementation of the ongoing tasks. Such a strategy resulted from the increased scope of duties and competences which were transferred to local government level, as well as the existing developmental disparities and limitations of the available financial resources. Investment projects are carried out within the limits of the financial capacity. On the one hand, these capacities result from the amount of generated income, and on the other hand, they are affected by the number and type of tasks carried out, which are directly connected with the level of ongoing expenditures. Therefore, financial determinants related to the budgetary situation of the local governments are crucial among the whole range of factors that affect undertaking and conducting investments.

The activity of local governments is primarily focused on carrying out ongoing activities. In 2012-2018 this absorbed more than 80% of budgetary expenditure. The remaining expenditure (asset-related) was mainly allocated to financing infrastructure investments. Among the levels of the government units, voivodeships allocated the largest part of their funds for investment – about 35%. The level of investment expenditure of the local government showed large differences between particular voivodeships. The highest investment expenditure was recorded in those which had the highest income in comparison with the country overall, including very high own income. It is also noteworthy that the level of investment expenditure financed from the budgets of Eastern Poland's voivodeships was also relatively high. It was observed that despite the low own income potential of Eastern Poland, their total income increased. This was made possible by the European Union's funds aimed at reducing regional development disparities.

The investment expenditure of local government units underwent significant fluctuations. Their highest level was noted 2013-2015, while a clear decline occurred in 2016. This indicates that developmental capabilities heavily depend on external

sources. These units, as compared to other local governments, obtained the most funds in connection with the implementation of EU programmes and projects. The level of funds obtained from the EU was the highest during their intensive investment activity. This indicates how important EU funds are for the investment activity of local government units in Poland. The limitation of the scale of investment in 2016 was characteristic for the entire local government sector. This was associated with a decrease of the opportunities for investment co-financing from EU grants, as well as the need to reduce debt.

The strong dependence of the investment activity of local government units in Poland on EU funds is particularly worrying in the context of the likely reduction of funds for the cohesion policy in the future EU financial perspective, i.e. for 2021-2027. Taking into account the wide range of investment needs of local government units, the constantly increasing costs of the implementation of their current tasks, as well as the high level of the existing debt, the possibility of implementing investment expenditure in the following years will, to a large extent, depend on the operating results of these units, both their development possibilities and creditworthiness. In order to maintain the intensity of investment expenditure, voivodeships will also be forced to introduce new forms of investment financing, provided that self-governments cooperate with other entities.

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UWARUNKOWANIA WYDATKÓW INWESTYCYJNYCH SAMORZĄDÓW WOJEWÓDZTW

Streszczenie: Inwestycje samorządów województw stanowią ważną determinantę rozwoju w odniesieniu zarówno do regionów, jak i do całego społeczeństwa. Celem artykułu jest ocena możliwości finansowania działalności inwestycyjnej przez samorządy szczebla wojewódzkiego w Polsce. Analizie poddano także zakres oraz przestrzenne zróżnicowanie wydatków inwestycyjnych tych jednostek. Badania obejmują lata 2012-2018. W porównaniu z jednostkami innych szczebli samorządy województw przeznaczały na inwestycje największą część środków. Poziom wydatków inwestycyjnych samorządów poszczególnych województw był zróżnicowany.

Słowa kluczowe: wydatki inwestycyjne, determinanty finansowe, samorządy województw.