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MANAGING PUBLIC PROJECTS WITH EU FUNDING IN POLAND

Abstract

The public sector in Poland does not have its own standard of project management, therefore the article will analyze the problems of public projects realization due to their specific characteristics, as well as the problems associated with the use of the Project Cycle Management methodology (PCM).

Key words: informatization of public administration, public projects, IT projects, Project Cycle Management methodology.

Introduction

The public administration, with the aim to rationalize the expenditures on the State's informatization through the EU subsidies, discerned the potential inherent in project management and expressed this officially by enacting, in 2005, the act on informatization of activities of the entities conducting public tasks and a year later by preparing the first – in Poland's history – plan of the State's informatization [Kaczorowska, 2013].

Public projects, aside from the characteristics of the other ventures, have their own specifics. Their implementation has usually been financed from public funds and has its basis in two legal acts – *The Public Procurement Law* of 29 January 2004 [Marshal of the Sejm, 2010, hereinafter referred to as the PPL] and *The Public Finance Act* of 27 August 2009 [*The Public Finance Act of 27 August 2009*, 2009, as amended]. Unfortunately, the largest number of difficulties and failures in running, especially major public projects, results from the PPL's records.

In 1992 the European Commission (EC) adapted a set of instruments for projects planning and management, referred to as the PCM. The only methodology recommended by the EC is the PCM which was introduced for improvement of the quality of established projects and their management, and consequently for increasing the effectiveness of offered assistance.¹

¹ The PCM methodology was developed according to the conclusions from the analysis of assistance efficacy undertaken by the OECD Assistance Development Committee.

Since Poland accessed the EU, Polish organizations accomplishing the measures have the possibility to use EU funds. The PCM is of universal nature, which means that it may be used when forming the projects on human resources development, as well as investment projects. General Directorates I and VIII (presently EuropeAid) of the EC use it within all programmes of external assistance.

However, the EC's *Project Cycle Management Guidelines [Aid Delivery Methods, Volume 1: Project Cycle Management Guidelines, 2004]* related to realization of the projects co-financed with EU funds are not suitable for direct, complete use, because they are mainly focussed on the principles of project funding, to the detriment of other extremely important management processes, such as setting up a schedule and transforming it into a plan or project team management.

Informatization of public administration is conducted using the management form tested in another sector, i.e. the project management without competent coordination of IT projects. A complete coordination, organized at the governmental level, of preparing and implementing IT projects, is still missing. On the one hand, this leads to solutions of the same functionality, worked out by various public institutions, such as e.g. the same health projects accomplished by the National Health Fund (NHF), financed from the State budget, conducted by the Health Care Information Systems Centre (HCISC) and financed from the EU funds. On the other hand, this results in the lack of IT solutions for the activity areas considered to be "no one's".

The public institutions applying for project funding use the project management methodology known as the *Project Cycle Management (PCM) [Manual – Project Cycle Management, 2004]*. The structure of this methodology conforms with the construction of the application for funding within the *Operational Programme Human Capital (OP HC)*. This gratuitous and systematically updated methodology is to serve an improvement in project management and programmes co-financed by the EU, but first of all making rational decisions by the EC employees dealing with allocation and control of the use of aid funds.

Operational Programme Innovative Economy, 2007–2013. National Strategic Reference Frameworks 2007–2013 (hereinafter referred to as the *OP IE 2007–2013*) [*Operational Programme Innovative Economy 2007–2013. National Strategic Reference Frameworks 2007–2013, 2006*]; was also meant to enable an effective use, by Poland, of the European Union's (EU) funds during 2007–2013 coming from the European Fund Regional Development (EFRD), European Social Fund (ESF) and Cohesion Fund (CF). It additionally determines the mechanisms of coordination between the programmes co-financed from EFRD, ESF, SF "and those which are co-financed within the European Agricultural Fund for Rural Development and European Fisheries Fund, as well as the European Investment Bank and other financial instruments" [*National Strategic Reference Frameworks 2007–2013 in Support of Economic Growth and Jobs. National Cohesion Strategy, 2006, p. 6*].

The conducted analyses of the Polish e-government's position, determined by the public administration informatization [Kaczorowska, 2013, chapter I], point to high backwardnesses of the public sector in Poland, as compared to other

countries. We may make up for these backwardnesses by effective management of IT projects, the financing of which is aided by the EU.

The article will also include proposals to reduce or eliminate implementation problems and suggestions of effective usage of PCM.

Specificity of public projects

While selecting the contractors of the greatest public projects in Poland, the same criterion is used as in less complicated works, it is the criterion of experience and knowledge. Achievement of success in each project depends not so much on technical skills but rather on the bidder's skills in project management. Meanwhile, the national *Public procurement law* demands specifying the procurement object according to European, Polish or international standards but does not demand any description of the bidders' qualifications within the project management. This gives rise to a high probability of choosing the company which will not cope with implementation of a huge project, or will cause selecting a foreign contractor which does not know Polish conditions. The examples of such situations were: the need to change the contractor of the construction of a fragment of highway A2, construction of the Municipal Stadium in Wrocław or the construction of one of the southern segments of highway A1.

More and more frequent (irrespective of the PPL records) requirement of having, by project managers, the certificates confirming their management skills conforming with the standard *Project Management Institute* (PMI) or PRINCE2®, is insufficient. A legal sanctioning of such a requirement will not solve this problem completely, either, because the project manager may take up activities exclusively within the procedures of the public administration entity for which he works.

"The most important, however, is the ability to implement projects by the company as a whole" [Gasik, 2013, p. 22]. It should be a priority criterion of selecting the contractors of the biggest projects in public sector. In evaluation of the companies' competences within project management the public sector could use the project maturity models, such as: *Capability Maturity Model Integration* (CMMI®) or *Organizational Project Management Maturity Model* (OPM3®). In the USA only the companies of a high project maturity model have a chance to obtain orders in government agencies' tenders.

The PPL requires for each type of works a complete specification of their scope as early as when the contract is signed. However, the bigger the projects, the higher the probability that changes in works will have to be introduced while they are being performed. For example, in the National Stadium construction project the contractor estimated that it was necessary to make about 15,000 amendments in the primarily outlined scope of works; this entailed additional costs amounting to almost 120 million PLN. The mechanism of "additional orders" functioning in the PPL allows to supplement a set of works only in strictly specified conditions, which does not assure a continuous adjustment of the scope of works to changing circumstances.

Another problem associated with the PPL is a failure to include in the Terms of Reference (TOR) the risks which may occur during implementation of a given project. In the case of huge national Polish projects we should assume in advance that such risks will occur. The lack if only of a preliminary estimation of risks by the contracting authority from the public sector deprives the potential contractors from the IT branch of a significant knowledge about the real background of implementation of the future project.

TOR should be supplemented not only with a list of the risks threatening the project but also by the indication for which of them the responsibility rests with the contracting authority, for which the contractor, and for which – both participants of the project process jointly. Exclusively the contractor should account for the risks associated with the direct management of the project, including those resulting from the cooperation with sub-suppliers. A list of risks mentioned in TOR by the contracting authority would be expanded by the contractor within the submitted bid. The contractor would be also obliged to estimate the consequences of all identified risks for the budget and schedule of works. Leaving the risk servicing almost wholly on the contractor's side will probably result in that the reasonable bidders will try to include their cost in the price they proposed. The risks servicing cost should constitute a separated part of the bid's budget, launched at the moment a given risk occurs.

Most frequently the costs of public procurement bids are much higher than those stipulated in the budgets of public contracting authorities, however there are also bids significantly lower than the contracting authority assumed in the budget. In such situations a specific part from the difference between the reserved budget and the selected cheaper offer for additional purposes associated with a given project, e.g. financing of those works not included in the works plan the need for which appears while the project is being implemented. On the other hand, intending to use the effect of an earlier operation of a significant, for a given entity, IT solution, the financial means obtained from the difference between the contractor's bid price and the expected budget of the project should be earmarked as a special financial gratification to the implementator for acceleration of the completion of works by the established period.

Pursuant to current legal regulations, the Public Procurement Office (PPO) is responsible for conducting a Public Procurement Bulletin and for performing certain supervisory functions associated with the public procurement accomplishment. It is not, however, an optimum set of questions for this institution in the aspect of enabling an efficient implementation of public projects.

The PPO as a central institution most directly connected with public project implementation should first of all determine the project management standards² and ways of the contractors competences evaluation in this field (at best basing

² In Great Britain even the Highways Agency, which is an equivalent of the General Directorate of National Roads and Highways, and not a higher level, such as the PPO, cares about the projects management level, issuing the guidelines for highways construction projects.

on the project maturity models), and also supervise their later use, at least in the biggest projects. It does not matter which of the standards acknowledged worldwide (PMBOK® or PRINCE2®) and maturity models (CMMI® or OPM3®) will be selected as mandatory on the Polish market, because they all performed well in the projects implementation practice. Perhaps the PPO will be aided by the *International Organization for Standardization* (ISO) which in September 2012 issued a new project management standard, marked as ISO 21500.

Sometimes the steering committee forms the so called changes management council, aimed at analysis and evaluation of applications for changes. Working in the steering committee are usually representatives of the contractor, client and the project financing entity and it not always has to be the client. Implementation of public projects is financed by tax-payers, so in their steering committees, apart from representatives of the contracting authority and selected contractor, there should be a representative of the PPO. Adjudication of any possible disputes between the contracting authority and contractor as well as participation in approval of works and specification of changes rest with such a person (or persons).

The presence of the PPO representative in the steering committee would surely have one more positive result – restriction of the occurrence of such corruption scandals that happened for instance in the Centre of IT projects, Ministry of the Interior and Administration. It seems that the primary cause of that scandal was leaving the main decisions with the disposer and not representative of the budgetary resources owner.

Within optimization of its activity, the PPO should have a staff of highly qualified specialists who can participate in the biggest projects steering committees' works. These people should take part in the main project-related decision taking, especially within management of changes and detailed specification of the scope of works. It does not have to be a staff consisting of many people, because the number of the greatest projects to be implemented constitutes merely a slight fraction of all public procurements. Participation in steering committees' works absorbs their members to an insignificant degree and consists in analysis of the projects main documents and taking part in the main meetings. One PPO's representative, having an appropriate experience, could surely represent this institution in at least several projects.

The other functions, performed by the PPO in the biggest projects, could be: participation in the procurement process and thereby supporting the contracting authorities within evaluation of bidders (because not all organizations using public procurements have sufficiently qualified staff within project management), consultancy for contractors within project management organization or conducting a register of companies capable of project implementation. However, a negative aspect of the latter proposal is hindering of free competition.

Analysis of EU-funded Public Projects Management

A severe irregularity in *Operational Programme Human Capital* (OP HC) project management is, among other, non-eligibility of training course participants which consists in supporting such entities in relation to which we may confirm that they meet the conditions listed in the description of the target group and goals of the project. To eliminate such a difficulty, a verification is necessary (during the project evaluation process), i.e. the description of a target group and its recruitment method, and within it – the recruitment criteria are so detailed that they allow to confirm the correctness of selecting the training course participants as required by the Detailed Description of the Priorities of OP HC and objective of the project. It should be also checked whether or not the documents according to which the entities participating in the project were qualified reflect the actual, and not only formal, association with the project's assumptions. The European Court of Auditors (ECA) indicated irregularities of such qualification in the project implemented in Sub-measure 8.1.1 (Supporting the professional qualifications development and consultancy for enterprises) of OP HC addressed to electronic enterprises. Item 3.2 of the application for the project subsidizing characterized the target groups as: “companies (mainly micro, small and medium) registered in a concrete region and functioning in electronic branch, i.e. dealing with the production, trade or services within this scope or for electronic branch (including sectors of information science and telecommunication).” A basis for qualification for the training was filling out an application form containing the quoted definition and additionally, at the recruitment stage, verified were the codes of the Polish Classification of Products by Activity (PCPA) shown on the list for Business Activity Register (BAR) or National Court Register (NCR) and basing on those it was confirmed whether or not a given entity conducts production, trade or services within or for electronic branch. Consequently, qualified for the projects were also the entities which have appropriate PCPA (in BAR or NCR), but do not actually conduct any activities in the areas connected with electronic branch or associated with the functioning of this branch, e.g. acting actually in gastronomy or building services and being sub-contractors or suppliers of components, products or services.

Another negligence discerned during OP HC audits, is overstating of human resources costs in the projects within remuneration of employees functioning as the project staff and simultaneously being the beneficiary's full-time employees. According to the ECA's auditors, remuneration for work in the project should not be higher than that obtained for a standard agreement concluded with the beneficiary. During the auditing process, referring to such employees, verified should also be the fact whether or not the work in the project and beyond it contains any analogous elements, whether or not the scope of duties and working time in the project overlap with the work carried out according to a standard agreement with the beneficiary or whether or not the reliable performance of duties within the project is feasible.

The cases audited by ECA confirmed also irregularities in public procurement, especially the use of the conditions excluding some contractors' participation in the procedure and unjustified use of the free hand terms in choosing the contractor for a cycle of training courses with the same programme. According to art. 66 (section 5), item 1 of the *Public Procurement Law*, some beneficiaries used the free hand procurement procedure for organizing a series of training courses (consisting of the same substantive modules) justifying this by the need to continue the provision of training courses with the contractor's own instruction programme. However, in the ECA's opinion the training programme consisting of the same modules should not be considered as the original programme and may be accomplished by another contractor who wants to organize training courses pursuant to the beneficiary's requirements. Remedial procedures in public procurement cases should include the following verifications: whether or not the description of the procurement object, conditions of participating in the procedure and criteria of bids selection contain any entries that would confine competitiveness and whether or not the use of the free hand procurement procedure has been justified correctly.

The results of ECA's audit related to the OP HC [Ministry of Regional Development, Department for European Social Fund Management, 2013] also paid attention to cash flow irregularities in the projects, through unjustified cash flows from the project account to the beneficiary's private account. To avoid such errors in the future, recommended are, during the cash flows audit within the measure, apart from the basic verification of incurring expenditures on implementation from the project separate account, parallel verifications of the legitimacy of payments from the project account for cash payments and covering them in payment receipts, as well as the legitimacy of transferring the financial means from the project account to other accounts.

Prevalent among the managers of the projects financed or co-financed from the EU funds is the use of a logical framework matrix, especially during preparation of applications for subsidies. The matrix has its methodological bases in information engineering theory and management by objectives where the objectives tree is built. The management by objectives is effective in establishing the objectives and their hierarchy in the organization. However, the use of such an instrument as the objectives tree is connected with certain requirements related to permanent involvement of the top management, clear formulation of objectives and the need to train project managers. Furthermore, developing a concrete, hierarchical structure of objectives is time-consuming and rather difficult. The management system proposed in the logical framework matrix may require many changes in the organization's structure and authority systems. If the project manager participates in the project only because he was ascribed to it, then he will not do everything with the highest commitment. We should also remember that the management by objectives may arouse conflicts and is doomed to failure without the highest-level management's support.

In many controlled projects conducted using the PCM a low experience was found in specification of objectively verifiable indices. Many indices were deter-

mined so that the project results are unverifiable. Unfortunately, in such cases the monitoring is not concentrated on relevant objectives. Monitoring and evaluation of the degree of project works advancement, in time-related and financial aspects, is not effective enough for IT project managers in public sector to correctly and efficiently conduct it without any professional IT support.

The financial support is designed for those projects the applicants of which exhibited their capability to formulate substantiation of the project,³ including the EU's horizontal policies. In turn, the description of the project should contain proposals of problems included in the substantiation, simultaneously pointing to the objectives and specifying the means for their accomplishment. An incorrectly formulated relationship between the description of the project and its substantiation is also a frequent cause of rejection of applications for subsidies. Other errors made while the European project's substantiation is created are [Weiss, 2003]:

- too generalized information confirming the need for the project implementation;
- lack of the description of barriers faced by the final recipients;
- lack of reference to national (or local) conditions, valid analyses, reports or surveys;
- lack of substantiation for specification of the planned activities.

IT projects in public sector

We now have in Poland several hundred IT projects implemented by public administration. Twenty nine IT projects are on the basic list and obtained, by the decision issued by the Ministry of Regional Development (MRD), as a managing institution, the financing within the 7th priority axis of OP IE 2007–2013. The Ministry of Administration and Digitization (MAD) has control competences to monitor these projects, because it is their mediating institution. Five of twenty nine projects are implemented by the Information Technology Projects Centre (ITPC) reporting to MAD. The other twenty four projects rest with 13 other ministries and offices.

Table 1 presents collective statistics of the projects funded from the 7th priority axis of OP IE 2007–2013.

A support of realization of the objectives of priority and coordination of implementing the projects of the 7th axis OP IE will be the *System Project for supporting the activities within the construction of IT projects of the European Projects Implementing Authority*. The amount of 60 million PLN constitutes the project's budget for the years 2007–2015. Up to this amount the assistance will be available for individual projects within consultancy, research, laws, training courses and promotion, aimed at the provision of cohesion between individual projects for implementation of *e-government* services.

³ Substantiation of the project is the specification of discerned problems.

Table 1

Selected collective statistics referring to the projects funded from the 7th priority axis of OP IE 2007–2013

PROJECTS WITHIN THE 7th PRIORITY AXIS	
SELECTED STATISTICS	Total number of projects
Projects which were not launched (before approval for implementation)	3
Completed projects	6
Projects implemented according to the tangible-financial schedule	6
Projects implemented according to the tangible-financial schedule which require optimization of functionality	1
Projects requiring amendments in project-related and organizational assumptions	13
Individual projects included in the reserve list of OP IE	13

Source: own preparation on the basis of: Ministry of Administration and Digitization, 2012.

The 8th priority axis OP IE stipulates funding of the projects the goals of which are within the measures presented in Table 2. All the four measures will be implemented during the years 2007–2015.

The projects within 8.1 measure refer to preparation and provision of e-services through Internet portals. Till the end of 2012 nine intakes of applications for funding were arranged. The initial stage of implementation resulted in a low level of contracting which has its source in substantially and economically poor preparation of applicants (entrepreneurs starting their business activity, functioning no longer than two years from the registration) to conduct their activities electronically. Other diagnosed problems were the difficulties with achievement and maintenance of the result indices during the project implementation and infringing the deadlines for submitting the applications for payments settling the obtained prepayment (Table 2).

Table 2

Measures distinguished within the 8th priority axis OP IE 2007–2013

No. of measure	Name of the measure	Amount of financial allocation for the measure
8.1	Supporting business activity within electronic economy	390 635 294 €
8.2	Supporting the implementation of electronic business type B2B	400 817 882 €
8.3	Counteracting the digital exclusion – e-Inclusion	304 411 765 €
8.4	“The last mile” (Providing access to the Internet at the stage of the “last mile” in the areas where such activity on market principles is financially unprofitable)	200 000 000 €
The total allocation for the 8th priority axis:		1 295 864 941 €

Source: own preparation on the basis of: Ministry of Administration and Digitization, 2012.

By the end of March 2013 it was possible to submit project applications, probably in the last competition announced for measure 8.3 OP IE. As many as 618 project applications were submitted. The record-breaking interest in this competition finds its explanation in proposing preferential financing principles of the projects the objectives of which became parts of measure 8.3, owing to which the territorial self-government entities will be exempted from the obligation to cover 15% of one's own share in the project, because it will be funded by the State budget and EU budget. Another argument which induced so many applicants to apply is the amount of 232.2 million PLN earmarked for co-financing of undertakings within this competition.

Before the change in the financing principles, there was a problem with the territorial self-government entities' (TSGEs) low interest in conducting the projects within this measure, due to their duty to provide financial maintenance, after the project's completion, both of the computer hardware and a few-years' access to the Internet (for no longer than three years) for the entities threatened with digital exclusions. On the one hand, the prospects for employing and training of the TSGE employees (and possibly the non-governmental organizations participating in the consortium with the TSGE) responsible for accomplishment of measure 8.3 increased the interest in it, on the other hand however – a change in earmarking of a part of the financial resources originally designed for the purchase of computers (with the software enabling an access to the Internet) directly for households made it impossible to achieve the planned indices.

Subsidies within measure 8.4 are obtained by those projects which refer to the construction of dedicated teleinformation infrastructure between the closest or the most effective Internet distribution point and the target group or groups (direct user or users). Projects of measure 8.4 are so complex and cost- and time-consuming, that the TSGEs have not so far implemented such big investment undertakings within the telecommunication area, which arouses some problems.

Within the last priority axis OP IE, MAD⁴ also launched the programme *Digital Poland of Equal Chances* [*Digital Poland of equal chances*, 2012] as a system project to support accomplishment of investments into broadband infrastructure in TSGEs. This programme is the Polish response to challenges indicated in the EU's official strategy – *European Digital Agenda* [The European Commission, 2010]. The support is to consist in coordination and expert-consultancy assistance for projects of the 8th axis.

In many IT projects there are some problems, such as delayed accomplishment of schedules, infringement of the *Public Procurement Law*, corruptive cases or objections to expenditure of the EU and budgetary financial means. MRD and MAD, aiming at regaining the resources coming from the EU funds and withdrawn from these IT projects in which irregularities were found, announced on 2 January 2012 an intake of additional projects on a reserve list. Consequently, eight new measures on e-government were added on the existing list of reserve

⁴ The programme is implemented in partnership with the "Towns in Internet" Association.

projects, of the total value of almost 0.5 billion PLN. The financial means released in result of confirmed irregularities may now be spent on contracting of the additional projects from the reserve list. The projects in which irregularities were identified may be continued, e.g. in view of their importance for the society, but the costs of their implementation will be covered from the State's budget.

Conclusions

Implementation of projects in public administration entities is largely determined by the PPL structure and PPO optimization. To increase the effectiveness of projects in the public sector, a complex analysis of the Polish system of public procurement is needed, including the best world solutions, and subsequently the entire reconstruction. A complex amendment of the PPL should enable a dynamic definition of the scope of works during implementation of the project.

In many IT projects only their implementation is financed from the EU funds. The maintenance and development of the results of these projects in the future will have to be covered exclusively from the State's budget means. Therefore, the applicants very often underestimate or do not mention the costs of maintenance exceeding the project implementation period. A consequence of such omissions are mostly the problems with obtaining a guarantee of further financing, with the end of the project.

The institutions using the subsidies know that the condition of settling the EU funds is the formal verification focused on the book-keeping correctness and not on the control of systems functionality and usefulness of project results. Therefore, many beneficiaries postpone the dates of giving back the implemented projects to the final dates, at the turn of 2014 and 2015. With the huge final accumulation of returned projects it is not possible to carry out a detailed substantial validation involving real benefits for e-services users.

The hitherto analysis of IT projects in public sector indicated that the approach to project management should be changed. In public administration entities there are many different processes. One of them is the informatization process implemented through IT project management. In a single IT project a number of project processes are singled out, such as: management of the scope, time, costs, but also the risk quality or changes. The owner of each process should be not a computer scientist but a substantially engaged official. After all, the owner knows best the course of the process, so he should participate in its informatization.

Not only the IT projects but all measures should be divided into stages the performing of which could be settled precisely. Meanwhile, in projects managed with the PCM methodology we can hardly assess with which time deviations the project is implemented and how far the project works are advanced. For in this methodology the emphasis is put on financial audits and not on the correct

operational monitoring, within time- and-cost-related deviations. The respective stages should enable assessment of concrete measurable tangible results and involve other aspects e.g. those connected with legislation as a legal basis for achievement of concrete results.

The most severe sin committed at IT projects implementation in public sector is the lack of coordination of implementing the inter-related projects. Considerable difficulties occur even in maintenance of single projects within the planned time and budget. If following the implementation of the project approach from the economy sector those managing the IT projects in public administration do not start using professional instruments of project management, the existing problems will continue to accumulate. Implementation of effective instruments supporting and coordinating the project implementation may eliminate duplication of projects and public networks, enable using the existing networks in constructing the national broadband structure for commercial users, and support the implemented projects.

The necessity to apply to the EC for decreasing the value of many indices, according to which a monitoring is conducted in the projects, shows beneficiaries' low experience in specifying them. Consequently this may lead to expenditures eligibility problems at the stage of settling the applications for payment. Considering the fact that some beneficiaries apply for several projects funding and this, as well as the fact that the beneficiaries implement the projects as consortia (which is included into the index as one unit), proposals of changes in the indices may also result from the project structure other than stipulated and from the willingness to reflect coordinative measures in the index structure (for example those preventing the digital exclusion in a given area) which do not increase the value of the index.

Poor preparation and planning of projects using the PCM methodology was diagnosed. Very often, at the stage of the project planning, while the LFA is being prepared, a mechanical filling in the fields for its completion is discerned. This leads to a poorly prepared project with unclear objectives and lack of a sense of the project results ownership among the participants. The indicated anomalies have their source in a poor analysis of the initial situation, with low orientation of planning of the objective, in insufficient care about beneficiaries' involvement in the planning process from the project's early stage, inadequate risk management, ignoring the factors affecting the project benefits durability and a failure to use the experience of the already accomplished projects.

The main instrument of the PCM methodology is the *Logical Framework Approach* (LFA). It is also an instrument of the highest importance during implementation and evaluation, providing a basis for preparing the plan of activities, construction of the system of monitoring and drawing conclusions from completed projects. Yet, the importance of LFA is underestimated because it does not have to be attached to documentation by those submitting applications for project subsidizing. Consequently, there were cases of incomplete preparation or even complete failure to prepare the logical framework matrix in those projects which obtained the funds.

The public administration entities lack the common knowledge of the best practices within the project management, and consequently – effective project management. There are also many problems with re-use of the knowledge about conducting of the projects, because no register of experiences from accomplished undertakings was constructed as yet, to which the concerned offices would have a common access.

The funds from the EU should not be wasted; they should be earmarked if only for IT solutions having the same functionality as that of the systems operating in other government departments or launching of IT projects unfeasible in current conditions. Such external funding should be primarily aimed at an increase in coordination of the projects the implementation of which was unfeasible at the planned time in the *Plan of the State's Informatization for the years 2007–2010* [Decree of the Ministry Cabinet about the State's Informatization Plan for the years 2007–2010], so that the systems they were implementing meet the requirements of communication and cooperation.

It is expected [The Standish Group, 2013] that the increasing communication capabilities supported by the latest ICT will cause an increased importance of virtual project teams. On the other hand the cooperation within such teams should contribute to saving of the costs of the projects, their faster implementation and easier access to international network of experts. The results of the *CHAOS* report confirm also that the prevalence of the project management in public administration will require a simplification of its instruments, because the use of certain methods, techniques, and tools demands too much time and too high costs. In cases of a high changeability and unpredictability of the project environment it is advisable to confine too detailed planning in project management and using the operational instruments characteristic of deft methods of project management.

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