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TARGETED GRANTS ALLOCATED FROM THE STATE BUDGET AS A SOURCE OF FINANCING LOCAL GOVERNMENT INVESTMENTS

DOTACJE Z BUDŻETU PAŃSTWA JAKO ŹRÓDŁO FINANSOWANIA INWESTYCJI SAMORZĄDOWYCH

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Summary: Financing investments is one the most important issues in the policy of local governments. One of the ways of supporting local governments are targeted grants for investments from the state budget. Recent years have been characterized by a change in the policy of financing local governments in this area, which was mainly related to the change of priorities from investment to social policy support. The aim of the article is to present the legal possibilities and actual use of available sources of financing local and regional development by local governments units coming from targeted grants from the state budget of an investment character in the period of 2014-2018.

Keywords: self-government investments, targeted subsidies for investments, state policy.

Streszczenie: Finansowanie inwestycji jest jednym z najważniejszych zagadnień w polityce samorządów. Sposobem wsparcia dla samorządów są dotacje celowe z budżetu państwa, mające charakter inwestycyjny. Ostatnie lata charakteryzuje zmiana polityki finansowania samorządów w tym obszarze, co związane było głównie ze zmianą priorytetów z inwestycyjnych na wsparcie polityki socjalnej. Celem artykułu jest przedstawienie prawnych możliwości oraz faktycznego wykorzystania w okresie 2014-2018 dostępnych źródeł finansowania rozwoju lokalnego i regionalnego przez jednostki samorządu terytorialnego, pochodzących z dotacji z budżetu państwa, mających charakter inwestycyjny.

Słowa kluczowe: inwestycje samorządowe, dotacje celowe, polityka państwa.

1. Introduction

Each local government unit (LGU) has its own development policy which can be implemented by securing appropriate financial resources. Within the framework of local or regional development, one of the major challenges is building the grounds for the efficient execution of investment projects, which are considered the strategic element of local government functioning.

The major sources of investment financing include LGU revenue, returnable funds, funds allocated by the private sector or those contributed by the EU (see [Poniatowicz 2014; Gorzałczyńska-Koczkodaj, Szaja, 2013; Szołno-Koguc, Twarowska 2013; Zioło 2012]). Targeted grants allocated from the state budget are another important source of investment financing. The structure of the above-mentioned sources of financing, as well as the on-going changes within the environment, exert a variety of impact on the situation of the local government, hence also affecting the opportunities for financing the development.

The aim of the article is to present the legal possibilities and actual use of available sources of financing local and regional development by local governments units coming from targeted grants from the state budget of an investment character.

The employed research method entailed a critical analysis of the literature and a scrutiny of normative acts from the area of public finance sector. In the work, use was made of a group of methods which are typical for social sciences, i.e. empirical cognition, in particular observation, comparison and measurement. Those applied to the 2014-2018 timeframe for all LGUs and their particular groups, i.e. communes (‘gmina’), towns with ‘powiat’(county) rights (TWPR), and self-governing voivodeships, and focused in particular on targeted grants allocated from the state budget.

The underpinning theorem of this paper consists in the statement that the surveyed groups of local government made negligible use of financing local development via targeted grants. That situation was mainly attributable to the changes in local government financing policy over the 2016-2017 timeframe and its current priorities. Consequently, the increase in funds allocated to targeted investment grants was not proportionate to the growth in investment dynamics.

2. Targeted grants in the literature

Targeted grants stand for the resources allocated from the state budget and LGUs budgets, subject to special settlement rules, designated for the financing and part-financing of public projects, which constitute an important element of state redistribution and intervention policy.

The issue of grants allocated from the state budget to LGUs, or from LGU budgets plays a crucial role in state and local government budgetary policy. Due to the scope of this paper, the considered aspects will focus primarily on the transfer of targeted grants to the local government. Nevertheless, some important issues connected with this topic should be raised.

Firstly, the very volume of funds transferred to LGUs speaks for itself. In Poland over 50% of LGU revenue is made up of targeted grants and subsidies (see Table 1 and point 5 below). Secondly, the character of targeted grants, the way of their allocation and the method of settlement, etc., make them an element of more extensive considerations, e.g. decentralization, LGU expenditure self-sufficiency, LGU revenue self-sufficiency, or generally speaking, LGU financial self-sufficiency. Furthermore, they entail the adequacy of allocated funds to the magnitude of projects as well as the ease or independence in spending them or the efficiency of allocation.

In Polish literature that issue was raised by L. Patrzałek [2017] who pointed to the fact that fiscal decisions of government and local government bodies may be made responsibly along conditions which are unambiguous, transparent and respect the subsidiary division of public tasks. Hence it is a prerequisite – according to the author – to set out such legal and formal framework and mechanisms of co-operation and joint work amongst various levels of public authorities that they facilitate independent decisions on granting subsidies, deciding about their volume and making decisions on their purpose [Patrzałek 2017, p. 294).

The above relates to the issues of the degree of decentralization or independence of LGUs. Similar issues were raised by T. Lubińska [2017], A. Borodo [2013], M. Ofiarska [Ofiarski, Ofiarska 2014; Ofiarska, Ofiarski 2013], H. Izdebski and J. Hausner [2013], and M. Kulesza [2009].

Another important area related to the subsidies is the adequacy of granted funds to the scope of tasks. In Poland these issues are regulated by the stipulations of the Constitution [Konstytucja RP z dnia 2 kwietnia 1997 r. …] or the Act on Public Finance (APF) [Ustawa z dnia 27 sierpnia 2009 r. …]. Article 128 of APF sets the limit for the state targeted grants to finance LGUs own current and investment tasks (80%). That limit raises serious doubts in view of the fact that the subsidized LGU's own task might by obligatory as a common or nation-wide task.

This is because an LGU's own obligatory or common task used to be financed by a subsidy allocated from the state budget, and no alternative source of financing was introduced to make up for the depleted subsidy. In view of this, the interpretation of Article 128 of APF assumed by the subsidizing bodies may be considered controversial, as it requires the LGU to make a 20% contribution to the subsidized task (see [Ostrowska 2014]). Other writers to raise the adequacy of means and the scope of the tasks were K. Wójtowicz [2015], B.Z. Filipiak [2014] or Kornberger--Sokołowska [2013; 2001].

Since targeted grants as LGU revenue are closely related to the implementation of a specific objective in the form of financing tasks commissioned from the scope of the state administration, or part-financing of LGU own tasks, they are considered to be the strongest form of influence exerted by the state on the directions and areas of activities undertaken by the local government. For this reason, it is generally accepted in the doctrine that the stronger share of targeted grants in total LGU revenue, the smaller degree of their financial independence/autonomy.

However, the more the amount of targeted grants received by LGU is reduced without at the same time providing them with financing for the depleted part of a subsidy, the more the inadequacy of financial resources of LGU to the costs of performed tasks increased and consequently, the more the financial independence of LGU is reduced.

The issue of transfers from the state budget has been raised by international literature. P.B. Spahn expressed the general view on subsidies allocated from the state budget and supporting local government units, irrespective of the structure of LGU support. He considered that local needs always exceed the available local resources, which necessitates budgetary transfers [Spahn 1999]. Nonetheless, to his view, the structure of subsidies is crucial, and the international fiscal relations should be based on stable, transparent, universal and non-negotiable rules. In his opinion, the great diversity of conditions in which LGU have to operate, the diverse financial policies they apply, and the financial transfers they are allocated, should result in an analysis that would substantiate a diverse approach to individual units as well as the assessment of how the increased revenue potential should decrease the right to subsidies, and whether this should be done automatically [Spahn 1999, p. 14]. More information on transfers and decentralization can be found in P. Smoke [2019; 2015], A. Ladner et al. [2016], C. Farvacque-Vitkovic and M. Kopanyi [Farvacque-Vitkovic, Kopanyi (eds.) 2014)] J. Poirier [2010], A. Benz [2007], R. Agranoff [2004] as well as numerous World Bank publications, mainly focusing on decentralization processes.

3. Targeted grants as a source of financing LGU investment – the analysis of legislation

Pursuant to article 8.1 of the Act of 13 November 2003 on the revenue of local government units [Ustawa z dnia 13 listopada 2003 r. …], LGUs may derive their revenue from targeted grants allocated from the state budget. The character of targeted grants may be consistent with various tasks implemented by the local government, and the funds may be designated to:

1) implement the tasks entrusted by the state administration as well as other tasks stipulated by the acts;

2) implement the tasks realized by the local government entities by power of the agreements stipulated by the organs of the state administration;

3) remove direct threats to safety and public order, the effects of floods and landslides, and the effects of other natural disasters;

4) finance or part-finance local government own tasks;

5) implement tasks stipulated by the international agreements.

The kinds of targeted grants allocated to LGUs and the principles of allocation have been stipulated by the successive articles 45-51.

Important provisions on targeted grants, the principles of accounting for them and the volume of funds allocated to tasks have been stipulated by the Public Finance Act of 27 August 2009 (PFA) [Ustawa z dnia 27 sierpnia 2009 r. …]. By the stipulation of Article 126 of PFA, targeted grants are funds allocated from the state budget, from the local government budget or state earmarked funds, liable to special accounting regulations and designated by power of the above quoted act, separate acts or international agreements for financing or part-financing of the implementation of public projects. Further in Article 127, the Act exemplifies targeted grants specifying their designation. The provision that merits special attention is the one on the financing or part-financing of investment project implementation [Ustawa z dnia 27 sierpnia 2009 r. …, item 1f), and the provision of item 2 specifying the implementation of tasks and projects with EU funds.

From the perspective of the allocation of grants targeted to LGUs, the provisions of article 128, section 1 of PFA are important, as they refer to separate acts. In turn, the provisions of Section 2 stipulate that the volume of subsidy for the implementation of the unit's own current or investment tasks may not exceed 80% of the implementation cost, unless separate acts stipulate otherwise.

Article 129 of PFA refers to the designation of the volume of targeted grants allocated to the implementation of the state administration projects and to other tasks assigned to LGUs as stipulated by the separate acts. In line with the provisions, the volumes are set by the trustees of the parts of the budget according to the stipulations of the state budget pertaining to similar expenditures, unless separate regulations provide otherwise.

Article 132 of PFA remains the key provision of the author's considerations. It refers to the regulations on financing investment projects from the state budget, in particular Section 2, item 6 of that Article. In line with the stipulations of the Article, targeted grants may be allocated from the state budget to finance or part-finance the investment projects implemented by LGUs as their own projects or state administration projects.

LGUs are also concerned about the provisions of Article 132, Section 3 which stipulate that targeted grants allocated from the state budget to finance or part-finance the investment projects implemented within the framework of public-private partnerships must comply with the regulations of public-private partnerships law.

Regarding the principles of accounting for the subsidies, the legislator put an important provision in Article 133a which stipulates that the investment projects, financed or part-financed from the state budget up to the minimum 50% of the bill of quantities, excluding the investment projects part-financed from the funds listed in Article 5 as *the notion of public funds and public revenues*, Section 3 item 1, are liable to an annual review of the extent of implementation of the envisaged targets, within the framework of the supervisory audit of public sector units.

The above provision supplements Article 134 of PFA that obliges the Council of Ministers to pass a regulation defining the detailed method and procedure for financing investment projects from the state budget, including determining the volume of subsidies in the successive years of the investment project implementation, and in particular, describing the conditions for financing the investment project from the state budget and assessing its efficiency, the ways of allocating state budget funds earmarked for financing the project and the methods for accounting for projects financed from the state budget [Rozporządzenie Rady Ministrów z dnia 2 grudnia 2010 roku …].

4. Financing LGUs investment projects with targeted grants from the state budget; the timeframe 2014-2018

Table 1 presents the breakdown of the main sources of revenue of LGUs in the period 2014-2018. The figures confirm that the structure of the main sources of revenue for all LGUs did not change significantly in the period under review. Over the years, one can observe a tendency to maintain this at the level of approximately 50% out of the total income of LGUs own incomes, however, with the small decreasing trend (a decrease in 2018 by around 2% compared to 2015 – the best year in the period under review).

The other 50% consists of targeted grants and general subsidies, 24.60% and 25.16% respectively. A negligible rise of targeted grants over the researched period to 28.30% in the structure of revenue for 2018 is attributable to a drop in the general subsidies.

That structure proves the relatively heavy dependence of LGUs on the state subsidies policy. In light of the doctrine, such a situation is not conducive to the financial independence of LGUs.

Table 1. The structure of total revenue of LGUs over 2014-2018 in % and its dynamics in %

Type of revenue	2014	2015	2016	2017	2018	Dynamics in %			
						2015/2014	2016/2015	2017/2016	2018/2017
Own revenues	50.70	52.00	49.90	49.30	49.30	102.56	95.96	98.80	100.00
Targeted grants	22.90	22.20	25.30	27.10	28.30	96.94	113.96	107.11	104.43
General subsidies	26.40	25.80	24.80	23.60	22.40	97.73	96.12	95.16	94.92

Source: author's own elaboration on the basis of Regional Accounting Chamber reports on LGUs budgets for 2014-2018.

The breakdown of targeted grants into the current tasks and investment tasks is presented in Table 2 and 3. The tables show that owing to the government project 500+,[1] over the examined period the investment targeted grants were converted into

[1] Program 500+, launched in 2015, provided families with children with benefits of 500 PLN paid initially per the second child, then each child. The program, which was meant to alleviate poverty and support families, reached 1.78% of GDP in 2015, and already 3.11% of GDP in 2017.

the targeted grants for current tasks. That was particularly apparent in 2016 and 2017. In 2016, the dynamics of targeted grants for current tasks amounted to 169.50%, and in the following year increased by another 15%. Overall, the volume of funds allocated to current tasks rose by 90% between 2014 and 2018 (denoted in billion PLN). Over the same period, a dramatic drop in the dynamics of targeted grants for investment for LGUs was noted, where the index for 2016 and 2017 dropped by almost 50%. For all LGUs, the dynamics of targeted grants for investment reached merely 48.21% in 2016, which translated into a real drop of 8.96 billion PLN in comparison to 2015.

In the successive year of 2017, the targeted grants for investment for LGUs remained mostly at the same level.

The tables show also the breakdown of targeted grants for current tasks and investment tasks and their dynamics for LGU categories, i.e. communes (‘gmina’), towns with ‘powiat’ (county) rights (TWPR), counties and self-governing voivodeships. The greatest dynamics for currents tasks was attributed to communes and towns with county rights. The same groups recorded the lowest investment funds (the lowest dynamics of targeted grants for investments within the studied period). Voivodeships also noted low dynamics of allocated funds (see Tables 2 and 3).

Table 4 which presents the targeted grants allocated to investment tasks within 2014-2018 as a percentage of total targeted grants and its dynamics in %, confirms the shift from investment to current expenditure. The lowest contribution of targeted investment grants in the total amount of targeted grants can be observed for the above-mentioned communes and towns with county rights in all the examined period. A huge drop can be seen specially in 2016 and 2017 (see Table 4).

Table 2. Targeted grants allocated to current tasks − in billion PLN within 2014-2018. After indexation, 2014 = 100 and their dynamics in %

Type of unit	2014	2015	2016	2017	2018	Dynamics in %			
						2015/2014	2016/2015	2017/2016	2018/2017
Overall LGUs, where :	28.16	27.10	45.94	52.85	53.26	96.25	169.50	115.04	100.78
Programme 500+	–	–	17.72	23.45	22.10			132.33	94.24
Communes, where :	14.02	13.82	28.20	32.73	32.68	98.58	204.05	116.05	99.85
Programme 500+	–	–	13.11	17.25	16.21			131.59	93.98
TWPR, where:	5.81	5.73	10.07	11.61	11.83	98.63	175.75	115.27	101.94
Program 500+	–	–	3.86	5.19	4.93			134.29	95.06
Counties where:	4.54	3.95	4.03	4.36	4.54	87.01	102.13	108.06	104.22
Program 500+	–	–	0.98	0.19	0.18			19.20	98.43
Voivodeships, where:	2.99	2.67	2.28	2.60	2.65	89.31	85.53	114.02	101.78
Program 500+	–	–	0.06	0.01	0.00			16.34	49.21

Source: author’s own elaboration on the basis of Regional Accounting Chamber reports on LGU budgets in 2014-2018.

Table 3. Targeted grants allocated to investment tasks within 2014-2018 in billion PLN. After indexation 2014 = 100 and their dynamics in %

Type of unit	2014	2015	2016	2017	2018	Dynamics in %			
						2015/2014	2016/2015	2017/2016	2018/2017
Overall LGUs:	16.38	17.30	8.34	8.65	16.04	105.63	48.21	103.71	185.41
Overall communes	4.22	4.86	2.27	2.82	6.68	115.18	46.78	124.06	236.78
including their own tasks	3.61	4.22	1.70	2.13	5.87	116.91	40.29	125.30	275.69
Overall TWPR,	4.03	4.50	2.11	1.60	3.25	111.67	46.95	75.63	203.54
including their own tasks	3.86	4.29	1.88	1.45	3.02	111.15	43.85	77.07	208.24
Overall counties	1.62	1.74	1.24	1.60	2.61	107.42	71.12	129.12	163.44
including their own tasks	0.99	1.05	0.62	0.85	1.71	106.07	59.40	135.99	201.43
Overall voivodeships	5.34	5.29	2.08	2.21	2.92	99.07	39.37	106.09	132.26
including their own tasks	4.08	4.28	1.74	1.88	2.82	104.91	40.66	108.24	149.44

Source: author's own elaboration on the basis of Regional Accounting Chamber reports on LGU budgets in 2014-2018.

Table 4. Targeted grants allocated to investment tasks within 2014-2018 as a percentage of total targeted grants and its dynamics in %

Type of unit	2014	2015	2016	2017	2018	Dynamics in %			
						2015/2014	2016/2015	2017/2016	2018/2017
Overall LGUs	36.78	38.96	15.37	14.07	23.14	105.95	39.44	91.54	164.54
Communes	23.14	26.02	7.46	7.94	16.97	112.45	28.68	106.36	213.86
TWPR	40.96	43.99	17.34	12.10	21.56	107.41	39.42	69.77	178.18
Counties	26.30	30.58	23.47	26.82	36.50	116.28	76.76	114.26	136.08
Voivodeships	64.11	66.46	47.70	45.90	52.44	103.67	71.77	96.24	114.24

Source: author's own elaboration on the basis of Regional Accounting Chamber reports on LGU budgets in 2014-2018.

It is interesting to note the analyzed figures listed in Tables 5 and 6. Table 5 provides overall LGU investment funds in billion PLN, further broken down into various local government categories within 2014-2018, and their dynamics. Table 6 shows overall percentage share of investments expenditures in total expenditures of LGUs over the analyzed period, and its dynamics. It can be noted that following 2014, LGU expenditures that reached 20% of total budgetary expenditures dropped to 11% of 2016. Nonetheless, in 2017 that figure rose for all LGUs and amounted to the average of 14.5% of total budgetary expenditures (see Table 6 below). That translates into the growth of dynamics of that category of expenditure reaching 122.88% for all LGUs, 132.41% for communes and 108% for TWPR respectively.

When presented in monetary and not structural terms, that dynamics is even more impressive since communes reached dynamics of 147.84% year after year, in 2016--2017, and TWPR showed 114.68%. It would seem logical, therefore, that such an increase in investment dynamics should be matched, if not being the same, by a similar increase in dynamics of targeted grants for investment tasks, if one were guided by the principle or thesis of maintaining at least at the level similar to the previous years the support for LGUs in the form of targeted grants for investment tasks. Meanwhile, as the figures show, the situation is completely opposite.

Firstly, the volume of allocated targeted grants for investments shrank from approximately 17 billion PLN in 2015 to 8.30 billion PLN in 2016, and reached 8.77 billion PLN in 2017. In terms of growth dynamics, this translates into a decline to 48% of the level recorded in 2015, both for communes as well as counties. Over the same timeframe, a growth in the allocation of targeted grants to current tasks was observed, especially within 500+ group expenditures. In 2016, 17.72 billion PLN were allocated to the latter group, and that volume grew to 23.45 billion PLN in the following year. This means a growth in dynamics of that category in excess of 132%. The analysis of the available data shows shifting public funds from investment to current tasks. At the same time, the government changed the priorities from investment to current consumption policy.

Table 5. Investment expenditures within 2014-2018 − in billion PLN – after indexation 2014 = 100 and its dynamics in %

Type of unit	2014	2015	2016	2017	2018	Dynamics in %			
						2015/2014	2016/2015	2017/2016	2018/2017
Overall LGUs	39.92	37.22	24.56	33.02	49.58	93.25	65.98	134.46	150.14
Communes	15.14	14.21	10.72	15.84	25.07	93.87	75.40	147.84	158.24
TWPR	11.27	10.89	6.52	7.48	12.15	96.64	59.86	114.68	162.44
Counties	3.44	3.38	2.98	3.97	5.76	98.27	88.10	133.14	145.19
Voivodeships	7.71	7.42	3.10	3.93	5.50	96.25	41.76	126.68	139.97

Source: author's own elaboration on the basis of Regional Accounting Chamber reports on LGU budgets in 2014-2018.

Table 6. Investment expenditures as percentage of total expenditure and its dynamics in %

Type of unit	2014	2015	2016	2017	2018	Dynamics in %			
						2015/2014	2016/2015	2017/2016	2018/2017
Overal LGUs:	20.30	18.90	11.80	14.50	19.70	93.10	62.43	122.88	135.86
Communes	17.80	16.50	10.80	14.30	20.30	92.70	65.45	132.41	141.96
TWPR	20.10	19.10	11.10	12.00	16.40	95.02	58.12	108.11	136.67
Counties	14.50	14.40	12.70	15.90	20.70	99.31	88.19	125.20	130.19
Voivodeships	42.30	43.10	24.40	27.80	34.10	101.89	56.61	113.93	122.66

Source: author's own elaboration on the basis of Regional Accounting Chamber reports on LGU budgets in 2014-2018.

Putting aside the argument about the distribution of priorities, it is worth mentioning that such an operation need not have been enforced at the expense of shrinking targeted grants for investment. It is beyond any doubt that targeted grants allocated to current tasks rose by more than 30 billion PLN. Hence the staggering leap in dynamics to more than 200% in the first year of 500+ implementation for communes, and 175% for TWPR.

The situation looked even better for 2018, where the growth dynamics of LGUs investment outlays rose from 134.46% in 2017 to 150.14% in 2018. In monetary terms, that translated into growth from 33.0 billion PLN to 49.6 billion PLN. In line with that growth, targeted grants improved substantially from 8.65 billion PLN in 2017 to 16.04 billion PLN in 2018, which means growth dynamics of 185.41% (see figures in Tables 5 and 6).

In fact, such growth brought the investment fund expenditure to the level recorded at the beginning of the analyzed period, despite the fact that in 2014 investment funds of 39.9 billion PLN were accompanied by transfers from the state budget of 16.4 billion PLN, which in turn translated into 41% of the total of investment outlays. In 2015, investment outlays of 37.2 billion PLN were accompanied by targeted grants transfers of 17.3 billion PLN, which places them at 46% of total investment outlays. In 2018, total LGUs investment outlays reached almost 50 billion PLN (49.6 billion PLN); whilst targeted grants rose to 16.4 billion, the percentage share in total investment expenditure dropped to 32%. This proves the statement about lower engagement of the funds allocated from the state budget as targeted grants in the LGUs investment projects.

5. Conclusions

The analysis of local government revenue demonstrates a strong dependence of LGU budgets on targeted grants and subsidies allocated from the state budget. Such a situation directly alleviates the position of local government in terms of their financial self-sufficiency. In Poland, the 50/50 structure that was in use still persists. This means that the structure of revenue for all LGUs is split into 50% of LGUs own revenue and the other 50% from targeted grants and general subsidies. In turn, targeted grants and general subsidies contribute to LGUs budgets at 50% each. In the last audited year of 2018, the share of targeted grants rose to 28.3%, while the share of general subsidies in overall LGUs budgets dropped.

Targeted grants from the state budget constitute an attractive source of financing LGUs investment projects. Despite increasing restrictions in the regulations on allocating and accounting for the funds, LGUs are still eager to make use of them.

State subsidy policy plays an important role in shaping the local government investment policy. In 2018 alone, total support given to local government in this respect reached 16.04 billion PLN, which represents approximately 32% of expenditure incurred by the local government on investment. Beyond any doubt, the share of subsidies allocated from the state budget on investment increased, yet their share in overall LGU investment financing never returned to the level recorded at the beginning of the analyzed period.

Despite the change in priorities of state policy, shifting from investment to consumption in 2016 and 2017 (which became apparent by the low dynamics of targeted grants from the state budget for LGUs), LGUs pursued their development policy. This was confirmed by the dynamics of LGU investment which was around a dozen percentage points higher than the dynamics of allocated targeted grants within that timeframe.

In the financial doctrine, efficient and effective use of public funds calls for such relationships between the state and the local government in granting subsidies that would give greater freedom and flexibility to the local government. This is particularly important in defining the volume of the allocated subsidy and taking decisions on its use, based on stable, transparent and universal principles.

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