

LOCAL GOVERNMENT EXPERIENCE WITH FINANCING ENVIRONMENT

**“BILLIONS FOR SUSTAINABILITY?
HOW CAN WE DO IT BETTER
CONFERENCE
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*Piotr Budziak
Municipality of Zabierzow, Poland
Treasurer/Finance Director
budziakp@poczta.onet.pl*

Gmina Zabierzow (Municipality of Zabierzow)

Basic data:

- number of residents : 21.000
- number of villages : 23
- bordering Cracow City
- bordering Jurajski National Park
- international airport on it's territory
- relatively rich (revenues – 123% of average gmina in Poland)
- very rapid economic development

OBSTACLES OF DEVELOPMENT/ MAIN PROBLEMS

I. Main problems:

- lack of proper infrastructure
- insufficient external financing
- Gmina Zabierzow – lack of proper sewage system

II. Importance of sewage system for Gmina Zabierzow :

- comfort for residents and businesses
- lower cost of disposing sewage
- protection of environment (Rudawa River)

DEVELOPMENT OF INFRASTRUCTURE IN ZABIERZOW

- investments in sewage system – top priority
 - 19 mln. PLN invested in 1998-2002
- various sources of financing
- long-term investment plan for 2002-2006 including:
 - * technical implementation
 - * sources of financing
 - * timing
- projected results of the investment plan:
 - * pipelines to all residents and business area
 - * 2200 households and businesses connected
 - * two sewage treatment plants to be constructed

FINANCING OF INFRASTRUCTURAL INVESTMENTS

Sources of financing (long-term investment plan):

TOTAL - 36,6 mln. PLN

- Gmina's own revenues - 14 mln.PLN (38%)
- loans and bank credits - 16 mln.PLN (44%)
- residents' participation - 6,6 mln.PLN(18%)
- grants - ?

GMINA'S EXPERIENCE WITH PRE-ACCESSION FUNDS

- 1998 project – source of financing – Phare-Inred
- 2000 project – source of financing - ISPA
- 2002-2003 project – source of financing - SAPARD

„PHARE – INRED PROJECT” 1998-1999

Projected results:

- main pipelines for Zabierzow village area
- connection to the sewage system:
 - 199 households
 - 30 businesses
- total cost of the project – 410.000 EURO
- sources of financing:
 - Gmina's own revenues – 71.000 EURO (17%)
 - preferred loan - 257.000 EURO (63%)
 - Phare-Inred funds - 82.000 EURO (20%)

THE PROJECT HAS BEEN SUCCESSFULLY IMPLEMENTED

„ISPA PROJECT” 2000

- UNION OF MUNICIPALITIES has been established to implement the project (six municipalities with 101.000 residents)
- projected results:
 - 19.300 households connected to the sewage system
 - protection of water for Cracow City (Rudawa River covers 30% of Cracow demand for water)
- projected new Corporation for water-sewage supply for the whole area of The Union

„ISPA PROJECT” 2000 – FINANCING

Projected financing of the project:

Total cost – 92,6 mln. EURO

- ISPA funds - 69,2 mln. EURO (75%)
- Union’s funds - 23,4 mln. EURO (25%):
 - preferred loans would cover almost 100% of the Union’s participation in the project

**PROJECT HAS NOT BEEN SUCCESSFULLY
IMPLEMENTED DUE TO IT’S „SMALL”
SCALE**

„SAPARD” PROJECT 2002-2003

- project to be financed – a part of long-term investment plan
- total cost – 1,4 mln. PLN
- SAPARD financing – 675.000 PLN (48%)

Gmina’s application has been accepted

CONCLUSIONS BASED ON GMINA'S EXPERIENCE

- Funds should be transferred through two channels with different requirements:
- for small projects
- for big projects
- Encouraging to use „economy of scale” (example – Union of Municipalities)
- Preferring „complete” projects including implementation and operation
- Improving remittance of funds
- Smaller grants for more beneficiaries