

**PILOT LOCAL
GOVERNMENT
PARTNERSHIP PROGRAM
SUMMARY CONFERENCE
MANUAL**

Prepared for



East European Regional Housing Sector Assistance Project
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Prepared by

Pilot LGPP Management Team
and Consultants

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The Urban Institute



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**PILOT LOCAL GOVERNMENT
PARTNERSHIP PROGRAM
SUMMARY CONFERENCE**

**WARSAW, POLAND
OCTOBER 20, 1997**

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM
SUMMARY CONFERENCE**

OCTOBER 20, 1997

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**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM
SUMMARY CONFERENCE**

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AGENDA

0930-0940	Welcome	Bill Frej USAID
0940-0950	Review of Agenda and Objectives of the Conference	Bruce Purdy The Urban Institute
0950-1000	Review of Goals and Objectives of the Pilot LGPP and Linkage to USAID Strategic Objectives	Rebecca Black USAID
1000-1045	Panel Discussion Results of Technical Assistance in Infrastructure, Finance and Development	Chris Kaczmarek Panel Leader
1045-1100	Break	
1100-1145	Panel Discussion Results of Technical Assistance on Strengthening Municipal Services and Enterprises	Cathy Revels Panel Leader
1145-1230	Panel Discussion Results of Technical Assistance in Housing Management and Development	Maris Mikelsons Panel Leader
1230-1330	Lunch	
1330-1415	Panel Discussion Results of Technical assistance in Land Management and Development	Jan Brzeski Panel Leader
1415-1500	Panel Discussion Results of Technical Assistance in Communication and Public Participation	Becky Gadell Panel Leader
1500-1545	Panel Discussion Results of Technical Assistance in Economic Development	Krzystof Chmura Panel Leader
1545-1600	Break	
1600-1715	Facilitated Full Group Session on Program Implementation Results and Achievements	Bruce Purdy The Urban Institute
1715-1730	Concluding Remarks and Adjournment	Rebecca Black USAID Tom Kingsley The Urban Institute

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THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

SUMMARY CONFERENCE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM

20 OCTOBER 1997
WARSAW

LIST OF PARTICIPANTS

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NAME	CITY/ORGANIZATION	TITLE	TEL	FAX
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Wysocki Sławomir	Foundation for Social And Economic Initiatives	Project Director Consultant	661 87 76	786 23 52
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Zieliński Grzegorz	City of Sandomierz	City Council Member	0 15 832 22 28	0 15 832 22 36
Zygmunt Józef	Nowy Sącz Public Service City Zone	Deputy Director of the Assembly	0 18 43 66 92	0 18 43 66 92

GENERAL

BIELSKO BIAŁA

**SUMMARY OF ACTIVITIES CONDUCTED IN
BIELSKO BIAŁA, POLAND UNDER THE PILOT
LGPP**

PREPARED BY
JAN SZCZUCKI, POLICY AND ACTION GROUP

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**SUMMARY OF ACTIVITIES CONDUCTED IN
BIELSKO-BIAŁA, POLAND
UNDER THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

I NAME OF THE PARTNER GMINA

The Municipality of the City of Bielsko-Biała

Urząd Miasta, Plac Ratuszowy 1 43-300 Bielsko-Biała, tel (033) 123 396 fax (033) 215 09

II TYPE OF ASSISTANCE PROVIDED

Bielsko-Biała is a city that received comprehensive consulting assistance under the Program in several interrelated areas. Some activities financed by USAID started even before the actual beginning of the Pilot Program. The activities that took place, or were completed during the Program included

- Comprehensive set of activities related to housing, covering the establishment of the Agency for Support of Housing Initiatives (AWIM), development of a housing policy for the city of Bielsko-Biała, preparation of the Zakład Gospodarki Mieszkaniowej (Housing Management Enterprise) for privatization, assistance in the establishment and operation of the Social Housing Association (TBS), the development of the strategy and initiation of the process of revitalization of the Bielsko-Biała Old Town. The activities related to housing were supported mainly by PADCO and CHF (*Cooperative Housing Foundation*) consultants.
- Preparation of restructuring of two municipal enterprises, i.e. Zakład Oczyszczania Miasta (ZOM - City Cleaning Enterprise) and Miejskie Zakłady Komunikacyjne (MZK - City Transportation Enterprise) with the target of enhancing the delivery of services provided by the enterprises to their citizens. The key role was played by RTI (*Research Triangle Institute*) and ABT consultants, and in particular Cathy Revels and Alan Edmond. The analysis covered a detailed examination of the standing of both companies as budgetary units, the market served by them, and various options for their restructuring.
- Preparation for financing the housing program through external funding. Initially the attention was focused on the possibility for issuing municipal bonds. Later however the issue of bonds combined with borrowing and finally during the Program a commercial bank credit was obtained. The consulting assistance included the analysis of the city budget with the use of a Gmina Financial Analysis Model (GFAM) and training the City

Office employees how to use it analyze profitability of various options for obtaining outside financing, preparation of documentation necessary to receive offers from banks interested in providing credit, training interested banks participation in the process of selection of the most favorable offer and finally consulting in negotiating ultimate credit terms Consulting was provided by RTI consultants under the leadership of Chris Kaczmarek At the same time, a housing program including tasks to be financed with the obtained credit covering 12 specific projects was developed The program was prepared predominantly by PADCO consultants Jan Czarniecki, Marek Majchrzak and Krzysztof Skalski in cooperation with RTI

III METHODS APPLIED

The methods applied in the provision of consulting assistance to Bielsko-Biala were quite diversified and included

- Polish and American consultants working both individually, and in mixed teams In Bielsko-Biala The most active were the consultants from CHF, PADCO and RTI
- On-going working cooperation of the consultants with the representatives of the City and other key persons Their cooperation was most intensive during the activities related to the loan preparation ZOM and MZK analyses and the preparation for the Old Town revitalization
- Organization of workshops for local partners related to finding solutions in specific areas of enterprise restructuring and financing The first workshop was organized in late January 1997 for selected representatives of ZOM and MZK and pertained to the strategy of their restructuring Another, very successful workshop was conducted for representatives of banks interested in offering a credit to the City for the implementation of the housing program
- **Task force teams** handling specific areas Teams of this type were organized in order to monitor the process of ZOM and MZK restructuring and to work out a strategy for the Old Town revitalization
- Organization of conferences - for example the conference held on the development of housing strategies organized by PADCO in Bielsko-Biala in May 1997

IV RESULTS OF THE TECHNICAL ASSISTANCE

Owing to the Program activities carried out in Bielsko-Biała a number of measurable results have been achieved

- The Old Town revitalization plan was developed in a detailed manner and initiated,
- Preparatory works for privatization of the Zakład Gospodarki Mieszkaniowej (Housing Management Enterprise) were carried out
- A detailed housing investment plan for 1997 - 2000 was prepared, it included 12 projects, out of which 7 were developed in a detailed manner,
- A PLN 30 million commercial credit was obtained by the City from the PKO BP Bank, on very favorable terms,
- Miejskie Zakłady Komunikacyjne (MZK - City Transportation Enterprise) and Zakład Oczyszczania Miasta (ZOM - City Cleaning Enterprise) were prepared comprehensively for privatization - further action requires the decision of the City Council

V TOOLS OBTAINED

Owing to the activities in Bielsko-Biała it was possible to utilize several tools, that can be effectively applied by other cities. They include

- Standard business plan for the Social Housing Association (TBS),
- A manual on how to renovate a condominium building,
- A manual on the revitalization of the Old Town,
- General methodology for the assessment of a municipal enterprise¹,
- Methodology of financial assessment of a municipal enterprise,
- A model contract between the municipality and a municipal enterprise,

I am using the term "municipal enterprise" in a very broad sense as a term that is rather close in meaning to the English "*municipal service enterprise*" so what is meant here are the entities (irrespective of their legal form) that perform certain tasks for the municipality and its residents which retain in some kind dependence on the municipality (either contractual or proprietary)

- Examples of scope of authorities of municipal employees who are to supervise the operation of a municipal enterprise
- Examples of action plans related to the legal aspect of the restructuring of a municipal enterprise
- Model legal documents that facilitate the restructuring of a budgetary unit into a Commercial Code company company charters, regulations of the Board of Supervisors and the General Meeting of Shareholders,
- A model strategy of information activities in relation to the employees, customers and other partners involved in the restructuring of an enterprise

VI KEY CONTACTS IN BIELSKO-BIAŁA

Jerzy Krawczyk, Bielsko-Biała Deputy Mayor Plac Ratuszowy 1 43-300 Bielsko-Biała tel (033) 123-010, (033) 123-209

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Jan Gerlach, Head of Economic Policy Department, Plac Ratuszowy 1, 43-300 Bielsko-Biała, tel (033) 122-27, fax (033) 215-09

GENERAL

GLIWICE

**SUMMARY OF ACTIVITIES CONDUCTED IN
GLIWICE, POLAND UNDER THE PILOT LGPP**

PREPARED BY
KRZYSZTOF CHMURA, CONSULTANT, THE URBAN INSTITUTE

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**SUMMARY OF ACTIVITIES CONDUCTED IN
GLIWICE, POLAND
UNDER THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

I NAME OF THE PARTNER GMINA

The Municipality of the City of Gliwice
Address Urząd Miejski w Gliwicach, ul. Zwycięstwa 21 44-100 Gliwice
tel (0 32) 314666, fax (0 32) 312725

II TYPE OF ASSISTANCE PROVIDED

The consulting assistance provided to Gliwice included three areas economic development, public communication and municipal finance

A Economic development

In the area of economic development the following work was carried out

A scan of the economic environment of the city and the region was first undertaken. The scan was prepared using existing documents and materials, and included a description of various institutions including key players in the area of economic development. The document covers the following issues: economic conditions, including socio-economic trends (population size, incomes, employment, unemployment, economic development resources (i.e. institutions providing services or supporting businesses, schools and training services, R&D facilities, special zones, entrepreneurship, taxation, law and local regulations, municipal property management, transportation and communications infrastructure).

Technological Park Development Activities aimed at establishing a Technological Park consisted of gathering key partners interested in the venture, creating a joint vision of the Park, and then developing the action plan to implement the vision. An important element of these activities was the preparation of materials on advanced technologies including many American sources on the subject.

Entrepreneurship Incubator Consultants provided assistance to initiate and operate an entrepreneurship incubator. The consulting assistance consisted of a joint analysis of existing procedures and documents and development of new proposals for development of such an incubator.

B Public communication

A public communication strategy for the city was developed and an implementation plan was prepared. The assistance consisted of analyzing the current situation and then determining the strategy which should be employed by Gliwice to enhance communication activities. An important element of the intervention was a workshop at which time strategies were assessed and alternative methods to analyze communication procedures was developed.

C Municipal finance

A comprehensive financial analysis of the city was conducted, with the aim of defining opportunities for generating funds for investments and determining the creditworthiness of the city. The work included documenting the analysis and consulting directly with financial officials within the city.

III METHODS APPLIED

The following methods were employed during the Program

- The economic scan was developed by Pat Dusenbury. Her report was preceded by a series of visits and meeting with the key players in economic development in Gliwice.
- The workshop on the Technological Park was prepared by Pat Dusenbury, Hanna Ruszczyk of CDC and Maciej Gajewski of Uniconsult and facilitated by Krzysztof Chmura. A significant role in the preparation of the workshop was played by Wojciech Napierała, Deputy Director of the Gliwice Economic Development Agency. The preparation included discussions with persons interested in the Technological Park, collection of data from both the U.S. and Poland on technology parks and a detailed analysis of the strengths and weaknesses of technology park ventures.
- Following the first workshop, another workshop on advanced technologies was conducted and a revised version of Gliwice's technology park action plan was developed.
- Activities related to the incubator were conducted by Dariusz Skwira, an employee of the Foundation for Social and Economic Initiatives (Fundacja Inicjatyw Społeczno-Ekonomicznych). They mainly consisted of analyzing the on-going operation of the incubator, assessing current documents and preparing model documents to be used in the future.
- The public communication strategy was developed by two American consultants, Becky Gadell and Bill Guerrant. In order to develop the strategy, the consultants conducted an analysis of the current situation. An important element was a one-day workshop for key City representatives which was facilitated by Krzysztof Chmura.

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- The financial analysis was carried out by the Research Triangle Institute Chris Kaczmarek and Wojtek Deska. The analysis included extensive data collection and cooperation with the city's financial managers. The completed analysis was presented to the City Executive Board.

IV RESULTS OF THE PROGRAM ACTIVITIES

In the area of economic development the Program led to the decision by the city to initiate establishing the Technological Park in several stages (1) first as an advanced technology incubator (2) next as a technology transfer center and (3) and finally by developing cooperative agreements between key partners the Silesian Technical University and the city leading toward the development of an advanced technology park.

Given the Partner LGPP, consulting to the city could continue with the technology park development. A number of outstanding legal, financial and technological issues remain which will need to be addressed in the larger Partner Program.

Advisory services related to the business incubator helped the entrepreneurship incubator to operate more efficiently and effectively. These skills could be transferred to other partner gminas in Poland.

The result of designing and implementing the communication strategy was making the key players in the city aware of the importance of public communication as a crucial element of any activities of the city. Communications between city officials and their citizens will improve significantly due to the development of this communications program. This communications strategy can be used as a model for many other gminas throughout Poland.

The result of the assistance in the area of municipal finance was determining the city's existing financial condition and also defining the city's capacity to obtain investment funds for the future.

V TOOLS OBTAINED

The basic financial tool applied in Gliwice was the Gmina Financial Analysis Model (GFAM).

A methodology for developing a communications strategy was also developed which could be used by other gminas. A communications video was produced for Gliwice which could be shared with other gminas who were interested in developing such a strategy.

A methodology for proceeding with the establishment of a technological park, or even more broadly activities for advanced technologies was developed for Gliwice

A methodology for conducting facilitated workshops both on public communications and the technological park, was developed

VI KEY CONTACTS IN GLIWICE

Zygmunt Frankiewicz	Mayor of the City of Gliwice, tel (0 32) 314666
Piotr Popiel	Head of the City Promotion Department (until recently Assistant to the Mayor) tel (0 32) 2304900
Wojciech Napierała	Deputy Director of the Gliwice Economic Development Agency
Krzysztof Semik	Mayor's Spokesman

GENERAL

KUTNO

**SUMMARY OF ACTIVITIES CONDUCTED IN
KUTNO, POLAND UNDER THE PILOT LGPP**

PREPARED BY
HANNA RUSZCZYK, CDC MANAGEMENT CONSULTANTS

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**SUMMARY OF ACTIVITIES CONDUCTED IN
KUTNO, POLAND
—
UNDER THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

I NAME OF THE PARTNER GMINA

The Municipality of Kutno

II TYPE OF ASSISTANCE PROVIDED

The City of Kutno received a variety of technical assistance through the Pilot LGPP. The majority of the technical assistance focused on the development of the Industrial Section of the City of Kutno which in the remainder of this document is referred to as the Kutno Agro Industrial Park (KPAP). This project was selected by Kutno as the cornerstone of the agreement between USAID and the City of Kutno. The KPAP is the logical focus for economic development activities for the Kutno region. In addition to the work related to the development of the KPAP, technical assistance was provided in cooperative housing development and a financial tool was introduced to the Municipality.

The technical assistance consisted of the following:

A Assistance related to the KPAP

- 1 In the Autumn of 1996, Blaine Liner, Director of the State Policy Center of the Urban Institute, advised on the development of an overall economic development strategy to reflect the community's needs and assets.
- 2 In the Autumn of 1996, Mr. Richard Mook, an agriculture economist from the US Department of Agriculture, reviewed the efforts which had taken place to develop the then named Food Distribution Center Project. He provided many suggestions on how to proceed with the project.

Due to the work conducted by Mr. Liner and Mr. Mook, the main project for economic development in Kutno changed its focus away from strictly agriculture in nature to include the possibility of other endeavors on the site as well. This led to the formulation of the KPAP. The Kutno Agro-Industrial Park consists of approximately 230 ha of land owned primarily by the city that is available to investors for business development.

- 3 In March 1997 a Strategic Planning workshop was conducted by Kathy Alison, Senior Management Consultant from Training Resources Group (TRG) with technical assistance from Blaine Liner. The purpose of this three day workshop was to develop an action plan for the development and implementation of the KPAP. The end results included, in addition to the action plan,

- * A list of criteria for and roles and responsibilities of the project operator
 - * Next steps in the development of the business and promotion plan for the Park
 - * Plans for a public participation program that would increase public awareness and participation of the general public in the development of the park
- 4 In June 1997, a Communications Strategy workshop was conducted by Kathy Alison in order to brainstorm ideas on potential target audiences and messages to be disseminated in Kutno itself. The participants of the workshop were managers of the City Hall and of the municipal companies.
 - 5 In July - August 1997, a Communications Planning Session was organized by Kathy Alison. The purpose was to develop detailed KPAP communication plans for 5 audiences (General Public, Press, Local Business, City Hall and City Council, and Potential Outside Investors).
 - 6 From May - October 1997, Grzegorz Buczek from the Cracow Real Estate Institute (CREI) advised the KPAP Task Force on the development of the Land Use Plan. He advised the City Architect on the physical development of the land, drawing of the maps and the accompanying policy paper. Discussion focused also on any land which still needs to be acquired, phasing of the land, development of an infrastructure network, and also any changes which will need to be introduced to the Master land Use Plan.
 - 7 From May - October 1997, American Systems of Marketing (ASM) located in Kutno, developed the Marketing Strategy for the KPAP.
 - 8 In October 1997, a Citizens Democracy Corps Volunteer with a background in finances and industrial parks in the States will assist the City develop a business plan for the KPAP.

B Assistance in cooperative housing development

The Cooperative Housing Foundation (CHF) assisted in the establishment of a non governmental organization in Kutno called the Agency to Support Housing Initiatives (AWIM) in late 1996. Wojciech Wojtysiak and Slawek Getka have been managing the activities from the CHF. The CHF has provided technical assistance to enhance local institutional and human capacity in the private sector housing development, management and maintenance arena. CHF has provided structured monthly training and practical on the job training. This has allowed the AWIM to begin the process to become a self sustainable, financially independent entity which will provide housing production and advice.

to home builders if requested

C Introduction of financial tools

Chris Kaczmarek, an Infrastructure Finance Advisor from the Research Triangle Institute, assisted the municipality in developing and applying a Gmina financial analysis model. He assisted in the preparation of a loan application for a loan for the sewage treatment plant. He also analyzed the possibility to apply for a new loan for 1 million dollars. The project was completed in 1996. In the Summer of 1997, Mr. Kaczmarek returned to Kutno to reassess the budget of the City to assess the Municipality's capabilities to apply for a large loan or to issue a municipal bond.

III METHODS APPLIED

A variety of methods were employed to implement the technical assistance in Kutno. American consultants were utilized in the areas of economic development, agriculture action plan development and also communication strategy development and implementation. Blaine Liner, Director of the State Policy Center of the Urban Institute, and Richard Mook, an agriculture economist from the US Department of Agriculture provided their expertise in direct contact with the officials of the City of Kutno. Kathy Alison, Senior Management Consultant from Training Resources Group (TRG), provided one to one technical assistance to the officials of the City Hall. She also organized 3 workshops (strategic planning and development of an action plan, communication strategy development and implementation).

An American Volunteer consultant from Citizens Democracy Corps will be utilized in October to develop a business plan for the KPAP. He will work directly with the Task Force for the KPAP.

A combination of American and Polish consultants were utilized in the areas of cooperative housing development and in the introduction of the Gmina Financial Analysis Model. The Cooperative Housing Foundation (CHF) provided direct technical assistance as well as structured monthly training events. RTI provided direct technical assistance and training to the City Officials in the implementation of the methodology so that they could utilize the model by themselves in the future.

Polish consultants were utilized in two primary areas. Grzegorz Buczek from the Cracow Real Estate Institute (CREI) advised the KPAP Task Force on the development of the Land Use Plan. American Systems of Marketing (ASM) developed the Marketing Strategy for the KPAP.

IV RESULTS OF TECHNICAL ASSISTANCE

Land Use Strategy- Creation of a realistic and sound land use plan for the KPAP, this format can be shown to other gminas if they are interested in the implementation of a large real estate project

Business Plan Formulation - Completed Business Plan which attracts businesses to invest and or allows the city to receive infrastructure financing from external sources This methodology can be used by other gminas

Development of a Marketing Strategy - Format used, types of issues addressed will be of relevance to other communities

Communication Strategy Development and Implementation - Better relationships between the Municipality and the residents businesses and surrounding municipalities Increased communication flow More effective management of projects Involvement of citizens in the economic development process Involvement of citizens in the economic development process is innovative and has not been frequently utilized in Poland This type of interactive approach to managing is very new in Poland

Strengthening of the Kutno AWIM - Sustainable, viable, association which long term will be providing housing to many segments of the population This can be easily replicated in other gminas as a viable option for government sponsored initiatives

V TOOLS EMPLOYED

Gmina Financial Analysis Model
Development of an Action Plan
Communication Plan Development
CHF and the non governmental organization - Agency to Support Housing Initiatives (AWIM) Model

VI KEY CONTACTS IN KUTNO

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GENERAL

NOWY SĄCZ

**SUMMARY OF ACTIVITIES CONDUCTED IN
THE NOWY SĄCZ PUBLIC SERVICE CITY ZONE
UNDER THE PILOT LGPP**

PREPARED BY
STANISŁAW MAZUR, CRACOW ACADEMY OF ECONOMICS

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**SUMMARY OF ACTIVITIES CONDUCTED IN THE
PUBLIC SERVICE CITY ZONE IN NOWY SĄCZ
UNDER THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

I NAME OF THE PARTNER GMINA

The Public Service City Zone in Nowy Sącz (PSCZ) - a combined union of 14 *Gminas* established in January 1997. The PSCZ has taken over, at the local level, part of the tasks and competencies of the national government in the domain of Secondary School Education, Health Care, the administration of roads, management of Welfare Houses and major part of administrative decision-making that used to remain within the domain of the Regional Administrative Office.

II TYPE OF ASSISTANCE PROVIDED

Technical assistance was provided to the PSCZ in two areas: economic development and in technical training. Assistance was provided by the Pilot LGPP consultants and with the support of the Krakow Academy of Economics.

Economic Development

A Organization of the Workshop on Economic Development

A workshop was organized by the Pilot LGPP in order to start building a comprehensive strategy, (program for socio-economic development of the PSCZ) agreed upon by all the important institutions and economic organizations of the Zone and the region. Participants in the workshop included: Zone Assembly Chairman, Zone Executive Board Chairman, Zone Director, members of the Zone Economic Development Commission, members of the Nowy Sącz Economic Development Department as well as representatives of the Voivodship Economic Development Department, Business Center, Chamber of Commerce, and other key local players in the field of economic development.

B A Meeting of the Economic Development Task Force was Organized by the Pilot LGPP

This meeting was devoted to

- identifying the priorities of economic development of the Zone
- determining the opportunities for cooperation in order to achieve these goals
- defining the ways in which local elites and local inhabitants can win public support for these goals
- setting a detailed schedule for further work on the program

Participants included representatives of those institutions mentioned above that are to be directly involved in preparing the program

- C A Future Meeting of All the Participants of the Economic Development Workshop is to be Held in the Near Future

The goal of this meeting will be for the members of the economic development task force to present the results of its work to date, Documents to be presented include

- a document containing a list of priorities regarding economic development of the Zone and gminas constituting it,
- a document outlining possible forms of cooperation and the contribution of institutions involved in economic development
- a document containing a list of suggested practical measures that should be taken in order to win key local players and Zone inhabitants over to the idea of preparing an economic development program

- D The Pilot LGPP Assisted in the Development of a Small and Medium Size Business Center in the PSCZ

The Pilot LGPP provided assistance in helping to finance and develop a local business support center for the PSCZ. The Center will assist new and existing small and medium sized businesses located in the PSCZ to design business strategies, undertake management training and enhance existing business functions for small and medium size businesses located in the PSCZ

Training

- A The Purpose of This Technical Assistance was to Help the PSCZ Prepare a Training Program and Develop Cross-Cutting Courses for Employees of the PSCZ in Nowy Sącz. Courses to be Included in the Training were on the Following Subjects

- **Legal Issues** (Civil Law, Labor Law, Administrative Law)
- **Strategic Budgeting**
- **Computer Training** (Beginning and Advanced Microsoft Word, Beginning and Advanced Microsoft Excel, Beginning and Advanced Microsoft Access)
- **Fund Raising Techniques**
- **Customer Relations**

B Targeted Courses

- Health Care Administration (Strategic planning, Improving quality of health care services, Financial Management Project Management)
- Land Use Planning
- Road Management (Improving road management Drivers licenses and vehicle registration)
- Improving the Management of Post Elementary Education

III RESULTS OF THE TECHNICAL ASSISTANCE

The technical assistance provided to the Nowy Sącz PSCZ will help the PSCZ (1) develop a strategy and implementation plan for economic development (2) design technical training for zone employees

The results to be achieved in the Nowy Sącz Zone within the framework of the LGPP project will contribute to a precise determination of the functioning and efficacy of the instruments, techniques and mechanisms to be implemented in other public service city zones as well that are being established throughout the country. Another considerable result of the technical assistance worked out in Nowy Sącz is their innovative and original character. The interest taken by local self-governments in the problems related to the development and implementation of the public service city zones corroborates the need for the program to be a success. The following results are among those achieved in the Nowy Sącz region within the framework of the LGPP program which will have the greatest practical significance for other zones

Models

- A Of efficacious support of self-government activities provided by foreign aid institutions and Polish institutions providing counseling and training
- B Of preparing a program for and assisting with the implementation of the socio-economic development for public service city zones
- C Of training for public service city zones employees

Instruments

- A A guide presenting practical ways of dealing with difficult problems and overcoming the barriers the Zone faced in the process of realizing its tasks (such a guide could become the second part of the book *PSCZ in Nowy Sącz The*

Second Level of Local Government in Poland ? which has become very popular in the self-government community)

Performance Measures

- A Description of the Monitoring Process Developed in Pilot Zone A monitoring system developed for the Zone in the course of the project on Monitoring the Public Service City Zone in Nowy Sącz undertaken by Research Center for Public Economy and Administration and the Foundation of Economic and Social Initiatives

IV TOOLS OBTAINED

During the intervention the following tools were used which could be applied to other zones

- A A detailed outline for designing and facilitating a workshop agenda devoted to assessing various economic development strategies linked to the PSCZ
- B A detailed course outline for training PSCZ employees in legal issues, financial issues computer skills, strategic planning and customer relations
- C A questionnaire for analyzing economic development issues and options within PSCZ gminas
- D An economic development scan of the PSCZ environment

V KEY CONTACTS IN THE NOWY SACZ PSCZ

M Cycon – President of the Assembly
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Rudolf Borusiewicz – Chairman of the Board
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Jan Golonka– Vice-chairman of the Board
The Zone Office, Nowy Sącz, Jagiellonska 33
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GENERAL

**OSTRÓW
WIELKOPOLSKI**

**SUMMARY OF ACTIVITIES CONDUCTED IN
OSTRÓW WIELKOPOLSKI, POLAND UNDER
THE PILOT LGPP**

PREPARED BY
KRZYSZTOF CHMURA, CONSULTANT, THE URBAN INSTITUTE

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**SUMMARY OF ACTIVITIES CONDUCTED IN
OSTRÓW WIELKOPOLSKI, POLAND
UNDER THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

I NAME OF THE PARTNER GMINA

Urban Municipality of Ostrow Wielkopolski
Address Urząd Miejski w Ostrowie Wielkopolskim Al Powstancow
Wielkopolskich 18 63-400 Ostrow Wielkopolski,
tel 0 62 / 7364310 fax 0 62 / 7366407

II TYPE OF ASSISTANCE PROVIDED

The consulting assistance provided to Ostrow Wielkopolski included the following areas municipal finance, land management and housing management

A Municipal finance

The following technical assistance has been carried out in the area of finance

Long-term Investment Plan

After the training of the municipal office staff a procedure for development of a long-term investment plan was prepared and implemented First, the criteria for selection of investment projects and their priorities were determined In the final stage the plan defining investment priorities was developed

Municipal Enterprise Financial Model

Analyses were undertaken and financial models of two municipal enterprises were prepared Przedsiębiorstwo Wodno-Kanalizacyjne "Wodkan (Water and Waste Water Company) and Miejski Zakład Komunikacyjny (MZK - City Transportation Company) The models allowed city officials to evaluate the way the companies are currently managed The models also assessed the prospects for development, in particular their potential for borrowing Defining those data was particularly needed to find to what extent infrastructure investments can be financed directly through the enterprise

Municipal Financial Model

The municipal financial model was developed for the purpose of issuing municipal bonds and preparing data for the long-term investment plan The analysis determined the manner of financing of municipal investments and at the same time was the basis for the second issue of municipal bonds

Task Based Budget

Consulting assistance was also provided for undertaking task-based budgeting though in this case the majority of work was carried out by the municipal officials themselves (with the assistance of U S consultants)

Land Management

Activities in the area of land management included the development of assumptions for the land strategy. An extensive data base was developed, which included, among other things, a map of land ownership and a map of land values. The local real estate market was also assessed as well as different tools that might be used for its development. The assumptions underlying the land strategy will be an important element of the proposed town planning study.

Housing

The activities in the area of housing included the development of assumptions for the housing strategy, which defined the methods for stimulating the housing market. A number of analyses was undertaken in particular a description of the barriers to the development of this sector. These activities were based on the belief that a great majority of the housing solutions should be based on a well-functioning market.

An analysis of the Zakład Gospodarki Mieszkaniowej (ZGM - Housing Management Enterprise) a municipal enterprise managing municipal property, was also prepared.

B Housing

Agencja Wspierania Inicjatyw Mieszkaniowych (Agency for the Support of Housing Initiatives)

A separate activity included providing support for housing initiatives of the Ostrow residents. Advisory assistance pertained to the setting up of the Agency that would support such initiatives, from the establishment of small cooperatives to assistance in starting the investment. The assistance predominantly consisted of providing training and direct consulting to the Agency.

III METHODS APPLIED

The following methods were used in Ostrow Wielkopolski during the intervention.

- The long-term investment plan was prepared under the supervision of Tom Spofford who initially trained the task force, then advised city officials on the subsequent stages of development. This was carried out during his visits to Ostrow and meetings with the task force.

- The analysis of municipal enterprises was developed by Cathy Revels and Marcin Szpak of DS Consultants, a Polish consulting firm. The employees of the enterprises participated actively in the analysis. The enterprise model was worked on during a number of meetings. The work was completed with a training course for the personnel of the enterprises.
- The financial analysis of the municipality was developed by Chris Kaczmarek and Wojtek Deska. The work was carried out through visits and meetings with the financial personnel of the city. The work was completed with a training course on the use of the developed financial model.
- The task based budget, already mentioned, was developed almost exclusively by city officials. Consulting on task based budgeting was provided by Tony Levitas.
- The land management strategy was developed by Jan Brzeski and Barbara Werchowicka of Krakowski Instytut Nieruchomosci (Cracow Real Estate Institute). Here, a series of workshops were held during which the implementation of individual stages of the development was discussed. Responsibilities and tasks were divided between the task force members and the consultants. The key meeting was a two-day workshop, where the results of the analysis were presented and used as the basis for defining the strategy.
- The housing strategy was developed by a team headed by Maris Miklesons. During subsequent visits data was collected (both by the consultants and the members of the task force). After analyzing the data, strategic assumptions were developed that defined the barriers to the development of the housing market and the ways of reducing these barriers (at the time of writing of this summary, the assumptions were not yet determined).
- Assistance to AWIM was provided by the Cooperative Housing Foundation (CHF) which provided consulting to the AWIM on an as-needed basis.

IV RESULTS OF THE TECHNICAL ASSISTANCE

The basic result of the assistance rendered to Ostrow is the development of a comprehensive model of municipal finance, where the financial tools, used separately elsewhere, are linked together and integrated. The city determined their investment priorities and the methods to implement them. The city was the first in Poland to issue a municipal bond. Having acquired more extensive knowledge through this bond offering, the decision to issue a second bond was then made.

An interesting result of the application of the enterprise financial model was to obtain credit for the purchase of buses by MZK. The other company Wodkan used the financial model to justify its application for an increase of water prices (intended among other things to generate investment funds for the company).

Another interesting result is the application of the enterprise financial model to the water price system. The Consumer and Competition Protection Office has moderated its standpoint and agreed to include the costs of investments in the water costs.

The land strategy, as well as the housing strategy, are important elements in preparation for the development of a town planning study. Detailed analyses which have been carried out have created a valuable data base. On the other hand, the strategic assumptions developed in these areas will make it possible for the city authorities to take suitable steps to create effective and responsive housing and land policies in the future.

V TOOLS OBTAINED

The basic tools used in the advisory activities were the Gmina Financial Analysis Model (GFAM), the long-term investment plan (developed earlier) and the municipal enterprise financial model (developed also during work in Ostrow). A significant feature of this work is the comprehensive nature of the assistance and the interrelationship of individual models into a municipal strategic management approach. Ostrow represents the best case of strategic management among our pilot gminas.

The result of the land management and housing analysis is the development of a sound methodology, the establishment of a set of necessary data, and the development of a detailed strategy for each. An important result is also the "strategic" workshop methodology developed for city officials.

As for the AWIM, the result is the establishment of a small housing cooperative, which is now buying land for future investments.

VI KEY CONTACTS IN OSTROW WIELKOPOLSKI

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Stanisław Krakowski, Municipal Office Secretary, tel. 0 62 / 7264310
Radosław Torzyński, City Architect,
Henryk Walczak, Head of the Development Department

GENERAL

SANDOMIERZ

**SUMMARY OF ACTIVITIES CONDUCTED IN
SANDOMIERZ, POLAND UNDER THE PILOT
LGPP**

PREPARED BY
KRZYSZTOF CHMURA CONSULTANT, THE URBAN INSTITUTE

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**SUMMARY OF ACTIVITIES CONDUCTED IN
SANDOMIERZ, POLAND
UNDER THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

I NAME OF PARTNER GMINA

Urban Municipality of Sandomierz
Address Urząd Miejski w Sandomierzu ul Mickiewicza 34, 27-600 Sandomierz
tel 015 / 8322228 fax 0 15 / 8322236

II TYPE OF ASSISTANCE PROVIDED

The consulting assistance provided to Sandomierz included two broadly understood areas of economic development enhancement of the real estate market through the development of a land management strategy and tourism

A Enhancement of the real estate market

The work in this area included a detailed analysis of the state of land and property ownership and possibilities for land use investment As a result of these analyses, strategic land management assumptions were developed and guidelines for the Executive Board on how to deal with investors were prepared

B Tourism

In the area of tourism the consulting assistance consisted mainly in designing and facilitating the tourism task force Their role was to develop specific, individual elements of the tourism program As part of the consulting assistance the successive steps aimed at developing the program were presented After completion of each step by the task force, the strategic approach to tourism was discussed in detail with the task force

During the initial work, a short and long-term vision of tourism for Sandomierz was developed (Note at the time of this writing the work on the tourism program is still in progress, and could be concluded with the partner program) Work at this stage has focused particularly on short-term activities - with the preparation for the next tourist season in view

The experience gained during the work in Sandomierz has become one of the inputs for a manual on the creation of programs and support for tourism development intended for municipalities and non-governmental organizations It has been based on the American manual 'Home Town Discovery'

The manual has been translated into Polish and adapted to the Polish environment and will be very useful for use with other partner cities interested in tourism development

III METHODS APPLIED

In the implementation of the consulting assistance the following consultants and methods were used

- The land management strategy was developed by Polish consultant, Barbara Sakowska-Knapp. Initially, the work consisted of gathering source materials with the help of the employees of relevant departments, and then analyzing that information. After the analysis, the land management strategy was developed.
- Assistance in the area of tourism was provided by the Mikołajskie Stowarzyszenie Inicjatyw Lokalnych operating under the DemNet Program. The work consisted of organizing workshop meetings of the task force, comprised of key representatives of tourist organizations and private companies. The leading role was played by the Sandomierskie Stowarzyszenie Kulturalne "Lapidarium" (Sandomierz Cultural Association "Lapidarium"). At the meetings of the team individual steps were presented then the task of the team was to develop these elements of the program.
- The manual was also developed by the Mikołajskie Stowarzyszenie Inicjatyw Lokalnych with the substantive assistance of U.S. consultant, Paul Hoover.

IV RESULTS OF THE TECHNICAL ASSISTANCE

In land management the result is the development of practical guidelines on land management policies and procedures for the Executive Board of Sandomierz. Any practical results cannot be expected at this stage, because strategy assumptions are being analyzed by the Executive Board.

A crucial element is putting these issues and the information concerning the subject in order, which - when updated - will undoubtedly be very useful in the preparation of the town planning study. The methodology of designing a land management strategy can be used as an example for other Polish cities of this size and type.

In the area of tourism, the first result was the organization of the task force, comprising representatives of almost all the organizations that play a significant role in tourism. Also important was the fact that the initiative was created outside the city hall structures and was largely based on non-governmental organizations.

It is still too early to expect any results regarding the implementation of this program. The methodology of working with NGOs to develop a tourism strategy can also serve as a model for cities of similar size and character.

V TOOLS OBTAINED

The technical assistance provided to Sandomierz used fairly well known tools to gather and analyze information

The basic method used for land management was a classic method of gathering information, analyzing the data, and then developing conclusions from the data. The development of a data base on land management will be a particularly useful tool for other gminas to use in their quest for assessing land and property values and uses in their communities. Developers of land and property in Poland will be interested in the design and use of such an evaluative instrument.

In the case of tourism, the workshop method was applied, with the use of flipcharts and a facilitator. Various tourism strategies were developed using this method. The development of a tourism handbook will be very useful to other gminas in Poland interested in developing their tourism potential.

VI KEY CONTACTS IN SANDOMIERZ

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Iza Przybys-Perła, Head of the Department of Promotion and Development

GENERAL

SZCZECIN

**SUMMARY OF ACTIVITIES CONDUCTED IN
SZCZECIN, POLAND UNDER THE PILOT LGPP**

PREPARED BY
MACIEJ GAJEWSKI, UNICONSULT

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**SUMMARY OF ACTIVITIES CONDUCTED IN
SZCZECIN, POLAND
UNDER THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

I NAME OF THE PARTNER GMINA

This report presents the technical assistance delivered to Szczecin under the Pilot Local Government Partnership Program (LGPP)

II. TYPE OF ASSISTANCE PROVIDED

The technical assistance was focused on two problem areas

Housing - in this technical area, the following work was undertaken

- a) formulation of a housing strategy development (module a),
- b) designing and implementing instruments for developing and managing housing resources (including the so called revitalization of selected residential quarters in the city center) (module b)

City finance and management - in this technical area work included the following areas

- a) preparation of procedures for a long-term capital investment plan (module a)
- b) analysis and assessment of the long-term financial capacity of the city budget (module b)

In these substantive areas some specific technical assistance tasks have been implemented. They were defined in the action plan developed in the spring of this year for Szczecin. The tasks included

Housing

- technical assistance in the formulation of housing policy and strategy development [module "a"]
- technical assistance in establishing a TBS (Social Housing Association) and developing necessary operating documents (a business plan) [module "b"]
- technical assistance in developing tools that make municipal building management more effective [module "b"]
- technical assistance in the implementation of the program of revitalization of selected quarters in the city center [module "b"]
- evaluation of housing demand defining indicators useful in on-going assessment of the situation in the housing sector [module "a"]

City finance and management

- assistance in development of long-term investment planning (Capital Investment Plan) [module "a"]
- assistance in the assessment of long-term financial capacity of the city (Gmina Financial Analysis Model) [module "b"]

III METHODS APPLIED

Technical assistance was delivered using various methods. Most frequently the tasks were assigned to teams comprising Polish and foreign specialists which on the one hand allowed for sharing experience between them, and on the other foreign experts were provided access to information on the local environment and its special features. In the case of Szczecin the teams attempted to get representatives of the city to actively participate in the process. This created an opportunity to transfer the know-how to them which would then make it possible for them to use it for the city's needs after completion of the Pilot LGPP technical assistance. It seems that this goal has been largely achieved.

Among the methods applied in delivering the technical assistance the most important included

- Joint work of specialists and city representatives (formulation of problems and discussing solutions) - all the working documents were presented to the cooperating city representatives - comments submitted about them were then discussed in order to supplement or introduce changes in the documentation (this form of cooperation was used especially in the development of procedures for long-term investment planning, TBS document development (business plans), the formulation of housing policy and the program of revitalization of city quarters)
- Practical use of the tools by city representatives (under expert supervision) - this guaranteed that city representatives become thoroughly acquainted with the tools aiding decision-making (it was found particularly useful in building a model and assessing the financial capacity of the city) - in this case the cooperation of experts with city representatives took the form of workshops on specific problems, due to the fact that the budget analysis model had the form of a computer program, joint (workshop) modeling of assumptions and interpretation of results made it possible to understand the function and role of this tool in municipal management
- During the provision of technical assistance, some conferences and problem-focused seminars were organized - this provided an opportunity for broader presentation and discussion of achieved results. What is worth emphasizing are the positive results of the conference on the revitalization of the city center quarters and the problem-focused

seminar where the results of the housing demand analysis as well as possible indicators for monitoring the situation on the housing market in the city were presented

- Delegated city representatives took part in working visits abroad (e.g. the representatives of the revitalization team) and in training courses organized in Poland - for instance the series of training sessions for property managers (included in the task concerning development of tools for increasing effectiveness of managing municipal housing resources). The foreign visits and the participation in the training were evaluated favorably by the Polish participants

IV RESULTS OF THE TECHNICAL ASSISTANCE

It should be stressed that in the case of Szczecin the technical assistance brought about measurable results. The most important are

- The formulation of the housing policy and strategy that sets guidelines for the development of the housing sector of the city, and the analysis of housing demand (the housing demand together with indicators for monitoring the housing sector will make it possible to modify the strategy in the future)
- Launching the TBS, including the development of a business plan - the process applied can be used by other TBSs already established or currently involved in the development stage in other cities. The tools for assessment and increasing the effectiveness of the management of municipal housing resources are also useful
- Developing the concept of revitalization of city center quarters with the involvement of the existing TBS in the process - suggesting solutions that can be useful to other cities where the problem of changing the function (the intended purpose) of city center facilities
- In the area of city finance and management the best results are the assessment of long-term financial capacity of the city (the analysis is helpful in providing an answer to the question of what is the acceptable level of external debt incurred by the city) and investment planning procedures. In the case of the two above-mentioned results the fact of the transfer of the know-how to use these tools is important. It is up to the city specialists to determine their use in the future

V TOOLS OBTAINED

The following tools were used and/or developed in Szczecin

- The housing development policy and strategy can serve as a model (both the process and the contents) to build programs of development in cities similar to Szczecin demographic characteristics, the same refers to the program of revitalization of city center quarters with the TBS involvement (the preparatory process and its contents)

The process of building housing policy and strategy, the model and the contents of revitalization program

- At the stage of TBS establishment a business plan was developed for this organization - the specific form of this document (the arrangement and the contents of individual elements) can serve as a model of a relatively universal tool for TBSs operating in other cities

Business Plan Model (form and contents)

- The works in Szczecin lead to the development of a set of investment planning procedures (Capital Investment Plan), it must be noted that these procedures were also worked out as the result of the technical assistance delivered to other cities. The procedures and their discussion were called in the form of a manual and can serve as excellent training material

Planning process, sample procedures, training material

- The analysis of the city budget was conducted with the use of the *Gmina Financial Analysis Model*, which during the work in Szczecin was modified to existing conditions. The tool was (and still can be) used to analyze budgets of other cities. It is a universal tool that **assesses** the financial standing of the budget, conditions of external indebtedness (observed during the analysis as well as the planned one)



Models for the analysis of city finance (budget)

The above tools developed and used in practice in Szczecin can be found useful in the work carried out as the technical assistance delivered to other local governments. It is likely that they will not require any further adjustments, even considering a possibly different character to be found in other Polish cities

VI KEY CONTACTS IN SZCZECIN

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*In charge of the comprehensive supervision and coordination
of activities and technical assistance*

*In charge of the implementation and coordination of works
related to the program of Szczecin city center revitalization*

GENERAL

ZIEBICE

**SUMMARY OF ACTIVITIES CONDUCTED IN
ZIEBICE, POLAND UNDER THE PILOT LGTP**

PREPARED BY
JAN SZCZUCKI, POLICY AND ACTION GROUP

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**SUMMARY OF ACTIVITIES CONDUCTED IN
ZIEBICE, POLAND
UNDER THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

I NAME OF PARTNER GMINA

The Town and Municipality of Ziębice

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II TYPE OF ASSISTANCE PROVIDED

Ziębice was the last partner city to sign a Partnership Agreement with the United States Agency for International Development (USAID) Consequently the breadth of consulting activities under the Pilot Local Government Partnership Program (LGPP) was somewhat limited

The areas in which assistance was provided and which were included in the Partnership Agreement between USAID and Ziębice were housing, financial analysis of the town budget and improved service delivery (with a special emphasis on water and waste management) Additionally, prior to the formal start of the Pilot LGPP, the Agency in Support of Housing Initiatives (AWIM) was established in Ziębice The activities in the above-mentioned areas proceeded as follows

- Like many other cities participating in the Pilot LGPP, the Gmina Financial Analysis Model (GFAM) was an important component of the assistance provided to Ziębice The GFAM was applied and the analysis prepared and presented to the Mayor and selected local partners in May After discussion and taking the comments into consideration, the final version of the analysis was presented at the Town Council meeting in June In September, a number of finance specialists in the Town Office received in-depth training on the how to apply the GFAM and evaluate the results
- Activities in the area of housing began with an analysis of the existing housing environment in Ziębice After analyzing the available data, Mr Jan Czarniecki and Mr Marek Majrzak of PADCO prepared a detailed report on the housing environment in Ziębice and areas of potential assistance Further activities were aimed at developing the framework for a comprehensive housing strategy for the city and rural town of Ziębice Also on the basis of the experience of Bielsko-Biała the consultants prepared a program for revitalizing the Ziębice Old Town Square Both documents have been completed and presented to the Mayor and Town

Council

- Activities related to the protection of the environment provided a certain continuity to earlier work carried out in Ziębice under the Program Lokalnego Zarządzania Ochroną Środowiska (*Local Environmental Management Project*). The activities under the Pilot LGPP were carried out by the Polish consulting firm, LEM. Those activities consisted of assessing the investment needs of the municipality and by all the entities active in the area of environment protection. Additionally LEM experts reviewed subsequent stages of the technical project of the landfill¹. The purpose of these activities was to develop an environmental master plan, with a special focus on water and waste management. The guidelines on the principles of master plan development are also intended to be used for this purpose.

III METHODS APPLIED

The methods applied in the process of providing technical assistance to Ziębice included

- The work of Polish and American consultants carried out both individually and in mixed teams,
- On-going cooperation among the consultants, representatives of the Town Council and other key persons,
- Workshops organized for local partners to work out solutions in specific areas of activities. One such workshop was conducted in Polanica Zdrój on 2-3 August. The primary purpose of the workshop was to present goals and effects of the Pilot LGPP in Ziębice to a larger group of partners. Town Council members, representatives of the Ziębice Town Office and other important local institutions, as well as the consultants involved in Ziębice participated in the workshop.

IV RESULTS OF TECHNICAL ASSISTANCE

Activities in Ziębice have resulted in a number of significant achievements

- The town budget analysis that was developed showed promising prospects for

¹ The development of this project was financed by the Cooperation Fund also out of the USAID resources

obtaining outside financing. The results of the analysis presented to the Town Council helped to alter the attitude of many members with regard to financing municipal investments with debt.

- Well-advanced activities related to the development of the Ziębice housing strategy
- Well-advanced activities related to initiating and developing a plan to revitalize the the Ziębice Old Town,
- A number of local partners obtained in-depth knowledge related to developing methodologies in the three technical areas in which consulting assistance was provided. Additionally the persons involved in the development and execution of the town budget obtained training in the use of the Gmina Financial Analysis Model (GFAM)

V TOOLS OBTAINED

Owing to the activities in Ziębice it was possible to work out several tools, that can be effectively applied by other cities. They include:

- A concrete methodology for developing a housing strategy a gmina and outlying towns and developing a process and program to revitalize the Old Town
- Improving the applicability and accuracy of the Gmina Financial Analysis Model as it pertains to smaller and more rural municipalities,
- The development of a set of guidelines concerning the methodology of an environmental master plan development
- The development of a set of guidelines for assessing the role of a gmina to enhance the the delivery of environmental services on a regional basis

VI KEY CONTACTS IN ZIĘBICE

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ECONOMIC DEVELOPMENT

SUMMARY REPORT OF ACHIEVEMENTS UNDER THE PILOT LGPP: ECONOMIC DEVELOPMENT

PREPARED BY
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PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**SUMMARY OF ACHIEVEMENTS UNDER THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM
ECONOMIC DEVELOPMENT**

I OBJECTIVE

The economic development component of the Pilot LGPP was guided by the following broad goal statement

When a partner city indicates that it wants technical assistance in economic development, the priorities of the Pilot LGPP are to ensure that (1) the city has a community-based strategy to guide its economic development activities, (2) a designated agency and individual have lead responsibility for implementing that economic development strategy, and (3) there is a foundation for cooperation between the private and public sectors to promote economic development

The details of technical assistance varied among the partner cities but in each case, it followed these five principles of economic development

Long-term economic development is both long-term and an on-going process, it is not a product

Strategic a strategic approach bases decisions upon information and makes the most efficient use of resources

Opportunistic a realistic strategy is flexible enough in the short-term to exploit new opportunities for implementation

Cooperative strategy development, project planning and implementation are best pursued by a public-private partnership

Community Based a strategy built on community values is stable and likely to survive personnel and political changes

For each partner requesting technical assistance in economic development, the initial step was an environmental scan. The scan included an assessment of the local business climate, an analysis of broad socio-economic trends, and an inventory of the institutional and programmatic resources supporting local economic development.

A key function of the scan was to reveal where the partner city was in the economic development process, that is, if there was a current economic strategy, a lead agency for economic development, a foundation for public-private cooperation. Where a strategy was already in place, assistance focused on translating the strategy into action plans and developing realistic projects to implement those action plans. Where elements were missing, technical assistance focused on encouraging their development.

Scan results and discussions with local officials defined specific Pilot LGPP work agendas. Each of the four partner cities - Gliwice, Kutno, the Nowy Sacz PSCZ and Sandomierz - that requested technical assistance in economic development has its own story. Those

stories are related in the next section of this report

II OVERVIEW OF TECHNICAL ASSISTANCE TO PILOT LGPP PARTNERS

Gliwice

Gliwice initially requested a white paper to provide a "third party viewpoint" of key regional economic issues. The white paper was input to the Local Leaders Council in their development of a regional strategy, which was developed and submitted to the Gliwice City Council. The strategy was consistent with the recommendation of the white paper that economic development activities exploit the technology resources represented by Silesian Technical University, the several research institutes in the area, and the skilled local work force.

The Local Leaders Council became inactive after completing their strategy. GAIG, the lead agency for implementing local economic development activities, became the focus of Pilot LGPP technical assistance. During the second visit, interviews with representatives of the several local economic development entities and programs provided information on current economic development activities and confirmed the lead role of the Gliwice Economic Development Agency (GAIG). The second report described how to build an economic database and included an illustrative, albeit incomplete, economic scan.

GAIG selected a three-phase, technology-based development project as its top priority. Phase one was completion of the technology incubator, which is located on the campus of Silesian Technical University and had its grand opening in September, 1997. Phase two is development of a technology transfer center, and phase three is development of a research park. This project is envisioned as a partnership between Gliwice and the Silesian Technical University with GAIG taking lead responsibility for implementation.

Through a Pilot LGPP contract with FISE, a Polish consultant experienced in incubator operation, provided one-on-one consulting to the incubator management. In July, Pilot LGPP consultants helped GAIG prepare for and convene a workshop providing information about technology park development for representatives of the City Government, the University, and the research institutes. GAIG compiled the workshop materials (in Polish), added an introduction, and published the results as a small book promoting the technology transfer center and research park project. The Pilot LGPP agreed to help GAIG to develop an initial action plan for the project.

When three top officials from Silesian Technical University visited the United States in September, the Pilot LGPP consultant arranged meetings with representatives of Audubon Biomedical Science & Technology Park (Columbia University) and Columbia Innovation Enterprise technology transfer program in New York and the (UCLA) Harold Price Center for Entrepreneurial Studies and new ventures program. An October 14 technology transfer workshop for university employees is the final arena for Pilot LGPP assistance. The Pilot

LGPP is assisting with meeting planning, providing background information and a facilitator. The goal is to produce agreement on an action plan.

Kutno

Kutno requested technical assistance in reviewing the economic development plan prepared for the Kutno Regional Development Agency and in identifying opportunities and constraints affecting the feasibility of that plan. Behind that request was concern regarding a proposed major project, construction of a national food distribution center on land being purchased by Kutno. That project was designed as the cornerstone for economic development in Kutno.

The Pilot LGPP review found the economic development plan to be sound and straightforward with clear goals and realistic action items. However, it noted that the economic development plan and implementation plans for the food processing and distribution center lacked supporting documentation. Both the site development plan and the business plan for the food distribution center needed updating. The consultant recommended that Kutno go forward with the land purchase and recommended a market study of existing food processing and distribution patterns to help evaluate that proposed project. Additional information needs were identified, for example, better maps and specific plans for the new highways. A survey was designed to test and assess the needs of existing businesses.

Two follow-up visits, which included meetings with representatives of the Ministry of Agriculture, laid the groundwork for the design of a market analysis for the proposed food processing and distribution center. Preliminary investigations suggested a shift in emphasis from food distribution to a broader agro-industrial focus for the proposed park. An agricultural economist with experience in Poland joined the consultant team and prepared a paper outlining the procedures and options for a pre-feasibility agro-industrial assessment. This paper supported the recommendation for a shift away from food processing toward industrial uses and called for further market studies. It provided guidelines for that work.

The Pilot LGPP team retained services of American Systems of Marketing, located in Kutno, to prepare baseline data for a March 10-12, 1997 strategic planning workshop focused on the agro-industrial park. The LGPP economic development consultant led sessions on economic development, outlined general strategies and then applied these strategies to the Kutno situation. The strategic model followed closely the more detailed description that was forged at the January 1997 Pilot LGPP meetings in Warsaw and was being used as a framework in other partner cities. These materials, in conjunction with the strategic thinking during the workshop, helped local leaders in coming to a consensus on



what needed to be done next, by whom, and who should monitor progress and report on it regularly. For example, the City Architect took the lead for the site development plan, the RDA for the business plan.

Soon after the March meeting, negotiations about expansions of existing firms and attraction of new firms (both from in and outside the area) began to show immediate results. At last notice, a manufacturer, Dan Agropol, had doubled its facilities and BASF was negotiating for space for a new facility.

Nowy Sacz Public Service City Zone

Nowy Sacz was a unique pilot LGPP partner because the government unit was not a gmina, but the Nowy Sacz Public Service City Zone (PSCZ), an organization of 14 gminas in Nowy Sacz Voivodship. The Zone is a newly organized trial government level interposed between the gmina and voivodship levels. Its primary function is to deliver public services that were previously the responsibility of the voivodship.

There is no funding for new tasks such as economic development. However, the vision for the Zone is that it will enable participating gminas to cooperate and undertake joint planning and activities. Economic development is an attractive activity for such cooperative action, particularly in rural areas where individual gminas have few organizational or material resources for independent economic development efforts.

During the first Pilot LGPP visit to Nowy Sacz, which preceded formation of the PSCZ, the consultant interviewed leaders from Nowy Sacz and neighboring gminas about their economic development priorities. Their commonality of goals reinforced the impression that these gminas could benefit from a cooperative approach to economic development. Nowy Sacz had requested evaluation of plans for enhancing its museum of folk culture and for expanding a local airport. No written plans for those projects were available during the visit, although the consultant met with the relevant officials.

After the PSCZ was formed, a new Pilot LGPP team went to Nowy Sacz. The environmental scan revealed that the Zone is a new actor in an environment with active organized economic development planning and projects already underway. Nowy Sacz gmina and voivodship each have an Economic Development Department. There are business support programs associated with the Chamber of Commerce and a rapidly expanding school of business. The European Union sponsors rural development activities and tourism development. The Cracow Academy of Economics is providing technical assistance to the Zone.

The major issue that emerged during the assessment of economic development

opportunities was defining the role for the Zone in local economic development. For example, leadership and facilitation are the principal levers available to the Zone administration. The Zone also has opportunities to garner support from foreign and domestic funding sources that would be difficult or impossible for individual gminas to access.

A three day workshop was organized during which the entities involved in economic development activities presented their programs and participated in a guided process to identify opportunities and needs. Their final activity was to articulate elements of an economic development strategy and define the Zone role in facilitating and supporting those elements. This is an initial step in a longer term process of assisting gmina members of the Zone to undertake collective actions in economic development. Making the Nowy Sacz PSCZ Economic and Social Development Commission a working group with well defined functions, responsibilities and action plan is an important next step.

Sandomierz

The initial economic and organizational scan of Sandomierz identified a need to build community consensus and improve communication among factions in the community: the city council, the mayor's office, citizen groups, small and medium businesses, and agencies in the voivodship. This was needed to create a situation in which economic development planning could proceed.

Economic development inevitably touches a wide range of stake holders. A potential role for local government is leadership and facilitation in defining an economic development strategy and pulling the community together around a shared development vision. If stake holders are in conflict, if a shared vision cannot be articulated, if consensus on a strategy for development cannot be achieved, then an organized approach to economic development will not happen.

Recommendations to undertake communication training for local government officials and to initiate a process of community participation around defining a strategy for economic development were not implemented. Conflict among stake holders and an absence of enthusiasm and commitment to development of an economic development strategy continues to limit the effectiveness of economic development efforts in Sandomierz. Faced with this situation, the consultant adopted the strategy of finding an area on which there was agreement and building upon that. The area selected was tourism development.

Focus on a single economic development sector, in this case increasing tourism has proven to be the only potentially viable option for local economic development assistance in Sandomierz. Very specific and near-term goals have been set and a task force

organized. A Polish consulting firm is providing assistance. It is expected that this task force will evolve into a NGO independent of local government although local government representatives will participate. This independence is viewed as essential to gaining participation of important local stake holders.

As part of the Sandomierz tourism development effort, Pilot LGPP consultants worked on creation of a tourism development manual. This manual will have broader application and is intended for use by gminas throughout Poland to assess their potential for tourist development and to guide development efforts.

III CONCLUSIONS AND RECOMMENDATIONS

The Pilot LGPP experience confirmed the importance of the goals set forth in the economic development module - having a strategy to guide actions, a lead agency responsible for implementation, and public-private cooperation in all phases of economic development. Experience also taught that for some gminas there is a crucial preliminary step, that is defining the role of local government in economic development. An effective role for local government in local economic development requires leadership, consensus building, and communication skills. Those skills are not always in place. Thus, during the environmental scan, the consultant also assesses local government capacity.

The following recommendations are based upon the Pilot LGPP experience and address the four cornerstones for a foundation that can support and sustain local economic development efforts. Application of these recommendations should begin with an assessment of the local situation to identify the beginning.

A Defined Role for Local Government

Because Poland is making a transition from a centrally-planned economy to a free-market economy, finding a comfortable and effective role for local government in promoting, supporting, guiding, regulating, and developing the local economy is not straight forward. Moreover, central government in Poland retains control over most of the levers that might be used for local and regional economic development. Thus, determining an appropriate and effective role for the local government unit in economic development is a crucial first step.

A Strategy to Guide Actions

The Pilot LGPP economic development team found broad agreement that economic development activities should be driven by a strategy as well as numerous publications providing directions for strategy development. However, a strategy is not an end in itself, and there is a danger of spending too much time in the planning process or even earlier, in information gathering. Those activities will be on-going and continuous. It is not necessary to have a perfect strategy before moving ahead with implementation.

Because the authority and responsibilities of different government levels is still in flux in Poland, creating a broad economic development strategy is difficult. If the local situation will not sustain a broad strategy development process, focusing on a single sector may be more productive. The risk is that this approach puts resources into a sector without adequate assessment of which sectors offer the best opportunities in a particular location.

As soon as possible, certainly as soon as the partners agree that there is a satisfactory economic development strategy in place, begin to translate the strategy into action plans and to develop realistic projects to implement those action plans. Identification of short-term opportunities to show positive results, such as seeking external funding for an economic development activity, can establish needed credibility and provide momentum.

A Lead Agency Responsible for Economic Development

If lines of responsibility are not clear, action is not likely. Moreover, because economic development and local economic development agencies are a relatively new phenomena, institution building is required for long-term results. There is a tendency for local government to focus on short-term results and an inadequate appreciation of the need to build institutional structures required for long-term development. This is especially an issue where the local government role in economic development is not clear.

Public-Private Cooperation

Key stakeholders - public and private - have to be identified and induced to participate in development efforts. An entity that will be expected to participate in implementation should be involved in planning. Broad participation is especially difficult to achieve in an emerging market economy. The new private sector is suspicious of government and doubtful that local government can play a supportive role. It is worth the effort because establishing working relationships with other actors and with the wide range of stakeholders contributes mightily to the prospects for success.

Conclusion

None of the partner cities has completed the economic development process begun with the Pilot LGPP. Each has progressed, and the specifics of progress have depended upon the local situation.

- Kutno is implementing the action plan for the agro-industrial park called for in its economic strategy
- Gliwice is putting together an action plan to implement the technology-based economic development called for in its strategy
- The Nowy Sacz Public Service City Zone has defined its role in local economic development and begun strategy development
- Sandomierz is building its local government capacity for economic development by working on a tourism promotion strategy

It was intended from the beginning that the role of expatriate consultants would decrease over the term of the Pilot LGPP, while the role of Polish consultants increased. In most cases, the involvement of Polish consultants is on-going in the partner cities. These consultants represent a resource that will continue to help partner cities build on the progress achieved within the Pilot LGPP.

CITIZEN COMMUNICATION AND PARTICIPATION

SUMMARY REPORT OF ACTIVITIES UNDER THE PILOT CITY COMMUNICATION AND PUBLIC PARTICIPATION

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PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

SUMMARY REPORT OF ACHIEVEMENTS UNDER THE PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM

COMMUNICATION AND CITIZEN PARTICIPATION

SECTION 1 TECHNICAL ASSISTANCE OBJECTIVES

Overview

The Communication and Citizen Participation Module of the Pilot Local Government Partnership Program (LGPP) is designed to enhance communication and citizen participation through research, strategic planning, educational workshops, training and the development of specific tools and techniques for participating gminas. The Module assumes that increased citizen participation and improved communication in Polish cities supports

- Productive relationships among local government, NGOs, interest groups, business, academia and individual citizens
- Partnerships committed to identifying and addressing community problems and opportunities
- Sustainable systems which nurture ownership, trust and accountability
- Enhanced performance of local government and its employees
- Two-way communication integrated into all key gmina initiatives and activities

Implementation in Polish Cities

Pilot LGPP initiatives for improved Communication and Citizen Participation were undertaken in two Polish gminas, Gliwice and Kutno. Key objectives follow

Gliwice Objectives

Work began in Gliwice in October 1996. Initial objectives included

- Assess current and past communication and participation activities. Identify opportunities to promote understanding and collaboration
- Identify critical programs and key issues which local government should address
- Identify opportunities to share information and experience regionally
- Identify opportunities to build on recent successes, including the partnership approach that resulted in the building of the new General Motors plant in Gliwice

The October preliminary scan revealed that although Gliwice was investing in many communication initiatives, the municipality lacked a comprehensive, focused approach. Key objectives from December 1996 through October 1997 included

SECTION 2 OVERVIEW OF ACTUAL TECHNICAL ASSISTANCE

Technical Assistance Provided to Gliwice

A team of two communication and participation consultants (B Guarrant and B Gadell) integrated technical assistance efforts, as possible, with Pilot LGPP economic development consultant (P Dusenbury). This partnership supported the commitment to link communication and participation improvements with priority city business goals.

Pilot LGPP work in Gliwice began in October 1996 with a preliminary environmental scan of forces supporting and hindering improved communication and citizen participation. Through focused observation, review of publications and interviews with city officials, the news media, citizen interest groups and business groups, including the Chamber of Commerce, the team identified strengths and weaknesses, including

- Potential to build upon the Gliwice's innovative and expanding Municipal Customer Service Center that provided information and routine services, such as registration and permits. The center --- designed and implemented by a cross-functional team of municipal employees -- provided a solid base for working across department lines on communication and service improvements. The center has potential to serve as a regional, national and international model.
- Potential to build upon Gliwice's success in winning of the General Motors Plant. The team approach that won the plant provided a practical model of what could be achieved when local government, business, academia and interest groups worked as partners toward a clear, common goal.
- Innovative use of technology, including the World Wide Web, in support of improved communication and service delivery. Significant technological expertise with the municipality and in the community.
- Significant, but fragmented, use of many communication vehicles — print, radio, tv and Web -- to deliver information to citizens. Some sporadic use of two-way communication vehicles, including citizen surveying and neighborhood meetings.
- No integrated, comprehensive communication strategy that is driven by business goals, integrated into the work of all departments and leverages available resources.

The team completed the scan in December 1996 with

- Comprehensive assessment with city staff of city publications, promotion and public relations products, reports, budget and organization materials.
- Tours -- and in some cases extended conversations with employees — of city facilities and operations, schools and libraries, health and welfare facilities. Silesian Technical University, diverse community and business facilities.
- Observation of selected events, including a City Council meeting, news conference.

and ribbon-cutting for a new city financial services center

- Open, focused dialogue in meetings with elected and appointed government officials front-line city staff, community leaders and citizens

The team identified seven fundamental beliefs and assumptions that emerged consistently in the public participation, public relations and information arena. Gliwice municipal officials, interest groups and individual citizens exhibited

- 1 Unquestionable commitment to collaborative, not combative, public participation
- 2 Desire to work effectively in fast-paced, rapidly changing environment
- 3 Recognition that shift to participatory, collaborative approach will take time
- 4 Desire to make data driven decisions, to rely less on "instinct"
- 5 Desire for strategic, not shotgun, public information and participation
- 6 Leadership commitment to direct involvement in strategy and in modeling behavior in the city organization and community
- 7 Significant community pride and enthusiasm

The team and Gliwice municipal officials agreed to

- Continue working "virtually" via Internet e-mail with the assistant to the Mayor to share U S experience with customer surveying and identify a strategic communication planning tool appropriate for use in Gliwice
- Conduct a facilitated process, including a training workshop, that starts with the city executive board (Mayor, Vice Mayors and key staff) and leads to a comprehensive public participation and public information strategy driven by business goals. Systems for information exchange would be included in the strategy

In April 1996, the consultant team in full partnership with the Assistant to the Mayor of Gliwice and Pilot LGPP city team leader C. Chmura

- Augmented prior scan data with additional interviews of key groups, particularly individual citizens of diverse age groups
- Conducted a communication and citizen participation training workshop for city leadership, including the Mayor and his executive board and the director of the economic development agency
- Using a strategic communication planning tool, developed with workshop participants the first draft of the communication and citizen participation strategy

Gliwice's strategy assumes improved communication and citizen participation in local government depends upon building relationships. It identifies four key relationships key to local government

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- 1 Individual citizens/interest groups
- 2 Economic development partners
- 3 News media
- 4 Municipal employees and elected officials

The strategy includes key results, objectives and performance measures for each relationship area. Since April, the municipality has used the strategy to expand its public relations office into a comprehensive, strategically focused bureau of information and promotion. The bureau staff is using the strategy to design its 1998 business plan and budget proposal.

Technical Assistance Provided to Kutno

- A In early 1997, the mayor appointed a KPAP task force composed of two vice mayors, heads of city offices (planning, budget, statistical studies, architecture) and representatives from the local business community. The 17 member task force had been formed and was meeting regularly, and had requested LGPP to provide technical assistance to help develop a strategy to implement KPAP.

The Pilot LGPP, in collaboration with the city, had contracted with the American Systems of Marketing (AMS), a local firm in Kutno, to prepare a market survey of the region that included

- ▲ characteristics of the region
- ▲ infrastructure
- ▲ people resources
- ▲ education levels
- ▲ agriculture
- ▲ employment and unemployment information

In March 1997, a training and public participation specialist (K Alison) worked with the economic development specialist (B Liner) on the design and facilitation of a three-day strategic planning workshop. The information prepared by AMS was integrated into the design of the workshop, as was an exercise in identifying the strengths, weaknesses, opportunities and threats (SWOT tool) of KPAP. This data became the basis for the task force's work to develop three detailed action plans:

- ▲ KPAP Physical Development Plan
- ▲ KPAP Marketing Plan
- ▲ Public Participation Plan

The implementation of the physical development plan was assigned to relevant city offices. Implementation of the marketing plan was assigned to the Regional Development Authority (RDA) who was designated as the Project Operator.

Prior to the workshop, the city had not considered the idea of involvement of local

Prior to the workshop, the city had not considered the idea of involvement of local citizens in KPAP. As a result of the market survey and subsequent discussions during the workshop, task force members decided it was important to assess the current knowledge and attitudes of Kutno citizens about KPAP, in order to develop a detailed public participation strategy. The study was subsequently commissioned by LGPP and again carried out by AMS.

C The July/August technical assistance included the following three activities

- 1 A workshop with 15 task force members and three city council representatives to develop detailed KPAP communications/public participation plans for five audiences (general public, press, local businesses, city hall and city council members, and outside investors)
- 2 A planning session with the mayor and task force on team building and clarification of roles and responsibilities related to KPAP activities
- 3 Coaching of the Kutno press officer to support the city's outreach efforts with the five audiences mentioned above

The workshop integrated the results of two surveys done by AMS
Investors' Perceptions about Investing in Kutno"
" Local Business' Attitudes about KPAP "

The communications plans developed during the August workshop included specific actions, responsibilities, time frame, and resources required to involve the five audiences. Plans were limited to three-four realistic actions over the next five-six months.

The planning session continued the process of clarifying roles and responsibilities of the city employees and the Project Operator (the Regional Development Authority)

The coaching sessions provided an opportunity for the press officer to develop skills in various communications techniques (collaboration with local journalists, script writing, news writing, design of radio programs)

SECTION 3 CONCLUSIONS AND RECOMMENDATIONS/LESSONS LEARNED

Gliwice

- City leadership demonstrates commitment to open, honest communication and citizen participation. Leadership engaged in training and has funded improvement efforts to improve internal and external communication and service delivery.
- Elected and appointed officials demonstrate they are open to continually learning and expanding experience, systems and tools in support of effective, responsive and accountable local government.
- City and community representatives recognize that the shift to participatory government will take time. The rapidly changing environment, fast pace and problems hinder focused improvement.
- The municipality openly shares information with citizens through many communication vehicles, both print and electronic. Is just beginning to implement a strategically

planned communication program that is driven by key business objectives, targets and leverages resources and involves citizens in issues and activities that affect them *before* problems arise

- The municipality has some current external market/customer perception data gathered through citizen surveys. Is working to establish systems to continually assess satisfaction and expectations of key groups, including city employees, business, academia, NGOs and news media
- City officials and citizens interviewed by consultants recognize the significance of community pride, enthusiasm, confidence and the "Can Do" attitude. Dissatisfaction with traffic, taxes, lack of jobs opportunities could erode community confidence
- Officials demonstrate their commitment to innovation, openness and accessibility through the City Hall one-stop customer service centers for general and financial services. City officials are working to build on the centers' successes and nurture customer-focused attitude and practices in operating and enterprise departments
- Leadership recognizes the benefits of responsiveness and teamwork among government, academia, business and NGOs as demonstrated in the successful GM-Opel Plant bid. City is beginning to transfer this experience to other problems and opportunities, especially in support of economic development
- The municipality is taking lead in regional organizations and issues, such as economic development. Local government roles, responsibilities and funding are dynamic and evolving. City leaders recognize need for strategic regional alliances
- The municipality is expanding its press and public relations office with the establishment of a full-service information and promotion bureau to support open honest relationships with the media, all municipal employees and citizens. The municipality is using the communication and participation strategy developed with Pilot LGPP assistance to steer the bureau's business plan and 1998 budget

Kutno

- Planning for a public participation strategy takes time and effort. City officials have to first believe that public participation is important to achieving their goals
- Market research on the knowledge, attitudes and perceptions of key stakeholders is necessary before a public participation plan can be developed and implemented
- A public participation strategy is most useful when integrated with some kind of specific city program or effort (like economic development)
- City officials have not had much, if any, experience with public participation. Distinctions need to be made between "propaganda" (more one-way communications) and "public participation" (more two-way interactions)
- Unless mayors internalize the importance of being transparent about their plans for the city and of involving others in their plans, they may run into opposition for their programs and will have no allies. Mayors can develop support for their programs through a concerted effort to inform and involve city employees and city council

members, as well as the local business community, and other citizen groups. Task forces composed of representatives of various stakeholders are an important and effective mechanism for involving key stakeholders in decisions about city development issues.

- Crises (such as attacks by the press or other opponents) can generate a heightened understanding of, and need for, a public participation strategy.
- Training in team building, effective meeting management, and communications skills is important for mayors, city employees, and task force members to help them build effective, functioning teams. If the implementing team or task force does not have a clear vision, agreed upon objectives, and clearly defined roles and responsibilities, the public participation efforts (as well as other development efforts) will be less than successful. These skills will also be useful in planning and designing focus groups, public hearings, city council meetings, workshops with local business leaders, citizen meetings, and other outreach activities.
- Local press officers would benefit from basic communications skills training and coaching in working collaboratively with local journalists, writing press releases, developing video scripts, conducting effective interviewing, lay-out and design of brochures and newsletters.
- Use of the same consultant(s) over a period of time helps build trust and can move the public participation process forward more quickly. The availability of the consultant via e-mail, fax and phone between visits is also useful in supporting the efforts of the mayor, press officer and others in implementing the public participation activities.

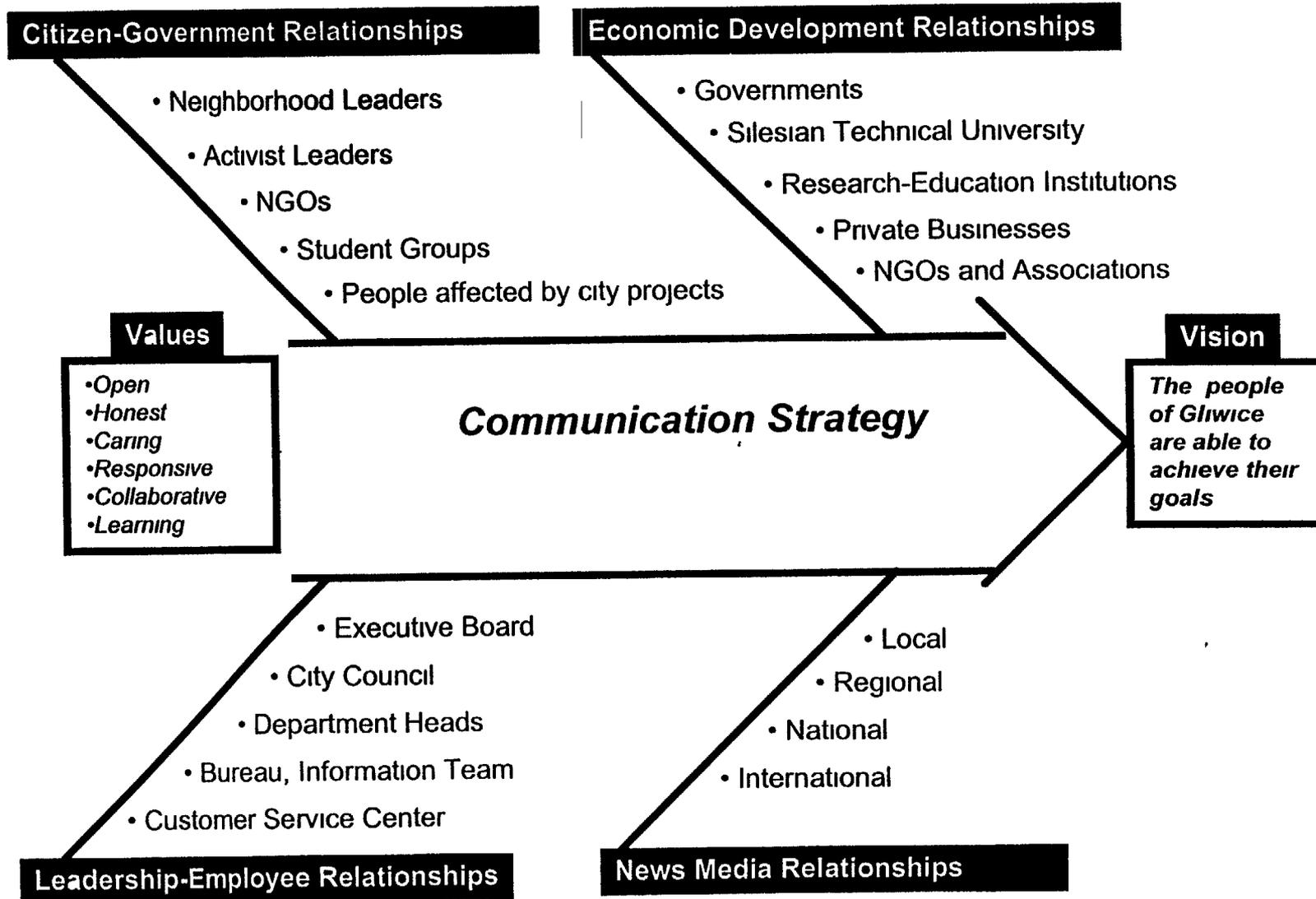
General Conclusions/Lesson Learned

- Focused market research data of internal and external audiences is critical for guiding the implementation of a comprehensive communication strategy.
- A thorough scan of the environment and audit of current communication and citizen participation programs are essential to establish baseline data and to measure progress toward results.
- Consultants providing technical assistance in the gmina should coordinate, at minimum, and integrate their work, as possible, to maximize opportunities and minimize potential for collisions.
- Effectiveness in Gliwice was enhanced by the Mayor's appointment of a single-point-of-contact who worked continually with consultants on-site and via Internet e-mail. This collaboration enhanced planning and follow-up and, ultimately, resulted in a genuine partnership and transfer of skills and experience.
- Best results are achieved when City leadership is engaged in an open and honest review of strengths, weaknesses, opportunities and threats, helping and hindering improved communication and citizen participation.
- Because resources are limited, communication plans should target strategic result

- areas identified as critical to community and government success
- Best results are achieved when leadership commits to the integration of communication and citizen participation principles throughout the organization and support programs with central administrative guidance and resources for implementation, training and evaluation
 - The formation of a formal internal network -- a cross-functional team of representatives from all municipal departments -- will enhance strategic communication initiatives, leverage available resources and foster improved internal and external information sharing
 - Leaders, managers, information specialists and employees working with the public will perform better with training to enhance their skills and knowledge in basic communication, presentation techniques, customer service excellence, strategic communication planning, news media relations, participation techniques and tools, and, team building
 - Polish firms and consultants skilled in training, market research, group facilitation, public participation programs, strategic communication planning, news media relations and customer service should be identified, documented in a resource guide/database and shared in print and electronic form, on the Internet and through municipal and professional associations and institutions

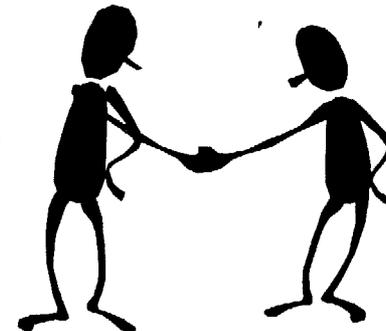
DRAFT GLIWICE COMMUNICATION & CITIZEN PARTICIPATION STRATEGY

Strategy, Page 1, Summary Graphic



What is Communication?

- *Relationships* that help us achieve common vision and goals, solve problems and maximize opportunities.
- Ongoing *process*, not products or tools. Happening all the time in many ways.
- Goes by *many names*: Public relations, public information, community relations, promotion, marketing ...
- Not assigned to a person or group. *Responsibility, privilege* of all.

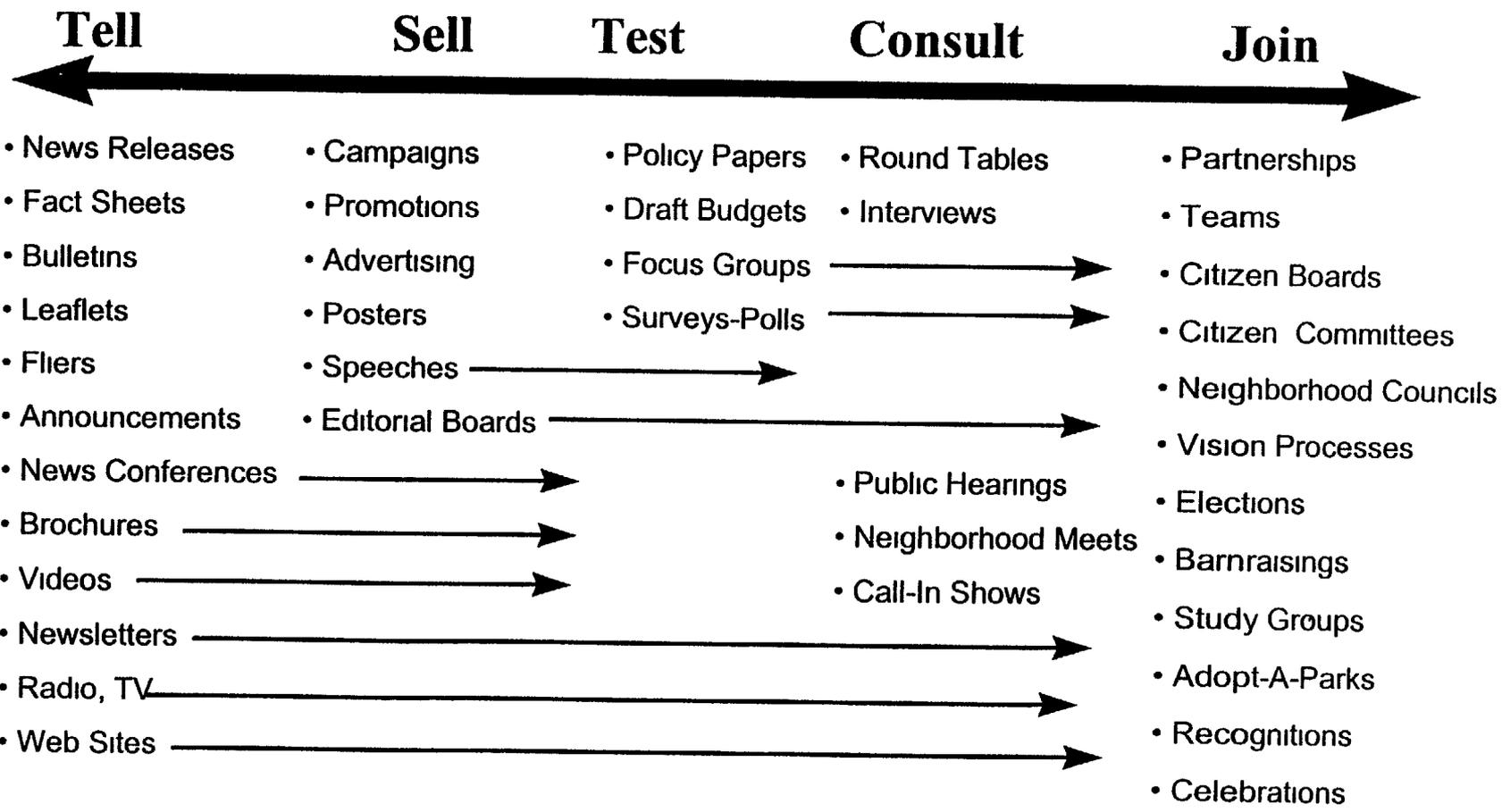


What is a Communication Strategy?

- Communication based on facts, not just perceptions
- Aimed at improving perceptions, building the understanding and trust essential to supportive behavior
- Recognizes key audiences receive, understand, act on or dismiss messages based on their personal beliefs and assumptions
- Helps get the right message to the right person at the right time in effective ways
- Charts course for focused activities that leverage assets
- Includes measures to help you adjust, continue to build relationships

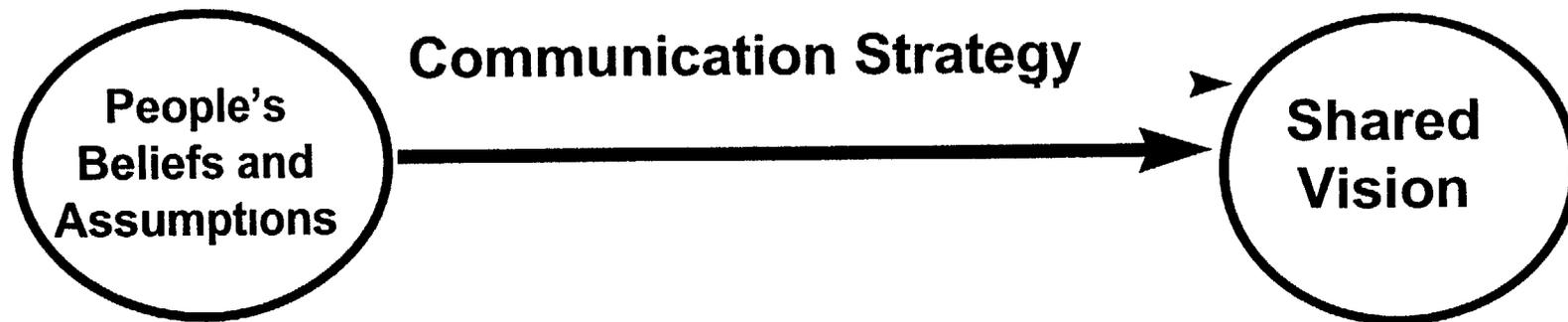


Modes of Communication and Sample Methods



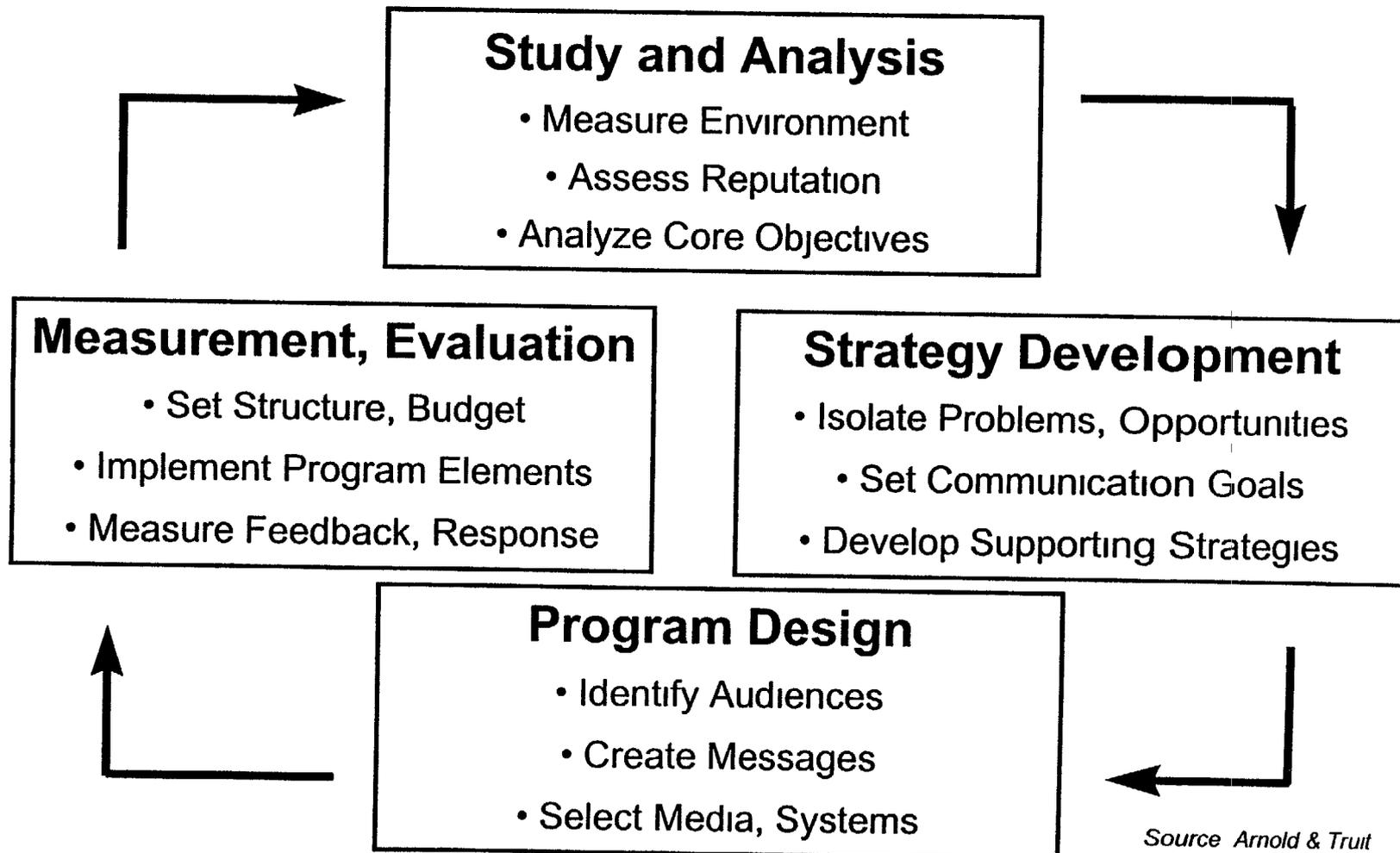
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**Strategic Communication
supports progress toward shared vision**



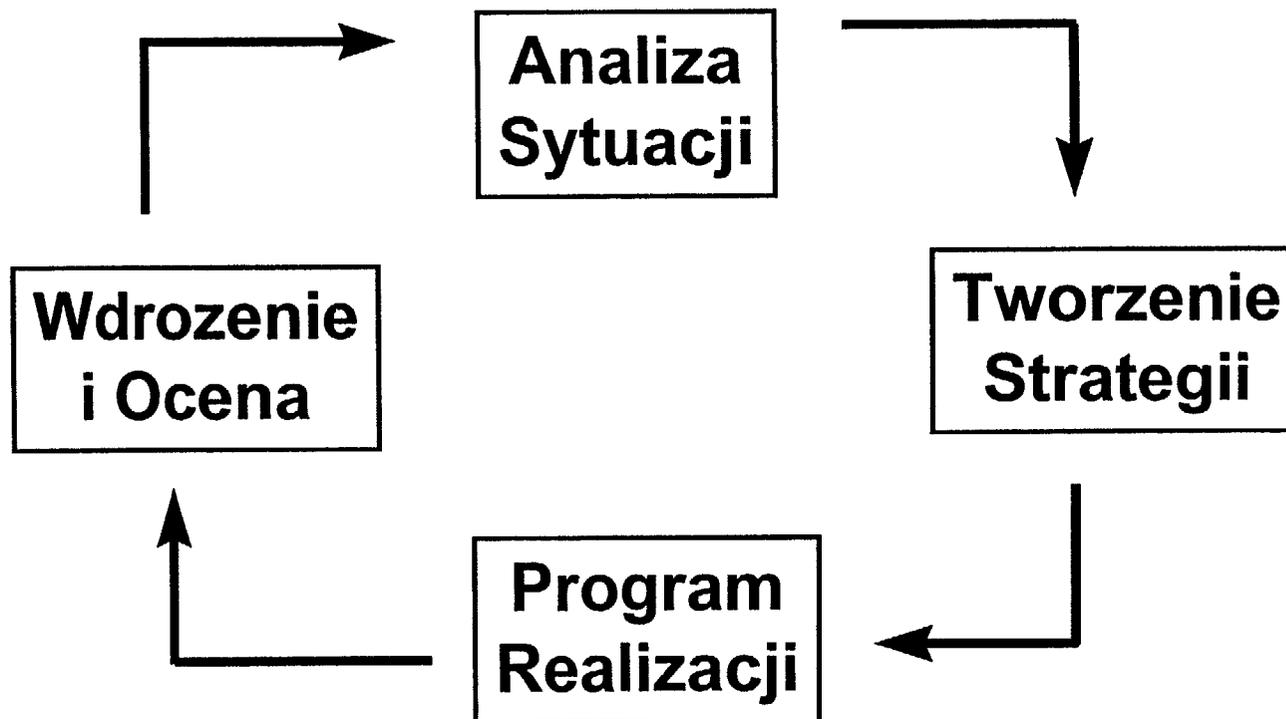
*Concept Source "The Fifth Discipline," Peter M. Senge
Massachusetts Institute of Technology (MIT)*

Strategic Communication Planning Model



Source Arnold & Truit
New York City NY USA

Model Strategii Komunikacyjnej



INFRASTRUCTURE FINANCE

SUMMARY REPORT OF ACHIEVEMENTS UNDER THE PILOT LGPP: INFRASTRUCTURE FINANCING AND DEVELOPMENT METHODOLOGY

PREPARED BY
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PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

SUMMARY OF REPORT OF ACHIEVEMENTS UNDER THE PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM

INFRASTRUCTURE FINANCING AND DEVELOPMENT METHODOLOGY

Section I Background

With the ongoing political and economical decentralization process in Poland and with increased citizens involvement in local government decision making process, the public requests for provision of services and investment projects to improve the overall standard of living, receive more attention at the local level. One of the most challenging questions faced today by the local government officials is how to maximize the volume of capital improvement projects for direct benefit of citizens and for stimulating of economic development of the municipality given the limited budget resources available. There is almost no municipality that would not be currently involved in an active phase of infrastructure project planning or implementation. At the same time, these capital improvement projects can create serious impacts on a municipality's overall financial standing and require searching for new or alternative methods of project financing.

Gminas are increasingly aware of the benefits of using long-term debt finance to increase immediate levels of investment, complete projects quickly and start to gain benefits from these projects as soon as possible, both to stimulate economic growth and meet basic service backlogs. However, gminas currently do not have the capability to competently prepare medium-term projections of their financial conditions and debt-carrying capacity or prioritize and program investments projects within their realistic financial limitations. These are all necessary skills for gminas which will use long-term debt finance. Once the gmina has made the decision to debt finance well prepared projects, support is then needed to help make the decision regarding the most appropriate form of financing (credits, bonds) and to actually do the financing.

The ultimate goal of the Pilot LGPP with regards to provision of technical assistance offered under the Infrastructure Financing and Development Module was for the municipality to become proficient in long term planning of budgets and scheduling of capital projects accompanied by prudent use of long term funds presently available on Polish capital markets for municipal infrastructure projects financing. The work under this module was also expected to create the links for technical assistance delivery through other modules, e.g., Strategic Management, Budgeting and Finance as well as Strengthen Municipal Services and Enterprises in particular.

The complimentary services and training to partner gminas with the use of tools available under this module included the following:

- *Gmina Financial Analysis Model (GFAM) application* -with initial emphasis on defining debt carrying capacity and on infrastructure programming

- *Infrastructure Project Appraisal* -to provide the gmina a realistic independent opinion of the feasibility/desirability of proposed projects and to suggest the necessary revisions to make the project "bankable"
- *Infrastructure Long-term Debt Financing* (by municipality and/or by enterprises)
 - Long-term Loans* (Standardized Loan Applications/Marketing to Banks/Bidding Procedures/Evaluation/Negotiation)
 - Municipal Bonds* (Prospectus / Information Memorandum / Bidding Procedures/Evaluation/Negotiation)
- *Infrastructure Project Management* - to assist the municipalities that are at various stages of infrastructure project planning and implementation to set up proper procedures for avoiding potential problems and for maximizing the technical and financial control of the project throughout all phases of its planning and implementation and for resolving ongoing problems with infrastructure project management
- *Capital Investment Planning* - through linkage to the Strategic Management, Budget and Finance Module

Section II Technical Assistance Overview

Under the Pilot LGPP six out of eight partner municipalities received technical assistance in the infrastructure finance area. Those municipalities included Kutno, Ostrow Wielkopolski, Bielsko Biala, Szczecin, Gliwice and Ziebice.

Some of the most important benefits arising from technical assistance and application of tools available under Infrastructure Financing and Development Module included the following:

- Stimulation of most effective use of gmina financial resources
- Promotion of transparency through provision of effective tool (GFAM) for internal and external communication, e.g. for Executive Board to communicate with Gmina Council, with Department Managers and with citizens and for Gmina to communicate with potential investors and with financing institutions
- **Optimization** of Strategic Planning through implementation of medium to long term **budget and investment program planning procedure**
- **Establishment** of financial framework for all forms of Gmina operations
- Introduction of debt management system
- Improvement in efficiency of multi-year project management
- **Facilitation** of analysis of economic development's impact on Gmina budget
- Stimulation of municipal enterprises restructuring process

Tools

The complimentary assistance provided to the pilot municipalities relied heavily on the infrastructure finance tools. The following information provides the description of tools along with approaches taken in their implementation.

Gmina Financial Analysis Model (GFAM)

The initial purpose of the GFAM - is to assess the debt-carrying capacity of a municipality in relation to the gmina's medium-term capital investment program- which typically includes specific priority investment projects for immediate financing. The GFAM provides the capability to determine medium-term projections of revenues, recurrent expenditures and the resulting expected surplus available for investment and/or debt service. The GFAM then helps the city prepare a "mini-capital improvement program" of priority investments that fits within the realistic financial limitations of the gmina, using long-term debt financing as appropriate. Application of the model provides the initial immediate results of

- defining the debt-carrying capacity of the city and its realistic limitations so the gmina executive and council can decide whether or not to use debt-finance
- defining a preliminary "mini-capital improvement plan", which forces the gmina management to adopt a medium-term perspective to investment priorities
- providing a competent analysis which can be used for demonstrating credit-worthiness to commercial bank lenders and/or municipal bond investors

These immediate results can equally be utilized in relation to commercial financing as well as any other type of subsidized financing available in Poland, such as loans from National and Voivodship Funds of Environmental Protection.

In six successful applications in pilot gminas ranging in size from 10 000 to over 400 000 population, the implications of the GFAM application typically reach far beyond the determination of municipalities debt carrying capacity to finance a specific infrastructure project. It leads to the natural and more far reaching secondary impacts of encouraging the gmina to

- use GFAM as a diagnostic tool in identifying key sectors where risks and opportunities for operational and performance improvement may be most productive to gmina management. Although by itself the GFAM and its basic application does not provide immediate answers to these questions the skillful site specific modification by experienced consultants will result in conclusions and recommendations supporting the above objective.

- build upon the 'mini-CIP' to create a full scale multi-year capital improvement program, or at least adopt the GFAM in the interim to continue to do the less sophisticated "mini-CIP" on a regular basis. The distinction between "mini-CIP" and the full scale CIP is that the "mini-CIP" is done based on existing information available at a gmina while the full CIP is to improve the information quality with respect to planning, technical and cost justification, and scheduling of investment projects throughout the process and package it properly for city staff, political leadership and citizens
- recognize the realistic financial constraints within which Economic Development Plans, Housing Strategies, etc can be developed

Infrastructure Project Appraisal Methodology and Criteria

The Pilot LGPP provides assistance to gminas through appraisal of investment projects which have been prepared by the gmina for financing. This appraisal provides the gmina a realistic independent opinion of the feasibility/desirability of proposed projects and how potential lenders/investors will perceive the project. Advice is provided on what improvements are required to individual projects to make them "bankable" and what improvements must be made in the overall project preparation process of the gmina. It is therefore important to understand that actual preparation of project development documentation such as prefeasibility and feasibility studies, preliminary designs, etc is not within the scope of offered technical assistance.

More specifically the following determinations will be made based on the application of specific Project Appraisal Criteria

- (1) Are the main objectives of the investment project clearly set and are the benefits associated with project's implementation well defined
- (2) How advanced is the level of project development and is it sufficient for initiating the process of project financing
- (3) **What is the status of project conformance with necessary permitting and regulatory requirements**
- (4) **Is implementation of the project in a proposed form going to satisfy the actual and anticipated needs and expectations of the municipality**
- (5) How sensitive is the project to the possible changes requiring revisions in schedules, phasing, technology, size, etc, and resulting from differed social and economic requirements of the society
- (6) **Is the municipality aware of and what are the impacts of the operating costs/revenues associated with proposed project implementation on municipal budget and/or the users**

Standardized Credit Application

This tool provides gminas a Standardized Loan Application that can be used by gminas to apply for competitive bids from a number of commercial banks. The Standardized Loan Application, combined with the GFAM, provides all of the information that should be required by potential commercial bank lenders in order to make the decision to approve a credit. This tool has also been successfully pilot tested and is accepted by numerous commercial banks which have already been trained in evaluation of gmina credit-worthiness.

Once the Gmina's debt carrying capacity is evaluated, the long term financing plan developed and specific project for financing appraised, a gmina can use the Standard Loan Application format to prepare a complete credit application package to seek the most competitive sources of funds available on the market.

Model Prospectus and Model Information Memorandum

For gminas which have performed the GFAM and wish to issue bonds to finance their infrastructure investments, both a Model Prospectus and Model Information Memorandum (as well as supporting commentary and user manual) have been developed. For very large issues (> 100 million PLN) which will be introduced into initial Public Trading on the Warsaw Stock Exchange (WSE), the Model Prospectus provides guidance on how to prepare the required prospectus. For medium-small issues which will be privately placed and subsequently traded on the regulated secondary Over-the-Counter (OTC) market, the Model Information Memorandum provides guidance.

Similar to the development of credit application package after the implementation of GFAM and based on the project appraisal, gminas can use the Model Prospectus and Information Memorandum to prepare for the issue of municipal bonds.

Infrastructure Project Management Manual

This manual will provide guidance to municipalities for all phases of infrastructure project planning and implementation. It will define all steps required from project conception to execution with detailed guidance regarding appropriate contents of pre-feasibility study, feasibility study, preliminary design, detailed design, contract document, bidding procedures, financing procedures, etc. according to Polish best practices, laws and regulations. The purpose of this tool is to assist the municipalities that are at various stages of infrastructure project planning and implementation to set up proper procedures for avoiding potential problems and for maximizing the technical and financial control of the

project throughout all phases of its planning and implementation as well as for resolving ongoing problems with infrastructure project management

This tool should be of special importance to those municipalities that will receive assistance in securing the long term commercial financing, upon the understanding that the benefit of obtaining the most competitive rates and terms of the funds may be minimized or eliminated unless the use of these funds during the project implementation proceeds in accordance with the most effective project management procedures

Section III Implementation Recommendations

Based on the experience gained in pilot municipalities to-date, the following is the normal progression of activities to be implemented in each gmina requesting assistance

- gmina request for assistance in long-term debt financing (credit or bond) of a specific infrastructure project
- initial visit to gmina for
 - * preliminary discussion of specific investment projects to be financed
 - * preliminary discussion of financing required, possible sources budgets
 - * preliminary review of gmina's project management process and capabilities
 - * introduce GFAM and data collection requirements for gmina
 - * presentation to Executive Board & City Council on benefits of long-term debt financing and introduction of process
- implement GFAM and Investment Project Appraisal
 - * on-site work with city staff for compilation of historic budget data, revenue/recurrent revenue projections and initial review/compilation of infrastructure project plans (normally non-existent) Concurrently perform technical appraisal of investment projects
 - * off-site work to input data into GFAM and produce preliminary results
 - * present preliminary results to Executive Board, work with gmina to prioritize investment projects and adopt long-term financing strategy based on budgetary surplus available Presentation to Executive Board & City Council
- City Council approval for long-term financing of specific project, using credit or bond
- if commercial credit financing will be used

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- * introduce Standardized Loan Application City to complete using GFAM as basic data source Quality control assistance provided, as required
 - * advise gmina on bidding procedures to be established, help identify short-list of commercial banks with active municipal lending programs Assist inn marketing to banks
 - * advise gmina on bid evaluation (using TIC model)
 - * advise during negotiations and contracting of loans
- if municipal bond will be used
 - * advise on type of bond/placement which is most practical
 - * advise gmina on preparation of Prospectus or Information Memorandum
 - * advise gmina on establishing underwriter bidding procedure
 - * advise gmina on bid evaluation (using TIC model), negotiations and contracting
 - * advise gmina on procedures for public trading of bond, if appropriate
 - Throughout the above process, critical deficiencies (both in the specific investment project to be financed and in the general project management system of the gmina) need to be identified The Project Management Manual may be introduced and selective corrective actions may be recommended to the gmina
 - Follow-up technical assistance and training should be provided to those gminas wishing to adopt the GFAM as a standard tool for medium-term planning and/or to gradually evolve from the mini-CIP under GFAM to full scale implementation of a comprehensive CIP

PILOT LGPP CASE STUDIES

Kutno

Population (1996)	51,053
Location	Plock Voivodship
Budget (1996)	31,133,930 PLN
Investments as Percent of Budget (1996)	21 65%
Debt Service Factor (1996)	8 91%

In Kutno, the tools to analyze the credit worthiness of the gmina were developed as the model ones. The primary objective was to analyze municipalities capacity to undertake long term commercial financing for a project involving Final Construction Stage of the Wastewater Treatment Facility

The most important conclusion from the financial analysis for 1995 - 2005 was to confirm that it would be justified to conclude a loan of a minimum 10-year maturity which would allow Kutno to maintain a safe loan servicing to revenue ratio. Kutno was the first city to obtain a multi-year commercial loan based on the tools developed under the USAID Program.

The GFAM Model has been used in Kutno to optimize the capital investment plan, and help program and prioritize projects and options for funding them such that financial liquidity is secured, and the ability to generate resources to accomplish "deferrable investment projects" is created. Due to the implementation of the Model, it was possible for the City to develop the "Program for the Operation of the Local Government of Kutno in 1995-2005."

The staff of the City Hall has the skills necessary to use the Model, which makes it possible to use various simulations in order to prepare successive versions of the annual financial plans. At the same time, the President of Kutno is indicating the necessary update of the assumptions behind the Model because of the changing legal regulations and the economic condition of the City. Mr. Krzysztof Debich, the President of Kutno, says the following in his letter: "The Model is being used and updated on the current basis by the Finance and Economic Development Departments personnel."

Ostrow Wielkopolski

Population (1996)	75,000
Location	Kalisz Voivodship
Budget (1996)	47,512,134 PLN
Investments as Percent of Budget (1996)	28.8%
Debt Service Factor (1996)	6.54%

The financial analysis carried out in Ostrow Wielkopolski was subjected to the municipal bond issue in the amount of PLN 7,500,000. Consultants have developed the Offering Memorandum with intention to admit the issued bonds for secondary public trading on the OTC market. The proceeds of the issue were to finance a series of road projects in the City. This was the first municipal bond issue in Poland admitted to the OTC market. The Ostrów Information Memorandum was prepared in close cooperation with the Polish Security and Exchange Commission and was since transformed into a model document for other Polish municipalities wishing to enter the OTC market for secondary trading of municipal bond.

Due to the financial analysis in Ostrow Wielkopolski an appropriate safety margin for debt servicing was defined till year 1999 (the planned repayment of the first bond issue). The

application of GFAM has also become a factor stimulating an annual development of long-term budget plans as well as a preparation of a full scale four-year Capital Investment Program (CIP)

Using the GFAM, a new municipal bond issue is planned at the moment. The bond is also in the amount of PLN 7.5 million, and of 7-year maturity (the longest in Poland so far)

The City of Ostrow Wielkopolski has regarded the GFAM as a "very useful and relatively easy to use tool, which enables simulations of different plans." In addition, the financial analyses report for Ostrow Wielkopolski has become a standard form of a document submitted by the City Board to the Regional Audit Office supporting the City's request for positive opinion on municipal bond issue.

Bielsko-Biala

Population (1996)	182,000
Location	Bielsko Biala Voivodship
Budget (1996)	183,247,270
Investments as Percent of Budget (1996)	11.13%
Debt Service Factor (1996)	2.58%

Bielsko-Biala represents a case study example where timely application of the GFAM has prevented the city from making irrevocable errors in financial planning and serious short to long-term implications on the city's ability to fulfill its statutory obligations towards its citizens.

The first introduction of the Model took place in the moment when the City was just a step ahead of finalizing a decision to stimulate new housing development by injecting PLN 100 million generated through a municipal bond issue planned for the year 1997. The results of the use of the Model and the completion of the financial analysis, have indicated that the credit capacity of the City was far too inadequate to contract a liability on such a scale. A bond issue to that amount would have caused a financial collapse of the City over the period of the two years that followed and besides, it would have hampered investment activity in other, "non-housing" municipal service areas. It also turned out that the capital program of the City to be financed, was insufficiently developed and that it required refinement and precise definition of detailed tasks, costs and implementation schedules. By taking the above findings into account, the City decided to withdraw from its earlier decision to issue bonds in the amount of PLN 100 million.

The use of the GFAM Model has revealed that the maximum possible level of debt will be up to approximately PLN 30 million in 1997 and approximately PLN 70 million within the period of upcoming four years. At the same time, maximum annual ceilings for capital spending in individual budgetary categories were determined. It will be possible to maximize capital investment in the City in 1997 - 2000, mainly through long-term financing with bank loans of a minimum of 10 years maturity.

As a result of the analysis made in the Gmina, a financial framework for safe programming of capital projects and monitoring of the financial condition of the City, while servicing debt and implementing budgets, was determined.

Subsequently, the GFAM-based financial analysis report, together with a standard loan application, has resulted in an exceptionally attractive offer to the City by a number of commercial banks for an open line of credit, with a 10-year maturity and no commitment fees. This is the first case in Poland that a financial instrument of this kind is offered to a municipality. It provides for a smooth adjustment of the cash flow to the construction progress and associated expenditures. An option is being considered to refinance the resources used through the credit line with a bond issue, once the outstanding debt under the credit line reaches appropriate levels to make the bond issue feasible and financially effective.

Ziębice

Population (1996)	19,980
Location	Wałbrzych Voivodship
Budget (1996)	13,537,733 PLN
Investments as Percent of Budget (1996)	24.63%
Debt Service Factor (1996)	3.25%

The financial analysis was carried out in Ziębice as one of those forms of technical assistance the City Board wanted the most under the Pilot Local Government Partnership Program available technical assistance choices. The Gmina of Ziębice is the smallest of those covered by infrastructure finance technical assistance. The financial analysis was completed in Ziębice by the consulting firm of DS Consultants under close supervision and quality control of the Municipal Advisory Team. The staff of DS Consultants engaged in the assignment was previously trained in use of the infrastructure finance tools at the first Lublin School of Business workshop in November 1996. The analysis covers a period of 1994 through 2006. According to the City Board, the greatest benefit of the use of the Model will be to create a methodology and to obtain a transparent and efficient tool to launch a multi-year capital investment program, as well as multi-year budget plans.

Beside those benefits of a rather general nature, a direct and one of the most visible effects of the use of the Model in the Gmina of Ziębice was to indicate how long-term financing shorten the "rural water supply system" project implementation from 18 years to 6 years, while securing appropriate levels of investment in other sectors of municipal services. The results of the financial analysis and suggestions it had come up with were presented to the City Board and to the Councillors during a special session. The report from the financial analysis was additionally presented during a Pilot LGPP workshop to a larger group of staff.

HOUSING

SUMMARY REPORT OF ACHIEVEMENTS UNDER THE PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM

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PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

SUMMARY OF TECHNICAL ASSISTANCE ACTIVITIES UNDER THE PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM HOUSING DEVELOPMENT

This paper describes the achievements of technical assistance activities related to housing development as part of the Pilot Local Government Partnership Program (Pilot LGPP) in Poland. Technical assistance in the housing sector under the Pilot LGPP was broad and extensive. Five out of eight Pilot gminas (Ostrow Wielkopolski, Kutno, Bielsko-Biala, Ziebice and Szczecin) participated in housing related activities working in the areas of housing strategy development, communal housing management, housing cooperative development, and housing monitoring system development. This type of commitment to housing by gminas suggest that there is strong demand to address housing issues on the local level in Poland.

Introduction

Decentralization of responsibility and privatization are two important themes in nearly every sector undergoing reform in Poland. The housing sector is particularly vulnerable to this transformation since it embodies the single greatest asset of reproducible wealth in the country (about twenty-five percent) and contributes anywhere from seven to eighteen percent towards the national product. In addition, the housing sector plays a key role in economic development by influencing labor mobility through the availability of housing.

Gminas are struggling to promote housing development through a variety of methods. Ownership of communal housing, which constitutes a substantial share of housing, has been transferred to local governments. Local governments are now responsible for developing strategies to manage and promote housing development along with land use planning and infrastructure provision. In unison with national level policies gminas officials must formulate local-level housing policies that address local priorities, needs, and constraints to private sector housing provision.

Technical assistance in the housing sector under the Pilot LGPP focused on both direct and indirect assistance to gminas to promote better housing solutions for their citizenry. Under the more direct approach (utilized more extensively in Szczecin, Bielsko-Biala, and Ziebice), Pilot LGPP activities focused on helping gminas with developing housing needs assessments, managing communal housing, and assisting gminas to develop housing strategies. Under the second approach, technical assistance focused on developing housing using small-scale cooperatives (AWIM). In one gmina (Ostrow Wielkopolski) the Pilot LGPP supported the development and interpretation of a housing indicator/monitoring system that not only helped the gmina with formulating a market-oriented housing strategy but also was meant to assist the private sector institutions with information to address Ostrow's housing needs.

Housing Demand Analysis

Pilot LGPP consultants played a leading role in assisting the city of **Szczecin** to develop a housing strategy using a needs-based approach. In this gmina, the Housing Policy adopted by the gmina was linked with their Renovation Strategy to promote public-private partnerships. Szczecin officials worked closely with USAID-sponsored consultants to promote "demand driven" housing development through the use of partnerships and the development of a non-government organization to promote rental housing (TBS).

The consultants' key input to this process was designing and implementing a household survey that collected data on housing and household characteristics. This survey of almost one thousand households focused particular attention on indicators that revealed household preferences for housing and household demand for housing, including household income data. Following data collection activities, consultants developed statistical associations between household preferences and their ability to pay for housing. This information was then matched against the type of housing available in the local market to determine the extent of housing need. With this information, the gmina and the private sector will be in a better position to respond to housing demand through selective use of available housing development tools (e.g. TBS, cooperative housing, land-use planning infrastructure development).

A similar approach to housing development was undertaken in **Ziebice**. There, USAID-sponsored consultants worked with gmina officials to develop a Housing Needs Assessment. This Assessment was used by the gmina to formulate its Housing Strategy that, like in Szczecin, links housing development with the Gmina's Revitalization Program to promote not only housing but overall economic development of the gmina. The Pilot LGPP supported a workshop in late July to assist the gmina with understanding these linkages and outlining specific strategies on how to implement development plans.

Housing Development and Financial Analysis

In 1996, **Bielsko Biala** prepared a housing strategy with USAID-sponsored technical assistance. The gmina sought long-term financing to implement some elements of this strategy. In early 1997, the gmina's Management Board developed and adopted a list of 12 program areas requiring external financing. These programs corresponded to the highest priorities identified in the strategy. They included elements of such investments as: 1) "alternative" housing development through Social Housing Associations (TBS) and the local AWIM, 2) packing of land parcels for sale to private developers, 3) redevelopment of unused industrial space for temporary communal housing, and 4) public investments to revitalize the historic market square in old town. Together, the Gmina treated the program areas as a comprehensive "Housing Sector Investment Program".

Initially, Bielsko-Biala's Management Board sought to issue Municipal Bonds to finance some or all of these programs. In response to their request, Pilot LGPP consultants evaluated the gmina's credit worthiness using the Gmina Financial Analysis Model (GFAM). The initial analysis revealed the gmina's debt carrying capacity to be significantly lower than anticipated. Subsequent assistance led to redefining the debt plan, with the result that the gmina is now negotiating with local banks to obtain a line of credit that is within limits of the repayment capacity for the gmina.

In the spring of 1997, the Gmina's Executive Board voted to accept the "Housing Sector Investment Program". The gmina assigned staff to this task to work together with USAID-sponsored technicians to implement the Program. There now 12 teams assigned to this task, working to assess financial feasibility of each component of the program. It is yet uncertain whether all 12 programs will qualify for funding from commercial credit. Nevertheless, funds should be available to the initial programs by late 1997.

Housing Development Using The Cooperative Method

Agencies for the Support of Housing Initiatives (AWIM) work to promote housing solutions using a cooperative approach to housing development. AWIMs have been formed at the local level in select gminas throughout Poland. Their purpose is to promote a democratic method to housing development by securing land and access to financing for its members. Through this approach, households are able to realize newly constructed housing using competitive construction practices and commercial credit at market terms. Though this type of approach to housing development was implemented before the advent of the Pilot LGPP, the linkage between the work of the AWIMs and related Pilot LGPP activities is integral to promoting housing development in Pilot Gminas.

The **Szczecin** AWIM was formed in 1995 with the establishment of 'Na Wzgorzu (On the Hill) housing cooperative. During this year, the Cooperative obtained municipal land for building 21 houses. The following year, construction began and in 1997 ownership rights were transferred to the new owners. Additional land is being prepared for new Cooperative-produced housing. In addition, AWIM officials worked with the gmina to assist them to develop their comprehensive housing policy.

In early 1997, an AWIM was established in **Kutno** named 'Ciepła Chata' (Warm Cabin). Work has begun by the Cooperative to prepare land and arrange for access to credit. For the time being, about 15 households have expressed an interest in participating in the program. In yet another Pilot LGPP Gmina, the AWIM in **Ziebice** created a housing cooperative 'Promyk' to develop city-owned land and access to credit financing. The Cooperative is actively engaged with the gmina to rezone land from its intended use to one that allows the construction of single family houses.

The AWIM in **Bielsko-Biala** has been active in housing development since 1994. Thirty-two housing units have already been completed and the cooperative Bielsko-Biala plans to begin construction of over eighty new units in September 1997. Another cooperative was established for families who want to live in multi-family apartments buildings. As in Bielsko-Biala, the **Ostrow Wielkopolski** AWIM has led to the formation of new housing cooperative named "Our House" for the purpose of promoting housing development. Members of this AWIM have selected initial housing design plans and assessed sites for housing development.

Housing Management Activities

Technical assistance activities to promote better housing management practices for communal housing enterprises was begun before the Pilot LGPP, but nonetheless constitute an important linkage among related activities sponsored by the Pilot program. Two Pilot gminas received assistance in restructuring their municipal housing management enterprises **Ostrow Wielkopolski** and **Bielsko-Biala**. This summary paper addresses the experience of only one gmina since it reflects the effort to link this activity with activities conducted under other Pilot LGPP modules.

The gmina **Ostrow Wielkopolski** has restructured its municipal enterprises to perform with greater efficiency. The enterprise that manages the communal housing stock (MZGM) is now one of six Gmina enterprises controlled by a holding company (owned by the Gmina). The MZGM sought to project the financial impact of various management practices in areas such as rent setting, administration of housing allowances and alternative capital repair investments.

In order to improve the information base and planning capabilities, Pilot LGPP consultants installed and trained MZGM staff to operate two computer software programs. The most important of these programs was the "Housing Stock Management Information System" (MIS). This information tool is designed so that it can analyze capital repair needs, estimate budgets for capital repairs, and project rent-setting policies under different scenarios. The second program is the "Enterprise Financial Conditions Model" that assists the MZGM to project costs and revenues.

A Strategic Approach to Assisting Gmina's With Developing Housing Opportunities

By utilizing a coordinated or strategic approach to technical assistance, USAID-sponsored programs can lead to measurable improvements in an array of sectors. One example can be found in **Ostrow Wielkopolski**. In response to the Ostrow Wielkopolski's receptiveness to technical assistance and in order to promote better delivery of their expertise, Pilot LGPP consultants formed a Technical Assistance Working Group (TAWG). With some regularity, TAWG held meetings to discuss linkages in all areas of assistance.

and to coordinate activity in this gmina. Its primary goal was to ensure the efficient and timely delivery of technical assistance and to promote linkages across sectors where possible. With a strategic approach to the delivery of technical assistance combined with strategic planning, Ostrow Wielkopolski officials could leverage expertise in different Pilot LGPP module areas to promote the better delivery of government services.

The integrated orientation towards various sectors is essential to effectively address the housing challenges faced by gminas. Housing development-based on market principals-is dependent upon the interplay among many different sectors, including land infrastructure, financing, and central and local government policies. Effective demand for housing is contingent upon income and population growth and migration patterns. Gminas can exploit opportunities to reduce the cost of housing and increase its availability by accelerating the close integration of strategic planning with reforms in land and infrastructure sectors.

A key factor to developing a strategic approach to technical assistance was to promote linkages among the housing, land-use planning, and financial analysis modules of the Pilot LGPP. During the first part of this year, while working with Pilot LGPP consultants, Gmina officials evaluated its debt-carrying capacity and capital investment priorities. This analysis resulted in the issuance of municipal bonds for the purpose of infrastructure development. Another activity that took place in Ostrow Wielkopolski related to task-based budgeting or budget bench-marking using a comprehensive simulation model. These analyses helped the gmina to prioritize its investment decisions, especially in regard to infrastructure development.

Ostrow Wielkopolski officials worked with Pilot LGPP consultants under a collaborative agreement to develop maps for implementing a land-use strategy designed to address the new realities of markets and address past land-use practices that lead to an inefficient spatial orientation in the gmina. The key technical assistance activity under this module centered on exploring the use of financing infrastructure investments coordinating land use with other levels of government, and recycling land. During October, a land-use workshop was held to explore these and other land-use issues with gmina officials and to assist the gmina with utilizing data gathered as part of this activity. This technical assistance should ultimately help the gmina to prioritize investment decisions made under the financial analysis module and to better understand development needs for commercial as well as residential property.

Yet another technical assistance activity in Ostrow Wielkopolski allowed for linkages across technical assistance areas. With the help of Pilot LGPP consultants the local housing management enterprise (MZGM) implemented a Housing Stock Management Information System (MIS) to improve management of the communal housing stock and help determine rent setting policies. The information from the MIS was fed into the housing

indicators data base that was developed with the assistance of Pilot LGPP consultants. In turn, this information will be used by the gmina to develop its housing strategy and ultimately, will be used to develop the gmina's *Studium*.

During the summer, the gmina identified a need to monitor its housing stock through the implementation of a housing monitoring/indicators system. Work began with Pilot LGPP consultants to collect data related to housing and create a framework to systematically store these data. These data were derived from existing local sources supplemented with special tabulations derived from National Statistics Office (GUS). Data collected as part of the land-use module and MIS were also input to the housing monitoring data base. The goal of this exercise was to institutionalize an information base for the gmina as well as the private sector to monitor developments within the housing sector. During a workshop, Pilot LGPP consultants assessed the housing sector of the Ostrow Wielkopolski and offered suggestions for prioritizing the gmina's policy options to develop a market-oriented housing sector using information gained from other technical assistance activities.

Conclusions

The work done under the housing component of the Pilot LGPP was diverse, addressing a broad array of issues. There was considerable work conducted in the area of housing management, focusing on assisting municipal enterprises to create a more efficient approach to managing their housing. The introduction of AWIMs in select Pilot gminas helped to promote decentralized, market-oriented housing delivery through NGOs. The work in developing a housing monitoring system showed that—with little expenditure of resources—gminas can amass information to guide policies that promote a market-oriented housing sector and strategically integrate different sectors.

The activities conducted under the housing component of Pilot LGPP did promote approaches to housing development that lead to

1. **use of resources** more effectively in the execution of housing mandates and as **enablers/facilitators** in housing management and development,
2. **respond better** to the needs of residents and to the conditions of a market economy at a time of substantial change (legal, economic, and regulatory)
3. become more accountable to residents and other constituents through the development of participatory planning toward common objectives.

During the course of the Pilot LGPP, gminas benefitted from technical assistance to address their housing needs. The accomplishments include

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- 1 assisting one gmina with developing their housing strategy and collecting data on housing needs to better define the gmina's approach to housing development
- 2 restructuring housing management enterprises in two gminas with one benefitting from the installation of a management information system to increase operating efficiency
- 3 linking technical assistance in financial planning with housing development in one gmina and assisting the gmina with developing its housing strategy
- 4 promoting a democratic approach to housing development in five gminas by using small-scale cooperatives that work with gminas to develop housing
- 5 creating a comprehensive data base on housing indicators and installing a housing monitoring system in one gmina for promoting market-based housing development and linking information from different sectors to help the gmina strategically address their overall development strategy

Because of the diversity of approaches under this module, USAID should evaluate the impact of each technical assistance activity and advance the approaches that prove to be the most beneficial. The models and processes developed under this component of the Pilot LGPP should guide further USAID-sponsored work in this sector.

MUNICIPAL SERVICES

SUMMARY REPORT OF ACHIEVEMENTS UNDER THE PILOT LGPP: STRENGTHENING MUNICIPAL SERVICES AND ENTERPRISES

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PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**SUMMARY REPORT OF ACHIEVEMENTS UNDER THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM
STRENGTHENING MUNICIPAL SERVICES AND ENTERPRISES**

I Objectives

The objectives of the Pilot LGPP in strengthening municipal services and enterprises as stated in the Strategy Module were to help partner gminas achieve

- better quality of services delivered by municipal enterprises,
- increased efficiency in the use of resources (lower unit cost of services delivered),
- increased financial self sufficiency of municipal enterprises (higher percentage of total costs, both operating and capital, generated from user charges), and
- increased reliance on private sources of capital for investment in facilities rehabilitation and expansion (both equity and debt)

The focus has been on helping the gmina officials better manage and regulate the municipal service units and enterprises

- monitor service performance (both operational and financial)
- set and approve tariffs
- select the most appropriate form of organizational structure
- select options for contracting and granting service concessions
- determine appropriate subsidy policies and amounts
- develop and approve capital investment plans

The overriding intent has been to build a sustainable Polish capacity to carry on this work beyond the USAID program. During the start-up phase of the Pilot LGPP, emphasis has been placed on consolidating the knowledge base and developing the "tool kit" to guide the technical assistance to the partner cities as well as developing the professional teams who will work with the cities.

The five main tasks were identified as follows

- 1 Building the knowledge base about which approaches to service delivery

work best under what circumstances in Polish municipalities,

- 2 Developing a set of "tools" to disseminate that knowledge base widely and cost effectively,
- 3 Building-up Polish organizations and individuals with the technical competencies to deliver training and technical support to gminas,
- 4 Providing direct support to the Pilot LGPP participating cities (which will also serve to field test the Pilot LGPP approaches in these early rounds of the program), and
- 5 Supporting national policy dialogue on issues that affect service performance at the local level

The following sections describe the tasks and activities that have been undertaken under the Pilot LGPP

II Overview of Assistance Provided to Pilot LGPP Gminas

Bielsko-Biala - Enterprise Restructuring

For the past year Pilot LGPP advisors have been working with Bielsko-Biala to help strengthen its municipal service enterprises. Advisors first visited the gmina to establish the objectives of assistance and determine which of the city's four municipal service enterprises should be targeted for assistance. Based on an assessment of enterprise management and needs of the gmina, the bus transport company (MZK) and the town cleaning company (ZOM) were selected. Specialists in enterprise management, operations, customer relations, finance and regulation visited Bielsko-Biala and worked with the enterprises to conduct assessments and make recommendations for improving the quality of service and increasing the financial self-sufficiency of the enterprises.

A report of recommendations for enterprise strengthening was presented to gmina and enterprise officials last December. Deputy Mayor Krawczyk requested additional assistance in implementing the recommendations, particularly the recommendation that the two enterprises be legally restructured from budgetary enterprises to joint stock companies. It was agreed that legal restructuring was a necessary first step in order to provide the enterprises with the operating and financial autonomy required to implement other recommendations.

In January facilitated workshops were held to bring together key managers and staff of

the gmina and enterprises (including union representatives) and Polish and American advisors to discuss issues of the restructuring. The workshops served to increase understanding of legal, financial, management, customer service and regulatory issues related to enterprise restructuring. Key decisions were made regarding organization of the enterprises, ownership of facilities and responsibilities of the parties. Participants drafted a statement of the goals of restructuring and an action plan for each of the enterprises. The action plan called for accomplishing legal restructuring of both enterprises by the end of 1997. In the end, the decision of whether or not to legally restructure the enterprises would be made by the Bielsko-Biala City Council, but a number of actions were required before the question could come before the Council.

As a first step, the City Executive Board appointed a task force made up of representatives of the gmina and enterprises to carry out the action plan. The action plans called for preparation of a financial analysis for each of the enterprises. Pilot LGPP advisors worked with the task force and the two enterprises during March and April to prepare the financial analyses, comparing a ten year projection of enterprise financial requirements on the city budget and financial results under two scenarios: (1) the enterprises remain as city budgetary enterprises, vs (2) the enterprises are restructured as commercial code companies. A tool was developed for financial analysis of enterprises, the Enterprise Financial Condition Model. The analysis showed that over the next ten years requirements on the gmina budget should be equal or lower if the enterprises are restructured as joint stock companies.

The next step was a legal analysis by Pilot LGPP advisors of the laws and regulations relevant to restructuring, including, documentation required to accomplish legal restructuring of the enterprises, income tax and VAT consequences, procurement laws, anti-monopoly provisions and laws related to regulation, oversight and pricing. Pilot LGPP financial and legal advisors also worked with gmina and enterprise attorneys and staff to prepare draft service agreements between the enterprises and the gmina, company charters and regulations of governing boards and meetings of shareholders. The legal analysis provided information as to how the restructuring can be carried out, while the draft legal documents provide a means by which the gmina can protect the interests of its citizens through oversight and regulation once the enterprises are restructured.

Pilot LGPP advisors worked with gmina and enterprise staff to develop additional tools for regulation and oversight - job descriptions for employees who will have responsibility for this important function.

Action plans also called for communicating with employees, residents and other interested parties about the proposed legal restructuring. Pilot LGPP advisors worked with gmina and enterprise staff to develop a proposed communications plan for the

enterprises

The decision as to whether the enterprises will, in fact, be legally restructured is to be made by the Bielsko-Biala City Council. Pilot LGPP advisors have met with three committees of the City Council to present legal and financial analyses and respond to questions. In the end the decision to legally restructure one or both of the enterprises will be a political one, but under the Pilot LGPP program, the city of Bielsko-Biala has been provided with a wealth of information to use in making the decision. In order that this knowledge may be passed along to other interested gminas, a manual entitled, "Enterprise Restructuring Tools" has been compiled (see below)

Ostrow-Wielkopolski - Moving enterprises toward financial self-sufficiency

In recent years the gmina of Ostrow-Wielkopolski legally restructured all of its municipal service enterprises to operate as commercial code companies. In working with municipal finance advisors under the USAID-sponsored Housing Finance and Municipal Management Program, the Mayor expressed the gmina's policy goal of moving the enterprises toward financial self-sufficiency and away from funding of capital investments from the gmina budget. The gmina requested assistance under the Pilot LGPP in applying the Enterprise Financial Condition Model in two of its enterprises - the bus transport company (MZK) and the water and sewer utility (Wodkan) - to determine their financial capacity and needs. The results of the enterprise financial analyses of the enterprises could be used as inputs to Capital Investment Planning and the Gmina Financial Analysis Model, both of which were being carried out under the PADCO Housing Finance and Municipal Management Program.

Pilot LGPP advisors worked with enterprise managers to apply the Model for financial planning. Both enterprises identified considerable capital investment needs. Enterprise managers wished to use the Model to project financial results and demonstrate the clear policy choice to the gmina of the following two scenarios regarding pricing of services and financing of capital investments:

- (1) Prices would increase only with inflation (no real increase). The enterprise would borrow to fund capital investments to the extent it could, maintaining its debt service coverage ratio at a safe level. Those capital investments which could not be financed from a combination of enterprise borrowing and funds generated from operations would be financed from the gmina budget.
- (2) The gmina would only provide capital investment funds to the extent identified in its Capital Investment Plan. The enterprise would be required to increase prices so

that it could finance all capital investments from a combination of funds generated from operations and borrowing to the extent it would be allowed, again maintaining and acceptable debt service coverage ratio

In order to maintain service levels, MZK needs to replace approximately 9-10% of its fleet each year. The financial analysis shows that the company should be able to obtain financing for some bus purchases, but that considerable price increases would be required in order for the enterprise to support debt service on all bus purchases. MZK management and Pilot LGPP advisors concluded that capital investment needs will best be met through some combination of price increases and periodic recapitalization of the enterprise by the gmina. MZK has used the financial analysis to present the financing plan for new buses to its governing board and in negotiating a loan with the bank. The loan for purchase of new buses has been approved. MZK also plans to use the analysis in discussions with the gmina about price increases and recapitalization.

Wodkan's requirements for capital investment funds are even greater. A wastewater treatment plant is required to protect the health and safety of the residents of Ostrow-Wielkopolski and comply with environmental regulations. In the past, soft financing has been provided by the National or Regional Environmental Funds (NFOS or WFOS) for infrastructure financing with repayment terms of 4-6 years. Initially Wodkan management expected that the gmina would provide funds for construction of the majority of the wastewater treatment plant from its budget, while the utility would borrow from the WFOS to pay for a central pumping station and would fund some water and sewage network extensions and routine capital investments from internally generated funds.

The financial analysis shows that, under this assumption, if there is no real increase in prices, during the years the wastewater treatment plant is to be constructed the gmina would be required to provide funds from its budget well in excess of its capacity. The alternative of increasing prices to a level that would allow the utility to borrow to fund most of its own capital investments would require price increases that utility management and Pilot LGPP advisors judged to be politically unacceptable.

As neither of the two alternatives was considered acceptable, advisors and management explored options for obtaining longer term financing than has traditionally been granted by the NFOS or WFOS. A third scenario of the financial analysis was run assuming ten year borrowing to finance the wastewater treatment plant. The result is that required price increases are still high but are much more reasonable. Pilot LGPP advisors developed a case study of the Ostrow-Wielkopolski / Wodkan dilemma, which demonstrates the issues facing many Polish gminas, utilities and citizens as a result of pricing policies and limited financing options. This case study was presented in a series

of workshops on water pricing in Poland. Representatives from the NFOS attended two of the workshops and indicated an interest in expanding the portfolio of the Fund to offer longer term loans.

Ostrow-Wielkopolski can expect immediate benefits of application of the financial model and dissemination of the case study in negotiating for longer term financing of the wastewater treatment plant. It is expected that other Polish gminas and enterprises will benefit from the availability of longer term financing as well as clear pricing guidelines that allow for recovery of investment costs in prices.

Manual of Enterprise Strengthening Tools

Enterprise strengthening tools developed in working with the two Pilot gminas have been compiled in a manual.

Tools designed to guide assessment of the enterprises and spot opportunities for improvement in service, efficiencies and finances include

- Diagnostic protocol for municipal service enterprises
- Enterprise financial condition model

Tools designed to guide the gmina in establishing the appropriate framework for regulation and oversight include

- Sample service agreements between gmina and municipal service enterprises
- Sample job descriptions for employees of gmina that will provide regulatory oversight of the enterprises

Tools designed to guide the gmina in legally restructuring enterprises from budgetary enterprises to commercial code companies include

- Sample action plans for accomplishing legal restructuring of enterprises
- Sample legal documents needed to accomplish legal restructuring of enterprises
- Sample plan for communicating with employees, customers and other parties affected by or interested in enterprise restructuring

Enterprise Financial Condition Model

The Enterprise Financial Condition Model (model) developed in working with Bielsko-Biala and Ostrow-Wielkopolski exists in three versions for use in the following types of municipal service enterprises

- Solid waste/town cleaning enterprises
- Bus transport enterprises

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- Water and sewer enterprises

A manual for each version of the model has been developed, which includes an introduction to the model explaining the background, purpose, who should use it and how it may be used, guidelines for applying the model and screen-by-screen instructions used in training gmina and enterprise staff as well as consultants. This handbook is available for dissemination to interested gminas.

Water and Sewer Pricing Guidelines

In addition to working directly with two gminas and their enterprises, Pilot LGPP advisors cooperated with advisors working under the USAID-sponsored Housing and Infrastructure Finance and Municipal Management Program to develop water and sewer pricing guidelines. An initial workshop was held in Warsaw to discuss the need for a good pricing system, elements of a good pricing system and limitations of the existing system in Poland. Participants included representatives from gminas and gmina associations, water and sewer utilities and the Chamber of Water Companies, the Office for Protection of Competition and Consumers (OPCC), the National Environmental Fund (NFOS), the Ministry of Finance and consultants working in the sphere.

Using the principles recommended in this initial workshop and information gained in working with Ostrow-Wielkopolski / Wodkan, Pilot LGPP advisors developed pricing guidelines. In subsequent workshops in Poznan, Gdansk and Warsaw, presentations included

- (1) The situation in Poland which warrants recovery of infrastructure investment in prices
- (2) The principles behind including recovery of investment in prices
- (3) The Enterprise Financial Condition Model as a tool for determining revenue requirements of the utility
- (4) The **case study** of Ostrow-Wielkopolski to demonstrate issues facing water and **sewer utilities** related to financing of infrastructure and limitations of the current **pricing regulations**
- (5) The **pricing guidelines** to demonstrate and how prices can be set to achieve full cost recovery

Papers and presentation materials prepared for these workshops have been distributed to those who attended the workshop. Additional copies have been provided on request of the OPCC and the NFOS. These materials have been compiled in a guidebook for dissemination to interested gminas.

III Conclusions and Recommendations

The goal of Pilot LGPP advisors working in the area of enterprise strengthening has been to use experience gained in providing assistance to the Pilot gminas to build a knowledge base, develop tools that may be applied under the larger LGPP and work with Polish consultants to increase their competency to provide services to Polish enterprises. We recommend that the tools that have been developed be used by gminas, enterprises and advisors working with the next group of gminas in the following manner:

Enterprise Restructuring Tools

The manual of enterprise restructuring tools can be disseminated to gminas interested in strengthening municipal service enterprises. In particular, gminas can benefit from working through the Diagnostic Protocol to gain increased understanding of their enterprises and conduct an assessment. The description of the Enterprise Financial Condition Model included in the manual provides an overview of the model so that gmina and enterprise officials can decide whether they wish to have it applied in their gmina. Specific training in use of the model and/or assistance by trained advisors is recommended for a full application of the model.

Sample service agreements, communications plan and job descriptions can be used by gminas interested in improving the oversight and regulation of enterprises at the gmina level to improve the efficiency and effectiveness of service provision. Those gminas interested in legally restructuring their enterprises may use these documents as well as the draft legal documents and action plans included in the manual.

Specific assistance can be provided in helping gminas assess enterprises and service needs of citizens, define objectives for enterprise strengthening, obtain consensus of the parties involved, and tailor documents and programs based on established objectives and particular facts and circumstances.

Advisors may use the compilation of materials related to enterprise strengthening as the beginning of a data / knowledge base which should be supplemented and revised as additional assistance is provided and conditions change in Poland.

Enterprise Financial Condition Model

The manual of the Enterprise Financial Condition Model may be disseminated to gminas expressing an interest in improving the financial performance, gaining an understanding of revenue and financing requirements and assessing the financial capacity of its municipal service enterprises. Specific training and/or assistance from

trained advisors is recommended for gminas interested in applying the model

It is recommended that training courses be sponsored under the larger LGPP program to expand the number of gmina and enterprise personnel and consultants qualified to apply the model. A fourth version of the model may also be created to provide assistance to district heating enterprises.

Documentation related to water and sewer pricing

Gminas and their enterprises may use this documentation to increase their understanding of the issues related to water and sewer pricing as well as methodologies for establishing prices. As a result of the workshops held with policy makers, it is expected that changes will be occurring in the areas of water pricing, regulation and finance. The manual serves as a data / knowledge base for advisors which should be supplemented and updated as conditions change.

It is recommended that similar assessments be made of pricing and financing policies and issues related to solid waste collection and disposal and that pricing guidelines be developed.

STRATEGIC MANAGEMENT

ACTIVITIES CARRIED OUT UNDER THE
STRATEGIC MANAGEMENT, BUDGETING, AND
FINANCE MODULE OF THE PILOT LOPP

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PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

**ACTIVITIES CARRIED OUT UNDER THE STRATEGIC MANAGEMENT,
BUDGETING, AND FINANCE MODULE OF THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

I INTRODUCTION THE GOALS OF THE STRATEGIC MANAGEMENT, BUDGETING AND FINANCE MODULE

In its original conception the Strategic Management, Budgeting and Finance component of the Pilot Local Government Partnership Program (LGPP) was to

- 1 provide city officials with strategic management finance and budgeting tools that will help them integrate, plan, and execute their most pressing responsibilities,
- 2 use the repeated application of these standardized tools to gather well documented information about systemic legal, regulatory and financial problems that gminas face in order to help policy makers, municipal associations and other concerned institutions (including USAID) focus reform efforts on the most important obstacles to the sound financial management of gminas

In practice, however, most of the Pilot Gminas came into the program with well developed agendas for work under the LGPP. As a result, it was decided that technical assistance should focus on gminas' existing agendas rather than on the implementation of practices which are in fact designed to help top city management make strategic choices about where to focus their energies

Thus, work under this module has concentrated on developing a standardized, replicable tool that would be applied at the beginning of the technical assistance process under future aid efforts in most if not all partner gminas in order to help them decide what types of technical assistance they need or want most. In addition, the application of this standardized tool would provide USAID and outside policy makers with comprehensive base-line information about the budgets of partner gminas so that the effects of the LGPP and the systemic changes that take place during its life could be measured

In what follows we describe this tool, which we call the Budget Bench-marking and Analysis Spread Sheets (BBASS). It has been developed in cooperation with the City of Ostrow Wielkopolski, and with the advice and in-pu of the City of Szczecin

II THE BUDGET BENCH-MARKING AND ANALYSIS SPREAD SHEETS (BBASS)

The BBASS is a set of integrated user friendly spread sheets designed to record automatically analyze and track trends in gmina revenues and expenditures and in particular to identify trends in revenue collection, and operating costs

The spread sheets are built on an Excel platform that has been programed in Visual Basic to lead users through both the data entrance process and the analysis of results. The data entrance interfaces' contain numerous help keys to guide users through the process. There are also explanatory pages that discuss the importance of certain types of information and measurements, and which explain the use of the graphs and charts that are automatically generated by the program. Finally, there are help keys for the adjustment of the instrument to different computer configurations.

The spread sheets have been designed by Tony Levitas and Mikolaj Herbst. Mikolaj Herbst has done all the complicated programming that makes the BBASS easy to use.

A Data Entry

BBASS contains four distinct data entrance interfaces for

- 1 basic information about the Gmina
- 2 budget revenue information
- 3 budget expenditure information
- 4 select, comparative information on the budget performance and per capita trends of other gminas of similar size and structure

The information for the three first data entrance interfaces comes directly from a gmina's budget or from other documents that are readily available in different department of the city administration. The comparative information on gminas of similar size and structure is drawn from the GUS data base for all gminas and will be provided by the administrators of the tool, be it the Municipal Development Agency, the LGPP or some other interested institution.

The interface for "Basic Information about the Gmina" asks the user to enter information for the last three years on the following basic subjects

- 1 size of gmina
- 2 neighboring gminas
- 3 total population
- 4 number of unemployed
- 5 number of primary school students
- 6 number of full time employees in the school system
- 7 number of individuals paying the real-estate tax
- 8 the number of firms paying the real estate tax
- 9 sum of real-estate taxes paid by the largest ten tax payers
- 10 sum of real-estate taxes not paid by the ten largest debtors
- 11 sum of all unpaid real-estate taxes

12 number of registered cars

These data are then used with the data entered on the subsequent three interfaces to generate a variety of performance measures and ratios, some of which we will return to below. In the future, we expect to expand the interface on Basic Gmina Information to include data that will help analyze the performance of municipal utilities.

The interfaces for revenue and expenditure information are designed to look like the typical gmina budgets and information using the standard chapter, sub-chapter and paragraph format required by law.

The revenue interface also provides a fourth code line to distinguish between recurring and non-recurring revenues from gmina assets, and prompts the user to make this distinction and enter the appropriate code when entering revenues that come from gmina assets. This fourth code allows the BBASS to automatically divide gmina revenues into recurring and non-recurring assets.

The expenditure interface similarly has a fourth code line to allow for the automatic segregation of expenditures on own tasks, and delegated tasks.

Finally, the "Comparative Data" interface takes in information about the revenues and expenditures of gminas of similar size and structure. This data must be provided to gminas from outside because it is impossible to include three years of GUS data within the program.

On the revenue side this comparative information includes per capita data on

- 1 shared taxes
- 2 the general subsidy
- 3 the education subsidy
- 4 special purpose grants
- 5 the real estate tax
- 6 other own-income
- 7 total income

On the expenditure side this information includes per capita data on

- 1 total investment expenditures
- 2 total operating expenditures
- 3 total wage expenditures
- 4 total expenditures by major budgetary chapters (e.g. education, housing, administration, etc.)

5 total expenditures

B Presentation of Basic Results

Once the data has been entered the programing automatically regroupes the information and generates over 70 distinct graphs, tables and measurement ratios. These graphs and tables can be divided into four basic groups

- 1 Those that analyze trends in particular revenue categories or groups of revenue categories for an individual gmina
- 2 Those that analyze trends in particular expenditure categories or groups of expenditure categories for an individual gmina
- 3 Those that compare particular revenue and expenditure trends for an individual gmina
- 4 Those that compare individual gmina revenue and expenditure trends with those of the population of similarly situated gminas

All of the tables automatically present data in constant zlotys. Line items, or groups of line items, are also automatically presented in per capita terms, in terms of real growth or decline from year to year, in terms of their share in total revenues or expenditures, and in terms of their share of revenues or expenditures of a similar type

As a result of the automatic calculation of these values, BBASS immediately provides top city managers with a comprehensive picture of budgetary trends, enabling them to compare individual budget lines form year to year, or more usefully, salient groupings of them

On the revenue side, these salient grouping include, own taxes and revenues, shared taxes, and grants and subsidies. Moreover, data on own taxes and revenues is automatically regrouped into recurring and non-recurring revenues, so as to facilitate better long term planning of operating surpluses

Among the more interesting tables that this part of the BBASS generates are those that deal with.

- 1 Trends in the non-payment of the real estate and transport taxes for individuals and firms
- 2 Trends in non-recurring income, particularly sales of gminas assets
- 3 Trends in recurring income from particular revenue lines such as user fees and charges, rental property, fines and parking fees
- 4 Trends in special purpose grants and subsidies from the central government

On the expenditure side, data is regrouped into six basic categories that can be automatically analyzed by budget chapter, or for the entire budget as a whole. These salient categories are

- 1 wages and social security payments
- 2 material and non-material services
- 3 investments
- 4 social welfare payments and other transfers to individuals
- 5 materials, supplies and energy
- 6 other expenditures

These groupings make it easy for city officials to identify, for instance, wage trends associated with different activities such as education or city administration, or to track, again, for instance, energy costs within the school system or for the city as a whole. Most importantly they automatically allow for the separation of operating and investment expenditures

As mentioned above, the third set of basic results automatically compares certain revenue and expenditure categories. Among the more interesting graphs and tables in this section are

- 1 Education subsidy compared to expenditures on primary school education
- 2 Subsidies for delegated tasks to expenditures on delegated tasks
- 3 Own Revenues from taxes and user fees to debt service payments
- 4 Revenues from particular user fees and tax to expenditures in the same areas (e.g. transport tax and parking fees to expenditures on roads)

Finally, BBASS allows many of the trends found within a gminas individual budget to be compared to trends found in gminas of similar sizes and situations. Among the more interesting comparative tables and graphs are the following

- 1 **Per capita revenue** trends by total and major revenue categories compared to **30 cities** of similar population, all cities in Voivodship, all cities in country
- 2 **Shares** of major revenue categories compared to 30 cities of similar population, **all cities** in Voivodship, all cities in country
- 3 **Per capita expenditure** trends by wages, investments, and all other operating expenses, as well as by budgetary chapter, compared to 30 cities of similar population, all cities in Voivodship, all gminas in the country
- 4 **Shares** of major expenditure types and chapters compared to 30 cities of similar population, all cities in Voivodship all gminas in country

III APPLICATION OF THE BBASS

Improvements are currently being made in the BBASS that will make it fully available as a standard tool under the LGPP by the end of the month. As a tool, gmina officials should be fully capable of applying it with a minimum of external support. In the future, its use should be with the Gmina Financial Analysis Model and the Enterprise Financial Analysis Model to yield comprehensive data on all aspects of a gmina's budget. It is also an ideal tool for measuring the overall impact of the LGPP over the years to come.

LAND MANAGEMENT

**OSTRÓW
WIELKOPOLSKI**

**SUMMARY OF LAND MANAGEMENT
ACTIVITIES IN OSTRÓW WIELKOPOLSKI,
POLAND**

PREPARED BY
JAN BRZESKI, CRACOW REAL ESTATE INSTITUTE

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

SUMMARY OF ACTIVITIES IN THE AREA OF LAND MANAGEMENT

Please Note This Land Management Summary Describes the Technical Assistance Provided by the Pilot LGPP to Ostrow Wielkopolski Only and Does Not Include the Technical Assistance Provided to Kutno or Sandomierz For Further Discussion on Technical Assistance in Land Management Provided to Either of These Two Gminas, Please Refer to the Summary Documents Which Have Been Written For Activities Conducted in Kutno and Sandomierz

SECTION I Original Objectives in Ostrow Wielkopolski

The original objectives of the land management program were to help the local government in Ostrow Wielkopolski develop a strategy for managing land resources in two broad areas

- stimulating more efficient land use over the whole city area, and
- using communal land assets to attain various policy goals (spatial, social, housing, financial, economic, cultural, recreational,)

The land management strategy should be operationalized through a land management program (action plan) interacting with other programs necessary for the preparation of the so called "Studium of background conditions and directions of spatial development" (studium uwarunkowań i kierunków zagospodarowania przestrzennego), which would contribute to the formulation of the global development strategy of Ostrów Wielkopolski

- housing management program,
- program for support of housing construction CHF/AWIM,
- infrastructure development program,
- industrial development program
- program for development of green space recreation and ecology

The land management assistance to Ostrów Wielkopolski local government was to focus on

- instituting and organizing monitoring of background conditions in the city,
- transferring body of knowledge in linking monitoring results with land issues,
- setting the framework for land management strategy development,
- starting the process of formulation of goals, directions, objectives and tasks,
- identifying strategy implementation instruments

SECTION II Type, Level and Results of the Technical Assistance

The first phase of the technical assistance program focussed on identification of issues concerning land management and linkages between these and other programs realized in the city Meetings were held with both the political leadership (president, vice president) and the city administration (secretary, department directors) The meetings with the political

leadership helped to identify the types of land related issues, which were high on the political agenda. These were quickly identified as

- land management strategy as a part of the global strategy of city development,
- preparation of the Studium of background conditions and directions of land use development

The first look into local land issues

The global strategy issues were not formally required inputs and could focus on various aspects feeding into global strategy components. It required, however, that an ongoing system of updating the strategy be instituted regarding land management. In addition, the communal land asset management activities should be articulated and operationalized more vividly.

The second type of issues (Studium) formally required that the city has to satisfy before the year 2,000 by adopting a new land use plan by that date. Consequently, this was a one-time effort, which would discontinue after the adoption of a new and use plan. We agreed with the political leadership that there was a need avoid excessive emphasis on the sporadic character of the Studium effort and institute internally a systematic process of land management, which would continue feeding into strategic planning on a periodic basis. The efforts would therefore focus not only on the technical aspects but also on creating a sustainable internal system of monitoring, interpreting and contributing to strategic management process in the city. The UIC team prepared and conducted an introductory presentation of a conceptual framework for dealing with land issues in a market economic environment and emerging trends in city development. This was done for both city leadership and city professional staff.

The second look into local land issues

The second look into land issues was obtained through a meeting with department heads and their staff. The purpose of these meetings was to identify additional issues/problems and discover sources of data and possible placement of monitoring efforts and transfer of knowledge and skills. The UIC team met with the following departments and divisions

- **department of city development**, which houses city architect, planning permits **division**, land surveying division, and infrastructure division (city engineer),
- **finance department** dealing with property taxes,
- **city informatics specialist** who deals with data processing,
- **city promotion department** which promotes investments in the city

The talk with these people has made it clear that the incipient problem with the Studium was a more important concern since that was a legal requirement carried by the City Architect. He had to deal with that problem relatively quickly and land issues were a component of that effort. The following, more practical problems were added to the list

- exploring possibilities for financing of land infrastructure,
- exploring ways of reducing plan interpretations uncertainties with appeals (of investors) to regional authorities,
- exploring instruments for stimulating recycling of land uses in valuable locations,
- exploring instruments for more efficient land assembly for non-residential uses,
- preparing a guide for land investors in Ostrów Wielkopolski

Against this background the UIC team presented its own views of what kind of work would be needed to prepare for the strategy development and for the Studium. These included the following tasks added to the list

- evaluation of local land market through mapping of values, transactions, construction activity and ownership pattern,
- evaluation of existing land uses and comparison to the existing land use plan through mapping of population density and selected employment functions,
- evaluation of public sector investment by mapping existing infrastructure and on-going and future investments (both local and state governments)

Designing a realistic work plan

The longer list of wishes was presented to the political leadership and officially approved as the "scope of ambitions". Discussions were then held within the UIC team and with the city administration in order to develop estimates of required level of human effort, time frame and financial resources for executing concomitant tasks. It was important for the city staff to examine the possibility of establishing a continuing effort, not just a one-time event. Financial and time limitations turned out as severe and decisions had to be made to cut down the ambitions to realistic levels. This did not mean that the city administration would cease to continue the effort after the intervention of the UIC team ended. The minimum level of ambitions which could not be compromised was to attain sufficient momentum for the city to continue with the effort.

The following work was included in the realistic work plan

- instituting and organizing of monitoring of selected land market indicators,
- instituting and organizing of monitoring of selected public sector activities,
- instituting and organizing of monitoring of land use structure,
- transfer of knowledge about land markets and their role in city development,
- transfer of knowledge about interpretation of monitoring results,
- conducting a workshop in land strategy development for politicians and staff

The city agreed to formalize the process through the establishment of Land Working Group chaired by director of city development and lead by the city architect. The group consisted also of land surveyor, planning specialist, city engineer, city promotion officer, and city informatician. Budgeting of tasks in terms of time and financial resources, including deadlines, was completed by both the city and UIC teams.

Working with data gathering and interpretation of results

The work effort was divided into two types of activities. On the one hand there was a focus on data gathering and on the other hand on transfer of skills and knowledge. The data gathering effort required discussions about how to exactly proceed with various tasks in an operational mode: who would be performing them, in what way, where and when the task would be finished. This way a realistic tasking was achieved and the UIC team was visiting periodically with the city team to review the progress and help solve emerging problems with procedures and interpretations. In the later stages more attention was shifted towards interpretation of the emerging results. Eventually, the city staff was asked to put on paper the description of the results and provide comments. This was important to institute, since in the future they will be the ones producing results and comments to the city leadership, other departments and to market participants. During the course of work the city staff developed better idea on how to organize the continuation of the work effort, so as to keep the momentum going after the UIC leaves.

The following monitoring results were prepared by the end of July 1997

- Map of land values/prices for 1996/1997,
- Map of land transactions 1992/97,
- Map of construction activity 1996/97,
- Map of selected land use functions,
- Map of population densities,
- Map of infrastructure systems,
- Map of major public investments and vacant investment areas,
- Map of land ownership pattern

At the same time the UIC team obtained a copy of software with the map of actual land use in Ostrów scanned in. This way the city architect has been able to work with a new tool useful in quick examination of discussed issues. The UIC team was preparing materials for the land strategy development workshop, which was held in September 1997 and lasted two days.

Workshop in land management strategy development

Workshop objectives were to use monitoring results to illustrate transfer a body of knowledge by building a conceptual framework with an audience of city politicians (executive board and city council members) and city staff from relevant departments invited to participate in the workshop. Against this framework the results of the monitoring work would be discussed and the first attempt at formulation of strategic goals, directions, objectives and tasks would be undertaken. On that background the variety of implementation instruments would be presented and discussed. The final impulse of the workshop would be the identification of tasks, which need to be operationalized through an action plan feeding into a program of land management.

The workshop started with putting into the LGPP context the work on the land module. This was followed by two lectures aimed at transferring the body of knowledge about land issues in the context of market economy and related to examples from Ostrow. It was emphasized that from the city political perspective land management problems can be linked with the ultimate dual political goals of **affordability and livability** of the city. These were linked to spatial aspects concerning distribution of population and employment since all that is happening on land is dependent on these two broad socio-economic factors. It was observed that large part of financial problems of Polish cities stem from their excessive and wasteful (economically) dispersion of population and employment in disharmony with the market-driven land value pattern. This is manifested usually through

- excessive spatial dispersion,
- too many low intensity uses in prime locations,
- too much land devoted to industrial uses,
- too many industrial areas in central locations,
- too little land devoted to commercial uses,
- too little concentration of commercial uses in central locations,
- too little land devoted to residential uses,
- too much high density housing in peripheries,
- too much low intensity housing in central locations

The following materials were developed (in Polish) to assist the workshop participants in absorbing the new conceptual framework

- Localization and Economic Development of Cities (9 pages),
- Real Estate Sector in Times of Transition (7 pages),
- Stakeholders of the Market Process and Mutual Body of Knowledge (11 pages)

The next phase of the workshop was devoted to presentation of the monitoring results put into the format of various maps (listed above) as well as data bases. The digitized image of the actual land uses in the city was presented on the computer. The city staff involved in production of these maps were presenting to the city political leadership the results of their work and providing comments useful in identifying trends and problems. These presentations **will be continued** in the future and considerable discussion was devoted to the **instituting of the continuation** of these efforts on an ongoing basis.

While the **first day** of the workshop was devoted to development of common conceptual framework and to identification of important messages coming out from the monitoring effort, the **second day** shifted towards development of methodology helpful in designing land management strategy and its concomitant action plan. The UIC team reemphasized that land does not exist for itself, but only to facilitate employment and population. Consequently, the whole process of strategic planning for land management has to start with description of external and internal conditions, which enables the identification of strategic issues. The external conditions relate to employment and population while internal conditions relate to available resources and instruments. The identification of issues is to

be followed by the development of a common vision out of which directions and objectives can be singled out. This leads on to definition of actions plan and its performance monitoring. This methodology was presented also in a written 18-page material developed by the UIC team and called "Towards Strategic Management of Land Resources for Ostrow Wielkopolski (in Polish)

The three overriding **strategic goals** in the city development strategy related to land management were identified, but still need to be confirmed by designers of the global development strategy

- Strong economic and population growth (to reach the level of 100,000),
- More compact spatial structure within the second ring road,
- More commuters settling in the city and becoming local taxpayers

Starting with these goals a number of **strategic issues** were listed as important to land management strategy

- changing spatial structure of the city towards more compactness first (how dense?) and only later towards extensive growth (where?),
- increasing employment and its spatial distribution (land consumption) for industrial and commercial functions - center, ring road, peripheries,
- increasing population and its spatial distribution (land consumption) for higher and lower densities - center, within ring road, peripheries,
- relocation of undesirable uses from valuable central locations, such as garden plots, industrial uses, military uses, speedway stadium,
- where to locate industrial/distribution park?
- how to assure that land supply will follow changes in land demand?
- how many inhabitants and migrants can afford to build their own home?
- how to assure that increasing housing costs will not exceed income growth

The discussions then shifted to designing two broad **strategic components**. One of them was to focus on **enabling of local land markets** to work more efficiently. That produced a number of important policy directions for land management

- **reducing** risk levels in the local land market,
- **reducing** transaction costs in the local land market,
- **increasing** the quantity of marketable land,
- **reducing** planning and permitting risk (including time delays risk),
- preventing the creation of dead investment zones (unaffordable),
- stimulating land disposal by "suboptimal" owners and users,
- facilitating of investment financing,
- reinforcing the trend to invest in centrally located land areas
- reinforcing the trend to recycle garden plots and post industrial areas

The above listed policy directions need to be converted into **policy implementation tasks** which can listed as follows

- monitoring system for data needed by real estate markets
- guidebook for developers and investors in Ostrow,
- comprehensive program for land privatization as land supply management tool,
- acceleration of land title clarification process (including private properties),
- possibility of reducing local transfer taxes and fees,
- possibility of further reduction of time delays in planning/permitting system,
- possibility of issuing credit guarantees for selected investments
- possibility of increasing zoning precision and transparency to investors
- possibility of stimulating relocation of industrial uses beyond second ring road,
- possibility of relocating garden plot areas beyond the second ring road,
- possibility of relocating army uses to peripheries

The other strategic direction, more oriented at land ownership activities of the city, was proposed as the **strategy of city land asset management**. The overall strategic goal in that area was defined as the effective use of city land assets in implementing the objectives of various city policies such as

- policy of economic development,
- land use planning policy,
- social welfare policy,
- housing policy,
- financial policy,
- sports and recreation policy
- cultural development policy

The adoption of the above directions for the city land asset management strategy provided the background for formulating the following **policy directions** in this area

- attracting inbound investments to Ostrów,
- increasing spatial compactness of the city,
- securing access to affordable land for less affluent inhabitants,
- securing land for social and emergency housing purposes,
- securing land for public/private non-profit rental housing initiatives
- securing a land bank for stabilizing open market interventions,
- securing an assembled land reserve for potential strategic future investors,
- disposing of dispersed land holdings to finance land other land assembly,
- disposing of land holdings to enhance budgetary revenues,
- disposing of land to dampen demand pressures on prices and rents

Land policy directions have suggested that a number of **implementation tasks** be undertaken by the city administration as soon as possible and constitute the first part of the actions plan

- further accelerating land title clarification of city property,

- creating a high priority program for disposing of most valuable centrally located land for high density infill developments (assuring their implementation),
- preparation of land assembly action plan for the future industrial park zone
- preparation of land disposal program for small dispersed land holdings,
- evaluating possible locations for relocating the speedway stadium (city owned)
- preparing a land assembly program for necessary recreation functions

Having defined strategic goals, policy directions and action plan tasks the discussion shifted into possible instruments, which could be used in realizing the various tasks. Four major categories depending on their impact on land market supply and demand sides were listed

- instruments stimulating/increasing land supply,
- instruments discouraging/decreasing land supply,
- instruments weakening/increasing land demand,
- instruments weakening/decreasing land demand

The final selection of implementation instruments needs to answer the following questions

- how can the instrument be applied in practice?,
- who can use the instrument?,
- when can the instrument be used?,
- what are the effects of the instrument use?,
- how acceptable is the use of the instrument among population?,
- how much does it cost to use the instrument?

SECTION III Conclusions and Recommendations

A number of issues became unresolved during the course of technical assistance. The participation of other stakeholders in the initial process of strategy development has not been secured. The city administration felt that gathering of inputs and data can be done internally by the city staff who could access external data sources. Investor community has not reacted to invitations for interviews with the UIC team. Consequently, the land strategy development workshop was attended solely by city politicians and inhouse professional staff leaving the wider consultation for the future.

Some of critical data for obtaining the full picture continues to be elusive. This is mostly concerned with household income statistics and spatial distribution of employment. The quality of land price statistics remains low, but has potential for improvement. Regulatory difficulties have not been analyzed due to the failure of investment advisors to show up at meetings and deliver their opinions and complaints. All these shortcomings should be kept in mind and rectified at the earliest opportunity.

The program has helped establish, through a hands-on approach, a realistic monitoring effort that has taken root in the city and will continue producing meaningful observations

to be used by own urban planners, other departments and by the real estate market participants and advisors. This way a more transparent picture of the situation will emerge and enable taking more informed public and private decisions regarding land. At the same time it has advanced the skills and knowledge by city staff, who gained necessary self-confidence for continuing the effort on their own.

Development of land management strategy will be subject to a more orderly process with proper sequencing of steps. First, the overriding strategic visions of the city development need to be addressed and broadly embraced by various stakeholders and expressed in employment and population goals. The adoption of goals will allow identification of strategic issues, which can be grouped into two broad strategies: (a) land market enabling, and (b) city land asset management. The strategies provide guidance to formulation of policy directions and their implementation tasks. Realization of these tasks needs to be put together into an action plan, which is realistic in terms of its effects and timeliness, as well as human and financial resources required.

The process of strategy development for land management in Ostrów Wielkopolski has gathered enough momentum to be self-sustainable. It provides an example of good practice of optimization by matching ambitions with what is realistic, the existing given human, financial and time constraints. The information produced should suffice in providing a valuable input into both the formulation of the global strategy and to the preparation of the Studium of background conditions and directions of land use development.

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**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM
SUMMARY CONFERENCE DOCUMENTS/GUIDEBOOKS**

TITLE OF DOCUMENT/GUIDEBOOK	STRATEGY MODULE	COLOR OF TITLE PAGE
Summary of Land Management Activities in Ostrow Wielkopolski	Land Management and Dev	BEIGE
Guidelines for Developing a Local Land Management Strategy	Land Management and Dev	BEIGE
Assessment of Housing Stock of the Town Rural Municipality of Zlebice Poland	Housing Management	BLUE
Housing Assessment and Monitoring System for Ostrow Wielkopolski	Housing Management	BLUE
Summary Report of Achievements Under the Pilot LGPP Housing Development	Housing Management	BLUE
A Framework for the Pre Feasibility Assessment of a Food Processing and Distribution Center in Kutno Poland	Economic Development	GREEN
Economic Strategy Outline Kutno Poland	Economic Development	GREEN
March Workshop Materials/Mini Economic Scan Kutno Poland	Economic Development	GREEN
Summary Report of Achievements Under the Pilot LGPP Economic Development	Economic Development	GREEN
Assistance to the Gliwice Agency for Economic Initiatives (GAIG) Gliwice Poland	Economic Development	GREEN
Pilot LGPP Technology Based Economic Development Guidebook	Economic Development	GREEN
Pilot LGPP The Strategic Use of Information for Economic Development Guidebook	Economic Development	GREEN
Guidelines for Designing and Developing Technology Parks	Economic Development	GREEN
Tourism Development Principles A Guide for Local Governments and NGOs	Economic Development	GREEN
Stimulation of Local Economic Development by Leveraging of Municipal Land Assets in Sandomierz	Economic Dev and Land Management	GREEN/BEIGE
Assessment of Economic Development Public Information/Participation and Training Opportunities Nowy Sacz PSCZ	Econ Dev and Comm /Citizen Part	GREEN/RED
Trip Report and Contribution to Action Plan Nowy Sacz Public Service City Zone	Econ Dev and Comm /Citizen Part	GREEN/RED
Assessment of Needs and Options for Technical Assistance in Economic Development and Citizen Participation Sandomierz Poland	Econ Dev and Comm /Citizen Part	GREEN/RED
Preliminary Scan of the Environment in Gliwice Poland	Econ Dev and Comm /Citizen Part	GREEN/RED
Activities Carried Out Under the Strategic Management Budgeting and Finance Module of the Pilot LGPP	Strategic Management and Budgeting	ORANGE
Report on Communications Strategy Workshop Kutno Poland	Communication and Citizen Part	RED
Summary Report of Achievements Under the Pilot LGPP Communication and Public Participation	Communication and Citizen Part	RED
Communication and Public Participation Strategy for Gliwice Poland	Communication and Citizen Part	RED
Review of Technical Assistance in Capital Investment Planning Delivered Under the Pilot LGPP	Infrastructure Finance and Dev	VIOLET

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**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM
SUMMARY CONFERENCE DOCUMENTS/GUIDEBOOKS**

TITLE OF DOCUMENT/GUIDEBOOK	STRATEGY MODULE	COLOR OF TITLE PAGE
Summary Report of Achievements Under the Pilot LGPP Infrastructure Finance and Development	Infrastructure Finance and Dev	VIOLET
Guidelines for the Computer Model of Gminas Financial Analysis	Infrastructure Finance and Dev	VIOLET
Summary of Activities Conducted in Kutno Poland under the Pilot LGPP	General	WHITE
Summary of Activities Conducted in Gliwice Poland under the Pilot LGPP	General	WHITE
Summary of Activities Conducted in Ostrow Wielkopolski Poland under the Pilot LGPP	General	WHITE
Summary of Activities Conducted in Bielsko Biala Poland under the Pilot LGPP	General	WHITE
Summary of Activities Conducted in Szczecin Poland under the Pilot LGPP	General	WHITE
Summary of Activities Conducted in Ziebice Poland under the Pilot LGPP	General	WHITE
Summary of Activities Conducted in the Nowy Sacz Public Service City Zone under the Pilot LGPP	General	WHITE
Summary of Activities Conducted in the Sandomierz Poland under the Pilot LGPP	General	WHITE
Training Plan for the Nowy Sacz Public Service City Zone	General	WHITE
Enterprise Financial Condition Model for Poland	Strengthening Municipal Enterprises	YELLOW
Policy Choices in Service Pricing in Poland	Strengthening Municipal Enterprises	YELLOW
Proposed Guidelines for Water and Sewer Service Pricing	Strengthening Municipal Enterprises	YELLOW
Summary Report of Achievements Under the Pilot LGPP Strengthening Municipal Enterprises	Strengthening Municipal Enterprises	YELLOW
Enterprise Restructuring Tools Developed in Bielsko-Biala	Strengthening Municipal Enterprises	YELLOW
Diagnostic Protocol for Polish Municipal Service Enterprises	Strengthening Municipal Enterprises	YELLOW

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**POLISH CONSULTANTS INVOLVED IN THE
PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM**

POLISH CONSULTANT	INDEPENDENT CONSULTANT/ FIRM	PILOT LGPP PARTNER CITY	TECHNICAL AREA(S)	ASSISTANCE PROVIDED
Ms E Bończak-Kucharczyk	FISE	Gliwice	Economic Development	Designed vital component of Economic Environment Scan Tool provided valuable input to Pilot LGPP Economic Development Strategy Module
Mr J Brzeski Ms B Werchowicka	Cracow Real Estate Institute (CREI)	Ostrów Wielkopolski	Land Management and Development	Helped the city design a proper framework for developing a land management strategy and then helped to design and implement the strategy
Mr G Buczek	CREI	Kutno	Land Management	Prepared feasibility assessment of Kutno Agro-Industrial Park (KPAP) and detailed analysis of land development associated with the KPAP
Mr K Chmura	Consultant	Gliwice Nowy Sącz PSCZ Ostrów Wielkopolski Sandomierz	Citizen Participation and Economic Development	Gmina-Wide Team Leader (GWTL) for Gliwice Ostrów Wielkopolski and Sandomierz, facilitator for Technology Park workshop in Gliwice and facilitator for economic development workshop in Nowy Sącz PSCZ
Mr J Friedberg	Independent Consultant	Bielsko Biala	Information Dissemination and Citizen Participation	Designed a program for disseminating information about the changes the two enterprises and the employees working for the enterprises would experience and developed a communications program for other stakeholders involved with the enterprises
Mr M Gajewski	Uniconsult	Gliwice Szczecin	Economic Development	Gmina-Wide Team Leader for Szczecin and Technology Transfer Center specialist for workshop in Gliwice (Polish experience)

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Mr A Gałczyński	ConsTur	Nowy Sącz PSCZ	Economic Development	Helped the Nowy Sącz PSCZ prepare a proposal to the Polish Ministry of Labor (MoL) to finance and implement a Business Support Center to be located (World Bank Program) The proposal was approved by the MoL
Mr M Jasinkiewicz	Local Environmental Management s c	Ziębice	Infrastructure Planning and Development and Citizen Participation	Prepared guidelines for developing an effective environmental master plan, and helped to increase citizens involvement in environmental issues and the decision-making process
Mr B Kowalska Mr G Sadoch	AVAL s c	Bielsko Biała	Improved Service Delivery	Developed a service agreement between the city and the two enterprises prepared a report on the legal issues relevant to restructuring the enterprises and prepared a report containing recommendations on the most appropriate regulatory structure for the restructured enterprises
Mr K Kuniewicz	DS Consultants	Ostrów Wielkopolski Szczecin	Enterprise Restructuring/Improved Service Delivery	Adapted the Enterprise Financial Condition Model to analyze water/waste water enterprises prepared report on the current and projected financial condition of the water/waste-water enterprise in Ostrów Wielkopolski
Mr J Kwiatkowski	FISE	Nowy Sącz PSCZ	Economic Development	Facilitated the Nowy Sącz PSCZ Economic Development Workshop
Ms L Lewandowska	Biuro Rozwoju	N/A	Dissemination	Prepared five (5) Polish case studies which describe different local government innovative practices
Mr M Majchrzak	Independent Consultant	Ostrów Wielkopolski Ziębice	Housing Management and Development	Conducted assessment of the status of housing management and development in Ostrów Wielkopolski and conduct a similar assessment in the city and commune of Ziębice

Mr J Maliszewski	Mikołajki Association in Support of Local Initiatives	Sandomierz	Economic Development	Conducted assessment of tourism market in Sandomierz prepared medium term strategy to develop tourism infrastructure adapted U S Tourism manual to more accurately reflect the Polish environment and needs
Mr S Mazur	Research Center for Public Economy and Administration -- Kraków Academy of Economics	Nowy Sacz PSCZ	Citizen Participation	Gmina-Wide Team Leader for Nowy Sacz PSCZ, helped organize Nowy Sacz PSCZ Economic Development Workshop
Ms B Sakowska-Knapp	Independent Consultant	Sandomierz	Land Management and Development	Conducted assessment of land management and market development in Sandomierz and produced a report on the possibilities of enhancing economic development through leveraging the value of city-owned land and real estate
Mr Skwira	FISE	Gliwice	Economic Development	Worked with city and business incubator operation officials to develop specific operating protocols for the incubator
Ms M Starkowska	Wspólnota	N/A	Dissemination	Helped finalize and publish "Innovative Practices Guide" and four (4) additional articles on the adoption of specific "innovative practices" in Poland
Ms E Syrda	American Systems of Marketing	Kutno	Market Analysis/Economic Development	Conducted a detailed economic environment scan prepared and implemented an economic survey conducted a comprehensive market assessment and prepared a marketing plan for the Kutno Agro-Industrial Park (KPAP)
Mr P Szczęsny	LEM s c	Bielsko Biala	Enterprise Restructuring/Improved Service Delivery	Helped develop and refine Enterprise Financial Condition Model (EFCM) developed training manual and training materials for applying the EFCM to the Town Cleaning Company (ZOM)

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Mr J Szczucki	Policy and Action Group	Bielsko Biala Ziębice Nowy Sącz PSCZ	Economic Development	Gmina-Wide Team Leader for Bielsko Biala and Ziębice prepared materials for Economic Development workshop in Nowy Sącz
Mr M Szpak	DS Consultants	Bielsko Biala	Enterprise Restructuring/Improved Service Delivery	Helped develop and refine Enterprise Financial Condition Model (EFCM), developed training manual and training materials for applying the EFCM to the Town Cleaning Company (ZOM) prepared and made presentation to the Bielsko Biala Gmina Executive Board and the Gmina Council
Mr Zabost	DS Consultants	Ostrów Wielkopolski	Enterprise Restructuring/Improved Service Delivery	Prepared a report presenting the analysis of the sizing and phasing of the wastewater treatment plant (Wodkan) and recommendations

**DISSEMINATION COMPONENT OF THE PILOT
LGPP**

PREPARED BY
MARIS MIKELSONS, THE URBAN INSTITUTE
DOROTA SZKODNY-CIOŁEK, CONSULTANT THE URBAN INSTITUTE

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM



SPONSORED BY USAID

SUMMARY

DISSEMINATION COMPONENT OF THE PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM

Introduction

The dissemination aspect of any advisory program is very important since it can greatly increase the impact of the project and multiply its effects. Promoting positive results and showing methods from technical assistance programs may encourage other local officials to introduce similar reforms and initiate change. However, any transfer of information and knowledge requires a strategy and will not happen only as a result of technical assistance activities. A dissemination strategy should lay groundwork for further replication across the country. Promoting innovative practices and lessons learned from pilot or demonstration programs can also have the quality of being able to "demonstrate the effectiveness of reform when pure theory fails to convince national leaders"¹

USAID's overall strategic objective for the Pilot LGPP was to *help Polish local governments become more effective, responsible, and accountable*. By using this guiding principle the Pilot LGPP staff formulated a dissemination strategy. The staff placed an emphasis on using established approaches to dissemination capable of replicating and expanding successful demonstrations and developing products that are useful to Polish local government officials, and ultimately beneficial to the public at large.

The overall goal of the dissemination component of the program was to distribute materials and information based on experiences derived from technical assistance activities conducted as part of the Pilot LGPP supplemented with information from other local government experiences in Poland and elsewhere². This goal helped set the stage for our dissemination strategy so that it could clearly and forcefully be presented to the officials from our pilot gminas and ultimately distributed to others interested in reform of local governments³.

Rationale for Pilot LGPP Dissemination Strategy

There is a wide range of methods to disseminate information of which the most commonly used are the following: mass distribution of brochures, pamphlets and other

¹ Struyk, Raymond J. 1997. Making Aid Work. Lessons from Successful Technical Cooperation in the Former Soviet Block. The Urban University Press, Washington, DC.

² Operating Strategy. Urban Institute Consortium Support for USAID/Poland Local Governance Initiative. October 1996.

³ Operating Strategy. Urban Institute Consortium Support for USAID/Poland Local Governance Initiative. October 1996.

printing materials, participation in and organization of workshops and conferences (sponsoring and co-sponsoring workshops with local counterparts) publishing newspaper articles producing TV programs, educational and promotional films Advertising and informing constitute an integral part of any technical assistance program Methods employed to disseminate information depend upon the goals and objectives of the larger program The rationale behind the Pilot LGPP dissemination strategy was to reach a wide local government audience with the greatest impact

In developing the strategic framework for the dissemination component we assessed the scope of technical assistance activities, technical assistance provider's perspective on dissemination, local governments' interests and needs, local governments' perspective on dissemination, and dissemination methods currently in use Learning about innovative practices implemented in other gminas puts pressure on local officials to introduce similar innovations in their municipalities Sometimes demand by citizens for change also places pressure on local officials to initiate change

Though Poland does not lack its own innovations among local governments, we chose to promote innovative practices that are found in other transition countries, believing that learning about their 'successes' enriches knowledge of local level reforms and provides additional motivation to promote change Many Polish local governments cooperate and consult with local authorities from other former communist countries Therefore, supplementary information about local level reforms in these countries should help them better understand reforms

In addition, we placed an emphasis on selecting information that described positive practices from technical assistance which might be replicated in other gminas Our criteria for selecting activities for dissemination was driven by one overriding factor technical assistance should motivate others to undertake similar changes Thus, our dissemination strategy should conform to successful experiences elsewhere given that if any technical assistance program is well marketed then the demand for innovative practices increases

Pilot LGPP Approach to Dissemination

The dissemination strategy of the Pilot LGPP included several different approaches Print media is the most popular way of disseminating information such as well-documented case studies and descriptions of tools and methodologies to address reform of local government The Pilot LGPP approach to dissemination relied heavily on print media Secondly, we chose to provide a forum for local government officials and consultants to interact on a personal level through the use of workshops and conferences as a way to disseminate information Lastly, we used visual communication to inform gminas about different technical assistance activities taking place in other gminas By using three approaches to disseminate information we hoped to obtain the goal of the dissemination component of the Pilot LGPP

As part of dissemination using print media we entered into a cooperative agreement with the largest source of information for Polish gminas--**Municipium** With their assistance we published two collections of innovative local government practices one publication focused on Polish examples while the second publication focused on innovative practices derived from other Central and Eastern European countries

We also chose to use the print media to distribute information about topics of interest to officials from our Pilot LGPP gminas For this purpose, we collaborated with Municipium's popular local government weekly--**Wspolnota** --to publish eight articles on important reform issues The first series of articles focused on consulting, the second series of articles promoted innovative municipal finance methods using USAID-sponsored Gmina Financial Analysis model, and the third one introduced interesting innovative practices which could serve as models to be replicated in other gminas

By using our own in-house capacity we were able to publish a monthly Pilot LGPP Newsletter These newsletters kept gminas and consultants updated on Pilot LGPP assistance activities and gave them a sense of being part of something larger than the technical assistance activities in their immediate environment For example in one our Newsletters we described the tools developed to promote economic development and then showed the results from implementing these tools in select Pilot gminas

Our second approach to dissemination, the Pilot LGPP staff used conferences and workshops as a way to inform and teach local government officials about innovative practices The Pilot LGPP organized and co-sponsored twelve conferences and workshops, focusing on key technical assistance efforts carried out as part of the Pilot project These face-to-face meetings of gmina officials and consultants were an effective means of sharing information and allowing interaction to take place among the consultants and their clients

Thirdly, we produced a video that highlighted one of our most effective technical assistance activities--developing a local government communication strategy This video titled "Communication is Everything" was based on our accomplishments in Gliwice with assisting them to develop a communication strategy We believed that Gliwice's effort to develop a communication strategy--initiated before it became a pilot city--constitutes a model for other gminas on how to communicate successfully with their citizens Further, this technical assistance activity cuts across the other technical assistance activities undertaken by the Pilot LGPP

Impact

The Pilot LGPP dissemination effort was based on the principle that *information is an asset but only when used and disseminated, and the wider the audience the greater the impact* Our strategy was designed to effectively communicate new

information, tools, procedures, and processes. In implementing our strategy we were committed to

- presenting information in clear and understandable manner
- using dissemination approaches that were cost effective but still reach the widest audience, and,
- choosing information for dissemination based on our gminas' needs

Throughout the pilot stage of the LGPP we attempted to anticipate our audience's needs and design our strategies so we could meet those needs. Over the course of the program our knowledge about local government affairs expanded and improved our understanding of local governance. For example, the experience gathered in the Pilot LGPP helped us enhance consulting methods by basing them on partnerships and collaboration. Therefore we chose to promote this activity. Our experience also helped us choose topics for dissemination based on demand by gmina officials.

Products

Print Media

- 1 Local Government Innovative Practices Guide published as part of the Pilot LGPP dissemination effort by MUNICIPIUM, Warsaw 1997 (Originally prepared by ICMA under USAID sponsorship)

USAID funded the Guide's preparation in order to document numerous successful practices implemented in Central and Eastern Europe. Many local governments in this region have ceased to be passive implementers of central government policies and have begun an active search for solutions to local problems. "Local Government Innovative Practices Guide" presents a wide variety of municipal initiatives in the following areas: municipal credit, economic development and planning, municipal association development, citizen participation in municipal decision-making, urban service delivery, environmental management, local revenue generation, budgeting and financial management, the role of municipality in housing and national initiatives to build local capacity. The Guide is divided into sections corresponding to the above mentioned areas. Descriptions of each innovative practice contain important background information, the implementation process, results, and contact persons.

- 2 Innovative Practices Guide - Five Case Studies, Poland, prepared by *Biuro Rozwoju* for the Pilot LGPP and published by Municipium, Warsaw 1997

Our second guide presented five case studies about Polish innovations and was developed as a supplement to the Compendium on innovative practices from other

Central and East European countries. The pilot LGPP contracted with the consulting company - *Biuro Rozwoju*, to document innovative cases that correspond to the program's strategy modules and could be reproduced in other gminas. The Polish collection presents five case studies about different ways of thinking and the innovative undertakings of five gminas facing new challenges resulting from economic transition. The Polish collection includes the following cases: 1) co-operation of NGOs with local authorities in the municipality of Gdansk, 2) implementation of the Safe City Program in Gdynia, 3) utilization of the Teutonic Castle to fight unemployment, 4) creation of a development strategy for the rural gmina of Kaliska, and 5) use of municipal bonds as an instrument for financing city transportation in Gdynia.

1 The case on cooperation of non-governmental organizations with the city authorities in Gdansk presents a well designed project developed by the Regional Center for Information and Assistance to NGOs for bringing NGOs and the public sector together. The project increased NGOs effectiveness in the region and created clear rules of cooperation with the public sector. NGOs in Gdansk are very active and cover almost all areas of social life. The case study presents all stages of the project implementation in great detail. It describes main assumptions behind NGO-gmina cooperation, conditions necessary for successful cooperation, and all parties who were involved in the process. It provides the following tools: rules of cooperation, regulations for providing financial assistance to NGOs from the city budget, a model agreement and application form for financial support for a project.

2 The Safe City' Program shows how Gdynia reduced crime, improved citizens' safety, and strengthened social bonds in local communities. This safety program was based on experience from both the National Police Headquarters in Warsaw and Western experience (mainly Dutch). Emphasis was placed on the need to strengthen citizens' responsibility for themselves and their own safety. The program advocated involvement in preventive activities of all institutions which are part of the social safety system such as the police, city guard, fire department, and other rescue services. It also stressed the importance of close and on-going cooperation between the police, citizens, city institutions, enterprises and other organizations. This case study presents a model for other gminas for establishing effective and on-going cooperation among city institutions by defining priorities through opinion polls, developing a map of needs and guidelines for actions.

3 The case on "Utilization of the Teutonic Knights' Castle in Gniew" describes how the local government uses its attractive natural and cultural environment to create new jobs and revitalize the city. In the beginning of the 90s Gniew had a high structural unemployment reaching 35% of the city working population. City authorities reduced unemployment by taking advantage of state regulations concerning municipalities with high structural unemployment. Officials applied for labor fund resources for public and subsidiary works and used them at the

renovation of the 13th century Teutonic Knights' Castle and other historical sites. Reconstruction created new work places for unemployed and gave many of them the opportunity to acquire new skills. Furthermore, the reconstructed and operating' castle created additional work places by hosting many successful events in the city such as Medieval Days festivals, artistic shows etc. During the last five years Gniezno has become a very attractive tourist sight. Its hotel and museum is visited by thousands of people every year.

4 A description of the process of designing a development strategy for the village gmina of Kaliska presents well organized and highly professional cooperation among local authorities and numerous consulting firms in redefining the gmina's character. The strategy emphasized the importance of citizen participation in the gmina's development. In the strategy development process local authorities defined the gmina's development objectives. Those were divided into *primary objectives*, *objectives in strategic areas* (industry, agriculture, tourism), and *objectives in strategic problems* (external investments, extension of infrastructure and creation of new work places). The strategy suggested several alternative ways of meeting these objectives such as communalization of less attractive land for investments, elaboration of the gmina's investment offers, and publication of tourism brochures promoting the region.

5 Municipal bonds as an instrument for financing city transportation fleet in Gdynia discusses the restructuring and commercialization of mass transportation. Under new regulations, mass transportation became one of the municipal responsibility. The city decided that the new mechanism of the functioning of city transportation services should be shaped on market forces though the city would still subsidize it. City transportation organizer and service provider were separated and the bid for financing the purchase of new busses was organized. Before the city decided to issue municipal bonds to finance bus contracts, it made an extensive search of different terms for financing through loans in Polish zloty, loans in foreign currency, and other subsidized foreign loans. An innovative' approach of Gdynia to the problem of getting resources was to look for capital outside the traditional offers from the banking sector. In the process of evaluating offers concerning municipal bonds gmina learned not only about the tools available but also the capital market dynamics.

The Compendium of innovative practices and collection of Polish case studies was published and distributed by MUNICIPIUM. These have been distributed to gminas, consulting companies and other research institutions which show interest in the subject matter and would like to use them in their work.

In addition to publishing books and other materials, MUNICIPIUM publishes the most popular weekly magazine *Wspolnota* (18,000 copies) which reaches practically every gmina in Poland. The Pilot LGPP dissemination strategy included using

Wspolnota to disseminate information and raise interest in the process of providing technical assistance in the pilot gminas. The topics published in the series of articles were "Making consulting for gminas more effective", "Methods of collaboration and different consulting styles", "Necessary elements of effective consulting", "Experiences of pilot gminas and consultants working in the Pilot LGPP", and the "Gmina Financial Analysis Model".

The series of articles on consulting followed a workshop in Zakopane and focused on the process of consulting and cooperation between consultants and municipalities. The major goal of the series was to present some general recommendations for both gminas and consultants who are working together. The articles presented and explained the concept of 'consulting' and stressed the need for establishing 'cooperation' principles between gmina and consultants. The following elements of the consulting process were analysed: psychological aspects of consultancy, the scope and different styles of consulting, positive and negative experiences of pilot gminas and consultants, and the necessary elements of effective consulting and cooperation between the providers and recipients of technical assistance. We devoted one column in *Wspolnota* to present one of the best infrastructure finance and development instruments - Gmina Financial Analysis model (GFAM) which was developed and implemented in several Polish municipalities by Chris Kaczmarek and Wojciech Deska from the Research Triangle Institute (RTI).

Publishing monthly *Pilot LGPP Newsletter*

The Newsletter helped facilitate an exchange of information among all parties involved in providing and receiving technical assistance in the course of the program. Through our newsletter we kept readers informed about current and upcoming events and tried to encourage a transfer of information between consultants and gminas. The newsletter presented experiences of the Pilot gminas and consultants, and discussed successful methodologies and processes developed in the key areas of technical assistance. We encouraged all Newsletter recipients (both consultants and local government representatives) to share their comments and suggestions with the coordinating office and each other. We have received critical comments and positive feedback on our Newsletter and hope that the idea will be continued with the expansion of the LGPP. The demand for information will increase substantially as the program grows. Therefore, we advise the larger LGPP dissemination staff to continue issuing a newsletter-type publication as an efficient means of sharing experiences and maintaining communication.

Our six newsletters focused on

Newsletter No 1 introduction of the program presentation of pilot gminas and areas of technical assistance,

Newsletter No 2 major tools developed in the Pilot program such as Gmina Financial Analysis Model, Capital Investment Planning Model, Enterprise Financial Condition Model, and results of the Zakopane workshop on consulting and citizen participation

Newsletter No 3 creating technology and industrial parks potentials for their development in our pilot cities and American experiences in this area,

Newsletter No 4 consulting activities in the area of housing and a strategic approach to technical assistance,

Newsletter No 5 restructuring of 2 municipal enterprises ZOM (City Cleaning Company) and MZK (Bus Transportation Enterprise) and workshops in Ziębice (August 97 on technical assistance under the Pilot LGPP in Ziębice) and Krynica (September 97 on economic development in the Sądecka Public Service City Zone),

Newsletter No 6 final evaluation of the program and conclusions from the conference closing the Pilot LGPP

Visual Communication

The promotional Video *Information is Everything* presents Pilot LGPP assistance in the area of communication and citizen participation, focusing on Gliwice's accomplishments and successes in public communication

One of the key technical areas in the Pilot LGPP program was communication and citizen participation. Assistance concentrated on advising gminas how to enhance communication both within gminas and between gmina authorities and their citizens. Communication and citizen participation are issues that are relevant to the Pilot program's other consulting areas: housing, land management, economic development, etc. People realized that no matter what they are engaged in, being better informed makes people better citizens because they are able to make decisions on fact rather than on intuition or stories they may have heard.⁴

Our promotional video conveys the message that good civic communication can be developed only as a two-way street and decisions have to incorporate citizen input. In order to achieve such bi-directional communication in which citizens realize that governance depends on their own input and local officials are ready to accept it - both parties have to set a framework for cooperation, learn to listen to each other and respect everybody's opinions. Gliwice's example in the video shows successful cooperation between the city and citizens. It presents a new organizational unit within City Hall - Customer Service Office - which provides various services to citizens in a professional and friendly way with the goal of making city administration open and responsive to residents' needs.

Conferences and Workshops

Training courses, seminars and meetings are important vehicles for information distribution. Formal discussions and well structured presentations are essential for good communication and information exchange. Such meetings also allow participants an

⁴ Interview with Kathy Alison in the video *Information is Everything* Pilot LGPP 1997

opportunity to discuss matters informally, to network and to team up with other parties. Local workshops focused on specific needs of individual pilot cities. Our aim was to present new and innovative methods for solving gminas' pressing problems and to get them publicized both internally (within gminas) and externally (throughout Poland). The following conferences and workshops were organized during the Pilot LGPP Program:

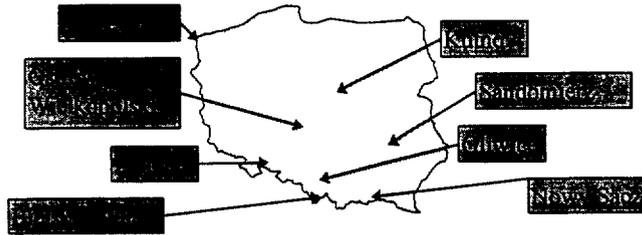
- ◆ *Strategy Modules Workshop* - January 1997 - Warsaw
- ◆ *Communication and Citizen Participation* - April 1997 - Gliwice
- ◆ *Technology Parks* - July 1997 - Gliwice
- ◆ *Housing Strategy* - October 1997 - Ostrow Wielkopolski
- ◆ *Agro-Industrial Park* - March 1997 - Kutno
- ◆ *Civic Communication* - June 1997 - Kutno
- ◆ *Tourism* - July 1997 - Sandomierz
- ◆ *Economic Development* - September 1997 - Krynica
- ◆ *Enterprise Financial Model* - October 1997 - Krakow
- ◆ *Capital Improvement Plan* - September 1997 - Bielsko-Biala
- ◆ *Communication and Citizen Participation* - June 1997 - Zakopane
- ◆ *Summary of Technical Assistance Activities* - August 1997 - Ziębice
- ◆ *Close-out conference of the Pilot LGPP* - October 1997 - Warsaw

Inside:

- 1 What's happening in the Pilot Gminas
- 2 Dissemination Strategy

Calendar:

- June 11-13 Managing Consultants Workshop



Pilot LGPP

Pilot Local Government Partnership Program

N E W S L E T T E R

Number 1

May 1997

Extra!! Extra!! Read all about it!

The Pilot LGPP Newsletter will be distributed on a regional basis to disseminate information attained during the course of the program. Through this newsletter, we hope to improve communication among institutions involved in the program, and to inform interested organizations and individuals about the Pilot Program. We welcome comments. Contributions to this Pilot LGPP Newsletter can be sent to the program's coordinating office.

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 00-961 Warszawa, Poland
 fax (22) 368-555
 tel (22) 372-099
 email sanders@elektron.pl

ABOUT THE PROGRAM

The Pilot Local Government Partnership Program (LGPP) was initiated in the fall of 1996 in order to help gminas in Poland become more effective, responsive and accountable. Eight Pilot gminas were selected for this initial phase which is meant to provide technical assistance to these cities and to provide USAID and its contractors experience in working with local governments. Such experience will assist in the fully developed LGPP expected to be implemented in the fall of 1997.

The eight gminas taking part in the Pilot LGPP are

Bielsko-Biala	Gliwice
Kutno	Nowy Sącz
Ostrów Wielkopolski	Sandomierz
Szczecin	Ziębice

Under the Pilot LGPP, both U.S. and Polish consultants work with gmina staff to assist and advise them in key areas. One of the goals of the program is to provide Polish firms and institutions an opportunity to collaborate with American consulting companies on joint technical assistance projects. The major areas of technical assistance are:

- *Strategic Management, Budgeting and Finance*
- *Economic Development*
- *Infrastructure Financing and Development*
- *Strengthening Municipal Service and Enterprises*
- *Housing Management and Development*
- *Land Management and Development*
- *Public Relations and Citizen Participation*

The mayor and his staff identify the areas where help is most needed with consultants working together to develop integrated solutions and to help promote more efficient and responsive institutions at the local level.

"It is wise to keep in mind that no success or failure is necessarily final" -Unknown

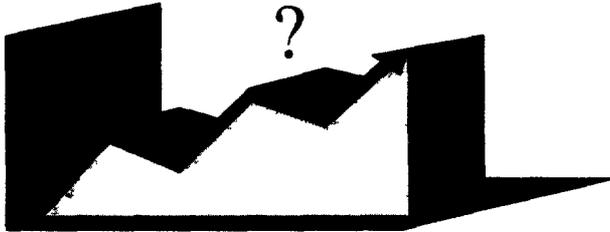
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Select Events in the Pilot Gminas

(not all technical assistance activities are listed)

BIELSKO-BIALA

Bielsko-Biala has focused a great deal of attention in the area of Housing Management and Development. Discussions have been on-going for strengthening the Housing Management Enterprise. The Agency for Support of Housing Initiatives (AWIM) was created with the help of the Cooperative Housing Foundation and a plan to revitalize the old town of Bielsko Biala is under preparation. During the first week of May, Alan Edmond (*Abt Associates Inc*) and Catherine Revels (*Research Triangle Institute*) will help the city to look at ways of achieving financial self-sustainability in two municipal companies--the City Cleaning Company (ZOM) and the City Transportation Company (MZK). A Polish lawyer, Gerard Sadoch (*Aval S C*), will work on a service agreement and analyze legal issues relevant to strengthening the two enterprises.



Stop Wondering!!!
After the Pilot Stage of the LGPP Program the Eight Pilot Cities can only climb higher and higher, and higher

SZCZECIN

Szczecin has received advice and assistance in the area of housing and land management. Martha Sickles (*PADCO*), working with a Polish counterpart, Aleksandra Piskorska from the Szczecin city government, developed a housing policy and strategy for the city. In December of 1996, the City Council approved this strategy in the form of a resolution, and its implementation began in early 1997. Other activities in the city have focused on the development of a business plan for the Housing Association and an analysis of the demand for housing in the city.

ZIĘBICE

The town of Ziębice has received assistance regarding a financial strategy for the city from a team of consultants led by Chris Kaczmarek from the Research Triangle Institute. Additional advice has focused on the development of a master plan for regional water and waste management companies. PADCO consultants

have made plans to work on a housing strategy for Ziębice.

"No matter what happens, there's always somebody who knew it would" --Lonny Starr

SANDOMIERZ

Assistance has been focused in two primary areas: economic development and public participation. Paul Hoover (*Research Triangle Institute*) will assist and review work being completed as part of the economic development strategy for the city. He will be working closely and collaborating with a Polish organization, the Center for Promotion and Support of Agricultural Enterprises, to develop a commodity exchange scan. Jim McCaffery (*Training Resources Group*) will work with government staff in an effort to improve citizen participation and decision making.

GLIWICE

Economic development and public participation are the focus areas in Gliwice. Plans are being prepared for the establishment of a technology park in the city. Pat Dusenbury, a U.S. based consultant (*Creative Strategies Inc*), has worked with Polish consultants (*FISE*) and local officials to produce an economic environmental scan. They will also assist Gliwice in creating a strategic plan for the local technology park. In the realm of public participation, Becky Gadell (*Austin City Connection*) together with Bill Guerrant (*City of Charlotte Public Service and Information Dept*) designed and lead a workshop for city officials (April 1997) which stressed the need for information exchange in public decision making.

"What do you call a politician that has lost an election? Answer: A consultant" --Rich's Current Humour

OSTROW WIELKOPOLSKI

Under the Pilot LGPP, the city will draft a housing and land management strategy. Maris Mikelsons (*The Urban Institute*) and the Cooperation Fund will assist the city with its housing strategy while Jan Brzeski (*Cracow Real Estate Institute*) will develop a land strategy. Mark Brown (*PADCO*) will work on developing a strategy to reform the municipal housing management enterprises. Chris Kaczmarek and colleagues (*Research Triangle Institute*) are working on a comprehensive financial analysis for the city. In addition, Ostrow has received assistance from the Cooperative Housing Foundation in the formation of AWIM.

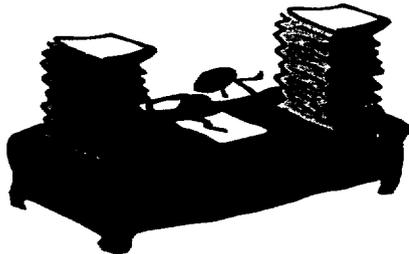
NOWY SĄCZ

The Nowy Sącz Public Service City Zone (PSCZ) provides a unique opportunity for cooperation under the Pilot LGPP. The Zone consists of 14 gminas which have decided to pool their resources and undertake tasks previously controlled by the national government: education, health care, transportation, welfare, etc. The Pilot LGPP is focused on improving public services by training zone employees in new skills. Nowy Sącz will provide important lessons for other regions in Poland contemplating a similar transition into a Public City Zone. Training under the Pilot program will help the zone unify fragmented governments into a single cooperating body. The Training Resources Group, in conjunction with the Krakow Academy of Economics, will lead a workshop in late May for the purpose of developing strategic goals and organizational values for the Zone.

KUTNO

Technical assistance in Kutno under the Pilot LGPP has focused on economic development. Blaine Limer, Director of the State Policy Center at the Urban Institute (Washington DC), has worked with city leaders to develop an economic development strategy for Kutno. The city's primary economic development project is the Kutno Agro-Industrial Park, owned primarily by the city, which is available to investors for business development. Kathy Alison (Training Resources Group) working with a local Polish consultant, Elzbieta Syrda, led a workshop in March 1997 with the aim of developing an action plan for the Agro-Industrial Park. Further assistance will be given in Kutno by Mr. Buczek from the Cracow Real Estate Institute and by an industrial park specialist from the United States.

DISSEMINATION STRATEGY



Pilot LGPP Dissemination
How to best share what we have learned ???

A dissemination strategy for the Eight Pilot Cities constitutes a very important component of the whole Pilot LGPP. The strategy has been developed around the idea that it is necessary for our cities to share experiences and lessons learned during the course of the technical assistance in the pilot stage. There are also a number of deliverables that will be developed for each pilot gmina and will be presented in the form of case studies.

A comprehensive information dissemination plan aims at distributing technical information, training manuals, best practices and success stories documented in the Pilots and other gminas in Poland. Our strategy includes the use of print media and the organization of workshops and seminars. One of our major publications will be a collection of local government innovative practices prepared for the U.S. Agency for International Development by International City/County Management Association. This dissemination effort will be undertaken together with *Wspolnota* - a magazine which is a major source of information about local government affairs. The collection will include a wide array of topics and technical work examples which might be implemented in other gminas throughout Poland.

In addition, a short video will be produced on a communication strategy which will demonstrate the principles of effective communication within government and between government and its citizens.

An information-sharing workshop will be held on June 11-13 in Zakopane (Hotel Panarama) and will bring together representatives of all parties involved in the implementation of the Pilot LGPP. The objective of the workshop will be to conduct a seminar on 'How to Manage City Consultants?' and 'How to improve Information Communication between the gmina and its citizens?' Polish and U.S.-based providers of technical advice and the recipients of such assistance will discuss efficient ways of utilizing and managing consulting services and methods of its measurement and evaluation. Participation in this workshop is limited.

"All of us could take a lesson from the weather, it pays no attention to criticism"
-North Dekalb Kiwanis (Club Beacon)

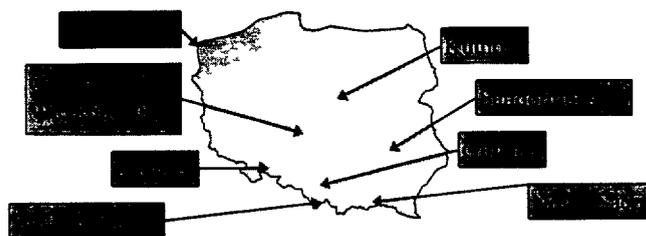
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Inside:

- 1 Tools used in the Pilot LGPP
- 2 Workshop in Zakopane

Calendar:

- July 10 Technology Park Workshop (Gliwice)
- Economic Development Workshop (Nowy Sącz)



Pilot LGPP Pilot Local Government Partnership Program

N E W S L E T T E R

Number 2

June 1997

Tools: Ingredients for a Gmina Development Recipe

Imagine you are trying to make a bowl of chili but are unsure what type of beans to use or how much hot sauce to add. You're not sure if you should soak the beans for a few hours or the whole night. You are preparing chili for a large group of people and do not want to make a mistake which would not only be costly, but also waste valuable time and resources. A practical approach to solving this problem is referring to a recipe book, in which you can find various chili dishes and their corresponding ingredients and tastes. You will save valuable time and avoid making potentially expensive mistakes by referring to a tool which provides you with information necessary to accomplish your task.

The development of a gmina is a complicated matter, and no magic recipe exists which can guide policy makers to guaranteed success. However, local governments can utilize various tools which improve decision making similar to our chili example.

Over the course of the Pilot LGPP tools have been developed and used to assist gminas in guiding their development and to improve the functioning of institutions and government agencies. Such tools are meant to be methodologies that can be applied in our Pilot gminas to improve efficiency, responsibility and accountability. They provide a general recipe for the sustained development of a gmina.

Key Benefits of Tools

- encourages the rational use of scarce resources
- facilitates future planning
- improves decision making
- improves communication
- presents information clearly

Three popular tools developed and utilized in the Pilot LGPP are the Gmina Financial Analysis Model, the Capital Investment Planning Model, and the Enterprise Financial Condition Model.

Gmina Financial Analysis Model (GFAM)

The GFAM is an infrastructure finance and development tool which has been introduced in several municipalities ranging in size from 10,000 to over 1 million inhabitants. The GFAM helps gminas make better decisions and improves the ability of local governments to finance long term projects. Chris Kaczmarek and Wojciech Deska (RTI) have been working both with local governments and Polish consulting firms in developing and implementing this model.

A computer simulation model - which forms the basis for the financial analyses - consists of interrelated spreadsheets. Projections are made based on financial information (i.e. expenditures, revenues and major infrastructure investments) derived from these spreadsheets.

This tool provides a number of benefits for local governments: (1) gminas can analyze their ability to incur debt and pay back loans for infrastructure investments; (2) results can be presented in a clear and readable format to banks and other lending institutions; and (3) gminas can engage in medium and long term financial planning.

The GFAM can form the basis for many government decisions about investment in different technical areas (economic development, planning, housing, management, strategies, etc.) since it helps city leaders recognize financial constraints. This model helps local governments promote the efficient use of scarce funds for new or existing projects.

Capital Investment Planning Model (CIP)

This model helps gminas identify and prioritize capital investments -- an expenditure to acquire, create, or improve a long-life asset. Scarce resources limit the type and amount of capital investments local governments can finance. The CIP is a statement of the Gmina's program for the development and financing of assets financed over at least 4-5 years. The CIP can become the key process through which decisions are made to use gmina investments to implement economic and physical infrastructure development. Tom Spoffard (RTI) has been

working with different gminas in the implementation of this tool

The CIP utilizes forms and instructions to help gminas organize information in a clear and concise manner. Qualitative information is converted into quantitative data using standards and rankings that allow for comparison between different investment projects. The information is used to summarize investments.

Enterprise Financial Condition Model (EFCM)

This tool which has been used in Bielsko Biala and is currently being implemented in Ostrow Wielkopolski can be used by gminas to evaluate the current and project the future financial health of municipal service enterprises. It is also used to estimate requirements on the Gmina budget over a ten year projection period. The model has been developed so that it can be applied to various municipal service enterprises (water/wastewater, solid waste, transport, central heating) in different gminas. Cathy Revels (RTI) has been working with Gmina officials, municipal enterprise staff and consulting companies in the implementation of this tool.

The Enterprise Model is used to identify opportunities to improve financial self-sustainability by analyzing the enterprise's revenues, operating expenses and capital investments. Long term projections are calculated based on historical and current financial data relating to the municipal enterprises. The model presents cash flow, profitability indicators of financial stability of the enterprise, a projection of the burden on the Gmina budget over time and measures of enterprise effectiveness and efficiency over time. It can be used as a tool for evaluating the effects of alternative strategies on the financial condition of the enterprise.

RESULTS

Gmina Financial Analysis Model

- Kutno received a long term loan for a city infrastructure project from a commercial bank. This model assisted Kutno in assessing its ability to incur debt. Since the model has been applied, the city is now using it as a tool for multi-year budgeting and investment planning.
- The GFAM has helped Szczecin arrange long-term financing for investments which were already programmed into the city's budget -- includes estimation of debt carrying capacity and the most suitable and effective financing instruments.
- Ostrow Wielkopolski has issued municipal bonds to finance infrastructure projects. Implementation of GFAM helped the city prepare for this activity.
- Bielsko-Biala is currently in the process of negotiating loan conditions with a lending institution to finance municipal investments, including the city's Housing Plan.
- The GFAM has helped Ziębice define financial limitations for all areas of municipal activities.

Municipal Investment Planning

- In Szczecin there has been a rise in quality and efficiency of municipal investment planning and an improvement in the prioritization of investments tasks.
- Ostrow Wielkopolski has found the ranking system developed under CIP to be very helpful during the investment process. According to Henryk Walczak from Ostrow Wlkp, CIP helps the city make rational decisions regarding investment projects which the city is undertaking.

Enterprise Financial Condition Model

- Bielsko-Biala is currently using information and projections from this model to decide on how to restructure and strengthen the Town Cleaning Company and the Bus Transportation Company.
- The Bielsko-Biala Town Cleaning Company used the model to project the effects of adding employees and changing wage structures for solid waste collection. Some adjustments were made to this year's budgetary plans based on the analysis.
- Ostrow Wielkopolski is using the EFCM to analyze options for financing capital investments and pricing services.
- The Ostrow Wielkopolski Bus Transport Company is using the model to determine whether it is feasible to borrow money to finance bus purchases.

"If you want truly to understand something, try to change it." Kurt Lewin

Zakopane Workshop "Consulting and Communication"

Over thirty people including mayors from pilot gminas, Polish and American consultants and representatives of USAID participated in an interactive workshop held in Zakopane from June 11-13. The objective of the workshop was to determine how gminas can utilize consulting services more effectively and to discuss the importance of citizen participation and communication in local government decision making. The beautiful weather and lovely setting inspired new and interesting ideas.

Local governments have begun to use consulting services more frequently in recent years. Much of this consulting has been provided through aid programs which have supplied gminas with valuable advice in different technical areas. This donor provided consulting requires careful planning and good communication by both consultant and client in order to

effectively utilise the advisory services During the first day of the workshop participants discussed methods for improving effectiveness and maximizing results of consulting

Have you been wondering what barriers exist between consultant and client? Robert Olszanski a Polish psychologist who spoke at the workshop, argued many misunderstandings and problems arise from a lack of communication between client and consultant The client, as a result of age status or experience may resent advice from people who are younger less experienced or come from different backgrounds Trust is a very important part of the client consultant relationship Both parties must have confidence in each other to carry out tasks It is essential for consultants and clients to develop a feeling of mutual support and dependence in an atmosphere of openness and honesty

Various approaches to advisory services have different strengths and weaknesses While there is no one correct style of consultation both parties should discuss and determine the framework in which services will be implemented Such a framework will influence expectations roles and plans for the entire process

During the workshop, Kathy Alison (*Training Resources Group*) increased awareness of consulting styles by leading group activities in which participants discussed the most appropriate approach for a specified technical assistance activity This was done by forming working groups with assigned tasks

Advisors and gmina representatives were given an opportunity to share their disappointments and successes Workshop participants discovered the secrets of successful consulting by developing the underlying principles and rules that should be employed to achieve the best results

Developing a communication strategy was the second topic of the workshop The deputy-mayor of Bielsko-Biała, Jerzy Krawczyk reminisced about a time, not too long ago when the mayor of this city engaged in public communication with his citizens on a daily basis It was a well known habit during the 1930 s for the mayor to travel to and from work by bicycle Citizens who wanted to show gratitude or express discontent could find the mayor either morning or evening on his predictable route to work Each week the mayor would take a different path to work in order to give people in different areas of the city an opportunity to 'communicate' with him on issues of concern

This form of public participation was practical and effective during the 1930 s However growing populations and citizens who demand a stronger voice in government have created the need for gminas to develop a communication strategy Becky Gadell (*RTI*) led a section of the workshop on



communication and citizen participation Her theme was that communication helps us achieve common vision and goals solve problems and maximize opportunities through the development of relationships A communication strategy can support progress toward a shared vision

Piotr Popiel assistant to the Mayor of Gliwice discussed the communication strategy developed in Gliwice under the Pilot LGPP He promoted a strategy that encourages public participation in decision making and stresses the need for citizen support in government actions He presented Gliwice's positive and negative experiences with two investments a supermarket and the GM factory

During Piotr's presentation he discussed the issue of an endangered bird whose habitat was located in the field where GM was going to build their factory At the moment in his speech when he touched upon this issue a bird flew into the conference room and headed directly at the presenter This ominous event shocked every one in the room and further highlighted the need for good communication even with our feathered friends

Although participants and presenters worked hard during the workshop there was still time to enjoy Zakopane Some participants enjoyed the mysterious blue drinks served at Hotel

Panorama while others preferred the soothing effect of herba' the well known mountain tea known to cure all illnesses (warning induces excitement) Nightly entertainment included dancing singing axe fighting tie chopping shaving (with a knife), and of course eating very tasty food Thanks to everyone for their enthusiasm good cheer and willingness to share their views and ideas with others



ANNOUNCEMENTS

The workshop in July on Economic Development will not be held We apologize for any inconvenience

REMINDERS

- Selected events taking place in the Pilot LGPP are included in the Pilot LGPP newsletter
- We encourage contributions articles and information to be sent to our office

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Inside:

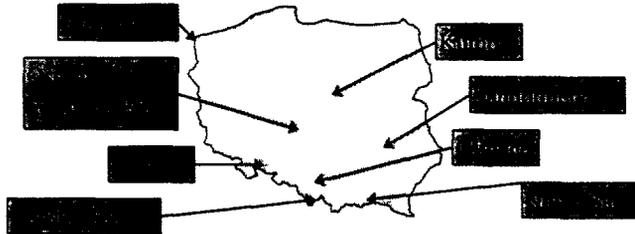
- 1 Technology and Industrial Parks
- 2 Activities in Kutno and Gliwice

Calendar:

- Workshop in Ziębice (August 1-2)
- Workshop in Nowy Sącz (September 2-5)
- Watch out for articles in Wspolnota!

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LGPP

Pilot Local Government Partnership Program

N E W S L E T T E R

Number 3

July 1997

Creating a Healthy Business Environment: Technology and Industrial Parks

Economic development has been an important technical assistance activity under the Pilot LGPP. American and Polish consultants have been working together to help gminas realize their full potential for economic expansion. Two partner cities have requested Pilot LGPP assistance in developing specialized parks – a specific area where a particular type of enterprise is nurtured. Lets compare this concept with a phenomenon that is familiar to most of us.

A plant will grow and flourish if placed in the appropriate environment – where water and sunlight are sufficient, roots are able to expand into fertile soil, and growth is fostered by a caring and knowledgeable hand. With time, the surrounding area will become populated with the same species. The plant is able to thrive by taking advantage of the local resources found in its environment. The key is to create the appropriate environment – don't plant a cactus in the tropics.

Such a phenomena is not exclusive to nature or plants, but can be compared to economic development. Companies evolve and arise in settings where they are needed and where the environment is conducive to their existence. Natural resources and human behavior combine to create unique settings which vary between cities and countries. Different factors influence where companies develop and where they move.

For example, a high technology company wants to enter the Polish market to take advantage of central Europe's growing economy and demand

ADVANTAGES OF PARKS

Government job creation, increase tax revenues, enhance economic development, find economic use for obsolete buildings

Business favorable environment, the creation of links with local companies, and access to new technologies

Private Developer profitable return on investment

Additional Advantages of Technology Parks

Academia employment for graduates, research contracts, prestige, income from licensing new technologies, economic use for property

Research Institute increased prestige, research and development contracts, licensing income

for different products. This company has designated capital to invest someplace in Central Europe and has selected Poland because of a large domestic market. The decision makers must select a location which is favorable to this type of industry. The question remains – where?

A Park – whether industrial, agricultural, technological, or another kind – serves the purpose of creating an environment. A Park is an area of land controlled by a single

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management entity and designated for a certain type of use by multiple firms. The management entity takes into consideration local resources when establishing the Park and attempts to form a setting in which a certain type of company will be attracted. Parks frequently arise as a result of partnerships between institutions in local surroundings academic, business, government, etc. Although these institutions have different motives for supporting a park, they share a common belief that the park will have a positive impact on the community as a whole.

Multiplier effects are additional benefits the community obtains from hosting a park. Activities within the park inevitably pass the borders and influence the development of the region. New investments trigger growth in a wide array of areas – construction of roads, houses, stores, schools, etc.

CHALLENGING SUCCESS

- *cost of doing business*
- *quality of life*
- *location*
- *well developed technical support infrastructure*
- *well developed business support infrastructure*
- *extensive supplier & distributor networks*
- *availability of seed, venture, & investment capital*
- *well trained workforce*
- *critical mass of knowledge assets (specifically for a technology park)*

**"The more original a discovery, the more obvious it seems afterwards."
Arthur Koestler**

Potential in the Pilot Cities: Kutno and Gliwice

Kutno and Gliwice are in the forefront in Poland regarding the establishment of Parks – having made important first steps in the long-term investment required for such projects. Implementing these projects requires an extended period of time to realize, parks do not come into existence and start functioning after one or two years, but require 10 or 20 years of dedicated effort by committed institutions and businesses. The results of today's efforts will only be fully appreciated and understood in the future.

Taking advantage of and utilizing local resources is essential for the success of establishing any kind of Park. Gminas need to assess their own resources before deciding on the feasibility of promoting such a project in their region. With the help of the Pilot LGPP, Kutno has decided to establish an Agro-Industrial Park, taking advantage of its location among agricultural land and of its potential for industrial production in the future. Gliwice, which has one of the best Polytechnical Universities in Poland, is attempting to increase investment by forming a Technology Park.

AGRO-INDUSTRIAL PARK IN KUTNO

Kutno has nurtured the idea of a Park in their region for the last few years. With the technical assistance of the Pilot LGPP, the city has taken many steps to begin implementation of the project. Blaine Liner (*Urban Institute*) worked with city authorities in the development of an Economic Development Strategy that focused on the potential for developing a Park in the region. In addition, another Pilot LGPP-sponsored activity was implemented. A feasibility study for a Food Distribution Center was completed by Richard Mook. This study influenced a shift in focus from the Distribution Center towards the Kutno Agro-Industrial Park Complex.

The city has made important steps in project implementation. A Task Force was organized, consisting of representatives of City Hall and the business community, to oversee the development

of the project City Hall has purchased 200 hectares of land designated for the Park

Recently, Kathy Allison (*TRG*) and Blaine Liner (*Urban Institute*) assisted the city in developing an Action Plan for the implementation of the Industrial Park This Plan includes the project's next steps, responsibilities, a schedule of activities, and a clarification of the relationship between the Regional Development Agency and City Hall Currently, the City is working on three projects related to the Park a marketing strategy, a land use plan, and a communication strategy These projects will play an important role in the formation of the Park

TECHNOLOGY PARK IN GLIWICE

The Pilot LGPP-sponsored workshop, which took place on July 10 in Gliwice, focused on three objectives (1) providing an overview of technology parks, (2) identifying Gliwice's resources that could contribute to the development of a Technology Park, and (3) deciding on next steps Participants represented different organizations and institutions in the region that had an interest in the implementation of the Technology Park Pat Dusenbury (*Urban Institute*) worked closely with Hanna Ruszczyk (*Citizens Democracy Corp*), Maciej Gajewski (*Uniconsult*), and Krzysztof Chmura (*Pilot LGPP staff*) planning and implementing the workshop

The workshop resulted in the development of a consensus that Gliwice should proceed with the Technology Park The Gliwice Economic Development Agency was designated as the lead institution and will oversee the implementation of the project in three stages (1) Technology Incubator opening in September (currently partially operating), (2) Technology Transfer Center linked to the incubator, (3) and the Technology Park Emphasis was given to the long term nature of the project and on the need for long term planning

Although detailed information about the Technology Park still must be discussed, progress was made during the workshop in defining the next steps These next steps include forming a task force, an analysis of financial sources, developing a business plan, and conducting a technology audit and a market analysis

American Experience with Technology Parks

The tradition of Technology Parks began at Stanford University in 1951 The University established the Stanford Research Park by leasing land in Palo Alto, California with the aim of bringing together Stanford University research capacity with private sector business The famous Silicon Valley resulted from this effort Today there are over 150 different Technology Parks in the United States, each possessing individualized structures, goals, and objectives Although there is no guide or recipe for guaranteeing their success, some fundamental principles have been learned

U S experience emphasizes the importance of clear and accurate goals among interested parties Institutions forming the Park should share a common vision that leads them in the same direction Fostering partnerships has also been a great asset, among universities, local and state government, and the business community Combining their respective resources strengthens a Park

Taking into consideration and utilizing local resources is another essential element of success and an important factor which helps determine the type of Park Resources may include financial institutional, intellectual, geographical, infrastructure, and past traditions in the region The presence of a university in the region is seen by many firms, especially high-tech firms, as a great advantage Proper site selection and enthusiastic initiators are additional factors which contribute to a viable and successful park

"The greatest power is often simple patience." E. Joseph Cossman

Inside:

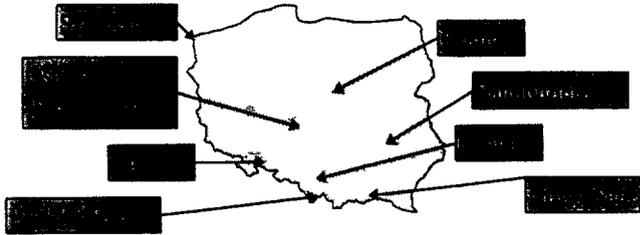
- 1 Housing Technical Assistance
- 2 A Strategic Approach to Housing

Calendar:

- Soon to be released "Local Government Innovative Practices Guide"
- Pilot Summary LGPP Conference (Oct 20)

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Pilot LGPP

Pilot Local Government Partnership Program

N E W S L E T T E R

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August/September 1997

HOUSING TECHNICAL ASSISTANCE

Decentralization of responsibility and privatization are two important themes in nearly every sector undergoing reform in Poland. The housing sector is particularly vulnerable to this transformation since it embodies the single greatest asset of reproducible wealth in the country (about 25 %) and contributes anywhere from 7 to 18 % towards the national product. In addition, the housing sector plays a key role in economic development by influencing labour mobility through the availability of housing.

Gminas are struggling to promote housing development through a variety of methods. Ownership of communal housing, which constitutes a substantial share of housing, has been transferred to local governments. Local governments are now responsible for developing strategies to manage and promote housing development along with land use planning and infrastructure provision. In unison with national level policies, gmina officials must formulate local-level housing policies that address local budget priorities and needs.

Technical assistance in the housing sector under the Pilot LGPP is broad and extensive. Two Pilot LGPP contractors - Planning and Development Collaborative International, Inc (PADCO) and Cooperative Housing Foundation (CHF) - have been particularly active in providing technical

assistance to gminas in the area of housing. PADCO has done extensive work in the area of housing needs assessment and assisting gminas to develop housing strategies. CHF has primarily focused on developing a network of Agencies to Support Housing Initiatives (AWIMS). The Pilot LGPP has also supported the development and interpretation of housing indicator/monitoring systems. One such example is the work conducted by Cracow Real Estate Institute (CREI) and the Real Estate Advisory Services (REAS) for Ostrow Wielkopolski (led by Maris Mikelsons, Pilot LGPP management).

CHF

CHF started its work with gminas in Poland in 1992, supporting local housing development through a cooperative approach. CHF consultants assist in the creation of Agencies for Support of Housing Initiatives (AWIM). AWIMs are formed at the local level in selected gminas throughout the country. Their purpose is to promote a new approach to housing by organizing democratic housing cooperatives and helping them to secure land and access financing for the members. Through this approach, households are able to realize newly constructed housing using competitive construction practices and commercial credit at market terms.

The **Szczecin** AWIM was promoted in 1995 with the establishment of "Na Wzgorzu" (On the Hill) housing cooperative. During this year, the Cooperative obtained municipal land for building 21 houses. The following year, construction was

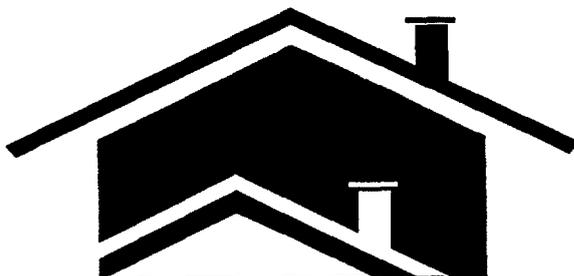
begun, and in 1997 ownership rights were transferred to the new owners. Additional land is being prepared for new Coop housing. In addition, the AWIM has worked with the gmina to assist them to develop their comprehensive housing policy.

The AWIM in **Bielsko-Biala** has been active in housing development since 1994. Thirty-two housing units have already been completed, and the cooperative "Biesko-Biala" plans to begin construction of over eighty new units in September 97. Another cooperative was established for families wanting to live in multi-family apartment buildings.

CHF has also been involved in other activities in **Bielsko-Biala**: management of the Old Town Revitalization Project, technical assistance to TBS (Social Housing Association), assistance in the restructuring and privatization of ZGM (Communal Housing Management Office), and the development of a private real estate property management market.

CHF signed an agreement in 1997 (February) with **Kutno** to establish an AWIM. From this agreement, the housing cooperative "Ciepła Chata" (Warm Cabin) was formed. The Cooperative has begun to prepare land and arrange for access to credit. For the time being, about 15 households have expressed an interest in participating in the program.

In **Ostrów Wielkopolski**, AWIM was established on March 1997, and was followed shortly by the creation of the housing cooperative "Our House". Cooperative members have selected a design for construction and have been assessing potential sites.



In yet another Pilot LGPP gmina, the CHF played a key role to develop housing where other opportunities did not exist. In **Ziebice**, the AWIM created a housing cooperative "Promyk" to develop city-owned land and access to credit financing. The Cooperative is actively engaged with the gmina to rezone land from its intended use to allow the construction of single family houses.

PADCO

PADCO consultants have played a leading role in assisting the city of **Szczecin** to develop a housing strategy. Their key input to this process was designing and implementing a household survey that collected data on housing and households. This survey of 998 households focused particular attention on indicators that revealed preferences and demands for housing, including household income data. Next steps in this work will be to develop correlations between household preferences and their ability to pay for housing. This information will then be matched against what is available in the local housing market to determine the extent of housing need.

A Strategic Approach to Housing Development

A strategic approach to housing development is the major theme in two Pilot LGPP gminas - **Bielsko-Biala** and **Ostrow Wielkopolski**. By utilizing a coordinated or strategic approach to the delivery of technical assistance, USAID-sponsored technical assistance can lead to measurable improvements in an array of sectors. In these two gminas, consultants as well as gmina officials link together the various components of technical assistance to promote greater efficiency of government services.

In 1996, **Bielsko-Biala** prepared a housing strategy with USAID-sponsored technical assistance led by CHF with PADCO's collaboration. The gmina sought long term financing to implement some elements of this strategy. In early 1997, the gmina's Management Board developed and adopted a list of 12 program areas requiring external financing. These areas

correspond to the highest priorities for action identified in the strategy. They include the following elements: 1) "alternative" housing development through Social Housing Associations (TBS) and the local AWIM, 2) preparation of land parcels for sale to private developers, 3) redevelopment of unused industrial space for temporary communal housing, and 4) public investments to revitalize the historic market square in old town. Together, the gmina treats the program areas as a comprehensive "Housing Sector Investment Program".

Initially, the Management Board thought to issue Municipal Bonds to finance some or all of these programs. In response to their request, RTI consultants evaluated the gmina's credit worthiness using the Gmina Financial Analysis Model (GFAM). The initial analysis revealed the gmina's debt carrying capacity to be significantly lower than anticipated. Subsequent assistance led to redefining the debt plan, with the result that the gmina is now negotiating with local banks to obtain a line of credits that is within the limits of repayment capacity for the gmina.

In the spring of 1997, the gmina's Executive Board voted to accept the "Housing Sector Investment Program". The gmina assigned staff to this task to work together with USAID-sponsored technicians to implement the Program. There are now 12 teams assigned to this task, working to assess financial feasibility of each component of the program. It is yet uncertain whether all 12 programs will qualify for funding from commercial credit. Nevertheless, funds should be available to the initial programs by late 1997.

City officials in Ostrow Wielkopolski work together to leverage an array of technical assistance to promote linkages among activities in the housing sector, land planning, and financial analysis. The gmina's motivation to develop a studium has prompted Pilot LGPP consultants to work with gmina officials in developing a housing and land strategy as well as priorities for infrastructure investments. During the first part of this year the gmina evaluated its debt-carrying capacity working with RTI consultants. This

analysis resulted in the issuance of municipal bonds for the purpose of infrastructure development. The gmina is actively working to develop land-use maps for implementing a land strategy designed to guide and attract private investment (CREI). Further, the gmina has identified a need to monitor its housing stock through the implementation of a housing indicators system and an evaluation of the constraints to private sector provision to housing solutions (Work in this area is coordinated by the Pilot LGPP management office with technical assistance provided by CREI and REAS). In addition, while working with PADCO consultants, the local MZGM has implemented a "Housing Stock Management information System" to improve management of the communal housing stock, with two emphasis: analysis of capital repairs, and development of rent policies and revenue planning under different rent scenarios.

These technical assistance activities have been leveraged by the gmina to provide the maximum benefit for the least cost. In response to the gmina's receptiveness to technical assistance and in order to promote better delivery of their expertise, Pilot LGPP consultants have formed a Technical Assistance Working Group (TAWG). TAWG meets regularly to discuss linkages in their respective areas of work and to coordinate technical assistance to this gmina. Its primary goal is to ensure the efficient and timely delivery of technical assistance. TAWG provides an example of how municipalities can link their respective functions together to work strategically.

"If you only look at what is, you might never attain what could be" -UNKNOWN



Inside:

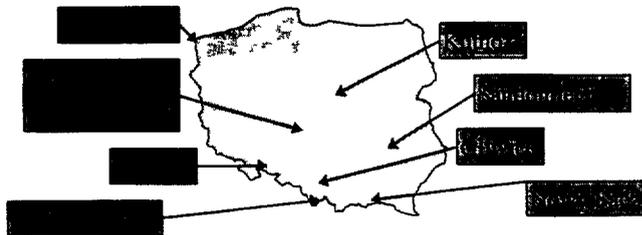
- Economic development in the Nowy Sącz Zone
- Restructuring enterprises in Bielsko-Biała

Calendar:

Pilot LGPP Close-out Conference – October 20

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Pilot LGPP

Pilot Local Government Partnership Program

N E W S L E T T E R

Number 5

September/October 1997

Economic Development in the Nowy Sącz Public Service City Zone

The Nowy Sącz Public Service City Zone (PSCZ), which began to function on January 1, 1997, is composed of 14 gminas and has a population of almost 300,000 residents. The Zone is meant to provide some of the services, such as health care, secondary education, and roads, previously delivered by the national government administration. The PSCZ is the first effort in Poland to establish a second level of local self government and, as a result, has attracted a great deal of interest. With other regions in Poland attempting to form similar zones, attention has been directed towards the development of PSCZ.

One of the Zone's purposes is to represent Gmina members and to coordinate and unify activities in the field of economic development. According to Paul Hoover, a Pilot LGPP consultant working with the Zone, there is a general trend, which can be observed in both America and Poland, for larger cities to reap the benefits of economic development. Rural towns lack the power and influence of the larger cities, and, therefore, have difficulty competing with the metropolitan areas in the field of economic development. The gminas that make up the zone, which are primarily small and rural, can use the Zone to enhance and strengthen their position in aspects of economic development, such as attracting investments and aid to the region. Hence, the Zone, as a union of such gminas, can provide an avenue for cooperation –

enabling the region to better compete in a market economy with larger metropolitan areas

In an effort to promote the role of the Zone in the area of economic development, a three-day workshop was organized in Krynica. The workshop had two goals: 1) to exchange information about economic development activities among institutions, and 2) to find a role for the Zone in creating favorable conditions for economic development. The first half of the workshop was devoted to presentations on economic development activities in the region, while the second half focused on creating a vision and analyzing the potential for development.

Four aspects, *planning, business support, tourism, and rural development* were used as a guide for discussion and group activities during the workshop. Over 15 institutions made short presentations on economic development projects being implemented by their organizations. After this information was shared and people became acquainted with the varied programs supporting economic development, participants, working in groups, developed a vision of the future for the Nowy Sącz region – ideal characteristics for the region's growth. After a vision was established, groups analyzed strengths, weaknesses, opportunities, and threats (SWOT analysis) in the four aspects. Based on these two activities – the vision and the SWOT analysis – participants discussed steps that need to be taken in order to achieve our vision, and what role the Zone can play in this endeavor.

The Zone will be responsible for identifying steps for designing an economic development strategy

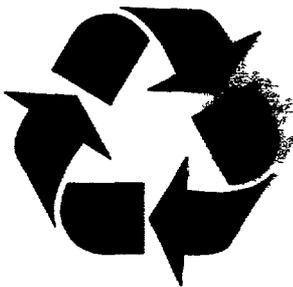
An Association was established after the workshop on Saturday, September 6, and will assist in implementing some of the activities proposed during the workshop. Participants indicated that the Zone can take a more active role in environmental education, transportation, and promotion of the region. The Zone will continue to define a strategy for the Business Center. The Zone's development commission will supply advice on obtaining grants and funds from various sources. The workshop promoted a *process*, which will enhance future cooperation among gminas in the Public Service City Zone.

Bringing together American and Polish Experience in Ziębice

A workshop was organized in Polanicy Zdrój on August 2-3, 1997 for Ziębice government workers, city council members, and representatives of other important local institutions on three topics: environmental protection, housing, and financial analysis of the city budget. The goal of the workshop was to introduce Pilot LGPP activities in Ziębice and to present approaches to technical assistance in these three areas.

During the first day, the workshop focused on different components of waste management. Zbigniew Grabowski (LEM) presented methods that are safe and environmentally sound of **building and managing modern landfills**. This **technical information was complemented with presentations on environmental education methodologies**. This educational component,

an important aspect of any waste management program, provided participants with methods of public communication and outreach. American experience in this area was presented by Bruce Purdy (Urban Institute) and Polish experience was presented by Anna Hejda (LEM).



During the second day, Chris Kaczmarek and Wojciech Deska (RTI) presented the methodology and results from the Gmina's budget analysis. In the afternoon Jan Czarniecki and Mark Majczrak (PADCO) discussed problems connected with creating a housing strategy and the program for revitalizing the Old Town.

Restructuring of Enterprises in Bielsko-Biala Nears a Conclusion

A team from the Pilot LGPP has nearly completed the preparatory steps for restructuring two of Bielsko-Biala's municipal departments: city cleaning (ZOM) and bus transportation (MZK). If actions by the Gmina Council this October are positive, both departments will be registered as Joint Stock companies under Polish law and will subsequently enjoy the benefits of that designation.

Beginning in July of 1996, the pilot team led by John Miller of Abt Associates carried out an assessment of several of the city's departments in order to identify two or three departments which would lend themselves to and would benefit from Joint Stock status. Bielsko-Biala requested such an assessment because of the city's early successes in privatizing what had been a state-owned water enterprise.

The team, acting in concert with Polish consultants and legal experts, identified several advantages which municipal departments might gain from Joint Stock status. They also identified management improvements and financial advantages that the city administration could gain through restructuring.

The prime advantages in making such changes are the shedding of administrative responsibility by the city administration, and the creation of a responsive new mechanism for managing expansive and flexible organizations. With the city as prime stockholder in the enterprises, the city's interests will be protected in each company by maintaining a majority interest and controlling the Board of Directors. Tightly drawn service

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agreements between the city and its joint stock companies will establish mechanisms that will insure the quality of service, the upkeep of equipment and facilities, and fair pricing of existing and newly-created services

There is a general trend in Polish municipal administrations to shed or otherwise change the status of some city enterprises in ways which lessen administrative burdens for the municipality without lessening the quality of service to the public. Restructuring enterprises must not compromise the ability of the municipality to control to a reasonable degree the cost, price, and nature of those services once the department has removed itself in some way from the direct control of the city's administrators. If service agreements and other controlling documents can be fashioned in such a way that the city retains some level of control, then the managers of the Joint Stock companies (the Director and top staff) can be empowered to make management decisions less encumbered by social policy considerations and based more upon profitability. Fashioning such documents, and the processes needed to make them work effectively and accountably, presented the major challenges in this project.

Another major reason for pursuing Joint Stock Company status is the likelihood of reducing or completely eliminating subsidy payments to restructured enterprises. In Bielsko-Biala's case, funding will be phased out for ZOM in four years, and transfers of city funds to MZK will be designated as **fees for services** and not as general subsidies.

Such payments, either in the form of capital investment support or in an undesignated transfer of funds, are necessary to support plant and rolling stock replacements and municipal social needs programs such as free or discounted fares for seniors, the maintenance of unprofitable but popular bus routes, and the provision of pickup service for citizens with special needs. For the solid waste company social benefits might include recycling programs, spotless roadside areas, and a high frequency of trash pickup at housing complexes.

Restructuring will not eliminate the need for the city to develop and carry out programs for citizens with special needs, nor will they guarantee that all services offered will operate on a profitable or cost basis. Rather, such restructuring is intended to enable enterprise managers to adopt a customer service orientation in creating new markets and new programs beyond municipal boundaries.

The procedural and management improvements offered by the team as part of the general restructuring effort will strengthen the role of the city government in controlling enterprise accountability, while providing Joint Stock company managers with tools to collect and analyze quality data from customers and employees. On the city management side, the budget process will become more transparent and subject to open negotiations for pricing and services (bus routes, for instance) issues. On the enterprise management side, there will be more capital planning effort based on widely-applied performance standards.

During the conversion to Joint Stock status, and following restructuring, a communication program will be implemented within each enterprise. This program will serve several purposes: 1) keeping current and potential stakeholders informed of the major incentives involved in promoting the Joint Stock approach to management and capital investment, 2) tracking and resolving service provision issues perceived by the public and elected officials, and 3) solving cost and conditions of work issues affecting employees.

The process leading to a Gmina Council decision to restructure these enterprises has required the creation of financial models, the creation of a consensus (through the use of a structured workshop), and the identification and resolution of legal issues. Most importantly, there has been a constant need to involve key decision makers from the city administration and the elected Council. Their involvement was facilitated by committees – appointed by the Council – participating in a series of working meetings.

With advice from the Pilot LGPP team of consultants, Bielsko-Biala's new Joint Stock companies will be able to provide services under a new set of legal and administrative conditions. The city will retain its controlling position with both enterprises, but will make expanded ownership a possibility (employee organizations will take 15% shares immediately, and the local housing entity will buy into ZOM). The managers of the enterprises will have more flexibility in making capital investment decisions and will have more autonomy in personnel deployment. However, the most important change will be the ability of managers to take informed risks in seeking new markets and customers. The Joint Stock Companies will be able to promote profits and financial sustainability because their organizations will become less dependent on city subsidies and policy guidance.

ELEMENTS OF OUR DISSEMINATION STRATEGY

The dissemination of information during program's implementation is an important element in the Pilot LGPP. A dissemination strategy was developed in order to increase the impact of technical assistance activities and to facilitate an exchange of information among gminas and consultants. Materials describing methods and techniques derived from the Pilot Program's assistance have been supplemented with information from other local government experiences in Poland. These materials, which include articles, newsletters, a video tape, and publications, are being distributed to a wide audience.

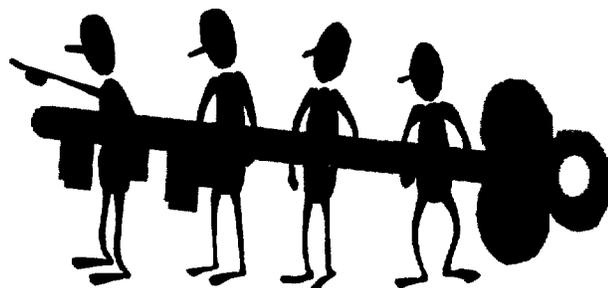
The print media has been used as one means of dissemination. A series of articles have been published in the newspaper, "Wspolnota - Community" on a wide range of topics. This newspaper is known for its focus on local government issues.

Two books will be published in October on innovative practices of local governments - one

publication focuses on Polish case studies, while the second publication is more expansive, based upon experiences in central and eastern Europe. In order to keep Pilot gminas informed about program assistance, we have also issued a series of newsletters describing on-going events.

Conferences have been organized as part of the Pilot program's dissemination strategy. These meetings allow Gmina representatives to exchange ideas and information about technical assistance activities. A short promotional tape has also been produced highlighting the importance of communication in local government. The video includes a case study on Gliwice's achievement in enhancing communication between citizens and government.

LOOKING FORWARD TO SEEING YOU AT THE PILOT LGPP CLOSE- OUT CONFERENCE (OCTOBER 20)



**The only man who never makes a mistake is
the man who never does anything "**
- Theodore Roosevelt