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Eco-development Programme of Dzierzgon Municipality

Poland

Best Practice

New for 2002

Categories: Poverty Eradication:
- access to credit
-income generation
-job creation
-vocational training

Economic Development:
- capital formation
-enterprise development (formal and informal sectors)
-entrepreneurialship
-micro-credit
-training

Infrastructure, Communications, Transportation:
- safe water provision
-sanitation
-waste-management and treatment

Level of Activity: City/Town

Ecosystem: Continental

Summary

Threats caused by environmental pollution, exhaustion of natural resources and commonly promoted consumption model of life are the reasons of excessive use of energy. There is therefore need to adopt lifestyles that encourage the preservation of energy. In 1995, Dzierzgon Municipality created and has been implementing Agenda 21 which, in our case, is a programme of transformation. It unites economic, social and technical needs in order to protect nature and human environment for the benefit of the inhabitants of Dzierzgon Municipality and future generations. The implementation of Agenda 21 addressed not only problems of environment protection but also other problems faced by the local community. In our sustainable programme of development, environment protection is as important as economic development, meeting needs of local community, spatial and social order. The social, economic and spatial barriers that exist in the community had to be identified.

Dzierzgon Municipality took the initiative to create two complementary institutions in order to help local entrepreneurs and the unemployed. Thanks to the initiative, Dzierzgon Development Association was established. It is a non- governmental organisation dealing with the promotion of the community, organisation of courses for the unemployed, as well as economic and legal advisory services. Within the framework of the Association there is a Centre for Business Support whose purpose is comprehensive assistance for those who run or want to start their own business. In the structure of the Association a fund for SME support has been established. The fund gives loans to the unemployed

who want to start own business.

The Regional Investment Association is the second institution established by local authorities and businessmen. Its main purpose is to provide assistance in the field of finance and credits guarranty within Mutual Guarranty Fund.

On the other hand activities were initiated aiming at:
- reduction of existing pollution and neutralise new pollution of water, air and soil.
- limitation of dependence on non-renewable energy sources
- reduction of CO2, CO, SO2 and NO emission

Narrative

SITUATION BEFORE THE INITIATIVE BEGAN:

Economic changes in different branches of industry and agriculture which took place in Poland after 1990 resulted in a great number of dismissals from jobs and increase of unemployment(in Dzierzgon Municipality 35%). This was the reason of poverty in the commune. A disorganized community made the situation worse. There was need to begin education of adults in order to prepare them for new occupations and to run their own business.

There was lack of active participation of any social group in economic and social life in the community. There was also need to create local loan and guarranty funds as instruments to change and improve the existing situation. Environment protection was also on the decline with the existing efforts having little impact. In the municipality inhabited by 10,000 people there was only one old-type wastewater treatment plant. Only 350 m3/day of wastewater was being treated. The rest polluted the soil and ground water. There was need to construct a modern landfill and to improve quality of water.

ESTABLISHMENT OF PRIORITIES

Establishment of priorities was preceded by activities involving local and external experts. Their reports were widely discussed by politicians, teachers, entrepreneurs, farmers, youth. The discussion brought fruit in the establishment of the following priorities:

- creation and development of a local non-governmental organisations which would establish schemes for SME support(loan and guarranty funds) and sustainable development of Dzierzgon Municipality.
- improvement of environment protection by modernisation and construction of technical infrastructure.

FORMULATION OF OBJECTIVES AND STRATEGIES

- development of private enterprises, support for SMEs in order to create new jobs in accordance with sustainable development.
- modernisation of technical infrastructure in order to improve conditions of life and to accelerate economic development
- protection of the natural environment

The objectives outlined are a result of seminar work of the City Council, local entrepreneurs and representatives of organisations and institutions.

MOBILISATION OF RESOURCES

Possibilities of programme implementation depended mainly on availability of funds, access to proecological technologies and education of community and decision makers. Ecological investments were financed from different sources. They include communal, county and province budgets,

Environment Protection National Fund, Science Research Committee, different foundations, national and international awards, credits and financial support from international organisations. Own financial input was very important in applying for external financial loans and grants. Dzierzgon Development Association, within the framework of programme TOR 10 conducted by the Labour Ministry, obtained computers and furniture for the administration of the Centre for Business Support and US $300,000 as initial capital for SME Support. The Regional Investment Association received a grant of US $120,000 from the PHARE programme and financial support from the Polish government.

PROCESS

Transformation in Poland which have taken place for the last ten years effected several barriers which limited the development of SMEs. The main ones were as follows:

- shortage of financial resources to start own business
- high interest of bank credits
- lack of information on external financial resources
- necessity to ensure credit guarranty which was two or three times higher than the value of the credit.
- lack of trust between credit party and grantor of credit

The local authorities of Dzierzgon Municipality therefore decided to create instruments which would be able to overcome the barriers and accelerate the development of SMEs.

In 1995 the local authorities and entrepreneurs established the Regional Investment Association Joint Stock Company . It started its activity after registration on 30th June 1995. There are 20 shareholders with the main shareholder being the Municipality (77% of shares) and the rest of the shareholders being: public utilities, non-governmental organisation and private enterprises.

Within the Regional Investment Association (RIA) there is a Mutual Guarranty Fund (MGF) which was established after winning a contest organised by the Co-operation Fund. After signing the agreement between RIA and the Co-operation Fund on 18th August 1995, RIA received financial support amounting to 122,000 ECU of which 100,000 ECU was allocated as initial capital for the Mutual Guarranty Fund. MGF offers additional guarranty for entrepreneurs (members of the Fund) applying for bank credit. The most important aspect is the mutuality of the Fund. It refers to management of the Fund and financial responsibility (financial risk) of the its members. To manage the fund, representatives of the members work in committees that evaluate guarranty applications submitted to the Fund and make approvals.

Dzierzgon Development Association (DDA)is a non-governmental organisation established and supported by the Municipality. The DDA has two instruments which support enterprise and assist unemployed people to start their own business.

The first one is the Fund for SME Support which was established within the project called TOR # 10 conducted by the Labour Ministry and World Bank. The main objective of the Fund is to create small enterprises which will generate new jobs. The initial capital of the Fund came from World Bank and the Labour Ministry and was allocated for operational costs and provision of loans to the unemployed. Its objectives are as follows:

- to grant loans and financial support
- to assist in elaboration of the loan application process
- to audit financial condition of Fund's users.

The applications are elaborated with assistance from the Centre for Business Support which is the second instrument within DDA. Its objectives are: consultancy, trainings, providing information for the benefit of people who want to start their own business. It leads to trainings in the field of marketing, accountancy, business planning, computers etc.

Apart from activities supporting enterprises, some initiatives which allow for the management of the natural environment in an organised manner were undertaken. They are in accordance with sustainable development programmes. The environment protection action was started in 1994 from preparation of local sustainable development programmes within Agenda 21 which was the first professional one in Elbl g region. The programme contains a number of objectives to be achieved: water quality and air protection, earth surface and nature protection.

We realised that solution of infrastructural problems is not enough to achieve sustainable development. Emphasis is placed on increasing the involvement of inhabitants in environment protection activities, to increase awareness and to explain relations existing with nature. We believe that knowledge and engagement will affect model of behaviour and introduce healthy way of life. Nothing better than beauty of nature influences human imagination and impressionability.

RESULTS ACHIEVED

Between 1991 and 2001, the initiative's projects achieved the following:

- A sewage treatment plant BIOGRADEX, which was built in 1999, treats 95%
of wastewater from the town area. Its capacity amounts to 2.400 m3/day. It safeguards the needs of the town and neighbouring area.
- A sewage treatment plant BIOGRADEX and interceptor sewer were built in Jasna - village in Dzierzgon Commune in 1996. Its capacity is 210 m3/day and the length of sewer is 5.120 metres.
- Bio-mechanical sewage treatment plants BIOCLER were built in Stanowo and Minieta - villages in Dzierzgon Commune in 1996. Their capacity is 30 and 22.5 m3/day.
- 51 individual collection/drain systems in the rural areas, in villages Tywezy and Nowiec, helped in solving the problem of wastewater treatment.
- Interceptor sewers from Dzierzgon to Nowiny and 6 km in Dzierzgon town were built in 1999.

All these activities amount to 85% of all wastewater being treated in Dzierzgon Commune. In 1996 a modern town dump was constructed which owing to special POHD foil and bentonite mats protects underground water. The dump is equipped with a sensory monitoring system. Additionally, we modernised organisation of waste collection and disposal.

Loans granted by Fund for SME Support created 205 new work places of which 7% are in production, 65% in services and 27% in trade. Regional Investment Association guaranteed 127 loans and credits of total value USD $1,500,000.

SUSTAINABILITY

Loans granted for the unemployed by the Fund for SME Support of total value US$700,000 are being repaid monthly at the rate of 95%. The highest loans amount to US$20,000 the lowest US$1,000. The term of repayment is 36 months. Thanks to loans 205 jobs were created.

The Regional Investment Association guaranteed 127 loans and credits of total value US$1,500,000. Repayment of credits is at 90%. Maximum guarranty amounts to 60% of credit but no more than US$15.000. Guarranties granted by Regional Investment Association created 100 new SMEs.

Pro-ecological activities now ensure that 85% of all wastewater is treated in Dzierzgon Commune. We also solved problem of sludge and waste management as well as introduced new technologies.

LESSONS LEARNED

As a result of Dzierzgon Development Association and Regional Investment Association we learned how to influence the local community in order make it more active, understand local entrepreneurs and help them in solving their problems, analyse market needs.

There is need to increase the involvement of inhabitants in environment protection processes, to increase awareness and to explain relations existing in nature. We believe that knowledge and engagement will affect behaviour and introduce healthy ways of living. Nothing better than beauty of nature influences human imagination and impressionability.

TRANSFERABILITY

The Centres for Business Support and Funds for SME Support as well as Mutual Guarranty Funds function successfully in Western Europe. We adopted their structures and methods to local conditions. After a few years of succesful functioning we transferred our know-how and experience to other Polish cities which decided to establish similar institutions.

Some Polish communes are already working on local Agenda 21 programmes, others to start but all will be participating in the implementation of local eco-development programmes. Successful implementation of eco-development programmes in our commune will encourage others to undertake activities for the benefit of the natural environment.

Key Dates

1994 - Establishment of Dzierzgon Development Association with Centre for Business Support and Fund for SME Support

1995 - Establishment of Regional Investment Association with Mutual Guarranty Fund

1996- Acceptance of Eco-development Programme

1999- Construction of wastewater treatment plant

2001- City Towards European Union Compliance Award 2001

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4. Dziennik Ba tycki- "Dzierzgon- Pomagaj ma ym firmom - ocerodek wspierania biznesu" - 30.11.2001
5. Dziennik Ba tycki- "Atrakcyjne Poreczenia" - 18.01.2002
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New Developments

N/A

Lessons Learned

N/A

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Type of Partner Support: Financial Support, Technical Support

N/A
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Financial Profile

Year	Total budget US$	Dzierzgon Development Association % of the budget	Regional Investment Association % of the budget	Dzierzgon Municipality % of the budget

1996	693.000	43,30	7,20	49,50
1997	635.560	4,72	7,86	87,42
1998	1.005.709	2,98	4,97	92,05
1999	458.986	10,89	32,68	56,43
2000	713.175	7,01	28,04	64,95

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