UCLG Committee
on Local Finance
and Development

POLAND

POZNAN : WASTE INCINERATOR - OPTIMIZATION OF EUROPEAN SUBSIDIES

City and agglomeration of Poznan

- The city of Poznan and the 9 municipalities in the agglomeration have a population of 730 000 inhabitants

Subsidy from the European Union

DESCRIPTION & STAKEHOLDERS

- Objective: build a waste incinerator with a capacity of 210,000 tons/year, by using European subsidies. The goal is for local governments which cannot afford the cost of risk to implement a mechanism that prevents them from supporting the risk associated with the subsidy's unavailability.

INSTITUTIONAL AND REGULATORY FRAMEWORK

- Implementation of a National Strategic Plan : the National Polish Plan (2007-2013) for Infrastructure and Environment , which is eligible for European subsidies

USES

- Financing a waste incinerator

RESOURCES

- Total cost of the project : PLN 794,5 millions
- European Subsidy : PLN 352 million (45 % of the financing needs)

MANAGEMENT

- Application for the EU subsidy
- Application assessed by the EU

- This financing method imposes constraints on the project operations: production volume, level of technology…

ADVANTAGES

- Minimizes the public authority's financial contribution, with local governments investing *a minima* : in order to do so, administrative, legal and financial mechanisms have to be implemented
- The city applies for the subsidy during the competitive dialogue phase, which is unusual.

- The city required from applicant to produce a fully financed offer (without taking into account the subsidy)
- The European Union and the city do not know the definitive amount of the subsidy

DISADVANTAGES, ISSUES RAISED

- Increased complexity in the financial, legal and administrative structures
- Candidates can only arbitrarily estimate the amount of financing
- The calculation of the subsidy depends on the global amount and final expenditures cannot be precisely estimated during the dialogue phase