

*“Let’s talk about money – How will cities of the future be financed?”*

**New Poland’s national strategy on sustainable and responsible development and its urban dimension, especially the small and medium sized cities**

- There are two key documents at national level considering cities development: **The Strategy for Responsible Development (SRD) and the National Urban Policy 2023**. SRD identifies the **new model of development**, which means a **socially and territorially sustainable development**. The Strategy details the principles, objectives and main areas of the country's development in terms of economic, social and spatial dimensions up to 2020 and 2030. SDR puts special emphasis on three areas: **the largest agglomerations, medium-sized cities losing their social and economic functions and areas at risk of permanent marginalization, including small towns**.
- For different types of those cities, the SRD proposes various actions and strategic projects. In this context I would like especially to underline one project - **Programme for medium-sized cities losing their socio-economic functions**. The Programme is based on the assumption that in order to experience by those cities a sustainable socio-economic development and cause an improvement in the quality of residents’ life, **two dimensions have to be addressed: assistance for the local governments in successful implementation of public investments and providing incentives for private investors to locate and invest in those cities**. In the Programme, the Ministry has provided dedicated support financed from European Union structural funds, i.e. dedicated calls for proposals, strong preferences for medium-sized cities and dedicated financial envelopes. **The dedicated support sums up to ca. 590 mln EUR (approx. 690 mln USD) and includes both direct support for Small and Medium Enterprises in medium-sized cities (e.g. for financing commercial implementation of Research and Development works), support for local government in different public investments (e.g. in the field of heating networks, thermal modernization or revitalization of degraded city areas)**. In the dedicated support there is also a strong emphasis on raising competences, cooperation of higher education, business and social inclusion.
- Our vision of urban development goes in line with international priorities included in **New Urban Agenda and Agenda 2030 of the United Nations – sustainable development goal 11** on sustainable urban development is acknowledged in our urban policy. Besides, Poland actively collaborates within the European Union initiative called **Urban Agenda for the EU**, that works through thematic partnerships, where stakeholders from across Europe work together towards best solutions and recommendations. Out of 12 thematic networks, 9 have partners from Poland. Ministry of Investment and Development is a co-coordinator of the network: “Sustainable use of land and nature-based solutions”.

**Spending on pro-development expenditure and how Poland attract private investors to support these developments**

- The system regulating public finance, also within the area of urban development, is related to the general system of public finance which determined the sources of income of the territorial self-government units and the rules of establishing and transferring general subsidies and appropriated allocations from the State budget. **Urban municipalities have at their disposal a budget following from these provisions. Cities have the share in the revenue from personal income tax (PIT – 39,34%) and corporate income tax (CIT – 6,71%) and the general subsidies from the State budget.**
- Important financial support for the Polish cities is also provided in regional and national operational programmes co-financed by the European Union within the financial perspective of the Cohesion Policy 2014-2020.

- **The local governments in cities should actively work on other mechanisms that make it possible to increase their own investment potential. Implementation of investment undertakings in the form of a public-private partnership (PPP) is one of such instruments.**
- On July 26, 2017, the Council of Ministers adopted "**Government policy in the area of development of public-private partnership**". This is an in-depth market diagnosis and a set of concrete actions for the development of PPP. "PPP policy" is the first comprehensive government vision of the development of public-private partnership in Poland. Its main goal is to increase the scale and effectiveness of investments implemented in the PPP formula.
- We are currently **supporting over 25 planned PPP projects** (road transport, energy effectiveness, city transport, public buildings etc.). Our support has a wide range from advisory services provided by our internal experts to funding of legal, financial and technical external experts from leading international companies. The aim is not only to assist the precise investment to be launched under the PPP formula, but also to prepare on this basis a standard documentation and the best practices for future similar cases.
- **The largest and most ambitious of currently supported PPP projects is the development of PGE Narodowy Stadium surroundings in Warsaw.** It involves developing a large (approx. 180 000 m<sup>2</sup>) currently underused area in central Warsaw adjacent to the existing PGE National Stadium. **The exact scope of investments is yet to be determined, however one certain requirement of the public side is that the project has to include construction of a multifunctional sports and event arena. Other possible functions include a convention centre, hotels, entertainment and leisure services, offices** etc. The CAPEX is roughly estimated at the level of ca. 1,5 billion PLN ( 400 million USD). The project is currently in preliminary studies phase. To a large extent the project resembles a PPP project conducted in Singapore – construction of the Singapore Sports Hub in 2014, which was the largest PPP in the world in the field of sports facilities. The main differences between the Singapore and Warsaw projects are twofold: 1) the Singapore project included the construction of a stadium, whereas the stadium in Warsaw has been built several years earlier and will only be complimented by additional facilities; 2) the Singapore project relies heavily on availability payments, while the main financial objective in the Warsaw project is to include enough commercial revenue opportunities for the private partner to avoid availability payments entirely or almost entirely.