

УДК

## ВПРОВАДЖЕННЯ ПУБЛІЧНО-ПРИВАТНОГО ПАРТНЕРСТВА В ТУРИСТИЧНІЙ ЕКОНОМІЦІ ПОЛЬСЬКОГО УЗБЕРЕЖЖЯ

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Польський приморський рекреаційний регіон володіє сприятливими умовами для економічного розвитку із застосуванням публічно-приватного партнерства. Публічно-приватне партнерство (ППП) – форма співпраці, заснована на домовленостях між органами публічної влади та приватними особами про виконання певного громадського завдання.

Приморський рекреаційний регіон відзначається багатими природними та культурними ресурсами. Однак, як правило, цей регіон спеціалізується на відпочинковому туризмі. В статті описано туристичний потенціал прибалтійського узбережжя Польщі. Збільшення асортименту туристичних продуктів, проведення ефективної рекламної кампанії, покращення транспортної та туристичної інфраструктури – усі ці завдання можливо виконати лише спільними зусиллями приватного капіталу та місцевої влади.

У статті детально проаналізовано, у чому полягає публічно-приватне партнерство, і чому саме приморський регіон володіє сприятливими умовами для імплементації цього принципу, бар'єри на шляху впровадження PPP у життя, а також передбачуваний ефект для розвитку туризму. Значну увагу приділено тим сферам, які особливо потребують кооперації між місцевою владою та громадою з метою залучення інвестицій – транспорт, охорона навколишнього середовища, охорона здоров'я, туристична інфраструктура тощо.

*Ключові слова:* публічно-приватне партнерство, Приморський рекреаційний регіон, інвестиції, туристичні продукти.

In the Polish coastal recreational zone (CRZ) there have arisen very favorable conditions of economic development thanks to the use of a public-private partnership (PPP). There are two premises that made this possible. Firstly - in the result of activities during the 18 year transition period, the ecological environment of the Baltic coast and the coastal zone has been revitalized. The local governments have created a favorable ecological surroundings and the infrastructure for the functioning of the existing and any potential tourist businesses by creating the technical installations of sewers, pipes and power lines. Therefore the economical benefit of such potential tourist private enterprises has increased. The private capital will not run the risk of not having any drinking water, water pollution in the sea or air pollution.

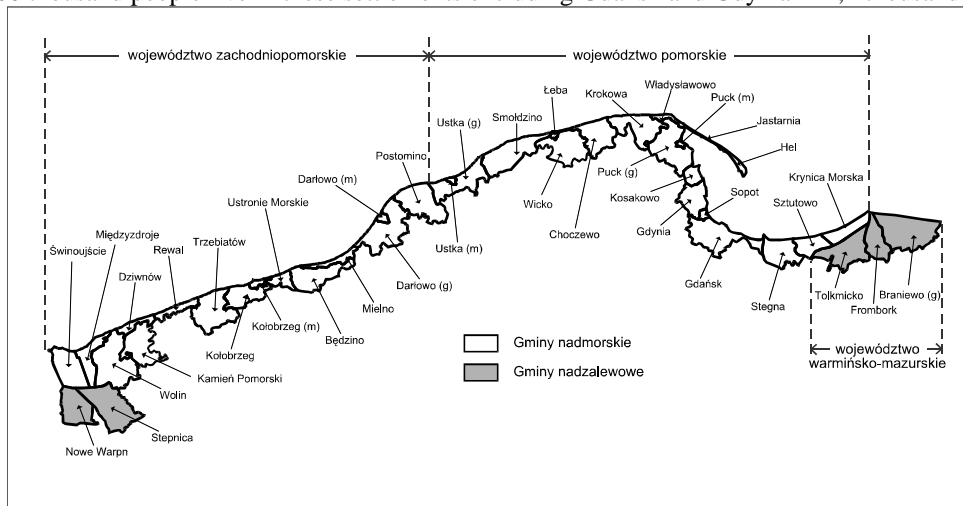
Secondly there is a wide range of investment needs necessary for the Polish coastal regions to be competitive with those of the western Europe (the Mediterranean and the Atlantic coast). The coastal communes having made great investments regarding the technical infrastructure have developed substantial losses, however, due to the fact that other investments have not been undertaken or dropped. Such investments are of para-tourist character but inevitable for the proper functioning of tourist business in their locality. Such investments involve communication (roads between coastal towns and within them, airports, railways, parking lots etc.) as well as sport-recreational facilities (both buildings and whole areas). Experiences of

western countries show that private capital carries out such investments in the PPP mode in cooperation with public partners (communes).

A thesis can be put up that those communes which create partnerships the fastest have a chance to stand out in the respect of the offered tourist product, at the so far monotonous Polish coast.

*Polish coastal recreation zone - its size and uniqueness.*

There are 34 coastal communes at the Polish coast and 5 situated around a lagoon (pic. 1). The coastal recreational zone is the coastal part of the above mentioned communes where the tourist function of the Baltic sea is concentrated. In terms of area it is the smallest tourist region in Poland (0,75-1,0 thousand square kilometers; 0,3% of the area of Poland) Within the coastal recreational zone there are 79 settlements out of which 14 have got the town charter. Altogether 960 thousand people live in these settlements excluding Gdańsk and Gdynia 244,1 thousand.



Pic. 1. Polish coastal and lagoon communes (according to author)

The factors deciding about the development of tourist function in CRZ are mainly of environmental nature and can be defined by 5xS formula, namely: water (sea), the beach and the dunes (sand), strengthening bioclimate (sun), coastal pine forest (scenery) and resources with curing potential (salt-spring).

The five mentioned factors indicates at the same time the many forms of spending leisure time at the coast i.e.:

- sea - possibility of bathing, diving, sailing, fishing and Engling;
- sand - sunbathing, doing sports on the sand, beach games;
- sun - curing factors (stimulatory potential, sea aerosol, clean air, low concentration of allergic pollen);
- scenery (forest) - curing (physiological and psycho-emotional stimulation);
- salt-spring- curing.

In the examined area there are on average 1,6 thousand people per square kilometer in high season (tourists, one day visitors and inhabitants). It is therefore a load similar to that in cities. In terms of accommodation potential (about 413 thousand beds) and the amount of tourist activity (in 2004 - about 4,4 million people) the region is definitely the country leader.

Despite all that it still lacks defined tourist product, apart from the leisure-recreational character and others of minor importance. The work on these products should be in the present decade the most important tasks of communes and the tourist business. The important tasks, apart from a proper advertising campaign, are the development of communications and recreational infrastructure. The chance to accomplish these tasks lies in the partnership and joining forces of private capital and the local governments i.e. by PPP.

*The need to accelerate the development of the so called accompanying tourist infrastructure on the Polish coast.* In terms of quality, the above mentioned environmental tourist characteristics give way greatly to those of the most important world tourist reception areas of the coasts located within the semi tropical regions (the Mediterranean). This is yet another premise for the formation of non environmental tourist products in Poland in order to compete with the Mediterranean regions or regions by the Black Sea. It is basically about the creation of the so called tourist and recreational infrastructure such as: aqua parks, swimming pools, golf courses, marinas, sports halls, tennis courts etc. Most Polish coastal communes cannot afford the mentioned accompanying infrastructure.

Outdoor and indoor swimming pools are in fact a standard feature in tourist facilities based at the Mediterranean coast. Author's investigation revealed that in the 18 Baltic communes in 2004 there were only 8 outdoor and 57 indoor swimming pools [3].

Such a situation does not facilitate alternative way of spending time in case of adverse weather conditions by the sea and on the beach. It must be mentioned that beach comfort at the Polish coast ranges from 18 days (Kołobrzeg) to 95 days (in Miedzyzdroje), while in the Mediterranean – practically from the beginning of June until the end of September. The major factor reducing this index is the frequent winds of 5-6 m/s, of highly uncomfortable character. Another index presents itself quite poorly namely the bathing season<sup>44</sup>. On the Polish coast it ranges from 6-14 days.

The above mentioned features and the great changeability of weather conditions at the Baltic, explicitly back up the necessity of intensifying investment activity in this region in order to “perfect” the recreational and health resort product. It is equally important for the development of the tourist function to create proper conditions for active spending of time at the coast by building marinas, sports and tourist facilities. In this respect we can see exceptional negligence in the coastal communes. On the Polish coast there are only a few marinas worth its name or very small capacity. They are located in Gdynia (240 places), Gdańsk (two-both able to accommodate 255 boats), Łeba (130).

The author's investigation, concerning the amount of sports and recreational facilities in the coastal communes done in 2008 back up the claim about the underinvestment in this respect. (table 1). 10 local governments have been examined all of different degree of urbanization (Gdańsk - big multi-function city with well developed tourist economy; Kołobrzeg - the biggest tourist centre on the Polish coast, Sztutowo - mono function commune-tourism). In fact amongst the examined communes only the two mentioned cities are of any importance. It must be mentioned that all coastal settlements (79) have a municipal<sup>45</sup> character during the summer so the needs of people gathered there in terms of sport and recreation are appropriately higher.

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<sup>44</sup> Bathing season - the period in which the water temperature and air temperature exceeds 18 degrees Centigrade. The give short period of the season is also due to the sunny days which is a norm to all Mediterranean coasts.

<sup>45</sup> In the tourist season each settlement (excluding Gdańsk and Gdynia) consists of on average 3,2 thousand inhabitants and 5,0 tourists.

Table 1

## The infrastructure of chosen coastal communes in 2008

No.	Type of facility	Number of facilities			
		Together (10 communes)	Gdańsk <sup>a</sup>	Kołobrzeg	Szutowo
1.	Sports hall	14	12	1	-
2.	Gym	38	20	11	1
3.	Indoor swimming pool	8(5)	7	1(2)	(1)
4.	Outdoor swimming pool	(3)	-	-	(1)
5.	Big pitch	58	15	2	2
6.	Small pitch	23(4)	9	7(2)	4
7.	Courts	22(14)	11	11(8)	(2)
8.	Golf course	1	-	-	-
9.	Aqua-park	1(1)	-	1(1)	-
10.	Water slides	1	1	-	-
11.	Marinas	2	1	1	-
12.	Seaside promenade	1	-	1(0,6 km)	-

Footnotes: a - for this city the amount of school gyms and pitches has not been given; 14 – commune's property; (5)- private property.

Source: Own investigation.

It is not a cliché to say that in most of those seasonal towns and villages the needs are not satisfied. A big clash can be observed on the one hand between the modern needs of people spending time at the coast following the observation of western European models and the socio-economic development of the country and on the other hand-very few opportunities to spend time actively. The responsibility for this belongs solely to the coastal communes. Owing to the fact that their financial capabilities are limited they should look for other possibilities. One of them is a process of private capital investment in the course of public-private partnership.

*The public-private partnership in Poland - stimulating and hindering factors of its application.* The matters of PPP in Poland are regulated by the public-private partnership act of 2005<sup>46</sup> and the following orders: two of the Ministry of Economy and one of the Ministry of Finance of 2006. The regulations have been graded negatively due to various formal barriers in them. A lot of reservations propped up concerning the necessity of complicated analyses on the basis of hypothetical assumptions, concerning the private partner in the public enterprise. However, the Act played a very important role as informative-educational document.

Amendments efforts were made which concerned basically two issues i.e.:

- the simplification of the preparation process of PPP, e.g. elimination of regulations obliging the public bodies to make very complicated analyses;
- ordering the definition, implementation of clear procedures of the choice of option, limiting reporting duties etc.

Changes are necessary particularly in the following fields:

- general regulations-defining PPP and indications for public bodies as to the rules and procedures;
- simplification of the auction procedures (only for PPP);
- rescinding art.23 (the choice of subcontractors of the auction);

<sup>46</sup> Officia Gazette no. 169, item 1420.

- simplification of analyses;
- elimination of the duty to publish advertisements about PPP;
- elimination of the sanction of invalidity (of an analysis or advertisement) [1].

According to rough update of the act of July 2007 considering the above mentioned proposals, private-public partnership is a kind of cooperation based on agreement between a public body with a private partner in order to accomplish a public task, in the framework of which, the private partner, in return for a set amount of money, covers fully or partly the cost of an enterprise mentioned in the agreement or ensures that other businesses cover those costs. As part of the public-private partnership there is a division of risk connected with the execution of the enterprise between the private and the public body.

The political situation in Poland (the local government elections of 2007 in particular) caused that the work on this act has been halted. Parallel actions have been taken on a different direction of public-private partnership in Poland. As M. Wojtacha stresses: “It is possible to apply PPP in cases stated in other acts such as the act about public orders<sup>47</sup>. One of such exceptions is a concession for building works stated in the public order act. Despite the confusing name, concession for building works is not an administrative act but a for of executing a task with the application of mechanisms appropriate for PPP...” [5]. The Ministry of Infrastructure is preparing an act about concessions for building works and services. According to majority the concession for building works which is regulated in the public orders act is a classic PPP formula.

The development of the idea of public-private partnership depends on three reasons, namely:

- fast growing social expectations;
- harsher ecological norms;
- the need for new technologies, new maintenance sources, modernization and the development of new infrastructure.

Public-private partnership outside Europe has been intensively developing for 20 years, in the European Union-for about 15 years. Between 1994-2005 800 transactions have been made in this mode of action worth - 200 billion euro (in 2007 - already 1,2 thousand). Until 2005 the biggest number of such transactions have been made in Great Britain (25%), Spain (and Portugal (19%), the USA and Canada (18%), other European countries (15%) and Australia (5%) [2]. Most transactions have been done in the field of transportation, health care, schooling and defense (fig1).

Apart from many benefits from applying PPP<sup>48</sup> one of the very important ones is the execution of investments in this mode in accordance with the time and financial schedule. According to HM Treasury (in Great Britain) 88% of the projects were “delivered” on time (simply the private sector cares about it), and 79 % of projects done in this country were handed over in accordance with the financial schedule.

Experts of Project Finance Poland plc. Are very optimistic about Polish capabilities concerning the implementation of PPP. Referring the value of PPP in western Europe between 1985-2000 and the population, it is estimated that the amount of annual PPP transactions will amount to 1,5 billion dollars. The savings deriving from the decrease of general investment costs, decreased maintenance costs and the reduction of risk on the part of the public body- 150 million dollars. PPP will be used in Poland because there is a need to increase investment in

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<sup>47</sup> Officia Gazette from 2007, no. 233, item 1655.

<sup>48</sup> They derive mainly from the fact that the private sector “is in possession” of: knowledge, technology, money and efficiency.

Poland in the field of public services, the upgrading of public services, the management and maintenance of infrastructure, and there is lack of sufficient public funds.

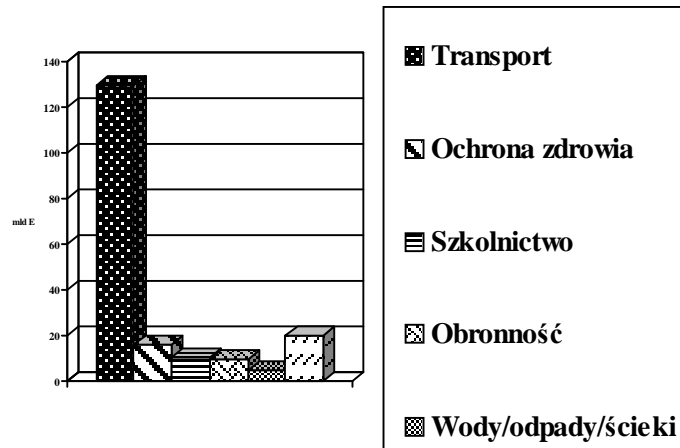


Fig. 1. Transactions in the world between 1994-2005 according to sectors<sup>49</sup>

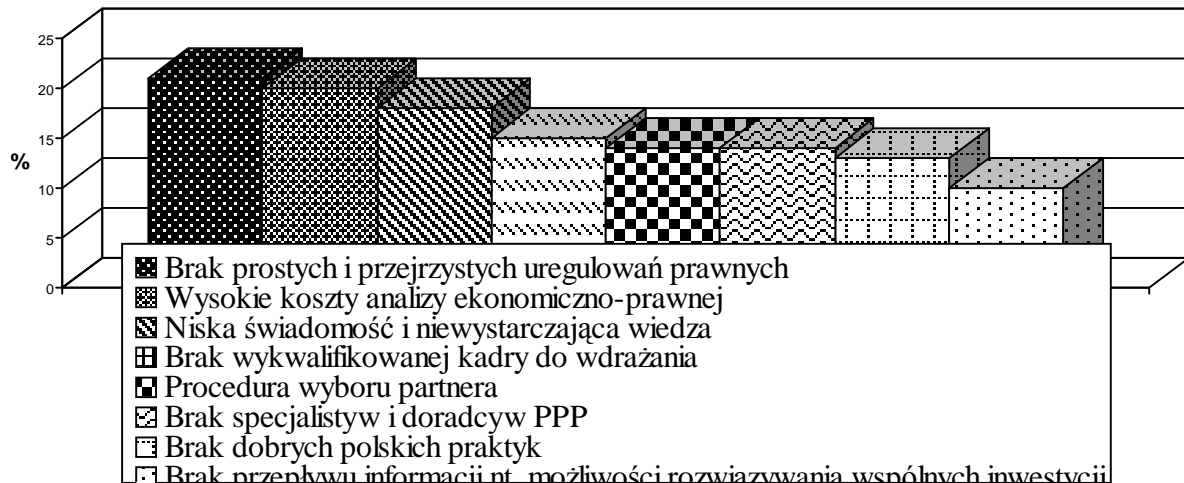


Fig.2. Barriers of implementing PPP in the opinion of Polish local governments [1]

The surveys of many authors prove that there are various barriers limiting the development of this mode of public tasks. The most important are: lack of simple and clear legal regulations, high costs of economic-legal analysis, low consciousness and knowledge and not enough

<sup>49</sup> Ibidem.

qualified people needed to implement PPP (fig 2.). The first two factors of the above mentioned are connected mainly with the fact of a faulty act about PPP of 2005. According to the author the most important factor limiting the implementation of the public task execution procedure is little knowledge of the matter among workers of communal offices. To prove that here are surveys done in NSR communes [4].

*The necessity of carrying out para-tourist investments in PPP mode on the Polish coast.* Summarizing the above divagations it can be stated that:

- the dominant function (often the only one) in the coastal recreational zone, apart from Trójmiasto is tourism. The economic success for those communes can only be achieved by investment in tourist infrastructure and para tourist infrastructure;
- the examined area is no match for the most important tourist regions in Europe both in terms of the quality of the two necessary prerequisites (2xS, i.e. the sea and sun) an the quality of recreational and sports facilities.

The above situation almost forces all the communes on the one hand to perfect the most important tourist-health resort product and on the other hand to create new products, mainly those of active tourism based on sports recreational facilities and equipment. The commune have found themselves in a kind of dead end street. Strong polish zloty and the increase of income in Poland, cause that the Mediterranean coasts and Black sea coasts have become even more attractive then the Baltic both in terms of the offered conditions of leisure (natural and anthropogenic), and the cost of stay. At the same time the coastal communes just like others have limited budget to carry out their own tasks.

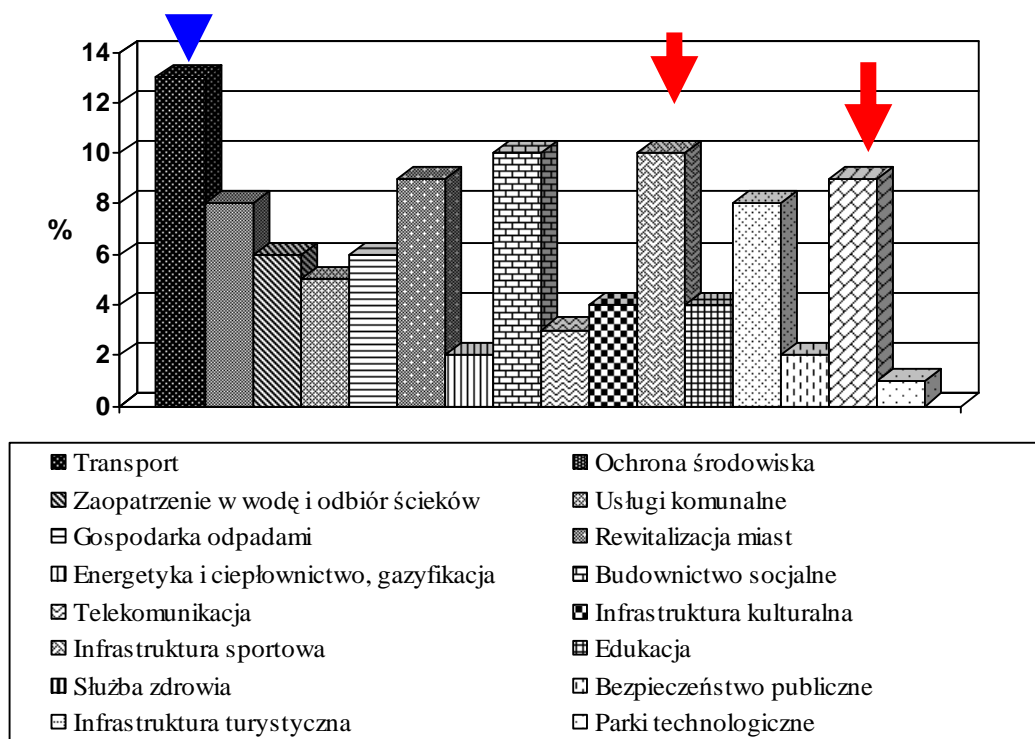


Fig.3. Fields requiring cooperation within PPP [1]

Communes of the coastal recreational zone should potentially become the most important testing ground for the implementation of PPP. The economic factor plays its part here as well. In the past period of socio-economic transition the local governments have in fact eliminated the major barrier of tourist development in the area by fully organizing the water-sewage issue in the region. By this they achieved a better quality of coastal water in the Baltic, which had been seriously polluted at the beginning of the 70s. The local governments, by creating the so called technical fittings in the area, prepared beneficial natural surroundings and infrastructure for the functioning of the present and potential tourist businesses. The attractiveness of investments in the analyzed area has greatly increased.

Communes carrying out the above mentioned costly investments have neglected other investments – of a tourist and para tourist character necessary for the proper functioning of the tourist industry in their area. This particularly refers to serious negligence in communications (streets, roads, airports, railways, parking lots etc.) but also in the field of sports and recreation (swimming pools, marinas, sports halls, aqua parks etc.).

The situation now gives good opportunities for the connection of public (coastal communes) and private interest. Communes satisfy certain needs, in order to compete with other tourist resorts, and the private sector can obtain profits without a risk that the coast will be closed due to water pollution or lack of drinking water. As the survey in Poland shows the most urgent fields for development within PPP are transport, sports infrastructure and tourist infrastructure (fig.3.).

In the analyzed area, until now there have been different investments within PPP, such as Saur Naptun Gdańsk S.A., where the enterprise is shared between The City of Gdańsk (District Water and Sewage Company) - 49% of shares and the Saur Group- financial contribution of (51%), present in Gdańsk since 1992. It is the first joint-venture company that was formed in Central Europe in order to deliver water and sewage services in the city. It is a part of the Saur Group - one of the leaders in the field of communal services in Europe (it provides services for about 500 thousand inhabitants of Gdańsk and Sopot). It has achieved very good technical and economic results i.e.:

- a visible improvement of water quality in Gdańsk;
- effective sewage refinement;
- limiting water losses by 50%;
- reducing the increase of cost below inflation;
- management through quality.

The aim of the Centrum Haffnera Company, whose partners are The City of Sopot, Bank PKO BP Plc. And the general contractor NDI Plc. is: building a spa house, a five star Sheraton Hotel, a shopping center, a tunnel, technical infrastructure and buildings (office and parking as well as apartment block). The whole investment which is now being in its final stage is estimated at 300 million zloty. The formal issues concerning the execution of the investment were started in 1996 and the building itself only two years.

Both of the above mentioned companies are a classic form of public-private partnership, and function under the general rules of the Civil and Trade Code. They have been completed without the specific PPP regulations, as Polish law demands. Lack of other investment within PPP does not discredit the idea itself. Experiences from other European countries weigh in favor of such ventures between public and private capital. From this work one conclusion can be made, namely the PPP idea is a great chance for the coastal communes to improve the existing recreational conditions and form other tourist products.

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#### APPLICATIONS OF PPP (PUBLIC-PRIVATE PARTNERSHIP) IN THE TOURIST ECONOMY OF POLISH COAST

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The Polish seaside recreation zone offers exceptionally favorable conditions for economic development with applications of PPP. Private-public partnership is a kind of cooperation based on agreement between a public body with a private partner in order to accomplish a public task, in the framework of which the private partner in return for a set of money, covers fully or partly the cost of an enterprise mentioned in the agreement.

The communes of the seaside recreation zone are the most important test fields in Poland for introducing PPP in order to make tourist and para-tourist investments. There are many barriers of implementing PPP there.

The PPP idea is a great chance for the coastal communes to improve the existing recreational conditions and form new tourist products.

*Key words:* public-private partnership, seaside recreation zone, investments, tourist products.

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