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### **MULTI-ANNUAL INVESTMENT PLANS OF WROCLAW IN THE YEARS 2015–2019. DIRECTIONS OF SPENDING ON THE WAY TO ACHIEVING THE CITY'S DEVELOPMENT GOALS**

### **WIELOLETNI PLAN INWESTYCYJNY WROCLAWIA W LATACH 2015–2019. KIERUNKI WYDATKOWANIA ŚRODKÓW W DRODZE OSIĄGANIA CELU ROZWOJU MIASTA**

**Summary:** Socio-economic development of a city depends highly on investment policy and finance abilities for realized projects. Permanent supply of funds for that goal is very important and it is possible because of strategic programming of expenses in a long-term period. In the MIP 2015–2019 for Wrocław expenses are concentrated on: transport, renovations and rebuilding of streets and public transportation; education; and also other subdivision tasks. Planned expenses will reduce development barriers of the city, assuring consistency of projects realization and they can help in realization of socio-economic development strategy priorities. In the long term, the goals of the city development will be achieved. Consistent planning of the investment expenditure process affects the implementation of development and strategic challenges of the city, focuses funds on indicated tasks and allows for flexible redeployment of funds in the variable conditions of the global economy.

**Keywords:** multi-annual investment plan, strategy, city, investments, investment policy.

**Streszczenie:** Rozwój społeczno-gospodarczy miasta zależy, w wysokim stopniu, od prowadzonej polityki inwestycyjnej i możliwości finansowania realizowanych projektów. Utrzymanie stałego dopływu środków finansowych na ten cel jest istotne i możliwe w wyniku strategicznego programowania wydatków w długim okresie. W WPI 2015–2019 opracowanym dla Wrocławia skoncentrowano wydatki na: komunikacji, remontach i przebudowie ulic oraz transporcie publicznym, edukacji, a także zadaniach osiedlowych. Zaplanowane wydatki mają umożliwić zmniejszanie barier rozwojowych miasta, zapewnić ciągłość realizacji projektów oraz możliwość realizacji priorytetów strategii rozwoju społeczno-gospodarczego. W długim okresie osiągnięte są wyznaczone cele rozwoju miasta.

**Słowa kluczowe:** wieloletni plan inwestycyjny, strategia, miasto, inwestycje, polityka inwestycyjna.

DOI: 10.15611/br.2015.1.08

JEL Classification: R53

## 1. Introduction

Wrocław is one of the largest cities in Poland. It lies in the southwest of the country. It is the centre of an extensive urban agglomeration. Wrocław's mission is "Wrocław the meeting place – a city that unites" [*The Strategy...* 2006, p. 17]. The accomplishment of this idea requires making changes to adapt the space of Wrocław. Changes and socio-economic development of the city are related to the investment process [Nowak, Skotarczak 2012, pp. 41–44]. Within the framework of the financial policy [Markowski 2014], expenditures are planned for the realization of the indicated directions of transformations. The multi-annual investment plans contained entries provisions related to funds for the implementation of investment projects in subsequent periods. Investment priorities vary with time and depend on the socio-economic and strategic objectives of a given area. A big city requires an integrated programming of investment process, comprising at least a medium time interval. The multi-annual investment plan (MIP) contains a list of investment tasks approved for implementation over the medium term, and which is updated during the period of implementation. The MIP takes into account the interests and needs of diverse groups of entities represented in the area. The development of the MIP indicates the introduction of a decision-making process for public property management, coordinating investment activities with a strategic program of sustainable development, social needs and financial capabilities of the administrative unit. The approval of the MIP precedes the adoption of the urban planning and development strategy. All these documents are interdependent. On the one hand, the MIP provides credibility and a basis for a development strategy, which facilitates the development of a feasibility study, and assigns a financing schedule to individual projects. On the other hand, strategic documents enable the development of the MIP, give it advisability and condition the management of investment tasks. Investment priorities resulting from the strategy, together with the forecasts of budget income and expenditure form a basis for the creation of the MIP. Planning investment and spending in the long and medium term is facilitation for entities, which in this way can optimally conduct the investment process, realizing assumed goals characterized by thriftiness, rationality and efficiency in spending public funds. In reality, the combination of the financing process with the planning process within the MIP becomes the main tool for coordination of investments implemented in the territory of an entity.

The research problem discussed in the paper affects the analysis of basic finance documents and strategic goals of Wrocław and also describes the investment path in a long-term expenses program, taking investment possibilities into consideration. The aim of this paper is to present the role of the MIP in the city's economy and the tasks that have been set for the Wrocław space for the period 2015–2019. The paper is illustrative because of the limited volume of text. The applied research methodology is based on the analysis of source documents, deductions and simple statistical methods.

## **2. Investment planning in the city from the theoretical, financial and strategic perspectives**

The MIP is a document that unites multi-annual development plans and multi-annual financial plans, and thus it is a list of major investment projects, guidelines for specific tasks, the list of investment projects and the ability to identify financial potentials (internal and external). In the absence of long-term plans, investment processes in a city may experience several problems in finance management, which especially concerns determining the budget for a given year. Interested parties often present conflicting needs that should be realized as a result of investment expenditure planning in a city – this is a barrier to the coherent, long-term development and preparation of a budget. Another obstacle to the investment process is a change in power, which often results in the interruption of the investment process and the emergence of new priorities, thus increasing costs, followed by investment chaos and growing dissatisfaction of entities in a city. The MIP allows coordination of investment in the long term, which is important because of the imbalance arising at the yearly budgeting and long-term implementation period of the investment. The MIP supports the decision-making process, allowing effective planning of investment funds for defined tasks. The basis for the preparation of the MIP is the municipal investment plan. The activities covered by the MIP require funding at various stages of the investment process: the preparatory works stage, development of a programme and spatial concept; design works stage leading to the preparation of the construction project and drawing up an application for the issuance of a building permit; construction and assembly works stage, resulting in the completion of the investment and putting the investment facility into use. The MIP affects the transparency of the investment planning process and spending of public funds in a city. An important aspect of the construction and implementation of the MIP is the collective knowledge of the financial situation and the development capabilities of a city, guaranteed by the participation of the public, local entrepreneurs and leaders, as well as external and internal experts. The cooperation with a broad range of entities allows for the acceptance of adopted project plans. The MIP is a good tool to control capital expenditure; it is integrated with the multi-annual financial forecasts, monitors the creditworthiness of an entity and manages debt, which results in an optimal use of the resources available for investment and the decision on the allocation of resources is taken based on objectified criteria and analysis. Long-term planning of the investment process in a city is one of the benefits. The MIP supports the implementation of the strategic objective of the National Urban Policy, i.e. strengthening the capacity of cities and urban areas to create sustainable development, creating jobs and improving the quality of residents' life [*Krajowa polityka miejska 2015*].

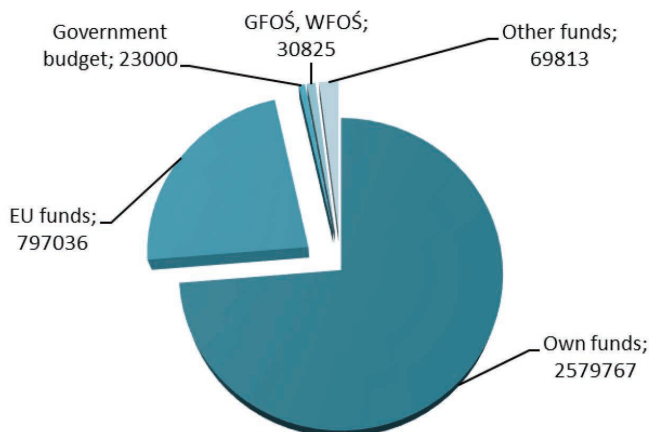
### 3. Channeling the MIP 2015–2019 for Wrocław

The MIP 2015–2019, passed by Wrocław [Uchwała nr VI/41/15 Rady Miejskiej Wrocławia...], focuses on three priorities: communication, renovations and reconstruction of streets, as well as public transport; education; and tasks in housing estates; for example repairs of sidewalks, residential streets, local initiatives or civic budget. In accordance with the provisions of the MIP 2015–2019, Wrocław within four years will spend about PLN 3.5 billion on investments. In the previous MIP 2013–2017, expenditure was set at PLN 2.817 billion. The allocation of funds for investments has been diversified based on areas to meet the needs and ensure the effectiveness of spending public funds. Planned investments include personal funds of the entities that the activity concerns and support funds from the EU as well as other financing from diverse sources.

Expenditure on investments in the years 2015–2019 in Wrocław will amount to PLN 3,500,440,000, wherein the structure of expenditure for the whole period has been spread rather evenly. The main part of the funding (approx. 74%) is to come from personal funds of entities, EU funds is less than 23%, the state budget and GFOŚ and WFOŚ (Municipal Fund for Environmental Protection and Regional Fund for Environmental Protection) is a support at the level just under 1%. The funds for investment processes co-financed by the EU in the years 2015–2019 are distributed annually in similar amounts with the exception of 2016, when in comparison to 2015; the amount was almost three times lower.

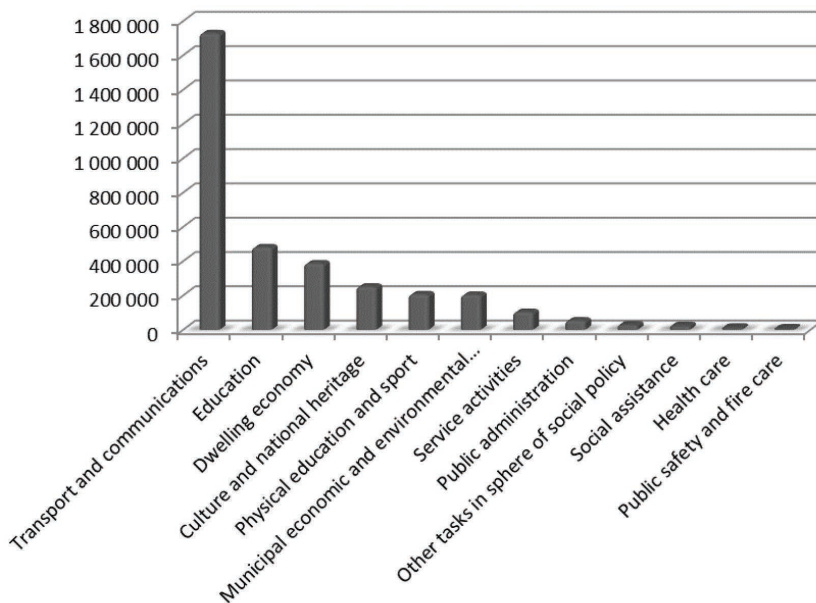
Expenditures on transport and communication during this period will absorb approx. 49.5% of the entire funds for investments. In this sector, the distribution of spending in the coming years is planned at similar levels. Support of the investment from EU funds was also planned at a similar level with the exception of 2016 (expenditure in 2016 is five times lower than in 2015). An important element of investment expenditure is housing, for which the funds in the analysed period are anticipated at the level of 11% of the total funding. Their distribution in particular years is uneven, and this also applies to EU funds. One of the target groups of investment expenditure are the costs associated with the implementation of tasks in the field of education, involving nearly 14% of the total investment expenditure. Funds for investment in education were distributed unevenly; the share of EU expenditure in each year also varies. The largest concentration of investment expenditure is planned for 2017.

Culture and national heritage conservation is to absorb 7.2% of all the funds for the investment process in the analysed period while less expenditure will be devoted to public utilities and environment protection, as well as physical culture and sport. Funds allocated to culture and national heritage were concentrated mainly in 2015; the same applies to EU expenditure. A similar situation prevails in municipal services management and environmental protection, with the fact that in this case the EU's



**Figure 1.** Expenditure on investments in the years 2015–2019 in Wrocław by the sources of investments (in thousand PLN)

Source: own elaboration based on Uchwała nr VI/41/15 Rady Miejskiej Wrocławia... (Annex – VI 2015).



**Figure 2.** Division of investment funds between economy sectors in the years 2015–2019 in Wrocław (in thousand PLN)

Source: own elaboration based on Uchwała nr VI/41/15 Rady Miejskiej Wrocławia... (Annex – VI 2015).

total expenditure will be distributed in 2016. In the physical culture and sports sector, investment expenditures planned in the analysed period will have an alternating arrangement, i.e. in every other year they will be about 60% higher than in the previous. In turn, the disbursement of funds from the EU budget for this purpose has been planned with great irregularity, expenditures in 2015 are to be over 10 times higher compared to 2016, in the years 2016–2018 they are to increase gradually, and in 2019 they will amount to zero. The other sectors require funds smaller than 3% of the total investment expenditure.

**Table 1.** Chosen investment planned to be financed in the MIP 2015–2019 for Wrocław

| Type                          | Investments  |
|-------------------------------|--|
| 1                             | 2  |
| Technical infrastructure      | <ul style="list-style-type: none"> <li>– building of the Leśnica bypass road</li> <li>– building of the avenue „Wielka Wyspa”</li> <li>– Integrated System of Rail Transporting in the Wrocław Agglomeration and the city of Wrocław; Stage III – building of a new railway along Długa and Popowicka Streets, and the second in Hubska Street</li> <li>– building of a new viaduct in Chociebuska Street</li> <li>– bike program</li> <li>– rebuilding of Buforowa Street</li> <li>– improvement of the road infrastructure technical state program</li> <li>– development of a bus depot in Obornicka Street</li> <li>– building of Raclawicka Street with a bridge over the Śleza river</li> <li>– A so-called metrobus, in other words: a separated bus roadway, which connects the Nowy Dwór district with the city center of Wrocław</li> <li>– second stage of developing Curie-Skłodowska Street</li> <li>– rebuilding of Mościckiego Street from Topolowa to Ziemniaczana Street</li> <li>– development of Czajkowskiego Street from Asnyka Street to Długosza Street</li> <li>– development of Osobowicka Street from the midtown bypass to Lipska Street</li> </ul> |
| Revitalization of Wrocław     | <ul style="list-style-type: none"> <li>– building a road and public utilities in the Nowe Żerniki district</li> <li>– revitalization of the Oławskie Suburb</li> <li>– revitalization of Dunikowskiego Avenue</li> <li>– readjustment of Szczytnicki Park</li> </ul>   |
| Green and recreation areas    | <ul style="list-style-type: none"> <li>– reclaiming of Milenijny Park</li> </ul>   |
| Culture and national heritage | <ul style="list-style-type: none"> <li>– building of a new cemetery in Avicenny Street</li> <li>– finishing of Narodowe Forum Muzyki’s building</li> <li>– rebuilding of Wrocławski Klub Formaty</li> <li>– building of Centrum Historii Zajezdźnia</li> <li>– rebuilding of the old bar Barbara into the headquarters of the Bureau of European Festival Culture Capital</li> <li>– creation of a theatre museum on Wolności Square</li> <li>– building of a library and culture center in the Psie Pole district</li> <li>– building of Contemporary Wrocław Museum</li> </ul>   |

| 1                 | 2  |
|-------------------|--|
| Sport             | <ul style="list-style-type: none"> <li>– preparing of an adequate infrastructure because of the organization of Non-Olympic Sport Games (World Games 2017)</li> <li>– building of football pitches with synthetic surface</li> <li>– rebuilding of city sport objects</li> <li>– developing of the horse racetrack in Partynice</li> </ul> |
| Science           | – Wrocław Science Center   |
| Education         | <ul style="list-style-type: none"> <li>– seven new kindergartens</li> <li>– three new primary schools</li> <li>– building of new headquarters of The High School no. 5 in Ślężna Street</li> </ul>   |
| Subdivision tasks | <ul style="list-style-type: none"> <li>– civil budget</li> <li>– revitalization of yards, fun places and green areas</li> <li>– building and rebuilding of sidewalks</li> <li>– local initiative</li> </ul>  |

Source: own elaboration based on: Tu Wrocław; *Wrocław, Wieloletni Plan Inwestycyjny...* [2015]; *Plany inwestycyjne Wrocławia...* [2015].

The investments indicated in the MIP 2015–2019 focus on infrastructure tasks. In spite of the investment process carried out so far in Wrocław, there are still needs for construction, reconstruction and renovation of infrastructure; a similar scenario exists in other major cities in Poland [*Wyzwania inwestycyjne...* 2012, pp. 7–9]. Currently, infrastructure tasks are supported by the implementation of socio-economic needs and reduction of barriers to development proposed in this area. An important aspect of the investment process in Wrocław is revitalization, which is meant to introduce a new functional layout in the space, subject to renewal and creation of new development opportunities [Rudnicki 2010, pp. 61–62, 65–66]. The revitalization projects included in the MIP 2015–2019 are also meant to have an influence on solving local problems. The MIP 2015–2019 includes multifaceted actions to improve the functioning of spatial units and to meet social needs and public participation in urban development, which is consistent with the guidelines of the national urban policy [*Krajowa polityka miejska...* 2014, p. 40].

#### 4. Conclusions

The basis of the investment process is to indicate, at least in the medium term, the sources of funding. It is for this purpose that the MIP is created. This allows maintaining continuity of the investment process and an effective use of resources. The MIP encompasses tasks that often require long-term implementation and large financial outlays. The tasks indicated in the MIP result from the findings of the urban planning and development strategy. The MIP brings together the interests and needs of diverse groups of entities in a city. In Wrocław, the planned expenditure

in the MIP 2015–2019 in comparison to the MIP 2013–2017 increased by nearly 20%. The expenditure in the new plan focused on three priorities: communication, renovation, reconstruction of streets and public transport; education; as well as tasks in residential estates. The planned distribution of investment expenditure fulfils the needs of diverse entities, supports effective disbursement of funds and reduces barriers to development. Different sources are required to finance the investment process. The sources of funding for the investment process are indicated: personal funds of entities, EU funds, state budget, as well as Municipal Fund for Environmental Protection and Regional Fund for Environmental Protection. The basis for funding in the MIP is constituted by personal funds of entities; in principle, only a small part of the funding comes from the EU, which is important due to the restrictive policy of the EU financial support. An important aspect for creating the MIP in Wrocław is to allow the participation of the public. The mobilization of the public and its involvement in stimulating the development of the city develops a feeling of shared responsibility among the residents. The provisions of the MIP concern a multi-path development of the city and the tasks related to the functions that this centre plays in the economy of the region, the country and the world (e.g. a city of culture), which have been subordinated to planned investments. Consistent planning of the investment expenditure process affects the implementation of development and strategic challenges of the city, focuses funds on indicated tasks and allows for flexible redeployment of funds in the variable conditions of the global economy.

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