

Assessment of EcoFund's Operation in the Aspect of Implementation of Strategies of Sustainable Development

*Ocena funkcjonowania EkoFunduszu
w aspekcie realizacji strategii zrównoważonego rozwoju*

Abstract:

Debt-for-nature swaps are initiatives by creditor countries, who see the benefits for the whole world in measures taken by the debtor countries towards conservation. Poland has become a subject and implementer of the program of forgiving of a portion of a foreign debt in exchange for local investments in conservation measures. Polish program of debt-for-nature swap (with its 6 donators) is estimated at 573m USD. It was controlled by EcoFund fund, which financed initiatives towards environmental protection. Debt restructuring has become an efficient measure for implementation of the principles of sustainable development in Poland.

Streszczenie:

Ekokonwersja stanowi inicjatywę wierzycieli, którzy w ochronie środowiska dłużnika widzą korzyści dla całego świata. Polska stała się podmiotem i realizatorem programu zamiany długów na inwestycje ochrony środowiska. Polski program ekokonwersji zadłużenia (z 6 donatorami) oszacowano na 573 mln USD. Jego realizatorem była Fundacja EkoFundusz, która finansowała przedsięwzięcia w ochronie środowiska. Konwersja zadłużenia stała się skutecznym narzędziem realizacji zasad zrównoważonego rozwoju w Polsce.

Key words: *sustainable development, debt-for-nature swap, EcoFund*

Słowa kluczowe: *zrównoważony rozwój, konwersja długu, EkoFundusz*

Introduction

Implementation of the strategies of sustainable development has become a challenge for the 21st century. It ensures the harmony between economic growth, perceived in purely economic categories and improvement in natural environment. After preparation of strategies and formation of the frameworks for taking measures in order to implement these strategies, the time has come to take concrete actions. However, Polish reality shows how difficult it is to balance three areas involved in economic activity, i.e. economics, society and ecology. Human race, aiming at improvement of life standards, mainly in the area of production and services, have also contributed to deterioration of the quality of life through excessive pressure on the natural environment.

There are essential barriers to realization of the concepts of sustainable development in Poland in the form of difficulties at local level, resulting from imperfect central-level solutions and ineffective law enforcement. There is also lack of efficient solutions towards financing of ecological initiatives. One of the most important initiatives in

this area was Polish debt-for-nature swap. Debt swaps means exchange of foreign liabilities (debt) in the debtor countries for internal commitments towards a particular beneficiary; it is a tool for debt conversion between activities involving reorganization and restructuring and decisions on its unconditional cancellation. It is emphasized that it is applicable in the situation when loss of abilities to repay debt incurred in the international market can be compensated by still existing abilities to mobilize internal funds and allocate them in favour of the creditor country. This situation occurs when convertibility of domestic currency is suspended but there is an opportunity to mobilize own funds without the threat of dramatic inflation.

Debt-for-nature swaps

In 1990, the US Congress has found Polish debt to be unrecoverable and to be an obstacle to economic growth after political transformation in Poland. The countries of the Paris Club, which associated Poland's creditors, expressed their consent to reduce Polish debt level by 50%

on condition that the remaining portion will be repaid until 2010. Polish government proposed that the remaining 10% of the debt will be allocated for support to the most strategic initiatives of environmental protection. The goal of the program was to provide financial support for activities towards conservation, which was supposed to contribute to fulfilment of international conventions and protocols. Taking ecological measures by Poland was the interest of the whole international community since it concerned the investments towards reduction of transfer of pollution over the areas of other countries through water and by air and preservation of the climate of the Baltic Sea and biodiversity. It was the first world initiative of debt swap on that scale, guaranteed by the state for ecological purposes, referred to as debt-for-nature swap.

The Paris Club supported this motion, thus opening up the opportunities to use mechanisms of restructuring of a portion of the debt (up to 10%) for the purposes agreed within bilateral agreements between Poland and individual creditor countries. As a result of agreements signed with 6 donators (with previously mentioned USA), Poland obtained 573 m USD for investments in environmental protection [1]. The table below presents the values of contributions from the donators.

Tab. 1. Debt-for-nature swaps in Poland - donators

Country	Debt percentage	Value of contribution (mln USD)	contribution fraction (%)	Year
USA	10	372	64.9	1991
Switzerland	10	63	10.9	1991
France	1	66	11.6	1993
Sweden	2	13	2.3	1997-2003
Italy	10	32	5.6	1998
Norway	10	27	4.7	2000
TOTAL		573	100.0	1991-2009

Source: [2]

The biggest value of financial contribution (ca. 65%) to the program of debt swap was from the USA. Share of France accounted for 11.6% while Germany contributed to nearly 11%.

EcoFund – Implementation of the Program of Debt Swap (Revenues and Costs)

Debt-for-nature swaps gave rise to the need for establishment of an organization which would allocate the funds for financing of environmental initiatives. In effect, in

April 1992, the Minister of Finance in Poland, acting on behalf of the Treasury, established EcoFund, giving it the status of an independent non-profit fund. The fund was managed by a four-person Board and controlled by a ten-person Council, composed, in half, of the representatives of donator countries. When the program of the debt-for-nature swaps for Polish debt in 2010 completes, the fund will also be dissolved. EcoFund obtained funds in annual portions in 1992 to 2010. Financial resources were transferred directly to the account of the EcoFund at the date of maturity of instalments for the debt unpaid to the members participating in the program of the Paris Club [3]. It is also remarkable that EcoFund obtained some financial resources on bank interest on temporary available funds in fixed deposit accounts until the time of allocation of these resources to implementation of the projects [4].

As results from Table 2, presenting the structure of revenues in EcoFund, incomes from debt swap are a major item in total amount of revenues. In following years, revenue on debt swap accounted for over 90% of the income in total. In 2008, revenue from debt swap comprised 91.2% of revenues in total and, in comparison with 2007, they were lower by nearly 17% due to the decline in exchange rates, being the basis for evaluation of resources received by the fund. In 2008, highest revenue was observed for bank deposits, which accounted for 8.2% of the total revenues. As compared with that same revenue in 2007, they were higher by over 40%.

EcoFund, according to the guidelines for Polish debt swap, allocated financial resources to financing of conservation projects. The following areas were agreed to be priority:

- limitation of cross-border transport of SO₂ and NO_x and elimination of low sources of emission of these compounds (air protection),
- restoration of clean waters of the Baltic Sea and protecting potable water resources (water protection),
- protecting biodiversity (environmental protection),
- rational waste management and soil reclamation (waste management).

For these areas, several measurable goals were set, correlated with the state of the environment and the identified threats. The scale and scope of financed initiatives depended on the extent of the expected benefits and owned resources. These conditions were taken into consideration during assessment of the projects or preparation of the lists of accepted investments. This caused

Tab. 2. Structure of revenues in EcoFund according to the sources in 2006-2008

No.	Revenue	2006	%	2007	%	2008	%
1.	Revenue from debt swap	149743.6	94.2	137836.0	93.9	124075.5	91.2
2.	Financial revenue	8755.7	5.5	8556.9	5.8	11142.4	8.2
3.	Other revenue	336.0	0.2	336.0	0.2	336.0	0.2
4.	Remaining revenues	58.9	0.1	18.4	0.1	421.9	0.4
5.	Total	158894.2	100.0	146747.3	100.0	135975.8	100.0

Source: own study based on *Sprawozdanie z działalności EkoFunduszu – 2007, 2008, Fundacja EkoFundusz, Warsaw 2009* [4]

appearance of the programs with clearly set goals and allocated funds. Building of the project portfolio was realized through tenders, negotiations and talks with potential applicants. The assessment of projects was made using point scale system and it concerned technical solutions, financial requirements and ecological benefits. The results of the assessment determined the level of subsidy possible to be granted [4].

It is essential that the fund supports only the investment projects during their implementation. Thus, non-invested items included: documentation, research and development, monitoring and ecological education projects. However, there was an exception for ecological education projects i.e. educational and training tasks being an integral part of environmental protection projects. Financing from EcoFund was exclusively in the form of non-returnable subsidies. In general, share of subsidies in the costs of projects did not exceed 60%, and only in exceptional cases, in the projects of environmental protection it could reach 80%. The level of subsidy depended on the type of the given project as well as on legal and organizational status of the investor [5].

In consideration of the level of financial resources at the disposal of Ecofund and efficiency of its operation, EcoFund maintained in the lead of Polish environmental funds. However, in terms of the extent of the support in the form of non-returnable subsidies, the EcoFund was, apart from the National Fund for Environmental Protection and Water Management, the most important organization in the country.

Beneficiaries of the fund included: local governments, entrepreneurs, non-profit and budgetary organizations. According to the data presented in Table 3, it was local governments which used support of the fund the most frequently.

Tab. 3. Division of subsidies among beneficiaries of EcoFund in 1992-2008 (%)

Beneficiary	1992-2003	2004-2007	2008
Local governments	44,6	51,1	55,3
Businesses	42,0	25,4	25,7
Non-profit organizations	6,4	16,6	10,0
Budgetary organizations	7,0	6,9	9,0

Source: based on: *Sprawozdania z działalności EkoFunduszu - 2007, 2008, Fundacja EkoFundusz, Warsaw 2009 [4]*

Tab. 4. Structure of costs in EcoFund in 2006-2008 incurred for the projects according to the sectors 2006-2008

No.	Sector	Year						
		2006	Structure ratio	2007	Structure ratio	2008	Structure ratio	Change ratio [%] 2008/2007
1	Air protection (I)	3090.0	1.7	5580.0	3.8	3440.0	2.3	61.6
2	Water protection (II)	36878.6	20.1	24093.2	16.5	45967.2	30.8	190.7
3	Climate protection (III)	83216.4	45.6	71249.4	48.8	50144.9	33.6	70.4
4	Environmental protection (IV)	14118.7	7.7	14926.1	10.2	20034.1	13.5	134.2
5	Waste disposal (V)	45744.6	24.9	30135.4	20.7	29442.9	19.8	97.7
6	Overall costs	183048.3	100.0	145984.1	100.0	149029.1	100.0	102.1

Source: own study based on *Sprawozdanie z działalności EkoFunduszu - 2007, 2008, Fundacja EkoFundusz, Warsaw 2009 [4]*

Moreover, there is a remarkable rising tendency in this group, which was growing from 44.6% in initial period of existence of EcoFund to over 55% in 2008. In the case of enterprises which comprised second biggest group of beneficiaries it can be observed that the share of this group in the total number of financed entities declined. The financed organizations also included non-profit institutions such as: hospitals, nursing homes, monasteries, charity and non-governmental ecological organizations. In the case of this group, the supported projects involved heating systems, installations of solar collectors and heat pumps as well as active protection of endangered species. It seems legitimate that the authors pay particular attention to this group of enterprises. Without the support of EcoFund, the implementation of most of the projects would not be feasible. These projects are also of key importance from the standpoint of ecology and society [6].

As mentioned before, EcoFund supported projects from 5 sectors: air protection (sector I), water protection (sector II), climate protection (sector III), environmental protection (sector IV) and waste management (sector V). Evaluation of the share of individual sectors in fund's expenditures, one can treat sectors I and III as one since they are connected with the same component of the environment, the atmosphere.

As results from the data contained in Table 4, the structure of EcoFund's costs is dominated by the expenditures for air pollution. In 2006, they accounted for 45.6% of the costs in total. In 2007, their share in overall costs was, in comparison to 2006, lower by ca. 30%. Another important item in the structure of costs of EcoFund in 2008 is expenditures on water protection; they account for 31% of overall costs. In 2007-2008, the highest dynamics of these costs (rise by 90%) was observed. In the studied period, share of expenditures for water protection amounted to 20.1% in 2006 while it was the lowest in 2007, being 6.5%. Another important position within the structure of EcoFund is taken by waste disposal, which accounts for nearly 25% of the overall costs in 2006.

In 2007, cost of waste disposal amounted to ca. 21%. In overall costs from 2008, costs of waste disposal were lower than in the previous year by nearly 1% and amounted to 19.8%.

Scope of the Projects Implemented by the EcoFund

The most essential effect of the EcoFund was the implementation of the projects. Within 18 years of the fund's history, support amounted to 9 billion PLN, which translates into almost 15% of expenditures for environmental protection in Poland in 1992-2009 [3]. Opportunity of implementation of nearly 1600 projects can be contributed to the program of debt swap, which was the source of finance for the fund. However, the EcoFund played a key role. Through efficient management, not only important ecological investments were executed but it also helped identify problems of environmental protection in Poland. Moreover, the fund took a number of pioneer actions which showed that it pays off to search and invest in modern technological solutions. The information collected by the fund constitutes an extensive environmental protection database, which should be used by state government. Analysis of the reports by the EcoFund reveals concrete indications of threats. These effects are of great importance and, if considered within national ecology policies and regional programs of environmental protection, they will contribute to further development of Poland in line with the strategy of sustainable development.

The Ecofund indicated huge difficulties with identification of the environmental problems at regional level. It is particularly seen in the area of water protection. As results from the data on the state of the environment reported by the Central Statistical Office, amount of sewage sludge is gradually rising in Poland. There is also lack of solutions for sewage waste management. The reason for this fact can be found in constantly changing regulations and sluggishness of local development, which, despite the arising problems, avoid taking active measures towards finding suitable solutions. Lack of sufficient knowledge of available technological solutions is also noticeable. As results from the reports prepared by the EcoFund, possible investment actions are planned as late as after 2010. Only 22 investors were invited to cooperate with the fund, who, being aware of the threats and the scale of the problem, planned implementation of technological solutions in nearest time. A number of modern installations appeared as a result of this cooperation, the most interesting being: solar sludge drying facility in Iława, installations in Giżycko, Łomża, Bydgoszcz or Węgorzewo.

Selection of waste management for another priority area is totally legitimate. Serious problems are posed by lack of the system of selective collection of waste and the need for education among the Polish society. Obviously, education programs are being implemented in Poland, however, they are mainly focused on popularization campaigns. This means too little to derive benefits from understanding, positive aptitude and willingness to cooperate among the society. The fund also pointed to another obstacle to for-

mation of efficient system of waste management: lack of cooperation between local entities. Through support of EcoFund in Poland the following entities came into being: 10 waste sorting plants and 22 sorting plants for mixed waste, which allows for recovery of recycling materials, such as plastics, glass, scrap paper or metals. The subsidized projects provide services to nearly 10% of Polish population.

The most of financial resources from the fund's budget were allocated to climate protection initiatives. In this area, the priority was to reduce greenhouse gas emissions and to limit negative impact of climate changes on people and ecosystems. Reduction of emissions of greenhouse gas was implemented mainly through the programs of electricity and heat energy saving and use of renewable resources of energy. Activities by the EcoFund, taken in order to reduce CO₂ emissions, are presented in the Table below (Tab. 5).

Within these initiatives, the biggest solar collector installation was build in Poland, with total area of 1495 m² in Czeszochowa Central Hospital.

Tab. 5. Initiatives by the EcoFund in Terms of Reduction of CO₂ Emissions

Type of action	Level of reduction (Mg/year)
Improvement of energy efficiency in heating systems	580 000
Modernization of energy sources	2 400 000
Modernization of electrical machines	4.3
Use of renewable resources of energy	682 700
Limitation of emissions of methane from mines	260 000
Application of CNG to drive buses	1 380
Protection of marshes	800 000
TOTAL	4 724 084

Source: own study based on [5].

Conclusions

The fund has a many-year experience, which can still be used as a solution for ecological problems in different regions of Poland. The continuation requires:

- implementation of the strategy of focusing of support on the selected areas, which allows for focusing of ecological effect at the limited financial opportunities
- principle of creation of ecological programs for particular regions of the country
- creation of strategic alliances between local entities, which facilitates the process of creation of programs and realization of investments
- promotion of solar energy sector and use of the energy of biomass for realization of the strategy of sustainable development in Poland.

The solutions should be also searched for the problems indicated by the EcoFund in waste management. The fund also showed that reaching ecological effects does not

necessarily require use of very expensive technologies. As results from the actions taken by the fund, environmental protection not only generates costs but it can also produce the economic benefits.

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Konferencje, targi, wystawy

Seminarium



Etykiety i deklaracje środowiskowe według norm ISO

Rosnąca liczba ludności zamieszkującej naszą planetę, a także presja wywierana przez działalność człowieka na środowisko naturalne, sprawiają że, aby nie doprowadzić do nieodwracalnych, niekorzystnych zmian, korzystanie z oferowanych przez nie zasobów musi być obwarowane pewnymi ograniczeniami. W związku z tym podejmowane są działania zmierzające do ciągłego zwiększania świadomości społecznej w tym zakresie. W ostatnich latach coraz większy odsetek ludzi zaczyna zdawać sobie sprawę z powagi sytuacji, a także, poczuwając się do odpowiedzialności za zaistniały stan rzeczy, podejmować działania mające ograniczyć ich własny, jednostkowy negatywny wpływ na stan środowiska. Pojawiła się pewnego rodzaju moda na bycie „eko”, czyli wykazywanie troski o środowisko w codziennym życiu. W wyniku tego, oddziaływanie kupowanych produktów na środowisko stało się jednym z kryteriów, jakie są brane pod uwagę przez współczesnych konsumentów przy dokonywaniu zakupu. Jego waga nieustannie się zwiększa. Dlatego też niezmiernie istotna, zarówno z punktu widzenia producenta, dystrybutora jak i klienta, jest kwestia skutecznego i rzetelnego przekazywania informacji o parametrach produktów, w szczególności o ich cechach środowiskowych, które, w obliczu zwiększającego się popytu na produkty ekologiczne, stanowią o ich przewadze w tym zakresie nad innymi wyrobami dostępnymi na rynku.

W obliczu dużej ilości skomplikowanych parametrów decydujących o „ekologiczności” towarów lub usług, często nieczytelnych dla przeciętnego, niezwiązanego profesjonalnie z tematyką ochrony środowiska człowieka, przekazywanie pożądaných informacji potencjalnym klientom napotyka na liczne trudności. Komunikat świadczący o cechach produktu powinien być prosty, czytelny i łatwy w odbiorze, ale jednocześnie rzetelny, wiarygodny i mo-

żliwy do zweryfikowania. Producentom, którym zależy na podkreśleniu jakości ekologicznej swoich wyrobów, z pomocą przychodzi zdefiniowane za pomocą międzynarodowych norm etykiety i deklaracje środowiskowe. Zgodnie z definicją¹ są to *stwierdzenia określające aspekty środowiskowe wyrobu lub usługi, mogące przybierać formę oświadczenia, symbolu lub znaku graficznego na wyrobie lub naklejce na opakowaniu, w piśmiennictwie dotyczącym wyrobu, w biuletynach technicznych, w ogłoszeniu lub w reklamie*.

Seria norm ISO 14000 (przyjętych również jako normy europejskie EN i polskie PN), dotyczących systemów zarządzania środowiskowego, zawiera dokumenty określające wytyczne dla etykiet i deklaracji środowiskowych. Są to:

- PN-EN ISO 14020 „Etykiety i deklaracje środowiskowe. Zasady ogólne”
- PN-EN ISO 14024 „Etykiety i deklaracje środowiskowe. Etykietowanie środowiskowe I typu. Zasady i procedury”
- PN-EN ISO 14021 „Etykiety i deklaracje środowiskowe. Własne stwierdzenia środowiskowe (Etykietowanie środowiskowe II typu)
- PN ISO 14025 „Etykiety i deklaracje środowiskowe. Deklaracje środowiskowe III typu. Zasady i procedury”

Wszystkie trzy typy etykiet i deklaracji środowiskowych posiadają pewne cechy wspólne, które stanowią o ich przydatności jako narzędzia do przekazywania informacji pomiędzy uczestnikami rynku. Przede wszystkim są dobrowolne. Ponadto powinny być dokładne i sprawdzalne, nie mogą też wprowadzać w błąd, to znaczy sugerować że produkt posiada inne parametry, niż ma to miejsce w rzeczywistości. Oznacza to, że podstawą do dołączenia do wyrobu etykiety lub deklaracji powinny być dane uzyskane za pomocą uznanych i szeroko stosowanych metod, uzasadnionych naukowo (wskazane jest aby były to metody opisane w normach lub w inny sposób ustandaryzowane), cechujących się przy tym odpowiednią dokładnością. Otrzymane przy ich pomocy wyniki powinny być od-

¹ na podstawie normy PN-EN ISO 14020:2003