

Degree of completion of the projects undertaken as part of preparations for Euro 2012

Ferrir, Richard

4 December 2015

Online at https://mpra.ub.uni-muenchen.de/68208/MPRA Paper No. 68208, posted 12 Dec 2015 01:40 UTC

Richard Ferrir

Degree of completion of the projects undertaken as part of preparations for Euro 2012

Abstract

The most significant value added by Euro 2012 is undoubtedly the infrastructural changes. The event became a catalyst for the execution of more than two hundred projects for an amount of ca. PLN 100 billion. This paper focuses on the key projects, including above all the road construction projects, as well as those connected to road and rail infrastructure.

Considering such significant outlays, the funding the preparation, particularly in a division into private and public sources, becomes an especially important issue. It is the predominant commitment of public funds that creates the need to justify their allocation, chiefly in the case of the sports venues, usually utilised by private sports clubs after the end of the event. Euro 2012 has been compared in this respect with other events of this rank, staged in Europe since the beginning of the 21st century.

Introduction

The most significant value added by Euro 2012 is undoubtedly the infrastructural changes. The event became a catalyst for the execution of more than two hundred projects for an amount of ca. PLN 100 billion. This paper focuses on the key projects, including above all the road construction projects, as well as those connected to road and rail infrastructure.

Considering such significant outlays, the funding the preparation, particularly in a division into private and public sources, becomes an especially important issue. It is the predominant commitment of public funds that creates the need to justify their allocation, chiefly in the case of the sports venues, usually utilised by private sports clubs after the end of the event. Euro 2012 has been

compared in this respect with other events of this rank, staged in Europe since the beginning of the 21st century.

Euro 2012 as the greatest mega event ever in Poland

The fact of entrusting organisation of one of the world's largest sport events to Poland gave rise to the natural questions as to whether our country would be ready to take up such a multifront challenge. Particular anxiety accompanied the condition of the infrastructure and the scale of the necessary actions to improve it. The only elements which appeared to be of decent quality were: the hotel infrastructure, the quantitative coverage of the Polish railway network, and the urban transport. All other areas required immense investments almost revolutionary in nature. Some economists formulated a risky, though not unsubstantiated thesis, that given its actual infrastructure of the year 2007 Poland would not have stood any chance organise the Euro efficiently even as early as in 1980 [Zawadzki, 2013b, p. 53].

Hence, the paramount challenge the organisers faced was to carry out the necessary infrastructural projects. As mentioned in the subchapter 1.3, the number of the investments planned totalled 219. The immense scale of the investment-related works was evident to the legislator as early as at the stage of creating the legal framework, and the scenario of a possible failure to carry through the daring plans was realised. Therefore, the projects were arranged in three groups depending on their perceived weight. The key investments grouped the initiatives considered paramount in importance and indispensible for efficient organisation of the Euro 2012. This group includes projects connected with:

- stadiums,
- road infrastructure,
- air transport,
- rail transport,
- public transport.

Among the important projects were also those connected with medical care, while other projects also included hotel infrastructure and the preparation of team base camps.

Table 3.3 gives an overview of the projects grouped by their designations. Apart from the four host cities, the projects embraced the entire country. This means, they were investments carried out over large areas, basically improving the transport infrastructure all over Poland. The largest group named "other cities" refers primarily to the accommodation centres dispersed all over the country, prepared to receive the national teams. Table 3.3 reveals that out of the four host cities Wrocław was the location of most key and important projects planned. However, with all other investments taken into account Gdańsk takes the lead with its 34 projects in total.

Table 3.

Number of projects implemented in preparation for the Euro 2012 in Poland, grouped by area

Area		Total			
	Key	Important	Other	Total	
Gdańsk	7	5	22	34	
Poznań	5	11	13	29	
Warsaw	4	7	8	19	
Wrocław	11	6	11	28	
Other cities	0	0	69	69	
Poland	19	8	13	40	
Total	46	37	136	219	

Source: the author's own study.

As of day one, it was assumed that the percent of unrealised projects would be inversely proportional to the weight ascribed to them. In practice, it turned out that not only some of the 'other' projects, but also not all of the undertaken investments of the 'key' and 'important' status had been completed by the opening of the European Championship. Table 3.4 shows the degree of project's attainment expressed in figures and percentages. The category of investments unfinished on time includes projects ultimately completed by the end of the year 2012. There were 13 projects brought to completion after their original deadline, including 2 of the key status, and 6 classified as important. In table 3.4, the number of those investments is shown in brackets.

	Project type									
Area	Key		Important		Other					
	completed	uncompleted	attainment (%)	completed	uncompleted	attainment (%)	completed	uncompleted	attainment (%)	Total
Gdańsk	6	1	86%	4	1	80%	15	7 (1)	68%	74%
Poznań	4	1	80%	6	5 (1)	55%	9	4 (2)	69%	66%
Warsaw	3	1	75%	6	1 (1)	86%	3	5	38%	63%
Wrocław	10	1	91%	5	1	83%	4		36%	68%
Other cities	-	-	-	-	-	-	32	37 (1)	46%	46%
Poland	12	7 (2)	63%	3	5 (4)	38%	7	6 (1)	54%	55%
Total	35	11 (2)	76%	24	13 (6)	65%	70	66 (5)	51%	59%

Source: the author's own study.

On the whole, however, the anticipation that the degree of project attainment would be proportional to the status ascribed to the specific projects has proven true. We have managed to complete more than $\frac{3}{4}$ of the planned key projects, but not much more than half of all other initiatives. Ultimately, 59 per cent of the planned projects were completed on time. Looking at the host cities alone, Gdańsk performed best with 74 per cent of its planned initiatives completed before day one of the Euro event. On the other hand, from the perspective of the key and important projects alone, Wrocław proved more effective with its respective 91 and 83 per cent plan attainment.

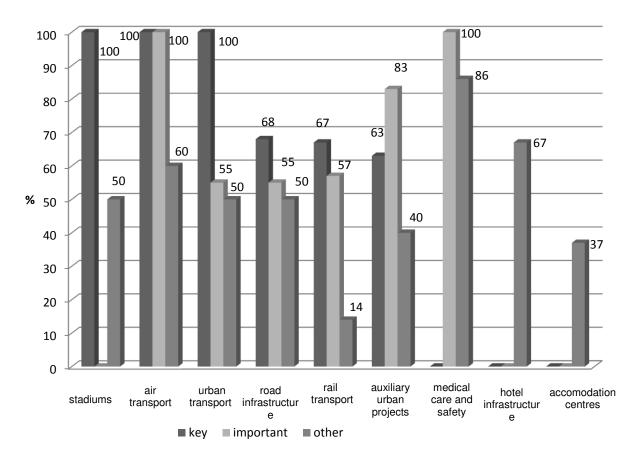


Figure 2. The degree of attainment of individual projects related to the Euro 2012 by the type of the infrastructural investment

Source: the author's own study.

When analysing the degree of project attainment against the criterion of the type of the infrastructural one should note cases of 100 per cent plan execution in the categories of key and important projects. These are found in such areas as stadium infrastructure, air transport, urban transport, and projects connected with medical care and safety. Moreover, the degree of advancement into key and important projects, if only undertaken, never fell below 55 per cent. The top position in this ranking belongs to the air transport-related infrastructure, where the key and important projects were fully completed. The outcomes were worst, as could be expected, in the case of other projects. In none of the analysed areas was the plan fully executed, and the worst situation was noted for the railway infrastructure, where the attainment stopped at the mere 14 per cent (Figure 3.2).

Final remarks

In this study, an attempt was made to estimate the impact of the organisation of UEFA European Championships on the host cities: Gdańsk, Poznań, Warsaw and Wrocław. The adopted list of infrastructural undertakings executed as part of Euro 2012 preparations included 219 projects divided according to the urgency criterion into key, important and other projects. Analysis of project completion revealed that not all tasks had been executed as planned before the beginning of the event. Predictably, the key projects were found to have been completed in the greatest percentage of the cases (76%), while other projects were characterised by the lowest percentage of completion (51%). The degree of completion also varied between the individual cities. Gdańsk turned out to be the most efficient city with 74% of all projects completed, while Warsaw was at the bottom of the ranking with 63% of completed projects.

Even considering the high percentage of incomplete infrastructural projects, it is worth emphasising that Euro 2012 became a catalyst of important changes, especially with respect to broadly defined transport infrastructure. It is particularly striking in the case of road infrastructure. In 2012 alone 953 kilometres of expressways were completed. For comparison, by 2011 only slightly over 1700 kilometres of such roads had been built. What is important, the effects of Euro 2012 will still be noticeable at least until the end of 2014, when all projects undertaken in connection with the event will have been completed.

Such considerable infrastructural needs of Poland necessitated massive outlays. Euro 2012 proved to be the most expensive of the UEFA European Championships organised in the 21st century and, in all likelihood, in the whole history of the tournament. A highly disadvantageous fact for our country was the complete absence of commitment of private funds in the financing of the preparations. The public-private partnership program, in which high hopes had been placed in connection with the organisation of Euro 2012, turned out to be a total failure. It is noteworthy that it is an unprecedented case of financing a sporting event of this type exclusively from public sources.

The most frequently recognised legacy of the Championships are the stadiums. The future management of these venues will have an influence on the general cost-benefit ratio of their construction/extension. The difficulties in generating sufficient revenues to cover the costs of maintenance and debt service are already being experienced. The study indicated some feasible ways

of fund acquisition involving the organisation of both sporting and non-sporting events.

References

- [1] Feddersen A., Groetzinger A., Maennig W., *Investment in stadia and regional economic development evidence from FIFA World Cup 2006 stadia*, Hamburg Contemporary Economic Discussions, No 16/2008.
- [2] Zawadzki K., Partnerstwo publiczno-prywatne jako źródło finansowania wielkoformatowych imprez sportowych [in:] Juja T. (ed.), Dylematy i wyzwania finansów publicznych, Publishing House of the University of Economics in Poznań, Poznań 2010.
- [3] Zawadzki K., Publiczne a prywatne finansowanie wielkoformatowych imprez sportowych na przykładzie Mistrzostw Europy w Piłce Nożnej, Zarządzanie i Finanse, Journal of Management and Finance, vol. 11, No. 2, Part 3, Gdańsk 2013.
- [4] Zawadzki K., Euro 2012 impact on host cities in Poland, LAP Lambert Publishing, Saarbruecken 2013.