1. Basic Information
   
   1.1. **CRIS Number:** 2003/005-708.19
   1.2. **Title:** Small Infrastructure Project Fund
   1.3. **Sector:** Cross Border Co-operation / Economic Development / Training/Employment
   1.4. **Location:** Poland, Lubuskie, Zachodniopomorskie and Dolnoslaskie Voivodships – Phare CBC eligible areas

2. Objectives:

   2.1. **Wider Objective**
   Balanced social and economic development in the area of Lubuskie, Zachodniopomorskie and Dolnoslaskie Voivodships and the Länder of Brandenburg, Sachsen and Mecklenburg-Vorpommern

   2.2. **Immediate Objectives**
   Removal of the existing barriers and improvement of the development and co-operation conditions in the border area;

   2.3. **Priorities of Accession Partnership and National Program for the Adoption of the Acquis [NPAA]**
   The Project fulfils the assumptions of the Accession Partnership. In the short-term priority – Economic Reforms, and in the medium-term priority – Economic Policy, it is necessary to provide for social and economic cohesion.
   The project complies with at least three priorities specified in the NPAA – Economic Policy, Improvement of Competitiveness of Small and Medium Businesses, Tourism, training and Employment.

   2.4. **Contribution to the Implementation of the Joint Programming Document (JPD) Phare CBC/Interreg IIIA**
   Priority A: Support for the development of entrepreneurship and economic co-operation
   Stability of economic development potential is extremely important for the development of the region and the future Poland’s integration with the European Union. In order to achieve this goal, we need a uniform system of regional and cross-regional economic institutions such as chambers of commerce, and the development of cross-border co-operation structures, which will receive support. Investments co-financed within this project shall support operation of the business institutions, assist in attracting foreign investments, giving a stimulus to the economic development of the region.
   
   Priority E: Training and Employment
   In order to reduce a high unemployment rate, efforts should be made to raise the level of competitiveness of the companies operating in this region. In order to create appropriate conditions to achieve this objective, infrastructure basis must be improved (e.g. buildings should be modernised and properly equipped where institutions are located that organise training courses for unemployed people or offer counselling for SMEs).

   2.5. **Cross Border Impact**
   The Project shall ensure the necessary support for economic development, including SME’s development in the Polish-German border area. It will certainly be an important stimulus, which will raise the Polish-German cross border co-operation to a higher level.
The implementation of the project will contribute to the improvement of the attractiveness of the region for foreign investors. It will also contribute to the increase of the cross-border economic contacts. It will make it possible for Polish and German companies to exchange experiences, transfer know-how and technology. Through the implementation of the project in the scope of tourism, it will contribute to the improvement of availability of tourist attractions for German tourists.

The existence of business support institutions in the area of economic development can more strongly motivate start of joint ventures between SMEs from both sides of the borders. It will also enable co-operation among research institution and SME sector from different regions. Polish companies will have the possibility to learn from the German extensive experiences gained in the scope of SME support.

The outcomes of the project will strengthen possibility of common projects. The co-operation is possible for example in the field of environment, transportation etc.

The Project complies with the priorities of the Joint Programming Document Phare CBCII/Interreg III. This again confirms its cross-border nature on the one hand, and on the other, proves the need for its implementation within the context of the social and economic development of the Lubuskie-Brandenburg border area. The Project shall be approved with participation of all the partners who take part in the work of the Regional Steering Committee.

Cross-border impact will be the basic criterion for evaluation and selection of individual projects selected. Only undertakings with clear cross border dimension will be recommended for support.

3. Description

3.1. Background and Justification

The border region between Poland and Germany currently marks the eastern boundary of the European Union. The area remains on the periphery of the mainstream of economic development taking place in the EC countries. After reunification of Germany large funds were invested in development of the border region on the German side. Thus the disparity in the level of economic development between the German and Polish border areas has become very apparent.

The Polish border area is suffering high unemployment following the collapse of unprofitable “traditional industry” firms and State Farms in rural areas. The open-cast mining industry, once one of the principal employers of the central and southern parts has been dramatically reduced, creating significant unemployment, and the origins of a major environmental crisis. The lack of main sewage and clean water connections, poor management and treatment of both domestic and industrial waste, which has led to the pollution of ground and river water, particularly in the catchment area of the River Oder are key factors contributing to the degradation of environment.

Another problem is poor technical condition of road and railway transport networks. Despite having implemented many projects a.o. from the Phare CBC funds, the disparity in development level of the transport network between the Polish and German border areas remains extremely significant.

The SME sector dramatically increased in the last years, but is hindered by poor access to capital, as investors prefer to locate the capital in areas where the basic infrastructure is better developed.
The tourist and outdoor leisure sector is seen as a major opportunity for economic development of the region. However, the outstanding environmental issues are seriously impacting its development, since many otherwise interesting cultural, historical and natural locations are neither attractive nor accessible.

Thus lacking basic infrastructure and poor state of environment are key barriers of economic development in this border region and prevent foreign investors to invest here. The proposed project takes into account the above-mentioned problems and barriers as it concentrates on strengthening the regional business support infrastructure.

The project implementation shall contribute to enhancement of the attractiveness of the Polish-German border area for potential Polish and foreign investors. The project shall also bring increased cross-border business contacts. Educational and employment infrastructure (e.g. Business development centres established) will be the basis for training courses, workshops and counselling that will make it possible to reduce unemployment by adjusting the education to the requirements of the free market and raise competitiveness of the companies operating in this region.

3.2. Linked Activities
Projects related to the support for the economic development of the Poland-Germany border area were implemented within the scope of the existing co-operation under Phare CBC and Interreg in the years 1995 – 2002, also within the scope of the Small Project Fund. The Project is a continuation of a similar undertaking implemented in the Polish-German border area within the scope of Phare CBC 1999 and 2000 (Small Infrastructure Project Fund) and 2001 (Business Related Infrastructure Project Fund). The high interest of the entities entitled to apply for grants within the above Project affected the decision to continue the actions to a broader extent in the support area in Lubuskie, Zachodniopomorskie and Dolnoslaskie Voivodships. It should be emphasised that the implementation of the Project is co-ordinated with the projects implemented in the region within the frame of Phare Social and Economic Cohesion 2001-2003 (including the horizontal project for SME’s). The Project also contributes to implementation of the tasks implied by the Voivodship Contracts effected in this area.

3.3. Results
Small infrastructure of cross border importance improved (infrastructure which would make the regions more attractive for potential investors, such as transportation network modernised, bottlenecks in the development of small and medium businesses related to the environment infrastructure removed, centres for business development established/modernised and equipped, bike roads and tourist routes established/modernised).

3.4 Activities
The SIPF will finance the following eligible activity:
Creation of the small infrastructure for the development of the cross border co-operation. The project will support investment activities only that are directly linked to the business development in this area. It will co-finance constructing/modernising and equipping buildings for business development centres (necessary for organising training sessions for SME’s, business conferences etc.), local environmental infrastructure (such as constructing/modernising local sewerage systems, boiler houses etc.) and transportation network (modernising local roads) that are preconditions for future investments in this area. To make a better use of the natural potential of the regions, it is envisaged to support tourism infrastructure (constructing/modernising bicycle roads, establishing Tourist Information Centres, marking tourist routes etc.) in respect of envi-
environment protection. A more detailed list of eligible activities will be developed in the “Guidelines for Applicants” that will precisely define all rules on the functioning of the Fund.

For the activities described above, the following rules will apply:

Organisations eligible for support have to be the **public authorities**

**Eligible areas:**
Applicants have to be registered in the CBC eligible areas of the Lubuskie, Zachodniopomorskie and Dolnoslaskie Voivodships

Profit oriented organisations are not eligible.

**Projects selected for financing have to fulfil following criteria:**

**CBC Criteria**
- Cross-border impact – contribution of the project to the development of cross-border region and cross-border co-operation
- Contribution to the country’s integration process into EU and to the implementation of Accession Partnership and NPAA

**Selection criteria (in accordance with the Chapter VI. of PRAG):**

**Readiness for implementation:**
The successful applicants will have to present projects ready for implementation (technical documentation/business plans developed, ownership conditions settled, environmental impact assessment performed – if required by the Polish law etc.)

**Relevance:**
- Conformity of project operation with wider regional development strategies
- Clear definition of target groups and relevant benefits for them

**Methodology:**
- The preparedness and elaboration of the project proposal
- The rationality of the project proposal.
- Realistic time-schedule for implementing the project proposal
- Objectively verifiable indicators for project outcomes

**Sustainability:**
- Guaranteed sustainability of the project in the future
- Beneficial social, economic and environmental impacts of the project
- Possible multiplier effects of the project

**Budget and cost effectiveness:**
- Reality and transparency of the financial plan of the project proposal
- Justification of the planned budget
- Cost effectiveness of the project
- Phare CBC support – 50,000 EURO – 300,000 EURO
- Self-contribution – min. 25% of the total project value (from the public funds)
Management capacity and expertise:

- Availability of the necessary personal, technical expertise, management capacity and institutional capacity for implementation of the projects

3.5 Lessons learned
Difficulties related to implementation of similar small infrastructure funds in the previous editions of the Polish-German Phare CBC programme were mainly connected with the fact that the project preparatory stage as well as the selection and approval procedures were very time-consuming and a relatively short time was left for implementation of the subprojects approved. Many problems with the evaluation and approval process of the subprojects indicated the need for elaboration of very detailed and clear evaluation and selection criteria, interpreted in the same way by all the parties involved. Training sessions for applicants in the border region should be intensified.

4. Institutional Framework
The Implementing Authority for the Phare Cross-border Co-operation Program shall be the institution responsible for the implementation of the project (Contracting Authority). The role of the Technical Secretariats in the Voivodships will be fulfilled by the Marshal’s Offices of the Zachodniopomorskie, Lubuskie and Dolnoslaskie Voivodships.

5. Budget: (in million EUR)

<table>
<thead>
<tr>
<th>PHARE CBC 2003 financing</th>
<th>Lubuskie Voivodship</th>
<th>Zachodniopomorskie Voivodship</th>
<th>Dolnoslaskie Voivodship</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>Investment</td>
<td>IB</td>
<td>Total of PHARE CBC 2003</td>
<td>National co-financing</td>
<td>IFI</td>
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<tr>
<td>Dolnoslaskie Voivodship</td>
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<td>0,40</td>
<td>0,13</td>
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<tr>
<td>TOTAL</td>
<td>2,62</td>
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<td>2,62</td>
<td>0,88</td>
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</table>

6. Implementation Arrangements:

6.1. Implementing Agency
Implementing agency:
Phare CBC Implementing Authority
Ministry of Internal Affairs and Administration
00-522 Warsaw, 2/4 Wspólna Street, Poland
Phone: +4822 6618739
Telefax: +4822 6284722
E-mail: Phare@wwpwp.it.pl
www.wwpwp.it.pl
6.2. Twinning

*Not Applicable*

6.3. Non-standard Aspects

Projects will be selected and contracted according to the procedures and regulations set out in the “Practical Guide to Phare, Ispa & Sapard Contract Procedures”. Implementation of projects will follow the Polish procurement law, subject to the following conditions:

a) Ordinance Regulation of the Council of Ministers of December 28, 1994 on applying national preferences in conducting public procurements will not be applied.

b) All materials and resources to be used in the performance of the programme shall have their origin in the European Union countries or countries eligible for financial support from the Phare Programme and/or Cyprus, Malta, Turkey.

c) The evaluation committee report and the contract documents must be prepared only in Polish.

d) The European Commission and the Contracting Authority reserve the right to participate in all meetings of tender selection committees as voting members.

The European Commission, the European Union’s Court of Auditors and the Contracting Authority reserve the right to check, at any time, the conformity of the Phare Programme funds’ commitment and disbursement with the rules of the EU assistance to Poland.

6.4. Contracts

The provisional grant fund available is 2,62 MEUR. The exact number of contracts will be known after the selection procedure.

7. Implementation Schedule:

<table>
<thead>
<tr>
<th>Financing Memorandum</th>
<th>Publication of Call for Proposal</th>
<th>Start of project activity</th>
<th>Project Completion</th>
</tr>
</thead>
</table>

8. Equal Opportunity

The equal opportunity principles and practices shall be applied in order to ensure a fair percentage of men and women participating in the project.

9. Impact on the Natural Environment:

Environmental audits shall be prepared for individual sub-projects.

10. Rates of Return

Financial indexes shall be calculated for individual projects (FIRR).

11. Investment Criteria:

11.1. Catalytic Effect

The implementation of the project will significantly affect the development of the Polish-German border area through the expansion of the economic infrastructure. The implementation of the project is a condition of the economic development of the region in the scope of tourism,
support for production sector and small and medium business sector which is an important mainstay of the border economies.

11.2. Co-Financing
The project will be co-financed from Phare and national resources (public funds). The ratio - 75% Phare and 25% national co-financing for investment projects. This will be joint co-financing within all the contracts.

11.3. Additionality
Phare funds will supplement the funds coming from other sources. The project will in the future generate financial revenues through an indirect support for business institutions, development of economy, including tourism.

11.4. Project Readiness and Size
The Project is fully prepared for implementation. The Project shall be implemented in accordance with the principles of the Grant System. Only sub-projects which are fully ready for implementation will be financed under the grant agreements. The Phare contribution to the project is € 2,62 million and meets the minimum project size requirements.

11.5 Sustainability
The Project shall comply with the European Union standards and norms. Beneficiaries of the grant agreements shall ensure the financing operation of the Project after the agreements have been performed.

11.6 Compliance with the State’s Aid provision (public aid)
Direct support under the grant agreements shall concern public authorities. With reference to that, it will not violate the association agreement regarding the State’s aid for business entities.

12. Conditionality and sequencing
Upon execution of the Financing Memorandum concerning the implementation of the Phare CBC Poland – Germany 2001, the Implementing Authority for the Phare Cross-Border Cooperation Program (CA) shall prepare, on the basis of the “Practical Guide to Phare, ISPA, and SAPARD Contract Procedures”, detailed guidelines for the implementation of the Project to be approved by the European Commission’s Delegation in Poland.

The required attachments to the fiche:
1. Logical framework matrix
2. Implementation, contracting and disbursement schedule
## Annex 1: Logical Framework Matrix

<table>
<thead>
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<th>Date of drafting:</th>
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<td>Planning period:</td>
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<table>
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<tr>
<th>Project number:</th>
<th>Project title: Small Infrastructure Project Fund</th>
<th>Total budget of the project (EUR): 3,5 MEUR</th>
<th>Phare (EUR) : 2,62 MEUR</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Wider objective</th>
<th>Indicators of Achievement</th>
<th>Sources of verification</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>Balanced social and economic development of the Polish-German border area;</td>
<td>GNP at the level of Brandenburg/Sachsen/Mecklenburg-Vorpommern achieved after 15 years;</td>
<td>Chief Statistical Office records;</td>
<td>---------</td>
</tr>
<tr>
<td>Immediate Objectives</td>
<td>Indicators of Achievement</td>
<td>Sources of verification</td>
<td>Assumptions and Risks</td>
</tr>
<tr>
<td>(5)</td>
<td></td>
<td>(6)</td>
<td>(7)</td>
</tr>
<tr>
<td>Removal of the existing barriers and improvement of the basic conditions of the development and co-operation in the border area.</td>
<td>• Number of foreign investments in the Polish border area</td>
<td>Chief Statistical Office records</td>
<td>Poor macroeconomic situation in Poland and in the region</td>
</tr>
<tr>
<td></td>
<td>• Unemployment rate reduced</td>
<td>Voivodship Statistical Office records</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Number of new enterprises in the border area;</td>
<td>Data from Institute of Tourism</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Number of joint Polish-German business projects;</td>
<td>Data of Regional Development Agency</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Number of German tourists in the Polish border region</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Number of removed bottlenecks in economic activity</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Indicators of Achievement</th>
<th>Sources of verification</th>
<th>Assumptions and Risks</th>
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<tbody>
<tr>
<td>(9)</td>
<td></td>
<td>(10)</td>
<td>(11)</td>
</tr>
<tr>
<td>Business related infrastructure of cross border importance improved (e.g. transportation network modernised, bottlenecks in the development of small and medium businesses related to the environment infrastructure removed, centres for business development established/modernised and equipped, bike roads and tourist routes established/modernised).</td>
<td>Business related infrastructure fully operational</td>
<td>Reports of direct beneficiaries</td>
<td>Efficient implementation of the Voivodeships development strategy</td>
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</table>

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Costs</th>
<th>Assumptions and Risks</th>
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<tr>
<td>(13)</td>
<td>(14)</td>
<td>(15)</td>
<td>(16)</td>
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<tr>
<td>Creation of infrastructure necessary for proper support for SME’s in the border area;</td>
<td>The project shall be implemented according to the grant system. Expenses will be known upon identification of subprojects.</td>
<td>• Total budget: 3,5 MEUR</td>
<td>• Co-operation among public authorities ensured in the cross border region</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Phare budget: 2,62 MEUR</td>
<td>• Public resources for co-financing available</td>
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**Initial assumptions:**
- “Guidelines for Applicants” approved by the EC Delegation in Poland
### Annex 2 - 3

<table>
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<th>Small Infrastructure Project Fund</th>
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<th>Budget Allocation Cost Estimate (in MEUR)</th>
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#### Legend:
- D = design of sub-projects
- C = tendering and contracting
- I = contract implementation and payment
- * amount in MEUR growing