1. Basic Information
1.1 Desiree Number: PL01.06.01.03
1.2 Title: Technology Transfer Centre (TTC) Torun
1.3 Sector:
1.4 Location: Poland, Kujawsko-Pomorskie Voivodship, Torun

2. Objectives
1.1 Wider Objective:
To enhance the economic and social cohesion of the voivodship, through measures stimulating the development of the SME sector.

1.2 Immediate Objectives:
The objective refers to the development strategy of the Kujawsko-Pomorskie Voivodship: increase the implementation efficiency of modern solutions in economy; improving the competitiveness of SMEs; supporting the setting up and expansion of SMEs, especially those introducing technological innovations; promoting innovative attitudes, and strengthening information society.

2.3 Accession Partnership and NPAA priority:
The project responds to the medium term priority identified in the AP: development of national policy for economic and social cohesion and preparation for the implementation of regional development programmes. It also corresponds with the NPAA priority “Regional and cohesion policy”.

2.4 Contribution to the Preliminary National Development Plan:
The PNPD recognises “Strengthening development potential of regions and counteracting marginalisation of certain areas” as one of the country’s main priorities. It will be implemented by means of several measures, including the development of infrastructure of sub-regional importance. Within the framework of the project, actions to deliver technical infrastructure for SMEs development and technology transfer will be taken. The project is also in line with the Opof the Voivodship.

2.5 Cross Border Impact: not applicable.

3. Description
3.1 Background and justification:
The project of the TTC is one of the elements of a broader idea of the Technopark, developed at the Torun Regional Development Agency. Eventually, the Technopark should cover the area of over 7 ha. An agreement involving the Mayor of Torun, the Nicolaus Copernicus University and the Municipality of Torun has been signed, providing for the establishment of the Technopark. Also, negotiations with the Municipality of Torun are under way regarding the issue of the granting of the land, owned by the city, to the Torun Regional Development Agency. The aforementioned activities contributed to drawing up of the TTC concept. The area in which the TTC is to be founded is the exclusive property of the Torun Regional Development Agency (3.41 ha). Pursuant to the decisions included in the local spatial layout of the City of Torun, the areas in which the plots of land on which the project is to be located is inside the industrial area. This area has been utilised by businesses. The Torun Regional Development Agency applied to the Department of Architecture and Construction of the Municipality of Torun for a decision on the conditions for the area built up and management for the planned TTC at 167 Wloclawska Street in Torun. Currently, in the area designated for the investment projects there exists the Torunian Entrepreneurship Centre managed by the Torun Regional Development Agency where eleven enterprises are acting. Over 142,000 business entities operate in the Kujawsko-Pomorskie Voivodship. 96.5% of them are entities of predominantly or exclusively private ownership. They are normally small companies employing up to 5 staff (95% of private companies). At the same time, only 0.3% of private enterprises employ more than 100 workers. To a large extent, such enterprises have small turnovers and operate in areas that do not require considerable inputs and are not flexible in case of a slump in the market. They add little to the technological development. This situation is not favourable for the improvement of the socio-economic cohesion of the region. Simultaneously, there exists a scientific and research base in the region, whose capabilities are not utilised in the sphere of economy because of the lack of traditions of contacts between economic and scientific environments, which is coupled with the financial problems encountered by entrepreneurs. In 2000, there are 14 higher education schools (including 7 state ones) operating in the area of the Kujawsko-Pomorskie Voivodship and about 20 extramural education centres. Parallel to didactic activity, higher schools also carry out scientific and research activity. Also, there are numerous research institutions in the region that function in the
structure of the Polish Academy of Sciences. The co-operation among these centres and other home and foreign institutions is very well developed. At present, there is no institution in the Kujawsko-Pomorskie Voivodship which supports entrepreneurship in the area of technology and innovation transfer. The TTC will change this unfavourable situation by means of: support to SMEs whose activity would directly increase the innovation factor of the region using typical commercial bonds between the SME sector and the scientific and research units of the region; the pro-innovative SMEs will gain an easy access, under preference conditions, to the production, office and training premises and facilities; it will serve as a consulting and advisory body with regard to the development of business-plans, obtaining financial support, defining markets and obtaining specialized services. Support will be granted in the field of: commercialisation, patents, engineering works, and enterprise management. There will be a preference for companies whose activities are connected with the following sectors: electronics, telecommunications, natural environment protection technologies, biotechnologies, medical technologies, information transfer and conservation of old books; the TTC will promote research and development and will ensure transferring the findings to the private industry; it will provide a full research offer for the region, popularise innovative attitudes in the society, technical, technological, organisational and economical advancements, and will be the place where experiences can be exchanged among enterprises. It will increase the innovation factor and flexibility of economic entities by means of training programmes and seminars, which will be carried out on its premises and will secure access to information related to modern technologies for SMEs in the region. Its activities will be based on the cooperation with large companies, organisations as well as governmental institutions and self-government bodies. After the investment part of the project has been completed, companies to be offered areas in the TTC will be selected. Companies whose business is related the above mentioned sectors will be preferred. Detailed regulations for the support to be granted to the companies will be drawn up. They will guarantee to SMEs from our region identical access opportunities to activities and other benefits arising from the introduction and operating of the project. To ensure an efficient selection, research was carried out within the TEMPUS CME 3105 programme to identify the possibilities for ‘splinter’ companies to be set up at the Nicholaus Copernicus University in Toruń. Earlier, before the completion of the investment part of the project and the selection of companies, information shall be spread out as to the activity of the TTC, and on the manner of selecting companies, among those acting in the area of the Kujawsko-Pomorskie Voivodship, with the use of the local branch of the National Service System, Euro Info Centre, Industrial and Commercial Chambers and other organisations which unite entrepreneurs in the area of the voivodship. The above information will also appear in the regional press and media. It is assumed that after the completion of the investment part of the project, the costs of the TTC will be covered from the rent and fees paid by the SMEs for the lease of production and office premises. Additional sources of income will be: governmental projects and local sources. The Managing Board of the Kujawsko-Pomorskie Voivodship is a guarantor of durability of the project.

A serious problem for the Kujawsko-Pomorskie Voivodship, and especially for the City of Toruń, is the high rate of unemployment amongst young university graduates. The establishment and operation of the TTC will help create long-term jobs for this group of unemployed.

3.2 Linked activities:
Under the TEMPUS CME 3105 project named the "Partnership with industry and the creation of Technopark" the Toruń Regional Development Agency together with the Nicolaus Copernicus University (UMK) and some French partners developed "The Catalogue of the UMK Services and Technologies" and carried out activities to identify the possibilities for ‘splinter’ companies to be created at the Nicolaus Copernicus University in Toruń. This study confirmed the sense of setting up the TTC. Under the EXPAND project (developing international relations of the Polish universities), the Toruń Regional Development Agency has been co-operating with 14 Polish universities, the University Accreditation Commission, the Municipality of Toruń, universities from Portugal, Finland and Sweden and with a British consulting company. An Office for Development Support was set up at the Nicolaus Copernicus University to handle the economic co-operation and to be engaged in the creation of the TTC. Representatives of the Technical and Agricultural Academy in Bydgoszcz, of Bydgoszcz Academy, of University Technology Network Centre, of Bydgoszcz Council of Scientific and Technical Association Federation, of Research and Development Centre of Drive Control Devices, of Metalchem Toruń Institute of Plasic Processing, R&D Lucent Technologies and others expressed their interest in founding and operating of the TTC.

This investment is linked to other projects implemented in the region: Phare 2001: Development of Human Resources and Education, Building of the South Bypass of Toruń, ISPA: The Upgrading and Development of the Water and Sewage Management in the Area of Toruń.

3.3 Results:
Assisting and supporting pro-innovative enterprises and those implementing modern technologies by making production, office and training space available; creating of a system of co-operation among scientific and research units and enterprises in the region; creation of 140 permanent new jobs for highly qualified personnel, especially for young university graduates; creation of a training base in order to increase the competitiveness of the region's enterprises by means of professional training programmes; creation of a basis for the future establishment of the Technological Park on the plot owned by TRDA and the Municipality of Torun.

3.4 Outputs:
Infrastructure: an industrial and educational building with an area of 2490 m²; a technological building 2490m²; Provision of business advice through the SME development project which is part of the Phare 2001 programme.

3.5 Inputs:
Phare funds 2.1M€. The remaining amount of 0.9775M€ will come from national resources. The Torun Regional Development Agency makes available a building with an area of 558 m² and a plot of land with (3.41ha) which is its exclusive property and which is necessary to implement the investment project.

4. Institutional Framework
The Beneficiary of the project is the Torun Regional Development Agency. The Employer: the Torun Regional Development Agency. A Supervising Engineer will be appointed within tender procedure. Investment owner after project implementation: the Torun Regional Development Agency. The investment project will be conducted in compliance with the Decentralised Implementation System regulation ‘Practical Guide to Phare, Ispa & Sapard contract procedures’. The project implementation will not result in any changes in the institutional framework described above.

5. Detailed Budget (M€)

<table>
<thead>
<tr>
<th></th>
<th>Investment</th>
<th>IB</th>
<th>Total Phare</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
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<td>TTC</td>
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<td>0</td>
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<td>2.1</td>
<td>0.9775</td>
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</table>

Polish co-financing will be available.

6. Implementation Arrangements

6.1 Implementing Agency
PAO: Vice - Minister in the Ministry of Regional Development and Construction, Wspolna 4 St., 00-926 Warsaw, phone: +48 22 661 91 19, fax: +48 22 661 91 45.
Implementing Agency: Polish Agency for Regional Development, Zurawia 4a St., 00-503 Warsaw, Phone:+48 22 629 28 88, Fax: +48 22 627 22 46.

6.2 Twinning: not applicable

6.3 Non-standard aspects: Not applicable. DIS regulations will be followed.

6.4 Contracts:
Contract 1 (works): 2.8575M€
Contract 2 (engineer): 0.22M€

7. Implementation Schedule

7.1 Start of tendering / call for bids: I/2002
7.2 Start of activities under the project: II/2002
7.3 Project completion: III/2004

8. Equal Opportunity
The procedures followed in the project of implementation will be based on the Polish legal system, which secures equal opportunities for all the interested entities, as well as physical persons regardless of their gender, race and nationality. The involvement of men and women in the employment will be based on the EU standards concerning Equal Opportunity Employment. Special precautions will guarantee equal access opportunities with regard to activities, employment and other benefits resulting from the implementation of the project. The indexes connected with the gender will be gathered and monitored throughout the entire process of the project's implementation in order to secure proper actions which can be undertaken at the right moment of individual project stages.

9. Environmental impact
The EIA was prepared in accordance with Directive 85/337/EEC, amended by Directive 97/11/EC. The EIA is available at the beneficiary’s office. The project completed will contribute to an increase in the sanitary standards and the natural environment protection in view of the investment and its location.

10. Rates of Return
With an assumed discount rate of 3% and the life-time of 40 years, the NPV is 299.332€ and the IRR is 3.67%. The low IRR rate is a result of calculations being based on low rent for the lease of premises (a guideline of non-commercial TTC operating). The revenue from the lease of premises will also cover additional services rendered by TTC for SMEs, such as financial, legal, technical and technological counselling. Social benefits arising from incurred investment expenditures shall also be taken into consideration. They will contribute to an increased number of jobs, better competitiveness of local enterprises, better utilisation of scientific potential of the Nicholas Copernicus University, Technical and Agricultural Academy in Bydgoszcz and of other research and development units in the region. In consequence, they will increase the chances to gain capitals from various sources and to ensure the economic growth of the Kujawsko-Pomorskie Voivodship.

11. Investment criteria
11.1 Catalytic effect:
Phare support will be conducive to the achievement of economic and social cohesion goals in the Kujawsko-Pomorskie Voivodship; goals which could otherwise be attained only after a much more extended period of time and on a more modest and less efficient scale.

11.2 Co-financing:
The project demonstrates clear co-financing by the Polish partners.

11.3. Additionality:
The Phare project is not displacing other financing sources, especially from the private sector and IFI system, it is co-financing identified priorities and not taking the place of national resources.

11.4 Project readiness and size:
The project is ready for realisation. The feasibility study, the environmental impact assessments and the business plan are available at the beneficiary’s office.

11.5 Sustainability:
The project will contribute to the long-term sustainable development of the region, as described in the Voivodship OP and Innovativeness Strategy of the Voivodship. After implementation, all maintenance costs related to the investments will be covered by the beneficiary.

11.6 Compliance with state aid provisions
All aspects of the project will be developed with respect to the state aid provisions of the European Agreement.

11.7 Contribution to National Development Plan
The project is in line with the PNDP and will contribute to increased economic and social cohesion in the country and region.

12. Conditionality and sequencing
Conditionality: co-financing of project by the beneficiary, maintaining timetable, obtaining building permission before the start of tendering, all tendering, contracting, reporting and monitoring conditions met, selecting a contractor capable of proper implementing of works.

Benchmarks: Financing memorandum signed; Construction designs prepared; Obtaining building permission; Preparation of tender documentation; Resources earmarked for Phare programme co-financing reserved in the National Fund; Beneficiary contracts project activities.
### Annex 1: Logframe planning matrix for project

#### Wider Objective

**Indicators of Achievement**

- GDP per capita in the region
- Unemployment rate

**Sources of Information**

- Main Statistical Office

**Assumptions and Risks**

- Fast track growth of Polish economy; implementation of active forms of combating unemployment.

#### Immediate Objectives

**Indicators of Achievement**

- 4 enterprises taking part in the supported common research projects after 2 years; 200 small and medium enterprises availing themselves of trainings and seminars after 2 years; 15 SMEs created in the TTC after 2 years; 80% Survival rate of created SMEs after 2 years; 300 people trained after 2 years; 140 created or maintained jobs after two years

**Sources of Information**

- Experts’ reports
- Regional statistical data
- Evaluators reports

**Assumptions and Risks**

- Continuation of national policy regarding SMEs and innovation; interest and the will to co-operate on the part of SMEs; implementation of other Phare and nationally funded projects

#### Results / Outputs

**Indicators of Achievement**

- Areas made available to purposes related to business conducted by small and medium enterprises - 4824 m2; The number of enterprises taking part in the supported common research projects - 2 enterprises annually; 70 new jobs created; Number of small enterprises acting in the TTC - 8 enterprises; An industrial-educational building – 2490 m2; A technological building – 2490 m2; A modernised office building – 558 m2; Modernised and built infrastructure – 3.41 ha

**Sources of Information**

- Reports drawn up during the project's realisation period;
- Experts’ reports; Evaluator reports; Inspections and reports after the project's completion; municipal reports; TTC data

**Assumptions and Risks**

- Meeting the deadlines included in the project; interest and the will to co-operate on the part of small and middle-size enterprises and research institutions; publicity for the Centre secured

#### Activities / Inputs

- Assist and support pro-innovative enterprises and those implementing modern technologies by making available to them production, office and training space; Creating of a system of co-operation among scientific and research units and enterprises in the region; Creation of permanent new jobs for highly qualified personnel, especially for young university graduates; Creation conditions for SMEs operating in the Centre, Creation of a training base in order to increase the competitiveness of the region’s enterprises by means of professional training programmes; Creation of a basis for the establishment of the Technological Park on the plot owned by TRDA and the Municipality of Torun.

### Annex 2-4: Cumulative implementation, contracting and disbursement schedule

<table>
<thead>
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<th>Planning Period</th>
<th>Cost estimate Phare in MEURO</th>
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<table>
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<table>
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<th>Planned</th>
<th>Cost estimate Phare in MEURO</th>
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<td>III</td>
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<tr>
<td>IV</td>
<td>2.1</td>
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</tbody>
</table>

Legend: D = design of sub-projects / C = tendering and contracting / I = contract implementation and payment
Annex 5: Summary of Environmental Impact Assessment

- The Kujawsko-Pomorski Voivod; licence no 0044,
- The Minister of Environmental Protection; licence no 0918.

Area Location and Management: Torun 167 Wloclawska Street, suburban south-east industrial parts of the city. An area of 3.41 ha has been always utilized by businesses. It is characterized by antropogenic transformation. The vicinity is without environmental impact. The ‘Centre’ will have boundaries with terrains of industrial designation and functions. Protected areas of high natural and cultural values are located large distance away off the impact of the analysed location. Currently, the area of the future Centre will be utilized for warehouses, depots, wholesales and small manufacturing plants, generally indifferent to environment. There is only one company active there which should attract our attention: Ran-Wat Company, handling dangerous waste - used waste oil. The trump card of the area is its greenery which develops as ecological succession, and which shall be utilized to enhance landscape beauty.

Environmental Resources: The balance and analysis of environmental resources show their condition is generally good. Surface waters are away from undertaking’s impact. They are not forecast for use. The area is away from traffic noise of road number 1. The most fragile stock is underground water. The first water bearing level occurs in permeable forms. For these reasons as well as for the Ran-Wat Company’s activities, a test of the ground and of underground water is anticipated before the commencement of construction. Also project solutions and their implementation in the area of sewage collection, storing, treatment and taking away must take into account the protection of underground water.

Scope and Range of Environmental Impact: the assessment carried out shows that more unit impact will be revealed at the implementation phase. However, this impact is not anticipated to be harmful nor to inflict areas outside the investment project. A wide range of the Centre’s tasks, available sizes of the area, its planned utilization, and existing environmental conditions make the planners introduce limits to productional activities in the project. Generally, within production areas to be made available, activities of low level of pollutant emission shall be permitted. They are within absorptivity of individual resources.

In consequence of the fulfilment of the aforementioned conditions, the total range of the undertaking’s environmental impact both at the phase of its construction and operation will be limited to the boundaries of the terrain to which the Torun Regional Development Agency has the legal title. It is anticipated that the implementation of the investment will contribute to raised sanitary standards and better environmental protection in view of the investments and the region of their location.
Annex 6: Summary of Feasibility Study - An Assessment of Project Financing

To assess the rate of return of the project, the most frequently used discount methods of economic account were adopted:
- the net present value - NPV,
- the internal rate of return - IRR

From the calculation of the net present value with the following assumptions:
- investment expenditures spread out in a period from 2002 to 2004 at an amount of 3 077 500 EURO,
- financial result at a level of 71 758 EURO per year,
- depreciation at an amount of 83 883 EURO per year,
- discount rate of 3%,
- a period of 40 years.

NPV equal to 299 332 Euro was obtained. As to the IRR internal rate of return, the following formula of linear interpolation was applied:

\[ \text{IRR} = i_A + \frac{\text{NPV}_A - \text{NPV}_B}{\text{NPV}_A} \times (i_B - i_A) \]

\[ \text{IRR} = 3.6664\% \]

where:
- IRR: internal rate of return,
- \( i_A \): level of per cent rate where NPV>0,
- \( i_B \): level of per cent rate where NPV<0,
- \( \text{NPV}_A \): level of NPV calculated based on \( i_A \),
- \( \text{NPV}_B \): level of NPV calculated based on \( i_B \).

It was determined that for \( i_A \) the discount rate +3% NPV>0 and it amounts to 299 332 EURO, whereas for the \( i_B \) discount rate = 4% NPV<0 and it amounts to -149 870 EURO.

Then, substituting figures into the equation, the IRR was calculated at an amount of 3.6664%.

Summary:
- NPV 299 332 EURO (for a discount rate =3%)
- IRR 3,6664% with reference to the project

With the assumed finance period, the discount rate and net financial result for the individual years of business, the net present value of the project (NPV) shall amount to 299 332 EURO. The internal rate of return shall amount to 3,6664%. With the present growth in commodity and service prices together with the loan price, the internal rate of return determined does not satisfy the investor. The low IRR is a result of low prices being adopted for calculations for area lease (an assumption of a non-commercial nature of TTC). These prices are preferential when compared to the market prices in our region. The area lease revenues will be increased by additional services rendered by TTC to SMEs, such as financial, legal and technological counselling. However, this question cannot be considered exclusively in economic aspects. Social effects of the undertaken investments should be also taken into account. They will signify an increase in the number of jobs, better competitiveness of local enterprises, better use of the scientific potential of the Nicolaus Copernicus University of Torun, the Technical and Agricultural Academy of Bydgoszcz and other scientific and research institutions in our region. As a consequence, there will be more opportunities to gain capitals from various sources, and the economic potential of Torun will grow owing to the development of modern competitive companies.

The guarantee of the survival of the project is the Management of the Kujawsko-Pomorskie Voivodship. This arises from „The Development Strategy of the Kujawsko-Pomorskie Voivodship”, „The Strategy for Innovativeness in the Kujawsko-Pomorskie Voivodship” and from the majority share of the Torun Regional Development Agency owned by the Marshall’s Office. A resolution of the Province Management was adopted on this issue.