1. Basic Information
1.1 Desiree Number: PL01.06.06.03
1.2 Title: Centre for Entrepreneurship
1.3 Sector: ESC
1.4 Location: Poland, Slaskie voivodship, Cieszyn

2. Objectives
2.1 Wider objective:
The wider objective of the project is achieving greater economic and social cohesion through the leverage of the economic potentials of creativity in the Silesian region.

2.2 Immediate objectives:
The immediate objectives remain in strict alignment with the Slaskie Voivodship Operational Programme and the strategy for the development of Slaskie voivodship, which identify priorities in the area of social-economic cohesion. The immediate objectives include: Job creation in areas directly and indirectly hit by the restructuring of traditional industry; Strengthening competitiveness of SMEs in the field of product development and design; Attracting private SMEs in the business to business sector and the tourist sector in the south of the Silesian region.

2.3 Accession Partnership and NPAA priority:
The project responds to the medium term priority identified in the Accession Partnership - developing national policy for economic and social cohesion and preparing for the implementation of regional development programmes as well as Community Initiatives. It corresponds also with the NPAA priority “Regional and cohesion policy”.

2.4 Contribution to the Preliminary National Development Plan:
SMEs can play a major role in regional development. Therefore one of the priorities for the country’s cohesion policy identified in the PNPD is “Improvement of the economy’s competitiveness through modernisation and structural adjustment of industry and services”. The priority will be implemented through the measure “Development of the SME sector”. This measure shall be complemented and enhanced by the activities carried out in the regions under the priority “Strengthening development potential of regions and counteracting marginalisation of certain areas”. One of the proposed instruments is “Supporting development of small and medium enterprises” for start-ups and existing SMEs, advisory and information instruments for entrepreneurs, support for the creation of new enterprises. Next to this, within the project, modernisation and creation of SMEs’ supporting and tourism related infrastructure, in order to fully utilise entrepreneurship and tourist potential of region, will be carried out. The project is in line with the Preliminary National Development Plan and the operational programme for the Slaskie voivodship.

2.5 Cross Border Impact:
After project realisation, the centre for entrepreneurship ‘Slaski Zamek Sztuki i Przedsiębiorczości’ will be situated inside the border region with the Czech republic. Within the Euroregional context of Silesia-Cieszyn there is already co-operation between Polish and Czech institutes for several years. Activities organised in the centre will also stimulate further co-operation between SMEs in the border region, possibly resulting in the establishment of new joint ventures and the creation of new jobs in the region. The centre will for this co-operate with existing Euroregional organisations and networks. Taking into account the large regional impact of this project – going beyond cross-border impact – this project is not suitable for the Phare-CBC programme funding.

3. Description
3.1 Background and justification:
The Slaskie Voivodship is confronted with a severe restructuring process of the traditional coal and steel industry. Between 2002 and 2003, another 50 000 to 80 000 people will lose their job. On the local level this has an extreme impact on the economic texture in certain areas. In Cieszyn, between 1997 and 2000 the restructuring process led to increased unemployment by 118,7% (759 people or 4,7% in 1997 and 1,660 people or 10,9% in April 2000). SMEs in the voivodship constitute 99,97% of all enterprises and generate 62,86% of total turnover with total employment of 59,45%. The large companies are mainly state-owned or former state-owned companies in the traditional industry and public services. This means that restructuring process influence directly and indirectly the position of about 40% of the working
population in the region. The restructuring process urges for an integrative approach by governments and organisations to create conditions for new economic activities. Within the framework of this project, the Board of the Śląskie Voivodship therefore will focus on creating new business infrastructure for ‘strengthening competitiveness of SMEs and for ‘strengthening the position of the tourist sector in the south of the Silesian region’. To meet the objectives of the strategy and the operational programme, the project concerns investment in business related infrastructure (renovation and modernization of part B and C of the castle in Cieszyn and the construction of a new building in front of the castle near Zamkowa Street). The buildings will be prepared in view of new activities - the establishment of the centre for entrepreneurship ‘Śląski Zamek Sztuki i Przedsiebiorczosci’. The activities organised by the centre after project realisation aim at: strengthening competitiveness of SMEs (support of product development; attracting SMEs related to tourist services), attracting new SMEs (side activities in the neighbourhood of the Śląski Zamek Sztuki in the field of product development; tourist activity creates new dynamism) and supporting skill improvement activities (facilities for seminars and workshops, network of professional trainers available). It is the aim to create a ‘Silesian product image’ and to prepare SMEs on new market trends. These activities will be the base for new specialised services in the neighbourhood and have their effect on the establishment of new SMEs and the creation of additional jobs within five years (see attached survey concerning opportunities for business development). After project realisation, the ‘Śląski Zamek Sztuki i Przedsiebiorczosci’ in Cieszyn will be a forum and a service structure to support innovation and skill development in the field of product development and design, with attention for handcrafts, traditional profession and plastic arts in Silesia. The centre will be a bridge between vocational training and higher education on the one side and professional practise of designers, artists and SMEs in the craft sector on the other side. It will develop co-operation structures between Silesian designers, artists and SMEs to stimulate the process of creative product innovation and design. In its daily activities the centre will organise training sessions, seminars and lectures for SMEs, designers and artists on new trends and markets in the field of product development and design. The centre will cooperate for this with other institutions and organisations within the network around the Department of the Silesian University in Cieszyn, Silesian University of Ostrawa, Plastic Lyceum in Bielsko-Biała, Katowice and Częstochowa. For what concerns business related training and counselling, the centre will cooperate with members of the KSU-network (National Service System for SMEs). For young designers and artists, 5 ateliers and an individual support programme will offer an open working space to start up the first years of their career. The ateliers concern: Multimedia, Graphic arts, Ceramics, Textile and Industrial design. The fields were selected following consultation of the Department of the Silesian University in Cieszyn and individual professional artists and designers in the region. In the new building to be developed, space will be foreseen for 8 to 10 start-ups - SMEs offering business to business services related to the activities realised by the centre for entrepreneurship. A guiding programme will help young people (higher educated) to start up their business in the service sector. The Cieszyn Chamber of Commerce and Industry will be responsible for conducting surveys on the regional market’s demands for crafts/service products. The chamber will act as an intermediary between the crafts/service SMEs and the young designers. The link with the ‘Śląski Zamek Sztuki i Przedsiebiorczosci’ enables them to integrate their activities in a larger context. One of the stronger sectors in the region, with potentials to be further developed, is the tourist sector. About 15% (313.947) of the working population (2.081.582) in the Silesian Voivodship is currently employed in tourist-related services. But there are still niches to be filled in the field of: business tourism, cross-border tourism and active tourism connected with stays in mountain resorts. In analysis of companies’ needs and willingness to invest in Cieszyn, companies stated that a barrier to invest in Cieszyn is the lack of a large attraction in the tourist sector. In the framework of this project the Castle Hill in Cieszyn will be improved for tourist activities, aiming, among others, at the 2 million people crossing the Cieszyn border crossing every year. The new tourist product (a combination of historical elements of the castle, archaeological pathway, tourist information centre and shop with regional small products) – situated in a characteristic provincial border town - will be complementary to the tourist products of the green Beskidy mountain area (Ustron, Wisła, Bielsko-Biała, Żywiec, Szczyrk- mainly mountain recreation tourism). In the direct neighbourhood, this tourist product will create the conditions to attract new investors what will lead to additional jobs.

3.2 Linked activities:
The project builds further on the results achieved under several previous and ongoing Phare programmes, which have provided assistance in the creation and development of local and regional institutions and organisations supporting SMEs in the field of information, training, advice and other growth related services. Projects especially designed for the SME’s sector are: PL9004 SME sector
Import and Support Programme (SME SIP), PL9109 Private Sector Development Programme (PSD), PL9511 Support to Entrepreneurship in Poland (STEP I), PL9603 SME Export Promotion (EXPROM II), PL9610 Support to Entrepreneurship Poland II (STEP II). And other programmes with important SME related components, including: PL9111 Local Initiatives Programme (LIU), PL9207 STRUDER Programme, Phare 2000 social and economic cohesion programme including SME development project, Under the regional development programmes, the Slaskie voivodship is a beneficiary of Phare INRED (PL9706) and Special Preparatory Programme for Structural Funds (PL9808), supporting the preparation of regional development strategies and Objective I-type operational programme and establishing Regional Technology Transfer Centre. Furthermore, links with the CRAFT-programme in the Fifth Framework Programme of the European Union will be established through contacts with the Thematic Information Point on the Fifth Framework Programme in Zabrze. Under the following programmes the infrastructure supporting SME’s development were constructed: PL9207 STRUDER Programme, PL9609 RAPID Programme, PL9709 STRUDER 2 Programme, Phare 2001 ESC Programme – A model transformation of degraded post-industrial area into a zone of economic and social activity in Tychy is foreseen. For what concerns the tourist aspect, this project will be harmonised with other actions implemented within the Phare 2001 programme, more specific the Human Resources training programme. The Project will also be linked to activities performed by the government, regional government and institutions implementing and co-ordinating projects covering the areas to which the present project refers.

3.3 Results:
120 new jobs realised in SMEs involved in activities of the centre in a period of five years after project realisation, 30 new jobs realised in tourist related SMEs in a period of five years after project realisation. 10 new SMEs in the field of business to business services established in a period of five years after project realisation. 5 new SMEs in the tourist related sector established in a period of five years after project realisation. 10 new physical products developed or designed in a period of five years after project realisation. Modernised part B and C of the castle: Seminar rooms (161.40m2), 1 gallery (370.50m2), bureau + ateliers (359m2), hotel (14 beds, 320.50m2) (not financed by Phare), service room (103.60m2). New building: administrative bureau (50m2), room for counselling (30m2), room for Euregional co-operation (70m2), room for agency for regional development of the Silesia Cieszyn region (80m2), rooms for SME’s in the business to business sector (500m2), room for expositions including connecting hallways (320m2), cafeteria (30m2), meeting room (80m2), surface for technical and social elements (240m2), underground parking space (400m2). Business and counselling programme in association with and with financial support from the SME development project which is part of this Phare 2001 programme.

3.4 Outputs:
Renovation (improving the condition and attractiveness of the buildings and property in order to guarantee their function and quality over a longer period of time) and modernisation (adapting the existing constructions to the needs of the new activities that will take place in the buildings and on the property after project realisation) part B and C of the castle: Changing 146 windows and doors; Roof structure and covering, including flashing and treatment of the rafter framing: 1 010m2 roof; Construction work, brickwork, demolition work, interior plasters, painting and wall-lining: 6 950m2; Foundations and floors: 1 520m2; Outside facades: 1 730m2; Installations: water-sewerage system, central heating and hot water system, boiler house, mechanical ventilation, wiring systems, lightning protector system, gas system and gas connection, air conditioning; Hoist-lift for disabled people; Repair of retaining walls at the back of the amphitheatre, auditorium of the amphitheatre: 2 900m2; Preparing the archaeological remains for tourist visits: repairing walls, painting, brickwork: 900m2. Construction of a new building in front of the castle near Zamkowa Street of which total surface: 1 810 m2 including cellar: 650m2; ground floor (parter): 680m2 and 1st floor: 480m2.

3.5 Inputs:
Total project value: 2 666 666 EURO. Investment grant from Phare ESC 2001 programme: 2 000 000 MEURO. Domestic co-financing: 666 666 EURO

4. Institutional framework
At the regional level the Voivodship Board is responsible for regional development. In the strategy for the development of the Slaskie voivodship, strengthening the competitiveness of SMEs and supporting further development of the tourist sector are acknowledged as priorities in the social and economic cohesion process of Slaskie voivodship. The Marshal Office of the Slaskie voivodship will monitor the
activities deployed by the centre. The Beneficiaries of the project are: the city council of Cieszyn, the Voivodship Board and the Marshal Office and other institutions and organisations engaged in the implementation of the project, being SMEs, artists and designers. The Employer is: the city council of Cieszyn. Supervising engineer will be appointed within tender procedure. Investment owner after project realisation: The city council of Cieszyn (including the building part in which the hotel, the restaurant and the cafetaria will be situated). For what concerns the running of the hotel (14rooms), the restaurant and the cafetaria, the city of Cieszyn will select (a) private SME(s) through tendering. This SME(s) will pay a monthly rent to the city. For what concerns the rooms in the new building, 8 to 10 start-ups in the business to business sector will be selected within the framework of the guiding programme developed in the centre. The rent policy is integrated in the attached business plan. The project implementation will not result in any changes in the institutional framework described above. After project realisation, the city board of Cieszyn will be responsible for the daily management of the building and co-ordination and programming of activities. For this a Communal Institute will be established. Up to the moment of self-financing situation is realised (estimated: two years after start-up of the centre), the city will subsidise the operational activities of the centre for entrepreneurship. (See attached declaration of the city council)

5. Detailed Budget value in Euro

<table>
<thead>
<tr>
<th>Phare Support</th>
<th>Investment</th>
<th>Institution</th>
<th>Total Phare</th>
<th>National co-financing</th>
<th>IFIs</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>support</td>
<td>Building</td>
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<td></td>
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<tr>
<td>Total</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>1,000,000</td>
<td></td>
<td></td>
<td>3,000,000</td>
</tr>
</tbody>
</table>

Polish co-financing will be available and includes costs of hiring supervising engineer – 80 000 Euro.

6. Implementation arrangements

6.1 Implementing Agency:
PAO: Vice - Minister in the Ministry of Regional Development and Construction
Wsoplna 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 of the “Practical Guide to Phare, Ispa & Sapard contract procedures” will be closely followed.

6.4 Contracts:
The total value of the project is 2 666 666 Euro. The project will be implemented under works contract, expected value of the works contract is 2 586 666 Euro, including PHARE resources 2 000 000 EURO. Additionally the contract with Engineer which total value is 80 000 Euro financed by Polish side will be signed.

7. Implementation schedule

<table>
<thead>
<tr>
<th>Investments</th>
<th>Start of tendering / call for proposals</th>
<th>Start of project activity</th>
<th>Project completion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>01.01.2002</td>
<td>01.04.2002</td>
<td>30.09.2004</td>
</tr>
</tbody>
</table>

8. Equal opportunity
The issue of gender equality will be integrated into the project. Gender related indicators will be gathered and monitored throughout the projects implementation.

9. Environment
The environmental impact assessment has been prepared, is available at the beneficiary’s office and the summary is included as annexe 5 to this project fiche. The assessment of the “Slaski Zamek Sztuki I Przedsiebiorczosci” in Cieszyn, based on the data collected and view inspections performed, has demonstrated that the implementation of the planned investments will not be harmful for the environment. In view of the Directives Nos. 85/337/EEC and 97/11/EEC the investment will result in positive effects for the environment, people, fauna and flora. The investment undertaking is a pro-ecological investment, particularly positive for material goods, Cieszyn’s heritage and protection of nature and landscape. The impact of the modernised and constructed objects on the environment as regards the air, water and sewage management, waste management will be insignificant.
10. Rates of return
The project is analysed from the point of view of its long-term regional impact and longer-term business planning. The feasibility study is ready, available at the beneficiary’s office and the summary is included as annexe 6 to this project fiche. NPV \( (R=0.05) \) = - 2 510 788 Euro. NPV \( (R=0.12) \) = - 1 955 099 Euro. The project is not cost-effective because the centre for entrepreneurship "Slaski Zamek Sztuki i Przedsiebiorczosci that will be established is a public non-profit undertaking. The social cost-benefit analysis, taking into account the wider effects on the surrounding area of the activities deployed in the castle, justifies its effectiveness. (ENPV predicted for a period of 15 years). ENPV \( (r = 5\%) \) = 1 622 398 EURO ERR=23,97%

11. Investment criteria
11.1 Catalytic effect:
Phare support will be conducive to achieving economic and social cohesion goals in the Slaskie voivodship, which otherwise could be attained only after a much more extended period of time and on a more modest and less efficient scale.

11.2 Cofinancing:
The project is co-financed by the Polish partners, being the State budget (12.5%), the regional budget (7.5%) and city budget (5%).

11.3 Addionality:
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 contracting and disbursement, as the project will meet all conditions for cofinancing by the start of project implementation.

11.5 Sustainability:
The project will contribute to the long-term sustainable development of the region, as described in the Slaskie Voivodship Operational Programme and pointed out in the proposal of strategy for development of the Slaskie voivodship. The beneficiaries will cover future maintenance and operating costs. Costs will be financed with income from activities (participants) and in the first operational years the city of Cieszyn foresees subsidies. Between the third and the fourth year the “Slaski Zamek Sztuki i Przedsiebiorczosci” should realise self-financing situation.

11.6 Compliance with state aids provisions:
All aspects of the project were developed with respect to the state aid provisions of the Europe Agreement.
All investment projects are located outside the special economic zones.

11.7 Contribution to the Preliminary National Development Plan:
The project is in line with the Preliminary National Development Plan and as such will contribute to increase of economic and social cohesion of the country and region.

12. Conditionality and sequencing
Conditionality:
Co-funding of the project will be conditional on:

- Co-financing of project costs by regional and local authorities.
- Maintaining timetable set in program.
- All tendering, contracting, reporting and monitoring conditions met.

The objectives for the first operational year of the centre (2004) will be conditional on:

- Finishing the modernisation works and construction works as scheduled.
- Acceptance of the role of the centre by a large group of SMEs, artists and designers, securing the bearing surface for future activities upon which the economic leverage will take place.(developing network of contacts, co-operation with universities and institutes)
- Impact of tourist promotion campaigns on tourists (contacts with travel agencies, integrating offer in tourist brochures) to visit the centre and take part in activities.

Sequencing:
- Environmental impact analyses and feasibility study of both centres ready (04/2000)
- Adapted architectural study ready (01/2001)
- Construction and modernisation of the castle and the new building in Cieszyn (02/2002 – 04/2004),
- Investment in and delivering in time of equipment (02 and 03/2003 – 02/2004).
• Developing a network of contacts between SMEs, designers and artists (availability of accurate information on professional artists, designers and their activities) (02/2003 – 12/2004),
• Selecting a group of key-trainers and institutes in the region which will be involved according to the specific needs of training programs, workshops and seminars (02/2003 – 12/2004),
• Implementing the operational program of activities (01/2004 – 12/2004),
• Creating and communicating the image of the centre (02/2004 – 12/2004).
Annex 1: Logframe planning matrix for project

<table>
<thead>
<tr>
<th>Wider Objective:</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The wider objective of the project is achieving greater economic and social cohesion through development of small and medium enterprises.</td>
<td>Increasing economic growth in the region. Higher employability of the region's working population and strengthened entrepreneurship. GDP per capita, Unemployment rate.</td>
<td>Progress report on the implementation of PNPD. Progress report on Poland's application for membership.</td>
<td>General growth rate and social and economic development maintained. Stabilised situation on regional labour market maintained</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Immediate objectives</th>
<th>Indicators of Achievement</th>
<th>Source of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job creation in areas directly and indirectly hit by the restructuring of traditional industry, Strengthening competitiveness of SME's in the field of product development and design, Attracting private SMEs in the business to business sector and the tourist sector in the south of the Silesian region.</td>
<td>120 new jobs realised in SMEs involved in activities of the centre in a period of five years after project realisation. 30 new jobs realised in tourist related SMEs in a period of five years after project realisation. 9 people employed in the centre in the first year after project realisation. 10 new SMEs in the field of business to business services established in a period of five years after project realisation. 10 new physical products developed or designed in a period of five years after project realisation. 48 000 tourists on the castle hill in Cieszyn in the first year of operation (37 000 tourists in 1999).</td>
<td>Results of the final and ex-post project evaluation Training evaluation Reports of institutions involved Reports on audits at the beneficiary institutions Project progress reports Information from city of Cieszyn on additional economic activities in the neighbourhood of the centres</td>
<td>Effective co-operation of institutions and organisations engaged in the implementation of the project. High degree of activity and motivation of project beneficiaries in the implementation of newly acquired skills. Voivodship authorities strongly determined to support development of the cultural and tourist sector.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results/Outputs</th>
<th>Indicators of Achievement</th>
<th>Source of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernising part B and C of the castle for tourist purposes and for SME development and promotion.</td>
<td>Part B and C of the castle: Seminar rooms (161.40m²), 1 gallery (370.50m²), bureau + ateliers (359m²), service room (103.60m²). New building: administrative bureau (50m²), room for counselling (30m²), room for Euregional co-operation (70m²), room for agency for regional development of the Silesia Cieszyn region (80m²), rooms for SMEs in the business to business sector (500m²)</td>
<td>Reports and training materials Project progress reports Periodic and final evaluation reports</td>
<td>Acceptation by the target groups of the concept offered by centres. Active participation in the project by target groups. Effective co-operation among institutions involved in the project and working in the same field. Willingness of project beneficiaries to apply skills acquired under the project.</td>
</tr>
</tbody>
</table>

Activities/Inputs

Modernisation and revitalisation of the Cieszyn castle and construction of the new building near Zamkowa Street
Investment valued 2,666,666 Euro (including 2,000,000 Euro of Phare ESC 2001 programme).
### Annex 2-4: Cumulative implementation, contracting and disbursement schedule

<table>
<thead>
<tr>
<th>Implementation</th>
<th>Contracting</th>
<th>Disbursement</th>
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</thead>
<tbody>
<tr>
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<td>0.10</td>
</tr>
<tr>
<td>I 02</td>
<td>I</td>
<td>0.35</td>
</tr>
<tr>
<td>II 02</td>
<td>I</td>
<td>0.50</td>
</tr>
<tr>
<td>III 02</td>
<td>I</td>
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<tr>
<td>IV 02</td>
<td>I</td>
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<tr>
<td>I 03</td>
<td>I</td>
<td>1.10</td>
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<td>III 03</td>
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<td>II 04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>III 04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV 04</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Date of drafting:** August 2000

**Planning period:** 2002-2004

**Budget cost estimate Phare in MEURO**
Annexe 5 - Summary of environmental impact assessment for the project: ‘Slaski Zamek Sztuki i Przedsiebiorczosci ’ in Cieszyn

1. Environmental impact assessment of the project of the planned investment consisting modernisation of the existing object, construction of a new object near Zamkowa Street and creating the “Slaski Zamek Sztuki i Przedsiebiorczosci” in Cieszyn, was prepared by the Environmental Engineering Team of the Central Mining Institute in Katowice.

2. The assessment was made in conformity with requirements defined in Directives 85/337/EEC and 97/11/EC. On the basis of a view inspection made at the site of the planned investment and the technical information on its scope as well as the literature information, the whole of possible influence on the environment resulting from the execution and utilisation of the planned investment in Cieszyn was analysed.

3. On the basis of the data collected, it can be assumed that the planned investment will influence the environment in a minor degree. It was stated that:
   • operation of the centre and the increased number of visitors will result in an increased quantity of sewage and wastes to be neutralised by city services,
   • as regards the air pollutants emission, the object will be equipped with a modernised heating system based on oil or gas and thus air pollutants emission will be reduced to minimum,
   • execution of the planned modernisation and construction of the new building will not affect significantly the acoustic climate of the surroundings.

4. The location of the „the “Slaski Zamek Sztuki i Przedsiebiorczosci” in Cieszyn is in accordance with the development plan for the zone and adjacent grounds.

5. Due to the type of the activity the “the “Slaski Zamek Sztuki i Przedsiebiorczosci” will not be burdensome for the environment.

6. Locating the investment in Cieszyn is additionally justified by social reasons connected with a broader access to the service market and the possibility of employing women and, which is particularly important, the current trends in the labour market in the commune of Cieszyn.

7. The project execution will enable to restore historical values, safeguarding the Cieszyn heritage against further deterioration and prompting the economic and social activity, particularly in fields of SME- services and tourism with a pivot of “the “Slaski Zamek Sztuki i Przedsiebiorczosci” in Cieszyn

Annex 6 - Summary of feasibility study for the project:“Slaski Zamek Sztuki i Przedsiebiorczosci” in Cieszyn

1. Feasibility study for the project:“Slaski Zamek Sztuki i Przedsiebiorczosci” in Cieszyn prepared by Central Mining Institute in Katowice in August 2000

2. Aim of the investment concerned in the project:
   • Job creation in areas directly and indirectly hit by the restructuring of traditional industry,
   • Strengthening competitiveness of SME’s in the field of product development and design,
   • Attracting private SME’s in the business to business sector and the tourist sector in the south of the Silesian region.

3. The investment concerns:
   The modernisation and renovation of part ‘B’ and part ‘C’ of the Piast Castle in Cieszyn to adapt the building to the new activities in the field of SME’s services and tourism to be deployed by the “Slaski Zamek Sztuki i Przedsiebiorczosci”. It concerns: Changing 146 windows and doors; Roof structure and covering, including flashing and treatment of the rafter framing: 1 010m2 roof; Construction work, brickwork, demolition work, interior plasters, painting and wall-lining: 6 950m2; Foundations and floors: 1 520m2; Outside facades: 1 730m2; Installations: water-sewerage system, central heating and hot water system, boiler house, mechanical ventilation, wiring systems, lightning protector system, gas system and gas connection, air conditioning; Hoist-lift for disabled people; Repair of retaining walls at the back of the amphitheatre, auditorium of the amphitheatre: 2 900m2; Preparing the archaeological remains for tourist visits: repairing walls, painting, brickwork: 900m2.
   The construction of a new building in front of the castle near Zamkowa street of which total surface: 1 810 m2 including cellar: 650m2; ground floor (parter): 680m2 and 1st floor: 480m2.

4. Financial conclusions: NPV ($R=0.05$) = - 2 510 788 Euro, NPV ($R=0.12$) = - 1 955 099 Euro
   The project is not cost-effective because the Silesian Castle of Arts, which will be established in the castle in Cieszyn, is a public non-profit undertaking. The social cost-benefit analysis, taking into...
account the wider effects on the surrounding area of the activities deployed in the palace, justifies its effectiveness.

5. Cost-benefit analysis: \( \text{ENPV} (r = 5\%) = 1\,622\,398\,\text{EURO} \) and \( \text{ERR}=23,97\% \) (over a period of 15 years)

6. Project impact on employment:
   - Direct employment in the Silesian Castle of Arts: 9 persons
   - Employment related to direct services to the Castle: 24 persons
   - Employment related to occasional co-operation between institutes and the Castle: 5 persons
   - Employment effect in SME’s in the business to business sector and the tourist sector: 150 persons

7. Preparatory works:
   - Feasibility study – December 2000
   - Financial analysis and cost-benefit analysis – December 2000

8. Conclusion: To summarise, one shall state that the planned investment project consisting in modernisation of the Piast Castle, construction of the building near Zamkowa Street and its commissioning to the local society generates a positive balance of social benefits for the local and the regional society. For this reason the Central Mining Institute recommend the project to be realised.