1. Basic information
1.1. CRIS Number: 2002/000-580-06.02
1.2. Title: SME and Innovation sectoral programme
1.3. Sector:
1.4. Location: This sectoral project will be implemented in all of the 16 regions of Poland.

2. Objectives
2.1. Wider objective:
The wider objective of the project is to better meet national economic and social cohesion targets with respect to the competitiveness of the economy, through structural adjustment and modernisation of manufacturing and services.

2.2. Immediate objectives:
- Increased competitiveness of the SME sector.
- Increased capacity for innovation in manufacturing and services.
- Increased creation of jobs outside of industrial sectors, which are under decline and restructuring.

2.3. Accession Partnership and NPAA Priority
The project addresses the Accession Partnership priority in economic and social cohesion, specifically with respect to the preparation of Poland for the implementation of regional programmes and Community initiatives. As an SME development project it also directly addresses the issues noted in the AP in the areas of economic criteria and internal market priorities with respect to the sector. It constitutes an important component of the policies aimed at the improved competitiveness and EU market access readiness of the Polish economy, especially in the context of increasing its capacity for innovation.

The project’s design is fully harmonised with earlier actions undertaken under the NPAA priorities:
- creating conditions for the growth of the competitiveness, exports and investment outlays of the SME sector;
- establishment of a legal and institutional framework and mechanisms for programming, monitoring and controlling the regional and cohesion policy in compliance with Community requirements.

2.4. Contribution to the Preliminary National Development Plan
The updated Preliminary National Development Plan points to the main areas of intervention from the national and regional perspectives. The PNDP lists among the goals and priorities of the social and economic cohesion policy the national level priority of improving the competitiveness of the economy through the modernisation and structural adjustment of manufacturing and services. This priority will be reached through the development of SMEs; increased capacity for innovation and increased competitiveness of restructured industries. These objectives form the backbone around which the sectoral operational programme for the economy will be structured and as such have also been directly reflected in this project fiche.

The PNDP confirms SME support instruments as a basis for the sectoral programme. In the area of SMEs it lists three objectives - of increased competitiveness, export orientation and capacity for investments.

In the area of building capacity for innovation the PNDP points to the objectives of increasing the effectiveness of implementing modern solutions in the economy, and of facilitating shifts in the manufacturing sector towards sustainable patterns and models of growth.
The project will also indirectly contribute towards attaining the PNDP priority of continued restructuring towards competitiveness of traditional industries, through stimulating new business activities and the creation of jobs outside of those industries. In its capacity to create quality jobs and safeguard workplaces in the SME sector it thus supports the implementation of important aspects of the PNDPs approach to employment.

3. Description
3.1. Background and justification:
Poland’s efforts to regain the momentum for development, growth and change are strictly intertwined with the ongoing EU accession process. Poland must reach higher growth rates if it is to re-enter and continue the process of bridging existing gaps with EU member countries. The objectives and priorities of the social and economic cohesion policy require a major effort on the part of the public sector, which through targeted interventions must support the restructuring processes necessary for Poland’s successful accession to the EU. The main issues include the need for the continued restructuring and privatisation of major industrial sectors (including coal, steel and defence industry), with a corresponding increase in the creation of new and sustainable jobs, and upgrading of the quality of human resources and technologies in the SME sector.
The development of the SME sector has been identified from the national perspective as a key measure for attaining social and economic cohesion goals. However as around 1999 the economy began to slow down, so did growth in the SME sector. SME input into GDP grew at a slower rate, as did the number of registered businesses. For the first time since the beginning of the transformation the numbers of people employed in small enterprises decreased, while growth in employment in medium sized businesses could be attributed mainly to downsizing of previously large enterprises. If further economic growth is to be based on a vibrant and competitive SME sector, then it became clear that a much stronger effort would be needed in creating conditions conducive for the development of the sector.
The social and economic cohesion policy as defined in the PNDP points to three immediate priorities within the areas covered by the future sectoral operational programme for the competitiveness of the economy. This project is structured so as to respond to these priorities.
The first priority directly addresses the need to support the development of the SME sector, as a modern and competitive alternative to declining industries, and as such is a key rationale for the project.
The second priority points to the identified need to increase the capacity for innovation of the economy, and within this project this need is addressed through the deliberate targeting of new and innovative sectors of manufacturing and services in which SMEs operate or business start-ups should be facilitated.
The third priority points to the need to continue the restructuring process in the coal, steel and defence industries, so as to create the conditions for upgrading the competitiveness of these industries. Within the scope of this project the priority will be addressed indirectly, through the creation of jobs outside of the industrial sectors undergoing restructuring, thereby facilitating the difficult process of decreasing employment and helping to alleviate some of the regionally concentrated economic and social costs of the restructuring.
The national level priority areas for intervention in the productive sector therefore include foremost support for the development of small and medium sized enterprises, starting or upgrading their activities in quality and technology driven sectors, with special significance for the competitiveness of the national economy; and actions aimed specifically at increasing innovation.
As nationally defined priority areas, they are therefore addressed through measures, which will be available to eligible SMEs throughout the whole country. These measures include therefore foremost support in updating the technology base of SMEs, introducing higher quality standards, and brokering larger scale investor financing for high-growth SMEs. In the area of increasing innovation the measures involve the piloting of a “hand-holding” approach, whereby innovative business projects are developed from the “idea” stage to full-fledged
business operations; and developing access of SMEs to a selection of high value added innovative business services.

Further measures have been defined for action under Phare 2002, which have been designed to help address regionally defined priority areas, focusing on speeding up the process of restructuring the regional economies, especially through job creation in the SME sector. Those measures have been therefore included in a separate, regionally programmed project fiche.

3.2. Linked activities:
The project is directly linked with previous and ongoing Phare programmes in the SME, research and technology and HRD sectors, including:
- PL9004 SME Sector Import and Support Programme (SME SIP);
- PL9109 Private Sector Development Programme (PSD);
- PL9209 Reform Programme for the Science and Technology Sector SCI-TECH I;
- PL9511 Support to Entrepreneurship in Poland (STEP I);
- PL9610 Support to Entrepreneurship in Poland II (STEP II);
- PL9603 SME Exports Promotion (EXPROM II);
- PL9611 SCI-TECH II;
- PL0003.07 National SME Development;
- PL0003.12 Export Development;
- PL01.06.09.02 Promotion of SME Development;
- PL01.06.09.01 Promotion of Employment and Human Resources Development
- SME Financing Facility.

It is also important to note the complementary activities under the planned diversification of economic activities in rural areas component of the SAPARD Programme. Two of the SAPARD measures are currently being tested by PAED under the PL9909.01 programme, being the “supporting additional sources of sustainable income for farms” and “job creation for rural dwellers” actions.

Within the Phare 2000 and 2001 projects a coherent and harmonised approach has been developed to implement actions for the SME sector at both the national and regional levels. This approach includes the further development of the National SME Support System, as a system of institutions and instruments, through which support is channelled to SMEs throughout the country.

An important element in the Phare 2002 exercise is the inclusion of two SME projects – involving national sectoral schemes (as described in this project fiche), and regional schemes (subject of a second project fiche). The instruments have been selected at the national and regional levels from the list of instruments identified as priority supports to the sector by the Ministry of Economy. At the national level this menu is targeted mainly at the higher growth SMEs and business projects involving technologically advanced solutions and innovations. At the regional level the instruments have been designed to provide a wide coverage of general business and export development supports, and to increase the regional availability of financial instruments appropriate to the various stages of growth of SMEs, mainly to facilitate alternative job creation.

The core institutions include the Polish Agency for Enterprise Development (with the merger with the Technology Agency planned before mid-2002) at the national level, and selected and audited Regional Financial Institutions (acting as Agency “windows”) at the regional level, working in co-operation with accredited Business Support Organisations and consultants.

In the area of research, technology and innovation significant results have been achieved in creating institutional capacities for technology transfer and innovation/new technology based business development. A key element has been the National Innovation Support System and EU supported Centres of Excellence and Innovation Relay Centres.
These networks will be more fully linked and harmonised under the current project, so as to provide to SMEs integrated support packages, allowing them to better operate on internationalising markets and under tough competitive pressures. It is planned that the “Accessing Innovative Services” scheme will be implemented in co-operation with the UNIDO supported project for the establishment of a Central and Eastern European manufacturing e-productivity and quality centre in Poland.

3.3. Results:
Through the project the following results will be attained:
- Increased investments in SMEs
- Increased productivity and quality in SMEs
- Increased SMEs participation in innovative sectors
- New and safeguarded jobs in SMEs

These results will be measured against the following estimated key project outputs (solely through Phare funding, unless otherwise noted):
- 100 recipient SMEs developing plans and strategic development programmes using modern technologies;
- 80-100 recipient SMEs (using business plans developed under current projects or earlier interventions) investing in the introduction of modern technologies and machines;
- 300 recipient SMEs introducing and/or certifying quality systems necessary for competitiveness and international business operations;
- 50 recipient SMEs gaining advisory assistance in developing and expanding their operations through accessing external financing and strategic partnerships;
- 40 beneficiaries gaining enhanced business acumen and developing new business activities based on innovations;
- 50 innovation based businesses (using technology audits developed under current or earlier interventions) with grant-aided higher investments at start-up;
- 30 fully operational innovation based businesses financing growth through loans;
- 50 SMEs availing of IT based services enhancing their productivity and quality.
- 1.400 (800 Phare financed and 600 Polish financed) new jobs created and 2.000 safeguarded in the SME sector and outside of industries undergoing restructuring.

Job creation estimates have been based on the following assumptions:
- direct job creation - on the basis of the average of 1 job created per 10,000 euro in investments and financial support;
- support in creation or safeguarding of jobs – on the basis of an estimation of increased external financing, competitiveness and resulting business growth / business sustainability among advisory support clients, based on earlier results (client surveys) of employment growth in 35% of those clients and employment sustainability in 51%, and then related to average SME client size (in terms of employment).

3.4. Activities:
The project will involve the following activities:

3.4.1. Grant schemes – National SME Development Instruments
Targeted training, advisory, information and financial instruments will be provided to SMEs through the Agency and its selected “windows”, in key SME development priorities, identified in Government policy for national level action. Under Phare 2002 this will include the following instruments:
- “Access to Technology for Business Development” (including investment grants)
- “Introduction to Quality”
- “Financing for Growth”
These instruments will be provided in the form of an appropriate mix of services and assistance to SMEs. Beneficiaries will in principle receive grants helping to cover individual company costs of business development projects, defined as eligible under the specific schemes.

- **“Access to Technology for Business Development” scheme.**
  Consulting grants. This instrument has been introduced under Phare 2000. It involves a package of strategic planning and new technology introduction consulting and training support for eligible existing SMEs in the process of updating their products, machinery, equipment, hardware and software. The grant involves the co-financing of consulting costs related to: the introduction of strategic planning and company development plans based on modern (acquired or developed) technology and machines. These may include technology audits; technology and business development planning; introduction of technology transferred to the SME; introduction of innovative in-house technological solutions; industrial design, industrial property; solutions increasing productivity; implementation of environment-friendly solutions. Grants - on average between 1,500 to 10,000 euro and covering up to 60% of the costs of these services - will be provided from public funding (75% of planned SME clients will be supported by Phare, 25% from Polish sources).

  Investment grants. Under the second phase of the scheme the companies availing of the consulting support, with well-developed projects involving the introduction of acquired or developed technologies and machinery, will be able to access additional financial support. This financial support will be financed 75% from Phare and 25% from Polish public financing. The investment grant will cover costs related to projects, co-financed from bank credits and financial institutions, and involving investment projects dealing directly with the introduction of modern technological solutions and machinery. Grants will be provided up to a maximum 25% of the total costs of the investment project, remaining within the range of from a minimum of 30,000 euro to a maximum level of 100,000 euro, with the remaining 75% of project costs provided by the SME.

- **“Introduction to Quality” scheme**
  Consulting grants. This instrument has been introduced under the Phare 2000 national project and under the Polish budget funded national SME policy (Decree of the Minister of Economy of May 21, 2001 on the conditions and procedures for PAED grant aids). Information, consulting and training, and audit services will be co-financed at the individual company level. This financing will be provided towards covering the certification and other costs related to the formal process of introducing quality control and standards systems within companies, of relevance to the competitive participation in selected markets, and especially ISO series certifications, quality management (quality, environment, work hygiene and safety management, management systems in laboratories, management systems in industrial sectors, directives of the New Approach of EU, Total Quality Management (TQM), European Foundation Quality Model – EFQM; implementation of selected quality tools - for example quality costs, work organisation, statistical methods in quality control); preparation for conformity assessment; evaluation of conformity of products with EU directives, CE marking of products (giving access to EU markets); development and implementation of specific quality systems in the following sectors of industry: motorization, food, medical, aviation, telecommunication, transport of dangerous substances; improvement of management systems after certification, certification costs in the conformity certification for products, raw materials, engines and devices, monitoring and measuring devices, and staff; certification and confirmation of technical documentation by notified institutions; certification of quality systems specific for some industry sectors. Services will be provided by long-listed consultants; notified institutions; consultants outside of the long-list in cases in which the grant is conditional.
on the SME attaining the eligible certification. 75% of planned SME beneficiaries will be supported by Phare, 25% from Polish sources. Grants will cover:

- Consulting and training services involved in introducing long-listed certifiable quality systems - up to 50% of the costs of these services from public funding, up to a maximum grant of 5,000 euro for small businesses and 6,000 euro for medium sized enterprises.
- Certification costs – up to 50% of the audits’ costs, but no more than 1,600 euro per small business and 3,200 euro per medium sized enterprise.

- “Financing for Growth”
  Consulting grants. This new instrument will specifically target the medium enterprise and fast-growing small enterprise sectors, helping to address the identified gap in accessing development and expansion financing, and providing top level financial consulting and auditing services, unavailable under the other measures. Through the measure eligible SME projects will be supported by consultants in identifying the most appropriate external financing sources for development and opportunities for strategic partnerships, and in obtaining the best available packaging of the financing. The service providers contracted by the SME and co-financed through the measure will support the beneficiary in the process of developing appropriate strategies and in the practical process of negotiating solutions with financial institutions and investors. These consulting grants will cover up to 60% of the costs of all the advisory services involved, provided to the eligible SMEs by the accredited consultants, with the total project grant of maximum 15,000 euro per company. 75% of planned SME beneficiaries will be supported by Phare, 25% from Polish sources.

3.4.2. Innovation Support Schemes
Two schemes supporting the development of businesses based on innovations and the growth of productivity and quality through better access to the most modern IT based solutions will be implemented under this component:

- “Paths from Innovation to Business” (including investment grants and loans)
- “Accessing Innovative Services”

- “Paths from Innovation to Business”
  This scheme has been developed based on the experiences of previous Phare funded programmes in the area of developing new innovation based businesses, and creating linkages between research and development institutions and business projects. Under those programmes a number of projects have been developed through the research and development, and technological audit phases (over 100 projects). Through the new scheme these – and newly developed – projects will be able to avail of a specific support package, tailor made to respond to the specific needs of innovation-based business development from idea to full-fledged business operations. Though modelled as an integrated “path”, beneficiaries will be able to access support at those points on the path, which are appropriate from the point of view of the stage of development of their particular business projects.

Consulting grants. The grants will involve the co-financing of consulting costs related to assistance in the management of the innovation-based company in its start-up phase and/or ad hoc counselling after start of operations. Specifically the consulting services will target areas of business acumen lacking in the teams involved in initial development of the innovative project, and then established as the new business management teams. Key issues will involve understanding business in the SME sector, management processes, marketing. Grants - on average between 3,000 to 30,000 euro and covering up to 90% of the costs of these services as business operations are registered and started, and 60% of the costs of these services for existing businesses - will be provided from public funding (75% of planned SME clients will be supported by Phare, 25% from Polish sources).
Financial support. Under the second and third phase of the scheme the companies availing of the consulting support, with well-developed projects involving introduction of innovation, the results of R&D and new technologies, will be able to access additional financial support in the form of the following instruments. Financial support will be financed from Phare and from Polish public financing under the following conditions:

- **Investment grants** - the investment grant will be provided at the start-up phase (but after registration) and will help to cover costs related to the projects, co-financed from bank credits or financial institutions, and involving investment projects dealing directly with the introduction of new technologies and innovations (as in the near future will be most probably defined under pending legislation). Grants will be provided up to a maximum 25% of the costs, remaining within the range of from a minimum of 5,000 euro to a maximum level of 75,000 euro, with the remaining 75% of project costs provided by the beneficiary from own resources and financial institutions (banks, others). In this instrument the public sector contribution will be 100% Phare financed.

- **Loans** – these loans will be provided to supported SMEs under the third stage of project implementation, upon reaching full operations. These loans can be further enhanced through co-financing from bank credits and financial institutions. Loans will be provided to cover up to a maximum 40% of the project costs, with a maximum five-year loan repayment period, including a maximum 2 year grace period on repayments. Maximum loan size will be 250,000 euro. This is a continuation of an existing scheme implemented initially in the Technology Agency (over the period 1997-2001 disbursing 38,214,000 PLN or over to 10,500,000 EUR for 75 projects, and covering 11.77% of total project costs), and continued in the project period by the Polish Agency for Enterprise Development. Loan repayments will feed into the revolving loan facility, operated under the same regulations as the initial loan fund. In this case the public sector contribution will be 100% Polish financed.

- **“Accessing Innovative Services”**

Innovative services co-financing grants. This scheme involves the co-financing of SME costs related to the procurement of specific productivity and quality enhancing services, which are in themselves based on innovative solutions (and often IT based). These innovative services are available through a variety of technologically advanced service providers, who will be accredited to the scheme. These services will include: Lean Manufacturing; Rapid Prototyping; IT Solutions for Logistics; IT Solutions for Quality; Integrated Environmental Technology; Application Specific Integrated Circuits. Eligible services will include actual “product” development and its introduction in the SME, and any associated training and consulting required in the beneficiary SME. Grants will cover up to a maximum 60% of the eligible costs of the provision of these services, but will never exceed 15,000 euro per beneficiary.

4. **Institutional Framework**

The project will be implemented under the auspices of the Ministry of Economy, which is responsible for the SME sector. All activities directly supporting SMEs will take place under the integrated approach of the National SME Support System, as developed under the terms of the Phare 2000 and 2001 SME projects, through the Polish Agency for Enterprise Development. Under the overall framework of the National SME Support System, the National Innovation Support System standards will be further developed as one of the building blocks of the wider support system. Direct services to SMEs will be provided by long-listed service providers, selected on a case by case basis by the beneficiary SMEs from the long-lists managed by the Agency and the RFIs. There will be one long-list per measure. The long-lists for SME specific measures include as eligible service providers mainly accredited Business Support Organisations and private sector consultants. For innovation measures similar long-lists will be established involving such organisations as the Centre for Innovation Fire, Centres of Excellence,
research and development institutes, Innovation Relay Centres, innovative services providers and accredited private sector consultants.

5. Detailed Budget

<table>
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<tr>
<th>Investment</th>
<th>Institution Building</th>
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<td>6.5</td>
<td>2.17**</td>
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<td>2.00*</td>
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<td>0.5</td>
<td>0.17*</td>
<td>0.45**</td>
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<td>Total</td>
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<td>11.00</td>
<td>7.21*</td>
<td>38.66**</td>
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</tbody>
</table>

* Polish public sector co-financing will be available
** Polish private sector co-financing (estimated)

6. Implementation arrangements

6.1. Implementing Agency:
The Regional Financing Institutions will, as intermediaries to PAED, be responsible for the technical management of day to day supervision, approval of progress reports and their acceptance, monitoring and verification of invoices for the IA. The implementation of the project will take place within the overall SME support implementation framework established under the Phare 2000 and 2001 SME projects, and involving the audited Regional Financing Institutions.

Accreditation of service providers will take place for each measure, with service providers being long-listed after accreditation, with one long-list for each measure. The long-listed service providers will include Business Support Organisations and consultants, Centre for Innovation FIRE (after accreditation), Centres of Excellence, research and development institutes, Innovation Relay Centres and innovative services providers.

This involves that the IA (PAED with the support of the intermediaries - RIFs (its regional “windows”) - will enter into a grant agreement with the beneficiary SMEs. The RFIs will be responsible for recruiting and identifying eligible SMEs and providing to the SME beneficiary the “first contact” counselling. This counselling will lead to the full definition of the particular SMEs needs, selection of the most appropriate measure from the long-list available through the system, development of project specifications, and to the signing of the agreement by the SME with the IA for the grant or loan co-financing of eligible costs. All grants/loans will
require financing directly from the IA, on the basis of the recommendation of the intermediary.
The SME will be responsible for selecting the service provider from the accreditation list of consultants, Business Support Organisations, Centre for Innovation FIRE, Centres of Excellence, research and development institutes, Innovation Relay Centres and accredited innovative services providers, maintained by the IA and co-managed by the RIFs. The appropriate consultants will thus be accessed (selected) by the beneficiary SMEs for the required expertise on a project by project basis through the RIFs. The grant schemes will be implemented by PAED under EDIS.

6.2. Twinning: Not applicable.
6.3. Non-standard aspects:
N.A.
6.4. Contracts
In all it is estimated that through the contracts the IA (PAED through its “windows”) will enter into an estimated 700 financial support agreements with participating SMEs.

7. Implementation schedule:

<table>
<thead>
<tr>
<th>TORs/project specs ready</th>
<th>Start contracting</th>
<th>Start of project activity</th>
<th>Completion</th>
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<tr>
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<td>01.04.2003</td>
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<td>2. Introduction to Quality</td>
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<td>01.01.2003</td>
<td>01.04.2003</td>
</tr>
<tr>
<td>3. Financing for Growth</td>
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<td>01.01.2003</td>
<td>01.04.2003</td>
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<tr>
<td>4. Paths from Innovation to Business</td>
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<td>01.01.2003</td>
<td>01.04.2003</td>
</tr>
<tr>
<td>5. Accessing IT Services</td>
<td>01.10.2002</td>
<td>01.01.2003</td>
<td>01.04.2003</td>
</tr>
</tbody>
</table>

8. Equal opportunity
The project will involve in all phases of its implementation specific provisions for guaranteeing equal opportunity of access to activities and benefits resulting from its implementation. Gender related indicators will be gathered and monitored throughout the projects implementation to ensure that corrective steps can be taken at an appropriate moment in the projects life cycle.

9. Environment
All business development projects supported under the project will be scrutinised during the appraisal procedure from the point of view of environment related hazards and protection regulations. Only environmentally friendly or neutral projects will be thus supported; as well as projects directly introducing new, environmentally friendly or neutral technologies, products and procedures.

10. Rates of return
All business projects supported under the schemes will be analysed under due diligence from the point of view of their sustainability and longer term business planning; only projects clearly demonstrating market competitive rates of return will receive support.

11. Investment criteria
11.1. Catalytic:
Phare support will through support to the SME sector development facilitate restructuring and modernisation of the economy, which otherwise would take place over a much more extended period of time and on a more modest and less efficient scale.
11.2. Co-financing:
The project is co-financed 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 and not taking the place of the national policy.

11.4. Project readiness and size:
The project is ready for contracting and disbursement.

11.5. Sustainability:
The project will contribute to the creation of viable national solutions beyond the date of accession and the measures involved will be continued over the next years in line with Poland’s SME, employment promotion and social and economic cohesion policies. Sustainability of the national and regional institutions involved will be ensured due to the fact, that the project will utilise the services of organisations with a long term track record in SME development, using varied financing sources and proving long term viability in the selection process through appropriate business planning documents.

Sustainability of the instruments proposed under the project will be achieved through their gradual development and dissemination as well developed and ready made support packages for SMEs within the developing national scheme, for future financing among others under the Structural Funds.

11.6. Competition
All aspects of the project will be developed with respect to the competition provisions of the Europe Agreement.

11.7. Contribution to the Preliminary National Development Plan
The project directly targets selected socio-economic cohesion objectives defined in the updated PNDP for the period till 2003 under the priorities of increasing the competitiveness of the economy (improvement of the economy’s competitiveness through modernisation and structural adjustment of industry and services) through continued restructuring; development of the SME sector; facilitating innovations and use of new technology.

12. Conditionality and sequencing
12.1. Funding will be conditional on:
- co-financing of project costs through Polish public financing and participating SMEs;
- merger of PAED and Technology Agency completed before end of 2002;
- RFIs maintaining national SME support system standards in support provision;
- maintaining linkages with the timetables set in Government SME, employment and social and economic cohesion policies.

12.2. Milestones (benchmarks):
The key benchmarks during project implementation will include:
- decision of Phare Management Committee reached by end-2002;
- Financing Memorandum signed by end of December 2002;
- activities start in April 2003;
- SMEs uptake of supports maintained at steady level throughout second half of 2003, so that full participation reached by mid 2004;
## LOGFRAME PLANNING MATRIX FOR PROJECT

<table>
<thead>
<tr>
<th>Date</th>
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<td>Period</td>
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</table>

### Wider Objective

The wider objective of the project is to better meet national economic and social cohesion targets with respect to the competitiveness of the economy, through structural adjustment and modernisation of manufacturing and services.

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitiveness of productive sector</td>
<td>Comparative statistical data</td>
<td>SME development and innovation promotion established as key focuses of Government socio-economic policy.</td>
</tr>
<tr>
<td>Competitiveness of services sector</td>
<td>Central and regional government documents</td>
<td>Government policy for SMEs implemented in a timely and efficient manner, including operational functioning of Agency Polish budget and other financing available in full programme period. Sustained growth of economy.</td>
</tr>
<tr>
<td>SME contribution to GDP</td>
<td>National Report on the State of the Sector</td>
<td></td>
</tr>
<tr>
<td>Employment in SMEs and outside of sectors undergoing restructuring</td>
<td>Sectoral studies and analyses</td>
<td></td>
</tr>
<tr>
<td>Input of assisted SMEs into economy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Immediate Objectives

Increased competitiveness of the SME sector. Increased capacity for innovation in manufacturing and services. Increased creation of jobs outside of industrial sectors, which are under decline and restructuring.

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of competitiveness and preparedness for operation on markets of assisted SMEs.</td>
<td>Comparative statistical data</td>
<td>General economic trends remain in growth mode</td>
</tr>
<tr>
<td>Productivity/quality levels before and after intervention.</td>
<td>National Report on the State of the Sector</td>
<td>General economic situation does not deteriorate</td>
</tr>
<tr>
<td>Numbers of innovative projects in pipeline after end of project.</td>
<td>Project level monitoring data and information. Studies and analyses. Evaluation reports. Minutes of the Project Committee. Reports of relevant institutions</td>
<td>Restructuring and privatisation of major sectors of industry and services maintained</td>
</tr>
<tr>
<td>Numbers of entries into business in new sectors, taking the place of declining/restructuring industries. Ratio of lost jobs due to restructuring / new jobs created in intervention with respect to target area/sector in each area of intervention</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Results/Outputs

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
### Results

- **Increased investments in SMEs**
- **Increased productivity and quality in SMEs**
- **Increased SMEs participation in innovative sectors**
- **Created and safeguarded jobs in SMEs**

### Outputs

- 100 recipient SMEs developing plans and strategic development programmes using modern technologies;
- 80-100 recipient SMEs investing in the introduction of modern technologies and machines;
- 300 recipient SMEs introducing and/or certifying quality systems;
- 50 recipient SMEs gaining advisory assistance in developing and expanding their operations through accessing external financing and strategic partnerships;
- 40 beneficiaries gaining enhanced business acumen and developing new business activities based on innovations;
- 50 innovation based businesses with grant-aided higher investments at start-up;
- 30 fully operational innovation based businesses financing growth through loans;
- 50 SMEs availing of IT based services enhancing their productivity and quality.

1,400 (800 Phare financed and 600 Polish financed) new jobs created and 2,000 safeguarded in the SME sector and outside of industries undergoing restructuring.

### Activities

<table>
<thead>
<tr>
<th>Activities</th>
<th>Inputs</th>
<th>Sources of information</th>
<th>Assumptions and risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Technology for Business Development scheme</td>
<td>Consulting grants</td>
<td>Project level monitoring data and information</td>
<td>Numbers and specialisms of accredited BSOs, institutes, centres and consultants meet needs of the programme. Electronic reporting system eliminates potential bottlenecks between service provision and co-financing.</td>
</tr>
<tr>
<td>Introduction to Quality scheme</td>
<td>Certification grants</td>
<td>RFI reports</td>
<td></td>
</tr>
<tr>
<td>Financing for Growth scheme</td>
<td>Investment grants</td>
<td>Individual consultant reports</td>
<td></td>
</tr>
<tr>
<td>Paths from Innovation to Business scheme</td>
<td>Innovative services grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessing Innovative Services scheme</td>
<td>Loans</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
- Number and value of investment projects which without project would have not taken place or only at a later date and smaller scale
- Number of SME projects involving upgrading of productivity and quality which without project would have not taken place or only at a later date and smaller scale
- Number of assisted SME projects in innovative sectors operating during project implementation / after 12 months / after 24 months
- Number of jobs created/safeguarded in assisted SMEs during project implementation / after 12 months / after 24 months
- RFI “window” organisations effectively involved in actions
- Financing for regional and sectoral institutions and services integrated into schemes
- National and regional instruments co-ordinated, so that they not “compete” for the same beneficiaries
- SMEs avail of supports
- Supports accessed by beneficiaries utilised to ends foreseen in project design

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06.02 SME and Innovation sectoral programme - p.12
### Annex 2: IMPLEMENTATION CHART: 06.02 SME and Innovation sectoral programme

**Date of drafting:** 25.04.2002  
**Planning period:** 01.2003-09.2005  
**Cost Estimate Phare:** 11.0 MEUR

#### Subprojects

<table>
<thead>
<tr>
<th>Implementation chart (by semester)</th>
<th>Budget allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Estimate Phare: 11.0 MEUR</td>
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</tr>
</tbody>
</table>

#### PLANNED

<table>
<thead>
<tr>
<th>Subprojects</th>
<th>Implementation chart (by semester)</th>
<th>Budget allocation</th>
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<tbody>
<tr>
<td>1. Access to Technology for Business Development</td>
<td>D/C</td>
<td>C/I</td>
</tr>
<tr>
<td>2. Introduction to Quality</td>
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<td>C/I</td>
</tr>
<tr>
<td>3. Financing for Growth</td>
<td>D/C</td>
<td>C/I</td>
</tr>
<tr>
<td>4. Paths from Innovation to Business</td>
<td>D/C</td>
<td>C/I</td>
</tr>
<tr>
<td>5. Accessing Innovative Services</td>
<td>D/C</td>
<td>C/I</td>
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<tr>
<td><strong>TOTAL</strong></td>
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</tr>
</tbody>
</table>

### Annex 3: COMMITMENT AND DISBURSEMENT SCHEDULE

**Date of Drafting:** 25.04.220  
**Planning Period:** 01.2003-09.2005

#### 06.02 SME and Innovation sectoral programme

<table>
<thead>
<tr>
<th>Projects Sub-Projects</th>
<th>Expected Cumulative Contracting and Disbursements</th>
<th>Budget Allocation Cost Estimate</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>PLANNED</td>
<td>EUR million</td>
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<tr>
<td><strong>CONTRACTING</strong></td>
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<tr>
<td>Contracting - total</td>
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<td>1.8</td>
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<tr>
<td><strong>DISBURSEMENTS</strong></td>
<td></td>
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<tr>
<td>Disbursements - total</td>
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<td>0.5</td>
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