1 – BASIC INFORMATION
1.1 CRIS number: 2002/000-580-06.06
1.2 Title: Dolnoslaskie: Economic development of Poniatow
1.3 Sector: ESC
1.4 Location: Poland, Dolnoslaskie Voivodship, Municipality of Walbrzych

2 – OBJECTIVES
2.1 Overall objective:
Increase of social and economic cohesion of the Dolnoslaskie voivodship by improving the investment attractiveness of the area of Poniatów borough

2.2 Project purpose/ Immediate objective(s)
- Improved investment attractiveness of the area;
- Creation of favourable conditions for the development of SMEs;
- Creation of new production and service enterprises.

2.3 Accession Partnership and NPPA Priorities
The project responds to the medium term priority identified in the AP: “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 National Development Plan:
The project is in line with the sixth axis of the Preliminary NDP, which is “Strengthening development potential of regions and countering marginalisation of certain areas”. The priorities of this axis will be implemented by means of several measures including development and modernisation of infrastructure serving to strengthen competitiveness of regions.

2.5 Cross-border effect: N/A

3 – DESCRIPTION
3.1 Background and justification:
Walbrzych Poviat has an unemployment rate of 34.6%. The implementation of the project “Economic activisation of the Poniatów Area in Walbrzych” will provide favourable conditions for the creation of new enterprises and further development of existing businesses. It is anticipated that the majority of newly created 20 enterprises will belong to the SME category and they are expected to generate 1000 new jobs. Development of existing production and service businesses located in the Poniatów area will generate approximately 200 new jobs. Consequently the total number of new jobs will reach 1200 which will contribute to the decrease of unemployment in the area. New companies will be located in the borough of Poniatów where required land of the total area of 200 hectares has been allocated for industrial investment and service purposes. The production and service area which will benefit from the project is in 40% the ownership of the municipality of Walbrzych and the remaining 60% of the area is private. This area is now subject of procedures to include in the Spatial Development Plan as the area for production and service purposes. The borough of Poniatów is communicated with main transportation routes to Wroclaw, Swidnica and the border crossing in Golinsk on the Polish-Czech border. The implementation of the project will facilitate communication of the production and service area with the above transportation routes. It will also facilitate distribution of products of existing and new SMEs and supplying major contractors, including TOYOTA, FAURENCIA, CERSANIT, PETRI, RONAL, KSIAZ porcelain manufacturer and others, which are located in the vicinity of the borough of Poniatów. The land planned for infrastructure investment is the property of the municipality of Walbrzych. Currently a wide variety of businesses are inquiring about the possibility of investment in the borough of Poniatów. However any potential investment in this area is
conditioned by the existence of full technical infrastructure. It is important to emphasise that due to the project implementation all the existing and new enterprises in the borough of Poniatów will be connected to the sewage disposal infrastructure implemented under this project. Additionally the sewer collector will be connected to the sewage treatment plant in the town of Ciernie located in the vicinity of Walbrzych. Moreover all the existing and new enterprises will access to water supply network and modernised road network.

A water pipeline will be constructed alongside the construction of the intercepting sewer to provide high quality potable water to the borough of Poniatów. Presently local residents use individual wells to draw drinking water. However water in those wells is vulnerable in terms of potential sewage leaks and rain water. The effect of the project will be the regulation of the rain water disposal system. Consequently the quality of waters in the Poniatówka stream, which flows through the Książ Natural Landscape Park and is a part of the Odra River basin, will be greatly improved.

After project implementation approximately 40 production and service enterprises will deposit sewage into the projected intercepting sewer. The project thus will contribute to the implementation of EU environmental protection policies set out in the following provisions: EU Directive 91/271 and EU Directive 98/15 on treatment of urban sewer, EU Directive 78/659 (reduction of sewage volume damped into the Poniatówka Stream being the feeder of the Bystrzyca River being the feeder of the Odra River which finally flows into the Baltic Sea, EU Directive 75/440 (increase in the volume of treated sewage which effectively improves water quality of the Poniatówka stream).

3.2 Linked Activities:
The most important linked activities is construction of the road that will create better connection with the TOYOTA, FAURENCE, CERSANIT, PETRI, RONAL, KSIAZ sites. This road will communicate investments site with the main transportation road to the Wroclaw. Construction of this road is included in the Voivodeship Contract 2001-2002 and will be co-financed from the Polish Government sources.

3.3 Results:
The project will effect in creation of 20 new enterprises and development of the 20 existing businesses. Reconstruction of 3.7km of roads, shorter travel time by 12 minutes, liquidation of 400 inefficient sewage tanks, reduction of volume of sewage damped into the Poniatówka stream: BZT5 by 80t/year, N by 6.5 t/year, P by 4t/year and suspended matter by 80t/year, reduction in volume of untreated sewer by 25%. The rate of the households attached to the water supply network will rise by 4.0%.

3.4 Activities:
The area of 200 ha will be allocated for production and storage purposes through the provision of business support technical infrastructure including:

- sewerage system of length 3.7 km and diameter 0.15-0.50 m
- storm water drainage network of total length 1.98 km and diameter 0.15-0.60 m
- regulation of sections of the Poniatówka stream of total length 345 m
- construction of water supply network of total length 3.6 km and diameter 80-150 mm
- reconstruction of road surfaces of the total area of 12,800 m² plus
- road lighting – 64 lamps, ΣL = 1,900 m
- pavements of total area 3,600 m²

4 Institutional Framework
4.1 The beneficiary of the project will be Municipality of Walbrzych
4.2 The Engineer / Project Manager will be appointed through a tender procedure organised by the Beneficiary in accordance with the Polish Public Procurement Law.
4.3 The owner of the facilities after project implementation will be the Municipality of Walbrzych.
4.4 The investment will be executed according to the Decentralised Implementation System (DIS) - “Practical Guide to Phare, Ispa & Sapard contract procedures”
4.5 Implementation of the project will not lead to any changes in the institutional framework described above.

5 BUDGET IN MEUR

<table>
<thead>
<tr>
<th>Phare Support</th>
<th>Investment</th>
<th>IB</th>
<th>Total Phare</th>
<th>National Cofinancing</th>
<th>IFI</th>
<th>Total</th>
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<td>-</td>
<td>2.87</td>
<td>0.96</td>
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<tr>
<td>Total</td>
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<td>-</td>
<td>2.87</td>
<td>0.96</td>
<td>-</td>
<td>3.83</td>
</tr>
</tbody>
</table>

The overall value of the investment including employment of the Project Manager will be 3.83 MEUR. The cost of the employment of the Project Manager (0.1 MEUR) will be paid by beneficiary. Co-financing will be available.

6 IMPLEMENTATION ARRANGEMENTS

6.1 Implementing agency:
PAO: Ms. Ewa Freyberg, Undersecretary of State in the Ministry of Economy, Pl. Trzech Krzyzy 3/5, 00-507 Warsaw, Phone: + 48 22 693 40 09, Fax: + 48 22 629 68 95.

6.2 Twinning: N/A
6.3 Non-standard aspects: N/A.
6.4 Contracts:
Contract 1 (works): 3.83 MEUR - joint co-financing
Contract 2 (engineer): 0.10 MEUR

7 – IMPLEMENTATION SCHEDULE
7.2 Start of project activity: 3rd quarter 2003
7.3 Project completion: 1st quarter 2005

8 EQUAL OPPORTUNITIES
Procedures related to the implementation of the project will be performed according to the law and will respect equal opportunities for all interested institutions and natural persons in spite of their sex, race and nationality. The employment of men and women will be based on applicable EU standards with reference to EOE (Equal Opportunity of Employment), which will be announced in official press advertisements during the recruitment procedures.

9 ENVIRONMENTAL IMPACT
The natural environment impact assessment was carried out in January 2002 in accordance with EU Directive 85/337. The report from the impact assessment is available in the premises of the administration of the municipality of Walbrzych. The impact assessment of the project clearly indicates that its completion will greatly improve the condition of the natural environment in the area as the result of the regulation of sewage and rain water disposal systems.

10 RATES OF RETURN
The financial internal rate of return (FIRR) is expected to stand at 3% with an exploitation period of 25 years and discount rate of 8%. The economic internal rate of return (EIRR) is
expected to be 10.1%. The feasibility study has been completed. The financial analysis of the project was conducted by comparing the projected costs and revenues generated by the system.

11 Investment Criteria
11.1 Catalytic effect
The Phare support will be conducive to achieving economic and social cohesion goals in Dolnoslaskie voivodship, which otherwise could be attained only in a more distant future and on a more modest and less efficient scale.

11.2 Confinancing
The project is co-financed by the Polish sources. The national contribution amounts to 25% of the total project cost.

11.3 Additionality
The financial means transferred to the Beneficiary for the project implementation, covering the investment costs as they are planned within the project do not displace other financing sources, especially from the private sector and the IFI system; it is solely the co-financing of identified priorities and does not replace national resources.

11.4 Project readiness and Size
The project will be ready for implementation, contracting and disbursement in accordance with requirements of Phare 2002 ESC programme. The feasibility study and report from environmental impact assessment have been prepared. The planning permit has been obtained. The acquisition of land for the investment has been completed. The Polish co-financing has been allocated.

11.5 Sustainability
The project will contribute to the long-term sustainable development of the region, as described in the Operational Programme for Dolnoslaskie Voivodship. The investment is sustainable and does not require any further expenditures apart from the ongoing technical maintenance on the part of the Municipality of Walbrzych.

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

12 Conditionality and Sequencing
Cofinancing of the activities will be reliant upon:
- keeping up with the schedule;
- granting of construction permit prior to the commencement of tender procedure
- meeting the tender, contracting, reporting and monitoring requirements
- selection of the contractor who will have capacities to carry out required works

Deadlines:
• Construction designs prepared by 4th quarter of 2002
• Obtaining the building permit by 4th quarter 2002
• Preparation of tender documents by 4th quarter 2002
• Signing the works contract by 3rd quarter 2003
• Completion of the contract by 1st quarter 2005

Annexes:
1. Logframe matrix
2. Implementation, contracting and disbursement schedules
### Annex 1 Logframe

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of social and economic cohesion of the Dolnoslaskie voivodship by improving the investment attractiveness of the area of Poniatów borough</td>
<td>Increase of SME’s turnover</td>
<td>How: data from the local and state Statistics Offices When: 5 years after project completion</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose / Immediate objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
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</thead>
<tbody>
<tr>
<td>Improved investment attractiveness of the area</td>
<td>Attracting area of 200 ha for investment purposes Development of 20 existing SMEs Creation of 20 new enterprises Creating of 1200 new jobs</td>
<td>How: Data from local administration When: 1 year after completion of the project Who: Beneficiary How: reports on analysis of sewerage and waters of the stream Poniatówka When: 3 years after project completion Who: Sanepid – Sanitary and Epidemiology Inspection Station</td>
<td>Implementation of complementary water and sewerage systems in the basin of the river Odra</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>Increased number of companies attached to the sewerage disposal system Improvement of existing sewerage system and water supply network Shorter travel time Liquidation of sewerage tanks</td>
<td>Increased up to 40 SMEs attached to sewerage disposal network Reduction in volume of sewerage BZT 5 80 T/year, N 6.5 T/year, P 4T/year, suspended matter 80T/rok4% Increased rate of buildings attached to the water supply network by 4% reduction in travel time by 12 minutes Liquidation of 400 sewerage tanks</td>
<td>How: certificates of completion of construction and installation work; records of startups. When: immediately after project completion Who: Beneficiary</td>
<td>Involvement of local residents and enterprises (construction of sewage terminals) Involvement of Road Administration (supervision of road construction)</td>
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<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
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</table>
Construction, reconstruction and installation works including:
- 12,800 m² of road surface
- 64 road lamps
- 3.7 km of sewage system (diameter 0.15-0.50)
- 1.98 km of storm water disposal system (diameter 0.15-0.60)
- 3.6 km of water supply network (diameter 80-150 mm)
- regulation of sections of the Poniatówka stream (345 m)
- pavements of total area – 3600 m²

One contract for the performance of construction work
Pare – 2.87 MEURO
National co-financing – 0.96 MEURO

Assumed all financing available

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### Annex 2-3: Implementation, contracting and disbursement schedules

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*D = preparation of sub-projects / C = tenders and contracting / I = realisation of contracts and payments