1. Basic Information

1.1. CRIS Number: 2002/000-580-06.15

1.2. Title: Malopolskie Development Dobczyce Industrial Parc

1.3. Sector: ESC

1.4. Location: Poland – Malopolskie Voivodeship – Myslenice Poviat – Dobczyce.

2. Objectives

2.1. Overall objective

The strengthening of the social and economic cohesion of Malopolskie Voivodeship through improvement in the attractiveness of the Dobczyce Industrial Park and the areas within the town of Dobczyce.

2.2. Project purpose/Immediate objective(s)

Creating the favourable conditions for SMEs’ development;

The improvement of environmental conditions

2.3. Accession Partnership and NPAA priorities

The project is designed to address issues related to the AP priority in economic and social cohesion policy related to the preparation for the implementation of regional programmes and Community Initiatives. The project in particular responds to the economic criterion identified in the AP concerning improving the competitiveness of the Polish economy. The project corresponds also to the NPAA priority “Regional policy and co-ordination of structural instruments”.

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 counteracting 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.

The project is compliant with the priorities of the Operational Programme of the Malopolskie Voivodship.

2.5. Cross border impact: N/A.

3. Description

3.1. Background and justification:

The Dobczyce Gmina is located in the central part of the intensive economic development zone., ca. 30 km south of Kraków. Important regional communication routes – the Kraków-Mszana Dolna and Myslenice-Tarnów roads – cross the gmina. The town of Dobczyce is the administrative, educational and cultural centre of the gmina. Public institutions important for the social and economic life of the inhabitants and also for entrepreneurs are located here. In the year 2000 there were 902 businesses registered in the gmina, 564 of them in the town of Dobczyce. In the year 2001 the net increase in the number of businesses was 79. Dobczyce has one of the higher ratios of number of businesses to number of inhabitants (96/1000) in Malopolskie Voivodeship, the average ratio for the voivodeship being 71 businesses for 1,000 inhabitants. The analogous indicator for manufacturing businesses in Dobczyce is 11.2/1000 inhabitants, while the voivodeship average is 10.2/1000 inhabitants. The values of the above indicators are worse in the rural areas of the gmina, where they are respectively 67/1000 inhabitants (all businesses) and 8.8/1000 inhabitants (manufacturing businesses).
Consequently, the town plays a dominant role in the labour market for the inhabitants of the whole gmina.

This quite favourable situation is primarily the result of the functioning of an industrial park in Dobczyce. The municipal authorities had already earmarked an area in the Urban Development Plan for the development of business activity at the beginning of the 1990s. This was located in the town of Dobczyce. Land was purchased from private owners and consolidated, communication and technological infrastructure was installed and the area was made available for entrepreneurs. Activities aimed at improving the aesthetic appearance of the town were also carried out at this time: technological infrastructure was constructed, the appearance of the market square was changed, streets were paved, houses and public institutions were renovated and the medieval castle towering over the town was restored. These activities not only attracted investors but also increased the influx of tourists.

The Dobczyce Industrial Park currently comprises 40 hectares of area in total. Within its boundaries, companies such as Polimerc, Albert-Polska, Euro Comfort, Unimil, Krakgum, Drewbuk and Marbud are active, employing in total over 400 persons. Apart from that, the companies Chemo and Remax are preparing sites for investment and Fibertech is adapting a building with the intention of manufacturing window joinery there. The gmina still owns 10 hectares of land available for manufacturing activities.

However, the investors who want to start new businesses are hampered by the lack of free capacity in the sewage treatment plant located within the park. This plant is currently utilised to nearly 100% of its capacity. Its extension, involving the increase in capacity from 1,600 to 2,800 m³/day will make it possible to treat municipal waste from the new industrial plants (Chemo and Remax), from the existing plants where extensions are planned (Polimerc and Euro Comfort) and from the potential purchasers of yet undeveloped industrial sites.

One of important tasks within the Strategy of Development of Gmina Dobczyce is the further improvement of the transport availability of the industry park and extension of the sewerage system. In this aspect the following activities are planned: modernisation of access roads (Garncarska Street with pavements, Przemysłowa Street, part of Jagiellonska Street, road surrounding the industry park from Niezdów village), conducting the 2nd stage of Towarowa Street and the internal road making further areas of the industry park accessible. Total length of the roads to be built amounts to 3 116 metres. Modernisation of these roads will provide easier access from the industry park to the voivodeship roads, especially for the heavy trucks. Before modernisation and building roads is carried out, extension of sewerage system will be made, which should improve fittings in undeveloped areas of the industry park (2nd stage of the Towarowa Street and internal roads). Total length of sanitary sewerage system will be 1 760 metres, and the length of gravity system – 645 metres. The sewage pumping station of will also be built as a part of the sanitary sewerage system.

The development of the Dobczyce Industrial Park, connected with the creation of new workplaces, is one of the priority strategic objectives of the gmina. The industrial plants located here do not place a burden on the natural environment. The Euro Comfort plant which processes goose down and feathers cooperates with local manufacturers of raw material, stimulating their business activity. The motor market has been operating in the city since March 2002. It covers area of 23 hectares. In the same area opening of the food exchange is planned.

The modernising of the sewage treatment plant will develop the existing Industrial Park by helping to solve the problem of municipal waste and will also create conditions for the extension of the sewerage system in a major part of the gmina. This will promote the development of tourist infrastructure in the gmina and attract investors interested in the construction of new tourist facilities, stimulate ecotourism, services, handicrafts and commerce. Fees for using facilities and land lease are set every year by the local government and are identical for all entities operating in the gmina.
3.2 Linked activities

In the 1990s the Dobczyce gmina purchased ca. 15 hectares of land located within the Dobczyce Industrial Park from private owners.

A ring road around the town centre (part of the provincial road) has been constructed, which has significantly improved the access to the plants located within the industrial park. Internal roads within the park have also been constructed.

Pedestrian access to the workplaces located within the industrial park has been improved through the construction and modernisation of pavements.

The access to utilities such as water, gas, sewerage, electricity and the telecommunication network has been provided within the industrial park.

The sanitary sewerage system in the village of Brzaczowice and in the part of Dobczyce located on the left bank of the Raba has been extended by 25 km in cooperation with the Association of the Upper Raba Basin and Kraków Gminas (Zwiazek Gmin Dorzecza Górnej Raby i Krakowa).

The municipal waste dump, where waste from the plants located within the industrial park is also stored, is currently being modernised.

3.3 Results

- New area for investment served by the modernised treatment plant, sewerage system network and roads – 10 ha
- Creating the conditions for the extension of the sewerage system to a major part of the gmina
- A modernised mechanical and biological sewage treatment plant for the industrial park – with an increase in capacity from 1,600 m$^3$/day to 2,800 m$^3$/day,
- The implementation of the EU standards through the use of a new sewage treatment technology:
  - Total suspension 25 mg/dm$^3$
  - BOD5 15 mg O$_2$/dm$^3$
  - COD 75 mg O$_2$/dm$^3$
  - Ammonium-nitrogen 6 mg NH$_4$/dm$^3$
  - Nitrate-nitrogen 30 mg NO$_3$/dm$^3$
  - Total nitrogen 30 mg N/dm$^3$
  - Total phosphorus 1 mg P/dm$^3$

3.4 Activities

- The extension and modernisation of the sewage treatment plant
- Adapting the treatment technology to meet the requirements of European Union standards
- Extension of technical and communication infrastructure
- sanitary network 1760 mb.
- pumping station
- gravity network 645 mb
- construction of roads - 516 mb. and modernisation of roads - 2 600 mb

4. Institutional framework

4.1. The beneficiary of the project: Dobczyce Town and Gmina
4.2. The Engineer/Manager of the project: will be selected through tender pursuant to the Act on Public Procurement

4.3. The owner of the investment after the implementation of the project: Dobczyce Town and Gmina

4.4. The investment will be conducted pursuant to the regulations of the Decentralised Implementation System – "Practical Guide to Phare, Ispa and Sapard Contract Procedures"

4.5. The implementation of the project will not cause any changes to the institutional framework described above.

5. Budget in MEUR

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<th>Phare Support</th>
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<tr>
<td></td>
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<td>2.629</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.629</td>
</tr>
</tbody>
</table>

The overall value of the investment including employment of the Project Manager will be 3.601 MEUR. The cost of the employment of the Project Manager will be paid by beneficiary in amount of 0.1 MEUR. 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.

Implementing Agency: Implementing Authority for Phare Cross Border Co-operation Programme Krucza 36 street, 00-522 Warsaw, Poland phone +48 22 695 99 10-11, fax +48 22 695 99 12-13

6.2 Twinning: N/A

6.3 Non-standard aspects N/A

6.4 Contracts

Contract 1 (works): 3.501 MEUR (including Phare funds) - joint co-financing
Contract 2 (engineer): 0.10 MEUR (financed from Polish funds only)

7. Implementation Schedule

7.1 Start of tendering: 1st quarter of 2003.

7.2 Start of project activity: 3rd quarter of 2003.

7.3 Project completion: 2nd quarter of 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 Environmental Impact Assessment for the project has been produced by Główny Instytut Górnictwa in Katowice pursuant to the requirements of the Polish and European Union laws (Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment).

Principal environmental impact factors:

1. With the aim of direct protection of surface waters and indirect protection of underground water resources, domestic and industrial sewage generated at the territory of Dobczyce Commune shall be collected and discharged via a tight sewage system into the existing WWTP in Dobczyce, which is to be extended and modernised.

2. Building the technological objects of the modernised WWTP shall influence on the following components of environment: underground water, earth surface and air. Effects shall be of transient nature only and concern the nearest neighbourhood of carried on earth work. After the earth work and plumbing termination the road surface, pavements and green areas (at the area of WWTP) shall be reconstructed and the adjacent areas restored into their previous condition.

3. During operation the network at the WWTP area can adversely affect environment (soil, surface and underground water) only in case of failure. To diminish probability of failure occurrence the pipelines on the stage of investment and operation shall be laid with an appropriate accuracy and their connections shall be executed and leakproof tested pursuant to obligatory building standards.

4. During the WWTP operation an adverse affect is anticipated in the scope of acoustic climate impairment, emissions of gaseous pollution and odour-active compounds. At the determined assumptions of the technological process of WWTP the said influences will be limited to the area utilised by the object and shall not affect the adjacent areas of WWTP.

5. Way of waste management and disposal is in accordance with the provisions of the Act on Waste Materials and shall not produce any adverse effects on the quality of soil, water and atmospheric air condition.

The discussed undertaking is advantageous from the point of view of direct and indirect beneficiaries of the Project. Any social conflicts or infringement of third persons interest is not anticipated in connection with its implementation.
10. Rates of Return:
The feasibility study together with the financial and economic analyses have been conducted by Główny Instytut Górnictwa in Katowice.
The feasibility study is available at the headquarters of the beneficiary.

Net Present Values (NPV) over the span of time till the end of 2026 amount to:
a/ for calculations taking into account financing from commune budget only:
   \[ NPV \ (r=0.05) = -4\,575\,825 \text{ PLN} \ (-1\,173\,288 \text{ euro}) \]
   \[ \text{FIRR} = +0.8\% \]
b/ for calculations taking into account a subsidy from Phare Fund in receipts:
   \[ NPV \ (r=0.05) = +4\,397\,301 \text{ PLN} \ (+1\,127\,513 \text{ euro}) \]
   \[ \text{FIRR} = +15.1\% \]

11. Investment criteria

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

11.2. Co-financing:
The project is co-financed by the Polish sources. The national contribution amounts to 27 % of the total project cost. - joint co-financing

11.3. Addionality:
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 Malopolska Voivodship. The investment is sustainable and does not require any further expenditures apart from the ongoing technical maintenance on the part of the Dobczyce Town and Gmina.

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

12. Conditionality and Sequencing
Conditionalities and Assumptions:
- The implementation of the remaining elements of the Malopolskie Voivodeship Development Strategy
- The improvement of the economic situation and the situation of the tourist industry
- Stable conditions for business activity in the region
- Sustained activities aimed at attracting investors to Malopolska
- A good economic climate for SMEs
- The system of investment incentives and active promotion of the industrial park
- Ensuring project financing from own resources
- The contractor performing the work in a reliable manner and in conformity with the schedule

**Deadlines:**
- Construction designs prepared until 4th quarter of 1998
- Obtaining the building permit until 4th quarter of 2002
- Preparation of tender documents until 1st quarter of 2003
- Signing the works contract until 3rd quarter of 2003
- Completion of the contract until 3rd quarter of 2005

**Annexes:**

Annex 1. The Logframe matrix

Annex 2 – 3. Detailed implementation, contracting and disbursement schedule
### Annex 1: Logframe matrix

<table>
<thead>
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<th>LOGFRAME PLANNING MATRIX FOR</th>
<th>Programme name and number</th>
<th>Phare 2002 ESC</th>
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<td><strong>06.15 Malopolskie Development Dobczyce Industrial Parc</strong></td>
<td>Contracting period expires 30/11/04</td>
<td>Disbursement period expires: 30/11/05</td>
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<td><strong>Total budget:</strong></td>
<td>3.601 MEUR</td>
<td>Phare budget: 2.629MEUR</td>
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#### Overall objective
The strengthening of the social and economic cohesion of Malopolskie Voivodeship through improvement in the attractiveness of the Dobczyce Industrial Park and the areas within the town of Dobczyce

#### Objectively verifiable indicators
- The decrease of unemployment rate in the region
- Increase of SME’s turnover

#### Sources of verification
Information based on Voivodeship Statistical Office and Central Statistical Office data; regional authorities’ reports collected by the Urzad Marszałkowski Województwa Malopolskiego (Office of the Marshal of Malopolskie Voivodeship) 5 years after the completion of the project

#### Project purpose (Immediate Objective)

<table>
<thead>
<tr>
<th>- Creating the favourable conditions for SMEs’ development;</th>
<th>- The creation or extension of 6 establishments providing employment within the area of the Dobczyce Industrial Park</th>
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<tbody>
<tr>
<td>- The improvement of environmental conditions</td>
<td>- The creation or extension of 70 businesses in the town of Dobczyce</td>
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<tr>
<td>- The creation of 300 new workplaces and the maintenance of 400 existing workplaces</td>
<td>- The improvement of the water purity class in the Raba from class III to class II measured at the river cross-section downriver of the sewage treatment plant</td>
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</tbody>
</table>

#### Sources of verification
Information from the (Poviat Labour Office, business registers from the Gmina Office; data from Voivodeship Statistical Office, Central Statistical Office Voivodeship Inspectorate for Environmental Protection prepared by the beneficiary 2 years after the completion of the project

#### Assumptions
- The implementation of the remaining elements of the Malopolskie Voivodeship Development Strategy
- The improvement of the economic situation and the situation of the tourist industry
- Stable conditions for business activity in the region
- Sustained activities aimed at attracting investors to Malopolska

#### Results

<table>
<thead>
<tr>
<th>- Creating the conditions for the extension of the sewerage system to a major part of the gmina</th>
<th>- 40 ha of the industrial park will have a better communication accessibility</th>
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<tbody>
<tr>
<td>- New Area for investment served by the modernised treatment plant, sewerage system, and roads</td>
<td>- 10 new ha of area for investment within the industrial park which can be served by the sewage treatment plant, sewage system and roads</td>
</tr>
<tr>
<td>- Modernised sewage treatment plant for the industrial park</td>
<td>- The increase in the capacity of the sewage treatment plant from 1,600 m³/day to 2,800 m³/day with parameters of treated sewage (total suspension 25 mg/dm³, BOD5 15 mg O₂/dm³, COD 75 mg O₂/dm³, Ammonium-nitrogen 6 mg NH₄/dm³, Nitrate-nitrogen 30 mg NO₃/dm³, Total nitrogen 30 mg N/dm³, total phosphorus 1 mg P/dm³)</td>
</tr>
</tbody>
</table>

#### Sources of verification
Final report on project implementation and laboratory measurements conducted immediately after project implementation, commissioned by the beneficiary

#### Assumptions
- A good economic climate for SMEs
- The system of investment incentives and active promotion of the industrial park
### Activities

- The extension and modernisation of the sewage treatment plant, the adaptation of the treatment technology to meet the requirements of European Union standards
- Extension of sanitary and gravity sewage system (1,760 mb)
- Construction of the pumping station
- Extension (516 mb) and modernisation of roads within the industrial park (2,600 mb)

### Means

- One contract for the performance of construction and assembly work and the delivery of the equipment together with the start-up

### Assumptions

- Ensuring project financing from own resources
- The contractor performing the work in a reliable manner and in conformity with the schedule

### Preconditions

- Spatial development plan for the area covered by the investment
- The resolution No. 22/161/2000 of the Dobczyce Gmina Council of 20 November 2000 concerning the implementation of the project

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

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| Schedule Type     |       |       |       |       |       |       |       |       |       |       |       |
|                   | (1)   | (2)   | (3)   |       |       |       |       |       |       |       |       |

**Legend:** D = design of sub-projects / C = tendering and contracting / I = contract implementation and payment