1. Basic information
1.1. CRIS number: 2002/000-580-06.19
1.2. Title: 06.19 Opolskie - Investment development Glogówek
1.3. Sector: ESC
1.4. Location: Poland, voivodeship of Opole, Glogówek Gmina

2. Objectives:
2.1. Overall objectives:
Increase of social and economic cohesion of the Opolskie voivodship by Development of the Investment Area of the Town and Gmina of Glogówek

2.2. Immediate Objectives
The above-mentioned strategic objective will be achieved through the implementation of immediate objectives which include in particular:
- increase in the investment attractiveness of the region
- creation of conditions for the development of small and medium-sized enterprises in the investment zones in the gmina of Glogówek
- development of tourism and agrotourism

2.3. Accession Partnership and NPAA 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 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
The project is compliant with the priorities of the Operational Programme of the Opolskie Voivodship.

2.5. Cross border impact: N/A

3. Description
3.1. Background and justification:
The town of Glogówek is located in the southern part of the voivodeship of Opole. Its location is advantageous in terms of transportation links, i.e. it is situated at the following main roads: national road No. 40 from Kudowa to Gliwice, voivodeship road No. 416 which heads for Opole and is an access road to the A4 motorway. Until the late 1980s, the town suffered from severe under-investment related to infrastructure. In result, there were limited possibilities of attracting the investors, promote the economic development (industry and service sector), which in turn, is translated into new workplaces. The existing plants operating at an area without a sewage system, i.e. for example Filiplast, Matex, Ceramika Opex (employing appr. 155 people) may be closed down due to the threat to the natural environment caused by sewage disposed by them.
The Repair and Construction Company, Dairy Plant and Crop Processing Plant were closed after the crisis in 1996. All this companies employed approximately 800 persons. The gmina started then activities concerning preparation areas for investment for new companies, and opening of new workplaces.
The gmina makes constant effort in order to obtain new areas designed for the development of the industry and the service sector. At present, the following companies are interested in investing in the areas located within the industrial zones of the town and gmina of Glogówek, provided that there
is a full territorial development: EKOSYSTEM 3000 Plus S.A., OTTOKAR, VELUX, Steel Constructions Production Plant. It is estimated that there will be 18 new companies established in the following sectors: metallurgical industry, textile industry, transport and logistics, chemical industry, waste processing industry, craft and services. Future investors will not cover any additional costs related to the connection to the sanitary sewage system.

In the 1990s, the gmina started with a number of actions focused on the restoration of the necessary basic infrastructure, such as: water supply system, new sewage treatment plant, telecommunications system and transportation network. All this factors determine the economic development of the gmina.

Lack of efficient sewage system and, in consequence, no possibilities of disposing sewage at the industrial zone in the town of Glogówek will make this area less attractive for future investors and will not be conducive to the creation of new work-places (appr. number of 550).

3.2. Linked activities:

The gmina has developed a Development Programme for the Town and Gmina of Glogówek which stems from entrepreneurial aspirations of the gmina’s population, attractive investment areas and its cultural and historic heritage. So far, within the programme, the following activities have been performed:

1) Functioning system of tax exemptions and tax preferences for businesses being newly established in the allocated investment zones.

2) Areas of appr. 109.5 ha were allocated to the industrial zone located directly by road No. 416 which is an access road to the A4 motorway. Within the above-mentioned zones there is a power supply line and a water supply connection which is a great facilitation for the creation of infrastructure.

3) The new sewage treatment plant was constructed in 1995; total cost of the investment was MPLN 3.60 obtained from the following sources:
   - MPLN 2.11 – own contribution of the gmina of Glogówek
   - MPLN 0.90 – a loan from the Voivodeship Environmental Protection Fund in Opole
   - MPLN 0.59 – subsidy of the Voivode of Opole

4) The construction design of sanitary sewage system including the existing plants and the intended industrial zones, to the sewage network is prepared. Implementation of the project will result the maintenance of existing workplaces and creation of new openings.

Plans for the future:
- creating the conditions for the new job opportunities,
- active promotion of the industry investment zone,
- development of material data for increasing touristic attractiveness of the gmina,
- creating the system of cooperation between enterprises and schools in the case of trainings for graduates according to enterprises needs.

3.3 Results:

- preparation of 109.5 ha areas for industrial investors and 68.6 ha for services as well as a creation of approximately 550 new workplaces.
- maintenance of approximately 155 permanent workplaces in the existing plants.
- Construction of the 9.2 km long sanitary sewage system within the area covered by the project; protection of the Triassic underground water protection reservoir, finalisation of the construction of the sewage system in Glogówek and transport of the sewage to the treatment plant; decrease in the volume of sewage discharged to the river Osobloga which is a right tributary of the river Odra.

The following indicators will verify the achievement of planned results:
- increase in the number of small and medium enterprises by 18
- increase by approximately 550-400 in the number of workplaces in the following sectors: craft, services, chemical industry, textile industry, metallurgical industry, transport and logistics
- 109.5 ha of area with territorial development owned by the gmina and intended for industrial investments
• 68.65 ha of area with territorial development owned by the gmina and intended for the service sector
• 34 existing companies connected to the sewage system
• collection of additional 201 m³/d of sewage by the sewage treatment plant in Glogówek.

The area of land under the project amounts to 250 ha, including 109.5 ha for the industrial zone and 68.65 ha for recreation and services.

3.4. Activities:
The construction of 9.2 km of main sewers in Glogów, Mochów and Dzierzyslawice, including 8 pumping stations. Particular tasks were completed in the following location:
• construction of a sanitary sewage system in the southern and northern parts of Glogów – 4,250 m long gravitational sewage system, 164 house drains and 3 prefabricated pumping stations with pumping pipelines.
• construction of a sanitary sewage system in Mochów – 2,865 m long gravitational sewage system, 78 house drains and 3 prefabricated pumping stations with pumping pipelines.
• construction of a sanitary sewage system in Dzierzyslawice – 2,071 m long gravitational sewage system, 70 house drains and 2 prefabricated pumping stations with pumping pipelines.

4. - Institutional framework
4.1 The beneficiary of the project will be the Board of the Town of Glogów
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 contracted to gmina-owned Zakład Mienia Komunalnego (ZMK) in Glogów, the present administrator of the sewage treatment plant as well as the water and sewage infrastructure in the gmina.
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
(1 Euro = 3.95 PLN)

<table>
<thead>
<tr>
<th></th>
<th>Phare Support</th>
<th>National co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment IB</td>
<td>Total Phare</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Project</strong></td>
<td>2.000</td>
<td>2.000</td>
<td>1.283</td>
<td>3.283</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2.000</td>
<td>2.000</td>
<td>1.283</td>
<td>3.283</td>
</tr>
</tbody>
</table>

The overall value of the investment including employment of the Project Manager will be 3,283 MEUR. The cost of the employment of the Project Manager will be paid by beneficiary in amount of 0,156 MEUR. Co-financing will be available.

6. Implementation arrangements

6.1. Implementing Agency
PAO: Ewa Freyberg, Undersecretary Of State In The Ministry Of Economy,
Pl. Trzech Krzyzy 3/5, 00-507 Warsaw,
6.2. Twinning: N/A

6.3. Non-standard aspects: N/A

6.4. Contracts

Contract 1 (works): 3,283 MEUR (including Phare funds) - joint co-financing
Contract 2 (engineer): 0,156 MEUR (financed from Polish funds only)

7. Implementation schedule

7.1. Start of tendering/call for proposals

4 Q 2002 \ 1 Q 2003

7.2. Start of project activity

3 Q 2003.

7.3. Project completion

3 Q 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 Environment Impact Study has been prepared in accordance with the EU standards and provisions of the Council Directive No. 85/337/EEC.

The summary and conclusions of the study are presented below.

The Town Hall of Glogówek contracted the construction design of the sanitary system for the first stage of the regulation of municipal sewage management within the whole area of the gmina due to the present bad sewage management status which may lead to sanitary and epidemiological hazards, permanent pollution of the water of river Osobloga, within the basin of which the investment is located. The environment impact analysis prepared for the designed investment shows that it will not have a significant negative impact on any environmental components both at the stage of implementation and during its further operation and, in consequence, it is certainly possible to construct all foreseen facilities and to operate them with a guarantee that the environmental protection standards and requirements will be met. The designed gravitational and pressure sewage system will not be detrimental the environment but, quite to the contrary, will contribute to its improvement.

The only source of slight burden for the vicinity may be the automatic intermediate pumping stations, but mainly in emergency situations. The burdensome character of the pump basins may be manifested by:

1. release of odorous substances into the atmosphere – mainly in emergency situations
2. emission of noise – this emission will not deteriorate in a significant way the acoustic standard in the ambient and the requirements defined in the Regulation of the Minister of Environmental Protection, Natural Resources and Forestry of 13 May 1998 on noise level permissible in the environment [4] will be met.
Summarising:

1. The investment implementation is in line with the General Spatial Development Plan of the town of Glogówek approved by Resolution of the Town Council No. 35/V/90 of 7 September 1990 and the General Spatial Development Plan of the gmina of Glogówek approved by Resolution of Town Council No. 47/VIII/90 of 12 November 1990.

2. This investment is not included in the list of investments particularly detrimental to the environment or such which may deteriorate the environment contained in the Regulation of the Minister of Environmental Protection, Natural Resources and Forestry of 14 July 1998. (Journal of Laws (Dz.U.) No. 93 item 589)

3. The solutions adopted in the investment design should be considered modern and compliant with applicable standards in force and, allowing for the local morphological and hydrogeological conditions – also material and energy saving.

4. The designed gravitational and pressure sewage system will not, in any aspect, deteriorate the natural environment within the territory of the gmina of Glogówek.

5. It is possible to construct all designed facilities and to operate them in accordance with the requirements and standards defined in the environmental protection regulations.

6. The intended investment project is ecologically favourable, in particular in terms of the protection of the valley of the river Osobloga – which plays an important role in the regional and cross-border system of protected areas of the Opole voivodeship – as well as the protection of the Triassic Underground Water Reservoir, which was separated and assigned to be a top protection preserve in the Osobloga river valley.

The sewage transported from the project covered areas to the sewage treatment plant in Glogówek will be treated to the degree presented in the table below:

<table>
<thead>
<tr>
<th>No.</th>
<th>Pollution Ratio</th>
<th>Concentration of untreated sewage [g/m³]</th>
<th>Reduction degree [%]</th>
<th>Max. Concentration of treated sewage [g/m³]</th>
<th>Permissible Polish standards [g/m³]</th>
<th>Permissible EU standards [g/m³]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Organic BOD₅</td>
<td>350</td>
<td>≥ 92.8</td>
<td>25</td>
<td>≤ 30</td>
<td>≤ 25</td>
</tr>
<tr>
<td>2</td>
<td>Organic COD</td>
<td>800</td>
<td>≥ 90.0</td>
<td>80</td>
<td>≤ 150</td>
<td>≤ 125</td>
</tr>
<tr>
<td>3</td>
<td>General Suspension</td>
<td>330</td>
<td>≥ 90.9</td>
<td>30</td>
<td>≤ 50</td>
<td>≤ 60</td>
</tr>
<tr>
<td>4</td>
<td>General nitrogen Nog</td>
<td>60</td>
<td>≥ 75.0</td>
<td>15</td>
<td>≤ 30</td>
<td>≤ 15</td>
</tr>
<tr>
<td>5</td>
<td>General phosphorus Pog</td>
<td>12</td>
<td>≥ 85.0</td>
<td>1.5</td>
<td>≤ 1.5</td>
<td>≤ 2</td>
</tr>
</tbody>
</table>

10. Rates of return

The project feasibility study was prepared in January 2001 and updated at the turn of November 2001. It has been attached hereto. The study was prepared by Centrum Przedsiebiorczosci Sp. z o.o. in Chorzów, ul. Opolska 21.

The investment expenditures will return after 26 years from the project’s implementation.

1. Financial Rate of Return

   The calculated FIRR amounts to 0.60%. This means that the project belongs to undertakings characterised by a low rate of return and does not qualify for financing by commercial funds.

2. The Economic Internal Rate of Return (EIRR) is 18.92%.

   The calculation method is defined in the Project Feasibility Study.

The rates were calculated based on the following assumptions:

Thanks the implementation of the project it will be possible to increase the gmina’s own revenue from:

- surplus of funds generated by Zaklad Mienia Komunalnego due to increased collection of sewage and a consequential rise in revenue,
- increase in the revenue from the real estate tax which, will be related with the utilisation of land made suitable for investments thanks to the sanitary sewage system,
- increase in the budget revenue due to increased personal income tax proceeds; in the developed areas new jobs will be created, which will generate more income tax revenue,
- in relation to app. 47 new businesses to be established - increased income tax revenue allocated to the gmina’s own revenue,
- newly created businesses will take advantage of means of transportation which are also subject to tax. It is assumed that 10 vehicles will be registered.
- with relation to the improved attractiveness of the local area and the attractive investment areas released, the gmina’s revenue will rise due to the disposal or lease of real estates.
The additional gmina’s revenue listed above will generate a flow of funds that formed a basis for the calculation of the relevant indicators and rate of return.

11. Investment criteria

11.1. Catalytic effect:
The Phare support will be conducive to achieving economic and social cohesion goals in Opole Voivodeship, 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 39 % of the total project cost. - joint co-financing

11.3. Additlonality
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 Opolskie Voivodship. The investment is sustainable and does not require any further expenditures apart from the ongoing technical maintenance on the part of the Glogów 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
Conditionality and Assumptions:
- The implementation of the remaining elements of the Development Strategy for the Opole Voivodeship in the Years 2000-2015
- It is assumed that the region’s economy will be stable.
- Distribution of information on the prepared areas for investments in the industrial and services sectors.
- It is assumed that the project financing will be granted.
- Active promotion of the region in terms of investment attractiveness

Deadlines:
- Construction designs prepared until (date). IV Q 2002
- Obtaining the building permit until (date). IV Q 2002
- Preparation of tender documents until: 1 Q 2003.
- Signing the works contract until: 2 Q 2003
- Completion of the contract until: 3 Q 2005

Annexes:
Annex 1. Logframe Planning Matrix
Annex 2-3. Implementation, Contracting and Disbursement Schedule
## LOGFRAME PLANNING MATRIX FOR

### Programme name and number
**06.19 Opolskie - Investment development Glogówek**

<table>
<thead>
<tr>
<th>Contracting period expires: 30/11/04</th>
<th>Phare ESC 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursement period expires: 30/11/05</td>
<td>Phare budget: 2.000 MEUR</td>
</tr>
</tbody>
</table>

### Overall objectives:
Reinforce the social and economic cohesion of the Opole voivodeship by ensuring the territorial development of the investment areas in the gmina of Glogówek

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of the regional GDP</td>
<td>How: data of the Main Office of Statistics and Voivodeship Office of Statistics in Opole</td>
</tr>
<tr>
<td>Reduction of the regional unemployment level</td>
<td>When: 5 years after project completion</td>
</tr>
<tr>
<td>When: 5 years after project completion</td>
<td>Who: Marshal’s Office of the Opole Voivodeship</td>
</tr>
</tbody>
</table>

### Project purpose (Immediate Objectives)
- increase the investment attractiveness of the region
- creation of conditions for the development of small and medium-sized enterprises in the investment zones in the gmina of Glogówek
- development of tourism and agrotourism

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>increase in the number of SMEs by 18</td>
<td>How: data of local administration</td>
<td></td>
</tr>
<tr>
<td>increase by approximately 550 workplaces in the following sectors: craft, services, chemical industry, textile industry, metallurgical industry, transport and logistics and waste treatment</td>
<td>When: 2 years after project completion</td>
<td></td>
</tr>
<tr>
<td>When: 2 years after project completion</td>
<td>Who: Beneficiary</td>
<td></td>
</tr>
<tr>
<td>The implementation of the remaining elements of the Development Strategy for the Opole Voivodeship in the Years 2000-2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is assumed that the region's economy will be stable.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Results:
Areas for investment for the industry and the service sector
- Main sewer in Glogówek
- Connection of the existing entities to the sewage system
- Sewage pipeline to the municipal sewage treatment plant

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>109.5 ha of land with full territorial development owned by the gmina and intended for industrial investments</td>
<td>How: reports of local authorities, data of the treatment plant operator</td>
<td></td>
</tr>
<tr>
<td>68.65 ha of land with full territorial development owned by the gmina and intended for the service sector investments</td>
<td>When: directly after project completion</td>
<td></td>
</tr>
<tr>
<td>34 existing firms connected to the sewage system</td>
<td>Who: Beneficiary</td>
<td></td>
</tr>
<tr>
<td>collection of 201m³/d of sewage by the treatment plant in Glogówek</td>
<td>Active promotion of the region in terms of investment attractiveness</td>
<td></td>
</tr>
<tr>
<td>Information spread among prospective investors about the prepared areas for investments in the industrial and services sectors.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Activities:
- Construction of 9.2 km long main sewer in Glogówek, Mochów and Dzierzyslawice and 8 sewage pumping stations

<table>
<thead>
<tr>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>One construction contract</td>
<td>It is assumed that the project financing will be granted.</td>
</tr>
</tbody>
</table>

### Preconditions
- Resolution No. XXII/189/2001 of the Town Council of Glogówek of 29 January 2001 on the implementation
Annex 2 - 3 Implementation, Contracting and Disbursement Schedule

06.19 Opolskie - Investment development Glogowek

| Date of issue | 18.02.2002 |
| Planning period | 01.2003-09.2005 |

<table>
<thead>
<tr>
<th>PLANNING</th>
<th>Budget Allocation Cost Estimate in MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>I’03 II’03 III’03 IV’03 I’04 II’04 III’04 IV’04 I’05 II’05 III’05</td>
<td></td>
</tr>
<tr>
<td>I II III IV V VI VII VII IX X XI</td>
<td></td>
</tr>
<tr>
<td>(1) (2) (3)</td>
<td></td>
</tr>
<tr>
<td>Implementation Schedule</td>
<td>D C C I I I I I I I</td>
</tr>
<tr>
<td>Contracting Schedule</td>
<td>2.000</td>
</tr>
<tr>
<td>Disbursement Schedule</td>
<td>0.150 0.380 0.610 0.840 1.070 1.300 1.530 1.760 2.000</td>
</tr>
</tbody>
</table>

Legend:
D = design of sub-projects
C = tendering and contracting
I = contract implementation and payment
* quote accruing values in MEUR