JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

GOVERNMENT CENTRE FOR STRATEGIC STUDIES
OFFICE OF THE KONIN GOVERNOR
REPUBLIC OF POLAND

FINAL REPORT
FOR
THE STUDY
ON
REGIONAL DEVELOPMENT OF KONIN PROVINCE
IN THE REPUBLIC OF POLAND

PROJECT REPORT

JULY, 1998

UNICO INTERNATIONAL CORPORATION
INTERNATIONAL DEVELOPMENT CENTER OF JAPAN

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Basic Cost Data

1. Land Cost

1. Konin Gmina

Developed land:	10-50 zl / square meter
Undeveloped land:	1000-3000 zl / ha

2. Outside Konin

Developed land:	3-15 zl / square meter
Undeveloped land:	300-1000 zl / ha

Note: The price depends on location attractiveness and usefulness.

Source: Information obtained from real estates appraisal experts of Abakus Company.

2. Building Cost

1. Office (brick)	(square meter)	1,200 zl
2. Factory	(square meter)	
Traditional method(concrete) (approx.)		800 zl
Element method(steel-frame, slate roof)		2,000 zl

3. Labor

1. Engineer/manager	(month)	1,200 - 1,500 zl
2. Skilled labor	(month)	1,000 - 1,200 zl
3. Unskilled labor	(month)	700 - 1,000 zl

4. Utilities

For legal entities(Net prices without VAT)

1. Brown coal(large)	(ton)	73.20 zl
2. Brown coal(briquette)	(ton)	207.70 zl
3. Brown coal(briquette, I sort)	(ton)	231.80 zl
4. Fuel oil	(liter)	1.00 zl
5. Natural gas	(cubic meter)	0.3248 zl(22% VAT)
6. Electric energy	(kwh)	0.21 to 0.23 zl (22% VAT)
7. Central heating	(GJ)	18.77 zl (22% VAT)
8. Heat energy in hot water	(cubic meter)	4.04 zl (22% VAT)
9. Industrial water	(cubic meter)	2.02 zl (exempt from VAT)
10. Sewage system	(cubic meter)	1.87 zl (exempt from VAT)

For natural persons, households(Prices with VAT)

1. Natural gas	(cubic meter)	0.75 zl
2. Electric energy	(kwh)	0.2401 zl
3. Central heating	(square meter)	2.03 zl
4. Heat energy in hot water	(cubic meter)	6.19 zl
5. Cold water and sewage system	(cubic meter)	2.62 zl

5. Purchase prices of apartments

1. Old substance	(square meter)	800 to 1,100 zl
2. New substance	(square meter)	1,400 to 1,600 zl

6. Market interest rate

1. Average interest rate	26-28 %

Source: RDA.

Business Taxation in Poland

The following taxes are imposed on all business activities in Poland.

1. Tax on products and services which is the Polish name for value added tax (VAT) and excise tax.
2. Income tax, which is imposed both on legal persons (corporate income tax) and natural persons (personal income tax).
3. Local taxes and charges
4. Treasury stamp and notary fees.

Besides of these taxes, employers must pay social security contribution for both Polish and foreign employees.

VAT was designed as a tax on consumer expenditure, rather than being a tax to be borne by businesses. Businesses are entitled to deduct the VAT they have suffered on inputs ("input tax") from the VAT which they have charged their customers ("output tax"). The net amount of VAT is paid by the seller of the goods or services to the Tax Office. There are three main rates of VAT: 22%, 7% and 0%, plus certain other transitional rates. The general rate of VAT imposed is 22%. The 0% rate of VAT is applicable to exported goods and services and certain other specialized services, mostly related to international transport services. The excise tax is imposed on selected goods, including the following: alcoholic beverages, tobacco, engine oils and fuels, cars, sailing and motor yachts, certain electric equipment, perfumes and the production and import of plastic wrapping at the manufacturing or import stage.

All companies which are established in Poland and registered in the Commercial Register in the district Registry Court are automatically liable for corporate income tax payments on their taxable income, irrespective of whether it results from domestic or foreign operation.

The corporate income tax rate is set to:
36% in 1998,
34% in 1999,
32% in 2000 and years after.

Among the different taxes and charges imposed by local authorities (e.g. cities, communes), the most important are those levied on real estate and transportation equipment.

Stamp fees are charged on applications, permits and certificates issued on the request of third parties and civil law procedures, purchase, exchange and loan agreements, bills of exchange, etc..

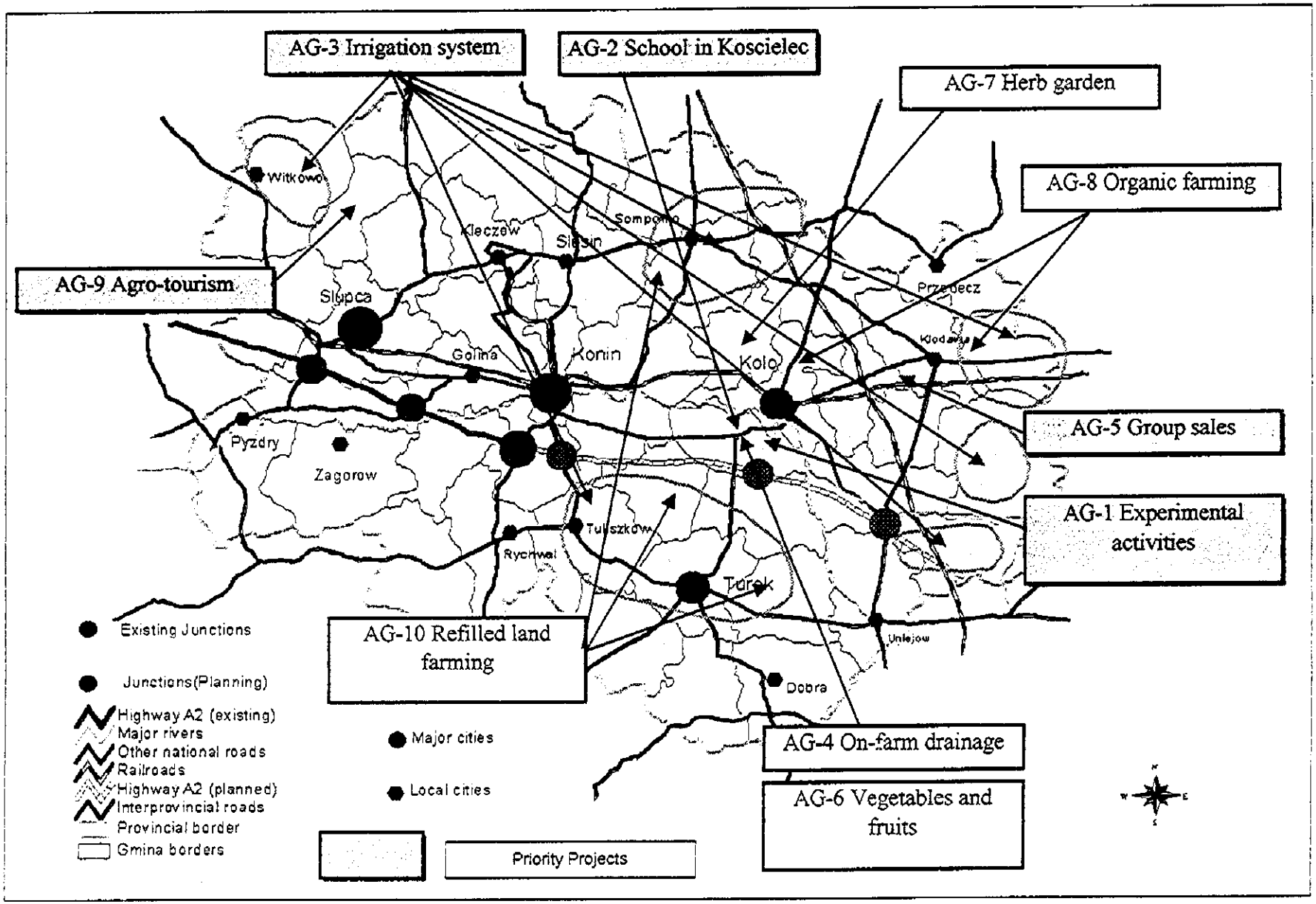
ZUS (The Social Insurance Institution) contributions amount to 48.15% of gross salary, which comprises 45% for social security, 3% for the Unemployment Fund and 0.15% for the Employees Benefit Guarantee Fund. Employers must register with the ZUS department responsible for the region in which they are located within ten days after the first employee commence work.

Chapter 1

PROJECT PROFILE

AGRICULTURE

Project Sites: Agriculture



Project No.AG-1 (Refer to Detailed Project Study for PAG-1)

1. PROJECT TITLE	Strengthening of Experimental Activities on Agricultural Technologies
2. PROJECT SITE	Koscielec
3. IMPLEMENTATION AGENCY	Primarily public sector being followed by private sector
4. EXPECTED DIRECT JOB CREATION	50 people
5. ESTIMATED PROJECT COST	US$ 9,900,000

6. RATIONALE

In general, soil and natural conditions are not preferable for agricultural production in Konin Province. The productivity of farm lands is not high in Konin compared with other provinces. For instance, production yields of cereals and potatoes in 1996 were 267 tons/ha and 191 tons /ha, which are smaller than the national averages of 290 tons /ha and 203 tons/ha respectively.

Nevertheless, farms need to know how to improve and diversify their produce in order to sell at higher prices as well as how to reduce production costs by introducing new technology. They are consulting with several sources such as ODR, the media, and neighboring farms. There are several institutions which are in charge of the development and extension services of agricultural technology. Those institutions are making different kinds of efforts to disseminate new agricultural knowledge among farms. However, because of limited budgets and staff members, the activities are not functioning satisfactorily. Not only the numbers of farms are limited who are taking these opportunities, but new knowledge is not fully shared among those institutions and farms. As a result, many farms have difficulty in accessing new technology and knowledge.

Under these conditions, it is necessary to improve farms' access to technology and establish agriculture suitable for Konin's natural (soil and climate) and social conditions, in order to increase productivity and improve quality. A lot of activities are being conducted for the purpose of dissemination of technology, but linkage among different services is limited. Therefore, it is necessary to establish a mechanism which links farms and related institutions. Based upon this, this project proposes to establish a network system for exchanging information among farms and related institutions.

7. PROJECT PURPOSE

To improve quality and productivity by improving farms ' access to agricultural technology

8. OUTPUT

1. An experimental research center is established as an institution for integrating the experimental activities in the province.
2. The system of experimental farms is established based on a concrete concept.
3. The linkage system among the institutions and farms is established for exchanging people and information

9. ACTIVITIES

1.1 Acquire the necessary land for the research center.

1.2 Design the buildings in detail.

1.3 Construct the research center.

2.1 Clarify the selection method of experimental farms.

2.2 Establish a reward system for experimental farms.

3.1 Regular meetings will be held among farms , agriculture extension center, experimental stations and agricultural schools in order to exchange necessary information

Project No.AG-2 (Refer to Detailed Project Study for PAG-1)

1. PROJECT TITLE	Strengthening of Agricultural Technology Schools in Koscielce
2. PROJECT SITE	Koscielce
3. IMPLEMENTATION AGENCY	The agricultural school complex at Koscielce
4. EXPECTED DIRECT JOB CREATION	5 people
5. ESTIMATED PROJECT COST	Strengthening curriculum: US$ 50,000 Costs for developing alumni network: US$ 10,000

6. RATIONALE

Human resource development is a prerequisite for future agricultural development. In Konin Province, two types of producers are basically observed: those who recognize the importance of access to modern technology including production and marketing issues, and those who have prejudice against state organizations and do not have access to such modern technology but just follow traditional ways of production technology. However, in order to improve quality and competitiveness of produce, it is important for producers to have regular consultation channels like a home doctor system.

Presently, agricultural schools and ODR(agriculture extension center) are providing students and producers with a variety of subjects including production technology, accounting, marketing, agrobusiness and agrotourism respectively. There are seven agricultural school complexes in Konin and about 4,000 students existed in 1997. In general, fifty to sixty percent of the graduates start farming practices. Among them, about thirty percent are estimated to have regular contact with ODR for consultation. However, capacity of ODR is limited due to decreasing budgets. Numbers of ODR experts are decreasing in each gmina, which prevent many producers from having regular consultation. Under these conditions, agriculture schools could play a "home doctor" role even after students graduate. It also can provide practical training courses by further strengthening linkages with successful producers as well as buyers in the areas of marketing.

This project selects the agricultural school complex in Koscielce taking into account of its location near to agriculture related institutions and its long history since 1922. The project proposes two components. (1) To strengthen the existing training curriculum in order to provide students with wide range of consulting channels, and (2) to develop alumni networks of graduates which will be utilized by future graduate students for consultation.

7. PROJECT PURPOSE

To improve quality and productivity of produce by strengthening functions of agricultural schools

8. OUTPUT

1. Students have a variety of training courses based on real practices of farming operation
2. Graduate students have a wide range of consulting channels

9. ACTIVITIES

1.1 Conduct opinion surveys targeted at students, graduated students to know needed subjects

1.2 Introduce some new curriculum subjects based on survey results

1.3 Invite lecturers from various fields of the needed topics

2.1 Make alumni database in order to help graduates have a contact point for consultation after graduation

2.2 Inform graduates of constructed network

2.3 Introduce appropriate people when inquiry is made by graduates.

Project No.AG-3 (Refer to Detailed Project Study for PAG-2)

1. PROJECT TITLE	Establishment of comprehensive irrigation management system
2. PROJECT SITE	Sompolno, Babiak, Slesin, Witkowo, Slupca, Pyzdry, Zagorow, Chodow, Grabow,Swinice Warckie, Tuliszkow, Wladyslawow, Przykona
3. IMPLEMENTATION AGENCY	Primarily public sector being followed by private sector
4. EXPECTED DIRECT JOB CREATION	100 people
5. ESTIMATED PROJECT COST	US$ 45,900,000

6. RATIONALE

In Konin, water shortage is more serious than the other provinces. Only 0.8 percent (1,980 ha)of total cultivated areas (263,018 ha) is irrigated by watering facilities in 1996 and most producers are using rainfed irrigation methods. Thus, water resource development is given the first priority. Presently, construction of main irrigation facilities such as dams and water reservoirs is planned and implemented by the public sector whereas the installation of on-farm irrigation facilities is done by each individual farm without any public financial support.

There are some programs to expand irrigated areas in Konin Province, but implementation of these public development programs are delayed due to a lack of financial resources. On-farm irrigation facilities are not equally installed in individual farm land because of the lack of administrative supports. Some individual farms are using underground water or water from lakes and rivers by installing water pumps. However, majority cannot afford to install such watering facilities by themselves.

There are problems on water use regulation, too. At present, different institutions, such as the national fund, the provincial office, or gmina offices are assigned to collect water fees according to the water source, such as lakes, rivers, or wells, water fees are not efficiently collected due to insufficient number of staffs for collection.

Under these conditions, there are many farms who need water supply in order to achieve the higher productivity. Therefore, comprehensive water management systems from the upper level to the lower level need to be developed. This project includes the establishment of an effective system for irrigation development which comprises the administration and farms. In this system, several pilot areas are selected as areas of high priority for installation of irrigation facilities. Also, a support system for further development is established.

7. PROJECT PURPOSE

To improve quality and productivity of agriculture produce by establishing comprehensive irrigation management systems

8. OUTPUT

1. An effective system for irrigation management is established on both administration side and farms' side.
2. Basic concepts of the irrigation development are clarified.
3. Main irrigation facilities are installed in the pilot areas.
4. Farms can operate and maintain the installed main facilities by themselves.
5. A support system is established for individual farms to install on-farm facilities.
6. A support system is established for further irrigation development.

9. ACTIVITIES

1.1 Establish an comprehensive support system from planning to maintenance.

1.2 Organize the water users' associations in the pilot areas.

2.1 Study in detail the water requirement and water availability for irrigation.

2.2 Formulate a plan of typical main facilities and on-farm facilities.

3.1 Design the main facilities in detail.

3.2 Construct the main facilities.

4.1 Establish a fair payment system for management cost of the associations.

4.2 Prepare a guideline for the operation and maintenance of main facilities.

5.1 Establish a consultation body for farms.

6.1 Establish an information network among the associations and other farms.

6.2 Start some original new programs or projects toward the future development.

Project No.AG-4

1. PROJECT TITLE	Development of on-farm drainage systems
2. PROJECT SITE	Whole province
3. IMPLEMENTATION AGENCY	Primarily public sector being followed by private sector
4. EXPECTED DIRECT JOB CREATION	50 people
5. ESTIMATED PROJECT COST	US$ 28,000,000

6. RATIONALE

Konin has suffered from floods several times and facilitating drainage systems is an important task. Poor development of on-farm drainage facilities is one of the reasons for the low productivity. However, on-farm drainage facilities are not well developed, so farm lands at lower elevation are sometimes damaged by floods, especially when there is much rainfall in a short period. Maintenance and functioning levels of existing drainage are low. Furthermore, due to limited budgets, funds which were being planned to be utilized for irrigation system development have sometimes had to be used for flood disaster management instead.

Under these circumstances, it is necessary to recover functions of existing facilities and develop new facilities, as well as to establish a group maintenance system in each specified drainage area. Taking into account the present disorganized utilization of on farm facilities, it is necessary to form comprehensive management systems which will not easily be broken apart in the future.

7. PROJECT PURPOSE

To improve the quality and productivity of agricultural produce by establishing comprehensive management systems for on-farm drainage systems.

8. OUTPUT

1. Present situation of drainage systems is surveyed.
2. On-farm drainage facilities are modernized.
3. An effective maintenance system of facilities is established.

9. ACTIVITIES

1.1. Clarify the facilities which require repair.

1.2. Clarify the areas which require the installation of new facilities.

2.1 Rehabilitate the existing drainage facilities which are not well maintained.

2.2 Construct new on-farm drainage facilities in the areas which require the installation.

3.1 Organize farms in each unit of drainage area for the maintenance of facilities.

Project No.AG-5 (Refer to Detailed Project Study for PAG-3)

1. PROJECT TITLE	Promotion of Group Sales Activities
2. PROJECT SITE	Klodawa
3. IMPLEMENTATION AGENCY	Newly established sales group company ODR
4. EXPECTED DIRECT JOB CREATION	4 to 5 people
5. ESTIMATED PROJECT COST	Facilities:US$40,000,Technical Assistance: US$ 30,000 Operational costs US$ 14,400 / year

6. Rationale

One of the most serious difficulties in improving farming operation is marketing in the sense that terms of trade between agricultural input and output has deteriorated against producers. Unlike the previous regime when all produce was purchased by the state, producers basically have to find clients by themselves.

However, it is still not easy for many producers to adjust to the new systems and they are now struggling. In particular, individual producers of vegetables and fruit, whose markets are completely liberalized, cannot sell their produce easily. There are three basic problems. First, production of vegetables and fruit is labour intensive compared to other production profiles, hence, many producers cannot spend much time on sales activities. Second, each individual producer rarely meets buyers' demands in terms of quantity and quality. Third, as a result, many producers sell to agents which makes farmgate prices as low as thirty percent of retail prices.

Taking these difficulties into consideration, it is a prerequiste for producers to supply the required amount of variety, high and homogeneous quality of produce in order to find stable buyers and increase farmgate prices. To achieve this, the project proposes forming a producers' group for sales. This will allow producers to receive following benefits: 1) to reduce production costs associated with sales (transportation costs and time allocated for finding buyers),2) to improve quality of produce and diversify the variety of produce according to market demand, and 3) to increase in sales revenues by increasing volumes and/or farmgate prices.

The project promotes two things in group sales activities in the long run: one is to produce high and homogeneous quality and / or variety of produce, and the other is to collect such produce at one place in order to supply certain volumes requested by heavy buyers, which an each individual producer cannot easily stay in contact with at present.

In Konin Province, producers have started to learn what marketing and negotiation are and recognize the necessity of group formation, at least theoretically. The farm survey shows about fifty percent of producers need such a producers' group for sales. However, they have little or no opportunity to try such knowhow in practice. In this regard, this could be a pilot project to create the impetus for forming such a sales group and be a model of other provinces, too.

7. PROJECT PURPOSE
To develop effective marketing systems in Konin Province
8. OUTPUT
1. Producers receive orders which exceed their production capacity 2. A sales group company owned by producers is established 3. A collecting point of vegetables and fruit is prepared and operated by the company 4. The group sales company starts to sell collected produce from member producers at the collecting point
9. ACTIVITIES
1.1 Conduct market research and set selling places with support from a marketing expert. 2.1 Make the articles of the company and register the company owned by producers 2.2 Hire a manager, a sales person and an expert of vegetables and fruit production 3.1 Gmina office provides a collecting point 4.1 Build a collecting mechanism 4.2 Pays to members according to separate receipts 4.3 Dispatch the production expert to teach member producers how to produce high and homogenous produce. 4.4 Design shipment plans according to obtained orders and allocate production quotas to each member

Project No.AG-6

1. PROJECT TITLE	Detailed Study for the Promotion of Vegetables and Fruit
2. PROJECT SITE	Whole province
3. IMPLEMENTATION AGENCY	Primarily public sector(A team of experts, research institutes of vegetables and fruit, ODR)
4. EXPECTED DIRECT JOB CREATION	4 people
5. ESTIMATED PROJECT COST	US$ 500,000

6. RATIONALE

Konin Province has a long tradition of vegetables and fruit production. From the point of view of raw materials supply and promotion of food processing industries, the location of the province is ideal being along the main international road connecting with large consumption areas. In addition, big food processing companies are located within a radius of 100 km, which are Lowicz, Strzelno, Gniewkowo and Kalisz. There are some fruit and vegetable processing factories located in the middle of production areas in Konin Province, although their present capacity utilization rates are low due to decreased demand from traditional export markets. As a result, fresh raw materials produced in Konin are procured by companies from outside the province and final produce are supplied by them.

Regarding fresh vegetables and fruit, per capita consumption is steadily growing, so are retail sales volumes. Production of cabbages, onions, carrots, apples and cherries have increased since 1990 in Konin Province. However, in general, farmgate prices are not high enough to cover production costs. There are some reasons for this. First, production technology including post harvest practices adopted by producers are not sufficiently modernized to meet market demand. Many producers follow traditional production methods which are sometimes obsolete in respect to meeting buyers' demands. Second, as consumers' preference for tropical fruit such as oranges and banana becomes high, Polish traditional produce such as apples are substituted by imported produce which cannot be produced in Poland. Third, inadequate access to credit prevents producers from starting vegetables and fruit production which requires high initial investment costs during the period when production is taken place. However, credit issue is beyond the scope of this project, therefore, is not included in the components.

Although such problems exist, profitability of vegetables and fruit production is still high compared with other plant produce. Taking into account the above mentioned potential of Konin, a detailed study for the promotion of vegetables and fruit needs to be conducted immediately. Study topics will be as follows.

1) Make objective analyses of present problems and constraints of specified fruit and vegetables.
2) Conduct market surveys in Poland and possible foreign countries.

7. PROJECT PURPOSE

To diversify agricultural produce based on market research on vegetables and fruit

8. OUTPUT

Recommendations for produce to be promoted in Konin, promotion activities and marketing strategies, are proposed.

9. ACTIVITIES

1. A team comprising 6 foreign experts and 4 Polish experts will conduct a study for a year.
2. Foreign market surveys will be conducted in EU and Eastern countries.
3. The study results will be presented at the seminars held in both Poland and possible exporting countries

Project No. AG-7

1. PROJECT TITLE	Construction of "Konin Herb Garden"
2. PROJECT SITE	Osiek Maly Gmina
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	About 30 people
5. ESTIMATED PROJECT COST	US$ 200,000

6. RATIONALE

There is a long tradition of herb production in Konin. Unlike other produce, herbs can be grown on less fertile land, which is suitable for Konin's natural condition. In addition, herbs are labor intensive produce including a drying process which is also suitable for labour abundant rural areas. Various types of herbs including primrose, borage, thisle, flax, caraway, spearmint, camomile, dill, salvia, tutsan are cultivated on areas of 745 ha in the province. Due to lack of drying and processing facilities, herbs are sold in semi-dried form at present. In spite of the low processing levels, the profitability of herb production is high with profits to sales ratios being between fifteen and sixteen percent according to a private company's estimate. Although demand for establishment of a processing facility is high, there is no herb processing plant at present in Konin Province. The initial investment cost of constructing a herb processing plant is at least 1 million zl.(US$ 285,714) plus additional expenditure for certificates issued by the Ministry of Health.

From demand side point of view, herbs are purchased by companies for both domestic and export purposes. Exported herbs are procured solely by Rolimpex, whose purchase amount is as large as 25 tons(equivalent to 20 to 30 ha) at one time. Regarding domestic needs, there is competition among different procurement companies and buyers have the chance to select companies who offer higher purchase prices. Mostly, producers are required to produce various types of herbs at the same time. There is a procurement point, which is through the state-owned herb processing company "Herbapol" at Kramsik. The company has contract production systems in place with producers. However, purchase prices obtained here are lower than for other companies.

Under these conditions, a private company's investment plan for renovating existing drying facilities is considered to be reasonable taking into account initial costs and its effects. The private company which is located in Osiek Maly gmina operates on 128 ha of land and looks for investors. It owns herb drying facilities including a drying machine and a herb storage facility, which were owned by a state farm before the change. The company plans to renovate existing drying facilities and develop some areas into a herb garden including a pond and old palace which can be used for promotion of agrotourism. Upon development, the company plans to sell 50 tons of dried herbs and hire 30 people living in Osiek Maly gmina where no major industry apart from agriculture exists.

7. PROJECT PURPOSE
To diversify agriculture by reactivating herb production in rural gmina.
8. OUTPUT
1. 30 people are employed at renovated herb drying facilities
2. Herb Garden is constructed together with agrotourism facilities
9. ACTIVITIES
1.1 Renovate boiler house, drying machine, warehouses and greenhouse of the existing herb processing facilities
1.2 Employee people from rural gmina
1.3 Increase purchasing amount of locally produced herbs
1.4 Diversify selling channels by supplying various kinds of herbs at the same time.
2.1 Construct herb garden by planting about 30 varieties of herbs
2.2 Rebuild pond site and old palace as tourist attraction

Project No.AG-8

1. PROJECT TITLE	Promotion of Organic Farming
2. PROJECT SITE	Kolo, Chodow
3. IMPLEMENTATION AGENCY	ODR, livestock and plant producers
4. EXPECTED DIRECT JOB CREATION	50 people
5. ESTIMATED PROJECT COST	US$ 900,000

6. RATIONALE

Poor soil quality is one of the most serious constraints for improvement of productivity and diversification of production profile in Konin Province. Producers used to use artificial fertilizers, successfully, to improve productivity of acid and less fertile soil quality. However, after the abolishment of subsidies for purchasing fertilizers except for limy (or Ca) ones, the use of artificial fertilizers decreased sharply, the average national consumption dropped from 195.5 kg/ha in 1988 to 88.9kg/ha in 1996.

On the other hand, too much dosage of artificial fertilizers sometimes harms growth of crops, causes diseases and threatens food safety, and pollutes the environment. In Konin, nitrogenous fertilizers are more intensely used compared with national average, which reduces PH of soil and alkaline substances, and makes nutritional contents in soil imbalance soil. In addition, the usage of artificial fertilizers are recognized to pollute quality of lakes and ground water. Immediate actions are required to solve these problems.

One of the methods to improve the soil quality is to use organic fertilizers. These can help the activation of microorganisms in soil and improve soil conditions. At the same time, it contributes to the improvement of water holding capacity, drainage and aeration. Taking these into consideration, the Polish government included promotion of organic farming in the framework of the economic development programs and will undertake the following tasks: 1) adjustment of Polish organizational and legal systems to the principles of the EU organic policy, 2) creation of financial support systems for farms who shift to organic production, and 3) supporting promotion and distribution of organic products.

Presently, organic farming in Poland is still in its early stage of development. Levels of soil pollution with heavy metals is lower than those of EU countries and the pure soil environment could strengthen competitiveness of Polish organic products in European markets. In 1995/96, 70.9 million tons of manure were used in the whole country, which is almost equivalent to 52.9 kg of artificial fertilizers(NPK) per ha. This figure is still small compared with NPK usage of 195.5 kg per ha in 1988(the level of NPK utilization before the change). In Konin Province, organic fertilizers are not widely used. About sixty percent of producers are engaged in livestock production, and many farms produce organic fertilizers for their own use, while using artificial fertilizers at the same time.

Taking these conditions into consideration, it is appropriate for Konin to spread organic farming activities and promote production of organic products as a tool for diversifying agriculture. Within this project, several small areas including plant and livestock farms will be set up to promote organic farming. It is expected that organic farming practices and organic products will spread gradually from the small scale activities started in many areas. ODR will play a promoting role and encourage producers to be engaged in utilizing organic fertilizers.

7. PROJECT PURPOSE

To diversify agriculture by promoting healthy and environmentally friendly products

8. OUTPUT

1. Organic farming is practiced in small group cooperation on a small scale.
2. Promote organic products through advertising.

9. ACTIVITIES

1.1 Organize small scale groups for organic farming promotion in small areas through consultation and advice by ODR.

1.2 Construct small scale compost centers.

1.3 Establish a system of collection of waste materials and distribution of organic fertilizers in each small area.

2.1 Make opportunities to exchange information among organic farming groups.

2.2 Find a way of selling organic products directly to consumers, including restaurants and hotels.

2.3 Advertise organic products at agriculture distribution centers.

Project No.AG-9 (Refer to Detailed Project Study for PAG-4)

1. PROJECT TITLE	Promotion of Agrotourism
2. PROJECT SITE	Powitz
3. IMPLEMENTATION AGENCY	ODR being followed by public sector
4. EXPECTED DIRECT JOB CREATION	21 people
5. ESTIMATED PROJECT COST	US$ 40,000

6. RATIONALE

Being in its early stage of development, agrotourism started to be recognized as an important income source for farms in Konin. There are several advantages to the promotion of agrotourism in Konin: competitive prices of accommodation; easy access from industrial areas; quiet and safe places; clean lakes and famous tourist sites such as Liheni. The number of tourists who stayed at agrotourism farms was between 400 to 500 and average length of stay was 2 weeks during summer seasons in 1997. There are some tourists who stayed at weekends regardless of season. Presently, there are twelve agrotourism farms in Konin Province, out of which fifty percent make profits. Some farms already earn about fifty percent or more of their total incomes from agrotourism and many farms have started to have interests in agrotourism operation.

Powitz gmina, which is in the northwestern part of Konin, is the most famous tourist site in Konin Province. There is a lake called "Powitz lake" which is the biggest in Great Poland areas(Wilkopolska) whose area is 1,200 ha. During summer season from the end of June to August, there are about 10,000 to 12,000 tourists per day who stay in the Powitz area during weekdays and 18,000 tourists at weekends. These tourists are now staying at hotels(54 beds), school hotels(20 beds), camping sites (120 places) and some private houses. However, present accommodation capacities can cover only about sixty percent of real demand. There are three agrotourism farms in Powitz and two of them earn more than fifty percent of their income from agrotourism now. Tourists come from foreign countries such as Germany and Holland, and major industrial areas such as the Slonsk region. Occupancy rates during summer season are high and additional investment for increasing accommodation are now being considered by both farms. Apart from these, there are about sixty farms who rent one or two rooms without registering as "agrotourism farms" in Powitz. Some farms are interested in agrotourism after looking at the successful cases.

As shown above, there is great potential for promoting agotourism in the region. However, there are no organizational promotion activities conducted in Konin Province now. For instance, present agrotourism training courses are only provided to a small number of farms due to the limited human and financial resources of ODR. Regarding promotion activities, ODR conducts overall marketing activities of the whole province by a staff member who has other responsibilities as well. "Referral" advertisement by family members living in industrial areas are commonly utilized by individual farms. Taking into account the future development potential, it is time to start organizing public support by promoting agrotourism in Konin Province. Promotion activities will be conducted by 1) education of farms and 2) implementation of marketing strategies based on tourist information which is also developed by this project

7. PROJECT PURPOSE

To diversify agriculture in Konin Province by promoting agrotourism

8. OUTPUT

1. Number of farms who start agrotourism operation increases
2. Systematic agrotourism promotion activities are conducted.

9. ACTIVITIES

1.1 Send farms to basic agrotourism training courses

1.2 Organize visiting tours for existing agrotourism farms and those who participated in the training courses

1.3 Invite agrotourism experts from EU countries and organize seminars.

2.1 Establish a database of agrotourism customers staying in Konin

2.2 Establish connecting systems with other regions' agrotourism information networks

2.3 Distribute analyzed information including target promotion areas to agrotourism farms

2.4 Distribute the agrotourism pamphlet prepared by ODR to people working in targetted promotion areas.

Project No.AG-10

1. PROJECT TITLE	Experimental Farming on the Refilled Land of Mines
2. PROJECT SITE	Sompolno, Wladyslawow, Przykona
3. IMPLEMENTATION AGENCY	Primarily private sector being assisted by public sector
4. EXPECTED DIRECT JOB CREATION	100 people
5. ESTIMATED PROJECT COST	US$ 6,400,000

6. RATIONALE

The refilled land of mines is a unique area in the province, which is possible to be used for large scale farming and appropriate for the experiments of new crops or varieties. Extensive agriculture has been practiced on the refilled land of mines for twenty years. For instance, a sugar processing company is conducting a study on production of sugarbeet on a large scale on refilled land.

The refilled land has well-maintained widespread areas, and the discharge water from mining area is available for irrigation. Good sites are provided for starting large scale intensive farming. However, intensive farming is not being practiced so far.

In order to establish agricultural styles suitable for Konin, study on intensive farming cannot be ignored. Under these conditions, this project offers experimental trial activities for large scale farming operation as one of the possibilities for future diversification of agricultural production. This project aims at establishing feasible intensive farming practices through the experimental activities on the refilled land of mines.

7. PROJECT PURPOSE

To diversify agricultural farming operation types by conducting experimental activities on large scale intensive farming operation on the refilled land of mines

8. OUTPUT

1. Some parts of the refilled land of mines are prepared for experimental farming.
2. Large scale intensive farming is tested on the refilled land.
3. Feasibility of intensive farming on the refilled land is confirmed.

9. ACTIVITIES

1.1 Acquire some parts of the refilled land for experimental farming.

1.2 Select crops and varieties suitable for the refilled land conditions.

1.3 Install irrigation facilities on the experimental farm lands.

2.1 Carry out experiments on the large scale intensive farming of the selected crops and varieties.

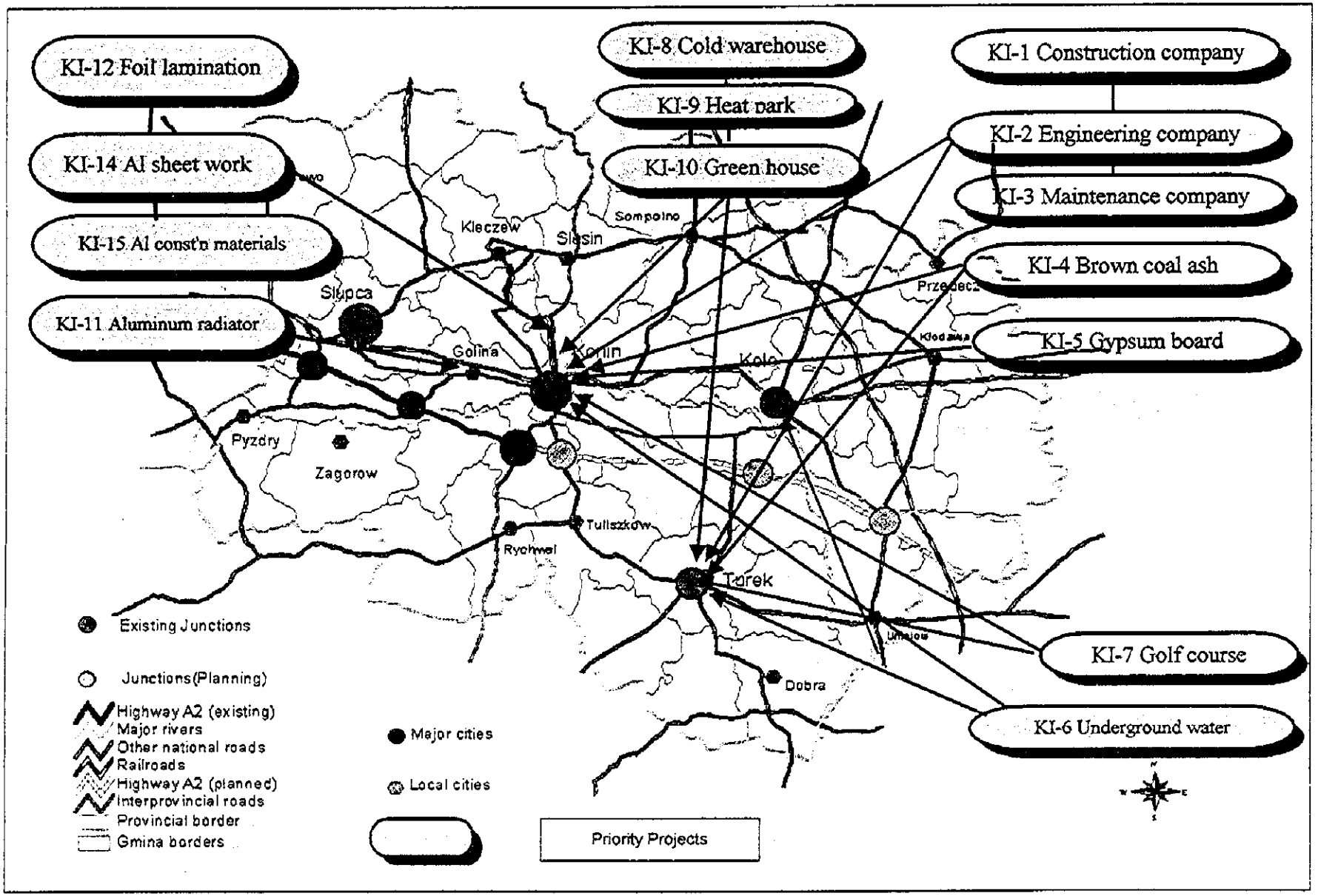
2.2 Target sales activities toward the possible market of the produce from the experiments.

3.1 Evaluate the productivity of the experiments.

3.2 Evaluate the market possibility of the produce from the experiments.

THREE KEY INDUSTRIES IN KONIN PROVINCE

Project Sites: Three Key Industries



Project No. KI-1

1. PROJECT TITLE	Establishment of a construction company
2. PROJECT SITE	Parasitism in the parent companies
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	300 people
5. ESTIMATED PROJECT COST	US$ 1,000,000

6. RATIONALE

The three key industries are restructuring throughout all their companies. One of the important changes for most of the companies is to separate supporting organizations from the main structure and to establish partnership companies. Huta Aluminum established such companies for design, repair and fabrication. ZE PAK is planning to establish an engineering joint venture company with a foreign company. KWB Konin is investigating such restructuring. In these circumstances, the engineers and workers in KWB Konin and Adamow have been engaged in civil engineering and other specialized work. The technologies and equipment they use are applicable to outside jobs such as road, irrigation, sewage and other public construction, including the highway A-2 construction.

7. PROJECT PURPOSE

To accelerate restructuring of the three key industries, absorbing surplus manpower relating to construction work.

8. OUTPUT

1. A construction company is established.
2. Business scope: Construction and maintenance work in civil engineering and in building
3. Target client: The parent company, national, local government institutions, private sectors.
4. Employees : Engineers and workers from the three key industries.

9. ACTIVITIES

Phase I: To receive orders for outside jobs as an expanded business scope of the company.

Phase II: To separate the construction group as a new company.

Project No. KI-2

1. PROJECT TITLE	Establishment of an engineering company
2. PROJECT SITE	Parasitism in the parent companies
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	200 people
5. ESTIMATED PROJECT COST	US$ 1,000,000

6. RATIONALE

The three key industries are restructuring throughout all their companies. One of the important changes for most companies is to separate supporting organizations from their main structure and to establish partnership companies. Huta Aluminum established such companies for design, repair and fabrication. ZE PAK is planning to establish an engineering company joint venture with a foreign company. KWB Konin is investigating such restructuring. There is a need for engineering work in the modernization of existing facilities in Poland and in new construction for various industries. The three key industries have the technology for engineering, purchasing, construction, etc. and a new company, comprising their engineers and workers, is capable of undertaking such work.

7. PROJECT PURPOSE

To accelerate restructuring of the three key industries, absorbing surplus manpower relating to engineering works.

8. OUTPUT

1. An engineering company is established.
2. Business scope: Engineering, procurement, construction work for power stations, mining, metallurgy, chemical plant, pollution control, etc.
3. Target client: The parent company, national, local government institutions, private sectors.
4. Employees : Engineers and workers from the three key industries.

9. ACTIVITIES

Phase I: To receive orders for outside jobs as an expanded business scope of the company.

Phase II: To separate the engineering group as a new company.

Project No. KI-3

1. PROJECT TITLE	Establishment of a maintenance and erection company
2. PROJECT SITE	Parasitism in the parent companies
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	100 (KWB)+100 (ZE PAK) people.
5. ESTIMATED PROJECT COST	US$ 1,000,000

6. RATIONALE

The three key industries are restructuring throughout all their companies. One of the important changes for most companies is to separate the supporting organizations from the main structure and to establish partnership companies. Huta Aluminum established such companies for design, repair and fabrication. ZE PAK is planning to establish an engineering company joint venture with a foreign company. KWB Konin is investigating such restructuring. There is a need for maintenance work for existing obsolete facilities and also for newly-built plant in various industries in Poland. The three key industries have the technology for this work, and a new company, comprising their engineers and workers, is capable of carrying it out .

7. PROJECT PURPOSE

To accelerate restructuring of the three key industries, absorbing surplus manpower relating to maintenance work.

8. OUTPUT

1. A maintenance and erection company is established.
2. Business scope: Maintenance and repair work for power stations, mining, metallurgy, chemical plant, pollution control, etc.
3. Target client: The parent company, national, local government institutions, private sectors.
4. Employees : Engineers and workers from the three key industries.

9. ACTIVITIES

Phase I: To receive orders for outside jobs as an expanded business scope of the company.

Phase II: To separate the engineering group as a new company.

Project No. KI-4

1. PROJECT TITLE	Feasibility study for a brown-coal ash utilization company
2. PROJECT SITE	Adjacent site to the power plants (expected location of the company)
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	100 people (expected for the operation of the company)
5. ESTIMATED PROJECT COST	US$ 30,000 (for feasibility study)

6. RATIONALE

Ash from brown coal combustion from ZE PAK is calcium-rich with fixing properties, due to the concentration of free CaO. Studies on ash showed that it may be used for e.g. improvement of land stabilization fulfilling the role of an independent binder, or as an element of improvement for incohesive land grain.

Ash from ZE PAK may be used for the production of construction materials for housing (f1 and f2 factors are much lower than the admissible ones) and for binding materials. The high content of CaO in the ash also allows it to be used in agriculture for soil deacidification.

ZE PAK uses a hydraulic transport system to dispose of ash slurry in the pit's excavations. The existing installation of dry ash removal allows only small amounts of fly ash to be recovered, limiting the amount of ash used at present. After modernization of Patnow Power Station, the ash will be stored in tanks before being transported to the stockyard. Then, fly ash can be obtained in larger quantity. These technologies will allow ZE PAK ash to be put to various uses, and the project is to carry out a feasibility study on how to exploit them efficiently.

7. PROJECT PURPOSE

To accelerate diversification of ZE PAK, utilizing all saleable by-products and wastes.

8. OUTPUT

1. Feasibility study for establishing a company to manufacture and sell products made from brown coal ash.
2. Expected products : construction materials, soil deacidification and ameliorant

9. ACTIVITIES

Phase I: To do research on usage of ash and to develop demands for ash.

Phase II: To do a feasibility study to establish company for selling such products.

Project No. KI-5

1. PROJECT TITLE	Feasibility study for a gypsum board manufacturing factory
2. PROJECT SITE	Adjacent site to the power plants (expected location of the factory)
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	100 people (expected for the operation of the factory)
5. ESTIMATED PROJECT COST	US$ 30,000

6. RATIONALE

Depending on the sulphur content in the fuel and the operation rate of boilers equipped with desulphurization units, about 30-70,000 tons per year of Ca SO4 x 2H2O will be produced. Energoblok Konin takes the total amount of gypsum from ZE PAK on a long-term contract. Energoblok is planning to process this material into construction gypsum. On the other hand, there is a growing market for gypsum board for architecture, insulation and acoustic insulation in Poland. At Belchatow Power Station, gypsum board is produced by a joint venture with a foreign company. In order to add value to the by-product, it is proposed to carry out a feasibility study on how to utilize the gypsum for board, thermal and acoustic insulation materials, etc., competing with the products from Belchatow.

7. PROJECT PURPOSE

To accelerate diversification of ZE PAK, utilizing all saleable by-products and wastes.

8. OUTPUT

1. A feasibility study for a gypsum board manufacturing factory is carried out.
2. Expected business scope : Manufacturing and sale of gypsum board, thermal and acoustic insulation materials.
3. Target client : Private sector in Poland and export

9. ACTIVITIES

To do a feasibility study on the fabrication of added-value gypsum products as diversification for Energoblok, or by establishing a new company for gypsum board and thermal and acoustic insulation material production.

Project No. KI-6 (Refer to Detailed Project Study for PKI-3)

1. PROJECT TITLE	Master-plan study for utilization of underground water from mines
2. PROJECT SITE	Adjacent sites to the open pits
3. IMPLEMENTATION AGENCY	Primarily private sector being assisted by public sector
4. EXPECTED DIRECT JOB CREATION	---
5. ESTIMATED PROJECT COST	US$ 52,000

6. RATIONALE

Operation of open pit mining requires lowering the level of underground water. Therefore, a barrier of deep-level wells is created around the open pits and water is pumped out during the whole period of exploitation. When mining is complete, pumping is stopped and the water returns to its previous level. The amounts of water pumped out are huge. In addition to the well-water, after sedimentation, the mines pump out water from surface drainage, i.e. rainfall water and some of the underground water not drained by the wells. According to water-legal permits, this water has at least 2nd purity class and can be utilized as clean water. The total amount of water pumped out in this way is 206 m3/minute from KWB Konin and 174 m3/minute from Adamow.

The important problem which still needs to be solved is utilization of water pumped-out from open pits. At the moment, most of it remains unused and goes to rivers and streams. All such water could be exploited if it was distributed to the users, depending on appropriate funds being available.

7. PROJECT PURPOSE

To clarify a method of maximum utilization of underground and surface water from mines.

8. OUTPUT

Master plan is established.

9. ACTIVITIES

Phase I: To investigate the amount of useable water and the need for it. To make plans to utilize the water from each open pit.

Project No. KI-7

1. PROJECT TITLE	Construction of a golf course on refilled land at open mine sites
2. PROJECT SITE	Reclaimed land of KWB Konin or Adamow
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	50 people
5. ESTIMATED PROJECT COST	US$ 10,000,000

6. RATIONALE

In Poland, there are few golf courses but an increasing number of golf-lovers, especially among the foreigners working for Polish companies. Equally, there are huge areas of reclaimed land owned by KWBs. For example, KWB Konin has recultivated over 3500ha and will continue to refill exhausted land. The total surface area to be reclaimed will reach 5000ha by 2018. Most of the land has been used or will be used for agriculture, forest and water reservoirs for various purposes, including leisure and recreation. Such reclaimed land requires a long preparation period to be used for agriculture, and the companies meanwhile have to maintain them as unemployed capital. Therefore, it would be advantageous if some of it can be turned to good, profitable use as early as possible. A golf course can be constructed using mining machines and workers in any role. This would also be a chance for miners to diversify their skills. Once the golf course is opened, it will attract foreigners and Polish people of suitable character, improving Konin's international image.

7. PROJECT PURPOSE

To attract tourists and business people who are fond of golf, from all over Poland, contributing to the improvement of Konin's image.

8. OUTPUT

1. Phase I: 9-hole golf course is constructed.
2. Phase II: 18-hole golf course (around 70 ha) is completed (9-hole course added).

9. ACTIVITIES

Phase I: to make a feasibility study

Phase II: to construct 9-hole golf course.

Phase II: to construct 18-hole golf course

Project No. KI-8 (Refer to Detailed Project Study for PKI-2)

1. PROJECT TITLE	Construction of cold warehouse(s) for agricultural products
2. PROJECT SITE	Adjacent site to Konin and/or Adamow Power Station
3. IMPLEMENTATION AGENCY	Primarily private sector being assisted by public sector
4. EXPECTED DIRECT JOB CREATION	20 people
5. ESTIMATED PROJECT COST	US$ 1,200,000

6. RATIONALE

Farmers are suffering from price reductions due to an over-abundance of produce into the market. It may be feasible to instal cooled warehouses for storing agricultural produce, utilizing absorption-type refrigerators, with hot water as a "driving heat." This is aimed at controlling the release of fruit and vegetables by holding them in the warehouses for a certain period. The technology to preserve the quality of produce for a period is applied in many countries now, involving cooling down the fruit and vegetables as soon as possible after the harvest. There are several cooling methods, such as chilled air cooling, chilled water cooling, etc.

This technology can be applied in Konin. It may be feasible to build a warehouse with facilities for sizing products and cooling them, utilizing heat from the power stations as an energy-source of absorption type refrigerators.

7. PROJECT PURPOSE

To develop industries and agriculture using heat from the power stations.

8. OUTPUT

1. A cold warehouse is constructed.
2. Business scope: Warehouse business of agricultural products, chilling and storing the products

9. ACTIVITIES

Phase I: to make a feasibility study

Phase II: to construct a cold warehouse equipped with absorption-type refrigeration using co-generated heat from power plants.

Project No. KI-9 (Refer to Detailed Project Study for PKI-2)

1. PROJECT TITLE	Construction of a "Heat Industrial Park"
2. PROJECT SITE	Adjacent site to Konin and/or Adamow Power Station
3. IMPLEMENTATION AGENCY	Primarily public sector followed by private sector
4. EXPECTED DIRECT JOB CREATION	20 people
5. ESTIMATED PROJECT COST	US$ 11,000,000

6. RATIONALE

In order to diversify the industrial structure in Konin Province, a significant number of new industries must be constructed in line with the development plans. If those industries generate heat individually by burning fossil fuel, then total pollutant emissions will inevitably increase and/or the investors will suffer from the heavy burdens of environmental protection costs.

The power stations are aiming to modernize their facilities, mainly in pollution protection, by 2007. If the heat utilization efficiency at power stations is improved by the increase of electricity-heat cogeneration, the power plants will be able to supply heat with no increase in pollution. So the environment of Konin Province will not be threatened by the development of new industries.

On the above-mentioned grounds, in order to improve the efficiency of heat utilization, the project aims at encouraging heat-consuming industries to set up together in a so-called industrial park, located adjacent to power stations so they can take heat directly from them.

7. PROJECT PURPOSE

To develop industries and agriculture using heat from the power stations.

8. OUTPUT

1. A heat park is constructed.
2. Business scope: Preparation of industrial park, supply of utilities to the park and treatment of waste water from the park.

9. ACTIVITIES

Phase I: to make a feasibility study and to invite energy-intensive industries to the park.

Phase II: to establish a managing company of the park.

Phase III: to construct the factories in the park and to operate the managing company

Project No. KI-10 (Refer to Detailed Project Study for PKI-2)

1. PROJECT TITLE	Construction of a greenhouse park
2. PROJECT SITE	Adjacent site to Konin and/or Adamow Power Stations
3. IMPLEMENTATION AGENCY	Primarily public sector followed by private sector
4. EXPECTED DIRECT JOB CREATION	7 people
5. ESTIMATED PROJECT COST	US$ 2,400,000

6. RATIONALE

The project aims at constructing a 'horticultural park' where greenhouses are located together, adjacent to power stations, utilizing their heat fully.

Greenhouse products have high potential in the market. In the Konin Province, there are 16.8 ha of greenhouse area, 672 m2 of which are for vegetable farming such as tomatoes, cucumbers, etc. In Poland there are 1,159 ha of greenhouse area, 17.6 ha of which are for vegetables. Konin's percentages of the Polish total are 1.45% for greenhouse land and 0.4% for vegetable production. Greenhouse farming should be more active, using heat from the power stations, than in any other province in Poland. In the Konin Province, most greenhouses burn coal or sawdust with no pollution-protection facilities. Energy costs amount to 60 % of total costs. Power plants can supply heat without increasing pollution in the district. The price of this heat is a key factor for success.

7. PROJECT PURPOSE

To develop industries and agriculture using heat from the power stations.

8. OUTPUT

1. A greenhouse park is constructed.
2. Business scope: Preparation of a greenhouse park, supply of utilities to the park.

9. ACTIVITIES

Phase I: To make a feasibility study

Phase II: To prepare land for a "Greenhouse Park" near the power stations and to construct hot water pipelines and infrastructure.

Phase III: To start operation

Project No. KI-11 (Refer to Detailed Project Study for PKI-1)

1. PROJECT TITLE	Construction of an aluminum radiator factory
2. PROJECT SITE	Golina
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	180 people
5. ESTIMATED PROJECT COST	US$ 4,300,000

6. RATIONALE

Steel radiators have been used for most space heating in Polish houses and buildings. However, recent demand for steel ones has fallen by 10 %, while demand for aluminum radiators has risen, mainly because aluminum radiators have a higher heat transfer efficiency than steel ones. Presently aluminum radiators are imported from Italy and other western countries as well as being locally-produced in Kety by the extrusion method. But these have the drawback of post assembly. The project is to produce competitive radiators by die casting methods using recycled aluminum. Total demand for radiators for space heating in Poland is estimated to be 20 to 25 million per year, with half of them now aluminum - approximately 10 million per year. The company plans to produce 5 million items per year in Konin by the above-mentioned methods. Export to surrounding countries can be expected.

7. PROJECT PURPOSE

To develop aluminum industries in Konin Province.

8. OUTPUT

1. An aluminum radiator manufacturing company is established.
2. Business scope: manufacture and sales of aluminum radiators

9. ACTIVITIES

Phase I: To carry out investment promotion activities.

Phase II: To establish a factory for aluminum space-heating radiators.

Project No. KI-12 (Refer to Detailed Project Study for PKI-1)

1. PROJECT TITLE	Construction of an aluminum foil lamination factory
2. PROJECT SITE	Adjacent site to Huta Aluminum Konin
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	36 people
5. ESTIMATED PROJECT COST	US$ 2,600,000

6. RATIONALE

There are urgent requirements for foil, strip and sheet aluminum for civil engineering, building, transportation and packaging with the following properties:

- high durability
- surface enrichment

Demands for high-quality surface treatment of aluminum strip, sheet and foil will be met by the construction of a coating factory in the first phase. For the second phase, an aluminum foil lamination plant is proposed. Aluminum foils laminated with plastic films such as polyethylene terephthalate (PET), polypropylene and nylon, etc. have excellent properties for light insulation, heat-resistance, toughness, high oxygen and moisture insulation. They are used for high quality food packaging in the EU, USA and Japan.

Demands for high quality food packaging, such as retort pouch for domestic and export, will increase rapidly. There are good opportunities to establish an aluminum foil lamination factory in Konin, using Huta's raw material.

7. PROJECT PURPOSE

To develop aluminum downstream industries.

8. OUTPUT

1. An aluminum foil lamination factory is constructed.
2. Business scope: manufacture and sales of aluminum foil and sheets laminated with plastic film.

9. ACTIVITIES

Phase I: To carry out investment promotion activities and to make a feasibility study
Phase I: To establish an aluminum foil lamination factory.

Project No. KI-13 (Refer to Detailed Project Study for PKI-1)

1. PROJECT TITLE	Construction of an aluminum foil work factory
2. PROJECT SITE	Adjacent site to Huta Aluminum Konin
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	72 people
5. ESTIMATED PROJECT COST	US$ 4,200,000

6. RATIONALE

Semi-rigid aluminum containers are becoming of great interest to producers. The most important manufacturer is SPPR Warsaw. Other production is by very small companies scattered all over the country. The consumption of thin strip was 479 tons in 1996 and 560 tons in 1997. The product quality is poor and of little variety compared with foreign products. Semi-rigid packaging is more and more appreciated universally due to the simple construction and, especially, to the case of recycling.

7. PROJECT PURPOSE

To develop aluminum downstream industries.

8. OUTPUT

1. An aluminum foil (including thin strips) work factory is constructed.
2. Business scope: manufacture and sales of semi-rigid aluminum containers and other drawn product

9. ACTIVITIES

Phase I: To make a feasibility study and to carry out investment promotion activities.
Phase I: To establish the aluminum foil work factory.

Project No. KI-14 (Refer to Detailed Project Study for PKI-1)

1. PROJECT TITLE	Construction of an aluminum sheet work factory
2. PROJECT SITE	Existing metalwork companies and a new site adjacent to Huta Aluminum Konin
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	60 people
5. ESTIMATED PROJECT COST	US$ 3,400,000

6. RATIONALE

The aluminum consumption for fabricating machinery and equipment in Poland is relatively lower than in the EU. There will be an increasing demand for aluminum products using strip, sheet and plate, such as evaporators for household refrigerators, large tanks and silos for storage in industry and agriculture, aluminum boats, rail coachwork, leisure facilities, etc. These products can be fabricated in steel sheet work plants by adding special tools and equipment for aluminum welding and cutting, etc. Fugo S.A. has a long history of steel sheet work and is not averse to entering into the aluminum sheet work business, if they find a major partner for market development, technology and finance. They may offer land, building, engineers and workers.

7. PROJECT PURPOSE

To develop aluminum downstream industries.

8. OUTPUT

1. An aluminum sheet work factory is established.
2. Business scope: manufacture and sales of aluminum equipment and facilities made by sheet working

9. ACTIVITIES

Phase I: Feasibility study

Phase II: Diversification of existing metalwork company such as Fugo and/or establishment of new aluminum sheet work factory.

Project No. KI-15-1 (Refer to Detailed Project Study for PKI-1)

1. PROJECT TITLE	Construction of manufacturing plant for aluminum construction materials - coated strips and sheets
2. PROJECT SITE	Adjacent site to Huta Aluminum Konin
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	72 people
5. ESTIMATED PROJECT COST	US$ 28,000,000

6. RATIONALE

There is an urgent need for aluminum strips and sheets for civil engineering, building, transportation and packaging with high durability and an enriched surface.

Surface treatments such as anodized layer formation and electrolysis coloring have not been required much yet, but coating and lacquering have been in demand. However, the need for high anti-corrosive and rich color is rising, and coating is being adopted for these requirements. Coating can obtain high productivity by applying a continuous coating line and better post-processability than anodization. So far, there has been no possibility of lacquering aluminum in Poland, but there is huge demand for it. Moreover, the demand for coated strips and sheets is not only growing in Poland, but also in the CIS countries. Recent consumption in Poland has been 5,635 tons imported, while Huta's supply (lacquered in cooperation) was 800 tons.

7. PROJECT PURPOSE

To develop aluminum downstream industries.

8. OUTPUT

1. An aluminum strips and sheets coating factory is constructed.
2. Business scope: manufacture and sales of coated aluminum strips and sheets

9. ACTIVITIES

Phase I: To make a feasibility study

Phase I: Establishment of aluminum extrusion factory to manufacture such products as window sash, aluminum fittings, etc.

Project No. KI-15-2 (Refer to Detailed Project Study for PKI-1)

1. PROJECT TITLE	Construction of an aluminum extrusion plant for building materials
2. PROJECT SITE	Adjacent site to Huta Aluminum Konin
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	192 people
5. ESTIMATED PROJECT COST	US$ 21,800,000

6. RATIONALE

Aluminum materials for civil engineering and building are mainly sheets and extruded profiles. In the first phase of aluminum downstream development, a manufacturing set-up for the sheets will be established. For the second phase, construction of a factory of aluminum extrusion for construction materials is proposed. In the EU, USA and Japan, sashes and curtain walls for building and sashes for detached housing are largely used to improve appearance, minimize site works and shorten the construction period. However, in Poland such demands on the appearance of buildings, using large panels of curtain wall, have not yet developed. The need for aluminum sashes for newly-built apartments and detached houses, or as substitutes for existing wooden windows, will grow more in Poland to obtain better air-sealing.

7. PROJECT PURPOSE

To develop aluminum downstream industries.

8. OUTPUT

1. An aluminum construction material manufacturing plant is built.
2. Business scope: manufacture and sales of extruded products, especially aluminum sashes

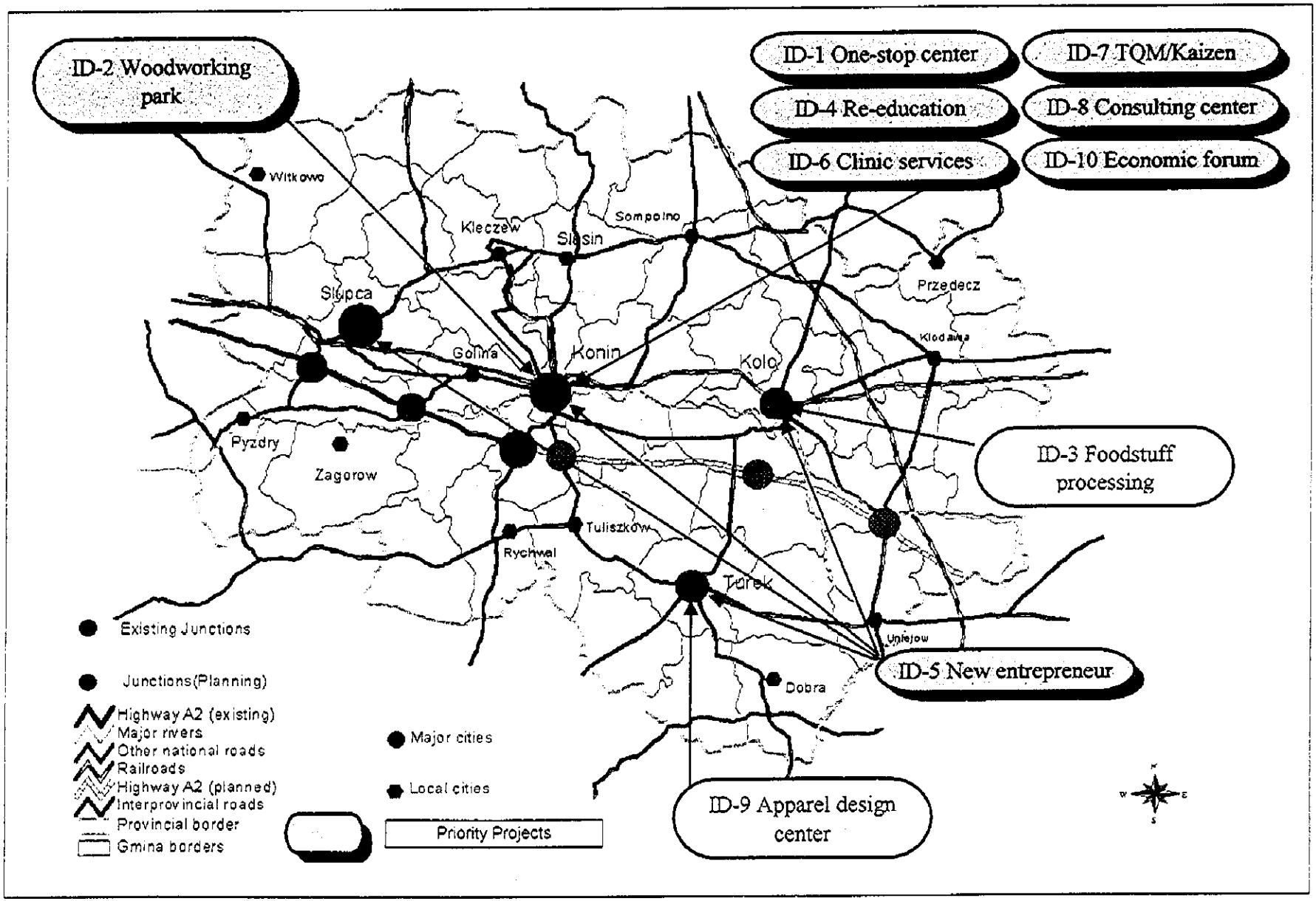
9. ACTIVITIES

Phase I: To make a feasibility study

Phase I: Establishment of aluminum extrusion factory to manufacture such products as window sashes, aluminum fittings, etc.

INDUSTRY

Project Sites: Industry



Project No. ID-1 (Refer to Detailed Project Study for PID-1.)

1. PROJECT TITLE	Establishment of a one-stop investment service center
2. PROJECT SITE	Konin Gmina
3. IMPLEMENTATION AGENCY	Primarily public sector being followed by private sector
4. EXPECTED DIRECT JOB CREATION	2 to 6 people
5. ESTIMATED PROJECT COST	US$ 302,200 (Total for 4 years) Phase I US$ 16,200 Phase II US$ 87,200 Phase III US$ 47,950 Phase IV US$ 150,650 (per annum)

6. RATIONALE

Although foreign direct investment is necessary for the development of industries in Konin Province, investor support services as well as investment attraction and promotion activities are not well established. PAIZ, based in Warsaw, is a central institution which promotes foreign direct investment in Poland, but it does not always put a priority on the promotion of Konin Province as a prospective investment destination in Poland. Some of the local self-governments in Konin Province also have investment promotion functions. However, potential investors will not go to each gmina after contacting the central ministries and PAIZ. It is more natural to think that potential investors come to the province after visiting Warsaw, in order to collect information about prospective gminas in the province so that they can compare each's attraction as their investment destination. If there is no window for potential investors at the provincial level, they have to collect basic information from many institutions as well as many gminas by themselves. Therefore, Konin Province needs to have its own investment attraction and promotion function. By establishing a one-stop investment service center in the Office of the Konin Governor, Konin Province can provide potential investors with basic information and support services.

In fact, there have been potential incoming investors in Konin Province. For example, presently, a Japanese automobile company is studying on the province as one of 12 prospective investment destinations. Also, there have been some cases where foreign investors have come to the province to investigate the investment climate. For example, a Danish transportation company negotiated with the local self-government of Konin gmina four years ago, but unfortunately the investment was not actualized. By responding to such walk-in investors with warm hospitality and excellent service, Konin Province will be able to influence their investment decisions.

In addition to the services for walk-in investors, the province also needs to actively attract potential investors from other countries by conducting investment seminars abroad and group tours of potential foreign investors to the province, so that the inflow of foreign direct investment can increase. Although the title of the project is "Establishment of a one-stop investment service center," investment attraction and promotion activities should be included in the project.

7. PROJECT PURPOSE

To attract and promote investment in Konin Province particularly from foreign investors.

8. OUTPUT

1. A center, which provides potential investors with one-stop services, is established in Konin Province.
2. Basic information required for potential investors is prepared.
3. Investor support services are available at the one-stop service center.
4. Investment attraction and promotion activities are conducted.

9. ACTIVITIES

1.1 Activate procedures to establish a new center in Konin Province.
1.2 Confirm and determine the range of activities at the center.
1.3 Contact with local self-governments and leading enterprises in Konin Province for networking and finance.

2.1 Determine the basic information to be covered.
2.2 Obtain required information from the central ministries and agencies, GUS, the statistical office in Konin Province, the labor office in Konin Province and so forth.
2.3 Compile a booklet by selecting basic information to be covered from that collected.

3.1 Supply basic information to potential investors.
3.2 Provide necessary arrangements for potential investors.

4.1 Hire experts for investment promotion activities.
4.2 Conduct investment seminars abroad.
4.3 Conduct group tours of potential investors to Konin Province from target countries.

Project No. ID-2 (Refer to Detailed Project Study PID-2)

1. PROJECT TITLE	Construction of a Konin woodworking industrial park
2. PROJECT SITE	Wieruszew, Gmina Kazimierz Biskupi
3. IMPLEMENTATION AGENCY	Primarily private sector being assisted by public sector
4. EXPECTED DIRECT JOB CREATION	500～600 people (by 2007)
5. ESTIMATED PROJECT COST	US$ 80million (for 8 years, until 2007)

6. RATIONALE

The woodwork and furniture industry is the third largest industrial sector in Konin Province, in terms of numbers of enterprises. However, sawmill and wood-based panel industries in the province are not well developed, in spite of which there is some production of raw wood and a market need for wood-based materials. Intensification of sawing, drying, pre-cutting processes and wood-based products is needed for further development of the local woodworking and furniture industry. If Konin Province promote and establish a large scale engineering woods supply base, it can be at the forefront of the wood-based panel industry and can meet the future demand in Poland.

7. PROJECT PURPOSE

To promote Konin brand woodworking products in the country using local wood resources.

8. OUTPUT

1. An industrial area for woodworking is planned and developed.
2. Sawmill, pre-cutting and wood panel industries are invested in and operated.
3. Furniture industries are invested and operated.
4. Local furniture industry is able to utilize the locally produced wood materials.
5. New type of wood based materials are supplied to the domestic market.

9. ACTIVITIES

1. Around 40ha estate is prepared and developed for attracting potential investors.
2. Sawmill, pre-cutting and wood-based panel processes (factories) are developed in the planned area.(Phase I)
3. Furniture industries are developed.(Phase II)
4. Common facilities for marketing are developed in the planned area.(Phase III)

* Activities are fully described in detailed project study PID-2.

Project No. ID-3

1. PROJECT TITLE	Construction of foodstuff processing factories
2. PROJECT SITE	Kolo
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	50 people
5. ESTIMATED PROJECT COST	US$20million (in case of making a freeze dried foodstuff, 6,250kg/year)

6. RATIONALE

Some high quality agricultural products from Konin are exported outside the province with less value-added. The establishment of foodstuff processing factories in the province for local agricultural products is a solution for increasing value. On the other hand, the freeze-dried food market is showing a tendency to increase in European countries and all processing technology has developed in Poland. If the geographical advantage of Konin could be harnessed to develop overseas markets it would lead to more foreign currency being brought in.

7. PROJECT PURPOSE

To develop the export oriented food processing industry in the province for local agricultural products.

8. OUTPUT

1. Feasibility of the project and a conceptual design are defined.
2. Detailed design is defined.
3. A freeze-dried foodstuff manufacturing plant is constructed.
4. Utilization of local agriculture products is accelerated.
5. New jobs are created and export business from Konin is promoted.

9. ACTIVITIES

1. Organizing local OSMs and implementing F/S
2. New company is established with foreign capital (e.g. supermarket or retailers)
3. New company makes an agreement with local farmers for purchasing agricultural products.
4. Producing the pre-cooked foodstuffs and exporting them.

Project No. ID-4 (Refer to Detailed Project Study for PID-3.)

1. PROJECT TITLE	Re-education of managers on management and production technologies
2. PROJECT SITE	Konin Gmina
3. IMPLEMENTATION AGENCY	Primarily private sector being assisted by public sector Regional Development Agency (RDA)
4. EXPECTED DIRECT JOB CREATION	2 people
5. ESTIMATED PROJECT COST	US$ 185,300 (per annum) Seminars and workshops US$ 81,000 Study tour US$ 58,200 Project management US$ 46,100

6. RATIONALE

Enterprises cannot be competitive without having management and production technologies suitable for the market economy. Presently, managers of enterprises in Konin Province are not well-informed about effective and advanced technologies in the world. Particularly among many SMEs, managers are not aware of what they need to do to enable their companies to become competitive in the international market. This is indicated in the results of company interviews in the sector report. Only a few managers have clear visions about their own companies. Many managers do give reasons why they are having difficulties in planning for the future but this does not seem to help improve their companies. It is necessary to prepare certain measures that support SMEs to improve their management.

There are several measures to improve management of SMEs. The most frequently used are seminars, study visits to advanced factories, on-the-job training and consultation. On-the-job training(OJT) and consultation are proposed by other projects. Therefore, this project focuses on seminars and study visits. By attending management seminars, managers can study present trends and visions of international business as well as effective methods and technologies used by the management of many successful companies. Although there are institutions which provide seminars and training for managers of enterprises in Konin Province, the seminars and training are not sufficient to inform managers of the management and production technologies used in other countries. Particularly, what is lacking in such seminars and training is the perspective of international business and competition. In order to educate managers on how to meet the requirements for conducting international business, experts and business people should be invited from other countries such as the United States, Germany, Japan and so forth.

There are some managers who say that they know the management theories and techniques well, but that does not necessarily mean they can effectively apply such theories and methods to their business. Seminars are effective to some extent, but they convey only theoretical concepts and knowledge of management methods and technologies. In order for managers to see and understand the actual applications, study visits to advanced factories and OJT in their companies are two very effective measures. As mentioned earlier, OJT is proposed in another project "Execution of traveling clinic services for SMEs". This project is, therefore, designed to cover study visits to advanced factories as a form of an overseas study tour in addition to seminars.

7. PROJECT PURPOSE

To re-educate managers for doing business in the market economy in view of management and production technologies.

8. OUTPUT

1. The opportunities for managers of enterprises to attend seminars and workshops on corporate management and production technologies in the market economy are increased.

2. Managers have opportunities to be exposed to advanced corporate and factory management either foreign or domestic.

9. ACTIVITIES

1.1 Select topics of seminars and workshops.
1.2 Decide the dates and duration of seminars and workshops.
1.3 Select and make contact with lecturers.
1.4 Invite and collect attendees.

2.1 Select major subjects of the study tour.
2.2 Decide the dates and duration of the study tour.
2.3 Find and make contact with prospective companies and factories.
2.4 Invite and collect participants of the study tour.
2.5 Conduct preparatory meetings.
2.6 Prepare details of the study tour including schedule, interpreters, transportation and hotels.
2.7 Support attendees in writing a report.

Project No. ID-5

1. PROJECT TITLE	Establishment of financing assistance scheme for new entrepreneurs
2. PROJECT SITE	Throughout the Province
3. IMPLEMENTATION AGENCY	Primarily private sector being assisted by public sector
4. EXPECTED DIRECT JOB CREATION	600 people (created by financed investments)
5. ESTIMATED PROJECT COST	Fund amount US$1.7 million (for 3 years)

6. RATIONALE

There are potential new entrepreneurs who want to create their own business spinning out from big enterprises. On the other hand, raising of capital is a major problem for them. There are severe impositions in obtaining loans from commercial banks for these new entrepreneurs, and the lack of an institutional finance support system for covering this problem. Providing financial assistance to these people will allow them to start businesses more easily and could promote the diversification of local industries. The project is designed to provide funds to eligible entrepreneurs under favorable terms and conditions by combining public finance to cover part of the interest and the provision of supplemental mortgages by large enterprises which entrepreneurs have worked for before.

7. PROJECT PURPOSE

To promote new business activities by local entrepreneurs through providing financial assistance.

8. OUTPUT

1. New business and enterprises are established in the province.
2. Reduction of the workforce of big enterprises is accelerated
3. Job creation in the province is progressed.
4. Tax revenue for local municipalities is increased.

9. ACTIVITIES

1. Loan scheme is defined.
2. New bank loan is prepared under the cooperation of big enterprises, private banks, local self-governments and the office of the Konin governor.
3. Promotion of the scheme is implemented for potential entrepreneurs.
4. New enterprises are established in cooperation with big enterprises, banks and the office of the Konin governor.
5. New enterprises will make profits and pay taxes.

Project No. ID-6 (Refer to Detailed Project Study for PID-3.)

1. PROJECT TITLE	Execution of traveling clinic services for SMEs
2. PROJECT SITE	Konin Gmina
3. IMPLEMENTATION AGENCY	Primarily private sector being assisted by the public sector The Konin office of the Federation of Scientific-Technical Associations Head Technical Organization (NOT)
4. EXPECTED DIRECT JOB CREATION	1 person
5. ESTIMATED PROJECT COST	US$ 1,040,200 (per annum)

6. RATIONALE

Presently, SMEs lack information and know-how about effective and advanced management and production technologies. Especially for leading SMEs in Konin Province, lack of access to advanced technologies is a serious problem. According to interviews with managers, the major reasons for this lack of access are financial difficulties and/or difficulties in finding suitable people or companies from which technologies can be transferred. With regard to financial difficulties of SMEs, there is no direct solution other than providing credits or financial assistance. However, by providing SMEs with technologies at low charges or free, they can obtain required technologies for management and production. In fact, there are institutions which provide seminars and training for managers of enterprises in Konin Province, but these, without on-the-job training(OJT), are not effective enough to let SMEs fully utilize effective and advanced management and production technologies. As mentioned in the RATIONALE of Project No. ID-4, attending study visits and receiving OJT by technical experts and consultants are effective for managers to understand the actual applications of management/production methods and technologies in their companies.

Executing traveling clinic services is one of the ways to provide SMEs with the opportunities of OJT focused on technology issues in management and production. In order to provide traveling clinic services (OJT) for SMEs, experts must know well the technologies used in the industrial sub-sector concerned. Usually, an expert specified in one industrial sub-sector cannot be an expert in another industrial sub-sector. Therefore, it is required that the industrial sub-sectors as target sectors of the services be selected and that experts with appropriate technical skills be dispatched. In this regard, fortunately, Konin Province's industry sector has concentrations in some sub-sectors such as metal processing, food processing, woodworking and clothing. It is plausible to, thus, plan traveling clinic services focused on selected industrial sub-sectors which have an impact on the industry of Konin Province.

The experts dispatched may be either foreign or domestic. In this project, it is proposed to invite foreign experts. That is because SMEs in the province need conceptual and technological inputs from foreign countries in order to change the negative aspects of historical or traditional practices in management and production in Poland. As foreign experts do not share the experience of the traditional practices in the country, it will be easier for them to introduce new concepts and technologies to SMEs. On the other hand, foreign experts must comprehensively understand the background and operation of such traditional practices to allow successful execution of the traveling clinic services.

7. PROJECT PURPOSE

To develop and improve management and production technologies of SMEs.

8. OUTPUT

1. SMEs have opportunities to practically learn working knowledge and know-how of management and production, among which are accounting, marketing, personnel management, production management and industry specific basic production technologies.

9. ACTIVITIES

1.1 Discuss with foreign experts dispatched about the methods and procedures to be used.

1.2 Invite and/or select SMEs as clients of the traveling clinic services in cooperation with the foreign experts.

1.3 Have preliminary meetings and explain the purpose, program and schedule to clients in cooperation with the foreign experts.

1.4 Fix the schedule for activities for each client.

1.5 Assist the activities of the foreign experts.

Project No. ID-7 (Refer to Detailed Project Study for PID-3.)

1. PROJECT TITLE	Movement of diffusion for TQM / "Kaizen(Improvement)"
2. PROJECT SITE	Konin Gmina
3. IMPLEMENTATION AGENCY	Primarily private sector being assisted by public sector Regional Development Agency (RDA)
4. EXPECTED DIRECT JOB CREATION	2 people
5. ESTIMATED PROJECT COST	US$ 461,900 (per annum)

6. RATIONALE

Presently, many SMEs do not have organizational and institutional bases for improving their productivity and competitiveness. Among the SMEs the study team visited, only a few are well organized on aspects of safety at work, hygiene at work, work rules, standard procedures, problem analysis, use of visuals, information sharing within the company and so forth. Such aspects are the matters to be tackled by the management before considering the introduction of new or advanced management and production technologies. Despite this, managers of the SMEs hardly pay attention to such aspects. They are not aware of the importance of organizing such aspects in their companies.

Based on the facts, an SME can improve its productivity to a significant extent by establishing an organizational and institutional base in the company without a large scale of capital investment. In the case of 7 Korean SMEs during the 1992-1996 period, sales per employee increased by 67% on average and profitability of the companies (profit per employee) improved to 298% on average in two to four years, after tackling the activities to establish organizational and institutional bases[1]. Without such bases, advanced management and production technologies cannot function well in their companies.

In order for SMEs to have such bases, understanding of mechanisms for improving productivity and having working knowledge of improvement activities are critical factors. Therefore, it is important to disseminate the concept of productivity improvement by conducting seminars. However, simply conducting seminars is not enough to achieve the goal of materializing productivity improvement among SMEs in the province. As mentioned above, many managers do not pay attention to the very basic things to be done first in their companies, although seminars on TQM are popular in Konin Province. The seminars and lectures without on-the-job training are not effective enough to let SMEs fully internalize the concept and mechanisms of TQM/"Kaizen(Improvement)." That is why a model factory approach is proposed in this project. By actually looking at the results of the activities in the model factories, not only the managers and employees of the model factories but also those in other SMEs in the province will be convinced of the importance of building an organizational and institutional base in the company.

When the effects of productivity improvement of the model factories on the provincial economy are considered, it is better to select leading SMEs as the model factories although the concept and mechanisms of TQM/"Kaizen(Improvement)" is applicable to primitive levels of SMEs.

[1] Report on Performance Review Study for Korea Productivity Improvement Project, March 1997.

7. PROJECT PURPOSE

To introduce how to build an organizational and institutional base for improving productivity on the basis of employees' participation in improvement activities in their company.

8. OUTPUT

1. SMEs have opportunities to get explanations about the importance of productivity improvement as well as principles and directions for improving productivity.

2. SMEs have opportunities to experience how to build a business foundation for proactively improving corporate strength, which will enable future growth to take place.

9. ACTIVITIES

1.1 Discuss with foreign experts dispatched about the methods and procedures to be used.

1.2 Prepare seminars on movement of diffusion for TQM/"Kaizen(Improvement)."

2.1 Invite and/or select SMEs as model factories in cooperation with the foreign experts.

2.2 Have preliminary meetings and explain the purpose, program and schedule to the SMEs selected.

2.3 Fix the schedule for activities in the model factory with the manager of each SME selected.

2.4 Prepare reports on model factory activities by assisting foreign experts.

Project No. ID-8 (Refer to Detailed Project Study for PID-3.)

1. PROJECT TITLE	Establishment of an SMEs consulting center
2. PROJECT SITE	Konin Gmina
3. IMPLEMENTATION AGENCY	Primarily private sector being assisted by public sector The Konin office of the Federation of Scientific-Technical Associations Head Technical Organization (NOT)
4. EXPECTED DIRECT JOB CREATION	2 to 3 people (full time)
5. ESTIMATED PROJECT COST	US$ 697,400 (per annum) Consulting activities UD$ 559,000 (per annum) Project management UD$ 138,400 (per annum) (Cost of the consulting activities depends on the number of consulting projects. For confirming the basis of cost estimation, refer to the Detailed Project Study for PID-3.)

6. RATIONALE

The technology levels of SMEs in Konin Province vary from being relatively advanced to being primitive. Their technology needs for management and production differ according to their technology levels. Among the companies interviewed, there are some that want to obtain product development technologies; some, particularly in the apparel industry, that want to have design capability and some that want to develop sales channels to give stable orders, but do not know how to go about it. These are just some examples of the needs of SMEs in the province.

Although SMEs want to solve management or technological problems and get new and/or appropriate technologies at reasonable costs, they have very limited opportunities to obtain necessary solutions and appropriate technologies. Presently, there are only three institutions in the province for SMEs to turn for support. They are namely, RDA, Konin Chamber of Commerce and Industry (KIG) and the Konin office of the Federation of Scientific-Technical Associations Head Technical Organization (NOT). Among the three, NOT is the only institution which provides technology consulting services. In 1997, NOT provided 73 advisory and technical services mainly for SMEs by dispatching its registered local consultants. In addition to that, NOT also provided training services, 104 in total, in 1997. Fortunately, NOT was able to get financial assistance from the SME Fund in Warsaw in order to provide SMEs with technical consulting services. Thanks to this, client SMEs are required to pay only 20% of the consulting charges. NOT's technical consulting activities are successful to some extent, by utilizing its channels of registered domestic consultants in Poland. However, the range of technical consulting services is limited.

In order to satisfy SMEs' technology needs, a consulting center which provides a wider range of consulting services is necessary. Such a consulting center can be established by either upgrading NOT, assigning another institution or creating a new institution for the purpose. However, there is no prospective institution for the center other than NOT in the province. Creating a new institution is costly as well as not plausible because consulting services cannot be provided without accumulation of experience in the field. Therefore, the most realistic way to establish a consulting center is through the upgrading of the consulting function of NOT based on the current financial situation of the province.

7. PROJECT PURPOSE

To upgrade production and management technologies of SMEs corresponding to their technology levels and requirements.

8. OUTPUT

1. SMEs have access to consulting services for management and production by either domestic or foreign consultants on request at reasonable cost.

2. The technical staff of the consulting center have opportunities to see actual consulting activities of the foreign consultants dispatched.

9. ACTIVITIES

1.1 Build or re-build a local consultant pool registered to the implementation body.
1.2 Invite clients for consulting services by advertising the activities available.
1.3 Conduct an initial situation analysis for each client.
1.4 Find suitable consultants from either the consultant pool or outside.

2.1 Upgrade registered local consultants by dispatching them as apprentices or interpreters to consulting projects performed by outside consultants.

Project No. ID-9

1. PROJECT TITLE	Establishment of an apparel design center
2. PROJECT SITE	Turek
3. IMPLEMENTATION AGENCY	Primarily private sector being followed by public sector
4. EXPECTED DIRECT JOB CREATION	40 people
5. ESTIMATED PROJECT COST	US$1.6 million

6. RATIONALE

Most apparel manufacturing enterprises in the province are doing business on a consigned basis whereby foreign buyers supply materials. This system is based on comparative advantage in labor cost and trade conditions. It is doubtful whether the Polish apparel industry could maintain the same advantage after becoming a full-member of the EU. The Polish apparel industry has to make preparations for new business circumstances before it becomes too late. It must be in a position to develop its own designs and technologies for adding value. There are also strong needs for training potential and existing workers in the apparel industry. Some of the local apparel manufacturers recognize the importance of meeting these needs so the establishment of a design center will appeal to them.

7. PROJECT PURPOSE

To strengthen the economic position of the apparel industry of Konin.

8. OUTPUT

1. Educate/train apparel designers
2. Educate/train workers for the apparel industry (for sewing, embroidery or cutting, etc.)
3. Add value to local apparel products
4. Promote the research and development function in the local apparel industry.

9. ACTIVITIES

1. The parent body is organized for establishing an apparel design center.
2. The teachers, curriculum and facilities are arranged.
3. Trainees are accepted and trained.
4. The center provides a research and development service for the local apparel industry.

Project No. ID-10

1. PROJECT TITLE	Organization of "Economic Forum 2010"
2. PROJECT SITE	Konin
3. IMPLEMENTATION AGENCY	Office of the Konin Governor, Regional Self-government Council
4. EXPECTED DIRECT JOB CREATION	None
5. ESTIMATED PROJECT COST	US$10,000 (for the first term)

6. RATIONALE

There are many opinions about development of Konin. However, there is no official organization to debate these opinions and reach a consensus. A place for discussion for local business leaders from each sector is, therefore, absolutely necessary in the province, not only for making clear a future development direction of Konin, but also to materialize and follow up the projects which are proposed by JICA. The proposed project is based on the existing forum on "Formulation of Regional Development Strategies for the Konin Province". A council tentatively named the "Economic Forum 2010" will be established under the Konin Governor and the Regional Self-Government Council.

7. PROJECT PURPOSE

To promote regional development of Konin by utilizing the power of leaders in public and private sectors.

8. OUTPUT

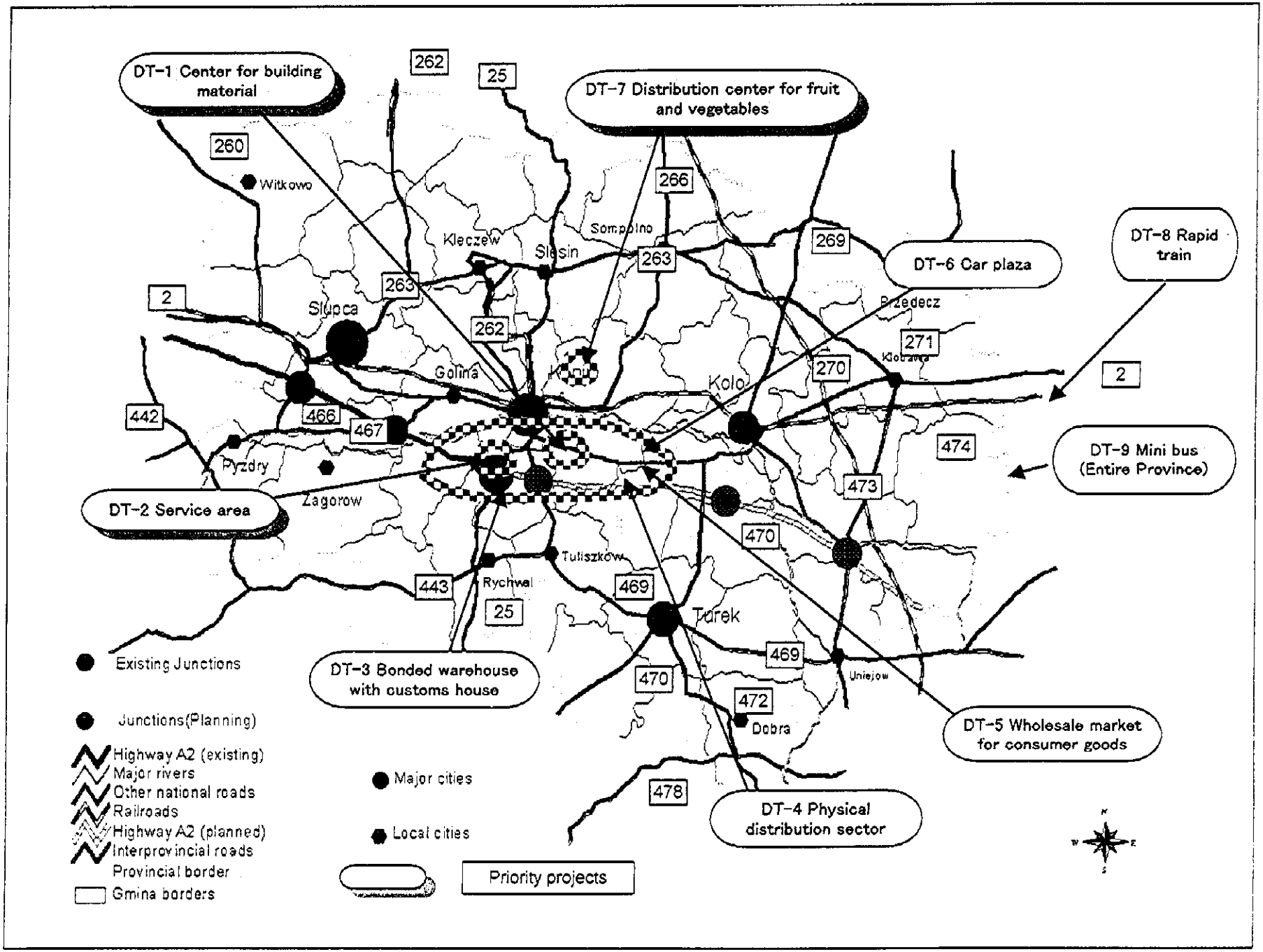
1. A future direction of economic development of Konin Province is defined.
2. Collective view on regional development of Konin is made.
3. Economic development movement in each sector is initiated.
4. Regional economic development is monitored.

9. ACTIVITIES

1. The forum under the joint control of the Office of the Konin Governor and Regional Self-Government Council is organized.
2. The members of the forum are selected among business leaders of each economic sector.
3. General meetings of all members and group meetings of working groups are held periodically.
4. A report is prepared by each working group.
5. The results of the meetings are officially announced.

PHYSICAL DISTRIBUTION AND TRANSPORT

Project sites: Physical Distribution and Transport



Project No. DT-1 (Refer to Detailed Project Study for PDT-1)

1. PROJECT TITLE	Construction of a distribution center for building materials
2. PROJECT SITE	Stare Miasto Gmina
3. IMPLEMENTATION AGENCY	Primarily private sector assisted by public sector
4. EXPECTED DIRECT JOB CREATION	400 people
5. ESTIMATED PROJECT COST	US$ 66,550,000

6. RATIONALE

The construction industry in Konin Province is expected to grow, especially housing, which will take a leading share well into the next century. 30% of manufacturing enterprises in the province are somehow dealing with construction-related materials, but most of them are confronted with difficulties of the expanding market. The project aims to promote and expand the construction materials market for local enterprises and meet the demand for housing construction in the Wielkopolska region by taking advantage of the terrain and local resources.

7. PROJECT PURPOSE

To fully utilize the potential of the transportation infrastructure in Konin Province.

8. OUTPUT

1. A construction material center is established.
2. Information on the construction materials produced in Konin Province is available at the distribution center.
3. Distribution costs (or purchase costs for end users) of construction materials are reduced.
4. The sales volume of construction materials produced in Konin Province is increased.

9. ACTIVITIES

1.1 Acquire land for the project site.
1.2 Sell the land in lots to traders and producers of construction materials.
1.3 Construct stores and warehouses for construction materials in individual lots.

2.1 Promote the standardization of construction materials.
2.2 Develop the relationship of producers, traders and construction companies.
2.4 Provide customers with an information service.

3.1 Invite freight companies to set up their offices at the site.
3.2 Encourage participating companies to work together for convenient and rational physical distribution.

4.1 Attract customers in and around Konin Province
4.2 Promote sales of construction materials to the large cities.

Project No. DT-2 (Refer to Detailed Project Study for PDT-2)

1. PROJECT TITLE	Construction of a service area for long distance drivers
2. PROJECT SITE	Konin Gmina
3. IMPLEMENTATION AGENCY	Primarily private sector assisted by public sector
4. EXPECTED DIRECT JOB CREATION	90 people
5. ESTIMATED PROJECT COST	US$ 5,430,000

6. RATIONALE

The National Highway A-2 construction project for the Swiecko-Strykow section (360km) is to provide an east-west motorway of international importance, linking Germany and Russia. Along the motorway, 8 service areas of various types are planned for the Poznan-Konin section, in addition to two existing service areas at Osiecza and Rzgow Gmina, and 12 service areas for the Konin-Lodz section. Out of this total of 22 planned and existing service areas between Poznan and Lodz, 10 service areas are to be constructed with the specification of 2nd or 3rd type (including two existing service areas), providing the most comprehensive facilities to fulfil all the needs of motorway users.

The construction of the motorway was already commissioned to a private concessionnaire, Autostrada Wielkopolska S.A., which is a consortium of Polish, German and French capital. The construction and/or operation of service areas is planned to be commissioned to private operators. The project is to construct a service area of 3rd type with functions of a hotel, restaurants, car repair service, a fuel station, a shopping center for motorists, sanitary facilities and the provision of meteorological and traffic information.

7. PROJECT PURPOSE

To fully utilize the potential of the transport infrastructure in Konin Province.

8. OUTPUT

1. A service area is constructed.
2. Tenants of the service area are determined.
3. Services are provided at the service area.

9. ACTIVITIES

1.1 Purchase land for the service area.
1.2 Agreement with a general contractor.
1.3 The gmina constructs infrastructures of connecting roads, sewage, etc.

2.1 Invite potential tenants to the service area.
2.2 Contract with tenants.

3.1 Prepare equipment for the service area.
3.2 Hire and train staff to operate the service area.

Project No. DT-3

1. PROJECT TITLE	Construction of a bonded warehouse with a customs house
2. PROJECT SITE	Konin Gmina
3. IMPLEMENTATION AGENCY	Public sector, the local self-government of Konin gmina
4. EXPECTED DIRECT JOB CREATION	30 people
5. ESTIMATED PROJECT COST	US$ 1,000,000

6. RATIONALE

The East-West route, on which Konin Province is located, is regarded as an important road connecting Germany and Russia. Konin is also on National Highway A-2. Currently, the construction project of National Highway A-2 between Poznan and Lodz is in progress. According to statistics, vehicles passing through Konin Province totalled approximately 11,300 per day in 1995, and are estimated to reach 37,710 per day in 2020. These include a considerable number of trucks importing and exporting goods between Germany and Russia. Konin Province is also one of the destinations of this international freight.

Presently, most of the trucks, incoming and outgoing, are required to wait at the border for several hours to complete customs procedures, although it takes only 3 to 4 hours to drive from Konin to the German border. If a bonded warehouse and customs house are established in Konin Province, warehouse users could save valuable time at the border crossing. Consequently, the overall efficiency of cross-border freight services by international trading companies will be improved.

At present, the drivers must not only pass through customs at the borders, they also need to collect, sort, store and re-pack their consignments. The bonded warehouse would provide them with space for such activities.

Together with the improved customs procedures, this will increase the attraction of Konin Province as a holding base of goods for the international trading and manufacturing community. In this sense, construction of a bonded warehouse with a customs house will directly and indirectly promote international investment to Konin Province.

7. PROJECT PURPOSE

To promote Konin Province as a convenient consignment handling site with customs services for international trading and manufacturing enterprises.

8. OUTPUT

1. A bonded warehouse is established in Konin Province.
2. A customs sub-office near or next to the bonded warehouse is established.
3. A base for handling consignments is provided for international trading and manufacturing companies.

9. ACTIVITIES

1.1 Find a site for constructing a warehouse and a customs sub-office.

1.2 Get authorization for providing a bonded warehouse service from the customs office in Konin Province.

1.3 Invite and encourage international trading companies to pledge to use the warehouse .

1.4 Construct a warehouse.

2.1 Get consent of the customs branch office in Konin Province to establish a customs sub-office and provide customs services near or next to the site.

2.2 Construct a customs sub-office near the bonded warehouse.

2.3 Provide international trading companies and manufacturers with customs services in cooperation with the customs branch office in Konin Province.

3.1 Prepare a common space for all warehouse users to handle their consignments, in addition to the lots allocated to the trading companies contracted with the warehouse.

Project No. DT-4

1. PROJECT TITLE	Strengthening the organization of the physical distribution sector
2. PROJECT SITE	Konin Gmina
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	4 people
5. ESTIMATED PROJECT COST	US$ 500,000

6. RATIONALE

In Konin Province, more than 1000 companies are related to the transport sector. During Poland's planned economy, physical distribution was controlled by central government. After 1989, regulations for freight business were removed and state-owned freight companies were dissolved. Consequently, an enormous number of new freight companies were set up without official permits.

Freight companies do not give careful consideration to safe driving and quality of service. Since there is virtually no regulation of professional freight companies, there is excessive competition, creating a severe operating environment, such as consignment overloading and forcing drivers to work for long stretches without rest. In light of the EU regulations, domestic freight companies' service quality and safety levels are substandard. Furthermore, many freight companies charge their customers less than their costs, with the expectation of getting new orders. That makes the situation worse.

Therefore, regulations for freight companies should be established in order to prevent traffic accidents and improve the quality of freight operations. The proposed project, strengthening the organization of the physical distribution sector, facilitates the development of regulations by creating opportunities for discussion among freight companies.

Moreover, by organizing an association of freight companies, the current situation of excessive competition can be changed into coordinated, rational cooperation among the companies.

7. PROJECT PURPOSE

To provide customers with safe and high-quality freight services.

8. OUTPUT

1. An association of freight companies is formed.
2. Voluntary regulations for freight services are introduced.
3. Excessive competition among freight companies is eased.

9. ACTIVITIES

1.1 Form an association of freight companies.

2.1 Conduct meetings to study the functions of forwarding enterprises as well as regulations for professional freight companies in EU.

2.2 Prepare voluntary regulations for freight services.

3.1 Facilitate development of forwarding or sub-contract systems among enterprises participating in the association.

3.2 Introduce a freight-tracking and information system among participating companies.

Project No. DT-5

1. PROJECT TITLE	Establishment of a wholesale market for consumer goods
2. PROJECT SITE	Konin Gmina, along A-2 motorway
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	50 people
5. ESTIMATED PROJECT COST	US$ 2,000,000

6. RATIONALE

During the period of the planned economy, distribution systems dealing with consumer goods were controlled by the central government. Consumer goods had been delivered from producers to consumers by the assigned distributors without a market-oriented settlement system. After 1989, an enormous number of new retailers and wholesalers emerged in the distribution industry. As a result, the distribution channels diversified and divided into small distributors.

Due to this background, wholesale markets dealing with large quantities of consumer goods were under-developed. There is a recent trend among retailers of daily necessities to form purchasing groups to offset the lack of a wholesale function. For durable consumer products, some measures for offsetting the deficiencies of the wholesale system are also needed. Small distributors can have only limited product lines. Because of relatively high prices of consumer durable products, it is difficult for small retailers to hold a large amount of stock, so the wholesale function is especially important to enable these small retailers to maintain variety.

So, in order to increase business and improve the competitiveness of retailers of durable consumer products in Konin Province, the construction of a wholesale market in the province would be helpful. On the other hand, from the distributors' viewpoint it would also be helpful to attract additional retailers to the area from outside the province. In this sense, Konin Province has two geographic advantages: (1) it is on the international trading route ; and 2) it has abundant open space for new development. Domestic distributors will be especially interested in a wholesale market for durable products such as electric appliances and furniture.

7. PROJECT PURPOSE

To promote Konin Province as an active trade center for durable consumer products.

8. OUTPUT

1. A wholesale market of durable consumer products is established.
2. Distributors are provided with opportunities to attract retailers from various places to their stores in the wholesale market.
3. Small retailers are provided with opportunities to select products based on their sales needs.

9. ACTIVITIES

1.1 Acquire land for the project site.

1.2 Have discussions with distributors and producers of durable consumer products to obtain their participation.

1.3 Construct a building.

2.1 Sell or lend space in lots to participating distributors and in the market.

3.1 Have discussions with retailers of durable consumer products on establishing the wholesale market.

3.2 Invite retailers to the market.

Project No. DT-6

1. PROJECT TITLE	Construction of a car plaza
2. PROJECT SITE	Konin Gmina, along A-2 motorway
3. IMPLEMENTATION AGENCY	Private sector
4. EXPECTED DIRECT JOB CREATION	40 people
5. ESTIMATED PROJECT COST	US$ 2,000,000

6. RATIONALE

Thanks to affordable prices, second-hand car users have increased rapidly in Poland. The number of vehicles in the country has increased from 9,040,000 in 1990 to 12,539,000 in 1996. In Konin Province, a "Sunday market" for used cars was established adjacent to the soccer stadium on route E30 in 1990. Presently, that used car market is open only on the weekend. After the initial rapid expansion, the used car market started to shrink and, instead, the new car market started to expand.

There are only a few small auto repair shops providing maintenance and inspection services in Konin Province, although auto repair shops are necessary for car owners to maintain their cars.

Apart from the car market, Konin Province is located at a pivotal point in terms of road traffic. The province has good access to adjoining provinces. Vehicles passing through the province reached approximately 11,300 per day in 1995. According to a forecast, the figure will reach 37,710 in 2020.

Having considered the above trends in the car market and the location of the province, it is proposed to construct a car plaza. The concept of this is a complex of (1)car dealers of both new cars and used cars, (2)auto repair shops and (3)drive-ins. For the people considering buying cars, it provides a wider choice than before. By gathering several car dealers on one site, prices for used and new cars become reasonable as a result of healthy competition among the dealers. For those who want to sell cars, necessary repair work before ownership transfers will be provided in the repair shops in the plaza. Also, other maintenance services will be provided in the repair shops, and customers will have a selection of repair shops to use. Because car purchase is an important event for people, they tend to take time in making their choice, and drive-ins can provide them with food and drink for a break.

7. PROJECT PURPOSE
To utilize the advantage of Konin Province's location in developing the car trading business.
8. OUTPUT
1. A car sales market, the car plaza, is opened by private car dealers. 2. Repair and inspection services are provided by repair shops on the site. 3. Dining services are provided by drive-ins on the site.
9. ACTIVITIES
1.1 Obtain land for a car plaza. 1.2 Get participation of car dealers, repair shops and drive-ins through discussions. 1.3 Contract with the participating companies regarding conditions, obligations and penalties. 1.4 Construct buildings and facilities for the car plaza. 1.5 Allocate space to individual companies participating in the plaza based on negotiations. 1.6 (2.1, 3.1) Prepare rules for companies operating in the car plaza.

Project No. DT-7 (Refer to Detailed Project Study for PDT-3)

1. PROJECT TITLE	Construction of a distribution center for fruit and vegetables
2. PROJECT SITE	Konin Gmina
3. IMPLEMENTATION AGENCY	Primarily private sector assisted by public sector
4. EXPECTED DIRECT JOB CREATION	43 people
5. ESTIMATED PROJECT COST	US$ 2,800,000

6. RATIONALE

The agricultural sector in Konin Province faces difficulty in selling its products because of low prices and lack of markets which, in turn, are caused by their small-scale farming, unstable quality standard of their produce and lack of means of transport. On the other hand, retailers are looking for a stable supply of produce in terms of quality and volume.

Based on the produce available and the retailers' requirements in Konin Province, the project is to establish a distribution center for fruit and vegetables, which form a major product in the province and face the above-mentioned problems. The center's functions are:

(1) sorting produce according to quality
(2) maintaining the quality of produce
(3) managing collection and dispatch schedules of produce according to the market condition.

The center is to be established by a private company organized by the association of traders and producers. A partnership between traders and producers is expected to set up the operation of the market. The necessary infrastructures will be prepared by the gmina.

7. PROJECT PURPOSE

To promote agricultural trade and transactions in Konin Province.

8. OUTPUT

1. The distribution center is constructed.
2. The distribution center sorts produce according to quality.
3. Quality is maintained throughout the process of distribution.
4. Collection/dispatch schedule is managed by the center according to the market condition.

9. ACTIVITIES

1.1 Organize an association of traders and producers.

1.2 Establish a company to operate the distribution center.

1.3 Construct the distribution center with cold warehouse, located near National Highway.

1.4 Construct necessary infrastructures of access roads, sewage and solid waste disposal systems.

2.1 Introduce equipment for sorting produce in the distribution center.

3.1 Introduce a new packing system.

3.2 Guarantee the quality standards to customers of produce handled in the center.

4.1 Prepare the collection/dispatch schedules according to orders from customers.

4.2 Realize the cooperation between the traders and the local farmers through utilization of modern distribution facilities.

Project No. DT-8

1. PROJECT TITLE	Introduction of Rapid Train Services for Commuters
2. PROJECT SITE	Poznan-Konin-Kutno Section of E-20 Railway
3. IMPLEMENTATION AGENCY	Public sector (Polish National Railway: PKP)
4. EXPECTED DIRECT JOB CREATION	28 people
5. ESTIMATED PROJECT COST	US$ 4,000,000

6. RATIONALE

Currently, Poznan-Konin-Kutno section of PKP E-20 Railway operates Inter City Express and slower ordinary trains. The fares for Inter City Express trains are too expensive for commuters earning an average wage and for students. The timetable of ordinary trains for commuters of this section is inconvenient, as the trains operate either early morning or late evening.

The PKP is now carrying out a modernization of E-20 Line (Kunovice-Poznan-Warsaw section) and planning to introduce fast trains for Inter City passenger services, the maximum speed of which will be 160 km/hour for the major sections of the Poznan-Konin-Kutno section. Once the fast train is introduced to the line, the timetable for this section will have enough spare capacity to provide additional passenger services. One of the possible services would be the new rapid commuter trains for Poznan suburban lines. Although the justification for such services to the section will be a long-term project from the perspective of passenger demand, their introduction may stimulate demand and change the attitude of people toward the railway service.

The project introduces rapid train services for the Poznan-Konin-Kutno section of E-20 railway line. The electric trains in this service will stop only at major cities and towns, namely Poznan, Wrzesnia, Slupca, Konin, Kolo and Kutno, and connect Poznan and Konin within an hour, and Konin and Kutno in less than that time. The service will be provided by electric trains consisting of 4 cars each. The frequency will be two trains per hour in each direction at the start of the service, and will be increased according to the demand. Service hours will be 6:30-8:00 and 16:00-18:00 from each end, which will also be extended according to the demand.

The introduction of this service will ease the current burden of existing commuters by decreasing the commuting time and create new job opportunities for residents in Konin Province.

7. PROJECT PURPOSE

To provide regular and rapid commuter train services for passengers living in areas between Poznan and Kutno.

8. OUTPUT

1. A Feasibility Study is conducted.
2. Electric cars for the service are procured.
3. Technologies for operation and maintenance are obtained.
4. New rapid train services are provided for commuters of Poznan-Konin-Kutno section.

9. ACTIVITIES

1.1 Establish Commuter Service Project Team in PKP as a project executing body.
1.2 Decide outline of the project.
1.3 Conduct a feasibility study for the project.
1.4 Decide the schedule for the introduction of the new service.

2.1 Prepare tender documents for purchasing/producing electric cars for the service.
2.2 Carry out tender procedures.
2.3 Procure electric cars.

3.1 Conduct training for staff operating the new services.
3.2 Prepare equipment for the maintenance of facilities and rolling stock.

4.1 Implement the opening ceremony of the new services.
4.2 Monitor the performance of new services.

Project No. DT-9

1. PROJECT TITLE	Establishment of Mini-Bus Services
2. PROJECT SITE	Gminas of low transport demand
3. IMPLEMENTATION AGENCY	Public sector
4. EXPECTED DIRECT JOB CREATION	11 people
5. ESTIMATED PROJECT COST	US$ 200,000

6. RATIONALE

The bus transportation service in Konin Province is currently provided by three PKS companies of Konin, Turek and Kolo. Because of low demand and high operating costs on certain routes, they are forced to curtail the provision of services. Although some passengers deprived of bus services will drift to using private vehicles, passengers with no alternative means of transport are faced with problems. The project is to provide mini-bus services for such passengers as the provision of minimum municipal transport services.

7. PROJECT PURPOSE

To provide bus transportation services as a basic human need for residents in low traffic demand areas.

8. OUTPUT

A mini-bus service company is to be established by the association of 3-4 Gminas, all contributing to provide buses, workshop, office and/or land for garage. Mini-bus facilities provided will include regular route service for commuters, school service for pupils, contracted commuting service for factories, and chartered service for outdoor schooling and excursions. In the case of regular route services, each is to be operated by a one-man vehicle, with fares collected by the driver. The tariff rate is in principle the same as those applied by the PKSs. Daily maintenance will be by the minibus company's workshop but heavy repairs and regular major maintenance will be carried out at the PKS's workshop.

1. A mini-bus service association is organized.
2. Funding for the operation is contributed by Gminas in the association.
3. A mini-bus service company is established.
4. Mini-bus services are provided.

9. ACTIVITIES

1.1 Organize a mini-bus service association composed of several Gminas.
1.2 Prepare the agreement for the joint establishment of a mini-bus service company.

2.1 Contribute assets including buses, workshop, office and land for garage by Gminas in the association.
2.2 Organize management body of the company in the association.

3.1 Establish a mini-bus service company.
3.2 Transfer assets from the association to the company.

4.1 Start operation of mini-bus services.
4.2 Monitor the performance of the company by the association.