


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**

SUMMARY

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JULY, 1998

**UNICO INTERNATIONAL CORPORATION
INTERNATIONAL DEVELOPMENT CENTER OF JAPAN**

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LIST OF ABBREVIATION

(Polish Acronyms)		
APA	(AWRSP)	Agriculture Property Agency
ARiMR		Agency for Restructuring and Modernization of Agriculture
ARP		Industrial Development Agency
ARR		Agricultural Market Agency
BGK		Bank of National Economy
BPRSD		Road Network Development Planning
BSPO	(WBPP)	Bureau of Spatial Planning Office
BZK	(BGZ)	Bank of Food Economy
CPO	(CUP)	Central Planning Office
EU	(UE)	European Union
IBnGR		Gdansk Institute for Market Economics
GDDP		General Directorate of Public Roads
GUS		Central Office of Statistics
KERM		Economic Committee of the Council of Ministers
KIG		Konin Chamber of Commerce and Industry
KWB		Brown Coal Mine
NARDA		National Association of Regional Development Agencies
NBP		National Bank of Poland
MAFE	(MRiGZ)	Ministry of Agriculture and Food Economy
NIF	(NFI)	National Investment Fund
NOT		Federation of Scientific Technical Associations
MOE	(MG)	Ministry of Economy
MOSZNIL		Ministry of Environmental Protection, National Resources and Forestry
MTME	(MTiGM)	Ministry of Transport and Maritime Economy
ODR		Agriculture Extension Service Centers
OSM		Dairy Cooperative
PAIZ		Polish Agency for Foreign Investment
PKP		Polish State Railway Company
PKS		Polish State Transportation Company
RCSS		Government Center for Strategic Studies
RDA	(ARR)	Regional Development Agency
SME Fund	(PFPiRMSP)	Polish Foundation for Promotion and development of SMEs
SSC	(SP)	State Treasury
ZUS		Social Insurance Company
ZE PAK		Power Station Patnow-Adamow-Konin
GDP	(PKB)	Gross Domestic Product
PLN		Polish New Zloty(s)
PCM		Project Cycle Management
PDM		Project design Matrix
SMEs	(MSP)	Small and Medium-scale Enterprises
SOA		Sales on Assets Ratio
VA		Value Added
WIBOR		Warsaw Interbank Offered Rates
ZOPP		Objective Oriented Project Formulation

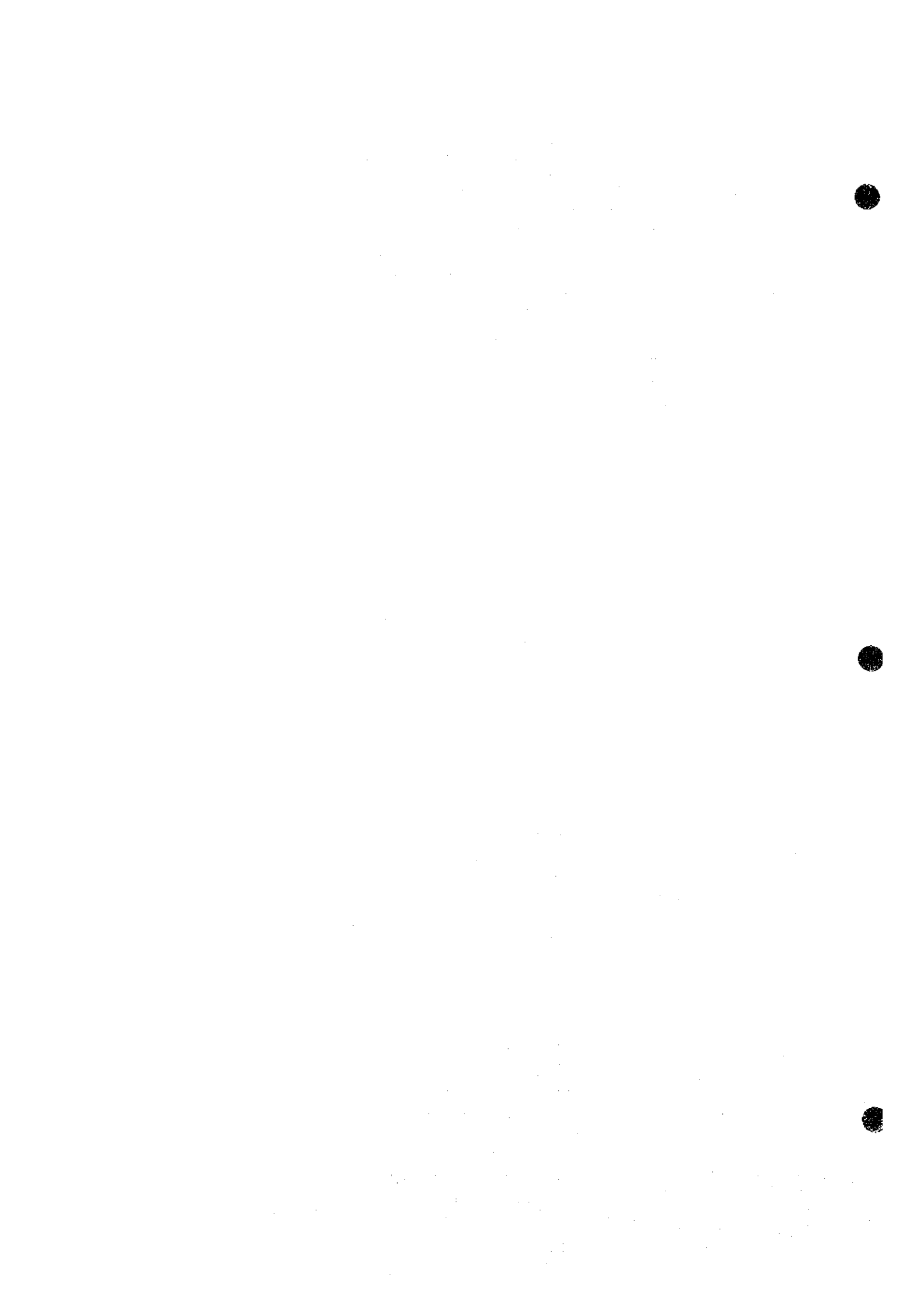


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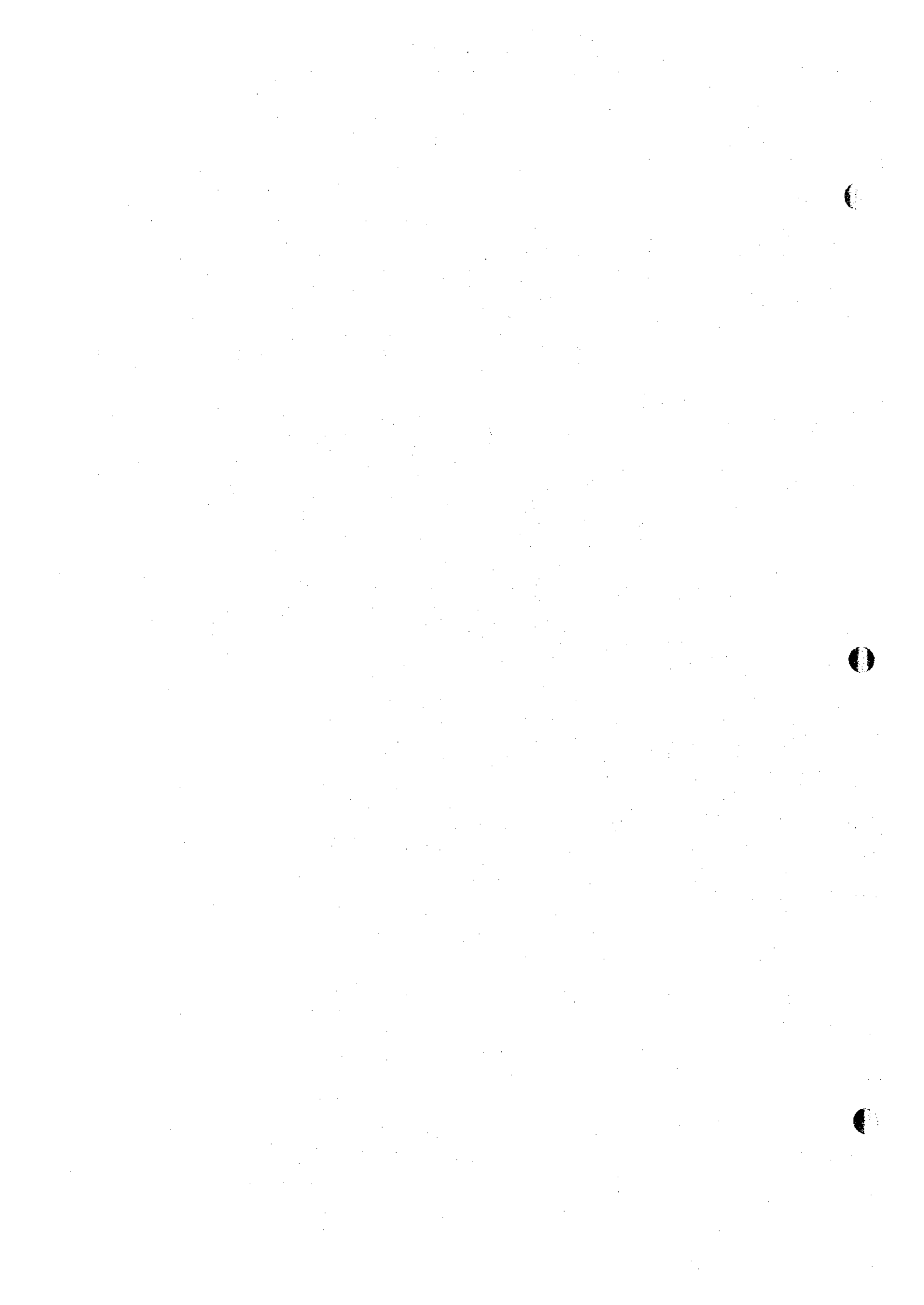
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Chapter 1

INTRODUCTION



Chapter 1 INTRODUCTION

1.1 Background of the Study

- (1) Poland has been transforming itself to a market economy since 1989. After some upheavals that accompanied structural changes in the entire economic system at the beginning of the 1990's, the country has achieved significant macro-economic improvements including stabilization of the currency and control of inflation. At the same time, however, adverse impacts of the economic reforms have surfaced. The Government of Poland is confronting the challenges of these impacts, by reducing regional economic disparities, improving environmental preservation, implementing viable and realistic industrial structure reform policy including privatization of state-owned enterprises, and invigorating agriculture.

- (2) Konin Province (480,200 population, 5,139km² of land area) is located in the central part of the country. As under the old system, the province has been serving as an energy and industrial center, characterized by brown coal mining, power generation (accounting for 11% of the country's supply) using the brown coal, and the only aluminum smelting plant in the country. However, the brown coal reserves might be exhausted in the 2030's at earliest, and the loss of this basic resource will force significant changes in the power and aluminum industries and thus have serious impact on employment in and the overall economy of the province.

The province also has a strong agricultural base and the population engaged in farming activity accounts for approximately 40% of the working population. At present, surplus workers created by privatization of state-owned enterprises is returning to the agricultural sector, thereby added to the already large farming population. Thus, the productivity of the sector has declined. At the same time, the sector is vulnerable to the adverse environmental effects of open mining of brown coal, power generation and aluminum production.

- (3) Under these circumstances, the Government of Poland requested the Government of Japan to provide technical cooperation for formulating an integrated regional development plan in Konin. The Study was expected to set forth the direction of future development including diversification of industries in the province and serve as a model case for other provinces. In response, the Japanese government sent a pre-study mission to the country in October 1996, followed by a project formulation mission in March 1996, and subsequently the Scope of Work for the Study was prepared and signed by the both governments. Finally, the Study was commenced since July of 1997 for 13 months.

1.2 Objectives of the Study

The objectives of the Study were to prepare a regional development master plan in order to propose new directions for the future development of Konin Province, Republic of Poland, and to prepare a terms of reference of high priority projects selected from a long list to be prepared in the master plan. Also, technology transfer in the relevant fields were made to the Polish counterpart throughout the process of the study.

1.3 Scope of the Study

The Study was required to be conducted in accordance with the Scope of Work which was agreed upon by the Polish counterparts (Central Office of Planning* and Konin Voivodship) and JICA on October 25, 1996 in Warsaw. The master plan is to cover the development of Konin Province through 2010.

(* Due to the restructuring of the central government in January 1997, the Central Office of Planning was liquidated. Therefore, at the end of July 1997, the Government Center for Strategic Study succeeded to the position of the counterpart of the Study).

1.3.1 Study Area

Konin Province (5,139 km²) and the outskirts area of the province in central Poland

1.3.2 Target Sectors

Target sectors consist of:

- (1) Agriculture
- (2) Industry
 - Lignite mining
 - Power industry
 - Aluminum industry
 - New industry including supporting industries
 - Small and medium-scale enterprises
- (3) Physical distribution and transportation
- (4) Tourism

Institutional infrastructure is also studied regarding:

- (1) Land use
- (2) Local administration
- (3) Human resource development

1.4 Methodology of the Study

1.4.1 Overall Design of the Study

The Study was commenced from 22nd of July, 1997 and conducted for thirteen months. It was roughly divided into three phases, the basic approach of each phase is described as follows.

Phase I: (July 1997 - September 1997)

Data collection, review of the present status and existing policies/plans, identification of development potential and constraints, and preparation of development scenarios

Phase II: (September 1997 - December 1997)

Formulation of a regional development master plan, and identification of priority projects

Phase III: (January 1998 - July 1998)

Preparation of terms of reference of high priority projects and making a recommendation

1.4.2 Questionnaire Survey

The questionnaire survey was conducted as a portion of the field survey, to understand the social and cultural background of the Konin Province, the local government system, and the actual operation of existing farms and enterprises including those in the transportation sector. Collected data and information were used as the basis of performing detailed analysis of development needs and willingness among local residents, farmers, industries and local self-governments. The detail analysis of the questionnaires are reported in each relevant sector, but number of replies are summarized as follows:

<u>Questionnaire for</u>	<u>No. of Mailings</u>	<u>No. of Replies</u>
Manufacturing (less than 500 employees)	356	310
Farmers	200	200
Local governments	48	48
Transportation traders	52	52

1.4.3 PCM and Workshops

The Project Cycle Management (PCM) method was adapted to the Study, for which two sectors, agriculture and industry, were selected. Workshops for PCM were held three times in August, 1997, with participation by the Polish counterparts and the members of the Team.

1.5 Organization of Study Operation

1.5.1 JICA Study Team

The study was conducted by a joint venture formed by UNICO International Corporation, being the prime contractor, and the International Development Center of Japan (IDCJ). To obtain additional expertise, the joint venture asked Taiyo Consultants Co., Ltd. and Overseas Merchandise Inspection Co., Ltd. to join the Team. UNICO is responsible for coordination of the Team.

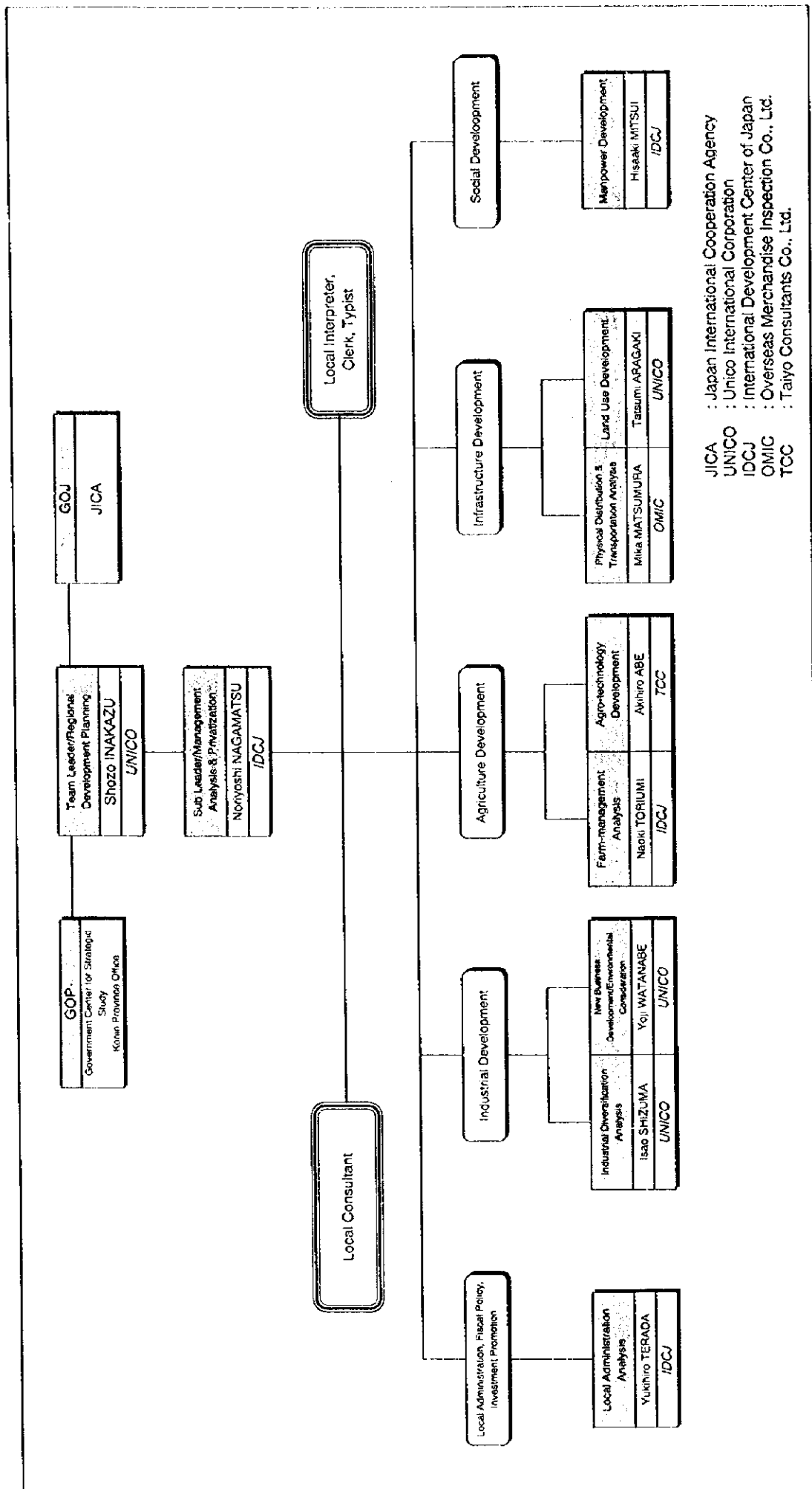
The Team was split into five groups each with its own theme. Team coordination is summarized in Figure 1.

1.5.2 Counterparts

The Government of Poland assigned the Government Center for Strategic Studies (in Warsaw) and Office of the Konin Governor (in Konin) to act as counterparts to the Study. Office of the Konin Governor assigned the following local counterparts for the Team.

Team Leader/Regional Development Planning	Mr. Włodzimierz Matecki
Industrial Diversification Analysis	Mr. Sławomir Pyra
Management Analysis and Privatization	Mr. Kazimierz Brzeg
New Business Development/Environment	Ms. Ewa Lewandowska
Farm-management Analysis	Ms. Renata Konowalek
Manpower Management	Ms. Jadwiga Tyleczak
Local Administration	Ms. Krystyna Rosiak
Physical Distribution/Transportation	Mr. Maciej Kasznia
Agro-technology Development	Ms. Renata Konowalek
Land Use Development	Mr. Andrzej Wydro

Figure 1 JICA STUDY TEAM COORDINATION DIAGRAM



Chapter 2

REGIONAL DEVELOPMENT POLICY



Chapter 2 REGIONAL DEVELOPMENT POLICY

2.1 National Policy for Regional Development in Poland

2.1.1 Economic Development Policies and Plans of Poland

(1) Overview of the national economy and economic development plan

Poland's economic transformation program, launched in January 1990, has been successfully implemented in many areas. Although GDP fell by about 12 percent in 1990 and about 8 percent in the following year, it has steadily recovered since 1992 and the recovery trend has been continuing until the present. In fact, Poland was the first transition economy to recover and overtake the 1989 (pre-transition) national income level. It is generally forecast that the era of hyper-inflation experienced in the late 1980's will not be seen in the near future.

Table 2.1-1 shows key economic indicators of the past and their projections for the future. The forecasts are from three documents, "Strategy for Poland" (April, 1994), "Package 2000" (March, 1996) and "Socio-Economic Progress between 1996-2000" (January, 1996). The former two were prepared by Dr. G.W. Kolodko and the last by the Central Planning Office that was reorganized in 1997. Actual performance has well exceeded those forecasts in GDP growth rate and unemployment rate and badly fallen below the forecasts in inflation rate.

In the process of economic transformation to date, the Polish government has not prepared any medium/long term economic development plan. However, there are two important medium/long term economic policy papers, the "Strategy for Poland" and "Package 2000" mentioned above. These two papers are not government-made documents but are treated as policies of Polish government.

(2) Strategy for Poland (April, 1994)

"Strategy for Poland" was prepared to facilitate development of the state's economy while decreasing the social cost of the economic reforms or

transformations. It presents a strategic concept of economic development with three priorities:

- Priority 1) Fast economic growth
- Priority 2) Macro and micro economic stabilization
- Priority 3) Improvement of living standards

It puts its basis on the proposal of new negotiation rules for labor relations, a partnership system, in which the conflicts of interests in economy take place mainly between different social groups but not between such groups and the state or the government.

(3) Package 2000 (March, 1996)

"Package 2000" developed "Strategy for Poland" in light of new conditions based on the recent economic improvement of Poland. The aim of "Package 2000" is not to set out detailed economic tasks but to set up fundamental objectives. "Package 2000" is a proposal for solution of the three basic problems of Polish economy:

- 1) To face the challenge of integration with the EU in about year 2000,
- 2) To secure a strong growth trend from the years 1993-1995, and
- 3) To combat the threat of economy destabilization as a result of an increasing pressure of group claims.

(4) Socio-economic projection of the central planning office (January 1996)

In January 1996, the former Central Planning Office (CPO) prepared a projection of socio-economic processes between 1996-2000, which has been accepted by the cabinet. Three scenarios of macroeconomic development were indicated instead of a standard projection. In December 1996, the projection was revised in response to the economic results in that year, and the three scenarios, dynamic, basic and warning, were reorganized into two scenarios, namely "basic" and "warning" scenarios. The up-dated "basic scenario" combines the former "basic" and "dynamic" scenarios. The projection presents an analysis of internal and external factors which might influence the realization of goals of socio-economic policy in the next few years.

2.1.2 Regional Development Policy

(1) Regional development in the policy documents

Three documents mentioned above do not mention much about specific policy on regional development, as their primary purpose was to present the more important aspects of a framework and give the general direction of regional development in Poland. "Strategy for Poland" gives a concept, that is "regional growth through self-determination and a certain financial autonomy of local administration." "Package 2000" points out that "inevitability of each region bring about remarkable changes, by a cause-effect relation, in economic and regional structure and also in the hierarchy of provinces in the country. It depends on attractiveness for investors and inhabitants". It sets as a goal of regional policy "to use regional resources, development opportunities and predisposition in order to accelerate the transformation and the economic development, moderating shock that may happen(s) in the course of such transformations of economic structures".

(2) Current regional policy of the country and the direction of its development (Ministry of Economy: July, 1997)

This document consists of 12 pages, in an English version, and was prepared by Economic Strategy Department, Ministry of Economy on 24th July, 1997. Since the paper was made during some confusion over the reform of the central government, it does not go so far as to consider the system for implementation that will be established from now on.

Key subjects of the paper are abstracted as follows.

1) Legal and institutional preparation

a) Regional Development Committee of the Council of Ministers

Activities of drafting programs and acts and analyzing reports concerning policy and physical planning of the country

b) Government Center of Strategic Studies (RCSS)

Preparation of concept and programs of physical administration as well as regional policy programs. Analysis of short- and medium-term programs with strategic long-term point of view.

Central Planning Office Preparation of short- and medium-term economic and social-economic programs concerning a regional character.

- 2) The goals of regional development policy
 - a) Restructuring of declining industrialized regions (Katowice, Lodz, Walbrzych)
 - b) Assistance for agricultural regions dominated by the previous state owned farms
 - c) Assistance for less industrialized regions or regions where huge enterprises dominate local economy and labor market
 - d) Activation of the so-called "Eastern Wall" from view points of resources, natural environmental features as well as regions on the border
 - e) Promotion of European-type towns having a structure of economic, scientific and cultural links

- 3) Conclusion in the policy
 - a) It is necessary to create a concept of regional development of the country as well as priorities of region's qualification to obtain aid means.
 - b) The Government is to take initiatives in preparation of structural aid programs for future use of the Structural Fund of EU.
 - c) Rules to govern development funds applicable to regional development are similar to both EU Phare and the Structural Fund of EU. The key principles will be as follows:
 - Analyses of a region's development
 - Program and strategy of activities or sub-programs
 - Financial plan
 - Administration and conditions of realization

(3) Priority regions

The Study team has not obtained any written paper that officially mentions priority regions to be assisted by the government. However, According to the paper provided by Ministry of Economy, mentioned above, and

interview surveys, the following guideline can be derived. This guideline is used to choose such regions that are to be designated as "Economic Special Zones" under the Polish law as well as applied to the EU Phare fund provided for regional development. Therefore, the guideline basically matches that of EU's guidelines. It is not a sector approach which promote specific economic sector, e.g. agriculture, textile, etc., but an objective approach.

1) Declining industrial areas that are facing profound restructuring

Katowice, Lodz and Walbrzych are designated as special economic zones in this category. They also may include towns and sub-regions dominated by big inefficient factories, mainly in the south-eastern part of the country

2) Areas having a high unemployment rate

These it may include rural areas encountering threats of structural and chronic recession and social degradation, which were previously dominated by ineffective state-owned farms.

3) Low-income regions

Rural areas that do not have any specific industry will fall in this category.

4) Border areas

It includes a) eastern border areas on the basis of characteristic resources and environmental features and capable of making use of advantages of near-border locations; b) towns and micro-regions located at the border which are able to make use of their location and to develop cross-border cooperation.

2.1.3 Administrative Systems for Regional Development Planning

Poland's administrative system has of three levels: (1) the central government at the national level, (2) provinces with a provincial office (voivodship) and a local self-government council at the provincial level, and (3) municipalities (gminas) at the local level. All three administrative organs are concerned with regional development according to their administrative capacity and

jurisdiction. Among them, provincial offices that are organs of the central government have limited autonomy; major rights of decision making are in the hands of the central government, and most of their funding comes directly to regions from the state budget. They do not have the power to raise revenue from sources under their own control. Gminas, run by elected officials, exercise independent competence in local matters that are left to their jurisdiction.

(1) Regional development planning function in the state level

The regional planning issues at the state level had been handled by the Central Planning Office until December 1996. Administrative reform in the late 1996 dismantled the Central Planning Office and the newly-established Government Center for Strategic Studies (RCSS) and Ministry of Economy (MOE) have been empowered to handle the issues. Although details of demarcation of RCSS and MOE in regional development will gradually become clear, it basically consists of terms of projects and programs or the RCSS takes care of long-term programs, having more than a 10-years span and the MOE does the rest. The sectoral issues at the state level are to be handled by each ministry of the central government as they were before the administrative reform in late 1996.

The RCSS has recently drafted a policy document "Policy Concept of Land Use of the Country - Poland 2000 Plus" which taken up the future direction of physical development at the state level and is a document of an indicative nature for the provincial and local authorities to take into consideration when they prepare their regional and local plans of their own jurisdiction. The document was drafted in August, 1997 and now awaits the approval of the Board of Ministers and the Congress (Sejm).

(2) Regional development planning function at the provincial level

Current functions given to the provincial level are limited in regard to regional development partly because the province office is just a representative of the central government and not an autonomous body, though needs to empower the regional development planning functions at the province level are being widely discussed. The present institutional

arrangement lacks medium-size institutions for regional development as a bridge between the biggest unit, at the state level, and the smallest units, at the gmina level. Presently, some provincial offices are preparing development strategy documents and/or physical development studies of their own province at their own initiatives and using their own resources or by means of technical and financial assistance from international aid agencies.

Discussion on the table at the same time is whether the current size of provinces is appropriate for regional development or not. In this regard, an integrated attempt began in nine provinces in the south-east, "Malo Polska". This is by means of a voluntary cooperation of Regional Development Agencies (RDAs) of each of nine provinces in preparing a wider-region sectoral development plan, in which the planning of each particular sector is assigned to each RDA according to its expertise.

(3) Local development function in gmina level

Although each gmina is requested to prepare the Medium-term Spatial Development Plan according to the Spatial Planning Act (1994) and all gminas in Konin Province have prepared the plans, gminas were not provided sufficient guidelines to prepare the plans from the higher strata of government administration. In addition, those physical plans are not supported by economic and financial plans. Gminas are not equipped with sufficient human and financial resources as well as technical expertise for preparing those plans. In many cases, they also lack the planning coordination with neighboring gminas, which is indispensable to such planning process.

Table 2.1-1 KEY ECONOMIC FACTORS OF THE PAST AND THE FUTURE

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	1996/2000
GDP growth rate (%)												
Actual	-11.6	-7.0	2.6	3.8	5.2	7.0	6.0*					
Strategy for Poland Package 2000				4.0	4.5	5.0	5.2	5.5	5.3	5.1	5.1	5.4
CPO's Basic Scenario				7.0	7.0	7.0	5.5-6.0	5.5	5.7	5.7	5.8	5.7
CPO's Warning Scenario				7.0	5.5-6.0	4.1	5.5-6.0	4.1	2.7	2.5	1.9	3.4
Unemployment (%)												
Actual				16.4	16.0	14.9	13.2	11.2*				
Strategy for Poland Package 2000				15.7	17.2	16.7	15.6	14.0				
CPO's Basic Scenario				14.9	13.4	12.8	13.6	13.1-13.4	12.0-12.4	10.7-11.3	9.4-10.2	
CPO's Warning Scenario				14.9	13.4	13.3	13.4	12.3	13.4	11.7	11.0	14.3
Public Debt (%)												
Actual				86.1	69.5	57.6						
Strategy for Poland Package 2000				85.6	77.7	76.9	74.1	72.4	45.3	43.7	42.0	
Inflation (%)												
Actual	249.3	60.4	44.3	37.6	29.5	27.8	19.8	15.6**				
Strategy for Poland (CPI) Package 2000				37.6	23.6	16.1	12.0	8.7	8.0-10.0	6.0-8.0	5.0-7.0	
CPO's Basic Scenario				27.8	19.8	15.6	15.6	13.3	13.3	11.5	10.0	
CPO's Warning Scenario				27.8	19.8	15.6	19.8	17.0	17.0	18.5	19.5	
Budget Deficit (% of GDP)												
CPO's Basic Scenario				-2.6	-2.8	-2.9	-2.9	-2.7	-2.3	-2.0	-2.0	
CPO's Warning Scenario				-2.6	-2.8	-2.9	-4.0	-4.5	-4.5	-5.0	-5.0	

Note: *) Actual unemployment rate as of July, 1997.

**) Estimate

Source: Ministry of Economy, GUS, Rocznik Statystyczny, GUS, and Grzeborz W. Kolodko, Poland 2000 - The New Economic Strategy.

2.2 EU Membership and Regional Development In Poland

2.2.1 Outline of Conditions for EU Membership

Poland presented its application for membership of the European Union on April 5, 1994. The Polish application for membership is being examined with applications from nine other associated countries. Membership requires:

- 1) The candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- 2) The existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union; and
- 3) The ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

These are the political and economic criteria for examining the accession requests of the associated countries of Central and Eastern Europe. The Commission has analyzed the current situation in each candidate country and prepared a document "Agenda 2000 - Commission Opinion on Poland's Application for Membership of the European Union" (July 15, 1997), looking forward to the medium term prospects, and taking into account progress accomplished and reforms already under way.

2.2.2 EU's Principles for Regional Development

The principles of EU's regional policy developed in the late 1980s with the speeding up of integration processes. The increasing inter-regional disparities that followed the gradual enlargement of the Community and the threat of their further deepening as a result of the establishment of a single market have contributed to the importance of preparing the regional policy. The reform of Structural Funds was made in 1988. The reform consisted not only in the decision to double the size of the Funds within six years, but in the official sanctioning of regional policy. The Structural Funds were clearly defined as instruments of regional policy and were entrusted with correcting the main regional disparities within the Community by supporting structural adjustments in less developed regions and converting the regions seriously affected by industrial decline.

During the years of 1989-93, the largest beneficiaries of Community regional policy, i.e., Portugal, Ireland and Spain, recorded economic growth higher than the Community average. The important aspect of the regional policy is that the development of structurally weaker regions creates new markets and contributes to the strengthening of the whole EU economy (Ms. Monica Wulf-Mathies, the Commissioner for regional policy).

2.3 Conclusion of the Chapter

2.3.1 Regional Development System : Conclusion

Based on the observations of the current situation of regional planning systems in Poland, the following issues can be pointed out:

- (1) There is a lack of regional planning organs at the intermediate level between the biggest central government and smallest gminas. The provincial office is currently not satisfactorily empowered to cope with regional planning issues. In many cases, it requires an operating plan to cover several neighboring provinces.
- (2) The regional planning function at the province level would be strengthened to formulate a comprehensive regional development plan not only for mapping spatial development plans submitted by gminas but also placing priority on projects on the basis of economic and financial analyses.
- (3) Land use planning sections in the provinces and gminas lack expertise for preparing the above-mentioned spatial-economic-financial development plans. It is necessary to strengthen capabilities by learning planning principles and procedures to comply with the market economy system by close cooperation with future partner countries in European Union.

2.3.2 EU Membership and Regional Development

In view of Poland's future membership in the EU and benefits and magnitude of Structural Funds, it will be appropriate and necessary to prepare for the integration from now in order to meet the requirements which the Commission

sets for the prospective beneficiaries of Structural Funds. The practice of EU regional policy suggests that Polish regional development policy focus on the following issues:

- (1) It is necessary to take an integrated approach to the problems of adjustment to EU membership.
- (2) It is necessary to prepare a regional policy of Poland at the national level, which should be complementary to principles of EU's regional policy.

The latter seems to be especially important in view of growing economic disparities within the country which might endanger the socio-economic cohesion in the country and could delay the socio-economic transformation into a sound market system.

Chapter 3

SUMMARY OF SECTOR REPORT

Chapter 3 SUMMARY OF SECTOR REPORT

This chapter summarizes the conclusive part of the Sector Report, sector by sector. That refer to report describes and analyzes each sector in detail.

Definition of Development Potentials and Constraints

In this chapter as well as Sector Report, the words "potentials" and "constraints" are used as basis for determining sectorial concept and strategies. These terms have the following connotations.

The potentials signify the thrust of regional development in Konin Province and, on the of the constraints or obstacles of it. If Konin Province is on the superior side on the conditions mentioned below, they are to be potentials and if the inferior side, they are constraints. This rule is applicable to (1), (2) and (3) below. Most of the conditions stated in (4) will be the same throughout the country and are not specific to Konin Province.

(1) Physical conditions of the region

- Natural conditions including weather and climate, geographical and topographical conditions, deposits of natural resources, natural environment, etc.

(2) Socioeconomic conditions of the region

- Economic geography, infrastructure, human resources, availability of land area, traditional temperament, customs and culture, legacies, etc.

(3) Demands for development

- Superiority: existence of big market demands in the region
- Inferiority: small market demands in the region

(4) Articles beyond the scope of the master plan

- National policies including EU accession, laws and regulations, central and local administrative systems, issues that require a long time of period

for their solving with and huge investment to be resolved, availability of public development funds, etc.

3.1 Agriculture

Development potential

- 1) **There are some farmers who have a clear vision** and will become leaders in modernization of farm management in the region.
- 2) **There is high potential to increase yield** of agricultural production by improving the current farming technologies.
- 3) **Institutions related to agriculture**, accessible in Koscielce, can provide technical guidance to farmers.
- 4) **The area is well located for distribution** of agricultural commodities and goods.

Development constraints

- 1) **Most farmers cultivate a small area.**
- 2) **The fertility of arable land of the province is less** than the national average.
- 3) **Policy and the institutional system** for agriculture tend to work as constraints because they are often unstable and inappropriate.

Development concept and strategies

Improvement of profitability of farms in Konin Province

Strategy 1: Quality and productivity improvement

Strategy 2: Modernization of farm management

Strategy 3: Development of an effective marketing system

Strategy 4: Diversification of agriculture

3.2 Three Key Industries

The three key industries are lignite mine, power generation, and aluminum smelting.

Development potential

- 1) The companies have **surplus or underutilized manpower, technology, auxiliary facilities and assets.**
- 2) The **resources owned or created by the companies** (lignite, power, heat, aluminum, by-products and waste products) can be used to diversify industry.
- 3) The companies have **high credibility** among the people in general, financial institutions and industrial circles.

Development constraints

- 1) New initiatives by management tend to be **restrained by labor** especially when there is to be reorganization of the work force.
- 2) **Managers have little experience** in creating new businesses due to the historical background of their companies.
- 3) **There tends to be limited labor mobility** because movement from big companies entails risks and loss of fringe benefits.
- 4) **Funds are insufficient** for investing in new businesses.

Development concept and strategies

New business development with maximum utilization of the existing resources that the companies own.

Strategy 1: Utilization of surplus human resources and materials

Strategy 2: Utilization of less-utilized assets

Strategy 3: Development of user-industries of heat in Konin

Strategy 4: Development of down-stream Aluminum industries

3.3 Industry

Development potential

- 1) **The three key industries** provide the area with an industrial base including materials, utilities and stock of technology.
- 2) **Ample land good for industrial sites** is available at relatively cheap prices along the trunk roads.
- 3) There is a **big potential for improvement of efficiency** of the existing industries through technology and management changes.
- 4) **The labor force is plentiful** because of there is a high level of new graduates supply and because many companies are over-staffed.

Development constraints

- 1) **General disorder during the period of transition** to a market economy may initially hamper rapid and efficient promotion of industry.
- 2) **The scale of the economy of the province is alone small** for those industries which require a concentration of demand in proximity to the points of production.
- 3) Industries in the area often face difficulties in **hiring highly educated people** mainly because of the absence of universities in the province.
- 4) Mainly because of environmental issues, **the image of Konin Province** in Poland is not necessarily favorable, discouraging investment in the area.
- 5) There are **no industrial sites or industrial parks** fully equipped with infrastructure for new industries.

Development concept and strategies

Diversification and invigoration of industry in Konin Province

Strategy 1: Investment promotion of new manufacturing industries for Konin

Strategy 2: Restructuring of enterprises in transition to privatization

Strategy 3: Invigoration of small- and medium-scale enterprises (SMEs)

Strategy 4: Establishment of an institutional supporting system

3.4 Physical Distribution and Transport

Development potential

- 1) **The area is at an advantageous location for transportation**, with trunk roads and railways accessing big cities, and the Watra River.
- 2) **Ample land is available** at relatively low cost, which provides the potential for development of distribution and transportation in the province.
- 3) **The A-2 Highway construction project** will provide many job opportunities for construction-related industries including construction materials supply.
- 4) **The freight transport companies** in Konin Province have latent competitiveness for handling international cargoes.

Development constraints

- 1) **Traffic infrastructure** has not been sufficiently improved within the province; this is especially the case for circular roads that bypass Konin city.
- 2) **The volume of physical distribution** in the area is too small to foster competitive projects in the sector.
- 3) **A more attractive center** of distribution exists close enough to compete with Konin city, i.e., Poznan.
- 4) There is **no licensing system** for starting a trucking business, and hence little assurance to trucking company customers of service quality and safety.
- 5) **Commodity producers are not familiar with the market economy**, or more effective methods of commodity distribution than now used.

Development concept and strategies

Establishment of an efficient distribution system corresponding to the market economy

Strategy 1: Maximum utilization of the potential of the transport infrastructure

Strategy 2: Strengthening of the freight transport sector

Strategy 3: Promotion of trade and transactions

Strategy 4: Improvement of the commuting system

3.5 Tourist Industry

Development potentials

- 1) Konin Province, being **the center of Poland**, has a geographical advantage in terms of accessibility to tourists.
- 2) **Lichen Stary and the new Lichen basilica** will attract more pilgrims and tourists.
- 3) **There are undeveloped tourist resources** such as a rock salt mine, lakes and rural areas for agro-tourism.

Development constraints

- 1) The tourist resources in Konin Province **do not rank as first class** in the country nor in Europe.
- 2) **The image of Konin**, an area polluted by brown coal based industries, will discourage tourists from visiting.
- 3) The local governments (Gminas) **lack funds and budgets** for development of their tourism resources.

Development concept and strategies

Full utilization of tourist attractions in Konin Province

Strategy 1: Strengthening of the existing tourist patterns

Strategy 2: Development of new tourist patterns

Strategy 3: Preparation of tourist infrastructure

Strategy 4: Strengthening of Konin tourism promotion

3.6 Land Use Development

Development potentials

- 1) Konin Province is located **in the center of the country** and is crossed by trunk roads and railways.
- 2) **An international highway (A-2)** has been partly completed between Konin and Poznan and finally connect to Moscow.

- 3) **Space is ample** for integrated land use development.
- 4) **Places suitable for recreation and relaxation** are available throughout the province.

Development constraint

- 1) The **local administration system** is not suitable for wider and integrated (inter-Gmina) land use.
- 2) **Available development funds** are often insufficient especially for bigger or inter-Gmina projects.
- 3) **The scale of demand and markets** in the province are too small to justify investment in big projects for land development.
- 4) **Current land use plans** are not necessarily realistic from the viewpoint of execution.

Development concept and strategies

Development with harmonization of rural and urban functions

Strategy 1: Further invigoration of function in urban area

Strategy 2: Intensification of sector-oriented land use

Strategy 3: Preparation of residential area

Strategy 4: Improvement of infrastructure within the province

3.7 Manpower Development

Development potential

- 1) There is a **demand for highly educated young personnel** among the existing enterprises in the province.
- 2) There is a plan to establish a new management college in Konin Province .
- 3) Provinces have acquired **greater possibilities for improvement** of the educational system, as a result of recent deregulation.

Development constraints

- 1) **Financial resources** available for the educational sector are limited.

- 2) **Neighboring provinces** have attractive facilities for higher education including universities.

Development concept and strategies

Supply of manpower suitable for market economy

Strategy 1: Provision of higher education opportunities

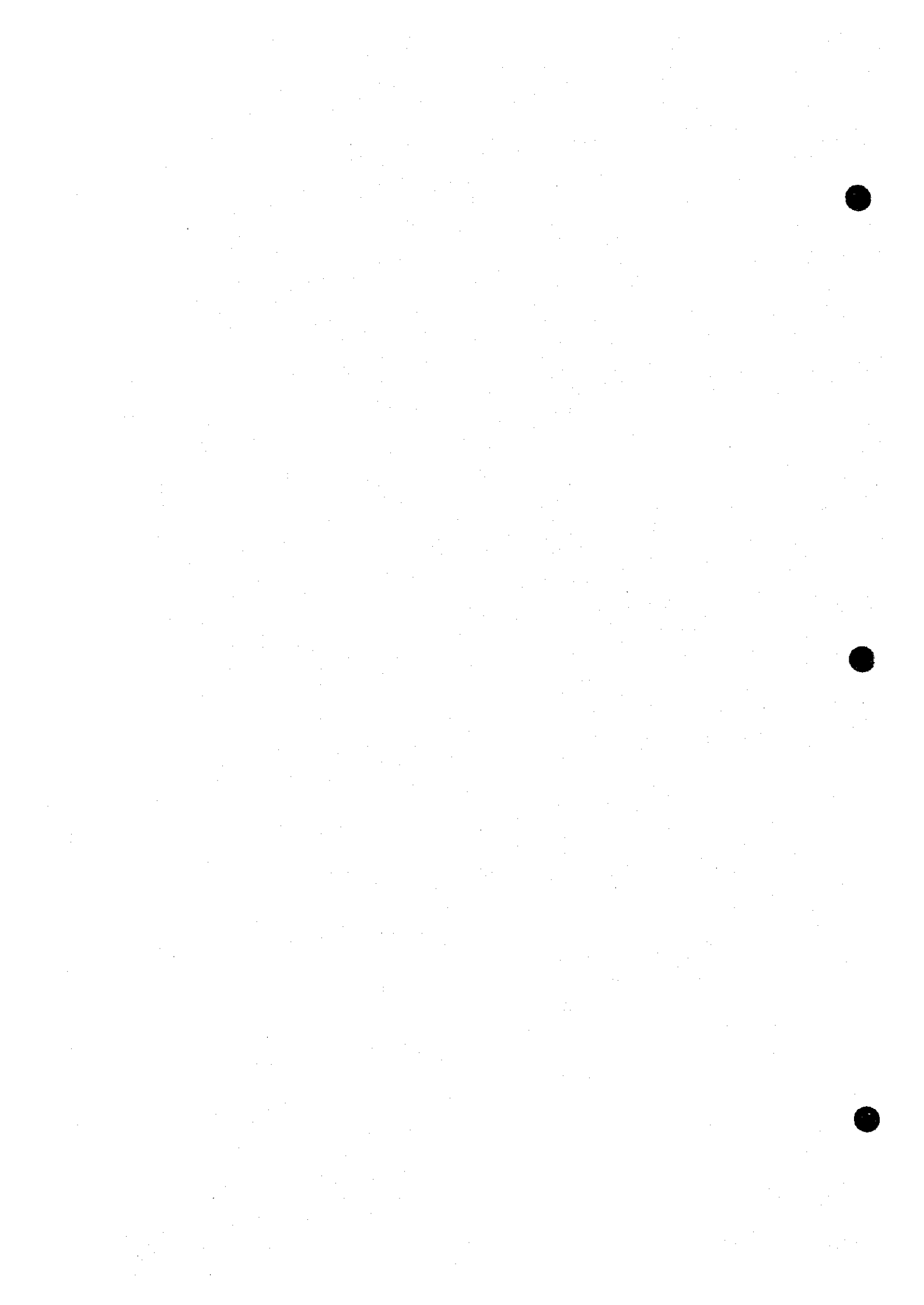
Strategy 2: Adjustment of the education system to market needs

Strategy 3: Improvement of management skills in enterprises

Strategy 4: Mobilization of manpower in the province

Chapter 4

MASTER PLAN FOR REGIONAL DEVELOPMENT OF KONIN PROVINCE



Chapter 4 MASTER PLAN FOR REGIONAL DEVELOPMENT OF KONIN PROVINCE

4.1 Adoption of Project Cycle Management Method

4.1.1 Introduction

The Project Cycle Management (PCM) technique was adopted for the Study in order to insure a consensus among the counterparts from Konin Province and the members of the Team in formulating regional development concepts and strategies. The PCM is a modification, developed in Japan, of the ZOPP (Objective-oriented Project Formulation) technique developed by GTZ (German Technical Cooperation) in 1983.

Konin Province had been making its own regional development plan before the JICA study began. The Regional Development Agency in Konin (RDA-Konin) organized strategic workshops concerning the direction of development of Konin Province, starting from 13th June, 1996. It was called the RDA Network project. The RDA Network project is being undertaken by the National Association of Agencies and Foundations for the Regional Development (KSAiFRR) in Warsaw, with financial support from the EU. RDA-Konin was selected as one of six RDAs in Poland for the project.

RDA-Konin invited representatives of institutions, social organizations and industries in Konin to the strategic workshops for participatory planning of the direction of development. The ZOPP method was used at the workshops at KSAiFRR's recommendation. The workshops were held on the following dates:

13 June, 1996	Participation Analysis (1day)
3-5 September, 1996	Problem Analysis/Objective Analysis(3days)
23-25 September, 1996	Alternative Analysis(3days)

RDA-Konin summarized the results of the workshops in a report, "The Direction of development of Konin Province," in December, 1996.

Reviewing the summary report on the ZOPP workshops, the Team recognized that the subject of the ZOPP workshop was quite similar to that for the Study. The Team, however, adopted the PCM technique sector by sector since the Study was designed according to a "Sectoral Approach Method." The Team nevertheless will refer to the results of the ZOPP workshops for participation analysis. The Team conducted workshops three times highlighting two economic sectors - agriculture and industry - that are the crucial areas of the Study. As for other sectors, the Team identified core problems and related issues by itself due to time constraints.

4.1.2 Method and Outcome of PCM Workshop

(1) Participation analysis

The Team evaluated the results of the ZOPP workshops and concluded that the participation analysis of the ZOPP workshops can be used as - is as shown in Table 4.1-1. The participants in both the Study and the ZOPP workshops shall be the same because they have the same goal, that is regional development in Konin Province.

(2) Problem analysis and objective analysis

Workshops were held three times for the sectors of agriculture and industry in the following manner. The Problem Tree and Objective Tree for each sector are attached to the end of the Sector Report. Trees for other sectors have not been prepared.

(3) Core problems and sectoral development concepts

A core problem was identified for each sector, one for each of for seven sectors. Then, the core problems that were written in negative expression were converted to positive expression, that is "core objectives". Those core objectives are called "Sectorial development concepts" in this report. The core problems and the concepts are shown in Table 4.1-2.

Table 4.1-1 PARTICIPANTS ANALYSIS

GROUPS	PARTICIPANTS
LOCAL ADMINISTRATION	<ul style="list-style-type: none"> - Provincial Statistical Office - Provincial labour Office - Provincial fund of Environmental Protection - Treasury Office - Agrarian Property Agency of the State Treasury
TRADE UNIONS	<ul style="list-style-type: none"> - Farmer's Unions - Trade Unions' Representatives
MEMBERS OF PARLIAMENT	<ul style="list-style-type: none"> - Members of Parliament from Konin Province
STRATEGIC ECONOMIC ENTITIES	<ul style="list-style-type: none"> - Companies interested in highway construction - Big companies - KWB "ADAMOW" SA - HUTA ALUMINUM "KONIN" SA - ZE PAK SA - KWA "KONIN" SA
FINANCIAL INSTITUTIONS	<ul style="list-style-type: none"> - Banks - Insurance Companies
LOCAL SELF-GOVERNMENT	<ul style="list-style-type: none"> - Regional Self-government Councils - Economic Council of Regional Self-government Councils - Representatives of important municipalities
CENTRAL ADMINISTRATION	<ul style="list-style-type: none"> - Agriculture Dept. in Provincial Office - Spatial Economy Dept. in Provincial Office - Economic Development Dept. in Provincial Office - Environmental Protection Dept. in Provincial Office
NGOs	<ul style="list-style-type: none"> - Head of Technical Organization - Guild of Crafts - Konin Chamber of Commerce - RDA SA - Self-government Society - Association of Economic Development & Promotion - Association of Economic Entities

Source: The Direction of Development of Konin Province, December, 1996

**Table 4.1-2 CORE PROBLEMS AND DEVELOPMENT CONCEPT
FOR EACH SECTOR**

1) Agriculture	
(Core problem)	<i>Profitability of farms is low.</i>
(Development concept)	<i>Improvement of profitability of farms in Konin Province</i>
2) Energy and three key industries	
(Core problem)	<i>The three key industries do not enough create new businesses.</i>
(Development concept)	<i>New business development with maximum utilization of the existing resources that companies own</i>
3) Industry	
(Core problem)	<i>Industry is not diversified.</i>
(Development concept)	<i>Diversification and invigoration of industry in Konin</i>
4) Physical distribution, and transportation	
(Core problem)	<i>Distribution and transportation system have not been modernized so as to serve the market economy.</i>
(Development concept)	<i>Establishment of efficient distribution and transportation system corresponding to the market economy</i>
5) Tourist industry	
(Core problem)	<i>Tourist resources in Konin are not fully utilized.</i>
(Development concept)	<i>Full utilization of tourist attractions in Konin</i>
6) Land use development and infrastructure	
(Core problem)	<i>Land use and infrastructure development is unbalanced between rural and urban areas.</i>
(Development concept)	<i>Development with harmonization of rural and urban function</i>
7) Manpower development	
(Core problem)	<i>Konin Province can not necessarily supply manpower to meet requirements of the market economy.</i>
(Development concept)	<i>Supply of manpower suitable for the market economy</i>

4.2 Present Situation of Konin Province

4.2.1 Economic Geography

4.2.1.1 Location

Konin Province is located almost in the center of Poland. Konin Municipality (population: 80,000) at the heart of the province is 200 km west of Warsaw (population: 1,640,000) and 100 km east of Poznan Municipality (population: 580,000). It is also 100 km northwest of Lodz

Municipality (population: 820,000) and 100 km south of Bydgoszcz Municipality (population: 390,000). Thus, Konin Municipality is surrounded on three sides by the three big municipalities, each 100 km away.

By way of Poznan Municipality, Berlin is about 350 km west of Konin Municipality. Some 400 km east of Konin, via Warsaw, is Brest, a border town of the Republic of Belarus. Geographically, Poland adjoins Germany on the west and countries of the former Soviet Union on the east. Since Konin Province is located in the center of Poland, the same geographical relationship applies directly to the Province.

In terms of the economic relations with the above three municipalities that are each about 100 km away from Konin Municipality, the municipality is most closely connected with Poznan. There are two reasons for this. For one, Konin had been a part of Poznan Province until 1975 when the former 17 provinces were reorganized into the present 49 provinces. Second, Konin has easier access to Poznan. For example, it took more than two hours to go from Konin to Lodz by car, whereas it takes one hour and 15 minutes to drive from Konin to Poznan. In order to travel from Konin to Lodz or Bydgoszcz by rail, one must change trains along the way. Socioeconomically, therefore, Konin Province is most closely connected with Poznan, followed by Lodz and Bydgoszcz in that order.

4.2.1.2 Land Transportation

A main road in Poland, National Highway A-2 (Route E30) runs through Konin Province east and west. It may be said that this is the only trunk road that connects Berlin and Moscow via Warsaw. It is busy with long-distance trucks all day. A new Berlin-Warsaw-Moscow motorway (Route E30) is under construction. Only the 50 km portion from a point about 10 km south of Konin Municipality toward Poznan Municipality has been completed. As a "European road," this motorway is being constructed with financial aid from the EU. Land transportation of goods between Germany and the former Soviet Union, including Russia, must go through Konin Province.

National Highway No. 25 runs through Konin Municipality north and south, connecting Gdansk in the north and Katowice in the south. In Poland, there are several other important roads running north and south. Apparently, construction of a new north-south expressway is being discussed, but Konin Province has been left out of the plan.

With respect to railways, a trunk line connecting Berlin, Warsaw, and Moscow runs through Konin Municipality east and west. This is a passenger/freight railway and express trains stop at Konin Station. A railway exclusive for freight trains runs north and south about 30 km east of Konin Municipality. This railway that connects the coal mines in the south and Gdansk Port in the north is dedicated to the transportation of coal for export. In addition, a bullet train system is planned to be constructed between Berlin and Moscow. According to the plan, the bullet trains will run through Konin Province without stopping in the Province.

4.2.2 Social and Economic Position of Konin in Poland

In this section, the social and economic position of Konin Province in Poland is described by comparing indicators for Konin Province with those for Poland as a whole.

4.2.2.1 Comparison of Basic Indicators

The explanation that follows is based on the 1995 figures shown in Table 4.2-1. Konin Province accounts for 1.64%, 1.24%, and 1.1% of Poland's area, population, and GDP, respectively. These figures may well indicate the basic position of the province in the country. The fact that the share of the province dwindles in order of area, population, and GDP suggests that the population is small for the area and that the GDP is small for the population.

Looking at population density, the national average is 123.5 persons/square kilometer and Konin Province, with 93.3 persons/square kilometer, ranks 32nd among the 49 provinces in all Poland. In other words, in terms of population density, the province is positioned at about one-third of the way from the bottom.

With respect to per-capita GDP, the national average is 7,478 PLN and Konin Province, with 6,513 PLN (87% of the average), ranks 20th among the 49 provinces. The value-added per employee that shows the productivity of labor, was 15,069 PLN or 91% of the national average, ranking 16th in the country. The unemployment rate has been decreasing in both the whole nation and Konin Province in recent years. Even so, according to the 1995 figures, the unemployment rate in Konin Province is 18.1%, or the 18th worst, whereas the national average is 14.9%. The figures as of July 1997 were 15.9% for Konin Province and 11.2% for Poland. Konin Province has worse figures for unemployment than average.

Table 4.2-1 BASIC INDICATORS OF KONIN PROVINCE AND POLAND IN 1995

	Poland	Konin	Konin in Poland
(1) Land area (km ²)	312,685	5,139	1.64%
(2) Population (1,000)	38,609	480	1.24%
(3) Population density (person/km ²)	123.5	93.3	31st *1)
(4) Unemployment (%)	14.9	18.1	32nd *1)
(5) GDP (million PLN)	288,701	3,125	1.08%
(6) Per-capita GDP (PLN)	7,478	6,513	20th *1)
(7) Value added (million PLN)	248,887	2,905	1.17%
(8) Per-capita value added (PLN)	16,631	15,069	16th

Note: *1 Ranking of Konin Province in 49 provinces of Poland.

Source: - Gross Domestic Product by Voivodships for 1995, August 1997: Research Center for Economic and Statistical Studies of the Central Statistical Office and the Polish Academy of Sciences, Statistical Office in Katowice.

- Year Book, 1996: Central Statistical Office.

- Central Statistical Office: Year Book of Voivodship, 1996.

- Central Statistical Office: Quarterly Statistics, June 1996.

4.2.2.2 Structure of Economy by Activity

Table 4.2-2 shows composition of the value added and employment by economic activity for the whole nation and Konin Province. Table 4.2-3 compares the value added per person employed between the whole nation and Konin Province. Based on the two tables, the characteristics of the economy of Konin Province are enumerated below.

- (1) The employment is high in the agriculture sector where productivity is low

- (2) The mining sector has a large share in value added and high productivity
- (3) The manufacturing sector is delayed in development
- (4) The electricity sector has a large share in value added and low productivity
- (5) The private service sector is the most delayed in development

Table 4.2-2 VALUE ADDED AND EMPLOYMENT IN KONIN AND POLAND, 1995

Activities *1 (NACE Rev.-1)	Gross Value Added By Sector (Million PLN)		Employment By Sector (1000 persons)	
	Poland	Konin	Poland	Konin
A+B. Agriculture ---	18,742	337.4	4,046	80.3
C. Mining ---	10,571	386.2	357	9.9
D. Manufacturing	58,173	574.8	3102	263
E. Electricity ---	12,073	245.9	269	6.0
F. Construction	16,264	163.1	827	8.3
G. Trade ---	38,461	372.9	1903	21.4
H. Hotels ---	2,484	14.2	186	1.7
I. Transport---	16,934	141.0	838	8.4
J. Financial ---	2,642	22.8	268	2.5
K. Operation ---	19,442	131.8	554	3.3
L. Public ---	14,642	151.5	381	3.9
M. Education	10,507	81.2	896	9.2
N. Health ---	10,430	98.3	1003	9.1
O. Other services ---	17,523	184.2	335	2.5
Total	248,887	2,905.3	14,965	192.8
			100.0%	100.0%
			100.0%	100.0%

Note:*1) A-Agriculture, hunting, forestry B-Fishing C-Mining and quarrying D-Manufacturing E-Electricity, gas distribution, water supply F-Construction G-Trade and repair of consumer goods H-Hotels and restaurants I-Transport, storage and communication J-Financial intermediation K-Operation of real estate and services delivered to firms L-Public administration and defense M-Education, N-Health care and social security O-Other services, public utilities, social and individual services
*2) "Employment" includes regular works, part-time workers, business owners, and family-business workers.

Source: Gross Domestic Product by Voivodships for 1995, August 1997; Research Center for Economic and Statistical Studies of the Central Statistical Office and the Polish Academy of Sciences, Statistical Office in Katowice.

Table 4.2-3 VALUE ADDED AND EMPLOYMENT IN KONIN AND POLAND, 1995

(Unit: PNZ/employment)

Activities*1	Value added/employment*2		Konin/Poland (ratio)
	Poland	Konin	
A+B Agriculture	4,632	4,202	0.91
C Mining	29,611	39,010	1.32
D Manufacturing	18,753	21,856	1.17
E Electricity	44,882	40,983	0.91
F Construction	19,666	19,650	1.00
G Trade	20,210	17,425	0.86
H Hotels	13,352	8,353	0.63
I Transport	20,208	16,786	0.83
J Financial	9,859	9,120	0.93
K Operation	35,094	39,939	1.14
L Public	38,430	38,846	1.01
M Education	11,640	8,826	0.76
N Health	10,398	10,802	1.04
O Other	52,308	73,680	1.41
Total	16,631	15,069	0.91

Note:*1 A-Agriculture, hunting, forestry, B-Fishing, C-Mining and quarrying, D-Manufacturing, E-Electricity, gas distribution, water supply, F-Construction, G-Trade and repair of consumer goods, H-Hotels and restaurants, I-Transport, storage and communication, J-Financial intermediation, K-Operation of real estate and services delivered to firms, L-Public administration and defense, M-Education, N-Health care and social security, O-Other services, public utilities, social and individual services

*2 "Employment" includes regular workers, part-time workers, business owners, and family-business owners.

Source: Research Center for Economic and Statistical Studies of the Central Statistical Office and the Polish Academy of Sciences, Statistical Office in Katowice: Gross Domestic Product by Voivodships for 1995, August 1997.

4.2.2.3 Ranking of Living Standard of Konin in Poland

Table 4.2-4 shows the ranking of Konin's living standard estimated using 1994 data. The organization indicated as the information source investigated living standards in the 49 provinces. The ranking shown in the table is based on calculations performed by the Team.

In terms of living standard, Konin ranks 22nd among the 49 provinces. Taking this and the ranking shown in Table 4.2-1 into account, the position of Konin Province in Poland may be considered slightly above the average as a whole.

From Table 4.2-5, the good points of Konin Province are high levels of personal income (the three key industries, especially mining, offer generous wages), good security, an established financial system, high levels of personal consumption, and good health condition. By contrast, the natural environment, infrastructure, unemployment/social welfare, and housing are inferior in that order.

Table 4.2-4 RANKING OF LIVING STANDARD OF KONIN PROVINCE IN POLAND, 1994

Particular	Points ^{*1}	Ranking ^{*2}
1. Natural environment	82.4	43
2. Unemployment and social help	42.0	38
3. Public security	91.5	9
4. Expenditure from the gmina's budget	21.1	25
5. Individual income	39.2	6
6. Financial support	46.9	13
7. Individual consumption	41.5	17
8. Apartment and housing conditions	39.8	33
9. Technical infrastructure	13.1	41
10. Culture and education	49.5	30
11. Health care	45.9	19
12. Demography	39.0	31
As a total	46.0	22
Poland	(51.1)	

Note: *1 full mark=100

*2 Ranking of Konin Province in 49 provinces

Source: Polish Regional Planning Bureau in Lodz: Regional Living Standard and its changes, 1996.

4.2.3 Advantages and Disadvantages for Development of Konin Province

Five advantages and disadvantages are enumerated below for development of Konin Province, summarizing those potentials and constraints identified in each economic sector. They are comparatively superior or inferior to averages of the country or other provinces in general.

It should be noticed that the problem of exhausting of the brown coal deposits, expected in the 2030's or 2040's, is not dealt with as a constraint because the target year of the master plan is set at the year 2010.

Advantages - Comparative potentials for the province

1) There are three key industries based on brown coal providing the area with its industrial base. If these industries did not exist in the region, no ancillary and supporting industries would exist either. The key industries also can supply raw materials, intermediates, energy and utilities for future diversification of the industries in the province.

2) The area is located in a strategic point in terms of land transportation within the country. This advantage suggest the possibility that the area will become a center of distribution and transportation as well as a strategic point for potential investors.

3) There is ample land, enough for integrated regional development. It is a major attractive condition for new investment projects and regional development programs to be able to obtain project sites at suitable locations with competitive prices.

4) The area can supply a competitive labor force for new industries. The high unemployment rate sometimes means that potential investors will be able to employ quality laborers at reasonable costs.

5) There are under utilized resources in the area, such as minerals, tourism, wastes and by-products from the key industries, etc. Utilization of these resources has been preliminarily studied but mostly abandoned by companies concerned. However, there should be potential for their utilization.

Disadvantages - Comparative constraints for the province

1) Size of economy and market of the province is rather small to implement a large-scale development. Therefore, most new projects must aim at markets of outside of Konin Province .

2) In view of economic geography, there are more attractive locations for investment and doing business near and outside the province, e.g., Poznan and Lodz.

3) Arable land is less fertile than the average of the country. Therefore, agriculture can hardly be an engine for economic development of the area.

4) Infrastructure in the area is not well prepared yet, being ranked at 41st of 49 provinces in the living standard study report. Insufficient infrastructure not only means lower living standards for inhabitants but also will obstruct further development or investment in the area.

5) The image of Konin Province is not necessarily favorable throughout the country mainly because of environmental issues; this is hampering investment from outside the area.

4.3 Direction of Development of Konin Province

This section attempts to simulate a configuration of Konin Province in 2010 in view of its expected social and economic structure. The simulation will provide a base for the framework for a master plan of regional development in Konin Province.

4.3.1 Economic Structure of Konin Province in 2010

Six economic sectors are used for projection in this section, which are made by re-classifying fifteen economic activities defined in a European classification, NACE Revision-1, for convenience of discussion, and projections of Konin's economy as shown in Table 4.3-1.

Table 4.3.1 SIX ECONOMIC SECTORS AND NACE CLASSIFICATION

Six economic sectors:	NACE Revision-1 classification:
1. Agriculture	A. Agriculture, hunting, forestry B. Fishing
2. Mining & Electricity	C. Mining and quarrying E. Electricity, gas distribution, water supply
3. Manufacturing	D. Manufacturing
4. Construction	F. Construction
5. Private services	G. Trade and repair of consumer goods H. Hotels and restaurants I. Transport, storage and communication J. Financial intermediaries K. Operation of real estate and services delivered to firms
6. Social services	L. Public administration M. Education N. Health care and social security O. Other services, public utilities, social and individual services

(1) GDP and VA growth rates

Table 4.3-2 shows a projection of the economic structure of Konin Province in 2010 in terms of value added (VA) by six economic sectors. The projection is based on figures for 1995 which are as also shown in the table. Since VA is only available for each economic activity of Konin Province, analysis is made by VA. First GDP growth rate were projected to 2010, and then the projected GDP growth rate was directly applied to VA growth rate.

The former Central Planning Office and "Package 2000" estimated a standard GDP growth rate up to 2000 at 5.7% and 5.4% respectively. No official estimates until 2010 are available at this moment so that this study has assumed that the economy of the annual GDP of the country would grow by 5.5% until 2010, in real terms. On the other hand, the economy of Konin Province should grow faster than that of the whole country or the national average, otherwise the province will remain at the present position or lower in the nation's economy. In this regard, the Team has assumed

6.0% as the regional GDP growth rate for Konin Province, in real terms, until 2010. It will be a target for development of the region

The following are projections of economic growth of each economic sector in Konin Province up to 2010 in terms of VA.

(2) Agriculture

Arable land area in Konin Province is supposed to gradually decrease by afforestation of low-yield farmland and abandoned farmland due to less income and/or retirement of farmers. Therefore, total VA in the agricultural sector will hardly increase in the future though productivity per hectare and per farmer shall be improved. As a result, the Team has assumed that the amount of VA of agriculture would remain at the same level or slightly increase toward 2010. Table 4.3-2 shows a projection that the agricultural sector will decrease in terms of its share in the total VA from 11.6% for 1995 and 5.9% for 2010, or by half during 15 years. However, the amount of VA of the sector shall slightly grow, with improvement of productivity of 1.3% p.a.

(3) Mining & Electricity

The electricity industry in Konin Province will be obliged to mostly depend on brown coal even in the future or up to 2010: that is an observation of the Team. And the brown coal mines in Konin Province will be able to keep the same level of production as present at least until 2010. It is not expected, however, that production volume of brown coal will increase, and neither will the electricity sector grow.

The two industries have been projected to have that an amount of VA that will remain constant at the level of 1995 until 2010. Table 4.3-2 shows that the sector will reduce its share of VA from 21.8% in 1995 to 9.1% in 2010.

(4) Manufacturing

For the manufacturing sector, the Team has first set its share of VA as 27% for 2010 as a target figure. In order to attain the target growth of 6.0%, the manufacturing sector must be a driving force of the economy of Konin

Province, compensating for the declining share of the agriculture and the mining and electricity sectors. The rate of 27% is regarded as a level of an industrialized country or areas instead of 19.8% for Konin Province in 1995. The sector has to grow at the rate of 8.2% per annum or 3.27 times of VA in 1995 as indicated in Table 4.3-2.

(5) Construction

The Team has first assumed a growth rate of 8.5% p.a. for the construction sector giving the same level of growth as manufacturing and private services sectors, that are 8.2% and 8.4% respectively. The share of VA will reach 8.0% in 2010 from 5.6% in 1995 that was the lowest among the six sectors as seen in Table 4.3-2. Construction and betterment of roads and other infrastructure in the region shall contribute to the growth of the sector, as will an expected boom of housing construction.

(6) Private services

This sector could not effectively grow during the era of centralized or controlled economy in most of areas of Poland including Konin Province. The VA shares were 32.3% for Poland and 23.5% for Konin in 1995. A share of 33.0% was given to the private services sector in Konin Province with the idea that by 2010 it would reach a similar level to that of the national average of 1995. This sector shall be an engine for economic development of Konin Province together with the manufacturing sector.

(7) Social services

In general, the EU has the policy of minimizing the roles of central governments and transferring power to local governments. Poland will follow the policy from a pre-accession period for joining the EU. This means that supply of social services by local governments, like Konin Province, will increase accompanying an increase in public expenditure in the future. In Poland, however, some of the roles and activities of government are to be (or have already been) privatized so that social services in the province might not remarkably increase in the future. The Team has assumed that the sector in Konin Province will slightly decrease in terms of the share of VA in the total economy from 17.7% in 1995 to 17.0% in 2010, reflecting a growth rate of 5.7%.

4.3.2 Employment and Unemployment In 2010

4.3.2.1 Overall Projection In 2010

The Team has forecast employment, unemployment and additional job requirements in Konin Province until 2010; results are shown in Table 4.3-3. Total population and working age population of (the latter 18 to 64 years for males and 18 to 59 for females), were projected by the Central Statistical Office until 2020. The assumptions and results of forecast are summarized below.

(1) Job requirements

The entire working age population does not necessarily look for jobs. Some of housekeepers, early retirees, weak or handicapped people, etc. must be removed from job requirement, figures. The rates of actual job requirements against working age population were 82.2% in 1997 (the lowest), and 85.6% in 1995 (the highest). The average rate for these five years was 83.8%. The Team assumed a rate of job requirement to working age population of 85% for 1998 to 2010.

(2) Unemployment rate

Poland has rapidly brought down the unemployment rate from 16.4% for 1993 to 11.2% for July, 1997, and it is supposed to be lower than 10% in 1998. The annual rate of decline unemployment is estimated at 9.1% during these five years. In the same period of time, Konin Province too has experienced a decline in its unemployment rate, that fell 5.0% p.a. from 19.5% in 1993 to 15.9% in July, 1997. Both the unemployment rate and the rate of its decline in the province have been worse than those for the nation as a whole. If Konin Province in the unemployment rate decreases by 5.0% p.a. against the previous year as the past, it will reach 8.2% in 2010. However, this figure seems to be too high as a target for 2010 considering that the national average is about to break below 10% in 1998.

Thus, the Team set 5.0% of unemployment rate for 2010 as a target of Konin Province.

(3) Additional job requirements up to 2010

Using the above assumptions, additional job requirements were estimated as shown in Table 4.3-3. The table shows that the province shall create 49,900 jobs from 1998 to 2010 or in a period of 13 years, that is, 3,840 jobs in terms of an annual average.

4.3.2.2 Changes In Employment Structure and Productivity by Sector

This section estimates the structure of employment using data for six sectors and referring to sections of 4.3.1 and 4.3.2.1. Also, VA per employment is examined. The projection resulted in the following key figures, namely that VA in 2010 would be 2.4 times that of 1995 as a result of a 6.0% growth rate, the number of employees would be 1.26 times greater and VA per employee would increase by 1.90 times. Employment in the six sectors will be estimated so as to meet the following key values. Table 4.3-5 shall also be referred to for the following description.

Table 4.3-4 SUMMARY OF KEY VALUES

	Growth rate = 6.0% p.a. Unemployment = 5.0% in 2010		
	1995	2010	2010/1995 (times)
Value added (Million PLN)	2,905.3	6,962.7	2.40
Employment (1,000 persons)	192.8	243.3	1.26
VA per employee (PLN)	15,069	28,618	1.90

(1) Agriculture

The Team assumed that the employment in the agricultural sector would decrease from 41.6% of the total employees in 1995 to 27% by 2010, which is the level of the nation's average in 1995. Thus, the other sectors shall absorb 14,600 employees from the agriculture sector from 1995 to 2010, and improve productivity per employee by 1.49 times of the level of 1995.

(2) Mining and electricity

The mining and electricity sector has its own projection or plan for the scale of future employment so that the figure was used as it is. It expects a reduction of around 4,400 employees mainly by attribution, by 2010. As a result, productivity per employee is expected to be 1.38 times that of the 1995 level.

(3) Manufacturing, construction and private services

The same assumption was applied to these three sectors, namely that VA per employee, or productivity, should be as high as 1.74 times the 1995 level since these sectors are to be driving forces of the economy in the province toward 2010. Otherwise the target growth rate of 6.0% and the unemployment rate of 5.0% in 2010 will not be achieved. The number of employees of these sectors in 2010 were computed backward from the required productivity or VA per employee. It is also expected that three sectors will create a large number of job opportunities, namely 23,100 jobs in manufacturing, 8,000 jobs in construction and 34,800 jobs in private services by 2010.

(4) Social services

Employment in the public sector shall be restructured through attribution toward 2010, improving its productivity. The highest rate of growth of productivity was given to this sector, that is 2.0 times the 1995 level by 2010. The sector will create 3,700 jobs in the coming 13 years or up to 2010.

4.3.3 Development Frame toward the year 2010

A master plan for regional development in Konin Province will be formulated in line with the following framework or goal toward 2010. The framework is set below separately on Social and Economic Frame, and Spatial frame as a result of field surveys.

(1) Social and economic framework for the master plan

- 1) Improvement of economic structure
- 2) Decrease of unemployment
- 3) Conservation of environment

(2) Spatial framework for the master plan

- 1) Emphasis of development axis toward Poznan
- 2) Strengthening of internal linkages within the province

Table 4.3-2 PROJECTED VALUE-ADDED BY ECONOMIC SECTOR IN KONIN PROVINCE UP TO 2010

(Unit : Million PLN)

Economic sector #2)	1995		2010*1)		2010/1995	
	Value-added	Share	Value-added	Share	Growth ratio 1995/2010	Annual growth rate
	1. Agriculture	337.4	11.6%	410.8	5.9%	1.22
2. Mining & Electricity	632.1	21.8%	632.1	9.1%	1.00	0.0%
3. Manufacturing	574.8	19.8%	1879.9	27.0%	3.27	8.2%
4. Construction	163.1	5.6%	557.0	8.0%	3.42	8.5%
5. Private services	682.7	23.5%	2297.7	33.0%	3.37	8.4%
6. Social services	515.2	17.7%	1183.7	17.0%	2.30	5.7%
Total	2,905.3	100.0%	6,962.7	100.0%	2.40	6.0%
Poland	248,887		555,633		2.23	5.5%
Konin's share to Poland	1.17%		1.25%			

(Note) *1) JICA Team's projection
 *2) 1. Agriculture (A+B of NACE Rev.1)
 2. Mining & Electricity (C+E)
 3. Manufacturing (D)
 4. Construction (F)
 5. Private services (G+H+I+J+K)
 6. Social services (L-M+N+O)

(Source) Table 4.2-2 for 1995.

Table 4.3-3 PROJECTED EMPLOYMENT AND UNEMPLOYMENT IN KONIN PROVINCE UP TO 2010

Particulars (Unit)	Past Records							Projection *2)			
	1993	1994	1995	1996	1997	1998	1999	2000	2005	2010	
1. Total population (1000)	477.2	478.8	479.7	480.3	481.2	482.3	483.7	485.3	495.5	505.7	
2. Working ages *1) (1000)	269.6	272.8	275.1	277.3	279.6	282.1	284.3	287.2	299.6	301.3	
3. Job requirement (1000)	223.2	228.9	235.4	234.5	230.0	239.8	241.7	244.1	254.7	256.1	
4. Employment (1000)	179.7	183.6	192.8	193.0	193.4	204.9	209.5	214.4	234.8	243.3	
5. Unemployment (3-4) (1000)	43.5	45.3	42.6	41.5	36.6	34.9	32.2	29.7	19.9	12.8	
6. Job requirement rate (100 X (3/2)) (%)	82.8%	83.9%	85.6%	84.6%	82.2%	85.0%	85.0%	85.0%	85.0%	85.0%	
7. Unemployment rate (100 X (5/3)) (%)	19.5%	19.8%	18.1%	17.7%	15.9%*3)	14.5%	13.3%	12.2%	7.8%	5.0%	
8. Additional job requirements for the year (1000)	3.9	3.9	9.1	0.2	0.4	11.5	4.6	4.9	20.4	8.5	
9. Accumulated additional job requirements (1000)	3.9	3.9	13.1	13.3	13.7	11.5	16.1	21.0	41.4	49.9	
Unemployment rate, Poland (%)	16.4%	16.0%	14.9%	13.2%	11.2%*3)						

(Notes) *1) 18 to 64 years old for male and 18 to 59 for female

*2) JICA Team's projection

*3) As of July, 1997

(Source) Central Statistical Office: Population Projection of Poland by Voivodship 1996-2020, 1997
Central Statistical Office: Registered Unemployment in Poland I-IV Quarter 1996, 1997

**Table 4.3-5 PROJECTED EMPLOYMENT AND PER EMPLOYEE VALUE-ADDED BY ECONOMIC SECTOR
IN KONIN PROVINCE UP TO 2010**

Economic sector *2)	1995			2010 *1)			2010/1995	
	Employment (1000 persons)	Composition (%)	Per capita*3 (PLN/person)	Employment (1000 persons)	Composition (%)	Per capita*3 (PLN/person)	Employment (2010-1995)	Per capita*3 (2010/1995)
1. Agriculture	80.3	41.6%	4,202	65.7	27.0%	6,254	-14.6	1.49
2. Mining & Electricity	15.9	8.2%	39,755	11.5	4.7%	54,965	-4.4	1.38
3. Manufacturing	26.3	13.6%	21,856	49.4	20.3%	38,067	23.1	1.74
4. Construction	8.3	4.3%	19,651	16.3	6.7%	34,226	8.0	1.74
5. Private services	37.3	19.3%	18,303	72.1	29.6%	31,879	34.8	1.74
6. Social services	24.7	12.8%	20,858	28.4	11.7%	41,717	3.7	2.00
Total/Average	192.8	100.0%	15,069	243.3	100.0%	28,618	50.5	1.90
(Unemployment rate)	(15.9%)			(5.0%)				

(Note) *1) JICA Team's projection

*2) 1. Agriculture (A+B) of NACE Rev.1

5. Private services (G+H+I+J+K)

*3) Value-added per employee, namely a productivity of an employee

2. Mining & Electricity (C+E)

6. Public services (L+M+N+O)

3. Manufacturing (D)

4. Construction (F)

(Source) Central Statistical Office: Population Projection of Poland by Voivodship 1996-2020: 1997

Central Statistical Office: Registered Unemployment in Poland I-IV Quarter 1996, 1997

Table 4.2-2 for 1995

4.4 Structure of Master Plan and Project Long List

4.4.1 Structure of Master Plan

Figure 4.4-1 shows the structure of the Study or master plan study in Konin Province. The structure of the proposed master plan is made in accordance with the method of PCM which is adopted separately for each economic sector, or for seven sectors in total.

The Sector Report has defined sector by sector the potentials for and constraints against regional development of Konin Province. The Sector Report and Project Report have also described in details rationales for identification of 70 projects under 28 strategies of seven sectors. The 70 projects are called "long list projects". The flow from the framework to the long list in Table 4.4-1 composes the proposed master plan of the Study.

A project profile that describes the outline of the project will be prepared for each of the 70 projects. Then priority projects will be chosen from the long list for detailed project studies (DPS). Methodology of the priority projects selection will be shown in Chapter 5 in this Main Report and DPS will be filed in the Project Report.

4.4.2 Project Long List

A project long list consisting of 70 projects is shown in Table 4.4-1. Those projects have been identified for achieving the aims of each strategy as described in this Sector Report. A profile of each project is given briefly in the Project Report attached at the end of this report.

Each of the identified 70 projects belongs to a specific sector as its original classification. A project, however, often will have a wide range of output and contribute to two or more strategies as well as sectors: for instance, "promotion of agro-tourism" may contribute to both sectors of agriculture and tourism. Thus, such projects shall also be classified in other sectors as sub-classification. This relation is shown in the following table.

Sector	Original Classification	Sub-Classification	Projects for the sector
Agriculture	10	4	14
Three key industries	15	5	20
Industry	10	2	12
Distribution & transport	9	2	11
Tourism	8	4	12
Land use & infrastructure	14	0	14
Manpower development	4	4	8
Total	70	21	91

4.4.3 Schedule of Project Implementation

Figure 4.4-2 indicates the schedule of project implementation for all 70 projects. The following factors are specifically taken into account as desirable factors for earlier implementation:

(1) Availability of resources:

When all required resources for the project, such as input materials, technologies specifically required for the project, relatively small initial investment funds, etc., are readily available in the Province, such project is considered for earlier implementation.

(2) Consistency with State and Provincial Governments' policies and laws:

When the project is consistent with development policies of the central and provincial governments and is possible to implement under the current laws and regulation~ such project would be implemented earlier.

(3) Demand for the outputs of the project:

Demand for the outputs/products of the project is sound and promising; such project is scheduled for earlier implementation.

(4) Technological linkages with other projects:

When the project is technologically linked to other projects, such project is implemented earlier than projects linked backwardly to the project.

(5) Cost recovery period:

The shorter cost recovery period for the project is considered a positive factor for earlier implementation.

EXPLANATORY NOTES ON WORDING IN Table 4.4-1

Most project titles start with a word that indicates an activity. Although such wording can not be strictly applied, differences in meaning are nearly as follows:

Master plan study: Projects which comprise various components and sectors. A further study is needed for project conceptualization. (One project is proposed for master plan study; KI-6 Master plan study for utilization of underground water)

Feasibility study: Projects which are generally said to be low in profitability from the viewpoint of large scale companies or three key industries. The Team proposes a detailed feasibility study to clarify real profitability from the viewpoint of SMEs. (Two projects; KI-4 Feasibility study for brown coal ash, KI-5 Feasibility study for gypsum board)

Detailed study: Projects which are to be promoted under the development policy or program of the province. The Team could not identify their advantages or a clear concept. Review of the policy, by a detailed study, is proposed. (One project; AG-6 Detailed study for fruits and vegetables promotion)

Construction: Projects which involve fixed investment to hardware and have a clear project concept. (Many projects; Ex. LD-12 Construction of centralized waste treatment facilities)

Establishment: Projects which aim to newly establish functional organizations and systems such as management systems, service systems, centers, companies, universities, etc. (Many projects; Ex. Establishment of one-stop service center)

Development: Projects which mainly relate to development of space, area, and resources. (Many projects; Ex. Development of hot spring resources)

Notes:

- (*) indicates duplication with a project that has been listed in the same sector.
 - (**) indicates duplication with a project that has been listed in a different sector.
-

Table 4.4-1(1/7) AGRICULTURE: DEVELOPMENT CONCEPT, STRATEGIES & PROJECTS

Remarks: (*) indicates duplication with a project that has been listed in the same sector.
 (**) indicates duplication with a project that has been listed in a different sector.

Improvement of profitability of farms in the Konin province		
Concept	Aims of Strategy	Projects
(1) Quality and productivity improvement	This strategy aims at improving quality of agriculture produce and productivity of farms in the Konin province through the effective extension of new technology and knowledge, so that they can meet the actual demand and compete with foreign agricultural producers.	AG-1 Strengthening of experimental activities on agricultural technologies AG-2 Strengthening of agriculture technology schools in Koscielce AG-3 Establishment of comprehensive irrigation management system AG-4 Development of on-farm drainage systems (AG-5) * Promotion of group sales activities
(2) Modernization of farm management	This strategy aims at establishing better farm management systems in order to keep a reasonable selling price level and to lower production costs in aspects of farm management.	(AG-5) * Promotion of group sales activities (MP-4) ** Establishment of a job intermediary center with data base
(3) Development of effective marketing system	This strategy aims at developing marketing systems which producers can easily access.	AG-5 Promotion of group sales activities (KI-8) ** Construction of a cold warehouse for agricultural products (DT-7) ** Construction of a distribution center for fruits and vegetables
(4) Diversification of agriculture	This strategy aims at developing new agricultural patterns and products which are not prevalent in the Konin province. And it seeks non-agricultural income in rural area.	AG-6 Detailed study for promotion plan of vegetables and fruits AG-7 Construction of "Konin Herb Garden" AG-8 Promotion of organic farming AG-9 Promotion of agro-tourism AG-10 Experimental farming on the refilled land of mines (KI-10) ** Construction of a greenhouse park

Table 4.4-1(2/7) THREE KEY INDUSTRIES : DEVELOPMENT CONCEPT, STRATEGIES & PROJECTS

Remarks: (*) indicates duplication with a project that has been listed in the same sector.
 (**) indicates duplication with a project that has been listed in a different sector.

Concept	New business development with maximum utilization of the existing resources that companies own	
Strategy	Aims of Strategy	Projects
(1) Utilization of surplus human resources and materials	Utilize the surplus manpower and technologies derived from restructuring of 3 key industries. Utilize by-produced materials which are now disposed or inefficiently utilized.	KI-1 Establishment of a construction company KI-2 Establishment of an engineering company KI-3 Establishment of a maintenance and erection company KI-4 Feasibility study for a brown-coal ash utilization company KI-5 Feasibility study for a gypsum board factory KI-6 Master plan study for utilization of underground water (MP-4) ** Establishment of a job intermediary center with data base
(2) Utilization of less-utilized assets	Utilize a part of brown coal mine refilled land for other profitable or attractive uses than farm fields, forests or water reservoir uses.	KI-7 Construction of a golf course on the refilled land of mines (AG-10) ** Experimental farming on the refilled land of mines (LD-12) ** Construction of a centralized waste treatment and disposal facilities
(3) Development of user-industries of heat in Konin	Utilize heat energy, cogenerated at the power plants, which are not fully utilized in all seasons, thereby improving heat utilization efficiency and emission of pollutants in the Province.	KI-8 Construction of a cold warehouse for agricultural products KI-9 Construction of a "Heat Industrial Park" KI-10 Construction of a greenhouse park (TR-5) ** Construction of a tropical botany and butterfly garden (ID-2) ** Construction of a Konin woodworking industrial park
(4) Development of aluminum down-stream industries	develop aluminum processing industries in Konin Province to fabricate various value-added products, utilizing products of Huta Aluminum Konin	KI-11 Construction of an aluminum radiator factory KI-12 Construction of an aluminum foil lamination factory KI-13 Construction of an aluminum foil work factory KI-14 Construction of an aluminum sheet work factory KI-15 Construction of an aluminum construction materials factory

Table 4.4-1 (3/7) INDUSTRY: DEVELOPMENT CONCEPT, STRATEGIES & PROJECTS

Remarks: (*) indicates duplication with a project that has been listed in the same sector.
 (**) indicates duplication with a project that has been listed in a different sector.

Diversification and invigoration of industry in the Konin Province	
Concept	Projects
Strategy	Aims of Strategy
(1) Investment for promotion of new manufacturing industries	Positively appeal to domestic investors as to the advantage of locating industry in Konin Province and foster a positive image of the Province through sporting events, academic conferences, tourist development, etc. In addition, promote foreign investment by creating a good climate for foreign investors and organizing investment invitation activities.
(2) Restructuring of enterprises in transition to privatization	Support and promote the movement of rationalization and reorganization being carried out at large enterprises, thereby enabling them to emerge as really competitive enterprises. The strategy also aims to at general improvement of business administration, effective utilization of Konin's manpower including the potential labors.
(3) Invigoration of small and medium -scale enterprises (SMEs)	Reinforce the foundations of small and medium-sized enterprises which account for the great majority of the enterprises in Konin, thereby activating Konin's industry and consolidating the structure of manufacturing enterprises
(4) Establishment of institutional supporting system	Coordinate and improve systems for industrial promotion and strengthen functions of executive organs, thereby promoting and backing Konin's industry.

Table 4.4-1(4/7) PHYSICAL DISTRIBUTION AND TRANSPORTATION: DEVELOPMENT CONCEPT, STRATEGIES & PROJECTS

Remarks: (*) indicates duplication with a project that has been listed in the same sector.
 (**) indicates duplication with a project that has been listed in a different sector.

Establishment of efficient distribution and transportation system corresponding to market economy	
Concept	Projects
<p>Strategy</p> <p>(1) Maximum utilization of potentials in transport infrastructure</p>	<p>Aims of Strategy</p> <p>The strategy aims to enlarge utilization of the existing transport infrastructure, i.e. roads, railroads and navigable waterways. In addition, the Highway (A-2) Construction Project will be another potential for development of construction-related businesses.</p>
<p>(2) Strengthening of the freight transport sector</p>	<p>DT-1 Construction of a distribution center for construction materials DT-2 Construction of a service area for long distance drivers DT-3 Construction of a bonded warehouse with a customs house (DT-5) * Construction of wholesale market for consumer goods (DT-6) * Construction of a car plaza (DT-7) * Construction of a distribution center for fruits and vegetables DT-4 Strengthening of organization of physical distribution sector</p>
<p>(3) Promotion of trade and transaction</p>	<p>DT-5 Construction of wholesale market for consumer goods DT-6 Construction of a car plaza DT-7 Construction of a distribution center for fruits and vegetables (K1-8) ** Construction of a cold warehouse for agricultural products</p>
<p>(4) Improvement of commuting system</p>	<p>DT-8 Introduction of rapid train services for commuters DT-9 Establishment of mini-bus services (LD-5) ** Residential area provision for new investment projects</p>

Table 4.4-1 (5/7) TOURISM: DEVELOPMENT CONCEPT, STRATEGIES & PROJECTS

Remarks: (*) indicates duplication with a project that has been listed in the same sector.
 (**) indicates duplication with a project that has been listed in a different sector.

Full utilization of tourist attractions in Konin		
Concept	Aims of Strategy	Projects
(1) Strengthening of the existing tourism patterns	This is to review the existing tourist resources and facilities and re-activate the pattern of tourism.	TR-1 Development of the lake areas in north-west of Konin TR-2 Development of an integrated sport-recreation zone
(2) Development of new tourism patterns	This strategy aims to develop untapped tourist resources or new tourist facilities and tourism patterns taking advantage of unique characteristics of Konin province, so that Konin could change the image of the province.	TR-3 Development of a natural habitat observation park TR-4 Development of hot spring resources TR-5 Construction of a tropical botany and butterfly garden (AG-9) ** Promotion of agro-tourism (KI-7) ** Construction of a golf-course on the refilled land of mines
(3) Preparation of tourist infrastructure	This aims to improve the infrastructure for both hardware and software needed in the tourist industry. Comprehensive tourism Act is under preparation and put into effect in January 1998. This strategy aims to take action based on the new Act.	(LD-9) *** Preparation of roads in tourist area (LD-11) ** Preparation of water supply and sewage systems in tourist areas
(4) Strengthening of Konin tourism promotion	This aims to improve the image of Konin Province and re-strengthen tourism organization and promotion tools.	TR-6 Up-grading of tourism promotion tools TR-7 Establishment of a tourism information center in Konin TR-8 Promotion of "Clean Konin" campaign program

Table 4.4-1(6/7) LAND USE DEVELOPMENT AND INFRASTRUCTURE : DEVELOPMENT CONCEPT, STRATEGIES & PROJECTS

Remarks: (*) indicates duplication with a project that has been listed in the same sector.
 (**) indicates duplication with a project that has been listed in a different sector.

Development with harmonization of rural and urban function		
Concept	Aims of Strategy	
Strategy	Projects	
(1) Further invigoration of function in urban area	This strategy aims at enlarging functions of urban areas to cope with demand increase in the future including Konin, Kolo, Slupca, Truk and some urban-rural gminas.	LD-1 Development of selected commercial areas LD-2 Construction of a large scale shopping mall LD-3 Development of the railroad station front areas
(2) Intensification of sector-oriented land use	This strategy aims at re-allocation of existing industries from agricultural area as well as efficient use of land and conservation of environment.	LD-4 Land allocation for rural industrial zones
(3) Preparation of residential area	This strategy aims at increasing supply of individual housing complexes to those who live in urban area as well as increasing mobility of labor force.	LD-5 Residential area provision for new investment projects LD-6 Supply of a low cost housing
(4) Improvement of infrastructure within the province	This strategy aims at improving roads in the province, access to National road No.2 and the A-2 highway, and communal infrastructure such as water supply and sewage systems and waste treatment facilities.	LD-7 Expansion of connecting roads among main cities LD-8 Improvement of access roads to trunk roads LD-9 Preparation of roads in tourist areas LD-10 Rehabilitation of bridges connecting gmina roads LD-11 Preparation of water supply and sewage systems in tourist areas LD-12 Construction of a centralized waste treatment and disposal facilities LD-13 Construction of industrial parks for general use LD-14 Development of Warta River banks

Table 4.4-1(7/7) MANPOWER DEVELOPMENT: DEVELOPMENT CONCEPT, STRATEGIES & PROJECTS

Remarks: (*) indicates duplication with a project that has been listed in the same sector.
 (**) indicates duplication with a project that has been listed in a different sector.

Supply of manpower suitable for the market economy	
Concept	Projects
<p>Strategy</p> <p>(1) Provision of higher educational opportunity</p>	<p>Aims of Strategy</p> <p>This strategy aims to provide higher educational opportunities to a wide range of people in the Konin province.</p>
<p>(2) Adjustment of education system to market needs</p>	<p>MP-1 Establishment of the schools for higher education MP-2 Expansion of non-stationed education for workers</p>
<p>(3) Improvement of management skills in enterprises</p>	<p>MP-3 Expansion of general secondary education (AG-2) ** Strengthening of agriculture technology schools in Koscielce</p>
<p>(4) Mobilization of manpower in the province</p>	<p>(ID-4) ** Re-education of managers on management and production technologies</p>
	<p>MP-4 Establishment of a job intermediary center with data base (DT-8) ** Introduction of rapid train services for commuters (DT-9) ** Establishment of mini-bus services</p>

Figure 4.4-1 SCHEMATIC DIAGRAM OF DEVELOPMENT SCENARIO OF THE MASTER PLAN

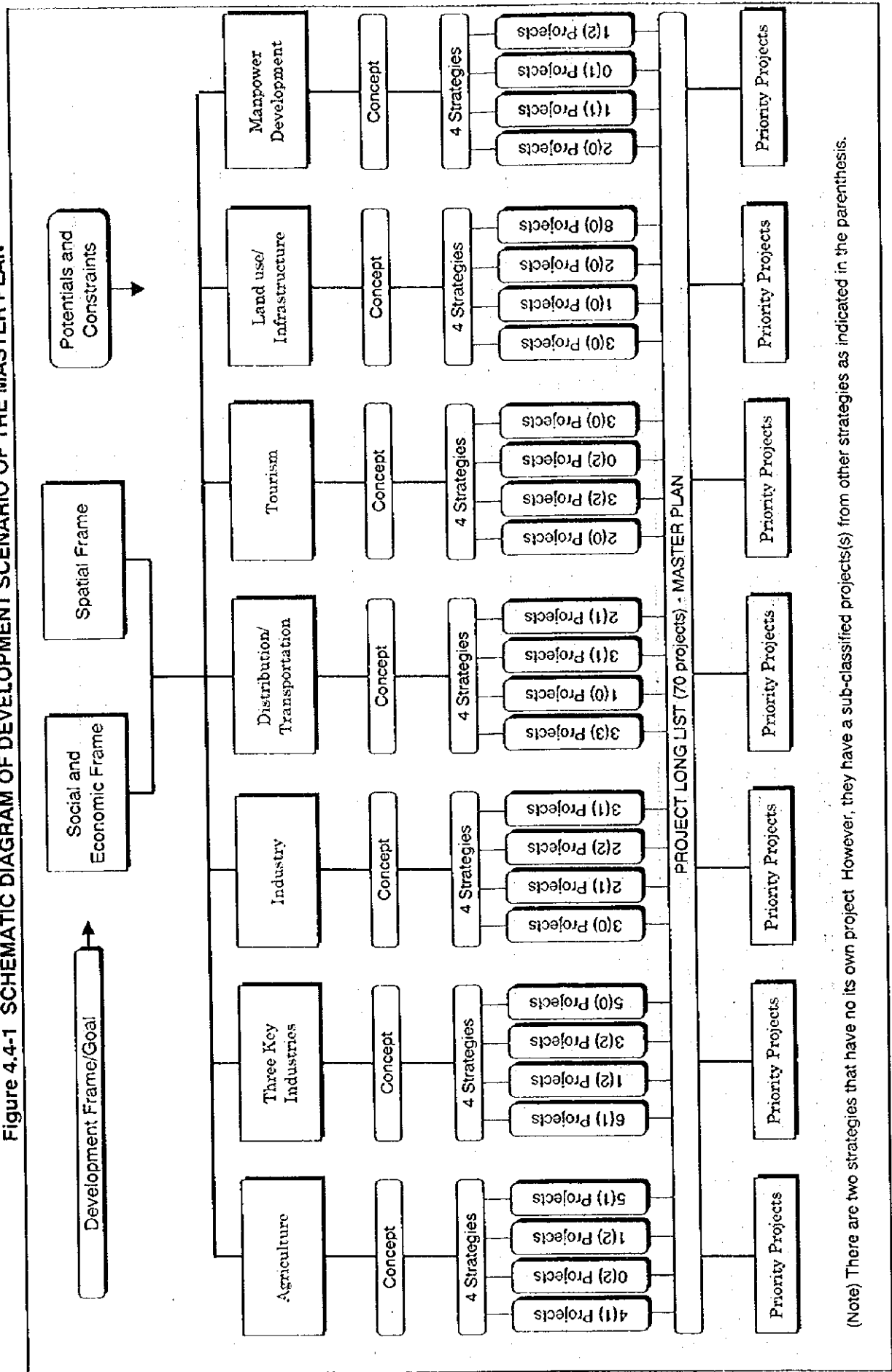


Figure 4.4-2 PROJECT IMPLEMENTATION SCHEDULE AND INVESTMENT

Name of Project	Year													Total cost (US\$ '000)	
	98	99	00	01	02	03	04	05	06	07	08	09	10		
Agriculture															
AG-1	Experimental activities		200	6,000	2,000	1,000	700								9,900
AG-2	Schools in Kosielec		60												60
AG-3	Irrigation system		500	1,000	19,000	11,500	13,000	900							45,900
AG-4	On-farm drainage					1,000	10,000	10,000	7,000						28,000
AG-5	Group sales	20	50												70
AG-6	Vegetables and fruits			50											50
AG-7	Herb garden			200											200
AG-8	Organic farming					500	400								900
AG-9	Agro-tourism				40										40
AG-10	Refilled land farming					1,000	3,000	2,400							6,400
Sub-total		20	810	7,250	21,000	12,540	16,200	14,300	12,400	7,000	0	0	0	0	91,520
Three Key Industries															
KI-1	Construction company		1,000												1,000
KI-2	Engineering company		1,000												1,000
KI-3	Maintenance company		1,000												1,000
KI-4	Brown coal ash			30											30
KI-5	Gypsum board			30											30
KI-6	Underground water		52												52
KI-7	Golf course			30	3,970	3,000		1,500	1,500						10,000
KI-8	Cold warehouse			30	570	600									1,200
KI-9	Heat park			50	5,950	5,000									11,000
KI-10	Green house			30	1,170	1,200									2,400
KI-11	Aluminum radiator		25	25	2,650	1,600									4,300
KI-12	Foil lamination					50	1,300	1,250							2,600
KI-13	Aluminum foil work					50		2,000	2,150						4,200
KI-14	Aluminum sheet work		50		2,000	1,350									3,400
KI-15	Aluminum construction materials		50	10,000	10,000	7,950		50	7,000	8,000	6,950				50,000
Sub-total		0	3,177	10,225	26,310	20,700	0	150	8,300	12,750	10,600	0	0	0	92,212
Industry															
ID-1	One-stop center														16-151*
ID-2	Woodworking park		5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	5,000				80,000
ID-3	Foodstuff processing			20,000											20,000
ID-4	Re-education														185*
ID-5	New entrepreneur		500	600	600										1,700
ID-6	Clinic services														1,040*
ID-7	TQM/Kaizen														462*
ID-8	Consulting center														697*
ID-9	Apparel design center			1,600											1,600
ID-10	Economic forum														10*
Sub-total		0	5,500	32,200	10,600	10,000	10,000	10,000	10,000	10,000	5,000	0	0	0	103,300

Note: 1. * indicate yearly operation costs and are not included in the total cost.
 2. investment project project without initial investment operation

Name of Project	Year													Total cost (US\$ '000)	
	98	99	00	01	02	03	04	05	06	07	08	09	10		
Physical Distribution and Transport															
DT-1	Construction center			200	150	700	500	5,000	20,000	20,000	10,000	5,000	5,000		66,550
DT-2	Service area								430	2,000	1,500	1,500			5,430
DT-3	Bonded warehouse					500	500								1,000
DT-4	Distribution business			500											500
DT-5	Consumer goods market					1,000	500	500							2,000
DT-6	Used car market					1,000	1,000								2,000
DT-7	Agriculture distribution		140	1,600	830	230									2,800
DT-8	Rapid train							1,000	1,000	2,000					4,000
DT-9	Mini-bus services			100	100										200
Sub-total		0	140	2,400	1,080	1,930	2,500	7,000	21,430	23,000	13,500	6,500	5,000	0	81,480
Tourism															
TR-1	Lake tourism		500	1,000	1,500	1,500	500								5,000
TR-2	Sport-recreation zone			2,000	2,000	1,000									5,000
TR-3	Habitat observation		100	200	100	100									500
TR-4	Hot spring			18	30	400	3,500	3,500	2,196						9,644
TR-5	Tropical botany				400	400	300								1,100
TR-6	Promotion tools														25*
TR-7	Information center			43											43
TR-8	Image campaign														46*
Sub-total		0	643	3,218	4,030	3,400	4,300	3,500	2,196	0	0	0	0	0	21,287
Land Use Development and Infrastructure															
LD-1	Commercial areas					500	200	200	100						1,000
LD-2	Shopping mall					200	100	100	100						500
LD-3	Rail road station			200	100	100	100								500
LD-4	Rural industrial zone			300	300	300	300	300	300	200					2,000
LD-5	Residential area				200	200	100								500
LD-6	Low cost housing			1,000	1,000	800									2,800
LD-7	Connecting roads			2,000	2,000	1,100									5,100
LD-8	Access roads			3,000	2,000	2,000									7,000
LD-9	Tourist roads					100	100	100							300
LD-10	Gmina bridges			200	200	100									500
LD-11	Tourist area infrastructures					100	50	50							200
LD-12	Waste treatment			3,000	1,000	700	300								5,000
LD-13	General industrial park			3,000	3,000	1,700	800								8,500
LD-14	Warta river banks				200	200	200	200	200						1,000
Sub-total		0	12,700	9,800	7,200	2,000	650	650	1,100	300	300	200	0	0	34,900
Manpower Development															
MP-1	Higher education			100	100	100									300
MP-2	Non-stationed education			100	100										200
MP-3	Secondary education			1,000	1,000	500	500								3,000
MP-4	Job intermediary center														10*
Sub-total		0	1,200	1,200	600	500	0	0	0	0	0	0	0	0	3,500
Total		20	24,170	66,293	70,820	51,070	33,650	35,600	55,426	53,050	29,400	6,700	5,000	0	431,199
%		0.00	5.61	15.37	16.42	11.84	7.80	8.26	12.85	12.30	6.82	1.55	1.16	0.00	100.00





4.5 Typological Classification of Projects

4.5.1 Classification by Implementation body

Seventy projects on the long list were classified according to the expected implementation body as the framework for designing a necessary institutional setup. Classification was made on the basis of the results of the questionnaire survey conducted during the December 2nd 1997 workshop (as discussed in detail in Chapter 5) for 26 participants from the Polish side and 10 study team members. Note that the two sides chose almost the same implementation body in terms of public sector, private sector or combination of them. In essence, the projects were classified according to the following three types of implementation structures.

1) **Governmental projects (Table 4.5-1)**

22 projects that are expected to be primarily implemented by local self-governments, local self-government councils, the central government and/or other public organizations (e.g., national university). Note that the Office of Governor is part of the central government.

2) **Private/governmental projects (Table 4.5-2)**

24 projects that should be carried out as joint initiatives of public and private sectors and are subdivided into two types, the public sector supports the private sector or the other way around.

3) **Private sector projects (Table 4.5-3)**

24 projects including those driven by private investment, including those having foreign and domestic origins, and those which should be implemented as part of the private sector's activities

Table 4.5-1 GOVERNMENTAL PROJECTS

The local governments, Office of the Konin Governor, the Central Government and related public organizations will implement the following 22 projects.

SECTOR : AGRICULTURE

- AG-1 Strengthening of experimental activities on agricultural technologies
- AG-2 Strengthening of agriculture technology schools in Koscielce
- AG-3 Establishment of comprehensive irrigation management system
- AG-4 Development of on-farm drainage systems
- AG-6 Detailed study for promotion plan of fruits and vegetables

SECTOR : THREE KEY INDUSTRIES

[None]

SECTOR : INDUSTRY

[None]

SECTOR : PHYSICAL DISTRIBUTION AND TRANSPORT

- DT-3 Construction of a bonded warehouse with a customs house
- DT-8 Introduction of rapid train services for commuters

SECTOR : TOURISM

- TR-6 Up-grading of tourism promotion tools
- TR-7 Establishment of a tourism information center in Konin
- TR-8 Promotion of "Clean Konin" campaign program

SECTOR : LAND USE DEVELOPMENT AND INFRASTRUCTURE

- LD-4 Land allocation for rural industrial zones
- LD-7 Expansion of connecting roads among main cities
- LD-8 Improvement of access roads to trunk roads
- LD-9 Preparation of roads in tourist areas
- LD-10 Rehabilitation of bridges connecting gmina roads
- LD-11 Preparation of water supply and sewage systems in tourist areas
- LD-12 Construction of a centralized waste treatment and disposal facilities
- LD-14 Development of Warta River banks

SECTOR : MANPOWER DEVELOPMENT

- MP-1 Establishment of the schools for higher education
 - MP-2 Expansion of non-stationed education for workers
 - MP-3 Expansion of general secondary education
 - MP-4 Establishment of a job intermediary center with data base
-

Table 4.5-2 PRIVATE/GOVERNMENTAL PROJECTS

The following 24 projects will be implemented by cooperation between governmental sector and private sector whatever its extent of cooperation.

SECTOR : AGRICULTURE

- AG-5 Promotion of group sales activities
- AG-8 Promotion of organic farming
- AG-9 Promotion of agro-tourism
- AG-10 Experimental farming on the refilled land of mines

SECTOR : THREE KEY INDUSTRIES

- KI-6 Master plan study for utilization of underground water from mines
- KI-9 Construction of a "Heat Industrial Park"
- KI-10 Construction of a greenhouse park

SECTOR : INDUSTRY

- ID-1 Establishment of a one-stop investment service center
- ID-4 Re-education of managers on management and production technologies
- ID-5 Establishment of financing assistance scheme for new entrepreneurs
- ID-6 Execution of traveling clinic services for SMEs
- ID-7 Movement of diffusion for TQM/"Kaizen (Improvement)"
- ID-8 Establishment of an SMEs consulting center
- ID-10 Organization of "Economic Forum 2010"

SECTOR : PHYSICAL DISTRIBUTION AND TRANSPORT

[None]

SECTOR : TOURISM

- TR-1 Development of the lake areas in north-west of Konin
- TR-2 Development of an integrated sport-recreation zone
- TR-3 Development of a natural habitat observation park
- TR-4 Development of hot spring resources
- TR-5 Construction of a tropical botany and butterfly garden

SECTOR : LAND USE DEVELOPMENT AND INFRASTRUCTURE

- LD-1 Development of selected commercial areas
- LD-3 Development of the railroad station front areas
- LD-5 Construction of a housing colony for potential investors
- LD-6 Supply of a low cost housing
- LD-13 Construction of industrial parks for general use

SECTOR : MANPOWER DEVELOPMENT

[None]

Table 4.5-3 PROJECTS FOR PRIVATE SECTOR

Private sector will mainly implement the following 24 projects through domestic and foreign direct investment.

SECTOR : AGRICULTURE

AG-7 Construction of "Konin Herb Garden"

SECTOR : THREE KEY INDUSTRIES

KI-1 Establishment of a construction company
KI-2 Establishment of an engineering company
KI-3 Establishment of a maintenance and erection company
KI-4 Construction of a brown-coal ash utilization company
KI-5 Construction of a gypsum board factory
KI-7 Construction of a golf course on the refilled land of mines
KI-8 Construction of a cold warehouse for agricultural products
KI-11 Construction of an aluminum radiator factory
KI-12 Construction of an aluminum foil lamination factory
KI-13 Construction of an aluminum foil work factory
KI-14 Construction of an aluminum sheet work factory
KI-15 Construction of an aluminum construction materials factory

SECTOR : INDUSTRY

ID-2 Construction of a Konin woodworking industrial park
ID-3 Construction of foodstuff processing factories
ID-9 Establishment of an apparel design center

SECTOR : PHYSICAL DISTRIBUTION AND TRANSPORT

DT-1 Construction of a distribution center for construction materials
DT-2 Construction of a large-scale drive-in for long distance drivers
DT-4 Strengthening of organization of physical distribution sector
DT-5 Construction of wholesale market for consumer goods
DT-6 Construction of large-scale market for used cars
DT-7 Construction of a distribution center for fruits and vegetables
DT-9 Establishment of mini-bus services

SECTOR : TOURISM

[None]

SECTOR : LAND USE DEVELOPMENT AND INFRASTRUCTURE

LD-2 Development of large scale shopping mall

SECTOR : MANPOWER DEVELOPMENT

[None]

4.5.2 Projects common for other provinces

The projects in the long list include some applicable to other provinces having similar conditions to those of Konin Province. Such projects are plausible for similar provinces, and can be incorporated into the government's regional development plans. Table 4.5-4 lists 25 projects considered to be in common with other provinces. In other words, it was constructed by removing from the long list the projects which are only applicable in Konin Province.

The following criteria were used for identifying those projects which are only applicable for Konin Province:

- 1) Projects related to the three key industries are considered to be projects specific to the province.
- 2) Projects related to tourism are also considered to be specific to Konin Province as they are primarily intended to develop recreational resources peculiar to the province, while not many provinces have such resources.
- 3) Projects using A-2 highway (under construction) are considered to be specific to the province.
- 4) Projects bearing the name of the province under their titles and those using resources available in the province are also considered to be specific to the province.

24 projects were selected as common projects, which are classified according to the policy agenda.

Table 4.5-4 PROJECTS COMMON FOR OTHER PROVINCES

The following 24 projects will be generally applicable for provinces similar to Konin in conditions or those which the central government shall take into account national policy for regional development.

SECTOR : AGRICULTURE

- AG-1 Strengthening of experimental activities on agricultural technologies
- AG-3 Establishment of comprehensive irrigation management system
- AG-4 Development of on-farm drainage systems
- AG-5 Promotion of group sales activities
- AG-8 Promotion of organic farming
- AG-9 Promotion of agro-tourism

SECTOR : THREE KEY INDUSTRIES

[None]

SECTOR : INDUSTRY

- ID-1 Establishment of a one-stop investment service center
- ID-4 Re-education of managers on management and production technologies
- ID-5 Establishment of financing assistance scheme for new entrepreneurs
- ID-6 Execution of traveling clinic services for SMEs
- ID-7 Movement of diffusion for TQM/"Kaizen (Improvement)"
- ID-8 Establishment of an SMEs consulting center
- ID-10 Organization of "Economic Forum 2010"

SECTOR : PHYSICAL DISTRIBUTION AND TRANSPORT

- DT-4 Strengthening of organization of physical distribution sector
- DT-7 Construction of a distribution center for fruits and vegetables

SECTOR : TOURISM

[None]

SECTOR : LAND USE DEVELOPMENT AND INFRASTRUCTURE

- LD-3 Development of the railroad station front areas
- LD-4 Land allocation for rural industrial zones
- LD-6 Supply of low cost housing
- LD-8 Improvement of access roads and trunk roads
- LD-10 Improvement of bridges connecting gmina roads
- LD-12 Construction of a centralized waste treatment and disposal facilities
- LD-13 Construction of industrial parks for general use

SECTOR : MANPOWER DEVELOPMENT

- MP-2 Expansion of non-stationed education for workers
 - MP-4 Establishment of a job intermediary center with data base
-

4.5.3 Projects Based on Advantages of Konin Province (The Five Development Programs)

Two groups of projects are included in the long list: one of projects that would improve the disadvantages of Konin Province, and one of projects that would exploit advantageous potential, in its various forms. Many of the former group are in the fields of agriculture, infrastructure, and development of human resources. The following is an examination of the five programs that combine groupings of projects from the latter group.

The Five Development Programs have the objectives to cut across more than one sector so as to be effective in promoting comprehensive and organic development in addition to the sector development approach that has been taken in this report. An additional objective to offer these programs is to contribute to efforts at attracting direct investment from both domestic sources as well as other countries. For each program, a simple explanatory map will be prepared; the map will consist of projects included each program with their locations, and will be suitable for distribution to potential investors.

It should be noted that, of the total of 70 projects, some are not necessarily included in the five programs, and some are included in more than one program.

(1) Program One: The Heat Park, Konin 2010

Point of advantage: Konin Province possesses heat and energy resources.

Perhaps the greatest advantage of Konin Province is the possession of brown coal that is the basis for energy industry. Konin Province energy industry provides about 10% of total power generated in the nation. Power generation plants also provide hot water as a result of co-generation. The generation plants are located in Konin and Adamow (near Turek), where brown coal resources abound.

The feature of this program that is of special importance is the promotion of industrial development through increase of the capacity utilization ratio of hot water supply. Utilization of hot water in 1996 was as follows. It is clear that the ability to supply hot water is not being highly utilized.

	Rate of Capacity Use	
	Annual average	Peak season
ZEPAK, Konin	17%	25%
ZEPAK, Adamow	12%	20%

The projects that make up this program are as follows (refer also to Figure 4.5-1). It is envisioned that the concentration of heat-using industries in a single area would be greatest in the case of project K1-9, the Heat Park, but there are many precedents in other countries for projects such as the Heat Park, when co-generation is being used. Reference should be made to the Project Report for details on each project.

Heat use for agricultural sector development

(K1-8) Cold Warehouse (K1-10) Greenhouse

Heat use for tourism sector development

(TR-4) Hot Spring (TR-5) Tropical Botany

Heat use for manufacturing sector development

(K1-9) Heat Park (ID-2) Woodworking Park (ID-3) Foodstuffs

(2) Program Two: The Construction Materials Center, Konin 2010

Point of advantage: Konin Province possesses raw materials for production of construction and building materials

Konin Province has timber resources (mainly pine) and it is possible to obtain silt, clay and sand within the province. Aluminum sheeting is produced at the aluminum mill, and gypsum and brown coal ash are byproducts of the power plants. To exploit the potential of these materials, development of Konin Province towards a construction materials center is proposed in this program. The construction and architecture sectors are experiencing rapid growth and a high level of growth is expected to continue into the future.

The most promising products appear to be aluminum products formed from sheeting, building materials made of local lumber, and bricks and tiles

made from silt and clay. This program includes more than production industry, as Project DT-1, Construction Material Center, that is in the distribution sector, is included. As a related matter, it is advisable in connection with this program to study the varieties of trees to be planted under the province's afforestation program.

Program Two includes the following projects (refer also to Figure 4.5-2). Features of each project are given in the Project Report.

(KI-1) Construction company (KI-4) Brown coal ash (KI-5) Gypsum board
(KI-15) Aluminum construction materials (ID-2) Woodworking park
(DT-1) Construction material center (LD-6) Low cost housing

(3) Program Three: The Strategic Point in Poland, Konin 2010

Point of advantage: Highway and rail links to Europe and the former Soviet Union countries traverse Konin Province.

Konin Province is not necessarily the province that is located at the most advantageous position with regard to land transport to other provinces, but the convenient access within the country and to other countries is part of the province's development potential and advantages. The common characteristic of the projects included in this program is that most of them are located along major lines of transportation.

The projects are as shown below (see also Figure 4.5-3); details are in the Project Report.

(DT-1) Construction materials center (DT-2) Service area for long distance drivers
(DT-3) Bonded warehouse (DT-5) Consumer goods market (DT-6) Car plaza
(DT-7) Agriculture distribution

(4) Program Four: The Integrated Recreational Zone, Konin 2010

Point of advantage: Konin Province possesses underdeveloped tourism resources

The church in Lichen is Konin Province's foremost tourism attraction. It attracts from 1.5 to 1.6 million worshippers and sightseers a year. There also are lakeside camping, motorboating, yachting and boating. There also is the relatively underdeveloped lowlands of Warta River with their birds, fauna and flora, as well as old towns, some monuments, hot springs and other attractions. Agro- and eco-tourism are concepts that can be utilized for developing part of this potential.

Integrated development of the entire province as a recreational zone including insufficiently developed forests and lakes of Konin Province is the main purpose of this program. It must be acknowledged that these tourism resources are not the best of the class in Poland, but can be developed with the objective of servicing people living within a radius of 150 to 200 kilometers distance. It is likely that the tourism resources will be developed so as to provide Konin Province with a variety of tourism, sports and recreation opportunities, including low-cost vacation spots.

The program comprises the following projects (see Figure 4.5-4). Details are in the Project Report.

(AG-9) Agro-tourism (KI-7) Golf course (TR-1) Lake tourism
(TR-2) Sport-recreation zone (TR-3) Habitat observation (TR-4) Hot spring
(TR-5) Tropical botany (LD-9) Tourist roads

(5) Program Five: Attraction of Foreign Investors, Konin 2010

Point of advantage: Konin Province has the potential of offering attractive investment opportunities

The projects included in Program One through Four all require private-sector investment. These Programs are supported by Program Five that would improve the environment for foreign investment. It certainly is important to attract investment from elsewhere in Poland, because the domestic investment that can be attracted is likely to be limited by current conditions, namely the preoccupation of the formerly state-owned enterprises with restructuring and privatization.

Advantages of Konin Province with regard to attraction of investment comprise these:

- 1) Sufficient land area for industrial development along main transportation lines
- 2) Relative ease of obtaining manpower (as suggested by the high unemployment rate)
- 3) Abundant power and heat sources
- 4) Good quality ground water, available from coal mines and hitherto unused, is available

Program Five would collect in one location information that investors would require (Project ID-1), improve and provide industrial sites (Projects ID-2, LD-5, LD-13, and KI-16). Emphasis would also be given to development of human resources within the province (Project MP-1), and to availability of high quality and unused industrial water (Project KI-6).

Projects in Program Five are as follows (see Figure 4.5-5). Details are in the Project Report.

(KI-6) Underground water (KI-9) Heat park (ID-1) One-stop service center
(ID-2) Woodworking park (LD-5) Residential area (LD-13) General industrial park
(MP-1) Higher education

Figure 4.5-1 KONIN FIVE DEVELOPMENT PROGRAMS

PROGRAM-One: THE HEAT AND ENERGY PARK, KONIN 2010

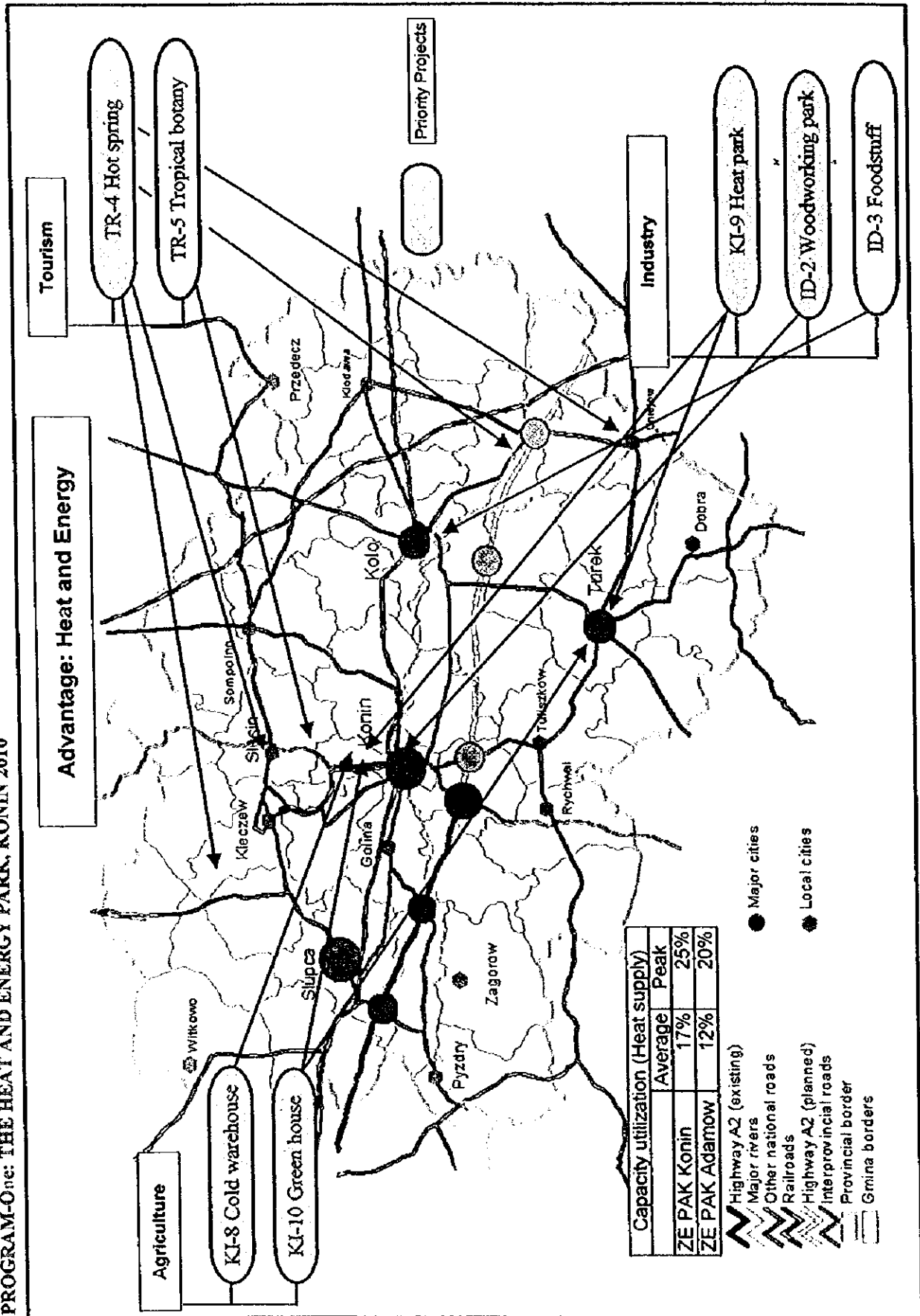


Figure 4.5-2 KONIN FIVE DEVELOPMENT PROGRAMS

PROGRAM-Two: THE CONSTRUCTION MATERIALS CENTER, KONIN 2010

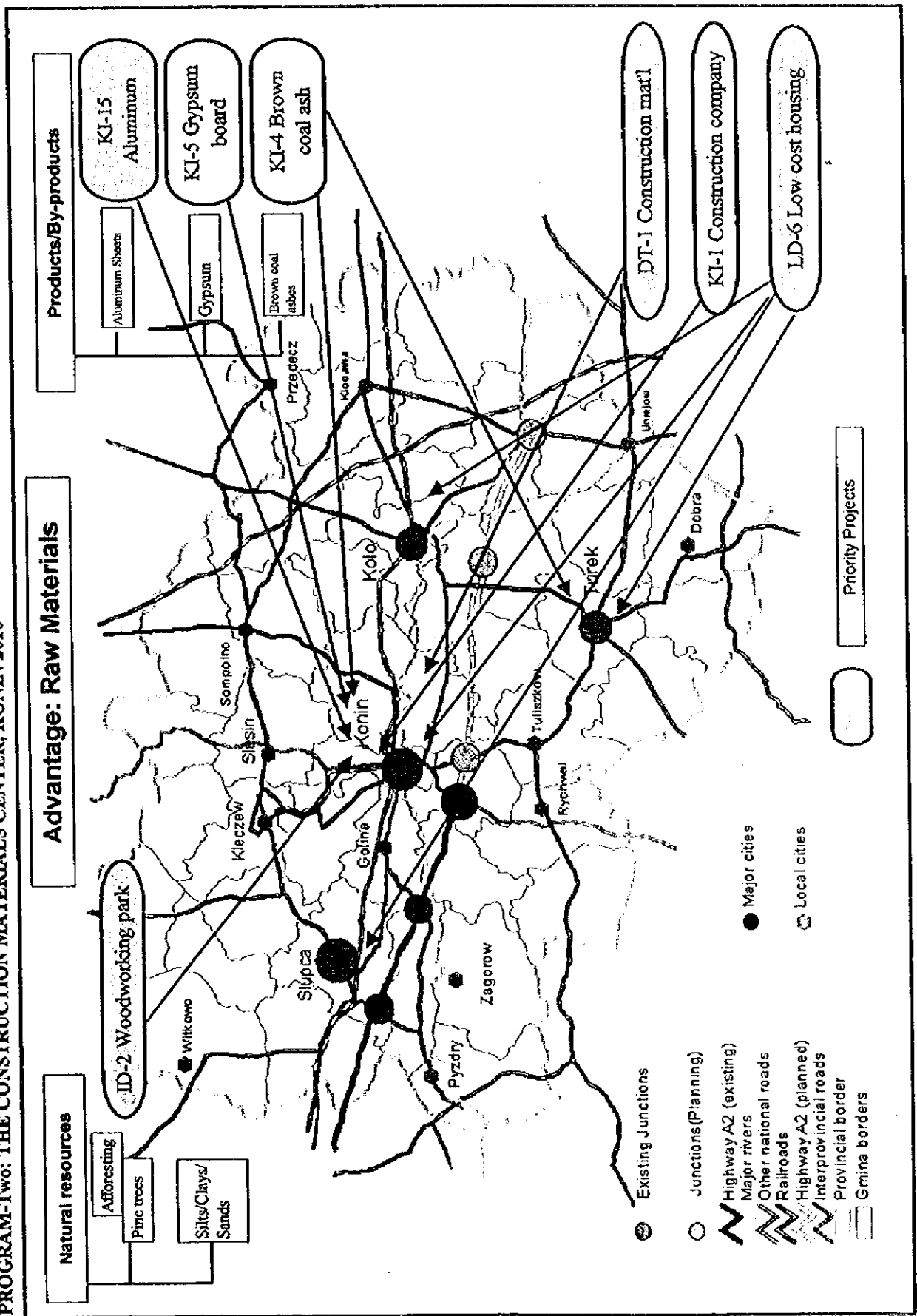


Figure 4.5-3 KONIN FIVE DEVELOPMENT PROGRAMS

PROGRAM-Three: THE STRATEGIC POINT IN POLAND, KONIN 2010

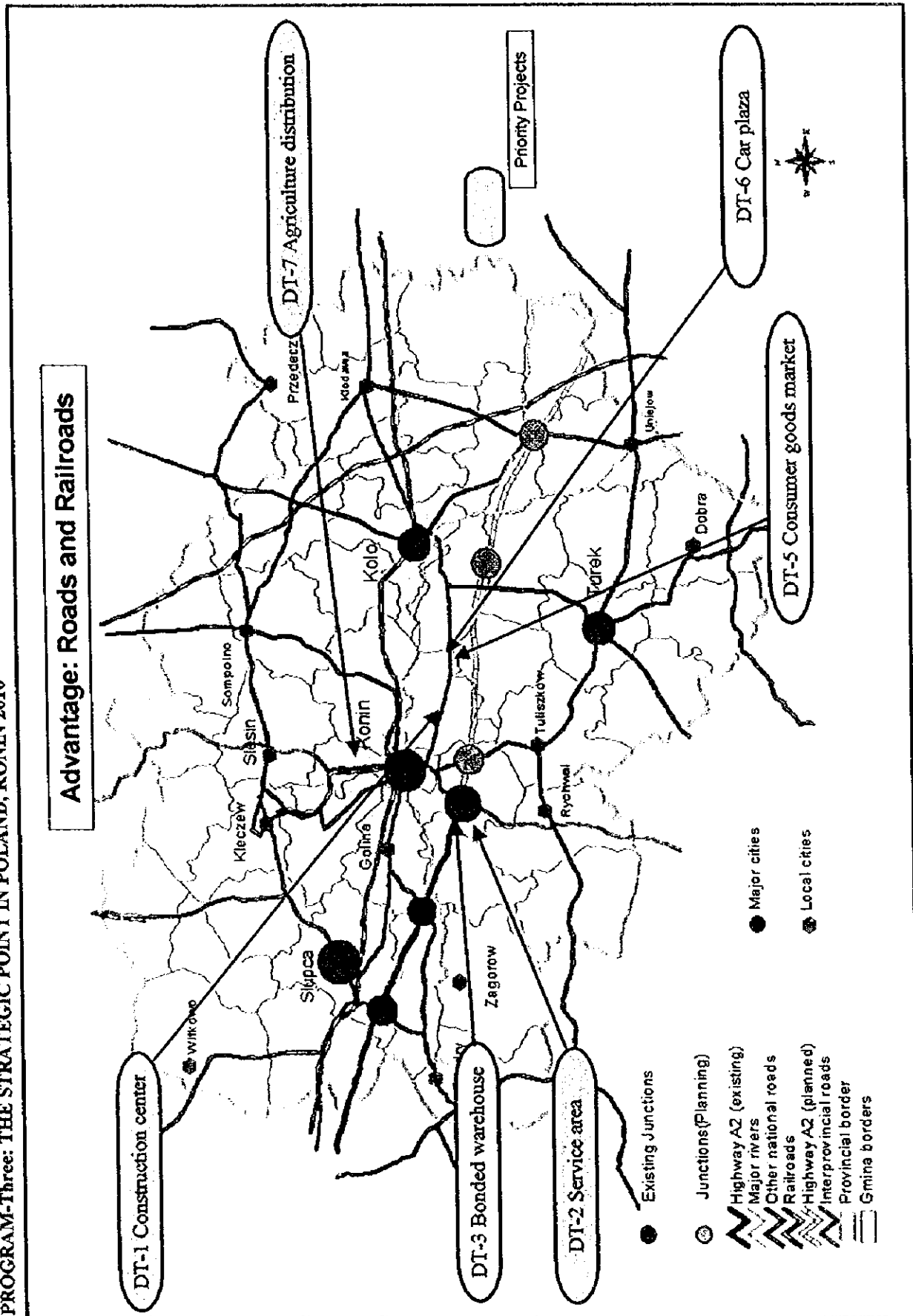


Figure 4.5-4 KONIN FIVE DEVELOPMENT PROGRAMS

PROGRAM-Four: THE INTEGRATED RECREATIONAL ZONE, KONIN 2010

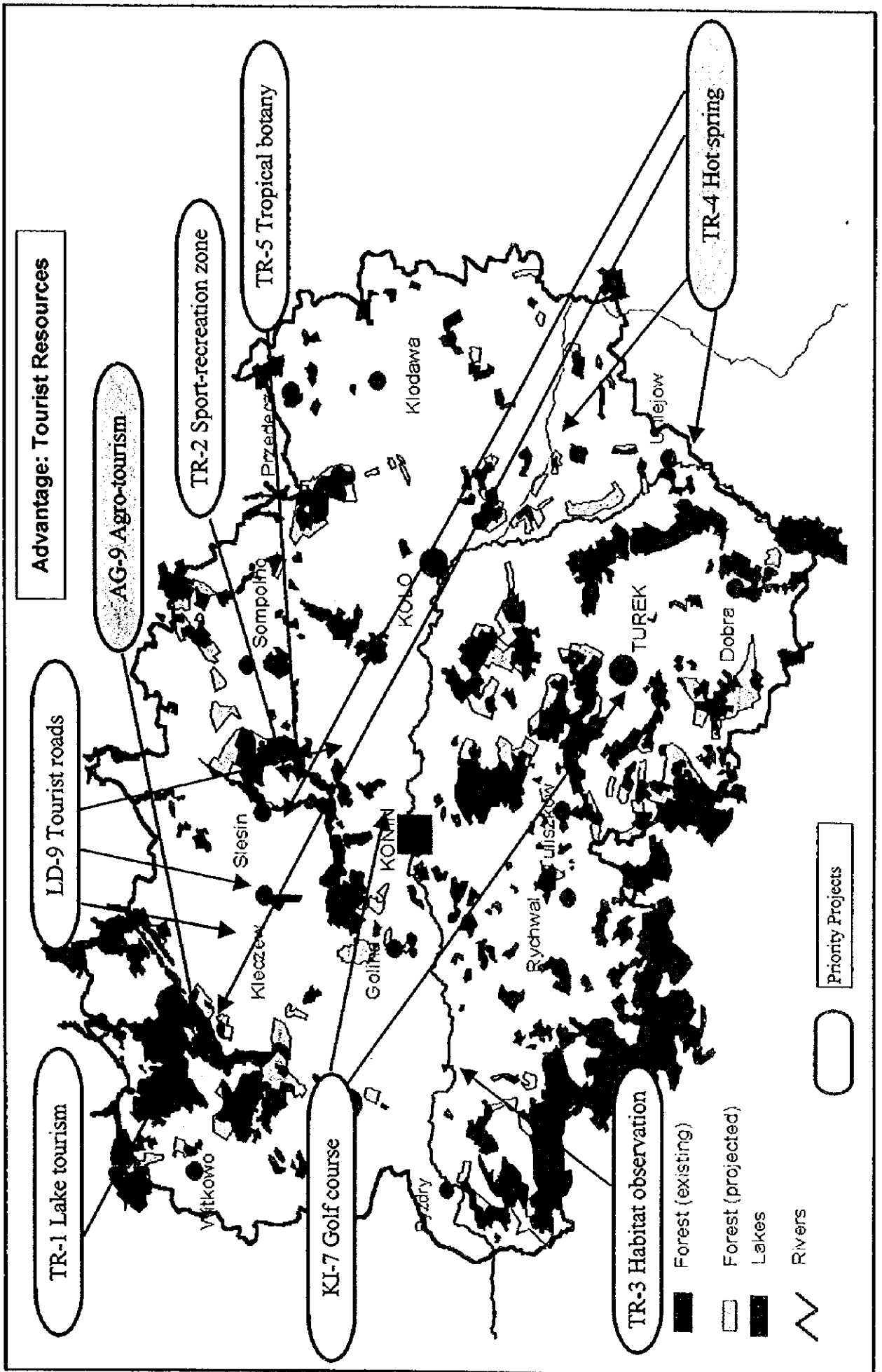
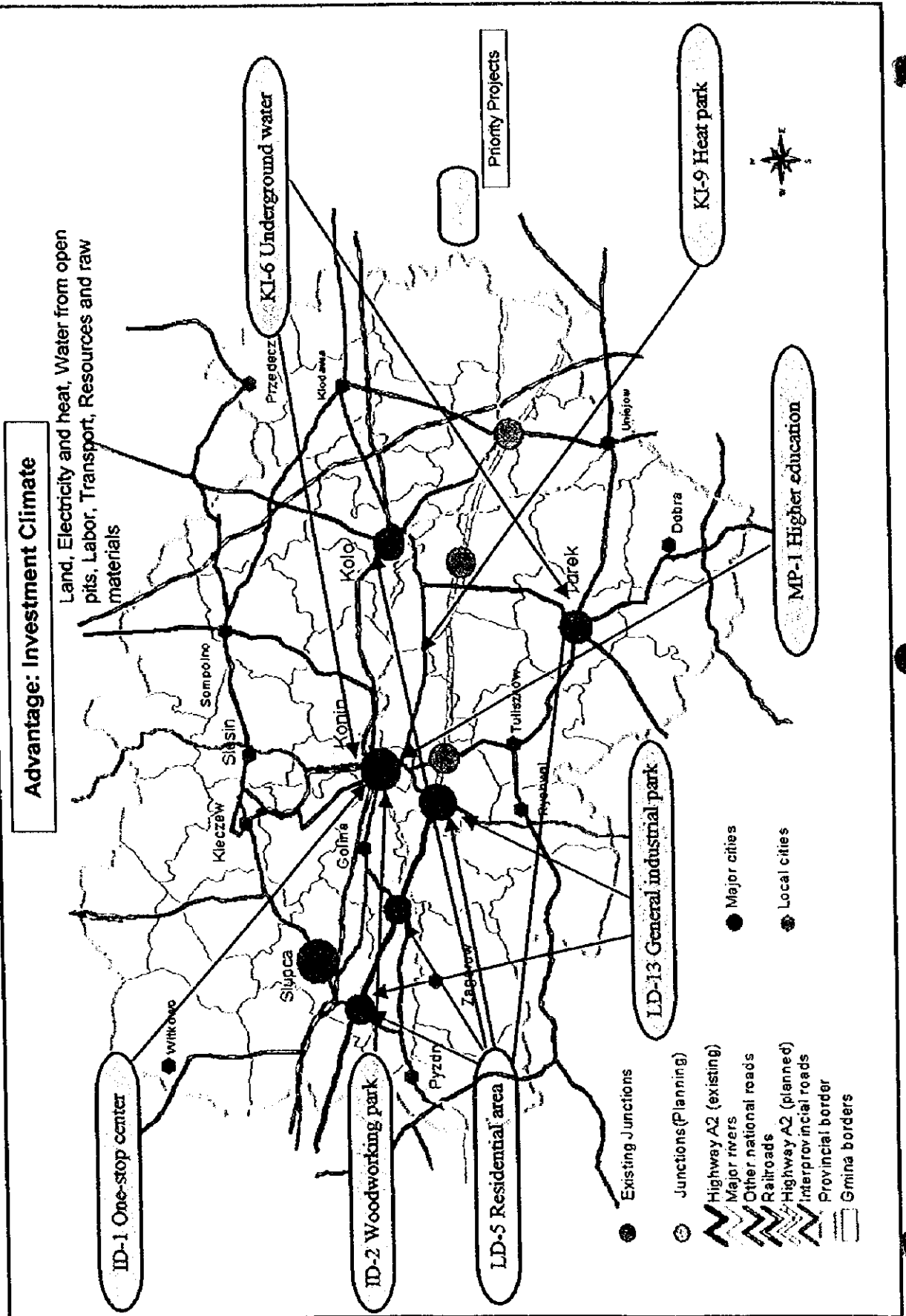


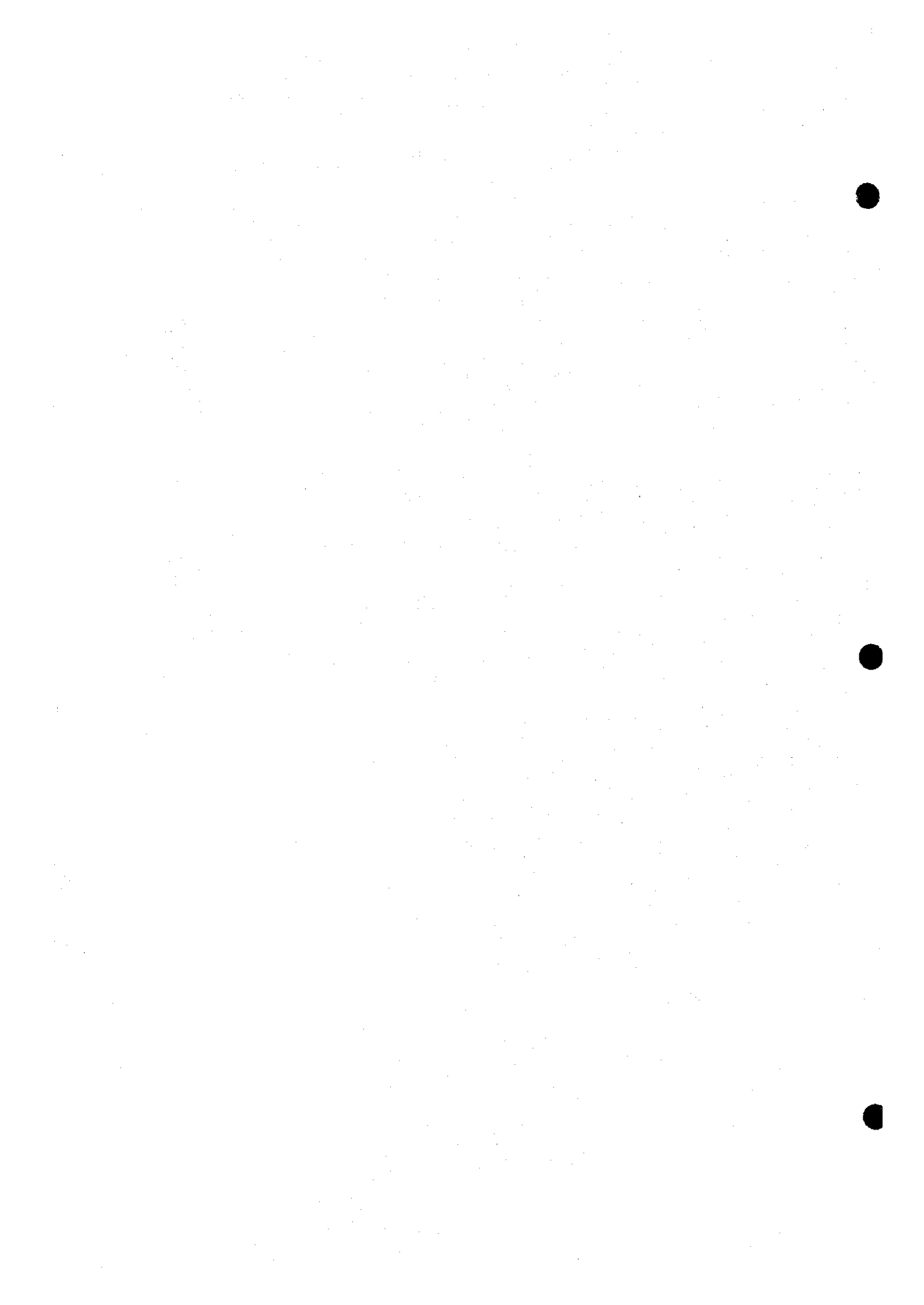
Figure 4.5-5 KONIN FIVE DEVELOPMENT PROGRAMS

PROGRAM-Five: ATTRACTION OF FOREIGN INVESTORS, KONIN 2010



Chapter 5

SELECTION OF PRIORITY PROJECTS



Chapter 5 SELECTION OF PRIORITY PROJECTS

From the long list containing 70 projects (Table 5.1-1), priority projects were selected for detailed study according to specific criteria. After setting the number of target projects between 15 and 20, all projects in the long list were ranked through a participatory workshop. Then, projects in the top half (35) were further evaluated by the Team, and final selection was made by dropping or combining some projects. The selection process including methodology is described below.

5.1 First Step: Ranking by Workshop

On December 2, 1997, a workshop to evaluate projects in the long list was held with attendance of representatives of various organizations and communities. During the full-day participatory workshop, each member of the Team described projects one by one, and participants rated them according to pre-defined criteria. Note that project descriptions in Polish were distributed on that day.

Table 5.1-2 summarizes project evaluation criteria consisting of the following four factors: 1) advantage and competitiveness; 2) urgency and necessity; 3) impacts and effects; and 4) Materialization and feasibility. Each project was rated under the three-point scoring system. The participants were asked to assign 3, 2 or 1 points to each factor in order of superiority. The highest possible score for a project is therefore 12 points. Then, the participants were asked to select the top five projects from the long list on the basis of overall evaluation, together with comments on the long list projects.

First of all, evaluation scores rated by the Polish participants were tabulated by adding up three-point scores for the four evaluation factors. The highest possible score was 12 points (3 points x 4 factors). The scores assigned by participants were added up to obtain the total score for a particular project, called the base score. Then, the top five projects selected by each participant received a premium point, 10 points each (when five persons selected a project in top five, the project received 50 points (5 participants x 10 points) in addition to its base point.). Finally, the base score and the premium score were added and divided by the number of evaluators for each project. This averaged score, in other

words, regards all participants as an evaluator. Then, the same procedures were repeated for 10 members of the Team.

Then the average total score among local evaluators and that among study team members were added and divided by two to obtain the total average score. The total average scores for all the projects were then arranged from the highest to the lowest value, as shown in Table 5.1-3. The calculation procedures can be expressed in the following equation:

$$\text{Total average score} = 1/2 \left[\frac{\text{Polish (Base + Premium)}}{\text{No. of Polish answers}} + \frac{\text{Team (Base + Premium)}}{\text{No. of Team's answers}} \right]$$

Table 5.1-1 PROJECT LONG LIST BY SECTOR WITH ABBREVIATED TITLE

SECTOR : AGRICULTURE

- AG-1 Strengthening of experimental activities on agricultural technologies (Experimental activities)
- AG-2 Strengthening of agriculture technology schools in Koscielce (Schools in Koscielce)
- AG-3 Establishment of comprehensive irrigation management system (Irrigation system)
- AG-4 Development of on-farm drainage systems (On-farm drainage)
- AG-5 Promotion of group sales activities (Group sales)
- AG-6 Detailed study for promotion plan of vegetables and fruits (Vegetables and fruits)
- AG-7 Construction of "Konin Herb Garden" (Herb garden)
- AG-8 Promotion of organic farming (Organic farming)
- AG-9 Promotion of agro-tourism (Agro-tourism)
- AG-10 Experimental farming on the refilled land of mines (Refilled land farming)

SECTOR : THREE KEY INDUSTRIES

- KI-1 Establishment of a construction company (Construction company)
- KI-2 Establishment of an engineering company (Engineering company)
- KI-3 Establishment of a maintenance and erection company (Maintenance company)
- KI-4 Feasibility study for a brown-coal ash utilization company (Brown coal ash)
- KI-5 Feasibility study for a gypsum board factory (Gypsum board)
- KI-6 Master plan study for utilization of underground water (Underground water)
- KI-7 Construction of a golf course on the refilled land of mines (Golf course)
- KI-8 Construction of a cold warehouse for agricultural products (Cold warehouse)
- KI-9 Construction of a "Heat Industrial Park" (Heat park)
- KI-10 Construction of a greenhouse park (Green house)
- KI-11 Construction of an aluminum radiator factory (Aluminum radiator)
- KI-12 Construction of an aluminum foil lamination factory (Foil lamination)
- KI-13 Construction of an aluminum foil work factory (Aluminum foil work)
- KI-14 Construction of an aluminum sheet work factory (Aluminum sheet work)
- KI-15 Construction of an aluminum construction materials factory (Aluminum const'n material s)

SECTOR : INDUSTRY

- ID-1 Establishment of a one-stop investment service center (One-stop center)
- ID-2 Construction of a Konin woodworking industrial park (Woodworking park)
- ID-3 Construction of foodstuff processing factories (Foodstuff processing)
- ID-4 Re-education of managers on management and production technologies (Re-education)
- ID-5 Establishment of financing assistance scheme for new entrepreneurs (New entrepreneur)
- ID-6 Execution of traveling clinic services for SMEs (Clinic services)
- ID-7 Movement of diffusion for TQM/"Kaizen(Improvement)" (TQM/Kaizen)
- ID-8 Establishment of anSMEs consulting center (Consulting center)
- ID-9 Establishment of an apparel design center (Apparel design center)
- ID-10 Organization of "Economic Forum 2010" (Economic forum)

SECTOR : PHYSICAL DISTRIBUTION AND TRANSPORT

- DT-1 Construction of a distribution center for construction materials (Construction center)
- DT-2 Construction of a service area for long distance drivers (Service area)
- DT-3 Construction of a bonded warehouse with a customs house (Bonded warehouse)
- DT-4 Strengthening of organization of physical distribution sector (Distribution business)
- DT-5 Construction of wholesale market for consumer goods (Consumer goods market)
- DT-6 Construction of large-scale market for used cars (Used car market)
- DT-7 Construction of a distribution center for fruits and vegetables (Agriculture distribution)
- DT-8 Introduction of rapid train services for commuters (Rapid train)
- DT-9 Establishment of mini-bus services (Mini-bus service)

SECTOR : TOURISM

- TR-1 Development of the lake areas in north-west of Konin (Lake tourism)
- TR-2 Development of an integrated sport-recreation zone (Sport-recreation zone)
- TR-3 Development of a natural habitat observation park (Habitat observation)
- TR-4 Development of hot spring resources (Hot spring)
- TR-5 Construction of a tropical botany and butterfly garden (Tropical botany)
- TR-6 Up-grading of tourism promotion tools (Promotion tools)
- TR-7 Establishment of a tourism information center in Konin (Information center)
- TR-8 Promotion of "Clean Konin" campaign program (Image campaign)

SECTOR : LAND USE DEVELOPMENT AND INFRASTRUCTURE

- LD-1 Development of selected commercial areas (Commercial areas)
- LD-2 Construction of a large scale shopping mall (Shopping mall)
- LD-3 Development of the railroad station front areas (Rail road station)
- LD-4 Land allocation for rural industrial zones (Rural industrial zone)
- LD-5 Residential area provision for new investment projects (Residential area)
- LD-6 Supply of a low cost housing (Low cost housing)
- LD-7 Expansion of connecting roads among main cities (Connecting roads)
- LD-8 Improvement of access roads to trunk roads (Access roads)
- LD-9 Preparation of roads in tourist areas (Tourist roads)
- LD-10 Rehabilitation of bridges connecting gmina roads (Gmina bridges)
- LD-11 Preparation of water supply and sewage systems in tourist areas (Tourist area infra.)
- LD-12 Construction of a centralized waste treatment and disposal facilities (Waste treatment)
- LD-13 Construction of industrial parks for general use (General industrial park)
- LD-14 Development of Warta River banks (Warta river banks)

SECTOR : MANPOWER DEVELOPMENT

- MP-1 Establishment of the schools for higher education (Higher education)
- MP-2 Expansion of non-stationed education for workers (Non-stationed education)
- MP-3 Expansion of general secondary education (Secondary education)
- MP-4 Establishment of a job intermediary center with data base (Job intermediary center)

Table 5.1-2 EVALUATION CRITERIA ON PROJECT LONG LIST

CRITERION-(1)

Advantage and Competitiveness for Konin Province comparing with other provinces:

3 points : Big

2 points : Fair

1 point : Small

Consideration :

Geographical and topographical conditions, economic geography, natural resources, human resources, availability of energy and utilities, unused materials and assets, etc.

CRITERION-(2)

Urgency and Necessity for project materialization:

3 points : Urgent

2 points : In 5 years

1 point : Till 2010

Consideration :

Accessibility to current serious problems, support and acceleration for the on-going plans and policies, close linkage as a predecessor to other proposed projects, etc.

CRITERION-(3)

Impact and effect to economy and living standard of Konin Province:

3 points : Big

2 points : Medium

1 point : Small 2010

Consideration :

Effect for job creation, amount of value-added increase, effect for environment, spread and linkage to other industries, size of benefit, possibility of growing and expanding in the future, etc.

CRITERION-(4)

Materialization and feasibility of the proposed project:

3 points : Big

2 points : Marginal

1 point : Low

Consideration :

Size of investment, expected return/profit, risks for investment, easy for initiation, necessity for further study, possibility of social problems, existence of investors/financiers, etc.

Table 5.1-3 Ranking of 70 Projects by Sector (1/2)

#	Proj. No.	Project name	Poland										Study Team					Total average *5	
			Base Score ⁽¹⁾		Base Average ⁽²⁾		(1) Prem. Ave. ⁽⁴⁾		Base Score		Prem. Score		Basc. Average ⁽²⁾		Prom. Ave.		5 Favorites		
			Base Score ⁽¹⁾	Prem. Score ⁽¹⁾	Base Average ⁽²⁾	Prem. Score ⁽²⁾	(1) Prem. Ave. ⁽⁴⁾	Base Score	Prem. Score	Basc. Average ⁽²⁾	Prem. Ave.	Prom. Ave.	Poland	Study Team	5 Favorites	Study Team			
1.	ID-1	One-stop center	359	100	10.26	13.12	87	50	8.70	13.70	10	5	13.41						
2.	AG-5	Group sales	334	70	9.82	11.88	103	20	10.30	12.30	7	2	12.09						
3.	KI-9	Heat park	328	30	9.11	9.94	102	30	10.20	13.20	3	3	11.57						
4.	KI-15	AI const'n materials	371	60	10.31	11.98	100	10	10.0	11.0	6	1	11.49						
5.	ID-6	Clinic services	356	30	9.89	10.72	102	20	10.20	12.20	3	2	11.46						
6.	MP-1	Higher education	376	80	10.74	13.03	78	20	7.80	9.80	8	2	11.41						
7.	KI-6	Underground water	342	10	9.50	9.78	100	30	10.0	13.0	1	3	11.39						
8.	ID-2	Woodworking park	253	10	7.03	7.31	94	60	9.40	15.40	1	6	11.35						
9.	KI-14	AI sheet work	324	30	9.82	10.73	99	20	9.90	11.90	3	2	11.31						
10.	DT-2	Service area	338	50	9.39	10.78	96	20	9.60	11.60	5	2	11.19						
11.	KI-8	Cold warehouse	335	70	9.31	11.26	94	10	9.40	10.40	7	1	10.83						
12.	ID-4	Re-education	374	20	10.39	10.95	97	10	9.70	10.700	2	1	10.82						
13.	MP-4	Job intermediary center	394	10	10.94	11.22	94	10	9.40	10.40	1	1	10.81						
14.	AG-1	Experimental activities	312	20	9.18	9.77	98	20	9.80	11.80	2	2	10.78						
15.	MP-3	Secondary education	381	40	10.89	12.03	94	0	9.40	9.40	4	0	10.72						
16.	AG-3	Irrigation system	307	30	9.03	9.91	93	20	9.30	11.30	3	2	10.61						
17.	LD-7	Connecting roads	371	60	10.31	11.98	89	0	8.90	8.90	6	0	10.44						
18.	MP-2	Non-stationed education	351	10	10.32	10.61	101	0	10.10	10.10	1	0	10.36						
19.	TR-8	Image campaign	340	10	10	10.29	92	10	9.20	10.20	1	1	10.25						
20.	KI-13	AI foil work	338	10	9.390	9.67	98	10	9.80	10.80	1	1	10.23						
21.	LD-12	Waste treatment	380	30	10.56	11.39	90	0	9.0	9.0	3	0	10.2						
22.	LD-8	Access roads	357	20	10.2	10.77	96	0	9.60	9.60	2	0	10.19						
23.	KI-1	Construction company	344	40	9.56	10.67	96	0	9.60	9.60	4	0	10.14						
24.	ID-5	New entrepreneur	358	30	9.94	10.77	94	0	9.40	9.40	3	0	10.09						
25.	TR-4	Hot spring	324	60	9.53	11.29	78	10	7.80	8.80	6	1	10.05						
26.	DT-1	Construction center	347	10	9.64	9.92	91	10	9.10	10.10	1	1	10.01						
27.	ID-7	TQM/Kaizen	359	10	9.97	10.25	97	0	9.70	9.70	1	0	9.97						
28.	KI-11	Aluminum radiator	316	20	8.78	9.34	96	10	9.60	10.60	2	1	9.97						
29.	ID-8	Consulting center	362	20	10.06	10.62	93	0	9.30	9.30	2	0	9.96						
30.	LD-13	General industrial park	275	10	8.59	8.9	90	20	9.00	11.00	1	2	9.95						
31.	ID-10	Economic forum	374	10	10.39	10.67	92	0	9.20	9.20	1	0	9.93						
32.	KI-12	AI foil lamination	343	20	9.53	10.09	86	10	8.60	9.60	2	1	9.84						
33.	LD-6	Low cost housing	325	30	9.56	10.44	92	0	9.20	9.20	3	0	9.82						
34.	TR-6	Promotion tools	330	0	9.71	9.71	99	0	9.90	9.90	0	0	9.81						
35.	KI-4	Brown-coal ash	331	40	9.19	10.30	92	0	9.20	9.20	4	0	9.75						
36.	DT-7	Agriculture distribution	332	10	9.22	9.5	90	10	9.00	10.00	1	1	9.75						
37.	ID-3	Foodstuff processing	334	20	9.28	9.84	84	10	8.40	9.40	2	1	9.62						
38.	AG-2	Schools in Koscielce	311	20	8.89	9.46	97	0	9.70	9.70	2	0	9.58						
39.	TR-2	Sport-recreation zone	311	10	9.15	9.44	87	10	8.70	9.70	1	1	9.57						

Table 5.1-3 Ranking of 70 Projects by Sector (2/2)

#	Proj. No.	Project name	Poland			Study Team			5 Favorites		Total average *5		
			Base Score *1	Prem. Score *2	Base Average *3	(1) Prem. Ave. *4	Base Score	Base Average (2)	Prem. Ave	Poland		Study Team	
40.	AG-9	Agro-tourism	344	30	10.12	11.	80	0	8.0	8.0	3	0	9.5
41.	LD-4	Rural industrial zone	310	20	9.39	10.	80	10	8.0	9.0	2	1	9.5
42.	LD-11	Tourist area infra.	351	10	10.03	10.32	86	0	8.60	8.60	1	0	9.46
43.	KI-10	Green house	310	10	8.61	8.89	100	0	10.00	10.00	1	0	9.44
44.	AG-8	Organic farming	300	30	8.82	9.7	80	10	8.0	9.0	3	1	9.35
45.	KI-2	Engineering company	302	0	8.39	8.39	93	10	9.30	10.30	0	1	9.35
46.	TR-1	Lake tourism	336	40	9.88	11.06	76	0	7.60	7.60	4	0	9.33
47.	KI-5	Gypsum board	324	30	9	9.83	86	0	8.60	8.60	3	0	9.22
48.	LD-3	Railroad station	298	0	8.51	8.51	89	10	8.90	9.90	0	1	9.21
49.	TR-7	Information center	334	10	9.82	10.11	82	0	8.20	8.20	1	0	9.16
50.	LD-10	Gmina bridges	321	10	9.17	9.46	87	0	8.70	8.70	1	0	9.08
51.	AG-10	Refilled land farming	269	20	7.69	8.26	98	0	9.80	9.80	2	0	9.03
52.	LD-9	Tourist roads	315	30	9	9.86	82	0	8.20	8.20	3	0	9.03
53.	DT-5	Consumer goods market	298	0	8.28	8.28	87	10	8.70	9.70	0	1	8.99
54.	LD-2	Shopping mall	306	20	9.00	9.59	82	0	8.20	8.20	2	0	8.89
55.	AG-6	Vegetable and fruits	301	10	8.85	9.14	85	0	8.50	8.50	1	0	8.82
56.	TR-3	Habitat observation	310	0	9.12	9.12	85	0	8.50	8.50	0	0	8.81
57.	DT-9	Mini-bus service	340	0	9.71	9.71	79	0	7.90	7.90	0	0	8.81
58.	AG-7	Herb garden	282	20	8.29	8.88	77	10	7.70	8.70	2	1	8.79
59.	AG-4	On-farm drainage	284	0	8.11	8.11	92	0	9.20	9.20	0	0	8.66
60.	ID-9	Apparel design center	295	0	8.19	8.19	91	0	9.10	9.10	0	0	8.65
61.	DT-3	Bonded warehouse	334	10	9.28	9.56	75	0	7.50	7.50	1	0	8.53
62.	DT-4	Distribution business	286	0	7.94	7.94	79	10	7.90	8.900	0	1	8.42
63.	KI-3	Maintenance company	313	0	8.69	8.69	78	0	7.80	7.80	0	0	8.25
64.	LD-5	Residential area	260	0	7.65	7.65	86	0	8.60	8.60	0	0	8.13
65.	LD-14	Warta River banks	299	20	8.54	9.11	70	0	7.0	7.0	2	0	8.06
66.	KI-7	Golf course	272	30	7.56	8.39	76	0	7.60	7.60	3	0	8.
67.	LD-1	Commercial areas	318	0	9.09	9.09	69	0	6.90	6.90	0	0	8.
68.	TR-5	Tropical botany	228	20	6.71	7.3	70	10	7.0	8.0	2	1	7.65
69.	DT-6	Used cars market	261	0	7.46	7.46	77	0	7.70	7.70	0	0	7.58
70.	DT-8	Rapid train	266	0	7.6	7.6	75	0	7.50	7.50	0	0	7.55

Note:

- *1) Total score gained from the number of evaluator.
- *2) Score obtained by selecting a favorite project and multiply by 10 to each project.
- *3) Divided base score by number of evaluator.
- *4) Add base score to premium score and divided by number of evaluator.
- *5) Added premium score of both parties and divided by two.

5.2 Second Step: Selection and Removal from DPS

Based on the evaluation results, the long list will be narrowed down to 15-20 projects having high priority for detailed study. The procedures and results are described below, according to the process flow shown in Figure 5.2-1.

The selection process was started by selecting the top 35 projects in the rankings, called the first step screening process. Then, the study team excluded 7 projects which did not justify a detailed and focused study, as described below.

Figure 5.2-1 FLOW OF SELECTION OF PRIORITY PROJECTS FOR DETAILED STUDY

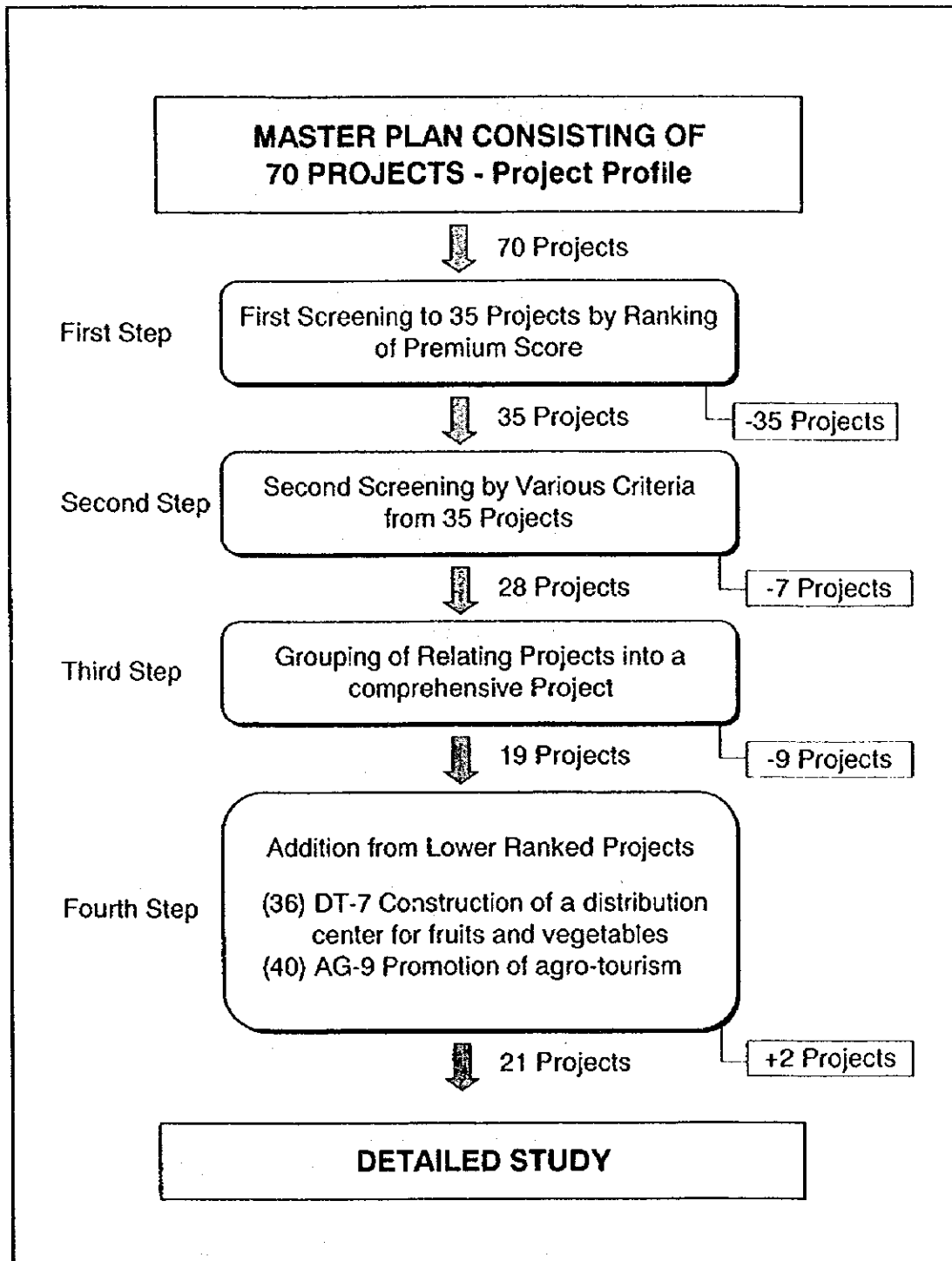


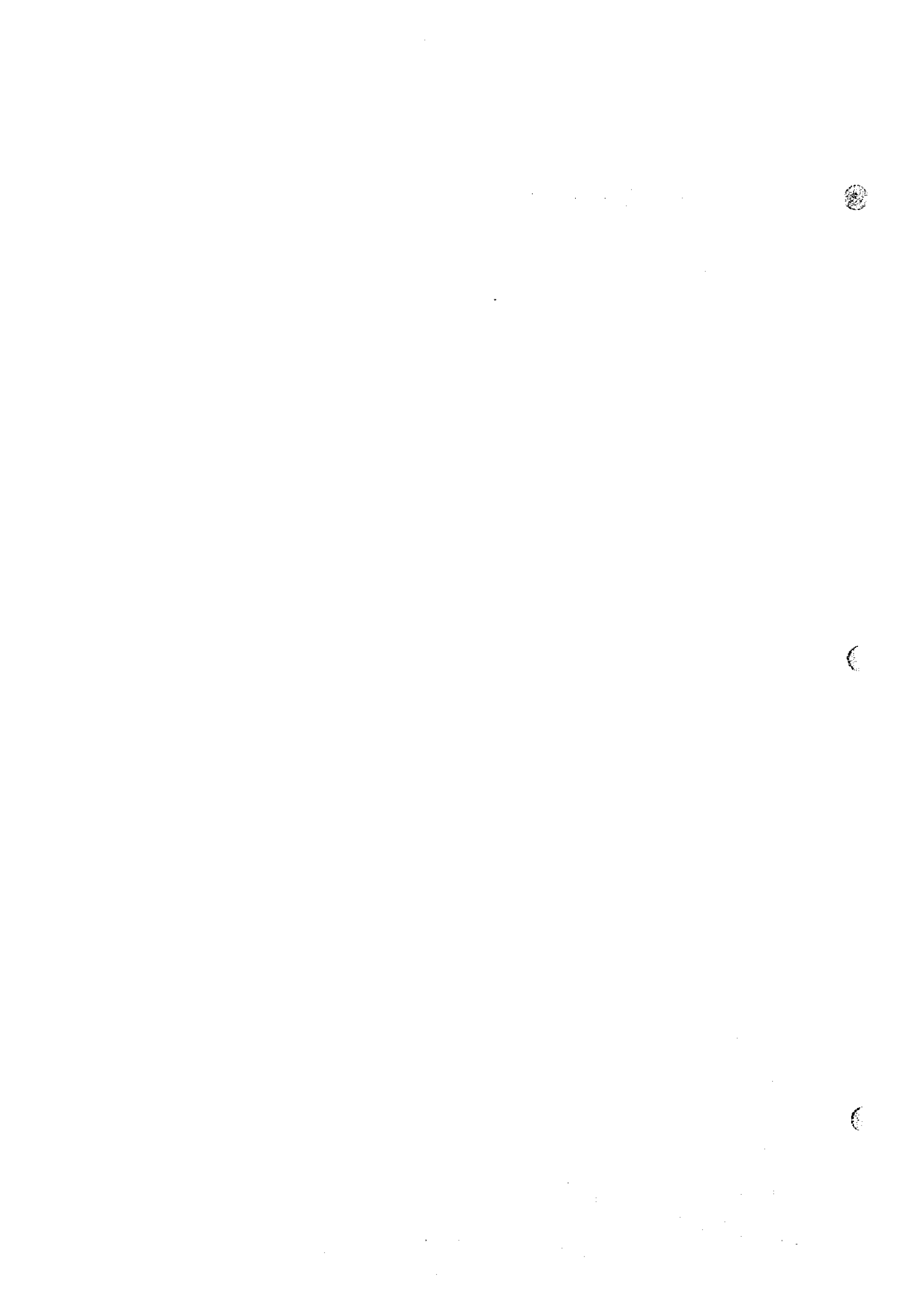
Table 5.2-1 PRIORITY PROJECTS SELECTED FOR DETAILED PROJECT STUDY

<u>Ser. No.</u>	<u>New No.</u>	<u>Ranking</u>	<u>Project Title</u>
I. AGRICULTURE			
1.	PAG-1	(14)	Strengthening of agriculture technologies in Konin
		(38)	Strengthening of experimental activities on agricultural technologies
		(16)	Strengthening of agriculture technology schools in Koscielce
2.	PAG-2	(16)	AG-3 Establishment of comprehensive irrigation management system
3.	PAG-3	(2)	AG-5 Promotion of group sales activities
4.	PAG-4	(40)	AG-9 Promotion of agro-tourism
II. THREE KEY INDUSTRY			
5.	PKI-1	(28)	PKI-11 Promotion of aluminum down stream industries
		(32)	Construction of an aluminum radiator factory
		(20)	Construction of an aluminum foil lamination factory
		(9)	Construction of an aluminum foil work factory
		(4)	Construction of an aluminum sheet work factory
		(4)	Construction of an aluminum construction materials factory
6.	PKI-2	(11)	PKI-8 Promotion of heat utilization industries
		(3)	Construction of a cold warehouse for agricultural products
		(43)	Construction of a "Heat Industrial Park"
		(7)	Construction of a greenhouse park
7.	PKI-3	(7)	PKI-6 Master plan study for utilization of underground water
III. INDUSTRY			
8.	PID-1	(1)	ID-1 Establishment of a one-stop investment service center
9.	PID-2	(8)	ID-2 Construction of a Konin woodworking industrial park
10.	PID-3	(12)	ID-4 Establishment of SMEs supporting system
		(5)	Re-education of managers on management and production technologies
		(27)	Execution of traveling clinic services for SMEs
		(29)	Movement of diffusion for TQM/Kaizen(Improvement)"
		(24)	Establishment of an SMEs consulting center
11.	PID-4	(24)	ID-5 Establishment of financing assistance scheme for new entrepreneurs
12.	PID-5	(31)	ID-10 Organization of "Economic Forum 2010"
IV. PHYSICAL DISTRIBUTION AND TRANSPORTATION			
13.	PDT-1	(26)	DT-1 Construction of a distribution center for construction materials
14.	PDT-2	(10)	DT-2 Construction of a service area for long distance drivers
15.	PDT-3	(36)	DT-7 Construction of a distribution center for fruits and vegetables
V. TOURISM			
16.	PTR-1	(25)	TR-4 Development of hot spring resources
VI. LAND USE AND INFRASTRUCTURE			
17.	PLD-1	(17)	LD-7 Betterment of transportation infrastructure
		(22)	Expansion of connecting roads among main cities
		(50)	Improvement of access roads to trunk roads
		(33)	Rehabilitation of bridges connecting gmina roads
18.	PLD-2	(33)	LD-6 Supply of a low cost housing
19.	PLD-3	(21)	LD-12 Construction of a centralized waste treatment and disposal facilities
20.	PLD-4	(30)	LD-13 Construction of industrial parks for general use
VII. MANPOWER DEVELOPMENT			
21.	PMP-1	(6)	MP-1 Establishment of the schools for higher education

5.3 Third Step: Consolidation and Addition of Projects

After 7 projects were dropped from the original list of 35 projects, remaining 28 projects were reviewed and when those of a similar nature as well as those having close relations were identified they were consolidated into a single group. The DPS will be carried out for each group.

Finally, the lower 35 projects in the rankings were reconsidered and 3 projects were added to the final list: (38) AG-2 Schools in Koselelec; (43) KI-10 Green house park; and (50) LD-10 Municipality (Gmina) bridges. Then the Team selected additional 2 projects among the lower half group which would be consolidated to a selected project as a part, namely (40) AG-9 Agro-tourism; and (36) DT-7 Agriculture products distribution. As a result, DPS will cover 33 projects out of 70 long-list projects in total, or 21 projects if one group of projects is counted as a single project.



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