1. Basic Information

1.1 Project Number  CZ 01.12.02

1.2 Project Title :
Krimov – Hora Sv.Šebestiána - Re-laying of Road I/7

1.3 Sector
Transport

1.4 Project Location
Euroregion: Krušnohori
Cross-border region: Czech Republic – Germany (Saxony)
District: Chomutov
Municipality: Krimov, Hora Sv.Šebestiána
Cadastral territory: Krimov, Nová Ves u Krimova, Nebovazy, Hora Sv.Šebestiána

2. Objectives

2.1 Overall Objective(s)

The project is in compliance with the Joint Programming Document (JPD), Czech Republic – Germany medium-term strategy and priorities for the Interreg III A - Phare CBC programmes. It meets objectives of the priority of infrastructure. Indirectly it will have positive effects on development of tourism, trade cooperation and cross-border exchange of goods and services.

The project respects the mutually coordinated work procedures on German and Czech road networks (North and North-West Bohemia). This also concerns the road connection between the Czech Republic and Germany over Hora Sv.Šebestiána border crossing on road no. 174 (Chemnitz-Marienberg-Reitzenhain on the German part) and road I/7 (Hora Sv.Šebestiána-Chomutov-Praha on the Czech part).

The project particularly aims to:

- Improve connection of the border region with national and international transport routes and border crossings;
- Improve the transport infrastructure in the border region for passenger and freight traffic.
1.2 Project Purpose

- To improve traffic access to the border crossing of Reitzehnhein-Hora Sv.Šebestiána;

Intensity of transport on the road No I/7 in the road section Krimov – Hora sv. Šebestiána:

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Number of cars/day</td>
<td>6 071</td>
<td>6 261</td>
<td>4</td>
</tr>
<tr>
<td>Number of lorries</td>
<td>457</td>
<td>1 019</td>
<td>141</td>
</tr>
<tr>
<td>Total</td>
<td>6 528</td>
<td>7 280</td>
<td>13</td>
</tr>
</tbody>
</table>

- To improve the traffic flow and safety at I/7 road between Krimov and Hora sv. Šebestiána;
- To improve access to the important industrial zones around Chomutov and Klášterec nad Ohrí which are currently under development;
- To improve the quality of environment in the area.

1.3 Accession Partnership and NPAA Priority

The project is in line with the Partnership for Accession document and with the objectives of the National Programme for the Adoption of Acquis (NPPA) in the area of transport policy.

The facilitation of access to border crossings and from border crossings to the country is in compliance with the objectives of the CR’s EU integration process.

1.4 Cross-border Impact of the Project

The project will improve the transport infrastructure and by that safety of transport and comfort of the travellers on the road connecting Chemnitz – Marienberg – the border crossing Reitzenhain, Hora Sv.Šebestiána – Chomutov – Praha, i.e. road no. 174 on the German side and road 1/7 on the Czech side.

Another outcome of the project which will be beneficial for the border region will be an improved condition for freight transport and better access to the important industrial zones around Chomutov and Klášterec n.O. which are under development and where new investment from German investors is expected (e.g. MAGNA AG, PARKER AG).

A more fluent traffic achieved as a result of implementation of the project will have a positive effect on the quality of environment in the area as well.
2. Description

2.1 Background and Justification
The existing dual carriageway 1/7 between Krimov and Hora Sv. Šebestiána fails to meet the needs of the increasing traffic flow towards the border crossing. The road is sloping length-wise and it passes through the municipality of Krimov and protected areas of water sources, which are not properly secured from the effects of the traffic. There is also a level railroad crossing. Krimov inhabitants are excessively affected by noise, dust and emissions from the road traffic. Moreover, the inappropriate quality of the level border crossing makes it impossible to operate freight traffic (large trucks).

In 1998, the total of 4,682 vehicles were handled in both directions at the Reitzenhain, Hora Sv. Šebestiánana border crossing. According to the road transport national survey, in 2000, the number of vehicles in both directions on road 1/7 between the border crossing and Chomutov ranged between 4,800 and 5,700 in 24 hours. Compared to 1995, the number of vehicles per day increased by approximately 150.

The re-laying of 1/7 road from Krimov to Hora Sv.Šebestiána is linked to the first stage of the construction of 1/7 road between Chomutov and Krimov. After the two parts of the construction are completed there will be a road leading to the border crossing, and a quality transport connection for passenger as well as freight transport will be ensured all over the part of 1/7 road between Chomutov and the Reitzenhain-Hora Sv. Šebestiána border crossing. This road, which will meet EU standards, will provide for uninterrupted traffic flow and road safety.

1.2 Linked Activities
On the Czech side, the construction is linked to the 1st stage of the construction of the re-laying of 1/7 road connecting Chomutov and Krimov.

On the German side of the border there is road- work under way on road no. 174 between Chemnitz and Reitzenhain in order to increase its capacity. Also, a by-pass on this road around the city of Marienberg is under preparation. A by-pass around the city of Chemnitz is also envisaged by means of which the no. 174 road will be directly connected to the German motorway system.

1.3 Results
The outcome of the project will be a re-laying of road 1/7 between Krimov and Hora Sv. Šebestiána in the length of 5,680 metres. It will be a dual carriageway of the S11,5/70 category. The construction of 6 bridges will be part of the project implementation.
1.4 Activities
The project implementation includes all construction work associated with the re-laying of an existing road. The construction of a re-laying includes:

- Earth work - the approximate volume of 260,000 m$^3$;
- Construction of the road (about 71,500 m$^2$; S 11,5 profile; the maximum gradient 4,25%);
- Construction of 6 bridges - total area of 2,790 m$^2$;
- Construction of 2 retaining walls;
- Water management structures (road sewerage approximately 4,850 m long, protection of water sources);
- Re-layings and protection of the existing service networks;
- Landscaping.

The re-laying will be constructed:

- Along the existing I/7 road in the distance of approximately 50 to 350 m;
- Along the railroad for some 2 km in the distance of around 100 m;
- In the distance of around 150 m from the periphery of the municipalities of Krimov and Nová ves.

The re-laying crosses the parallel railroad in one spot by means of a road bridge.

3. Institutional Framework
The National Aid Coordinator (NAC) has an overall responsibility for programming, monitoring and implementation of the Phare programme. The National Fund (NF), managed by the National Authorising Officer (NAO), will supervise financial management of the programme and will be responsible for reporting to the European Commission.

The Ministry for Regional Development, in cooperation with the Centre for Regional Development, is the programme Implementing Agency (IA) with the overall responsibility for the project implementation. The NF will be transferring funds from the Phare resources to accounts managed by IA as authorised by the Financing Agreement signed between the MF/NF and IA.

The IA is managed by the Programme Authorising Officer (PAO) nominated by the Ministry for Regional Development and approved by the NAO and agreed by NAC. The PAO is responsible for all activities of the IA.

The investor is responsible for the Czech contribution to co-financing, for acquiring a land-use decision and a building permit, for preparing and launching the tender for a contractor, preparing a contract, supervising the works and for the final acceptance.
Investor: Reditelství silnic a dálnic CR (RSD CR)
Czech Roads and Motorways Administration
Na Pankráci 56, Praha 4

Represented by: Liberec
Zeyerova 1310/2, 460 55 Liberec
phone: +420-48 510 85 07,08
fax: +420-48 271 16 75

As of today, the Czech Roads and Motorways Administration – the Liberec Administration has implemented several construction projects co-financed from Phare resources. It is experienced in Phare methods and in the preparation of international tenders, which are in compliance with EU requirements.

Project end user: The Czech Republic, The Czech Roads and Motorways Administration.
Construction supervision: The Czech Roads and Motorways Administration – the Liberec Administration

4. Detailed Budget (MEUR)

<table>
<thead>
<tr>
<th></th>
<th>Phare</th>
<th></th>
<th>National co-</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Investment</td>
<td>Institution</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support</td>
<td>Building</td>
<td>Phare</td>
</tr>
<tr>
<td>Construction works</td>
<td>2,000</td>
<td>0,000</td>
<td>2,000</td>
<td>10,930</td>
</tr>
<tr>
<td>Total</td>
<td>2,000</td>
<td>0,000</td>
<td>2,000</td>
<td>10,930</td>
</tr>
</tbody>
</table>

The Czech contribution to the project will be covered by the resources of the State Fund for Transport Infrastructure of the CR (SFDI CR).

5. Implementation Arrangements

5.1 Implementing Agency
The Ministry for Regional Development in conjunction with the Centre for Regional Development CR.

PAO: RNDr. Jiří Horáček, director, Department of EU programmes, MRD CR
Address: Staromestské nám. 6, 110 15 Praha 1
Phone: + 420-2 2486 1398
Fax: + 420-2 2486 1415
Implementing Agency:
Director: RNDr. Ivo Ryšlavý
Address: Centre for Regional Development, Vinohradská 46, 120 00 Praha 2
Phone: + 420-2 21 580 285
Fax: + 420-2 21 580 229

1.2 Non-standard Aspects
The project will be managed using the methodology specified for Candidate Countries in the manual for the management of programmes supported from the EU sources – “Practical Guide for Phare, Ispa and SAPARD”.

1.3 Contracts (MEUR)

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of contract</th>
<th>Description</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Works contract</td>
<td>Delivery of construction work</td>
<td>12,930</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>12,930</td>
</tr>
</tbody>
</table>

6. Implementation Schedule

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Start of tendering*:</td>
<td>09/2002</td>
</tr>
<tr>
<td>Start of project activities:</td>
<td>03/2003</td>
</tr>
<tr>
<td>Project completion:</td>
<td>08/2004</td>
</tr>
</tbody>
</table>

* The tender dossier shall be submitted to the European Commission six months after the signature of the Financing Memorandum at the latest (see FM, Chapter Implementation Arrangements).

7. Equal Opportunity
Principles and procedures applied during the project implementation will ensure equal opportunities for all participants of the project.

8. Environment
An environmental impact assessment study for the construction in line with law no. 244/1992 Coll. (EIA) was undertaken in August 1993. It was prepared simultaneously for both construction stages, i.e. for the whole part of 1/7 road (Chomutov-Krimov-Hora Sv. Šebestiána). The EIA study was undertaken by TERPLAN, a.s, Platnérská 19, 110 00 Praha 1, order number 92 135.

The person responsible was RNDr. Martin Kubeš.

The EIA documentation has proved the benefit of the project particularly in relation to protection of the neighbouring water sources and protection of Krimov inhabitants against negative effects of traffic (noise, dust, emissions).
9. Rates of Return

The economic rate of return is based on a prepared feasibility study. The economic assessment was carried out for a twenty-year life span of the road.

\[ \text{IRR} = 3.3\% \]

The economic feasibility study was undertaken in February 2001 by Pragoprojekt a.s. Praha, K Ryšánce 16, 147 54 Praha 4, contact person - Martina Kopalová, phone: +420-2 4144 2563.

10. Investment Criteria

10.1 Catalytic Effect

The project is of public nature and complies with the regional priorities. In the years to come, the action could not be implemented without support from the EU sources.

10.2 Co-financing

The co-financing share of the Czech party equals 85\% of the total project investment costs. Co-financing will be provided for by the State Fund for Transport Infrastructure of the CR (SFDI CR).

1.3 Additionality

The project is of public nature and is not suitable for funding from private sources due to the low financial rate of return of the funds invested. Should the co-financing be provided from a bank loan, the implemented works would not generate resources sufficient for their renewal after their lifetime.

1.4 Project Readiness and Size

The relevant planning decision has been issued in relation to the project and the project meets all required technical criteria. The building permit documentation has already been prepared. The Building permit will be issued by October 2001. The tender dossier shall be prepared and submitted to the European Commission six months after signature of the Financing Memorandum at the latest.

1.5 Sustainability

Results of the feasibility study proved that the draft project is of a sustainable nature as it meets all the European norms and standards and complies with the EU legislation in the relevant area.

The investor will cover operation and maintenance costs.
1.6 Compliance with State Aid Provisions

The project and the award of the Phare subsidy are in compliance with the relevant rules on state aids as defined in the European Agreement; its implementation is not going to harm the market environment or the competition rules.

1.7 Contribution to National Development Plan

The project respects short-term and medium-term priorities of the National Development Plan with the aim of balancing the quality of transport in areas bordering the EU countries. The project is in compliance with regional priorities and measures laid down in the cross-border regional development strategy defined in the Joint Programming Document (JPD) Czech Republic – Germany for the CBC Phare programmes.

**Priority:** II - Infrastructure

**Measure No.:** 1 – Improving transport infrastructure with the purpose of enhancing access to the border crossing

11. Conditionality and Sequencing

The investor is responsible for the preparation of studies and project dossiers necessary for the execution of works, and for the preparation of documents for the selection of a contractor for the works. The investor must observe its commitment of financial participation in the project and is responsible for the quality of the works executed. He must also provide for the activities the contractor is not qualified to execute.

After the completion of the project the investor shall ensure the launching of full operation of the works with a view to its use. He shall ensure regular maintenance and repairs in compliance with the international standards.

Annexes

1. Phare Log Frame
2. Implementation Time Chart
3. Commitment and disbursement schedule
4. Reference to feasibility study
### Logframe Planning Matrix

**Phare CBC 2001, Czech Republic - Germany**

**Annex 1**

<table>
<thead>
<tr>
<th>Project</th>
<th>Contracting period expires</th>
<th>Disbursement period expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Krimov-Hora Sv.Šebestiána – Re-laying of Road I/7</td>
<td>Total budget: 12,930 MEUR</td>
<td>Phare budget: 2,000 MEUR</td>
</tr>
</tbody>
</table>

**Overall objective**

- Improved connection of the border region to the national and international road network
- Improved transport infrastructure at the state border of Euroregion Krušnohorí

**Objectively verifiable indicators**

- Quality parameters for cross border transport and traffic improved

**Sources of Verification**

- Czech Roads and Motorways Administration – result of the road transport national survey
- Traffic surveys
- Road accidents statistics

**Project purpose**

**Objectively verifiable indicators**

**Assumptions**
- Improved access from the Czech side to the border crossing Reitzenhein-Hora sv. Šebestiána
- Improved traffic flow and safety
- Better access to the important industrial zones around Chomutov and Klášterec nad Ohři which are currently being developed.
  - Restoration of freight traffic (haulage)

- Increased intensity and capacity of freight transport by 141% due to restored traffic
- Reduced travelling time at the relevant road section

- RSD CR Praha – results of traffic census (1995, 2000); a model of capacity and traffic intensity of the Czech road network;
- Road accident statistics

- The traffic density will increase
- Increase in tourism due to the better road connection between CR and Germany

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| - A new road complying with S 11.5/70 standard and suitable for freight traffic | - 5.68 km of new dual carriageway
  - S 11.5 standard
  - Maximum gradient 4.25%
  - 6 bridges (2,790 m2) | - Project Final Evaluation Report
  - Project acceptance documents
  - Ministry of Transport – Roads and Motorways Administration | - Work delivered by an experienced, reliable and well performing contractor
- Efficient co-ordination between the project funder, sub-contractors and IA
- Appropriate monitoring and supervision of civil work |

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction work in relation to the road re-laying:</td>
<td>Available funds</td>
<td>Existence and interest of building companies with required experience and qualified staff</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>• Earth work</td>
<td>• Construction resources</td>
<td>• Efficient co-ordination between the project funder, subcontractors and IA</td>
</tr>
<tr>
<td>• Construction of the road (about 71,500 m²; S 11.5 standard with maximum gradient 4.25%) including six bridges (2,790 m²)</td>
<td>• Materials and equipment</td>
<td>• Smooth and timely funding</td>
</tr>
<tr>
<td>• 2 retaining walls</td>
<td>• Design documentation</td>
<td></td>
</tr>
<tr>
<td>• Water management structures</td>
<td>• Engineering supervision</td>
<td></td>
</tr>
<tr>
<td>• Re-layings and protection of the existing service networks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Landscaping</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Preconditions**

- Signature of the Financial Memorandum
### Implementation Time Chart

|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|

T: Tendering  
C: Contracting  
I: Implementation  
D: Disbursement
Annex 3

Commitment and disbursement schedule

**Commitment Schedule**

<table>
<thead>
<tr>
<th>No.</th>
<th>Project</th>
<th>Allocation</th>
<th>Commitments (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Construction works</td>
<td>2 000 000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>2 000 000</strong></td>
<td>0</td>
</tr>
</tbody>
</table>

**Disbursement Schedule**

<table>
<thead>
<tr>
<th>No.</th>
<th>Project</th>
<th>Allocation</th>
<th>Disbursements (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Construction works</td>
<td>2 000 000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>2 000 000</strong></td>
<td>0</td>
</tr>
</tbody>
</table>
Reference to Feasibility Study

The project subject is relaying of I/7 road between Krimov and Hora Sv. Šebestiána. The new re-laid road will be 5,680 m long. It will be a dual carriageway. The project stems out from the need to address inadequate access road to the border crossing which serves both for personal and goods transport.

Market Analysis

The analysis is based on the current status, regional development strategy and model of traffic volume on Czech roads. The analysis demonstrated that the existing access road to the border crossing is not suitable for the increased volume of traffic and the population of Krimov is exposed to a high level of traffic noise and pollution. Improved transport infrastructure will contribute to business development of the region close to German border.

1.1.1.1.1 Organisation of Operations

Roads and Motorways Administration, a Czech state organisation, is the project funder. After the project completion the title will be turned to Správa a údržba silnic Liberec, a state organisation maintaining and repairing roads. All maintenance and repair costs will be fully covered by the national budget and therefore this does not pose any project risk.

1.1.1.1.2 Results of Financial Analysis

It is a public road in the state ownership. It is not possible to perform a financial assessment of a project that does not generate any revenues. The project owner/funder must make necessary arrangements for the project funding from the Transport Infrastructure Fund and by subsidies or bank loans. The current inadequate quality of infrastructure requires large investments from public funds and without an EU grant the completion of I/7 road section Chomutov-Krimov-Hora Sv.Šebestiána would be threatened. The project is not suitable for funding by private capital.

1.1.1.1.1.1 Results of Economic Analysis

1.1.1.1.1 The economic analysis result based on 20 years period is IRR = 3.30%. Economic assessment of the project took into consideration estimated savings on road maintenance, costs related to road accidents, savings on vehicle operating costs and reduced travelling time of people and goods. The project will improve the access to the border crossing at Hora Sv. Šebestiána, will improve the traffic flow and safety on road and will provide a better access to new industrial areas around Chomutov and Klášterce nad Ohri. The project is in line with national and regional medium-term strategies for transport infrastructure improvements and business development.

The results of the study demonstrated the project feasibility and absence of significant risks. The project is therefore recommended to be included into a relevant programme supported by the EU funds.
1.1.1.1.4 Environmental Impact Assessment

The EIA study as defined in Act 244/1992 Sb. (EIA) was developed in August 1993. Both construction stages were assessed at the same time that is the entire section of road I/7 Chomutov-Krimov-Hora Sv.Sebestiána. The study assessed both the project construction and operation. During the construction there will be no significant environmental impacts. After the road commissioning the adjacent water supply zones will be better protected, the traffic flow and safety on road will improve and the exposure of Krimov population to high level of traffic noise and pollution will be reduced. The project will contribute to the better quality of environment in the region located close to the border and therefore it is recommended for implementation on the basis of the analysis performed.