1. Basic Information
   1.1 CRIS Number: 2003/005-004-02
   1.2 Title: Building the by-pass road Nr. 58 of Harkány
   1.3 Sector: Infrastructure development, border-crossing development
   1.4 Location: Hungary, Baranya County

2. Objectives
   2.1 Overall objective:
      Increased touristical, economic, trade and cultural cooperation in the border region
   2.2 Project Purpose:
      Improvement of local transport infrastructure in the eastern part of the Hungarian-Croatian border area.
   2.3 Accession Partnership and NPAA priority
      The project complies with AP and NPAA. The alignment in road transport, such as market access and road safety, is consistent with the Accession Partnership’s priorities. The objectives also reflect the priorities and objectives outlined in Chapter 4.5, Transport of the NPAA.
   2.4 Contribution to National Development Plan:
      The project proposal is in line with the priorities identified in the National Development Plan.
      The objectives of the project reflect NDP priorities, which are based on sectoral strategies and on the development strategies of the South Transdanubian Region. The development of access infrastructure is a key priority in the region. The project reflects priority 3/A (Developing the Transport Infrastructure of the Region), measure 2 - improvement of access roads network of the region in Chapter 3 of the NDP.
   2.5 Cross Border impact:
      During the joint workshops of Hungarian and Croatian experts and in the preparatory studies of the Joint Programming Document, it was clearly defined that one of the main priorities of development in the target Hungarian-Croatian region is “Strengthened economic cohesion of the programming region by networking developments”. This priority can be achieved with the following measure: “Development of traffic network”. The common aim of Hungary and Croatia is to establish a traffic network suitable for the joint Croatian-Hungarian economic spatial structure. This includes making the road network suitable for the improvement of accessibility within the region and the accessibility from outside of the border area, along with the exemption of traffic-burden in the inhabited areas and building by-pass roads. The effective exploitation of the existing border-crossings can significantly ð-
crease the transaction costs in case of cross-border businesses. The accessibility of the crossings (including the quality of access roads) is an important feature of the target area, since it determines the possibility of cooperation with the neighbouring cross-border areas at a large scale. The Croatian-Hungarian bilateral crossing development is significantly influenced by the requirements of the European Union in the context of the Schengen system, since Hungary, as an associated member should take into account the regulations during the accession negotiations appearing as immediate expectations after the accession.

The mirror road in Croatia leading from the border station has a road junction close to Doni Miholjac, which divides the traffic according to the destination into three directions. With this object the international traffic is not crossing the settlement of Doni Miholjac.

3. **Description**

3.1 **Background and justification**

By-pass road Nr. 58 will be built in Harkány, 5 km far from and leading to the Drávaszabolcs (Hungary) – Doni Miholjac (Croatia) border station as a result of the project.

The Drávaszabolcs – Doni Miholjac border crossing station is open 24 hours a day without restraint for international cars, passengers and transport. According to the 2013/2001. (I. 17.) Government Act, which was modified and specified by the 2365/2002. (XII. 13.) Government Act, the development of the Drávaszabolcs dry land and waterway border crossing station has to be completed by the date of the Hungarian accession to the European Union in context of the Schengen system. For this purpose, the Hungarian Customs and Finance Guard organises and finances with Phare and Hungarian governmental funds the planning and implementation of the reconstruction of the border station in Drávaszabolcs. According to the official plans of the Hungarian Customs and Finance Guard the construction of the two new truck terminals, the widening of the border crossing road, the reconstruction of the border station building and of the bridge leading to the border should be started in October 2003. The reconstruction of the border station in Doni Miholjac on the Croatian side has already been completed.

Harkány is a small town with a world-famous health water and spa very near to the Hungarian-Croatian border. The medical and thermal bath, and the hospital is in the centre of Harkány, right next to the road Nr. 58 leading from Pécs, the centre of the South Transdanubian region to the Drávaszabolcs (Hungary) – Doni Miholjac (Croatia) border station.

As mentioned above the road Nr. 58 goes through the inner-city of Harkány next to the spa and the hospital. From the beginning of the built-up area the road is a two by two-lane road with a parking lane on each side. Hence the cause of building the by-pass road is not the low capacity of the road Nr.58 but the reduction of environmental pollution effects such as noise, vibration and air-pollution generated by the transport. According to the information given by the Baranya County State Road Management Public Enterprise the traffic intensity going through the inner-city is 1889 vehicle-unit per day including 430 heavy-engined vehicle-unit and 168 trucks. Other main reasons
of building the by-pass road are on one hand to relieve the health water and spa of Harkány, a word-famous tourist attraction, and its surrounding areas from the crossing traffic, on the other hand to provide faster, safer and easier passing of the township of Harkány and even the Hungarian-Croatian border to the international traffic going to Croatia and coming to Hungary from Croatia.

Building of three roundabout traffic systems and an interchange with traffic lights on the by-pass road will also guarantee safe crossing of the road Nr 58.

3.2 Linked activities

- According to the 2365/2002. (XII. 13.) Government Act the development of the Drávaszabolcs border crossing station has to be completed by the date of the Hungarian accession to the European Union in context of the Schengen system.
- The Hungarian Customs and Finance Guard organizes and finances from Phare and Hungarian governmental funds the planning and implementation of the reconstruction of the border station in Drávaszabolcs. According to the official plans of the Hungarian Customs and Finance Guards the construction of the two new truck terminals, the widening of the border crossing road, the reconstruction of the border station building and of the bridge leading to the border should be started in October 2003. (Phare project HU 0103.03)

3.3 Results

- Increased accessibility of cross-border economic and business partners in both sides of the border
- Faster, safer, easier and cheaper crossing for international transport of the Hungarian-Croatian border
- Relieve the city of Harkány of the environmental pollution effects (reducing the noise, vibration and air-pollution generated by the transport).
- Relieve the health water and spa of Harkány, a word-famous tourist attraction, and its surrounding areas from the international crossing traffic

3.4 Activities

- Building 3,638 m by-pass road Nr. 58 in Harkány, 5 km far from and leading to the Drávaszabolcs (Hungary) – Doni Miholjac (Croatia) border station
- Building two 3-branch roundabout traffic systems by the km-sections Nr. 23+900, 27+457 and a 4-branch roundabout traffic system by the km-section Nr. 26+451.
- Building an interchange with traffic lights by the km-section Nr.25+064
The project will be carried out in the framework of one open international works tender. The procedure will be carried out according to the valid rules of the PraG. The Phare support will amount 2 MEURO, the national co-financing is 6 MEURO.

3.5  Lessons learned

The Baranya County State Road Management Public Enterprise has benefited some experience regarding the funding of infrastructure projects. In the last 3 years they implemented 7 infrastructure projects with the total cost of 3,180 million HUF (for example building the by-pass road of Mohács, re-building the interchange of road Nr. 6 in Pécs).

4.  Institutional Framework

The engineering tasks during the implementation will be carried out by the Baranya County State Road Management Public Enterprise. The Ministry of Economics and Transport delegates the right of the ordering party to the Road Management and Coordination Directorate, which thus becomes the Employer/Beneficiary. The Owner will be the Hungarian State.

5.  Detailed budget (€)

<table>
<thead>
<tr>
<th>Contracts</th>
<th>Phare Support</th>
<th>Other</th>
<th>Total</th>
<th>IFI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
<td>Total Phare (=I+IB)</td>
<td>National co-financing</td>
</tr>
<tr>
<td>Works</td>
<td>2,000,000</td>
<td>-</td>
<td>2,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>2,000,000</td>
<td>-</td>
<td>2,000,000</td>
<td>6,000,000</td>
</tr>
</tbody>
</table>

The project will be jointly co-financed between Phare and government resources to be provided by the Ministry of Economics and Transport. The National co-financing will cover 75 percent of the total project budget (the Ministry of Economics and Transport will provide 6,000,000 EUR). The ratio between the Phare and the national amount is binding and has to be applied to the “final contract price”.

6.  Implementation arrangements

6.1  Implementing Agency

The project will be implemented under the overall co-ordination and supervision of the Prime Minister’s Office, who’s representative, Tamás Lunk will be designated as PAO.

The Prime Minister’s Office, through its National Agency for Regional Development with its Pécs Regional Office will be responsible for all aspects of tendering and contracting as well as administrative and financial matters of the implementation.

Address: Prime Minister’s Office  
National Agency for Regional Development  
1016 Budapest, Gellérthegy u. 30-32.
6.2 **Twinning**

Not applicable.

6.3 **Non-standard aspects**

For all Phare activities, the Practical Guide to PHARE, ISPA & SAPARD contract procedures (PraG) manual and the FIDIC conditions of contract will be strictly followed.

6.4 **Contracts**

The project will be carried out in the framework of one open international works tendering and contracting operation. The contract value will be 8 MEUR.

7. **Implementation schedule**

<table>
<thead>
<tr>
<th>Start of Tendering</th>
<th>Start of Project Activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2004</td>
<td>August 2004</td>
<td>November 2005</td>
</tr>
</tbody>
</table>

8. **Equal opportunity**

During implementation the Implementing Agency shall pay particular attention to ensure the Equal Opportunities for women and men to participate in the project. Should the Implementing Agency learn that any of her contracting parties makes discrimination in that respect, she shall take immediate action to correct the situation. Should such an action be failed the Implementing Agency shall terminate the contract with that contracting party.

9. **Environment**

The technical plan with the feasibility study contains an environmental impact report as well. The implementation of the project serves environmental protection aims reducing of the environmental pollution effects such as noise, vibration and air-pollution generated by the transport.

10. **Rates of return**

In this type of investment the calculation of the financial rates of return is not applicable, since the project will not generate direct income.

11. **Investment criteria**

11.1 **Catalytic effect**

The Phare contribution will help meeting the development needs outlined in the Draft Joint Programming Document of the Hungarian-Croatian border region. Without Phare support, the steps and objectives included in the programme could be implemented only much later and at a much slower speed.
11.2 Co-financing

Co-financing totalling 75 percent of the project cost is ensured by the beneficiary (the beneficiary will provide 6 MEUR).

11.3 Additionality

Financial support to be provided by Phare will not displace any other funding.

11.4 Project readiness and size

The size of the project and the required amount of Phare contribution are in line with the latest Phare regulations.

11.5 Sustainability

The economic benefits originated from the construction of the by-pass road will overcompensate the costs of the project.

After the construction the Road Management Company takes care of permanent maintenance of the road.

11.6 Compliance with state aids provisions

All actions financed by Phare will be carried out in line with the PraG and will respect the state aid and competition provision of the Europe Agreement.

12. Conditionality and sequencing

The main condition of successful implementation is the availability of external financial resources. The project beneficiary provides adequate guarantee of the availability of funds for the required co-finance contribution and for the subsequent operation and maintenance.

The National Agency for Regional Development will ensure the necessary human resources for the technical management of the project implementation. The NARD will ensure that the members of project staff are fully conversant with the target group requirements and with the operation of the Phare Programme. The NARD will make certain that the recipients make their financial contributions as planned.
ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Cumulative contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)
4. Reference to feasibility study
5. List of relevant Laws and Regulations
6. Reference to relevant Government Strategic plans and studies
7. Estimated costs of building the by-pass road of Harkány
**ANNEX 1: LOGFRAME PLANNING MATRIX FOR**

*Building the by-pass road Nr. 58 of Harkány*

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
</table>
| • Increased touristical, economic, trade and cultural cooperation in the border region | • Amount of export transport towards Croatia  
• Amount of import transport from the direction of Croatia  
• GDP/capita and employment grows in the border region  
• Number of visitors and tourists from the direction of Croatia | • Annual reports and statistics of the Central Statistical Office, county and local authorities |

<table>
<thead>
<tr>
<th>Contracting period expires: 30 November 2005</th>
<th>Disbursement period expires: 30 November 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total budget: € 8 million</td>
<td>Phare budget: € 2 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • Improvement of local transport infrastructure in the eastern part of the Hungarian-Croatian border area  
• Improvement of a traffic network suitable for the joint Croatian-Hungarian economic spatial structure  
• Saved travel time  
• Number of transferred traffic will improve | • Annual reports and statistics of the Central Statistical Office, county and local authorities  
• Annual reports and statistics of the Hungarian Customs and Finance Guard | • Successful activities on other fields of preparation for EU accession and cross-border co-operation  
• No negative change in the policy of the two countries |

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • Increased accessibility of cross-border economic and business partners in both sides of the border  
• Faster, safer, easier and cheaper crossing for international transport of the Hungarian-Croatian border  
• Relieve the city of Harkány of the environmental pollution effects (reducing the noise, vibration and air-pollution generated by the transport).  
• Relieve the health water and spa of Harkány, a world-famous tourist attraction, and its surrounding areas from the international crossing traffic. | • All contracts carried out in time, within budget and at the contracted specification and level of quality  
• 3,638 m of new by-pass road will be built with 3 roundabout traffic systems and a road junction with traffic lights by 2005 | • Frequent reports of project holders and supervising engineer | • Favorable business climate  
• Complementary promotional efforts continue as planned |

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Source of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • Tendering of works-procurement part of the project (including quality assurance of tender dossier)  
• Building 3,638 m by-pass road Nr. 58 in Harkány, 5 km far from and leading to the Drávaszabolcs (Hungary) – Doni Miholjac (Croatia) border station  
• Building two 3-branch roundabout traffic systems by the km-sections Nr. 23+900, 27+457 and a 4-branch roundabout traffic system by the km-section Nr. 26+451.  
• Building an interchange with traffic lights by the km-section Nr.25+064 | • € 2 million of Phare support to be matched by co-finance contributions of € 6 million from the beneficiary  
• engineering background is available | • Frequent reports of project holders and supervising engineer | • High quality project management  
• Normal climatic conditions during construction |

<table>
<thead>
<tr>
<th>Preconditions</th>
<th></th>
</tr>
</thead>
</table>
| • Technical plan, feasibility study and other preparation studies have been completed.  
• Co-finance contributions are available  
• All required permits have been granted  
• The site for new by-pass road is available |
## ANNEX 2

**BUILDING THE BY-PASS ROAD NR. 58 OF HARKÁNY**

### Detailed implementation chart

<table>
<thead>
<tr>
<th>Component</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Design, planning**
- **Tendering and contracting**
- **Contract implementation and payments**
## ANNEX 3

**BUILDING THE Bypass ROAD Nr. 58 OF HARKÁNY**

Cumulative contracting and disbursement schedule (€ Million)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Disbursement</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.4</td>
<td>0.8</td>
<td>1.2</td>
<td>1.6</td>
<td>1.9</td>
<td>2</td>
</tr>
</tbody>
</table>

* Only Phare support.
Reference to feasibility study

The Baranya County State Road Management Public Enterprise has a technical plan with a feasibility study and environmental impact report prepared. The acquisition of the necessary authority permits and the building permission is under process. They will be presented by the end of June 2003.
ANNEX 5
BUILDING THE BY-PASS ROAD NR. 58 OF HARKÁNY

List of relevant Laws and Regulations

1. Act Nr. XXI/1996 on Regional Development and Spatial Planning;
3. Decree Nr. 15/2000. (XI. 16.) of the Ministry of Transport and Water on the authorization of road-construction
ANNEX 6
BUILDING THE BY-PASS ROAD NR. 58 OF HARKÁNY

Reference to relevant Government Strategic plans and studies

1. National Spatial Development Plan (Hungarian Spatial Development Regulations)
2. South-Transdanubian Complex Regional Development Concept (14 July 1999.)
4. Preliminary Regional Development Program (4 March 2002.)
5. Summary information about the tasks of Baranya County in connection with transport development (2002., made by the Ministry of Economics and Transport)
## ANNEX 7

**Estimated costs of Building the by-pass road of Harkány**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.) General expenses (temporary structures, organisation, other expenses)</td>
<td>1,000,000</td>
</tr>
<tr>
<td>2.) Earthworks (stripping of top soil, excavation, earthmoving, stacking material for re-use)</td>
<td>1,500,000</td>
</tr>
<tr>
<td>3.) Engineering structures and drainage (Bridge-, culvert construction, highway and surface water drainage)</td>
<td>833,000</td>
</tr>
<tr>
<td>4.) Public utilities (safety measures)</td>
<td>67,000</td>
</tr>
<tr>
<td>5.) Superstructure construction (road foundation, pavement, finishing works)</td>
<td>4,600,000</td>
</tr>
<tr>
<td></td>
<td><strong>8 M EURO</strong></td>
</tr>
</tbody>
</table>