I. Basic information
1.1. Désirée number: PL0005.04
1.2. Title: Border crossing in Kuznica
1.3. Sector: Administration
1.4. Location: Poland, Kuznica Bialostocka, Polish - Belarussian state border

2. Objectives
2.1. Wider objectives: Adjustment of Poland’s Eastern border to EU requirements
2.2. Immediate objective:
   a) Improve/upgrade border crossing operations, including:
   b) the reduction of the waiting time at the border
   c) enhancement of the performance of customs clearance procedures
   d) the increase of the safety of the future eastern border of the UE with regard to:
      • veterinary and phyto-sanitary, as well as sanitary and standardisation controls on the border
      • fighting with cross border crime - especially the smuggling of goods and people, customs fraud
   e) the improvement of work conditions of customs officers
   f) the improvement of the social conditions for all the users of the border crossing

2.3. Accession Partnership and NPAA priority
   The priority of „Accession Partnership” (AP) among short-term aims:
   - Agriculture: rationalisation of the control procedures - including veterinary and phyto-sanitary.
   - Justice and internal affairs: implementation of a national integrated strategy for administration of borders.
   among the middle-term aims:
   - Internal market: strengthening the integrated customs control,
   - Agriculture: development of the border phyto-sanitary and veterinary control posts
   - Justice and internal affairs: implementation of a system of border management and security, improvement of institutional effectiveness with regard to border security against illegal immigration, organised crime aspects and drug trafficking.
   (NPAA)
   - Justice and internal affairs: Adaptation of the state border protection system to the requirements of the EU.
   - Customs Code and the strengthening of customs administration: implementation of the Law of the Customs Code. Staff improvement and gradual infrastructure development for customs officers.
   - Agriculture: adaptation of the veterinary and phyto-sanitary border control to the EU standards

? Ability to perform services: preparing Poland to take part in the common tourist market by supporting the development of certain selected brand tourist products (including cross-border ad transit tourism), and the infrastructure connected with them.

- Transport: modernisation of the transport infrastructure in order to include it in the future to the trans-European road network.

2.4. Contribution to the National Development Plan:
   The assumptions and effects of its realisation consider the aims and priorities included in the „Introductory National Development Plan 2000-2002”. They are also included in the “Development Strategy of Podlaskie Voivodship” and the “Strategy of the Integrated Border Management”.

2.5. Cross Border Impact:
   The international customs post in Kuznica is strategic due to its favourable location in the road communication system, as well as owing to the number of people and means of transportation crossing the border at this particular border crossing.
   The development of the post and adapting it to EU standards will definitely have a huge impact on the development of cross-border co-operation, especially in the field of business. The interest of both Polish and foreign citizens in the eastern market will continue to increase and the creation of an infrastructure
which would be able to cope with the present and the future needs of cross-border traffic will definitely activate cross-border co-operation. This will also enable a much faster development of the by-the-border infrastructure including services and tourism, causing a major social and economic development of the region.

3. Description:

3.1. Background and justification:
The border crossing in Kuznica was opened in 1968. At first it served only for passenger traffic purposes, bilateral and limited cargo traffic including the so-called border exchange of the border voivodships.

The border post in Kuznica Bialostocka - Bruzgi was qualified for unlimited international cargo and passenger transport in result of the agreement between the Polish and Belarussian governments of 24th of April 1992.

The post is located in the temporary mobile buildings and does not satisfy the aims it was originally created for.

In this situation, the Voivode Podlaski, decided to enlarge the post. The post will cover almost 18 ha and it will have the traffic capacity of cargo trucks to 1500 cars per day, along with 8000 passenger cars a day.

The realisation of the project of the departure platform is the first step of the entire undertaking.

3.2. Linked activities:
In the years 1996 - 1998 only a small part of the road to the border crossing in Kuznica Bialostocka - Bruzgi was completed thanks to Phare funds.

3.3. Results:
As a result of the realisation of the assumed purpose of the project there will be created a departure platform from Poland, which will include all the necessary warehouses, roads, and car parks.

3.4. Activities:
The programme of modernisation of the border crossing Kuznica Bialostocka - Bruzgi includes the departure platform for the crossing. The following will be completed in the course of the project:

- a building for detailed control of transport cars with adjacent service area for spedition, insurance and currency exchange number 3, oil boiler room and heating oil supply tank 1 836,95m².
- unloading ramp (600 m²) together with a station roof (900 m²) at the building number 3
- a building for customs and passport control for trucks number 5 (52,3 m²),
- a building for customs and passport control for pedestrians number 8 (152,5 m²)
- two buildings for passport control and the scale operator number 9 with the area of 39,3 m² each along with suitable cars weights
- two buildings for guards number 12 (18,3 m² each)
- roads, car parks and pavements and other facilities

from the PHARE funds - 6.700.000 EURO

- roads, car parks and pavements
- the connection road between Poland and Belarus
- station roof numbers 17, 17A, 17B, 17C, 17D

Roads, car parks and pavements along with 200 meters of the road in both directions from the Polish border in the direction of the border crossing Bruzgi in Belarussia will be put into realisation. This will be only possible thanks to the levelling of the ground in the area of the crossing and finding an optimum solution for the communication system in the area of the border crossing Kuznica Bialostocka - Bruzgi, which will both decrease the costs of the enterprise.

The total cost of the departure platform of the international border crossing in Kuznica Bialostocka : 14.473.121 EURO including the PHARE funds = 6.700.000 EURO

4. Institutional framework
The project is included in the "Plan for Development of the National Border in 2000" and "The Strategy for Integrated Border Management".
This development fulfils all our obligations to Belarus (bilateral agreement) and EU, where Poland is an associated member.

The duties of the ‘Engineer’ shall be performed by the "Przedsiębiorstwo Obsługi Inwestycji" (Investment Services Company) in Białystok. The party ordering the project (Employer) is the Podlaski Voivodeship.

After the project has been completed, Podlaski Voivodeship will be the owner of the post (State Budget) - the post shall be public property.

5. Detailed budget: (MEURO)

<table>
<thead>
<tr>
<th></th>
<th>Phare</th>
<th>Institution Building (IB)</th>
<th>Total Phare (=I+IB)</th>
<th>National cofinancing</th>
<th>IFI*</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Contract 1</td>
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<td>6.7</td>
<td>6.7</td>
<td>7.7</td>
<td>-</td>
<td>14.4</td>
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<tr>
<td>Total</td>
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<td>6.7</td>
<td>6.7</td>
<td>7.7</td>
<td>-</td>
<td>14.4</td>
</tr>
</tbody>
</table>

The Polish authorities have assured that the Government cofinancing is available either through the reserve budget foreseen specifically by the Ministry of Finance for this purpose each year, or directly through the budget of the relevant Ministry.

6. Implementation Arrangements

6.1 Implementing Agency: The Implementing Authority for Phare Cross Border Co-operation Programme; Krucza 36 Street; 00-522 Warsaw; phone +48 (0)22 695 99 10-11; fax: +48 22 695 99 12-13; e-mail: Phare@wwwpwp.it.pl

Project Authorising Officer (PAO): Under-secretary of State in the Ministry of Interior and Administration, S. Batorego 5 Street; 02-591 Warsaw, phone +48 (0)22 621 03 91; fax: +48 22 849 52 13, e-mail: wydzei@die.mswia.gov.pl

6.2 Non standard aspects: n.a.

6.3 Contracts:
An international open tender will be carried out. One contract of total value 14 473 121 EUR will be signed.

7. The implementation schedule:
7.1. Start of tendering/call for proposals
Tender specifications will be ready by the 4th quarter of 2000

7.2. Start of project activity;
The expected date of commencement of the first contract was planned for the 2nd quarter of 2001

7.3. Project completion:
The project is to be completed by the 4th quarter of 2002.

8. Equal Opportunity
The effect of the project will be available for both men and women. The only criterion in the selection of employees for the purpose of the realisation of the project will be the professional qualifications of a person.

9. Environment
In the process of designing the project, the elimination of its negative impact on the natural environment was taken into consideration. An act called "The Complex Estimation of the Project's Influence on the Natural Environment of the "Development of an International Road Border Crossing in Kuznica" was developed by: Prof. Andrzej J. Królikowski - an expert from the Ministry of Environmental Protection, Natural Resources and Forestry, No 172 with regard to water protection and Dr inż. Krzysztof Nytko - an expert from the Ministry of Environmental Protection, Natural Resources and Forestry, No 478 with regard to the influence on the environment.

The evaluation is available at the seat of the beneficiary.
10. Rates of return
The economic profitability ratios allow for the implementation of the project. The updated net worth of NPV is estimated at 10,64 MEUR (in 25 years). The IRR ratio of internal economic profitability is at 21.6%. The return on the investment for the discount values takes place in the 7th year following the completion of the investment. Summary of the report on the economic analysis constitutes Appendix No 4.

11. Investment criteria:
11.1 The catalytic effect:
The Phare help will speed up the realisation of the investment "Development of an international road border crossing in Kuznica Bialostocka - Bruzgi - 1st stage - Departure Platform from Poland". The initiation of the project will cause:
- an increase in trans-border co-operation
- an increase in the number of small and medium size enterprises in the area adjacent to the border
- an improvement in the security of the future inner EU border o the EU

11.2. Cofinancing:
The financial assistance from Phare - 6,700,000 EURO - is almost 46.3% of the costs of the project, the remaining 53.7%, that is 7,773,121 EURO, will be contributed by State budget of Poland.

11.3. Additionality:
The modernisation of the crossing is one of the tasks of the state administration. The financial aid is a means of supplementing the budget resources. Without the Phare funds, the investment would be impossible to carry out in the planned scope and time.

11.4. Project readiness and size:
The international road border crossing in Kuznica Bialostocka - Bruzgi has a very high degree of road traffic, thus the need to increase the capacity of the post has become a necessity. The Belarussian side has started the modernisation of the crossing in Bruzgi. The investment is in the course of its realisation. Much of the construction, as well as road building works have been completed from Belarussian and Russian funds. The Polish side has established the programme of the modernisation, together with the technical documentation. The technical and economic analyses of the investment have also been conducted. Moreover, an evaluation of the investment's impact on the natural environment has been developed. The land acquisition has taken place. The technical documentation is ready, the tender documentation is under preparation. The project is ready for immediate realisation.

11.5 Sustainability:
One of the priorities of the project is adapting the infrastructure to the standards of the EU. Following Poland's accession to the EU, the present border between Poland and Belarus will be the eastern border of the EU.

The investment is one of the tasks of the government administration, therefore the costs of the post will be covered from the Voivode budget (the means are secured in the annual budgets).

11.6. Compliance with state aids provisions: n.a.

11.7 Contribution to National Development Programme:
The project constitutes part of the integrated development strategy as defined in The Strategy for the Integrated Border Management by the Ministry of Internal Affairs and Administration, January 2000

### Appendix 1: Logframe

<table>
<thead>
<tr>
<th>Projects number</th>
<th>Indicators of achievement</th>
<th>Means of measuring achievements indicators</th>
<th>Date of drafting project: March 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wider Objective</td>
<td>Adjustement of Poland's border management operations and JHA requirements Social and market development of the region and enhancing safety of travelling in the region</td>
<td>- increase in GDP per capita - decrease in unemployment - decrease in crime rate</td>
<td>3-5 years after project's completion Statistical Offices: the Main and Voivodship Statistical Office</td>
</tr>
<tr>
<td>Immediate Objective</td>
<td>- increasing the number of cars passing through the post in passenger and cargo traffic departing Poland and increasing the efficiency of customs officers in the post</td>
<td>- increase in passenger traffic by 300% a day and cargo traffic by 800% per day in the departure traffic from Poland - adaptation of service quality to EU standards</td>
<td>1st year after project's completion border duties in the departure direction from the post</td>
</tr>
<tr>
<td>Output</td>
<td>- departure platform from Poland</td>
<td>- a post suitable for 4000 passenger cars and 750 transport cars crossing a day</td>
<td>3-5 years after project's completion</td>
</tr>
<tr>
<td>Input</td>
<td>- warehouses and offices - station roof over the control area - roads and car parks with a road connecting Poland and Belarus to the crossing</td>
<td>- 1 contract</td>
<td>- any changes in customs procedures on the Belarus side - good macroeconomic conditions.</td>
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### Annex 2: Cumulative implementation, contracting and disbursement schedule

| Date of drafting | 06.04.2000 |
| Planning period | 01.2001-12.2002 |

<table>
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<tr>
<td>Disbursement</td>
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<td>3.7</td>
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<td>6.7</td>
<td>6.7</td>
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</tbody>
</table>
Appendix 4

Summary of feasibility study

In the economic analysis the following aspects were taken into consideration:

direct costs:
- building costs:
  2001 r. : 6693.7 thousand. EUR,
  2002 r. : 7813.6 thousand. EUR;
- funds for the maintenance of the border crossing being developed, including increased employment
  1200 thousand EUR / year and further 1700 thousand EUR / 5 years for renovation;
- funds for road maintenance:
  2450 thousand EUR in 2017r.
  HDM III (Highway Design Maintenance Standards of the World Bank) was used for analysis. A generated increase in traffic was assumed at 20%.
  for the period until the completion of the construction or reconstruction of other crossings or access roads.
  The amount of money mentioned is necessary for the technical maintenance. of the road from Kuznica to Bialystok at a state. It would be in had the border crossing not been built;
- costs of the increased amount of car accidents (due to the increase in car traffic):
  361.5 thousand EUR / 1 year;

direct profits:
- from charges and fees:
  car scales – 576 thousand EUR/ year,
  reduction of smuggling – 535 thousand EUR / year (it is assumed that better control conditions will reduce smuggling by 50%),
  other fees – 710 thousand EUR/ year (due to the generated traffic);
- from the time savings:
  3252 thousand EUR / 1 year (in 2000). The waiting time for passport control will be reduced by 3.5 hours at average. The following costs per person were established:
  passenger 0.6 EUR/ hour. (87% foreign cars),
  truck or bus crew 1.6 EUR/ hour.,
  cargo 0.2 EUR/ hour.

Indirect profits not accounted quantitatively:
- an increase in employment in the period of the project development, following by another 70 jobs in the time of the crossing’s functioning,
- a decrease in car fumes emissions - owing to the construction of car parks, awaiting cars will be able to have the engines turned off. It is especially important in the winter time when the car cabins need to be heated.

Result:

I. The analysis period was 25 years:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
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<tbody>
<tr>
<td>The updated net NPV value</td>
<td>10.64 mln EUR</td>
</tr>
<tr>
<td>Internal economic profitability rate of IRR</td>
<td>21.6 %</td>
</tr>
<tr>
<td>The income / BCR costs ratio</td>
<td>1.8</td>
</tr>
<tr>
<td>Return on investment for discounted values</td>
<td>7 years after completion</td>
</tr>
</tbody>
</table>

The positive value of the NPV indicator and a greater than one value of the BCR indicator, along with the relatively short time of return on the investment, indicate a good effectiveness of the investment. Therefore, even in a situation when the crossing will not be as burdened as it had been assumed due to, for example, the introduction of visa obligations, political reasons, or a prolonging economic stagnation in Belorus, the profitability of the investment should still be assured.
Elaborated evaluation of the influence of the investment on the natural environment

The development of the international road border crossing between Poland and Belarus in Kuznica is at the stage of planning. It was located in the proximity of the national road number 18, about 1 kilometre from Kuznica in the eastern direction, on the grounds of the currently used crossing. The development is aimed mainly at increasing the traffic by building several modern buildings, larger than the ones used now. They will enable better service for the customers and better working conditions for the staff.

The basic problems connected with environmental protection caused by the planned investment, which is to be located in the territory of protected landscape of the Sokólskie Hills, is the protection of the surface waters of the Lososna River, the inflow of Niemen, as well as the emission of air pollution connected with the activities of a solid waste burner and oil boiler rooms, and the acoustic climate in the regional of the crossing.

With regard to the protection of surface water, the construction of equipment for retaining and treating rain water waste from the area of the post is planned. The River Lososna will receive all the treated water. Protection of the underground water is not a problem as the hydrogeological conditions are perfect and with water-carrying layer is well insulated from the surface waste.

With regard to the protection of air quality, the most vital sources of pollution have been identified, together with their impact on the change of quality of air in the proximity of the post. The main threat to air quality is the solid waste burner unless all critical rules concerning it are strictly obeyed.

With regard to acoustic pollution, experts have identified all the vital sources of noise and the zone where the noise from the post is audible, was clearly marked on the maps. It was also stated that the noise of the post in the course of the post's functioning will not seriously affect the so called acoustic climate of the surrounding areas.

One of the elements of the natural environment threatened seriously by the development of the post is the soil and soil - water environment. Proper use of land, strict rules of sewage disposal and burning all solid waste will definitely reduce the impact of the investment on the natural environment.

The use of low and high trees and shrubs in the area of the post and displacing the monuments of the natural environment, as well as composing the modern architecture o the post in the surrounding area, will undoubtedly improve the landscape.

The planned development of the border crossing, its position and natural conditions, as well as the equipment and technical solutions utilised in this investment, will reduce the potential negative impact on the environment. Such policy will cause no threat to the current state of the environment in the area of the post.