1. Basic Information
1.1. Désirée Number: PL0008.01.04
1.2. Title: Warminsko-Mazurskie - Road access to bridge over Elblag river
1.3. Sector: Transport
1.4. Location: Warminsko-Mazurskie Voivodship, Poland

2. Objectives
2.1. Wider objective:
The wider objective of the project is to create conditions for achieving greater economic and social cohesion of the Warminsko-Mazurskie Voivodship by provision of transport infrastructure.

2.2. Immediate objectives:
The immediate objectives include:
- the development of regional level infrastructure necessary to reach growth targets in the selected regional priority area;
- increased competitiveness of the area as an investment location, leading to increases in investments and income;
- creation of new jobs related to improved transport infrastructure;
- increased safety of travel and decreased strain on local communities in vicinity of overcrowded transport routes.

2.3. Accession Partnership and NPAA Priority
The project responds to the medium term priority identified in the Accession Partnership – developing national policy for economic and social cohesion and preparing for the implementation of regional development programmes as well as Community Initiatives. This priority is also included in the NPAA.

2.4. Contribution to the Preliminary National Development Plan
Transport infrastructure plays a key role in efforts to reduce regional disparities in economic performance. Therefore one of the priorities for the country’s cohesion policy identified in the Preliminary National Development Plan (annexed to NPAA) is “Integration of the Polish economy through modernisation and enlargement of transport networks”. Since the activities under the priority are concentrated on transport infrastructure located in the Trans-European Networks, they shall be complemented by the actions carried out in the regions, contributing to the achievement of economic and social cohesion of the country. They have been described under the priority “Strengthening development potential of regions and counteracting marginalisation of certain areas”. One of the proposed measures under this priority is “Development and modernisation of infrastructure serving to strengthen competitiveness of the regions”. It identifies co-financing of regional transport infrastructure as a principal element of building endogenous potential for economic development and regional competitiveness.

The project is therefore in line with both the PNDP and the operational programme for the Warminsko-Mazurskie voivodship. It will be implemented under the OP priority “Development of the infrastructure above the local level” and will aim at upgrading the access to areas and locations in the region, enabling the creation of value added within the regional and local economy.

3. Description
3.1. Background and justification:
The Warminsko-Mazurskie Voivodship Outline of Operational Programme stresses the need to develop key elements of regional level infrastructure, and especially of transport infrastructure in a region characterised by an inadequate network of roads, as a pre-condition for attaining growth targets in regional cohesion. One of the key aspects which has been identified is in the area of selected transport routes which directly affect the access to those target markets, which are a priority for the regional economy. Through this access attained by the businesses located in the given area of the region, it will attract new investors and businesses, creating jobs and diversifying the economic base of the region.

With only limited resources at its disposal, a number of priority projects were selected for implementation, including the project located in Elblag. The city is the second major regional level investment location, and the modernisation of the road network - including the construction of the new bridge in this area - is necessary to ensure proper accessibility for businesses, influencing the competitiveness ratios of this location as compared to other regions; therefore it has been identified by the town authorities as a key element of its development plans. The location of Elblag, which is a port town in the vicinity of the border with Russia...
(Kaliningrad province) with growth opportunities related to the development of Baltic Region co-operation, influenced the selection of this project for priority action.

Elblag has currently only one bridge crossing over the Elblag River. Because Elblag is situated on both sides of the river, with the largest concentration of industrial enterprises and large warehouses located in the north-western part of the town, all the freight and passenger traffic for these enterprises goes through the town centre. Construction of the second bridge will help to link transport routes (avoiding the town centre) with the communication lay-outs in the directions of Gdansk, Warszawa, and the border-crossings with the Russian Federation. The construction of this bridge is currently taking place.

What is now urgently needed is the speeded up construction of the access roads linking the new bridge with the existing road system, and the modernisation of the linked bridge over the railway line, thus creating conditions for decongesting a major bottleneck in the local and regional transport system. The project together with the bridge over the Elblag river constitutes the first northern part of the planned bypass of Elblag Town, creating a direct connection between the river port in Elblag Town and the river bridge crossing, and an indirect connection to the Vistula Backwater at the distance of 10 km.

The project will improve the effectiveness of Elblag’s road infrastructure, which serves 130,000 inhabitants, and in particular improve linkages of the industrial part of the town with important transport routes, thus upgrading conditions for business creation and development. It will therefore help in enhancing Elblag competitiveness in the region of the Baltic Sea basin. The development of Elblag is an important part of the region’s development strategy.

3.2. Linked activities:
Several transport projects have been carried out in Warminsko-Mazurskie voivodship under the previous PHARE programmes. These included:

- PL9207 STRUDER – 7 projects, totalling 545 000 EUR, of which 295 000 EUR from Phare,
- PL9509 RAPID – 3 projects, totalling 554 000 EUR, of which 219 000 EUR from Phare,
- PL9609 STRUDER 2 – 3 projects, totalling 354 000 EUR, of which 91 000 EUR from Phare.

It is assumed that transport projects will be also carried out under Phare 99 “Regional development in Mazury and Podkarpacie regions”.

In the area of regional development, the Warminsko-Mazurskie voivodship is a beneficiary of INRED programme (PL9706) and Special Preparatory Program for Structural Funds (PL9808) under the action “Elaboration of an Objective-1 type Operational Programme for Olsztyn”.

3.3. Results:

- increased numbers of investors seeking investment opportunities in locations whose accessibility has been upgraded through project;
- shortened time necessary to reach business target points in the region for SMEs from the Elblag and other areas;
- facilitated direct access of customers to 230 SMEs;
- decreased costs of transport for 570 businesses active in Elblag Town;
- reduced gas emissions and noise in the centre of Elblag;
- numbers of accidents lowered at statistically important ratios;
- transport time through Elblag area measurably shortened;

3.4. Activities:
The full transport infrastructure development action in the Elblag area includes three main elements:

- construction of bridge over the Elblag river (under realisation; financed from Polish sources at 5.4 million euro - budgets of Elblag Town Office, Warminsko-Mazurskie Voivodship and Ministry of Transport and Maritime Economy);
- construction of access roads constituting a northern part of the Elblag bypass, including junctions (Brzeska street and junctions with Browarna, Radomska and Nowodworska streets);
- modernisation of bridge over railway line.

Under the Phare 2000 project the following activities will be included:

- Component 1 – Construction of access roads to the bridges over the Elblag river and railway line, including junctions (Brzeska street and junctions with Browarna, Radomska and Nowodworska streets): 1625.5 m in total (Phare financing)
- Component 2 – Modernisation of the bridge over the railway line: 366.62 m (Polish financing)

All project activities will be implemented with the use of the project impact assessment guidelines developed for the Phare 2000 ESC Programme by the IA. These will include comparative benchmarking analyses of beneficiaries and non-beneficiaries to gather statistically significant data for future programming exercises.
4. Institutional framework
The beneficiary of the project will be the town authorities of Elblag, who are the Owner of the infrastructure (Employer under FIDIC rules).

5. Detailed Budget (mln EURO):

<table>
<thead>
<tr>
<th>Component 1 - Construction of Access Roads</th>
<th>Investment (IN)</th>
<th>Institution Building</th>
<th>Total Phare (=IN+IB)</th>
<th>National Co-financing</th>
<th>IFI*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 2 - Modernisation of the bridge over railway line</td>
<td>2.70</td>
<td>0</td>
<td>2.70</td>
<td>2.00</td>
<td>-</td>
<td>4.70</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.70</td>
<td>0</td>
<td>2.70</td>
<td>3.30*</td>
<td>0</td>
<td>6.00**</td>
</tr>
</tbody>
</table>

* The amount of 0.261 mln euro from the Polish co-financing is assigned for administrative costs of the project including costs of the tender documentation and costs of the contract with the independent Engineering and substitute investor (Transprojekt Gdanski Ltd.).

** Phare: 2.70 mln euro (45%), Elblag Town (municipal gmina): 1.67 mln euro (27.83%), Voivodship: 0.20 mln euro (3.33%), Central budget: 1.43 mln euro (23.84%).

Polish co-financing will be exclusively provided from public sources. Appropriate steps have been taken in the planning procedures for local, regional and central budgets so as to ensure this co-financing for the full implementation of the project.

6. Implementation arrangements
6.1. Implementing Agency
PAO: Undersecretary of State at the Ministry of Regional Development
Implementing Agency: Polish Agency for Regional Development

6.2. Twinning: n.a.

6.3. Non-standard aspects
All works will be tendered and contracted according to DIS and FIDIC rules.

6.4. Contracts: One contract of 2.7 M€ is foreseen for the project.

7. Implementation schedule:
7.3 Project Completion: June 2003.

8. Equal opportunity:
Procedure with the project implementation will be based on the Polish law ensuring equal opportunity for all interested entities and physical persons irrespective of their sex, race and nationality. Participation of men and women in employment will be based on applied standards of the European Community concerning EOE (Equal Opportunity of Employment), which will be assured in the official advertisement in press at the recruitment of employees.

9. Environment:
A complex Environmental Impact Report has been prepared together with the technical documentation. Construction of the bridge and access roads in the route of future north bypass of Elblag Town will decrease the motor vehicle noxiousness for the environment, improve the traffic fluency and result in reduction of exhaust gas emission.
The report ”Evaluation of technical design solutions for the bridge-crossing over the Elblag River” includes an analysis of: air protection; protection against noise and vibrations; protection of surface waters; impact on human life an health; impact on surface waters; impact on acoustic climate condition in the environment; impact on atmospheric air condition; changes in natural environment and landscape; impact on soil.

10. Rates of return:
The Economic Appraisal has been prepared for the project showing IRR equal to 40.4%. Return of expenditure for construction of the bridge, access roads and modernisation of the bridge over railway line (at the discount rate of 12%) will come in the 4th year after the bridge crossing has been put in operation.
The Economic Appraisal was prepared by an independent Expert Team in 1998 and was based on the
guidelines of the Road and Bridge Research Institute and World Bank recommendations.

11. Investment criteria:
11.1. Catalytic effect
Phare support will be conducive to achieving economic and social cohesion goals in the Warminsko-Mazurskie Voivodship, which otherwise could be attained only after a much more extended period of time and on a more modest and less efficient scale. Phare assistance will result in significant acceleration of the upgrading of transportation infrastructure in Elblag area to the European standards, which has been postponed owing to shortage of funds.

11.2. Co-financing
The project demonstrates clear co-financing by the Polish partners. The funds of Phare ‘2000 Programme will constitute one of the several sources of project financing. Co-financing of the project by the Polish side is assured and includes participation of central government and local and regional self-governments.

11.3. Additionality
The Phare project is not displacing other financing sources, especially from the private sector and IFI system, it is co-financing identified priorities and not taking the place of national resources.

11.4. Project readiness and Size
The project will be ready for contracting and disbursement, as the planned activities meet all conditions for co-financing by the start of the project implementation. State of preparation for contracting allows to begin implementation in the beginning of year 2001, with completion in 2003. The year 2000 will be used for execution of preparatory works.

11.5. Sustainability
The project will contribute to the long term sustainable development of the region, as described in the Warminsko-Mazurskie Voivodship Operational Programme. Maintenance of reconstructed sections is assured by the President of Elblag.

11.6. Compliance with state aids provisions
All aspects of the project will be developed with respect to the state aids provisions of the Europe Agreement.

11.7. Contribution to the Preliminary National Development Plan
The project is in line with two priorities of the Preliminary National Development Plan and as such will contribute to increase of economic and social cohesion of the country and region.

12. Conditionality and sequencing:
Benchmark:
- Financing memorandum signed by end of 2000
- Preparations for implementation of the actions co-financed by Phare ended by March 2001
- Resources earmarked for Phare co-financing of programme reach National Fund in January 2001
Annex 1: LOGFRAME PLANNING MATRIX FOR PROJECT

<table>
<thead>
<tr>
<th>Wider Objective</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The wider objective of the project is to create conditions for achieving greater economic and social cohesion of the Warminsko-Mazurskie Voivodship by provision of transport infrastructure.</td>
<td>the density of roads of good quality moving towards the national average</td>
<td>experts reports, statistical data on the level of economic development in the region</td>
<td>continuing growth in the national economy, continuing process of the integration with the European Union, ongoinf financing of the project from the Polish side</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Immediate Objectives</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>the development of regional level infrastructure necessary to reach growth targets in the selected regional priority area; increased competitiveness of the area as an investment location, leading to increases in investments and income; creation of new jobs related to improved transport infrastructure; increased safety of travel and decreased strain on local communities in vicinity of overcrowded transport routes.</td>
<td>lengths and density of the sections of modernised (of good quality) road number and value of new investments number of car accidents after one year number of new work places created traffic flow after one year total journey time saved by users after one year number of houses suffering from pollution</td>
<td>experts reports, statistical data</td>
<td>feasibility studies and environment impact assessments accepted as basis for project co-financing by Phare; co-financing of project by the beneficiary; maintaining timetable set in the programme; all contracting, reporting and monitoring conditions are met</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>facilitated direct access of customers to 230 SMEs; decreased costs of transport for 570 businesses; reduced gas emissions and noise in the centre of Elblag; increased flow of tourists to region.</td>
<td>density of roads of good quality number of people / value of goods passing the border and area using the upgraded route number of tourists arriving to the region number of car accidents number of new work places created pollution levels average travel speeds % of traffic using new infrastructure</td>
<td>experts reports, statistical data</td>
<td>changes in the policy towards the foreign investments</td>
</tr>
</tbody>
</table>

| Inputs: Construction works | | | |

Annex 2: Cumulative implementation, contracting and disbursement schedule

<table>
<thead>
<tr>
<th>Warminsko-Mazurskie - Bridge crossing Elblag river</th>
<th>Planning period</th>
<th>Date of drafting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget allocation cost estimate Phare</td>
<td>01-2001 - 12.2003</td>
<td>08.03.2000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<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>Implementation</td>
<td>D</td>
<td>C</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>Contracting</td>
<td>2,7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursement</td>
<td>0,405</td>
<td>1,075</td>
<td>1,75</td>
<td>2,425</td>
<td>2,7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex 3 Reference to feasibility/pre-feasibility studies

Feasibility Study
The Economic Appraisal was prepared by the independent Expert Team in April 1998, with the use of the World Bank's methodology. Economic appraisal was made based on two options:
- W0 (without investment made);
- W1 (with investment made).

The assessment has been prepared for the period of 20 years (1998-2017) showing IRR equal to 40.4% (2017). Return of expenditure for construction of the bridge, access roads and bridge rehabilitation (at the discount rate of 12%) will come in the 4th year after the bridge crossing has been put in operation. Considerably high IRR and return on investment in a medium perspective result from the significant shortening of the distance for crossing the Elblag river and savings made by vehicle users.

Environment
An Environmental Impact Report, together with the technical documentation, has been prepared in November 1997 by TRANSPROJEKT GDANSKI Ltd. Construction of the bridge and access roads, creating the future northern bypass of Elblag Town will decrease the motor vehicle created pollution of the environment, improve the traffic fluency and result in reduction of exhaust gas emissions.

The report "Evaluation of technical design solutions for the bridge-crossing over the Elblag River" includes an analysis of:
- air protection
- protection against noise and vibrations
- protection of surface waters
- impact on human life an health
- impact on surface waters
- impact on acoustic climate condition in the environment
- impact on atmospheric air condition
- changes in natural environment and landscape
- impact on soil.

The environmental impact assessment was prepared according to the Polish law. The information about all planned investments included in the project was publicly available and all citizens had the opportunity to express an opinion about the project. The project and the environmental impact assessment were discussed and approved by the City Council Committee. The public consultations were conducted before application for the EU grant and therefore the standards of EC Directive 85/337 were fulfilled.