1. Basic Information
1.1. Desiree Number: PL01.06.03.01
1.2. Title: Road infrastructure Lódz area
1.3. Sector: ESC - Infrastructure
1.4. Location: Poland, Lódzkie voivodship, Lódz area

2. Objectives
2.1. Wider objective:
Strengthening economic and social cohesion of the Lódzkie voivodship through improvement of transport infrastructure

2.2. Immediate objectives:
Development of investment areas, 70 new enterprises established after 2 years in the investments areas accessed from the road (2 km around); 700 new jobs created; Improvement of traffic safety, decrease of indicator of accidents by 10% after 1 year (from 70 to 63 annually); Increase of traffic flow of vehicles, increase of vehicles by 10 % after 1 year (from 10 700 to 11 770 daily); Improvement of transport accessibility of the region

2.3. Accession Partnership and NPAA Priorities:
The project complies with the AP in relation to the medium-term objectives: Transport: ensuring of necessary investments in the scope of transport infrastructure - environmental protection: requirements concerning environmental protection must form an integral part of individual sectors policy. NPAA policy priority: implementation of provisions in the Scope of Polish road sector adjustment to EU requirements.

2.4. Contribution to Preliminary National Development Plan:
Transport infrastructure plays a key role in efforts to reduce regional disparities in economic performance. Therefore one of the priorities of PNNDP is “Strengthening development potential of regions and counteracting marginalisation of certain areas”. One of the proposed measures under the priority is “Development and modernisation of infrastructure serving to strengthen competitiveness of the regions”. It defines co-financing of regional transport infrastructure as a principal element of building endogenous potential development and regional competitiveness. The project is also in line with the operational programme for Lódzkie voivodship. It will aim at upgrading the access to towns and villages in the region, allowing creating added value in the regional and local economy.

2.5. Cross Border Impact:
not applicable

3. Description
3.1. Background and justification:
Lódz is located in the central part of Lódzkie Voivodship. It is the economic centre and main consumer market and goods distribution centre in the Voivodship. Because of its central location and economic base Lódz plays a key role in the economic activation of the region. The main fields of activity in the productive sector cover textile and food industry. In the Lódzkie Voivodship 61% of the working population is employed in SMEs. Over 207.000 SMEs are registered in Lódz. However, over 92% of these SMEs are so-called micro-enterprises employing not more than 5 employees. This indicates that there is a strong potential for socio-economic development of Lódz, which is not fully utilised. One of the main obstacles of the socio-economic development of Lódz is poor condition of existing regional roads. The area of Lódz is one of the two largest road junctions in the voivodship (the other one is Piotrków Trybunalski). The road Nr.713, which will be modernised within this project, has the status of voivodship road but it is the main transport route connecting Lódz with Tomaszów Mazowiecki (another important economic centre of the region) with expressway Nr.8 (Warszawa-Piotrków Trybunalski-(Katowice)-Belchatów-Wielun-Wroclaw). This road is also an important connection with Lódz and Tomaszów Mazowiecki for a number of smaller towns and villages from the area around Lódz. However, it should be noted that further, full exploitation of existing developing potential of this area requires increasing traffic capacity of the road, which is currently too low, and improving its quality. Implementation of the project will certainly lead to improvement of accessibility and attractiveness of the adjacent areas and will stimulate the business activities in towns and cities situated alongside the road. Significant increase in number of new SMEs is expected due to better access to new investment areas. Many potential investors show their interests in establishing new enterprises if they find favourable conditions concerning improvement of transport connections of this area. Many Foreign Direct Investments already settled in this part of Lódz (e.g. Bosch-Siemens, Merloni, Selgros, Solar, AIG) make their future
development dependent on further improvement of accessibility of this part of the city from other economic centres. Another element of economic potential of the region, which should be better utilised, is one of the biggest railway cargo terminals in Poland. Modernisation of the road No. 713 will improve access to the terminal and thus will indirectly stimulate establishing new enterprises and creating new jobs related to it. Development of all the above-mentioned, already existing or potential economic activities is crucial for further reconstruction of currently falling down textile industry and diversification of economic activities in the region. In addition, thanks to the implementation of this project new SMEs and jobs related to improved road infrastructure (e.g. in parking lots, gas stations, car service stations, bars, etc.) will be created. There are several gminas that will benefit from implementation of the project. Andrespol, Stróz, Kraszew and Tory will have their accessibility improved. Thus, their economic development is also expected. Modernisation of the road No. 713 will also facilitate access to Tomaszów Mazowiecki, which is an important regional economic centre. Recently, ceramic industry has been developing rapidly in the region since there are ceramic resources in Tomaszewski and Opoczynski Poviats. Łódzkie Voivodship is a main producer of tiles in Poland. 80% of total production of tiles in Poland come from this region. Implementation of the project will also significantly activate tourist regions of Tomaszów located on the Pilica River. Therefore, there are several important arguments in favour of this project. The research showed that the condition and traffic capacity of two sections of the road are presently below safety standards. These sections will be covered by the project activities. Two different entities managing these sections of the road No. 713 reached an agreement and are proposing a joint project of its reconstruction. For legal consideration, the implementation of the project was divided into two subprojects and two subcontracts (with different contracting authority) that will be mutually interrelated. Their implementation will be co-ordinated by the Marshall’s Office. According to simulations, there is neither any need to build a ring road nor any implementation capacities in the near future. The role of by-pass for Łódz area will be played by the future A1 motorway (from the east) and also A2 motorway (from the north). The voivodship road No. 713 will be the access road to the future A1 motorway (to start in 2006). In order to reconstruct the road the water supply network and rain water drains should first be constructed as they are mainly located under the surface of the road. Hence, the extension of these networks is an additional element of the project.

3.2. Linked activities:
The project is linked to the tasks, which have already been executed:
Road No 713 in Łódz - was reconstructed on the section from national road No 71 to Augustowska Street. The section was 4 km long. The modernisation was financed from the budget of the Łódz Municipality. On the area of Łódzkie voivodship (comprising of Łódzkie, Piotrkowskie and Sieradzkie previous voivodships), under STRUDER 2 and RAPID programmes 16 road projects of total value over 1 million Euro (including Phare funds of 0.60 million Euro) were developed.

3.3. Results:
Modernisation of regional road; Reduction of journey time between Łódz and Tomaszow by 15 minutes; Increase of ESS form 60 km/h to 85,7 km/h; Improvement of road quality; Upgrading of the road for heavy goods traffic, enhancement of load capacity form 80 kN/axle to 115 kN/axle; Improvement access to investment areas (127 ha in Lodz, 184 ha in Andrespol).

3.4. Outputs:
Reconstruction of voivodship road No 713 on the length of 3.175 km; Construction of the sewer system (1,7 km); Construction of the rain drain system (3,8 km). Investment contract intended to be implemented as two subprojects: Subproject 1: reconstruction of Rokicinska Street in Łódz from km 4+852 (Augustów Street) to km 6+388 (Hemanska Street). The section is 1.536 km long; Subproject 2: Reconstruction of Rokicinska Street in Andrespol from km 11+000 (Koscielna Street) to km 12+639 (Marysinska Street). The section is 1.639 km long. Subproject No 1 will cover, especially: construction of the second carriageway with three traffic lanes 10.5 m wide and an intersection; reconstruction of the current carriageway cross-section and its widening from 6.5 m to 10.5 m; construction of ∅0.30 m storm-water drainage of 1.4 km in length, including 32 street inlets; construction of a transformer station and lighting with 271 light sources; and construction of two pavements 3 m wide. Subproject No 2 will cover the following: reconstruction of the current carriageway (1.639 km in length) cross-section and widening from 6.0 m to 8.0 m; construction of two pavements and cycleways; construction of vehicle and pedestrian lanes on both sides of the road; construction of storm-water drainage 2.4 km long, including a separator; construction of 40 inlets, including terminals; construction of 1.7 km of sewerage, including connections to the adjacent streets; reconstruction of the junctions: Rokicinska-Marysinska, Rokicinska-Tuszynska-Brzezinska.

3.5. Inputs:
4. **Institutional Framework**
The Beneficiary of the project is: Lódz Municipal Office (Subproject No 1) and The Voivodship Road Administration in Lódz (Subproject No. 2). The Employer - Lódz Municipal Office (Subproject No 1) and The Voivodship Road Administration in Lódz (Subproject No. 2). Supervising engineer will be appointed within tender procedure. Investment owner after project realisation - Lódz Municipal Office (Subproject No 1) and The Voivodship Road Administration in Lódz (Subproject No. 2). The investment will be conducted in compliance with the Decentralised Implementation System regulations – “Practical Guide to Phare, Ispa & Sapard contract procedures”. The project implementation will not result in any changes in the institutional framework described above. The sub-projects implementation will be co-ordinated by the Marshall’s Office.

5. **Detailed Budget** value in MEuro

<table>
<thead>
<tr>
<th>Phare Support</th>
<th>Investment</th>
<th>IB</th>
<th>Total Phare</th>
<th>National co-financing</th>
<th>IFIs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-project 1</td>
<td>5.28</td>
<td>0</td>
<td>5.28</td>
<td>1.77</td>
<td>0</td>
<td>7.05</td>
</tr>
<tr>
<td>Sub-project 2</td>
<td>3.52</td>
<td>0</td>
<td>3.52</td>
<td>1.18</td>
<td>0</td>
<td>4.7</td>
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<tr>
<td>Total</td>
<td>8.8</td>
<td>0</td>
<td>8.8</td>
<td>2.95</td>
<td>0</td>
<td>11.75</td>
</tr>
</tbody>
</table>

Polish co-financing will be available.

6. **Implementation Arrangements**

6.1 **Implementing Agency:**
 PAO: Vice - Minister in the Ministry of Regional Development and Construction, Wspolna 4 St., 00-926 Warsaw, phone: + 48 22 661 91 19, fax: + 48 22 661 91 45.
 Implementing Agency: Polish Agency for Regional Development, Zurawia 4a St., 00-503 Warsaw, Phone:+48 22 629 28 88, Fax: + 48 22 627 22 46

6.2 **Twinning:** not applicable

6.3 **Non-standard aspects:** Not applicable. DIS regulations will be followed.

6.4 **Contracts:** Contract 1 (works): 11.1625 M€. Contract 2 (engineer): 0.5875 M€.

7. **Implementation Schedule**

7.1 **Start of tendering/call for proposals:** 4/2001
7.2 **Start of project activity:** 1/2002
7.3 **Project Completion:** 4/2003

8. **Equal Opportunities**
Participation of men and women in the project will be based on standards applied in the EU concerning EOE (Equal Opportunity of Employment), which will be ensured by the official advertisement in press during the process of recruiting the employees.

9. **Environment**
EIA was made in line with directive 85/337 and is available at the beneficiary’s office. It showed that the project will not deteriorate the condition of the environment alongside the road. However, the noise level may rise in certain areas. There are plans to erect noise screen in such areas. Once the project is underway, the noise level will be analysed again in order to verify the accuracy of the prior analysis results and the provision of additional noise screens, if needed.

10. **Rates of Return**
The IRR is 27.43%. A comprehensive economic analysis and the feasibility study were completed in August 2000 and are available at the beneficiary’s office.

11. **Investment Criteria**

11.1. **Catalytic effect:**
The Phare support will be conducive to the achieving of economic and social cohesion goals in the Lódzkie voivodship, which otherwise could be attained only in a more distant future and on a more modest and less efficient scale.

11.2. **Co-financing:** The project is co-financed by the Polish partners.

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

11.4. Project readiness and size:
Technical documentation of the project has been completed. Land acquisition will be completed by October 30, 2000. Building permits for Subproject No 1 and No 2 will be issued by November 20, 2000. Technical studies are currently under way. Project is ready for implementation.

11.5. Sustainability:
The project will contribute to the long-term sustainable development of the region, as described in the Operational Programme for Lódzkie Voivodship. After completion, all maintenance and operating costs related to the investment will be covered by the beneficiary.

11.6. Compliance with state aids provisions:
The investment complies with the European Agreement with regard to state aids.

11.7. Contribution to National Development Plan:
The implementation of the project conforms to the priorities defined in the Preliminary National Development Plan and will contribute to the achievement of its objectives.

12. Conditionality and Sequencing
Co-funding of specific activities will be conditional on:
- co-financing of project by the beneficiary;
- maintaining timetable set in the programme;
- appropriate environmental impact assessments and feasibility studies conducted and accepted by the start of project implementation;
- completion of land acquisition before the start of tendering;
- obtaining building permission before the start of tendering;
- all tendering, contracting, reporting and monitoring conditions met;
- selecting contractor enable for proper realisation of works.

Benchmarks:
- Financing memorandum signed by end of 2001
- Land acquisition by October 2000
- Construction designs prepared by the end of September 2001.
- Feasibility Study and Environmental Impact Assessment ready
- Preparation of tender documentation by August 2001
- Resources earmarked for Phare co-financing of programme reach National Fund in January 2002
- Beneficiary contracts project activities by April 2002
**Annex 1: LogFrame Planning matrix for project**

<table>
<thead>
<tr>
<th>Date of drafting:</th>
<th>August, 2000</th>
</tr>
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<tbody>
<tr>
<td>End Contracting:</td>
<td>15/12/2003</td>
</tr>
<tr>
<td>End Disbursement:</td>
<td>15/12/2004</td>
</tr>
<tr>
<td>Planning period:</td>
<td>2002-2004</td>
</tr>
<tr>
<td>Total Budget of project Phare:</td>
<td>11.75MEURO</td>
</tr>
</tbody>
</table>

### Project Number

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Road infrastructure Lodz area</th>
</tr>
</thead>
</table>

#### Wider Objective:

<table>
<thead>
<tr>
<th>Indicators of Achievement:</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening economic and social cohesion of the Łódzkie voivodship through improvement of transport infrastructure</td>
<td>• Increase of regional GDP per capita&lt;br&gt;• Decrease of unemployment rate</td>
<td>• Statistical data of GUS (Central Statistic Office)&lt;br&gt;• Fast track growth of Polish Economy&lt;br&gt;• Implementation of active forms of combating unemployment</td>
</tr>
</tbody>
</table>

#### Immediate Objectives:

<table>
<thead>
<tr>
<th>Indicators of Achievement:</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhancing investment attractiveness of the Łódz area&lt;br&gt;Improvement of traffic safety&lt;br&gt;Increase of traffic flow of vehicles&lt;br&gt;Improvement of transport accessibility of the region&lt;br&gt;Development of investment areas</td>
<td>• 70 new enterprises established after 2 years in the investments areas accessed from the road (2 km around)&lt;br&gt;• increase of the number businesses and inhabitants connected to the new infrastructure (sewer and rain drain systems): 150 firms and 500 inhabitants connected&lt;br&gt;• decrease of accidents by 10% after 1 year (from 70 to 63 annually)&lt;br&gt;• increase of vehicles by 10 % after 1 year (from 10 700 to 11 770 daily)</td>
<td>• traffic research,&lt;br&gt;• police accident statistics,&lt;br&gt;• research by environmental protection agencies,&lt;br&gt;• data concerning the region’s development&lt;br&gt;• statistical data concerning environmental pollution,&lt;br&gt;• Expert reports&lt;br&gt;• Evaluation reports&lt;br&gt;• economical increase of the state and region</td>
</tr>
</tbody>
</table>

#### Results/Outputs:

<table>
<thead>
<tr>
<th>Indicators of Achievement:</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reconstruction of regional road&lt;br&gt;Reduction of journey time between Łódz and Tomaszow&lt;br&gt;Improvement of road quality&lt;br&gt;Creation of new jobs&lt;br&gt;Improvement access to investment areas&lt;br&gt;Construction of the sewer system&lt;br&gt;Construction of the rain drain system</td>
<td>• Reconstruction of voivodship road No 713 on the length of 3.175 km&lt;br&gt;• Reduction of journey time by 15 minutes (increase of ESS from 60 km/h to 85,7 km/h)&lt;br&gt;• Enhancement of load capacity from 80 kN/axle to 115 kN/axle&lt;br&gt;• 700 new job places created after 2 years the investments areas accessed from the road&lt;br&gt;• 310 ha of investment areas accessed from the road&lt;br&gt;• Construction of the sewer system on the length of 1.7 km&lt;br&gt;• Construction of the rain drain system on the length of 3.8 km</td>
<td>• reports of EU consultants,&lt;br&gt;• road traffic measurements,&lt;br&gt;• environmental audits,&lt;br&gt;• police statistics,&lt;br&gt;• data of transport companies&lt;br&gt;• Statistical data of the Municipality Office&lt;br&gt;• Municipality annual reports&lt;br&gt;• Expert reports&lt;br&gt;• timely flow of all available funds,&lt;br&gt;• adequate qualifications of the general contractor and sub-contractors,</td>
</tr>
</tbody>
</table>

### Activities/Inputs

- reconstruction of voivodship road No 713 on the length of 3.175 km and construction of new sewer system (1.7 km) and rain drain system (3.8 km)
- funds from the state budget and Phare in the adopted proportions (financial input: 11.750 MEURO, including 8.800 MEURO from Phare).
## Annex 2-4: Cumulative implementation, contracting and disbursement schedule

<table>
<thead>
<tr>
<th>Date of drafting:</th>
<th>08.2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning period:</td>
<td>2002-2004</td>
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### Road infrastructure Lodz area

<table>
<thead>
<tr>
<th>Planned</th>
<th>cost estimate Phare in MEURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV'01</td>
<td>I'02</td>
</tr>
<tr>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>Implementation</td>
<td>C</td>
</tr>
<tr>
<td>Contracting</td>
<td>8.8</td>
</tr>
<tr>
<td>Disbursement</td>
<td>1.10</td>
</tr>
</tbody>
</table>

Legend: D = design of sub-project / C = tendering and contracting / I = contact implementation and payment
ANNEX No. 5.1 - CONCLUSIONS OF ENVIRONMENT IMPACT ASSESSMENT

The estimation of the investment project effect on the environment includes detailed information on sources and factors of noxiousness affecting the environment.

It has been presented in three parts:

The first part describes the existing and planned state of the investment, characterization of technical solutions concerning the land, environment condition, how the environment will be used in the construction and operation phases, factors minimizing the investment effect, possible emergency situations, evaluation of effect on other environment elements, and determines boundaries of the area with over and above standard effects.

In the second part, an analysis of air pollution is drawn up; pollutant emission and air pollution state is calculated.

In the third part, the noise level and the effect range of noise emitted by vehicles are calculated.

The calculations of air pollution state, noise level caused by traffic and the analysis of the provided solutions relating to rain water draining as included in the estimation prove that the investment in question will not deteriorate the present environment state in this region if recommendations included in the estimation are observed, which is shown by the data in the below table:

### Subproject No. 1

<table>
<thead>
<tr>
<th>Subject of analysis</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air pollution background</td>
<td>Air pollution will not exceed valid standards.</td>
</tr>
<tr>
<td>Noise level</td>
<td>It amounts to 70 dB. According to the regulations in force, the noise level may not exceed 60 dB during the day and 50 dB at night. The equal loudness contour of 60 dB for the day-time runs at the distance of about 60 m from the road boundary and the 50 dB equal loudness contour for the night-time runs at the distance of 200 m from the road boundary. The increase of acoustic noxiousness will not be considerable as compared with the existing state.</td>
</tr>
<tr>
<td>Concentration of pollutants introduced in the municipal system</td>
<td>Suspension $Q = 170 \text{ kg/m}^3$, $c = 150 \text{ kg/m}^3$ BZT$_5$ $Q = 25,00 \text{ kg/h}$ $c = 22,5 \text{ g/m}^3$ do not exceed permissible values.</td>
</tr>
<tr>
<td>Greens</td>
<td>New trees of common species will be cut down. On the territory concerned there are no monuments of nature. The wastage of naturalistically active area will be compensated.</td>
</tr>
</tbody>
</table>

### Subproject No. 2

<table>
<thead>
<tr>
<th>Subject of analysis</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air pollution background</td>
<td>Air pollution will not exceed valid standards.</td>
</tr>
<tr>
<td>Noise level</td>
<td>According to the instructions No. 311/TB and available data, the increase of the acoustic noxiousness will not be a considerable one.</td>
</tr>
<tr>
<td>Concentration of pollutants introduced in the municipal system</td>
<td>Suspension $Q = 170,45 \text{ kg/m}^3$, $c = 150 \text{ kg/m}^3$ BZT$_5$ $Q = 25,00 \text{ kg/h}$ $c = 22,5 \text{ g/m}^3$ do not exceed permissible values.</td>
</tr>
<tr>
<td>Greens</td>
<td>New trees of common species will be cut down. Two monuments of nature will be especially protected, i.e. their root systems, trunks and branches. The wastage of naturalistically active area will be compensated.</td>
</tr>
</tbody>
</table>
ANNEX No. 5.2 - CONCLUSIONS OF ECONOMIC ANALYSIS

1. The economic appraisal of the project is based on “Temporary Instruction for the Evaluation of Economic Efficiency of Road and Bridge Projects”. The methodology as stipulated in the instruction takes recommendations of the World Bank into account and it consists in:
   - comparing outlays on roads (investment and maintenance) according to two variants at least (the investment variant, i.e. on a new road, and the non-investment variant, i.e. on the existing road – its repairs, modernisation and routine maintenance),
   - comparing costs incurred by the road users; i.e. traffic volume according to two variants: on the new road after investment has been completed and on the existing road if the investment has been given up.

In this method, there are compared road costs and user profits. The efficiency is calculated for a period of twenty years using discount equivalents (corresponding with the discount rate for many years’ projects of a long period of return).

1.1. Conclusions of the economic analysis:
   1) The project is in conformity with strategic objectives of the regional development policy set forth in the Strategy of Lódź Voivodship Development;
   2) The project technical documentation is in conformity with the engineering and building regulations and standards in force;
   3) The project included in the PHARE Programme and located within the Lódź Voivodship has been given a written certificate of its conformity with the plans of land development, and all arrangements and opinions necessary for the project to be approved;
   4) The date fixed for the investment commencement, i.e. April 1, 2002 seems to be practical;
   5) The cost analysis for individual tasks has been prepared basing on Engineer’s Estimate. Therefore, they should not increase after tenders have been carried out;
   6) An analysis of financial abilities of self-governments proves that the project realisation is completely feasible. The overall cost of the project estimated in the amount of 11,750 million euro is provided to be realised according to the following schedule:

   | PHARE share (amounting to) | 8,800 million euro |
   | Polish share (amounting to) | 2,950 million euro |

   The costs of the Polish party will be paid by:
   - Office of the Commune in Andrespol 0,380 million euro,
   - Directorate of Provincial Roads in Lódź 0,800 million euro,
   - The City of Lódź Council 1,770 million euro.

   The afore-named institutions submitted written declarations of having the relevant means at disposal;

   The project economic analysis carried out according to the “Temporary Instruction for the Evaluation of Economic Efficiency of Road and Bridge Projects” using 1999 market price level proved that that it was profitable, i.e. the Internal Rate of Return \( IRR = 27,43\% \) exceeded the limiting minimum return rate amounting to \( IRR = 12\% \) for road investments.