1. **Basic Information**
   1.1. **Desiree Number:** PL01.06.08.01
   1.2. **Title:** Elblag-East Bypass
   1.3. **Sector:** ESC
   1.4. **Location:** Poland, Warminsko-Mazurskie voivodship, Elblag

2. **Objectives**
   2.1. **Wider objective:**
   Wider objective of the project is to increase social and economic cohesion of Warminsko-Mazurskie voivodship through development of transport infrastructure.

2.2. **Immediate objectives:**
   Improvement of traffic accessibility to the region; Increase of investment attractiveness for domestic and EU investors resulting in new jobs creation; Creation of new jobs for passenger servicing; Development of tourism; Development of economic co-operation; Improvement of traffic safety.

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. It corresponds also with the NPAA priority “Regional and cohesion policy”.

2.4. **Contribution to National Development Plan:**
   Transport infrastructure plays a key role in efforts to reduce regional disparities in economic performance. Therefore one of the priorities of PNDP 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 the Warminsko-Mazurskie voivodship. It will be implemented under the priority “Improvement of road infrastructure facilitating managing economic activity”.

2.5. **Cross Border Impact:** not applicable

3. **Description**
   3.1. **Background and justification:**
   Elblag is the second largest city of the region, which owes its regional potential to its interconnectivity. As a road, rail and water transport junction, it could become a bridge linking the EU countries with the vast sales market of the Russian Federation’s Kaliningrad District. In order to make use of this potential, it is necessary to modernise Elblag’s external transport system in coherence with the roads of Trans-European, national and regional significance. Putting the road traffic away from the city has been considered carefully and it is being implemented consequently. The west bypass road which is part of the modernised road No 7 has been completed. The north – east bypass road is designed and it goes from Brzeska Street to the junction Elblag – East. According to the Regional Strategy realisation of this part of bypass will start in 2002. The project of Elblag – East junction corresponds to be connected with the bypass road. The Elblag - East junction is situated at the intersection of the road No 7 Gdansk - Warsaw and the Baltic Route. The rebuilding of the junction is the last section of the modernised road between Kaliningrad and Elblag. This road, in turn, is the last link of the Baltic Route leading from Tallin, Estonia and connecting the south-eastern region of the Baltic with the northern parts of Poland and Germany. Impediments in traffic on the road Elblag - Ostróda are due to the fact that during the Second World War two of the junction’s flyovers were destroyed and have not been rebuilt since, which precludes any road connection with the state border, and further on with Kaliningrad and Tallin. Transport to Kaliningrad and Tallin is carried via road Elblag - Ostróda - Olsztyn - Kaliningrad (262 km) instead of via Elblag - Grzechotki - Kaliningrad (96 km). The Grzechotki - Kaliningrad road is being rebuilt by Russian contractors. On the Polish side, on the road Elblag - Grzechotki (border crossing under construction), the reconstruction of the biggest bridge on the river Omaza has been completed. Rebuilding of the Elblag - East junction (see map), which includes the reconstruction of the flyover over Paslecka Street and modernisation of the flyover over Grunwaldzka Street will definitely improve the road infrastructure of Warminsko-Mazurskie voivodship and of Elblag itself, which will decidedly enhance
the economic, social and spatial cohesion of Warminsko-Mazurskie voivodship in the context of the integration process with the European Union. Accomplishment of the project is going to increase accessibility of the region to the Trans-European transportation networks. This is one of the priority tasks related to the development of transport infrastructure of Warminsko-Mazurskie voivodship and northern Poland in the context of integration with the European Union. Construction of the junction and the road Elblag – Grzechotki will enable making use of the cross border passway by business and tourists. The basic objective of the project is equalising the development disparities in the area of Warminsko-Mazurskie voivodship in the sphere of transport. The project is implemented in conformance with the technical standards prevailing in the European Union member states. Due to modernisation of the junction in the areas adjacent to fast roads (road No 7 – Paslecka – Debowa), these areas should be more accessible and attractive for investors. 54 construction and production places have been prepared by the Municipal Office in Elblag next to the area of the junction reconstruction (Debowa Estate) which are the basis for development of small, family-owned companies and they should result in higher employment in the town by 300 people. Convenient communication with Kaliningrad can increase development of small and medium companies situated near the junction by means of new co-operative and export contacts. The city of Elblag is included to high structural unemployment areas. Since 1999 the situation has deteriorated, and the rate of unemployment in the 4th quarter 2000 has reached 22 %. Activities aimed at creating conditions for setting up new labour posts and supporting development of small and medium companies (as the main source of new labour posts) are the basic objectives of the city’s strategy and the strategy of Warminsko-Mazurskie Voivodship and they conform with priorities of the Operating Programme of Warminsko-Mazurskie voivodship.

3.2. Linked activities:
“Road access to bridge over Elblag river” under the Phare ESC 2000 Programme – total value of 6.00 MEURO, including Phare support of 2.70 MEURO. Bridge on the Omaza river on the road Elblag – Kaliningrad. It was rebuilt from GPRD’s own funds and is ready to be used. Construction of a border crossing with Russia in Grzechotki. The project is now under realisation. The route E7 Warszawa-Gdansk is partly reconstructed from the resources of State budget, World Bank and Phare.

3.3. Results:
reduction of travelling times from the European Union member states and from Elblag and the poviats of Braniewo and Elblag to the boarder crossing Grzechotki - Mamonowo II by 110 minutes. The current road situation requires diversion via Ostróda and Olsztyn; reduction of the number of road accidents.

3.4. Outputs:
The output of the project will be the road junction Elblag - Gdansk consisting of: rebuilt flyover over Paslecka Street; rebuilt flyover over Grunwaldzka Street; 1045 m road paved on the flyovers including collision-free exits and entries to the roads S50 and No 7; power, telecommunication, water and sewerage facilities ensuring safe functioning of the junction.

3.5. Inputs:
Funds from Phare 2001 (2M€) will be used for construction works in connection with the following components of the junction: roads (3.702M€), 2 flyovers (2.58M€), power facilities (0.151M€), telecommunication facilities (0.164M€), gas facilities (0.08M€), water and sewerage facilities (0.073M€), Engineer (0.75M€). Total inputs: 7.5M€.

4. Institutional Framework
The Beneficiaries of the project are: the General Public Roads Directorate (GPRD), north-eastern division in Bialystok – Olsztyn Office, Municipality of Elblag, Poviats of Elblag and Braniewo. The Employer – the General Public Roads Directorate (GPRD) north – eastern division in Bialystok. Supervising engineer will be appointed within tender procedure. Investment owner after project realisation - the General Public Roads Directorate in Bialystok (State Treasury property). 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.
5. **Detailed Budget** value in EURO

<table>
<thead>
<tr>
<th></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>Project</td>
<td>2 000 000</td>
<td>0</td>
<td>2 000 000</td>
<td>5 500 000</td>
<td>0</td>
<td>7 500 000</td>
</tr>
<tr>
<td>Total</td>
<td>2 000 000</td>
<td>0</td>
<td>2 000 000</td>
<td>5 500 000</td>
<td>0</td>
<td>7 500 000</td>
</tr>
</tbody>
</table>

Polish co-financing will be available and includes costs of hiring of supervising engineer (750,000 EUR).

6. **Implementation Arrangements**

6.1. **Implementing Agency:**

PAO: Vice - Minister in the Ministry of Regional Development and Construction
Wspólna 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 of the Practical Guide to PHARE, ISPA & SAPARD contract procedures”
will be closely followed.

6.4. **Contracts:**
The total value of the project is 7 500 000 Euro. The project will be implemented under works contract,
expected value of the works contract is 6 750 000 EURO, including PHARE resources 2 000 000 EURO.
Additionally the contract with Engineer which total value is 750 000 EUR financed by Polish side will be
signed.

7. **Implementation Schedule**

7.1. Start of tendering / call for proposals: 1st quarter 2002
7.2. Start of project activity: 3rd quarter 2002
7.3. Project completion: 4th quarter 2003

8. **Equal Opportunity**

Equal opportunities for the participation of women and men in the project are guaranteed. Qualifications
and not sex will be the determining factor.

9. **Environment**
The Environmental Impact Assessment for the Road Elblag – Kaliningrad commissioned by the
Ministry of Transport and Maritime Economy and paid by EBRD was prepared by “SWEROAD”
the Consulting Office of Swedish Roads Administration in 1993, and is available at the
beneficiary’s office. In 2000 “Biuro Projektów Budownictwa Komunalnego” Sp. z o.o. in Elblag
updated the environmental impact assessment for Elblag – East junction only. The report
includes analysis of all sorts of possible negative impacts of the project compared with the
investment environment conditions and in accordance with the Regulation of Minister of
Environment Protection, Natural Resources and Forestry from 14 July 1998 (Dz. U. No 93 poz.
589) and the Directive No 85/337/EWG and No 97/11/EC. As a result of analysis of the collision
– free transport junction “Elblag – East” and considering environmental conditions related to the
task’s realization it was concluded that infringed impact on basic environmental criteria can be
limited to the borders of road passages next to the junction and the adjacent areas. Normal
functioning of the rebuilt road junction should neither deteriorate the acoustic climate already
settled in the region together with sanitary state nor disturb the natural environment in the
vicinity.

10. **Rates of Return**
The Feasibility Study of the road Elblag – Kaliningrad (of which the Elblag – East junction is a part) was
prepared in 1993 by SWEROAD the Consulting Office of the Swedish Road Administration, and is
available at the beneficiary’s office. The feasibility study for reconstruction of the transport junction
elblag – east was updated in 2000 by biuro projektów budownictwa komunalnego sp. Z o.o. In elblag.
The Study is based upon: At present the transportation from split level junction “Elblag – East” to
Kaliningrad and Tallin is realised along route Elblag – Ostróda – Olsztyn – Kaliningrad about length 262
km. It should be realised on route Elblag – Grzechotki – Kaliningrad about length 96 km. Additional bypass amount to about length 162 km and it was calculated for feasibility study. For the discount rate of 15 %, IRR = 24.6 %, NPV$_{2020}$ = 2.254.631 EUR, B/C$_{2020}$ = 1.47, Conclusions: Building of split level junction is necessary for activating the road Elblag – Kaliningrad; Building of split level junction is profitable also if we take into consideration only partial traffic which is present realized on the route Elblag to Kaliningrad.

11. Investment Criteria
11.1. Catalytic effect:
The financial assistance of Phare is related to the expansion of accession-driven activities aimed at the development of the social and economic cohesion of Warminsko-Mazurskie voivodship. Benefits to be derived from the implementation of the project will further stimulate the investments in the region. The Phare contribution will significantly accelerate the implementation process, which otherwise could be attained only after a much more extended period of time and on a more modest and less efficient scale.

11.2. Co-financing:
The project will be 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 co-financing identified priorities and not taking the place of national resources.

11.4. Project readiness and size:
The project will be ready for tendering by 1$^{\text{st}}$ quarter of 2002. All the technical documentation required to launch the project has been completed. The Investment Feasibility Study and the Environment Impact Assessment have been prepared.

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. After implementation, all maintenance costs related to investments will be covered by GPRD and Elblag Municipality (beneficiaries).

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 National Development Plan:
The project is in line with 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
Co-funding of specific activities will be conditional on:
- co-financing of project by the beneficiary;
- maintaining timetable set in the programme;
- 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
- Construction designs prepared by end of 2000
- Preparation of tender documentation by 1$^{\text{st}}$ quarter 2002
- Resources earmarked for Phare co-financing of programme reach National Fund in January 2002
- Beneficiary contracts project activities by 3$^{\text{rd}}$ quarter 2002
## Annex 1: Logframe planning matrix for project

**End Contracting:** 15/12/2003  -  **End Disbursement:** 15/12/2004

<table>
<thead>
<tr>
<th>Total budget: 7.5M€</th>
<th>Date of drafting: 08.2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reconstruction of the transport junction Elblag-East</strong></td>
<td><strong>Planning period:</strong> 2002 - 2004</td>
</tr>
</tbody>
</table>

### Wider objective

- To create conditions for the increasing of social and economic cohesion of the region by the development of transport infrastructure

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Increase in GDP per capita up to the level of the national average</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Increase in the density of good quality roads up to the level of the national average</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Immediate Objectives

- Improved traffic accessibility to the region
- Increased attractiveness for domestic and EU investors resulting in new jobs creation
- Creation of new jobs for passenger servicing
- Development of tourism
- Development of economic co-operation
- Improvement of traffic safety

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 100,000 of tourists passing the cross border passway in Grzechotki</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 300 of new jobs created</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Decrease of accidents by 60% after 1 year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Results/Outputs

- Transport junction Elblag - East situated at the intersection of national roads No 7 and No 22 (planned expressways)
- Reduction of travelling times between Elblag and border crossing with Russia for heavy transport
- Reduction of the number of road accidents,

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Reduced travelling time to the Polish-Russian border by 110 minutes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Enhancement of load capacity to 115 kN/axle</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Activities/Inputs

- Construction of the roads at the junction - area of 62 010 m²
- Modernisation of 2 flyovers
- Construction of technical facilities (power water sewage and telecommunication)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Phare:</td>
<td>MEURO 2.0</td>
</tr>
<tr>
<td>National:</td>
<td>MEURO 5.5</td>
</tr>
<tr>
<td>Total:</td>
<td>MEURO 7.5</td>
</tr>
</tbody>
</table>

---

**Date of drafting:** 08.2000

**Planning period:** 2002 - 2004

**Total:** 7.5 MEURO

**Including Phare:** 2.0 MEURO
<table>
<thead>
<tr>
<th>Planned</th>
<th>IV'01</th>
<th>I'02</th>
<th>II'02</th>
<th>III'02</th>
<th>IV'02</th>
<th>I'03</th>
<th>II'03</th>
<th>III'03</th>
<th>IV'03</th>
<th>I'04</th>
<th>II'04</th>
<th>III'04</th>
<th>IV'04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
<td>III</td>
<td>IV</td>
<td>V</td>
<td>VI</td>
<td>VII</td>
<td>VIII</td>
<td>IX</td>
<td>X</td>
<td>XI</td>
<td>XII</td>
<td>XIII</td>
</tr>
<tr>
<td>D</td>
<td>C</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></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.0</td>
<td>0.2</td>
<td>0.5</td>
<td>1.0</td>
<td>1.6</td>
<td>2.0</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Legend
D = design of sub-project
C = tendering and contracting
I = contact implementation and payment

Date of drafting: 20.08.2000
Planning period: 2002 - 2004
Reference to the Feasibility Study and Environmental Impact Assessment

The Feasibility Study of the road Elblag – Kaliningrad of which the Elblag – East junction is beginning was prepared in 1993 by SWEROAD the Consulting Office of the Swedish Road Administration (financed from EBRD resources).

The Investment Feasibility Study Reconstruction of the transport junction Elblag – East was updated as commissioned by the Municipal Office in Elblag.

The Feasibility Study includes:
1. Historical background
2. Influence areas
3. Geographic background
4. Transport infrastructure
5. Projected transport junction Elblag – East
   - construction projects of flyovers
   - road projects
   - technical facilities projects
6. Existing traffic
7. Traffic forecasts
8. Benefits and costs analysis
9. Current bypass

It was calculated at the discount rate of 15%

IRR = 24.6%
NPV$_{2020}$ = 2.254.631 EUR
B/C$_{2020}$ = 1.47

The profitability of building the route Elblag – Kaliningrad was presented in “Feasibility study of the route Elblag – Kaliningrad in Poland and Russia” was executed by SWEROAD and was financed by European Bank of Restorations and Development (EBOR) of November 1993 year.

Beginning element of route Elblag – Kaliningrad is split level junction “Elblag – East”.

For feasibility study of building the split level junction “Elblag – East” is made the following assumption:
- at present the transportation from split level junction “Elblag – East” to Kaliningrad and Tallin is realised along route Elblag – Ostróda – Olsztyn – Kaliningrad about length 262 km. It should be realised on route Elblag – Grzechotki – Kaliningrad about length 96 km. Additional bypass amount to about length 162 km and it was calculated for feasibility study.
  Map of bypass road – anneks No 9.
- Medium travelling speed for lorries 60 km/h, for simple calculation is assumed that the number of vehicles and their travelling speed are not changed during considering time.
- In calculations for period of years 2001 – 2020 is taken into account only profits which come from savings of using vehicles costs and because of shorter time of passage for passengers and drivers. The costs were calculated basing on Temporary Instruction of effectiveness for roads and bridges investments from 1996 adjusted by inflation rate index published by Central Statistic Office.
- In the range of calculations is taken into the costs of the maintenance route and the periodical overhauls.

Conclusions:
1. Building of split level junction is necessary for activating the road Elblag – Kaliningrad.
2. Building of split level junction is profitable also if we take into consideration only partial traffic which is present realized on the route Elblag to Kaliningrad.

“The Environmental Impact Assessment of the Road Elblag – Kaliningrad” commissioned the Ministry of Transport and Maritime Economy and paid by EBRD was prepared by “SWEROAD” the Consulting Office of Swedish Roads Administration in 1993.
The Municipal Office in Elblag commissioned the Environment Impact Assessment of the projected transport junction Elblag – East which was conducted by Biuro Projektów Budownictwa Komunalnego Sp. z o.o. in Elblag.

The Assessment was prepared in accordance with the Directive No 85/337/EWG and No 97/11/EC and the Decree of Minister of Environment Protection, Natural Resources and Forestry from 14 July 1998 regarding types of investments which are harmful for environment and those which can infringe environmental conditions and the requirements to be met by environment impact assessments for the investments (Dz. U. Nr 93 poz. 589).

The Assessment was conducted for basic environment criteria, i.e.
- soils
- types of plants
- ground water
- surface water
- acoustic climate
- atmospheric air
- landscapes
- material resources
- cultural inherence
- people’s health and interests of third parties

The Assessment concluded as follows:

- The investment does not collide with the existing and already fixed way of adjacent area development specified by the general plan for spatial development of the city of Elblag, utmosly minimising the alterations in ownership structure and hitherto utilisation way conditioning its realisation and normal functioning.
- Normal functioning of the rebuilt road junction should neither deteriorate the acoustic climate already settled in the region together with sanitary state nor disturb the natural environment in the vicinity.
- Localisation of the road junction does not belong to the areas included into the regional system of environmentally precious terrain, hence there are no formal collisions with the natural environments. Already described environmental collisions with existing investment and underground territorial development ought to be solved during the construction design phase in the way which would minimise the spatial outcomes of the investment realisation, taking also into consideration guidelines contained in the following evaluation aiming at pacifying its environmental impact.
- Rebuilding of the transport junction “ELBLAG – EAST” will decisively ameliorate traffic safety in this region of roads no 7 and 22 will not infringe on the binding norms as far as environmental protection, material wealth, cultural heritage and third parties’ interests are concerned.