1. Basic information
1.1. Désirée number: PL01.03.06
1.2. Title: Kuznica border crossing – stage III
1.3. Sector: Justice and Home Affairs
1.4. Place: Poland

2. Objectives:
2.1. Wider objectives: Adjustment of Poland's Eastern border to EU requirements
2.2. Immediate objectives:
The increase in passenger transport capacity of the entrance and exit traffic to Poland – by constructing a clearance platform for passenger cars and coaches, making it possible to: improve the protection of the future EU eastern border with respect to: veterinary and phytosanitary, as well as sanitary and standardisation control, and to crime fighting and prevention – smuggling of people and goods, customs fraud; facilitate customs clearance; shorten the waiting time at the border; improve the work conditions of the customs staff; improve the social conditions (for all using the crossing).
2.3. Accession Partnership and NPAA Priority:
NPAA: Justice and internal affairs: adaptation of the state border protection system to EU requirements; Customs Code and strengthening of customs administration: implementation of the Act on Customs Code. Staff strengthening and gradual development of customs staff infrastructure; Agriculture: Adaptation of the phytosanitary and veterinary customs control to EU requirements. Freedom of services: Preparing Poland for the participation in the common tourist market by, among others, supporting the development of brand tourist products (including cross-border and transit tourism) and the infrastructure connected with them. Transport: Modernisation of the transport infrastructure before its future inclusion in the system of the transeuropean network.
2.4. Contribution to the Preliminary National Development Plan:
The assumptions and results of its realisation take into consideration the objectives and priorities included in the “Introductory National Development Plan 2000 – 2002”. They are also included in the “Development Strategy for the Podlaskie Voivodship”, as well as 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 transportation system, and the increasing numbers of vehicles and persons using this crossing point. The development of the post and its adaptation to EU standards will definitely have a significant impact on the development of cross-border co-operation, especially in the field of commercial activities. 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 accelerate cross-border co-operation. This will also enable a much faster development of infrastructure in the border area, including services and tourism, resulting in significant improvement to the region’s social and economic development.

3. Description:
3.1. Background and justification:
The border crossing in Kuznica was opened in 1968. Initially it serviced only passenger, bilateral and some limited freight traffic including the so-called border exchange between border voivodships. The border post in Kuznica Bialostocka - Bruzgi was qualified for unlimited international cargo and passenger transport as the result of the Treaty of 24 April 1992 on border crossings signed by the Polish and Belorussian governments. The post was originally located in unsatisfactory temporary mobile buildings
on a site which lacked the essential facilities to meet the objectives of the Treaty. Consequently, the Podlaski Voivode, following an agreement with the border staff, decided to initiate a major development of the crossing point. The new post will cover a total area of almost 18 ha, with a daily freight traffic capacity of 1500 trucks, and 8000 passenger vehicles. The realisation of the project of the clearance platform of passenger cars and buses is the third and final stage of the entire undertaking. The development of the border crossing fulfils the obligations of the Polish side to Belorus (bilateral treaty), as well as the responsibilities of the Republic of Poland as an associate member of the EU.

3.2. Linked activities:
Stages I and II of the realisation of the investment was approved for support within the framework of PHARE 2000 (The Integrated Programme for the Eastern Border).
The value of Stage I (the realisation of the departure platform from Poland) was 14.5 million EUR, including: PHARE funds – 6.7 million EUR, (46%), and Polish funds – 7.8 million EUR, (54%).
The value of Stage II (the realisation of the entrance platform to Poland) was 18.1 million EUR, including: PHARE funds – 13 million EUR, (72%), and Polish funds – 5.1 million EUR, (28%).
In the years 1996 – 1998, the access road to the Kuznica Bialostocka – Bruzgi border crossing, the so-called “small bypass” was constructed from the PHARE funds.

3.3. Results:
Implementation of stage III, will complete the modernisation of the Kuznica Bialostocka – Bruzgi border crossing, and will be the final Phare investment on this border crossing. To meet the overall objectives of the project, the buildings and facilities needed for performing customs and passport clearance of passenger cars and coaches, as well as a phytosanitary, veterinary and sanitary control buildings will be constructed. The realisation of the project will make it possible to improve social and sanitary conditions at the border crossing. The present unsatisfactory working conditions of the border staff will be improved.
The waiting time for customs control will be shortened, and traffic handling capacity will be able significantly to increase to meet the forecasted levels of vehicles and persons foreseen in the years 2000-2005. The realisation of the project will result in a significant improvement to the negative influence of the original border crossing on the natural environment. Environmental studies indicate that the shortening of the waiting time at the border will decrease the hazardous emission of car fumes and reduce the noise levels associated with large numbers of queuing vehicles.

3.4. Outputs:
The output of this project is the construction of a clearance platform for passenger cars, coaches, and a phytosanitary and veterinary control building.

3.5 Input:
As components of the overall project the following buildings will be constructed: phytosanitary and veterinary control building No 2 of the area of 2056.1 m², customs and passport control building for passenger cars No 6/1, 6/2, 6/3, 6/4 of the area of 199.2 m², customs and passport control building for coaches No 7/1, 7/2, 7A, of the area of 264 m², building for customs and passport detailed control of passenger cars and coaches No 4 and 4A of the area of 960.8 m², customs and passport control building for passenger cars No 6A, 6B, 6C, 6D, 6E, 6F, 6G, 6H of the area of 528 m², technical and alarm installations, System of traffic control. The Phare funds allocated to this project will cover only the costs of the construction and completion of the buildings, excluding the costs of any associated equipment and machinery. During the implementation of the first two stages the border-crossing will be operational. Stage three covered by this project will be executed at the place of the existing border-crossing. At that time the passenger and coaches traffic will be temporarily transferred to the platforms constructed under the stages I and II. This action will allow for starting the construction of all the above buildings simultaneously.

4. Institutional framework
The institutions involved in the realisation of the project are: Ministry of Internal affairs and Administration, the Podlaski Voivode, Border services: the Podlaski Department of Border Guards, the Bialystok Customs Office, the Voivodship Sanitary Inspectorate, and the Podlaskie Voivodship Head Veterinarian, the Voivodship Plant Protection Inspectorate. The beneficiary of the project is the Podlaski Voivode who manages the border crossing on behalf of the State Treasury. The contract will be signed by the Podlaski Voivode. The role of the “Engineer” is assumed by the by the Investment Service Company – Bialystok – the Proxy Investor of the undertaking. The “Employer” is the Podlaski Voivode – the Investor. Upon the project’s completion, the owner of the property will be the Podlaski Voivode (on
behalf of the State Treasury). The border crossing shall become public property. Full financing of the undertaking is assured.

5. Detailed budget

<table>
<thead>
<tr>
<th>PHARE</th>
<th>Support</th>
<th>Investment</th>
<th>Institution building</th>
<th>Total PHARE</th>
<th>National co-financing</th>
<th>IFI*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1</td>
<td></td>
<td>2.5</td>
<td>-</td>
<td>2.5</td>
<td>4.5</td>
<td>-</td>
<td>7.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2.5</td>
<td>-</td>
<td>2.5</td>
<td>4.5</td>
<td>-</td>
<td>7.0</td>
</tr>
</tbody>
</table>

The Polish side guarantees the appropriate budget funds for financing the project.

6. Implementation Arrangements:

6.1. Implementing Agency:
The PAO duties shall be performed by Mr. Piotr Stachanczyk, Ministry of Internal Affairs and Administration, ul. Batorego 5, 02-517 Warsaw, tel. +48 22 661 89 66, fax: +48 22 84 95 213.
The co-ordination and supervision of the project will be the responsibility of the Implementation Authority for Phare Cross Border Programme –Director, Mrs. Grazyna Weclewska, ul.Krucza 36, 00-522 Warsaw, Tel. +48 22 695 99 10 fax. +48 22 695 99 12
6.2. Twinning: Not applicable
6.3. Non standard aspects: The DIS (Manual of Decentralised Implementation) will be followed.
6.4. Contracts:
One contract will be applicable for the whole project (7.0 MEUR).

7. Implementation schedule

7.2. Start of project activity: 3rd quarter of 2002.

8. Equal opportunity:
The result of the project will be available to both men and women. The only criterion in selecting employees for the realisation of the project will be their professional skills.

9. Environment:
When designing the project, the elimination of its detrimental influence on the environment was taken into consideration. A “Complex Estimate of the Project’s Influence on the Natural Environment of the ‘Development of the International Border Crossing in Kuznica’” was developed by dr. Grazyna Strutynska – certified expert No 1132 for the Ministry of Environmental protection, Natural Resources and Forestry with regard to the preparation of assessments on the influence on the environment, with the co-operation of: Andrzej Daniluk, MA, Wojciech Kruszynski, MA. The assessment is available at the offices of the beneficiary. In accordance with the assessment, the investment shall not have a negative impact on the environment.

10. Rates of return:
The economic profitability ratios allow for the implementation of the project: the updated net value – NPV satisfied the conditions that NPV > 0 and is in the amount of 12.44 million EUR (within 25 years), the internal rate of return – IRR also satisfies the conditions that IRR > r and is in the amount 23.28%, the profitability ratio – PI is at the level of 1.421 and satisfies the condition that PI>1, the return on the investment for the discount values will take place in year five following the completion of the investment, having taken into consideration the prior use of the departure platform of trucks (4th quarter of 2002).
The summary of the economic analysis is given in Appendix 4a.

11. Investment criteria:
11.1. The catalytic effect:
The PHARE aid will enable the realisation of the investment programme “The Development and Modernisation of the International Border Crossing Kuznica Bialostocka – Bruzgi, Stage III – customs clearance platform for passenger cars and coaches”, the final stage of the entire project.
The implementation of the project will result in: improvement of the security and functioning of the future eastern border of the EU; the development of cross-border co-operation; the development of small business.

11.2. Co-financing:
The PHARE aid in the amount of 2,500,000 EUR constitutes 35.7% of the project costs – the remaining 64.3%, i.e. 4,500,000 EUR is financed by Poland.

11.3. Additionality:
The modernisation of the border crossing is a governmental responsibility. However, the financial aid obtained from PHARE will supplement the budget but does not eliminate the participation of other funds in the realisation of the project. Without the PHARE aid the modernisation would not be possible to such an extent and in such time.

11.4. Project readiness and size:
The international road border crossing in Kuznica Bialostocka - Bruzgi has very high density of road traffic, thus the need to immediately increase the capacity of the post has become a necessity. The Belarussian side has started the modernisation of the crossing in Bruzgi. This 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 entirely independent of the Phare programme. This modernisation project, together with the technical documentation has been established by the Polish authorities, which have also carried out the technical and economic analyses of the investment, and an assessment of the investment's impact on the natural environment. The land has been purchased and all legal matters resolved. The technical documentation is ready, the tender documentation is under preparation. The project is ready for immediate realisation. The size of the project is 7.0 MEUR, exceeding the threshold of 2 MEUR a number of times.

11.5. Sustainability:
One of the priorities of the project is to adapt the infrastructure to the standards of the EU. Upon Poland's accession to the EU, the present border between Poland and Belorus will be the eastern border of the EU. The investment is one of the tasks of the government administration, therefore the costs of the use of the post will be covered from the Voivodship budget (the means are secured in the annual budgets). The modern crossing will be used for many years following Poland's accession to the EU without the need for further modernisation.

11.6. Compliance with state aids provisions:
The project does not in any way breach the provisions of the European Agreement on state support.

11.7. Contribution to the National Development Programme.
The project has been included in the overall “State Border Management Plan in 2000”, as well as in the “Strategy of Integrated Border Management:.

12. Conditionality and sequencing :
- the tender documents will be ready in the 1st quarter of 2002,
- the contract will be signed by the end of July 2002,
- the beneficiary will have at his disposal qualified personnel, who will be able to efficiently carry out the project. The realisation of the contract August 2002 –October 2003,
- the operational functioning of the crossing will be financed from the State Budget.
- Taking into consideration the fact that the modernisation of the border crossing facilities is taking place simultaneously on both the Polish and on the Belarussian sides, it would be helpful to allocate European aid funds for the purpose of modernising the infrastructure at Bruzgi, to take advantage of the opportunity presented to assure the proper functioning and management of the installations on both sides of the border.
- The Polish side co-operate with the Commission and the Ukrainian side in the development of joint controls notably in the framework of this investment.

The start and realisation of the investment process does not require the fulfilment of additional conditions.
**Annex 1: Project logframe – Kuznica border crossing – stage III**

**End Contracting:** 15/12/2003  
**End Disbursement:** 15/12/2004  
**Total budget:** 7M€  
**Phare:** 2.5M€  
**Date of drafting project:** 8/2000

<table>
<thead>
<tr>
<th>Wider Objectives</th>
<th>Indicators of achievement</th>
<th>Measurable indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>adjusting of Polish east border to the requirements of UE</td>
<td>Achievement of the EU standards in border protection</td>
<td>3-5 years after project's completion; Statistical Offices Voivodship Authorities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Immediate Objective</th>
<th>Indicators of achievement</th>
<th>Measurable indicators</th>
<th>Risk factors and assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>- increasing the capacity of the post in passenger and cargo traffic entering and exiting Poland and increasing the efficiency of customs staff at the post</td>
<td>increase in passenger traffic by 300 % a day and cargo traffic by 800 % of traffic a day; adaptation of service quality to EU standard</td>
<td>monthly reports; 1st year after project's completion; border duties in the entrance direction from the post</td>
<td>any changes in customs procedures on the Belorus side; good macroeconomic conditions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output:</th>
<th>Indicators of achievement</th>
<th>Measurable indicators</th>
<th>Risk factors and assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>customs clearance platform for passenger cars and coaches</td>
<td>a post suitable for 8000 passenger cars a day; measure units of constructed facilities, buildings etc.</td>
<td>all parameters from the project's documents; directly after project's completion by customs officers</td>
<td>completion of proper infrastructure on the Belorus side of the border</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Input:</th>
<th>Means:</th>
<th>Costs:</th>
<th>Risk factors and assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>warehouses and offices; facilities for customs for people and goods; teletechnical installations</td>
<td>1 contract</td>
<td>UE 2.5M€; own 4.5M€; total 7M€</td>
<td>the decision on developing the crossing in Kuznica Bialostocka in 1998</td>
</tr>
</tbody>
</table>

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**Annex 2-4 Implementation, Contracting and Disbursement Schedules - Kuznica border crossing**

<table>
<thead>
<tr>
<th>Planning Period</th>
<th>Budget (Phare) Allocation Cost Estimate in MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001 – 2003</td>
<td>Date of drafting: August, 2000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Implementation</th>
<th>Contracting</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>1st qu 2002</td>
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</tr>
<tr>
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<td>C</td>
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</tr>
<tr>
<td>3rd qu 2002</td>
<td>1st qu 2002</td>
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</tr>
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<td>1st qu 2003</td>
<td>2nd qu 2003</td>
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<tr>
<td>2nd qu 2003</td>
<td>3rd qu 2003</td>
<td>2.5</td>
</tr>
<tr>
<td>3rd qu 2003</td>
<td>4th qu 2003</td>
<td>2.5</td>
</tr>
</tbody>
</table>

**Legend:** D=design of sub-projects / C=tendering and contracting / I=contract implementation and payment
Appendix 5 - Summary of the economic analysis

The investment project as a technical tool of the transportation and border infrastructure assumes its long term utilisation of many years. A period of 25 years has been assumed, out of which:
- 1999 is treated as year zero (0) – as it is the beginning stage of the realisation of the project, where resources necessary for initiating it are used;
- in years 0 – 5 negative cash flows will occur (-) – \( COF_t \);
- in years 6 – 25 positive cash flows are forecast (+) – \( CIF_t \).

The analysis includes the estimates of:

1. Expenditures including:
   - investment input – total of 62,500 thousand EUR, out of which:
     - 1999 – 1,172 thousand EUR
     - 2000 - 775 thousand EUR
     - 2001 – 13,700 thousand EUR (including: 2700 thousand EUR of PHARE aid)
     - 2002 – 17,854 thousand EUR (including 4000 thousand EUR of PHARE aid)
     - 2003 – 21,978 thousand EUR
     - 2004 - 6,941 thousand EUR
   - annual utilisation costs of the crossing – total 2,114 thousand EUR, including:
     - man costs – 1,914 EUR (taking into consideration the planned employment of 257 people of customs control and administration staff)
     - material costs – 200 thousand EUR.

Cost structure:
- 90.5% - man costs,
- 9.5% - material costs

2. Incomes, including profits:
   - the estimated state budget incomes (EU) and profits of the users of the crossing annually, utilising its traffic capacity in:
     - 10% - 5,420 thousand EUR
     - 50% - 26,933 thousand EUR
     - 85% - 49,342 thousand EUR

The benefits of the users of the crossing resulting from shortening the waiting time for the passport and customs control by 3.5 hours. Individual costs are assumed at:
- passenger 0.6 EUR/h
- truck or bus team 1.6 EUR
- cargo 0.2 EUR/h

- not assumed quantitatively and qualitatively (difficult to estimate):
  - the effectiveness of the performed controls of the border traffic of passengers and goods brought into the Polish customs area (EU) from third countries, especially with regard to the veterinary, phytosanitary, standardisation and sanitary aspects, will be significantly improved;
  - international road communication from Western Europe to Eastern Europe will be improved,
  - multiple benefits for the gmina of Kuznica Bialostocka and its inhabitants,
  - business in terms of the services along the access road to the crossing and in the vicinity of the crossing will flourish,
  - the emission of car fumes and noise caused by the vehicles will decrease, having a positive impact on the life standard of the inhabitants of the area,
  - employment will increase, both in the stage of the realisation of the investment and by approximately 70 persons, including 15 women, in the stage of the utilisation of the crossing.

3. Material utilisation results
   - the area of the construction and modernisation of the crossing includes the total of 18.6 ha, out of which:
     - building area 27,865 m²
       - buildings 16,709.4 m²
       - station roofs 11,155.6 m²
     - hard surfaces 126,655 m²
     - control ramps 2,476.6 m²
**building cubic space** 127,878.7 m³  
  including:  
  - station roof cubic space 40,418.4 m³  
**parking places**  
  including:  
  - trucks 210 mp  
  - passenger vehicles 280 mp  

- **departure platform for trucks and passenger vehicles** will cover the area of 6.0 ha, encompassing 32.2% of the total border crossing area, out of which:  
  - trucks customs clearance  
    - building area 4,047.3 m²  
    - cubic space of the buildings 22,824.7 m³  
  Parking places have been planned, such as:  
  - customs clearance stations 90 mp  
  - deposit parking space 8 mp  
  - stations for hazardous loads 6 mp  
  - stations at the revision ramp 4 mp  
  - passenger cars and coaches customs clearance  
    - building area 8,069.4 m²  
    - cubic space of the buildings 29,676.2 m³  
  Parking places have been planned, such as:  
  - parking space before the customs clearance 46 mp  
  - deposit parking space 25 mp  

- **entrance platform for trucks and passenger vehicles** will cover the area of 12.0 ha, encompassing 67.7% of the total border crossing area, out of which:  
  - trucks customs clearance  
    - building area 6,826.8 m²  
    - cubic space of the buildings 36,258.2 m³  
  Parking places have been planned, such as:  
  - customs clearance stations 63 mp  
  - deposit parking space 10 mp  
  - stations for hazardous loads 9 mp  
  - stations at the revision ramp 10 mp  
  - stations for vehicles awaiting phytosanitary, sanitary, veterinary and standardisation control 10 mp  
  - passenger cars and coaches customs clearance  
    - building area 8,398.2 m²  
    - cubic space of the buildings 30,538.2 m³  
  Parking places have been planned, such as:  
  - parking space before the customs clearance 16 mp  
  - parking spaces after the customs clearance 35 mp  
  - deposit parking space 59 mp  
  including:  
  - for passenger cars 53 mp  
  - for coaches 6 mp  
  - **pedestrians customs clearance**  
    - building area 374.8 m²  
    - cubic space of the buildings 1,701.0 m³  
  pedestrian traffic will take place along the outside fence of the entrance on the selected traffic lane.  

**Forecast of the border traffic**

The target daily capacity of the crossing is forecast in both directions:
* passenger vehicles - 8,000 vehicles
* trucks - 1,500 vehicles
* persons – users of the vehicles approx. - 25,500 persons

At the same time, the capacity will allow customs clearance at the pace of – average per hour:
- 333 passenger cars
- 63 trucks

It has been assumed that:
- the shortened time of customs clearance in result of the better conditions,
- the modernisation and development of state roads No’s 18 and 19,
- the developing co-operation between EU and Russia and other states of Eastern Europe,
- the dynamic development of the motor industry, especially road transport,

will result in significant interest in the crossing on the part of the state transport services and especially international heavy transport services:
- to 2004 – by about 4% of the annual increase in traffic,
- after 2004 – i.e. after reaching full project capacity, in the years 2005 – 2020, over 1.5–times increase with a growing tendency in the consecutive years.

The estimate of pedestrian traffic is impossible due to the lack of comparison data from previous years (no pedestrian traffic took place), as well as due to the lack of information with regard to its future development.

Appendix 6

SIMPLIFIED ASSESSMENT OF THE IMPACT OF THE PROJECT ON THE ENVIRONMENT

The assessment of the project’s impact on the environment describes the influence of the investment “Development and Modernisation of the International Road Border Crossing in Kuznica” on different elements of the environment: surface and underground waters, air, acoustic climate, land surface and soil, taking into consideration their mutual connections and influences in the aspect of the evaluation of the project solutions.

I. With regard to the influence on surface and underground waters

The method of water supply was presented and the water demand was described, including the types and quantities of the generated sewage, methods of its purification and utilisation. It has been indicated that the construction of the crossing, taking into consideration the proposed design solutions, will not negatively influence the water environment.

II. With regard to land surface and soil

The influence of the crossing on the land surface and soil is caused by the produced waste. The particular waste types have been delineated, their sources discussed, as well as the methods of their utilisation. Methods of utilising hazardous waste and other types of waste have been presented.

III. With regard to air quality

The most significant sources of pollution have been indicated: organised and disorganised emission, as well as standardised and non-standardised emission. Detailed identification of the emission sources has been performed, defining the types and quantities of the substances introduced to air in an hour and within a year. The assumed use of protection equipment has been described, which would minimise the influence of the project on air quality. It has been observed that after their development, the buildings will not have a degrading influence on the environment and will cause a minor increase in the emission of pollutants to air in comparison to the existing state.

IV. With regard to the influence on the acoustic climate

The identification of noise sources was performed. The scope of the influence of the project, using the method of computer stimulation supported by measurements of noise of the current state was carried out. No significant excess of the allowed values of noise was observed, both during the day, as well as at night.

Summing up, the planned development of the border crossing in Kuznica, taking into consideration the performed analysis and following the realisation of the presented methods of minimising the influence on the environment both in the stage of construction, as well as in the stage of utilisation, shall not worsen the state of the natural environment and have a negative effect on the health of people – satisfying the requirements of the existing regulations. The potential influence of the investment on the environment will be limited practically to the area of the crossing, which belongs to the investor.