1. Basic Information
   1.1. CRIS Number: 2002/000-580-06.07
   1.2. Title: Dolnoslaskie: Industrial route in Wroclaw.
   1.3. Sector: ESC
   1.4. Location: Poland, Dolnoslaskie voivodship, Wroclaw.

2. Objectives:
   2.1. Overall objective
       Increase of social and economic cohesion of the Dolnoslaskie voivodship through improvement of existing transportation infrastructure
   2.2. Project purpose/immediate objective(s)
       Immediate objectives of the project include the following:
       - Enhancement of investment attractiveness of the south-western part of the city of Wroclaw, which is defined as an industrial zone according to the land development plan, including nearby gminas.
   2.3. Accession Partnership and NPAA priorities.
       The project responds to the medium term priority identified in the AP: “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 the National Development Plan
       The project is in line with the sixth axis of the Preliminary NDP, which is “Strengthening development potential of regions and counteracting marginalisation of certain areas”. The priorities of this axis will be implemented by means of several measures of this project including development and modernisation of infrastructure serving to strengthen competitiveness of regions.
       The project is compliant with the priorities of the Operational Programme of Dolnoslaskie Voivodship.
   2.5. Cross border Impact – not applicable

3. Description
   3.1. Background and justification
       Wroclaw – the capital of Dolnoslaskie Voivodship - has a population of almost 700,000 and is the largest economic centre in the region.
       According to the urban plans, the area located in the south-western part of the city, limited by Mokronoska Street from the west, the city border from the south, Karkonoska and Czekoladowa Streets from the east, is defined as an industrial zone of the city called the “south-western economic activity zone”. The area of the designed investment zone is composed of former farming lands.
       Location of the investment areas in the city outskirts near main transportation routes (national road nos. 5, 8 and A-4 Motorway) is very advantageous for accessibility of the area from the entire region. However, at present road transport access is possible only to the borders of the area using the existing local streets, without any possibility of movement inside the zone. It is planned that the main traffic access route to the economic zone will be the Industrial Route of G 2/2 class – i.e. two carriageways with two traffic lanes each.
       A Wholesale Centre with 250 business entities has been operating for several years on the edge of the area. Approximately 1/3 of the total area of 48 ha has been developed. The target plan assumes further development of the site, including the creation of storage, warehouse and logistics facilities as well as the building up of a variety of small processing and industrial plants.
The immediate vicinity of the south-western economic activity investment areas has already been developed with medium-size investors operating (supermarkets, wholesale markets, manufacturing plants).

Apart from the Wholesale Centre, the development plan assumes implementation of many diverse new investments in the area along the Industrial Route – including Wroclawski Park Technologiczny SA [Wroclaw Technological Park JSC] – the largest technological investment in Dolnoslaskie Voivodship. The share of the Commune of Wroclaw in the capital of Wroclaw Technological Park JSC amounts to 87.17%. The remaining 12.83% of the share capital belongs to the following shareholders: Politechnika Wroclawska [Wroclaw Technical University], University of Wroclaw, Agriculture Academy, Bank Zachodni WBK SA, “Dolmel” Sp. z o.o., Fundacja Rozwoju Politechniki Wroclawskiej [Wroclaw Technical University Development Foundation], Dolnoslaska Izba Gospodarcza [Lower Silesian Chamber of Commerce] and the State Treasury. The aforementioned company was created in order to seek potential investors in the area of Wroclaw Technological Park JSC.

Wroclaw Technological Park will cover an area of 50 ha, split into 22 investment fields providing for the operation of approximately 100 companies employing from several to several tens of people each. The Park will function as a scientific centre and will house scientific and laboratory institutions, which represent the hi-tech sector, i.e. IT, electronics, automatics, physics, cryogenic technology, food processing, ecology, immunology, etc.

Other projected investments near the South-western economic activity zone include:
- construction of the 20.6 ha Trade-Service Centre “Nad Wezlem Bielanskim” [“Over the Bielanski Junction”]
- investment in retail and service-trade in a 33.4 ha area by the existing Bielanski Junction.

Construction of the road network in the south-western economic activity zone, and specifically the Industrial Route, will enable full development of this area and will provide comfortable access for both the investors, businessmen and employees alike. It should be underlined that the currently operating Wholesale Centre has lost many prospective clients because of difficult access (narrow streets running through housing estates).

The Commune of Wroclaw will implement further investments parallel to the road construction. These investments will be necessary for the effective development of the investment area and will include sewers, water supply, storm drainage etc.

3.2 Linked activities.
Accompanying works were started in December 2001 comprising: reconstruction of Czekoladowa Street, construction of a large roundabout and a road junction on the western side of Karkonoska Street and a road linking Karkonoska Street with Czekoladowa Street. These works form part of the road system of the south-western economic activity area. They will be linked with the planned Industrial Route and are compliant with the local urban development plan.

3.3 Results.
The project implementation will generate the following results:
• creation of new transportation system with accompanying infrastructure necessary for business initiatives,
• enabling access to new investment facilities,
• shortening the travel time from Solskiego Street to the city border at Czekoladowa Street by 13% in comparison with the existing situation using the streets Karmelkowa, Czekoladowa or Mokronoska.
• lowering the number of car accidents by 25% along Karmelkowa Street and Czekoladowa Street.

3.4 Activities.
The following activities are to be implemented within the project (within one contract):
• Construction of the Industrial Route:
  Design speed 60 km/h,
  Traffic load KR-4
  - Street class
    G class section – 1.1 km,
    Z class section – 1.9 km,
    L class section – 0.3 km,
  total length 3.3 km, as single carriageway with two-way traffic and one sidewalk.
• Construction of storm water drainage system – diameter 1400 mm.
• Construction of street lighting.
• Reconstruction or protection of other infrastructure along the designed route.
• Landscaping and road greenery

The second phase of the planned Industrial Route (i.e. construction of a second carriageway) will be implemented at a later stage and will be financed from the city budget.

4. Institutional framework:
4.1 The beneficiary of the project is the City of Wroclaw represented by Zarzad Dróg i Komunikacji.
4.2 The Engineer / Project Manager will be appointed through a tender procedure organised by the Beneficiary in accordance with the Polish Public Procurement Law.
4.3 The owner of the facilities after project implementation will be the City of Wroclaw [Gmina Wroclaw] under the management of Zarzad Dróg i Komunikacji.
4.4 The investment will be executed according to the Decentralised Implementation System (DIS) - “Practical Guide to Phare, Ispa & Sapard contract procedures”
4.5 Implementation of the project will not lead to any changes in the institutional framework described above.

5. Budget in MEUR

<table>
<thead>
<tr>
<th></th>
<th>PHARE financing</th>
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<tbody>
<tr>
<td></td>
<td>Investment INW</td>
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<tr>
<td>PROJECT</td>
<td>3,0</td>
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<tr>
<td>TOTAL</td>
<td>3,0</td>
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</tbody>
</table>

The overall value of the investment including employment of the Project Manager will be 6,0 MEUR. The cost of the employment of the Project Manager, amounting to 0,3 MEUR, will be paid by the beneficiary. Co-financing will be available.

6. Implementation arrangements:
6.1. Implementing Agency
PAO: Ms. Ewa Freyberg, Undersecretary of State in the Ministry of Economy,
Pl. Trzech Krzyzy 3/5, 00-507 Warsaw,
Phone: +48 22 693 40 09, Fax: +48 22 629 68 95.

6.2. Twinning - not applicable.
6.3. Non-standard aspects: - not applicable

6.4. Contracts
Contract 1 (works): 5,7 MEUR - joint co-financing
Contract 2 (engineer): 0,3 MEUR

7. Implementation schedule.
7.1. Start of tendering / call for proposals – 1\textsuperscript{st} quarter 2003.
7.2. Start of project activity – 3\textsuperscript{rd} quarter 2003.
7.3. Project completion – 2\textsuperscript{nd} quarter 2005.

8. Equal opportunities.
Procedures related to the implementation of the project will be performed according to the law and will respect equal opportunities for all interested institutions and natural persons in spite of their sex, race and nationality. The employment of men and women will be based on applicable EU standards with reference to EOE (Equal Opportunity of Employment), which will be announced in official press advertisements during the recruitment procedures.

The environmental impact assessment was prepared in December 2000. The assessment shows that implementation of the investment will not result in allowable noise, air pollution ratios, etc. being exceeded. Construction and use of new elements of the transportation system in the south-western economic activity area will result in improvement of the acoustic climate and other environmental parameters in the area of housing estates located alongside Karmelkowa Street and Czekoladowa Street, which at present are utilised as access roads to the Wholesale Centre and Bielanski Junction [Wezel Bielanski]. It will contribute to decreased traffic in these streets.

10. Rates of return.
In January 2002 an economic analysis was prepared for the project. The economic internal rate of return (EIRR) amounts to 14.04% in the analysed period of 20 years, at NPV=0, e=1. Implementation of the project in an interim setting was analysed, i.e. construction of one carriageway. Construction of the second carriageway will improve the effectiveness ratio. The projected investment is not of commercial character, hence it results mostly in social benefits, which are not analysed.

11. Investment criteria.
The Phare support will be conducive to achieving economic and social cohesion goals in Dolnoslaskie 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 joint co-financed by the Polish sources. The national contribution amounts to 50% of the total project cost.

11.3. Additionality.
The financial means transferred to the Beneficiary for the project implementation, covering the investment costs as they are planned within the project do not displace other financing sources, especially from the private sector and the IFI system; it is solely the co-financing of identified priorities and does not replace national resources.
11.4. Project readiness and size.
The project will be ready for implementation and disbursement in accordance with requirements of the Phare 2002 ESC programme. The feasibility study and report on environmental impact assessment have been prepared. The planning permit has been obtained. The work permit will be obtained by the end of 2002. The land for the investment has been acquired and is owned by the beneficiary. The Polish co-financing has been allocated.

11.5. Sustainability.
The project will contribute to the long-term sustainable development of the region, as described in the Operational Programme for Dolnoslaskie Voivodship. The investment is sustainable and does not require any further expenditure apart from the ongoing technical maintenance on the part of the City of Wroclaw.

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

12. Conditionality and sequencing
The project is a part of the transportation system in the south-western economic activity zone and is a key element of the city transportation system. Its success is subject to the following conditions:
- Implementation of the other elements of the voivodship development strategy.
- Regional economy will remain stable
- Active promotion of the region industrial attractiveness
- Financing of the project is granted

Deadlines:
Construction designs prepared by IV quarter 2002
Obtaining the building permit by IV quarter 2002
Preparation of tender documents by I quarter 2003
Signing the works contract by III quarter 2003
Completion of the contract by II quarter 2005

Annexes:
1. Logframe matrix.
2. Implementation, contracting and disbursement schedule.
## Annex 1: Logframe matrix

<table>
<thead>
<tr>
<th>LOGFRAME MATRIX</th>
<th>Programme name and number:</th>
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<tbody>
<tr>
<td>06.07 Dolnoslaskie: Industrial route in Wroclaw</td>
<td>06.07 Dolnoslaskie: Industrial route in Wroclaw</td>
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</tbody>
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<tr>
<th>Disbursement period expires:</th>
<th>30/11/05</th>
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<thead>
<tr>
<th>Overall objective</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
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<tbody>
<tr>
<td>Increase of social and economic cohesion of the Dolnoslaskie voivodship through improvement of existing transportation infrastructure</td>
<td>Increase of SME’s turnover.</td>
<td>How: Published statistics of WUS When: 5 years after project completion Who: Marshal’s Office</td>
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<tr>
<th>Project purpose (Immediate Objectives)</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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<tr>
<td>Enhancement of investment attractiveness of the region and development of the industrial zone</td>
<td>Increase in number of operating enterprises up to 100 SME New jobs created – ca. 1000.</td>
<td>How: Local administration data When: 2 years after project completion Who: Beneficiary</td>
<td>Implementation of other elements of the voivodship development strategy. It is assumed that the regional economy will remain stable.</td>
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<tr>
<th>Results</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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<tr>
<td>Road access to investment facilities.</td>
<td>3.3 km of new road Reduced travel time from Solskie street to the city border at Czekoladowa Street by 13%. Decrease in number of car accidents by 25%</td>
<td>How: Local authorities reports. When: Immediately after project completion. Who: Beneficiary</td>
<td>Active promotion of the region industrial attractiveness</td>
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<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>Construction of one carriageway of Industrial Route with necessary road infrastructure and landscaping</td>
<td>One contract for works. Phare sources- 3 MEUR, national co-financing-3 MEUR</td>
<td>It has been assumed that the financing of the project is granted</td>
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<th>Preconditions</th>
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<td>Decision of the Management Board of the City of Wroclaw on investment undertaking.</td>
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**Legend:**
- **D** = preparation of sub-projects
- **C** = tenders and contracting
- **I** = realisation of contracts and payments
- * = cumulative in M EUR, Phare sources

**Budget Allocation Cost**
- Estimate in M EUR: **3.0**