1. Basic information
1.1. CRIS Number: 2002/000-580-06.14
1.2. Title: Malopolskie: Economic development Kety
1.3. Sector: ESC
1.4. Location: Poland, the Malopolskie Voivodeship, the town of Kety

2. Objectives
2.1. Overall objective
Increase of social and economic cohesion of the Malopolska Voivodship by the improvement of transport facilities.

2.2. Project purpose/Immediate objective(s)
Establishment of favorable conditions for SME creation.
Improvement of the road access to the area designated for SME development.

2.3. Accession Partnership and NPAA priority
The project is designed to address issues related to the AP priority in economic and social cohesion policy related to the preparation for the implementation of regional programmes and Community Initiatives. The project in particular responds to the economic criterion identified in the AP concerning improving the competitiveness of the Polish economy. The project corresponds also to the NPAA priority "Regional policy and co-ordination of structural instruments".

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 countering marginalisation of certain areas”. The priorities of this axis will be implemented by means of several measures including development and modernisation of infrastructure necessary for increasing competitiveness of the regions.
The project is coherent with the priorities of the Operational Programme of the Malopolska Voivodeship.

2.5. Cross border impact: N/A

3. Description
3.1. Background and justification:
The town of Kety is located in the zone of intensive economic development, in the western part of the Malopolskie Voivodeship.
The town is an industrial and commercial centre. The municipal economy is dominated by production activities, reflected by the high number of people employed in the industrial sector (4,479 out of the 6,657 total employed in 2000) and the number of production businesses (273). A total of 1,805 businesses had been registered by December 2000. The majority of businesses are involved in providing services, the retail and wholesale trade. Kety’s retail network is well developed with approximately 300 outlets.
The need to restructure the existing companies providing employment for the region and the lack of proper transportation facilities, which hamper the town’s growth, have resulted in a large number of redundancies, particularly among women. Unemployment has reached a level of 17 percent, of which 60 percent are women.
The town of Kety is located at the western border of Malopolska and suffers from migration of business to more developed areas in the Śląskie Voivodeship. The by-pass which is taking away the traffic from the centre (there is a route to Zwardon on the border with the Czech Republic) will create very good access to SME areas (relevant to most enterprises).
Down the centuries Kety has benefited from its unique location at the junction of a historic route connecting Vienna and the South of Europe with Kraków – at present this is the National Road No. 52 and Voivodship Road No. 948. Unfortunately, nowadays due to this junction it is not possible to drive smoothly through the city. The congestion of the transit traffic from the Silesia region going through Kety in the North – South and West – East directions is a particular nuisance. In order to improve the traffic flow, the so-called “small by-
pass" with a small roundabout was constructed, which became a new element of the National Road No. 52.
The construction of a by-pass as an element of the Voivodship Road No. 948 will help to eliminate the obstacles to the town and region’s development, such as the lack of access to the investment areas, as well as the huge transit traffic in the city centre.
At present a number of businesses in the wool industry, soft drinks and mineral water producers, knitting industry, agricultural and trade co-operatives are operating in the area covered by the project. They employ more than 500 employees. The businesses operating in this area have limited access to roads. Direct access to the by-pass will be crucial to development of the businesses and it will also be a springboard for new investment. Along the new stretch of the road there is an area of 12ha, including 7 ha already existing and 5 ha of new area for investment. The areas belong to the State Treasury (7 ha), to the gmina (2 ha) and private owners (3 ha). Currently the gmina is buying the private owned land. They are completely prepared for development (all necessary facilities are available) in the production, service and commercial sectors. The lack of investment in this area stems from the lack of access. Fees for using facilities and land lease are set every year by the local government and are identical for all entities operating in the gmina. Designation of the said area for investment will facilitate the creation of new businesses, which as a consequence will create approximately 100 new workplaces. The project will also contribute to maintaining the existing workplaces and businesses.
The economic development of production industries and services will undoubtedly contribute to the improvement of the quality of life in the region. It will also help to decrease unemployment and prevent the outflow of people from the town.
What is crucial to Kety’s economic success is the fact that areas attractive for tourism, such as the cascades on the Sola River, the Zar Mountain and the Beskid Zywiecki Mountains which offer year round attractions for visitors are located close to the town. Kety itself has historical values that contribute to the region’s cultural heritage. Therefore the revitalisation of the town centre by the construction of the by-pass will be essential to increasing the attractiveness of Kety in the field of tourism as well.

3.2. Linked activities
Traffic safety improvement is one of the priorities included into the Voivodship Development Strategy and the Development Strategy for the Ziemia Oswiecmimska Region. Therefore the Office of Kety Gmina and the General Directorate of Public Roads have taken steps to implement it through the construction of a roundabout at the junction of National Road 52 with Ulica Szczepana (financed by public funds).
In order to revitalise and increase the city centre attractiveness for visitors, the City of Kety made the following investments:
- development of a colour scheme for repairing the old tenement houses situated on the market square of this 725 year old town,
- drafting of the technical documents required for the restoration of the surface of the market square together with decorative artwork,
- commencement of work on designing a large car park near the town’s fair and sport facilities. The car park is situated near the Sola mountain river with its attractive and much-visited bathing areas financed by the gmina,
- construction of a sports hall near to the state-of-the-art swimming pool, to be commenced this year.

3.3. Results
- new access road of 1,5 km to the Industrial Area - ca. 12 ha (including creation of 5 ha of new areas and developing of 7 ha existing),
- road by-pass of the city,
- reduced travel time time to get to the Industrial Area in Kety from the direction of Krakow and Bielsko-Biala by 15 minutes,
- improved quality of the road.
3.4. Activities
The construction of a new voivodeship road including:
- The construction of a 7 metre wide new road – 0.97 km
- The construction of a 2 metre wide pavement – 0.97 km
- The construction of a 2.5 metre wide cycle path – 0.63 km
- The construction of storm water drains – 0.90 km
- The construction of a sanitary sewerage system – 0.33 km
- The construction of sound barriers – 0.20 km

The renovation of a road including:
- The renovation of the surface – 0.57 km
- The renovation of the pavement – 1.14 km
- The renovation of storm water drains – 0.50 km

4. Institutional framework
4.1. The beneficiary of the project
The Malopolskie Voivodship. On behalf of the Malopolskie Voivodship the project will be supervised by the Voivodship Roads Administration (Zarzad Dróg Wojewódzkich w Krakowie), 30-085 Kraków, ul. Glowackiego 56, tel. 637-28-79.

4.2. The Engineer/Manager of the project: will be selected by tender in compliance with the Polish Act on Public Procurement.

4.3. The owner of the investment following the completion of the project: the Malopolskie Voivodship (the Executive Board of the Malopolskie Voivodship).

4.4. The investment will be carried out in accordance with the provisions of the Decentralised Implementation System – “Practical guide to Phare, Ispa and Sapard Contract Procedures”.

4.5. The implementation of the project will not cause any changes to the institutional framework described above.

5. Budget in MEUR

<table>
<thead>
<tr>
<th>Phare Support</th>
<th>Investment</th>
<th>IB</th>
<th>Total Phare</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
<td>2.117</td>
<td></td>
<td>2.117</td>
<td>0.783</td>
<td></td>
<td>2.90</td>
</tr>
<tr>
<td>Total</td>
<td>2.117</td>
<td></td>
<td>2.117</td>
<td>0.783</td>
<td></td>
<td>2.90</td>
</tr>
</tbody>
</table>

The overall value of the investment including employment of the Project Manager will be 2.90 MEUR. The beneficiary will pay the cost of 0.087 MEUR for the employment of the Project Manager. Co-financing will be available.

6. Implementation arrangements
6.1. Implementing Agency
Phone: + 48 22 693 40 09, Fax: + 48 22 629 68 95.
Implementing Agency: Implementing Authority for Phare Cross Border Co-operation Programme Kruca 36 street, 00-522 Warsaw, Poland phone +48 22 695 99 10-11, fax +48 22 695 99 12-13

6.2. Twinning: N/A
6.3. Non-standard aspects: N/A
6.4. Contracts
Contract 1 (works): 2.813 MEUR (including Phare funds) - joint co-financing
Contract 2 (engineer): 0.087 MEUR (financed from Polish funds only)

7. Implementation schedule
7.1. Start of tendering: 4th quarter of 2002
7.2. Start of project activity: 2nd quarter of 2003
7.3. Project completion: 4th quarter of 2004

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.

9. Environmental Impact
The environmental impact assessment was produced in two parts: a report on the environmental impact of the construction of a by-pass around Kety from J. Kantego Street to Mickiewicza Street – the phase of adopting a decision on the conditions for land development and management by Biuro Konsultingowe Ochrony Srodowiska EKOSYSTEM SLASK, an environmental consultancy, was produced in December 2001 and a report on the environmental impact of the construction of a road linking Fabryczna Street with J. Kantego Street in Kety was produced by EKOLOGIA I ZDROWIE in June 2001.

The most important aspects of the project for the environment:
The project may have an impact on the environment at the construction phase. However, the impact will be temporary and reversible in the majority of cases.
To protect the area against noise, the construction of a sound barrier has been proposed.
The project will not have any impact on land surface or soil, nor will it generate any hazardous wastes.
The construction of the road will not cause any changes in groundwater drainage nor will it disrupt the operation of the local water supply or drainage systems. Temporary nuisance may be caused solely at the phase of the construction work.

10. Rates of Return
The results of an economic efficiency analysis for the Kety by-pass are the following:
- EIRR = 16.69 %
- FIRR = 16.95 %
The economic efficiency analysis for the Kety by-pass was carried out by “Altrans” – Pracownia Planowania I Projektowania Systemów Transportu in February 2002.

11. Investment Criteria
11.1. Catalytic effect:
The Phare support will be conducive to achieving economic and social cohesion goals in Malopolskie 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 sources. The national contribution amounts to 27% of the total project cost. - joint co-financing

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, contracting and disbursement in accordance with requirements of Phare 2002 ESC programme. The feasibility study and report from environmental impact assessment have been prepared. The planning permit has been obtained. The acquisition of land for the investment has been completed. 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 Malopolskie Voivodship. The investment is sustainable and does not require any further expenditures apart from the ongoing technical maintenance on the part of the Malopolskie Voivodship. On behalf of the Malopolskie Voivodship the project will be supervised by the Voivodship Roads Administration (Zarzad Dróg Wojewódzkich w Krakowie), 30-085 Kraków, ul. Glowackiego 56, tel. 637-28-79.

11.6. **Conformity with state aid provisions:**
All aspects of the project will be developed with respect to the state aids provisions of the European Agreement.

12. **Conditionality and sequencing**
Conditionalties and Assumptions  
- Implementation of the remaining elements of the Malopolskie Voivodship Development Strategy;  
- Sustained activities aimed at attracting investors to Malopolska;  
- The work will be performed by the contractor on time and in compliance with the technical documents;  
- Financial means for the co-financing will be ensured;  
- Stable conditions for business activity in the region.

Deadlines:  
- Construction designs prepared by 4th quarter of 2002  
- Obtaining the building permit by 4th quarter of 2002  
- Preparation of tender documents by 4th quarter of 2002  
- Signing the works contract by 2nd quarter of 2003  
- Completion of the contract by 4th 2004

**Annexes**
Annexe 1 – Logframe matrix  
Annexe 2 – 3 – Implementation, contracting and disbursement schedule
Annexe 1: Logframe matrix

**LOGFRAME PLANNING MATRIX FOR:**

**06.14 Malopolskie: Economic development Kety**

*Programme name and number: PHARE 2002 ESC*

*Contracting period expires: 30/11/04*

*Disbursement period expires: 30/11/05*

*Total budget: 2,90 MEUR Phare budget: 2,117 MEUR*

<table>
<thead>
<tr>
<th>Overall Objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of social and economic cohesion of the Malopolskie Voivodship through the improvement of transport facilities</td>
<td>Unemployment will decline in the region</td>
<td>Statistics published by GUS (Central Statistical Office) and WUS (Voivodship Statistical Office)</td>
<td>- Implementation of the remaining elements of the Malopolskie Voivodship Development Strategy; - Sustained activities aimed at attracting investors to Malopolska</td>
</tr>
</tbody>
</table>

**Project Purpose (Immediate objectives)**

<table>
<thead>
<tr>
<th>Establishment of favorable conditions for SME creation</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 new businesses will be established in the area made available for investment</td>
<td>Report by the Office of the Kety Gmina</td>
<td>- The work will be performed by the contractor on time and in compliance with the technical documents; - Stable conditions for business activity in the region.</td>
<td></td>
</tr>
</tbody>
</table>

**Results**

- New access road to the Industrial Area
- Road by-pass of the city
- Reduced travel time
- Reduced number of road accidents
- Improved quality of the road

- Approx. 12 hectares of land will be made available for investment.
- Construction of a by-pass: construction of a new road (0.97 km) and renovation of a road (0.57 km)
- Time for getting to industrial area through town centre from direction of Krakow and Bielsko-Biala will be reduced by 15 minutes.
- Accidents will decline by 20% within 2 years of the completion of the project

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The construction of a new voivodeship road including:</td>
<td>- Technical documents</td>
<td>- The work will be performed by the contractor on time and in compliance with the technical documents;</td>
</tr>
<tr>
<td>- The construction of a 7 metre wide new road – 0.97 km</td>
<td>- One contract for construction work:</td>
<td>- Financial means for the co-financing will be ensured;</td>
</tr>
<tr>
<td>- The construction of a 2 metre wide pavement – 0.97 km</td>
<td>- Own resources – MEUR 0.783 i.e. 27%</td>
<td></td>
</tr>
<tr>
<td>- The construction of a 2.5 metre wide cycle path – 0.63 km</td>
<td>- Phare aid – MEUR 2,117,000</td>
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<tr>
<td>- The construction of storm water drains – 0.90 km</td>
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<td></td>
</tr>
<tr>
<td>- The construction of a sanitary sewerage system – 0.33 km</td>
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<td>- The construction of sound barriers – 0.20 km</td>
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<tr>
<td>- The renovation of a street including:</td>
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<tr>
<td>- The renovation of the surface – 0.57 km</td>
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<tr>
<td>- The renovation of the pavement – 1.14 km</td>
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<tr>
<td>- The renovation of storm water drains – 0.50 km</td>
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**Preconditions**

# Annex 2-3: Implementation, contracting and disbursement schedules

## 06.14 Malopolskie: Economic development Kety

<table>
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<td>Planning period</td>
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| (1)  | (2)  | (3)   |

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<th>Implementation schedule</th>
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<td>0.800</td>
<td>1.000</td>
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</table>

**Legend:**

D = design of sub-projects  
C = tendering and contracting  
I = contract implementation and payment  
* amounts in EUR millions, cumulative