1. Basic information
1.1 CRIS Number: 2002/000-580-06.23
1.2 Title: Podlaskie - Investment area Bialystock
1.3 Sector: ESC
1.4 Location: Poland, Podlaskie Voivodship, Bialystok City

2. Objectives
2.1 Overall objective:
Increase of social and economic cohesion of the Podlaskie voivodship through supporting infrastructure stimulating development of Small and Medium Enterprises Sector

2.2 Project purpose/immediate objective(s):
- Entrepreneurship development
- Rising investment desirability of the region
- Improvement of communication accessibility to investment areas

2.3 Accession Partnership and NPAA priorities:
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 responds in particular to the economic criterion identified in the AP concerning improving the competitiveness of the Polish economy and upgrading of skills in particular in eastern border regions. 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 counteracting marginalisation of certain areas”. The priorities of this axis will be implemented by means of several measures including development and modernisation of infrastructure serving to strengthen competitiveness of the regions.

2.5 Cross border impact: - N/A.

3. Description
3.1 Background and justification:
Bialystok has a population of 285,500 inhabitants and is the most important urban centre in the north-east part of Poland. Considering the city size and its geographical location, it fulfills macroregional functions in terms of business, tourism, commerce and services, science, banking and health service. Both national and foreign investors have begun to appreciate the advantages of Bialystok’s location and are now seeking potential investment opportunities. However, the largest problem in entrepreneurship development is lack of proper transport infrastructure to facilitate access to areas designated for the productive sector.

Creation of favourable conditions for development of economic activity is now vital, since there has been a rapid growth of the number of unemployed people during the last two years. Increasing numbers of companies have made staff redundant or declared bankruptcies. Unemployment has reached a record value - at present it is estimated at about 13.3% and is increasing. For comparison, unemployment was 12.9% at the end of October 2001 and 11.6% at the end of December 2000.

There is a decreasing number of job offers in parallel to the growing number of unemployed people. In 1999, 5078 new job offers were submitted to the Powiat Labour Office in Bialystok. In 2000 this number was 4127 while in 2001 it was only 2956. Therefore, regional authorities assumed key tasks to be the implementation of projects improving conditions for development of entrepreneurship and creation of new work places. The development of investment areas located at Ks. J. Popieluszki Street and Hetmanska Street would provide an opportunity to weaken these unfavourable tendencies or even reverse the negative economic situation in the regional and city economy. The City has designated commercial areas located at Ks. J. Popieluszki, with a total area of over 5 ha, for commercial and service infrastructure. The real estates are equipped with...
electric installation, water-supply and sanitary sewage systems. There is also a strong interest among foreign investors in developing a commercial centre in the vicinity of Hetmanska Street. The planned facilities will also comprise galleries designated for local business. The implementation of these projects requires improvements in access to these areas. The proposed technical and road infrastructure will enable therefore the development of entrepreneurship and will create conditions for the construction of new commercial centres. It will also improve access to the Customs Office from the north and west, which would facilitate an increase in the number of TIR trucks processed by 10 daily.

3.2 Linked activities:
The Project is a continuation of formerly implemented projects and is closely linked with:
- The project “Construction of the tunnel under the rail tracks”, implemented within the context of Phare ESC 2000 Programme and construction of which began in December 2001
- The project “Construction of the road system in the vicinity of the tunnel” which will be co-financed from Phare ESC 2001 funds
- Reconstruction of two junctions of Gen. Sikorskiego Street with Jana Pawła II Street and of Popieluszki Street and construction of the second traffic lane of Sikorskiego Street, financed from the budget of Białystok City.

Concentration of funds from various sources in this part of the city will enable greater benefits to be achieved, especially in making available areas for small and medium enterprises and improving the competitiveness of the region.

3.3 Results:
- Easier access to 10 ha of investment areas in the region of Popieluszki Street and Hetmanska Street
- Shortening travel time from Kopernika Street to Sikorskiego Street by 5 minutes
- Approx. 1.4 km of new streets meeting a higher technical standard

3.4 Activities:
- Reconstruction of Popieluszki Street (construction of a second carriageway), a length of approximately 1 kilometre, along with accompanying underground infrastructure, resulting in a street of two carriageways with three traffic lanes each.
- Reconstruction of Hetmanska Street, a length of approximately 0.4 km, along with accompanying underground infrastructure, resulting in a street of two carriageways with two traffic lanes each.

4. Institutional framework
4.1 The beneficiary of the project will be Municipal Office in Białystok
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 Municipal Office in Białystok.
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>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>2.1</td>
<td>-</td>
<td>2.1</td>
<td>1.0</td>
<td>-</td>
<td>3.1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.1</td>
<td>-</td>
<td>2.1</td>
<td>1.0</td>
<td>-</td>
<td>3.1</td>
</tr>
</tbody>
</table>

The overall value of the investment including employment of the Project Manager will be 3.1 MEUR. The cost of the employment of the Project Manager (0.18 MEUR) will be paid by the beneficiary. Co-financing will be available.

6. Implementation arrangements
6.1. Implementing Agency:
6.2. Twinning: N/A.
6.3. Non-standard aspects: N/A.
6.4. Contracts:
Contract 1 (works): 2.92 MEUR (including Phare funds) - joint co-financing
Contract 2 (engineer): 0.18 MEUR (financed from Polish funds only)

7. Implementation schedule
7.2. Start of project activity: III quarter of 2003
7.3. Project completion: III 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 prepared in accordance with the Council Directive No 85/377/EEC on Environmental Impact Assessment of Certain Public and Private Undertakings. Two separate EIAs were prepared for Hetmanska Street (section from Marczukowska Street to Ks. J. Popieluszki Street) and for Ks. J. Popieluszki Street in the section from the junction with Hetmanksa Street to the junction with Gen. W. Sikorskiego Street. The junction of Ks. J. Popieluszki with Gen. W. Sikorskiego and the junction with Hetmanka Street were excluded from the evaluation. The evaluation for these junctions was prepared in the year 2001 for realization within the PHARE 2001 Programme.
The following items were determined in the elaboration of the influence of the construction of the second traffic carriageway of Ks. J. Popieluszki Street and of the modernisation of the section of Hetmanka Street:
- acoustic climate
- air quality
- surface waters
- ground surface and soil contamination
- animal and plant environment
- traffic safety.
Evaluation of factors mentioned above was performed both at the construction phase and operation phase of the investment.
The summary suggests that implementation of the using the proposed methods would not be detrimental to the environment and in certain aspects would have a positive effect on it.

10. Rates of return
The feasibility study prepared for the investment entitled “Construction of the second traffic carriageway of Ks. J. Popieluszki Street and modernization of Hetmanka Street, confirms the feasibility of this project. The economic internal rate of return (EIRR) is estimated at 24.7%, while the net present value (NPV) is estimated at 2.627.000 EUR (at 10% discount rate).

11. Investment criteria
11.1. Catalytic effect:
The Phare support will be conducive to achieving economic and social cohesion goals in Podlaskie 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 32.3% 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 construction permit will be obtained by the end of August 2002. 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 Podlaskie Voivodship. The investment is sustainable and does not require any further expenditures apart from the ongoing technical maintenance on the part of the Municipal Office in Białystok.

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
The implementation of the project will be conditioned by the following:
- introduction of remaining elements of development strategy
- stability of the region’s economy
- stability of legal regulations relating to economic investments in designated areas
- active promotion of the investment attractiveness of the areas
- maintaining the schedule designated in the programme

Deadlines:
- Construction designs prepared by IV quarter of 2001
- The construction permit will be obtained by the end of August 2002
- Preparation of tender documents by IV quarter of 2002
- Signing the works contract by III quarter of 2003
- Completion of the contract by III quarter of 2004

Annexes to Project Fiche:
Annex 1 - logical matrix
Annex 2 – 3 – implementation, contracting and disbursement schedule
### Overall Objective

**Increase of social and economic cohesion of Podlaskie Voivodship through supporting infrastructure stimulating development of Small and Medium Enterprises Sector**

**Objectively Verifiable Indicators**

- Increase of SME’s turnover

**Sources of Verification**

- How: Publications of WUS
- When: 5 years after project completion
- Who: Marshal Office of Podlaskie Voivodship

### Project Purpose /Immediate Objectives

- Entrepreneurship development
- Rising investment attractiveness of the region
- Improvement of communication accessibility to investment areas

**Objectively Verifiable Indicators**

- Increase of number of new enterprises in investment areas by 8
- Increase of number of work places by 500
- Increase in capital investment in the project area by 200 million PLN

**Sources of Verification**

- How: statistical data of WUS and UM in Bialystok
- When: 2 years after project completion
- By who: Beneficiary

**Assumptions**

- • Realization of remaining elements of development strategy
- • Stability of the region’s economy
- • Change of legal regulations disabling economic investments in designated areas

### Results

- Easier access to investment areas in the region of Popieluszki Street and Hetmanska Street
- Shortening of travel time
- New streets with better standard

**Objectively Verifiable Indicators**

- 10 ha of investment areas accessible for investors
- Shortening travel time from Kopernika Street to Sikorskiego Street by 5 minutes
- 950 metres of constructed street
- 380 metres of reconstructed street

**Sources of Verification**

- How: Reports of local authorities
- When: directly after project completion
- Who: Beneficiary

**Assumptions**

- • Realization of remaining aims by the investor in the area of project’s influence
- • Active promotion of investing attractiveness

### Activities

- Reconstruction of Popieluszki Street (construction of second traffic carriageway) approximately 1 km in length along with accompanying underground infrastructure.
- Reconstruction of Hetmanska Street approximately 0.4 km in length along with accompanying underground infrastructure.

**Means**

- Phare funds – 2.1 MEURO
- Beneficiary’s resources – 1.0 MEURO
- One works contract

**Assumptions**

- Project financing is ensured. Supervision and management of the project will be effective and professional.

### Preconditions

- • Decision of city council of Bialystok regarding investment enterprise
## Annex 2-3: Implementation, contracting and disbursement schedules

### 06.23 Podlaskie - Investment area Bialystock

<table>
<thead>
<tr>
<th>Date of drafting</th>
<th>Planning period</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.01.2002</td>
<td>01.2003-09.2004</td>
</tr>
</tbody>
</table>

### Estimated budget (in MEURO)

<table>
<thead>
<tr>
<th></th>
<th>I'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>
</tr>
</thead>
<tbody>
<tr>
<td><strong>D</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C/I</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>I</strong></td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td></td>
</tr>
<tr>
<td><strong>V</strong></td>
<td>2.10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VI</strong></td>
<td>0.98</td>
<td>1.58</td>
<td>1.68</td>
<td>2.08</td>
<td>2.10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VII</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VIII</strong></td>
<td></td>
<td></td>
<td></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** = contract implementation and payment

---

*Operational budget calculated in case of all projects.*