1. BASIC INFORMATION
1.1. CRIS number: 2002/000-580-06.16
1.2. Title: Podlaskie - Access investment areas Suwalki.
1.3. Sector: ESC
1.4. Location: Poland, Podlaskie Voivodship, Suwalki town.

2. OBJECTIVES
2.1. Overall objective
The consolidation of the economic – social cohesion of Podlaskie Voivodship through provision in required transport infrastructure for enterprise development

2.2. Project purpose/ immediate objective(s):
• Increase of investment attractiveness;
• Improvement of conditions to small and medium enterprises development.

2.3. Accession Partnership and the 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 countering 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. The project is compliant with the priorities of the Operational Programme of the Podlaskie Voivodship.

2.5. Cross Border Impact: - N/A

3. DESCRIPTION
3.1 Background and justification:
Suwalki town, which has 68 700 inhabitants, is situated in the northern part of Podlaskie Voivodship, one of the poorest regions in Poland. The basic problem in the town is the increase of unemployment. In 2001 in Suwalki there were 5 892 unemployed persons registered, a rate of 20.1%. The unemployment rate at the end of 2000 was 18,3%, while the average rate in Podlaskie Voivodship was 13,6%.

According to data of REGON there were 7 058 economic units registered in Suwalki, including 10 units employing over 250 people. A major factor which restrains the development of SMEs in the Suwalki area, and in the region as a whole, is the underdevelopment and bad condition of the road infrastructure. Out of 115 km of surfaced roads, 25 km is in bad technical condition. Apart from local traffic, the national road N 8, 12,7 km of which passes through the administrative borders of the town, carries all transit traffic toward the Baltic States. The 24 hour average traffic load exceeds 10 000 Equivalent Standard Axial Load (ESAL).

The development of SMEs in Suwalki requires systematic and planned activity. Taking this concept into consideration, the town authorities elaborated “The strategy of sustainable development of Suwalki town until 2015”. The most important strategic objectives include:
- supporting local enterprise development while protecting the environment;
- making better use of tourist attractions in the surrounding Suwalki region to stimulate the development of SMEs;
- improved infrastructure for transit traffic.

In the vicinity of the project’s impact around Pulaskiego street there is a 25 ha area foreseen for the development of production, craft, services and trade enterprises. The area comprises: 7,27
ha of communal land designated for sale; about 7.5 ha between Swierkowa and Nowomiejska streets designated for services; and 0.35 ha next to the crossing with Nowomiejska street zoned for postal services. Another area of land over 10 ha zoned for services is situated in the vicinity of the crossing with Armii Krajowej street and Falka street. There are already services connected with transit and tourist traffic situated there. According to the data of REGON at present the economic activity of the project’s impact area consists of 253 small and medium enterprises. The project’s realization through the provision of transportation facilities will directly influence the readiness of new investors to locate their activity in this area, thus aiding the faster development of SMEs. The enterprises located there will benefit from access to new investment areas. The realization of the project is necessary to attract new investors and enterprises, creating new jobs and diversifying the economic base of the town and the region. It will also contribute to the creation of 20 new economic units, increase employment through the creation of 150 jobs in a radius of up to 500 m from the reconstructed road and create new jobs relating to the improved transport network. In accordance with the activity plan, the Municipality prepared the offer of potential investment locations, 6 out of 13 of which are located in the vicinity of the project. The real estates are equipped with electric installation, water-supply and sanitary sewage systems.

The project is in accordance with the Strategy of Podlaskie Voivodship, Voivodship Operational Programme, Strategy of Sustainable Development of Suwalki Town till 2015. The project will contribute to the social – economic cohesion of the region and country.

The documents proving the investors’ interest are enclosed.

3.2. Linked activities:
In 1997 in the direct neighbourhood of Pulaskiego street, the Project Nº PL.9509/02/06/L006 – Construction of equipment of the neighbourhood of the streets Swierkowa and Modrzewiowa in Suwaki was carried out with the participation of the funds of Phare RAPID Programme. Between March 1999 and September 2000 the modernisation of national road Nº 8 section Szypliszki – Suwalki (14.3 km) was carried out in the framework of Transport Programme Phare 9703. As a result the technical standards of the road have been improved to an express road with a design speed of 80 km/h. Between 2000 and October 2001 the next 3.3km section of road No. 8 was modernised, using funds from the national budget reserve.

In 2001 the crossings of Pulaskiego street with Kowalskiego, Chopina and Nowomiejska streets were signalised and the substructure of a section of the street was strengthened. The project of the reconstruction of Pulaskiego street is a direct continuation of previous activities, including those carried out in the framework of the Phare programme.

In addition, various infrastructure projects were carried out in the domains of environment protection, transport, development of enterprise centres and tourist infrastructure, as follows:
- PL9207 STRUDER – 10 projects, of total value 2 700 000 EUR, including 1 400 000 EUR from Phare,
- PL9609 STRUDER 2 – 14 projects, of total value 2 900 000 EUR, including 790 000 EUR from Phare,
- PL9509 RAPID – 8 projects, of total value 1 700 000 EUR, including 720 000 EUR from Phare,

3.3. Results:
- Maintenance and creation of job places
- The increase of investment attractiveness of areas along Pulaskiego street
- Reducing the travel time through Suwalki by 6 minutes
- Modernisation of 2 262 m of Pulaskiego street
3.4. Activities:
The project includes the reconstruction of a 2.3 km length of the two carriageway Pulaskiego street which forms part of national road No 8 and the realisation of asphalt surfaces of one carriageway streets of a length of 1.2 km in the vicinity of the crossings with Pulaskiego street.

The following elements of infrastructure will be constructed:
1. Reconstruction of a length of 1492 m of Pulaskiego street including: protection of existing gas networks and adaptation of underground equipment, construction of traffic signalling with power supply at the crossing of Pulaskiego street with Swierkowa street, asphalt surfacing with the strengthening of the substructure and reconstruction of the crossings of a total area of 29.521 m², sidewalks made of concrete bricks over an area 8525 m² and accompanying greenery.
2. Strengthening the structure of the surface of Pulaskiego street together with the replacement of the pedestrian pavements over a length of 433 m
3. Reconstruction of the crossing of Pulaskiego street with Podhorskie and Bulwarowa streets over a length of 337 m
4. Strengthening the surface of the administrative district's streets (Chopina, Nowomiejska, Swierkowa) on the section to 150 m from the crossing with Pulaskiego street
5. Strengthening the surfaces of the administrative district's streets: Falka, Kowalskiego, Andersa, Putry, Witosa, Brzostowskiego on the section to 150 m from the crossing with Pulaskiego street.

4. INSTITUTIONAL FRAMEWORK
4.1 The beneficiary of project will be Suwalki Municipality.
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:
- Whole infrastructure in Pulaskiego street and in administrative district’s streets: Swierkowa, Nowomiejska, Chopina - the Polish State Treasury
- Surfaces on the sections of municipal streets: Falka, Kowalskiego, Andersa, Putry, Witosa and Brzostowskiego, realized in the project’s framework – Suwalki Municipality
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</th>
<th></th>
<th></th>
<th>National co financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
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<tr>
<td></td>
<td>Investments</td>
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<td>Total Phare</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Project</td>
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<td>-</td>
<td>2.0</td>
<td>1.1</td>
<td>-</td>
<td>3.1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.0</td>
<td>-</td>
<td>2.0</td>
<td>1.1</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 (0.13 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: N/A
6.3. Non standard aspects: N/A.
6.4. Contracts:
Contract 1 (works): 2.97 MEUR (including Phare funds) - joint co-financing
Contract 2 (engineer): 0.13 MEUR (financed from Polish funds only)

7. IMPLEMENTATION SCHEDULE
7.2. Start of project activity: 3rd quarter 2003
7.3. Project Completion: 4th quarter 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 ASSESMENT (attached to the project)
1. The actual acoustic climate on Pulaskiego street in Suwalki, forming part of national road No 8, on the section between Swierkowa and Podhorskiego streets is determined by existing transit and local road traffic.
2. On the examined section, acoustically sensitive objects include rows of multi occupancy residential buildings along Pulaskiego street and other adjoining streets.
3. The actual level of equalised noise exceeds admissible norms defined by The Order of the Minister of the Environment Protection of 13.05.1988 on admissible noise levels in the environment.
4. After reconstruction of the street, there will be no significant worsening of noise pollution due to increased traffic volumes. However, in the row of buildings closest to the road the noise may remain above admissible levels.
5. To minimise the negative influence on the surroundings, windows can be replaced in buildings closest to the road.
6. The area subject to particulate and gas pollution up to 2010 does not show emissions exceeding air quality norms.
7. The existing storm water drainage is sufficient for the reconstructed section of Pulaskiego street.

10. RATES OF RETURN
The feasibility study of the project was elaborated in January 2002.
The net present value in the variant I is:
- ENPV for 4% = 15 045,32 PLN
- ENPV for 8% = 6 836,68 PLN
- ENPV for 16% = -470,29 PLN
Economic internal rate of return (EIRR) in variant I is:
- EIRR = 15%

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 35,5 % 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 September 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 expenditure apart from the ongoing technical maintenance on the part of the Suwalki Gmina.

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 realisation of the project is conditioned by:
- Implementation of remaining elements of the voivodship development strategy
- Active promotion of macrorregion in relation to business attractiveness
- Ensuring financial means for co-financing

Deadlines:
- Construction designs– prepared documentation
- Obtaining the building permit by 3rd quarter 2002
- Preparation of tender documents by 4th quarter 2002
- Signing the works contract by 3rd quarter 2003
- Completion of the contract by 4th quarter 2004

Annexes:
Annex 1 – logical framework matrix
Annex 2 – 3 Schedule of implementation, contracting and disbursement
## Annex 1: Logframe matrix

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR</th>
<th>Name and the number of the programme</th>
<th>Phare 2002 – Economic and Cohesion</th>
</tr>
</thead>
<tbody>
<tr>
<td>06.25 Podlaskie - Access investment areas Suwałki</td>
<td>Contracting period expires: 30/11/04</td>
<td>Disbursement period expires 30/11/05</td>
</tr>
<tr>
<td></td>
<td>Total budget: 3 100 000 EUR</td>
<td>Phare ESC budget: 2 000 000 EUR</td>
</tr>
</tbody>
</table>

### Overall objective

The consolidation of the economic – social cohesion of Podlaskie Voivodship through provision in required transport infrastructure for enterprise development

<table>
<thead>
<tr>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of SME’s turnover</td>
<td>How: Publications of WUS</td>
</tr>
<tr>
<td></td>
<td>When: 5 years after project completion</td>
</tr>
<tr>
<td></td>
<td>Who: Marshal Office of Podlaskie Voivodship</td>
</tr>
</tbody>
</table>

### Project purpose/Immediate objectives

- Increase of investment attractiveness
- Improvement of conditions for small and medium enterprise development.
- Increase of investments in the service and production sector in Suwałki area.

<table>
<thead>
<tr>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Information</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 new economic units</td>
<td>How: statistical data of Voivodship Statistics Office and Marshal Office in Białystok</td>
<td></td>
</tr>
<tr>
<td>150 new jobs 2 years after project completion</td>
<td>When: 2 years after project completion</td>
<td></td>
</tr>
<tr>
<td></td>
<td>By who: Beneficiary</td>
<td>Realisation of remaining elements of the development strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>stability of region’s economy</td>
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<td></td>
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<td>change of the legal regulations, which make impossible the economic investments in selected areas</td>
</tr>
</tbody>
</table>

### Results

- Maintenance and creation of job places
- Growth of investment attractiveness of area
- Reduce journey time
- Modernised road on Pulaskiego street

<table>
<thead>
<tr>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Information</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preservation and creation of 50 job places directly after investment completion</td>
<td>How: Local authorities' reports</td>
<td></td>
</tr>
<tr>
<td>25 ha of accessible investment areas</td>
<td>When: immediately after project completion</td>
<td></td>
</tr>
<tr>
<td>Shortening of the time of passing through Suwałki of 6 minutes</td>
<td>Who: Beneficiary</td>
<td></td>
</tr>
<tr>
<td>2 262 m of modernised road and 2 reconstructed crossings</td>
<td></td>
<td>implementation of objectives assumed by the investor in the area of project’s impact</td>
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<tr>
<td></td>
<td></td>
<td>Active promotion in the scope of investment attractiveness</td>
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<td>Financial means for the investment ensured</td>
</tr>
</tbody>
</table>

### Activities

- Reconstruction of two carriageway street of 2.3 km together with its surroundings and complete infrastructure
- Modernisation of surfaces of one carriageway street of 1.2 km
- Reconstruction of two crossings

<table>
<thead>
<tr>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>One works contract</td>
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### Preconditions

- Decision of Municipality on investment undertaking
Annex 2-3: Schedule of implementation, contracting and disbursement

<table>
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<th>06.25 Podlaskie - Access investment areas Suwalki.</th>
<th>Date of drafting</th>
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<td>Estimated budget – 2,0 MEUR – PHARE</td>
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<th>Disbursement schedule*</th>
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<thead>
<tr>
<th>Legend:</th>
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<tbody>
<tr>
<td>D = design of sub-projects</td>
</tr>
<tr>
<td>C = tendering and contracting</td>
</tr>
<tr>
<td>I = contracts and payments' realization</td>
</tr>
</tbody>
</table>