1. **Basic Information**
   1.1. CRIS Number: 2002/000-580-06.26
   1.2. Title: Pomorskie - Investment attractiveness Lebork
   1.3. Sector: ESC
   1.4. Location: Poland, Pomorskie voivodship, Lebork

2. **Objectives**
   2.1. **Overall objective:**
   Increase of social and economic cohesion of the Pomorskie voivodship through improvement of transport infrastructure
   2.2. **Project purpose/ Immediate objective(s):**
   - Enhancement of investment attractiveness of industrial areas
   - Improvement of transport accessibility of the region resulting in enhancement of tourist attractiveness
   - Reduction in transport difficulties
   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 programs 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 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. The project is compliant with the priorities of the Operational Programme of the Pomorskie Voivodship.
   2.5. **Cross Border Impact:** N/A.

3. **Description**
   3.1. **Background and justification:**
   The town of Lebork has a status of poviat. It is situated in the Pomorskie voivodship, on the intersection of national road No. 6 Gdansk – Szczecin with the voivodship road No. 214 Leba – Warlubie (to National road No. 1). The number of inhabitants goes around 37,200 people, while the project influence area is permanently inhabited by 100,000 people.
   As a consequence of closing down of a few major enterprises, as well as a result of employment reductions in other enterprises, Lebork is in a very difficult social and economic situation. Unemployment rate is soaring, and has currently reached the level of 32.9%, with a continued rising trend. Some improvement may be brought about only by obtaining new investors who will ensure new work places.
   In conformity with the spacial development plan of Lebork, in the north-western and north-eastern parts there are industrial areas of 160 ha, where 27 SMEs are operating and further 80 ha of land, which is intended for investments. The areas are situated on the Pionierów Street (ca. of 35 ha), the Syrokomi Street and the Kossaka Street (ca. 30 ha), the Pulawskiego Street (12 ha) and Gdanska Street (1.5 ha). Mostly the local government and the Department of Treasure are the owners these plots intended for investment. Those areas have already been equipped with a proper network of technical utilities, accompanied by the essential infrastructure for the business activities; the water treatment plant, which follows the UE standards, sanitation system altogether with the waste water treatment plant, electro-energetic and gas supply network. At present the following companies are operating within this area:
- Wienerberger Cegielnie Lebork Sp. z o.o.;
- Cegielnia Dawia – brick producers for the whole country;
- LPRD S.A. – road transport enterprise with asphalt mass production plant;
- LPBS – specialist construction enterprise;
- KRABBPOL – processing of shrimps and fish for export;
- PSiPO with modern ecological gmina wastes disposal site in Czarnów (5 km outside the town).

Major barrier to attracting new investors to the northern suburbs of Lebork is a very impeded access to these areas. National road No.6 Gdansk-Szczecin is in the southern part of the town. The Gdansk-Szczecin railway line, running parallel to the National Road No 6, divides the town into the southern and the northern parts. Access to Lebork for vehicles with a height exceeding 3.20m is only possible through the voivodship road No. 214 – the main transport route in the town. In Lebork this road crosses at one level the Gdansk-Szczecin railway line. This intersection is in the area of the railway station. As a result of railway traffic, as well as due to manoeuvres of railway car drafts the railway crossing is closed for 6.5 hours per 24 hours, which leads to considerable difficulties in road traffic. Current access to road No. 6 constitutes considerable impediment to transport of products from Lebork to other parts of the country and abroad. The obstructed access to national road No. 6 was a direct reason for closing down some plants in the northern parts of Lebork: MEPROZET – facilities for agriculture, STW – transport company. As a consequence a total of 180 persons have lost their jobs.

Easy access to the northern areas will stimulate the establishment of new small and medium enterprises. New, potential investors have already been interested in land acquisition: e.g. Farm-Frites – production of chips, Numafa – producer of machines for food processing industry, or Robex – producers of sewage treatment plants, or Entrelec-ABB–electrotechnical sector. Yet they are holding back with land acquisition and implementation of their plans due to lack of a convenient access road; they are waiting for improvement of the road infrastructure. The implementation of the presented project would allow the elimination of those obstacles. The northern part of the city area of 160 ha would be unblocked as well as the areas of 25 ha attached to the voivodship road NO. 214, which are accessible only through the Krzywoustego crossroad between railway crossing and the National Road No. 6.

It is estimated that the inflow of investors to Lebork would help create approximately 690 new work places. The above mentioned number includes: 390 new work places of newly established companies, where there would be a number of a 160 places in the mechanics branch, a 100 in carpentry, 30 in machine industry and a 100 the construction materials branch. These numbers come directly form the declarations of the particular investors received by which the local government. The Local Government of Lebork is equipped, in its strategic development perspective, with further areas intended for investment. The development of SME in Lebork is strongly supported by the local government with establishing Lebork’s Credits Fund and, already activated, The Business Support Centre. The business back up is also helped by the increasing number of banks, where there are 5 of them already, and two others are going to open their branch here.

Additionally, the town authorities support the initiatives also through propitious tax policy. The taxes imposed by the local government are at the lowest level in the region, moreover, they have been frozen in the year 2002. There is possibility of remission of them. New investors do not have to buy a particular ground, they may take it on lease for “a penny” for the period of time of the activity lasting, on the condition of activating the previously agreed number of the work posts. The town council supports the investors with full help in administration and legal matters and council supports the investors with full help in administration and legal matters and helps to fulfill all the formal issues necessary for starting the investment, doing so “on the house”.

The present situation impedes and discourages tourist traffic to the coastal regions with the Slowinski National Park and tourist base situated close to Leba. Approximately 200,000 tourists cross Lebork in the tourist season in the direction of the seaside and back. The new
transport solution under the project will undoubtedly have a substantial influence on increase in tourist traffic on the road No. 214 from Warsaw and from Poznan to Leba. On the basis of the expected level of traffic intensity, tourist traffic is to grow by 2010 by 20%. This will allow a dynamic development of tourism on the coastal areas with attractive natural and landscape values. Moreover, favourable conditions for the development of small and medium enterprises related to tourism businesses and transport services will be created in those areas. It is estimated that a number of 200 new work places, which will be connected with the issues of tourism, is going to be created in region.

Another aspect that speaks for the implementation of the project is the expected improvement in the condition of natural environment. It is planned that the road gradeline would be lowered, which would ensure an improvement of the acoustic climate and increase in traffic smoothness within the area of the present railway crossing would significantly decrease the quantity of toxic exhaust gas currently emitted by heavy vehicles waiting in the town centre (in the vicinity of the hospital) for open crossing through railway tracks.

3.2. Linked activities:
Implementation of the project would allow increasing transport accessibility to the town of Leba, which is one of the most important tourist parts of the region, and in particular it would allow easier access to the yacht port in Leba, cofinanced from PHARE CBC 1994 funds. The project Increasing of Investment Attraction of Lebork and its Surroundings is connected with the implementation of task 3.5 “Reconstruction of Voivodship Road No. 214 Leba-Warlubie”, which had been included in Voivodship Contract in Priority III Development and Modernisation of Infrastructure that Strenghtens Competitiveness and Cohesion of the Pomorze Region.

3.3. Results:
- Unlocking the access to 160 ha of business areas;
- Facilitating access to 80 ha areas designated for investment;
- Shortening time of passage through the town by 30%, and consequently decreasing transport costs;
- Improvement of traffic safety, decreasing of the accident ratio by 40%;
- Improvement of acoustic climate (decreasing noise level by 7 dB);
- Decreasing air pollution by 35%

3.4. Activities:
Two-level collision free intersection of Voivodship road No. 214 with the railway line Gdansk-Szczecin, which includes:
- Section of road No. 214 430 m long, road crossing under the railway line and Dworcowa Street in filter walls at Al. Zwyciestwa and B. Krzywoustego streets
- Railway overbridge of a length of 14,06 m and width 20,67 m over voivodship road No. 214
- Road overbridge in the course of Dworcowa Street of a length 15,91 m and width 13,96 m over voivodship road No. 214
- Pedestrian overbridge of a length of 15,14 m and width 2,67 m over voivodship road No. 214.

4. Institutional Framework
4.1 The Beneficiary of the project will be Municipality Office of Pomorskie Voivodship,
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 Municipality Office in Pomorskie Voivodship, Board of Voivodship Roads in Gdansk
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>Phare Support</th>
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</thead>
<tbody>
<tr>
<td>Investment</td>
<td>Institution</td>
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<tr>
<td>Total Phare</td>
<td>National cof-</td>
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<td></td>
<td>financing</td>
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<tr>
<td>IFIs</td>
<td>Total</td>
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<tr>
<td>Project</td>
<td>2.09</td>
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<tr>
<td>Total</td>
<td>2.09</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 will be paid by beneficiary in amount of 0.4 MEUR. 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) 5.6 mln EUR (including Phare funds) - joint co-financing
Contract 2 (Engineer) 0.4 mln EUR (financed from Polish funds only)

7. Implementation Schedule:
7.2. Start of project activity: 2nd quarter 2003
7.3. Project completion: 3rd 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.

9. Environmental impact
Evaluation of impact on the environment of the planned section of Al. Zwyciestwa and B. Krzywoustego streets allow ascertaining that construction of a double-level intersection of road no. 214 with the railway line would not cause direct threat for the environment in the area of investment. The only harmful factors are those characteristic for car transport, i.e. emission of pollution in the form of exhaust gas and noise. Yet it should be emphasised that the construction would not cause an increase in pollution emission on the area included by the project, but to its decrease through improving traffic smoothness in the town. Considerable lowering of the carriageway gradeline would allow improvement of the acoustic climate on the area of the planned investment (decreasing noise level by approx. 10%).
Well designed section of the route with appropriate development of the surrounding areas would not lead to adverse environmental impact.
Evaluation of impact on the environment was implemented in accordance with the directive 85/337/EWG concerning consequences of some public and private undertakings for the environment, simultaneously with preparation of the project feasibility study.
10. Rates of Return
The financial and economic analysis have been completed. The project is a nonproduction undertaking, and hence the profits are effects of a social importance that would allow development of the whole region, and not only development in the nearest vicinity of the project.
The internal rate of return will be at the level of 19.41%. The NPV reaches zero value at discount rate equal to 19.41%. The high level of the discount rate indicates considerable advantages resulting from the implementation of the planned investment. EIRR = 36.38%.

11. Investment Criteria
11.1. Catalytic Effect:
The Phare support will be conducive to achieving economic and social cohesion goals in Pomorskie 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 65.2% of the total project cost. - joint co-financing

11.3. Addionality:
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 Pomorskie Voivodship. The investment is sustainable and does not require any further expenditures apart from the ongoing technical maintenance on the part of the Board of Voivodship Roads

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

12. Conditionality and sequencing:
Achievement of the project objectives is conditional upon the following assumptions:
• Implementation of the remaining elements of development strategy of the Pomorskie Voivodship;
• It is assumed that the economy of the region would remain stable;
• Active promotion of the region in the scope of industrial and tourist attractiveness.
• It is assumed that financing of the project is ensured
• It is assumed that supervision and management of the project will be efficient and professional

Deadlines:
• Construction designs prepared until 2nd quarter 2002
• Obtaining the building permit until 1st quarter 2001
• Preparation of tender documents until 4th quarter 2002
• Signing the works contract until 2nd quarter 2003
• Completion of the contract until 3rd quarter 2005

Annexes
Annex 1: Logframe planning for project
Annex 2-3: Cumulative implementation, contracting and disbursement schedules
<table>
<thead>
<tr>
<th>Overall Objective</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Project Purpose (Immediate Objective)</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Enhancement of investment attractiveness of the industrial areas</td>
<td>- Establishing of 46 new enterprises</td>
<td>How: data of local administration When: 2 years after project completion Who: Beneficiary</td>
<td>- Implementation of the remaining elements of development strategy of the Pomorskie voivodship.</td>
</tr>
<tr>
<td>- Improvement of transport accessibility of the region resulting in enhancement of tourist attractiveness</td>
<td>- Creation of 690 new workplaces in Lebork and c.a. 200 more in the surrounding region – c.a.900 altogether</td>
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<td>- It is assumed that the economy of the region would remain stable.</td>
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<tr>
<td>- Reduction in transport difficulties</td>
<td>- Preservation of 500 workplaces</td>
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<td>- Increasing ADT by 10%;</td>
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<td>- Improved level of traffic smoothness (from F level to C level)</td>
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<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Road access to the areas for investments;</td>
<td>- Facilitating access to 80 ha of areas for investments,</td>
<td>How: reports of local authorities When: directly upon completion of project implementation Who: Beneficiary</td>
<td>Active promotion of the region in the scope of industrial and tourist attractiveness.</td>
</tr>
<tr>
<td>- Improved road access to existing business areas</td>
<td>- Unlocking the access to 160 ha of business areas;</td>
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<tr>
<td>- Improvement in traffic safety</td>
<td>- Shortening time of passage by 30%;</td>
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<tr>
<td>- Improvement in condition of natural environment</td>
<td>- Decreased accident rate by 40%;</td>
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<td>- Decreased noise level by 7 dB;</td>
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<td>- Decreased air pollution by 35 %</td>
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<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Road section 430 m long</td>
<td>- One contract for construction and assembly works;</td>
<td>It is assumed that financing of the project is ensured. It is assumed that supervision and management of the project will be efficient and professional.</td>
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<tr>
<td>- Railway overbridge 14.1 m long</td>
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<tr>
<td>- Road overbridge 15.9 m long</td>
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<td>- Pedestrian overbridge 15.2 m</td>
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<td>- Reconstruction of technical utilities</td>
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</table>

**Precondition:** Decision of the Town Council of Lebork on implementation of the project.
**Annex 2-3: Cumulative implementation, contracting and disbursement schedules**

**Date of Drafting:** January 2002  
**Planning Period:** III 2003 to III 2005

<table>
<thead>
<tr>
<th>Cost estimate Phare in MEURO</th>
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<tbody>
<tr>
<td>PLANNED</td>
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<table>
<thead>
<tr>
<th>Implementation schedule</th>
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<tbody>
<tr>
<td>D = design of project</td>
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<tr>
<td>C = tendering and contracting</td>
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<tr>
<td>I = contract implementation and payment</td>
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<table>
<thead>
<tr>
<th>Contracting schedule</th>
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<table>
<thead>
<tr>
<th>Disbursement schedule</th>
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<tbody>
<tr>
<td>0.200 0.400 0.600 0.900 1.200 1.400 1.600 1.890 2.090 2.090</td>
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**Legend:**

D = design of project  
C = tendering and contracting  
I = contract implementation and payment