1. Basic information
1.1. CRIS Number: 2002/000-605-06.01
1.2. Title: SME development Bydgoszcz
1.3. Sector:
1.4. Location: Poland, the Kujawsko – Pomorskie Voivodship, city of Bydgoszcz

2. Objectives
2.1. Overall objective:
Increase of investment attractiveness of the city of Bydgoszcz by providing adequate road access to the economic activity areas

2.2. Project purpose/Immediate objectives:
- Enhancement of investment attractiveness of the city of Bydgoszcz
- Creation of new jobs
- creation of new SMEs

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 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 Preliminary 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 regions.

2.5. Cross border impact: N/A

3. Project description
3.1. Background and justification
Bydgoszcz, a nearly 400-thousand city, Poland's eighth-largest city, home to the Voivodship Government Administration, the region's largest centre in terms of population and economy, plays a dominant role in the development of the Kujawsko – Pomorskie Voivodship. The city lies close to the river Vistula (at the exit to Torun – the district Fordon) and is intersected by the river Brda, which divides it into two parts.

The subject of this project is the modernization of the Pomorski bridge in the course of the No. 5 national road together with alterations to one of a particularly busy roundabout – Fordonskie in the city’s industrial district, which connects the road No. 5 with the road No. 80 to Torun. The No. 5 road bypasses the city centre and is the only access road to business areas (see map 1). This is the only convenient and acceptable access road to transport raw materials and products for numerous industrial plants of strategic importance for the region’s economy located both in the north and south of Bydgoszcz. The plants generate a substantial part of the region’s NGP and provide many jobs. The technical condition of the Pomorski Bridge does not guarantee the plants transport reliability. Its load capacity is insufficient for the loads it currently carries and the bridge’s structure ought to be strengthened.

In the south of the city, there is an investment area of 800 ha equipped with technical infrastructure (water-supply and sewerage system, 110 kV power network, heat distribution and telecommunications network, road system and railway siding). The total area is the State’s property. The largest company operating there is the “Zachem” Chemical Works (1,6 thousand employees). The area has already attracted many entrepreneurs: presently, as many as 110 companies are located there, including foreign investors. Their activities are based on modern technologies, including such fields as chemical industry, plastics processing, furniture production as well as construction, repair and transport services. The companies employ ca. 3 thousand people. Within the 800 ha area there is a 100 ha available for new investments and an Industrial Park is being created on the site (in line with the Development Strategy for Bydgoszcz and the Development Strategy for the Kujawsko-Pomorskie Voivodship). At the moment, 50 enterprises from Bydgoszcz and the region are interested in investing in the area. They operate in
desirable fields i.e. plastics processing, recycling and waste treatment, construction equipment, metal industry, machinery building, chemical industry, electronics and heavy electronics, cables, environmental protection devices, repair, storage and transport services. Depending on the needs and capacities of SMEs, the land of the Park may be sold or rented to the SMEs.

Former irrigation fields are situated (over 130 ha) in the immediate vicinity of the Park. The fields are municipal property. After the land reclamation, they will enlarge the Park area. The City will be responsible for the land reclamation and provision of all the underground infrastructure. Presently, there is a basic technical infrastructure around the area. The total area of the Industrial Park will thus amount to 230 ha.

From the north of Poland, north of the region and north of the city the only access to the already developed areas as well as to the Park is possible through the Pomorski Bridge. From that direction, raw materials for companies already operating in the southern area are transported. Moreover, goods produced in the south of the city go to the north of Poland and to the seaports in Gdynia and Gdansk. The lack of access from the north (from Gdansk) would reduce the attractiveness of the area allocated for the Industrial Park. It would also impair access to the area of 700 ha already developed by the existing companies.

Additionally, in the vicinity of the area there is a waste treatment complex that receives industrial and municipal waste; the wastes produced by companies located in northern districts of the city are transported through the Pomorski Bridge.

In the north-east of the city, in the vicinity of the national road No. 80, there is also an investment area of ca. 500 ha, (of which 90 % is already developed). Goods produced there are transported through the Fordonskie Roundabout and the Pomorski Bridge to the south of Bydgoszcz and south of the region. The route is used for transportation of both raw materials and products. Among others, large companies of significance to the region’s economic development are located in the area. They employ over 2000 people in total. Apart from the support of the existing businesses, new investments are expected to cover the remaining 10 % of the area (i.e. 50 ha). Preference will be given to SMEs, which results from the provisions of the “Development Strategy for Bydgoszcz” and the “Bydgoszcz local self-government’s programme of support for entrepreneurship as an element of fighting unemployment”. Consequently, 400 new SME business entities are expected to be established and 1 000 new jobs created. Domestic and foreign investors demonstrate their interest in these areas: talks between investors and the City are held, relevant agreements concluded and letters of intent signed. For SMEs being established in the area, the following preferences will be provided: financing from the Credit Guarantee Fund, allowances on real estate tax, know-how transfer and marketing services. Advisory services will be provided to SMEs through partnership between the City of Bydgoszcz (beneficiary) and the regional development agency as well as through the beneficiary’s co-operation with chambers of commerce and industry, in particular with the German ones. The areas of economic activity have already been promoted by the City on a large scale, as investment opportunities, at international investment fairs and exhibitions such as MIPIIM International Property Market in Cannes or EXPO REAL International Investment and Real Estate Market. The City of Bydgoszcz will also provide an extensive promotion of the new SMEs once they have been established.

Improvement of accessibility to the investment areas through modernisation of the Pomorski Bridge and the Fordonskie Roundabout is a condition necessary for development of SMEs.

The City of Bydgoszcz has an airport of regional importance now being modernized that will reach the standards of an international airport by 2005. Now it is primarily used for serving local passenger traffic and cargo transport. The airport’s expansion plans envisage the completion of the cargo-handling facilities by 2004. The national road No. 5 runs close to the airport and currently it is the main access road. The bad condition of the Pomorski Bridge is a threat to the airport’s development because companies in the north of the city will not be able to make use of this transport route.

The modernisation of this critical transportation point will improve access to the airport for companies both from the north of the city and north of the region. This, in turn, will contribute to an increased demand for air cargo transport and thus to the development of the Bydgoszcz airport. It is expected that he following goods will be air transported: foodstuff, parcels of high value and “just in time” industrial cargo. Around the airport, there is a land available for investments. This land is planned for SME location (e.g. services). The route through the bridge is the only possible access road for tankers transporting aircraft fuel from the north (Gdansk refinery).
The modernisation of the Pomorski Bridge is essential for an increase in air traffic and extension of the additional facilities (motels, restaurants, commercial outlets, shipping companies, customs offices).

The modernization of the Pomorski Bridge and the Fordonskie Roundabout is in line with activities specified in the "Development Programme for the Kujawsko – Pomorskie Voivodship until 2010," including "Encouraging the development of regional capitals, the cities of Bydgoszcz and Torun" and "Improving the technical condition of the region's transport infrastructure." This project results from the provisions of the "Development Strategy for Bydgoszcz until 2010" and the study of conditions and aims of the city's land use planning.

3.2 Linked activities
This project's objectives are in line with the objectives of the following documents: the "Development Strategy for the Kujawsko – Pomorskie Voivodship," the "Development of metropolitan functions of provincial capitals" and the "Development of the transport and telecommunications infrastructure."

The following Phare 2001 projects are aimed at achieving these objectives and improving the region's competitiveness and business activity:

"Preparing areas in Solec Kujawski for the establishment of an industrial park"
"Building a southern bypass around Torun."

Project "Preparing areas in Solec Kujawski for the establishment of an industrial park" is located in the direct vicinity of Bydgoszcz (ca. 20 km). Access to these areas from the North (from Gdansk) is only possible through the No. 5 road, and consequently the Pomorski Bridge. The bridge's insufficient load capacity and its bad condition would involve long detours or even making access to the areas impossible.

At the same time the provincial contract for the years 2001-2002 is being implemented where the priority 1 "Developing technical and social infrastructure" is supported by the task "Modernizing and expanding transport infrastructure." The Phare 2001 programme provides funds for the construction of a section of the No. 10 road, which is connected with the No. 5 and No. 80 national roads, making it easier for Bydgoszcz and the region to be included into the planned national motorway network. In 2001 the city built the southern part of the access road to the Pomorski Bridge, sections of the No. 5 and No. 80 roads and a section of Torunska Street. This project is also linked with a project carried out in the municipality Solec Kujawski and co-financed by the Phare 2001 funds.

3.3 Results
- accessibility to areas allocated for redevelopment (150 ha economic activity areas) improved
- 500 exiting workplaces safeguarded
- higher traffic capacities along the North-South and East-West route (5,800 vehicles/hour) achieved
- the time needed to travel through the city by ca. 10 minutes reduced
- the ESS indicator from 19.5 to 25 km/h increased
- Pomorski Bridge modernised
- Fordonskie roundabout modernised

3.4 Activities
Phare will co-finance the modernization of the overlapping section of the No. 5 and No. 80 roads in Bydgoszcz, involving the renewal of the Pomorski Bridge, the Fordonskie Roundabout and access roads. The works will include the following:
- modernization and strengthening of the bridge's structure to increase bearing capacity to 400 kN
- alterations to tramlines (relocation of tramlines to improve road safety and providing a silenced tramlines system) together with the overhead contact system in the area of the Bridge and Fordonska Street (a 1.5 km section of tramlines)
- alterations to Fordonska Street from the junction with Gajowa Street to the junction with Pestalozziego Street (15.5 thousand sq. m of road surface) together with accompanying infrastructure, traffic lights and a water-supply mains.

4. Institutional framework
4.1 The beneficiary of the project will be .the City of Bydgoszcz
4.2 The Engineer/ Project Manager will be appointed through a tender procedure organised by the Beneficiary in accordance with the Polish Public Procurement Act.
4.3 The owner of the facilities after project implementation will be City Road and Public Transport Management.

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

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The overall value of the investment including employment of the Project Manager will be 7.3 MEUR. The cost of the employment of the Project Manager will be paid by beneficiary in amount of 0.219 MEUR. Co-financing will be available.

6. Implementation arrangements

6.1 Implementing Agency
PAO: 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.
Implementing Agency: Implementing Authority for Phare Cross Border Co-operation Programme, ul. Krucza 36, 00-522 Warsaw, 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): 7.081 MEUR - joint co-financing
Contract 2 (engineer): 0.219 MEUR

7. Implementation schedule

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 project in question will have no impact on the natural environment. Its principal ecological effect will be a reduction in noise levels in the project's vicinity by 6 dB through the use of advanced technology for building the tramlines and the road pavement renewal. The higher traffic capacity and laying out new green areas with isolating vegetation will reduce air pollution levels by 10%. Consequently, the living conditions in the immediate vicinity of the junction will be improved. The project will also reduce the accident rate. The Environmental Impact Assessment will be made in accordance with the Directive 85/337/EWG on the assessment of the environmental impact of certain public and private projects, in parallel with the Project Feasibility Study.

10. Rates of return
The project is a non-commercial venture and it will bring profit in the form of social effects encouraging the region's development rather than only the development of the area in the immediate vicinity of the project.
The internal rate of return (IRR) is 18.7% and the net present value (NPV) – EUR 2.5 million for the year 2022 with the discount rate standing at 12%.
The high result of the economic analysis largely is an effect of the significant savings on operational and maintenance costs and accident risk costs.

11. Investment criteria
11.1 Catalytic effect
The Phare support will be conducive to achieving economic and social cohesion goals in Kujawsko – 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 45 % 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, contracting and disbursement in accordance with requirements of Phare 2002 ESC. 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 Kujawsko – Pomorskie 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 Bydgoszcz.

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 achievement of project objectives is conditional upon the following assumptions
- Effective implementation of remaining elements of development strategy
- Stability of the region's economy
- Project financing both from domestic and foreign funds ensured
- Supervision and management of the project will be effective and professional

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

Annex:
1. Logical framework matrix
2-3 Timetable for implementation, contracting and disbursement of PHARE funds
### LOGICAL FRAMEWORK MATRIX

**Programme name and number**: PHARE 2002 ESC

**Contracting period expires**: 30/11/04

**Disbursement period expires**: 30/11/05

**Total budget**: EUR7.3 million

**Phare budget**: EUR 4 million

#### Project

**Development of SMEs through improvement of accessibility to investment areas in the city of Bydgoszcz**

<table>
<thead>
<tr>
<th>Strategic objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
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</thead>
<tbody>
<tr>
<td>Increase of investment attractiveness of the City of Bydgoszcz city by providing adequate road access to the economic activity areas</td>
<td>Increase in turnover of the SME companies operating in Bydgoszcz</td>
<td>How: GUS and WUS statistics When: 5 years after project’s completion Who: Marshal Office of Kujawsko - Pomorskie Voivodship</td>
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<table>
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<tr>
<th>Immediate objectives</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>- Enhancement of investment attractiveness of the city of Bydgoszcz - Creation of new jobs - Creation of new SMEs</td>
<td>400 new SME business entities registered 1000 new jobs created</td>
<td>How: statistic data of WUS and UM When: 2 years after project’s completion By who: Beneficiary</td>
<td>Effective implementation of remaining elements of development strategy Stability of the region’s economy</td>
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<table>
<thead>
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<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
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<tr>
<td>- accessibility to economic activity areas improved existing workplaces safeguarded - traffic capacity along the North-South and East-West route improved - Pomorski Bridge modernised - Fordonskie roundabout modernised</td>
<td>150 ha of area with improved road access 500 jobs safeguarded traffic capacity increased to 5800 vehicles/h Travel time reduced by 10% ESS indicator from A to B increased from 19.5 to 25 km/h the accident rate reduced by 25% the noise level reduced by 6 dB the gas emissions reduced by 10%</td>
<td>How: Reports of local authorities and Project Engineer When: immediately after project’s completion Who: Beneficiary</td>
<td>Project financing both from domestic and foreign funds ensured</td>
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<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
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<tr>
<td>79 m long bridge with increased capacity to 400kN 1.5 km section of tramlines modernisation; 15.5 thousand sq. m of road pavement modernisation New traffic lights system installation Relocation of underground infrastructure</td>
<td>Funds of EUR7.3 million, including EUR4.0 million by PHARE and EUR3.3 million by the Beneficiary One works contract</td>
<td>Supervision and management of the project will be effective and professional</td>
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<th>Preconditions</th>
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<tr>
<td>Decision of city council of Bydgoszcz regarding investment enterprise</td>
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## Annex 2 and 3 Implementation, contracting and disbursement schedules

### Development of SMEs through improvement of accessibility to investment areas in the city of Bydgoszcz

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### Implementation, Contracting and Disbursement Schedules

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### Cost Estimate

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### Legend:
- D - design of sub-project
- C - tendering and contracting
- I - contract implementation and payment
- *cumulative in MEUR, Phare sources