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The World Bank

Report No: 34596

IMPLEMENTATION COMPLETION REPORT
(TF-29121 FSLT-70540)

ON A

LOAN

IN THE AMOUNT OF EUR 110.0 MILLION
(US$ 101.0 MILLION EQUIVALENT

TO POLSKIE KOLEJE PANSTWOWE S.A.

(POLISH STATE RAILWAYS S.A.)

WITH THE GUARANTEE OF THE REPUBLIC OF POLAND

FOR A

RAILWAY RESTRUCTURING PROJECT

June 13, 2006

Infrastructure Department
Poland and Baltic States Country Unit
Europe and Central Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective At Completion, December 30, 2005)

Currency Unit = Polish Zloty
PLN 1 = US$ 0.3099
US$ 1 = PLN 3.2265
US$ 1 = Euro 0.8391

(Exchange Rates Effective at Appraisal, January 31, 2001)

PLN 1 = US$ 0.2418
US$ 1 = PLN 4.1350
US$ 1 = Euro 1.0887

FISCAL YEAR

January 1 - December 31

ABBREVIATIONS AND ACRONYMS

EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EIRR	Economic Internal Rate of Return
FIRR	Financial Internal Rate of Return
FMS	Financial Management System
GoP	Government of Poland
IAS	International Accounting Standards
IFAC	International Federation of Accountants
ISPA	Instrument for Structural Policies for Pre-accession
KBI	Capital Investment and Privatization Office
KM	Warsaw Regional Railways ('Koleje Mazowiekie')
KAAZ	Agency for Retraining and Reemployment ('Kolejowa Agencja Aktywizacji Zawodowej')
LHS	Linia Hutniczo-Siarkowa (Broad-gauge Railway between Ukraine and Silesia)
LRS	Labor Redeployment Services
MoI	Ministry of Infrastructure
MLSP	Ministry of Labor and Social Policy
MTME	Ministry of Transport and Maritime Economy
NLO	National Labor Office
PAD	Project Appraisal Document
PLK S.A.	Polish Railway Infrastructure Joint Stock Company ('Polskie Linie Kolejowe Spolka Akcyjna')
PKP	Polish State Railways ('Polskie Koleje Panstwowe')
PKP S.A.	Polish State Railways Joint Stock Company ('Polskie Koleje Panstwowe Spolka Akcyjna')
PMR	Project Management Report
PSO	Public Service Obligation
SKM	Fast Municipal Railway ('Szybka Kolej Miejska', the regional service for Gdansk/Sopot/Gdynia)
TA	Technical Assistance
UIC	International Railway Union ('Union Internationale des Chemins de Fer')

UTK	Office for Rail Transport ('Urzad Transportu Kolejowego')
WKD	Warsaw commuter railway ('Warszawska Kolej Dojazdowa')
ZUS	Social Insurance Fund ('Zaklad Ubezpieczen Spolecznych')

Vice President:	Shigeo Katsu, ECAVP
Country Director	Daniela Gressani, ECCU7
Sector Manager	Motoo Konishi, ECSIE
Task Team Leader/Task Manager:	Agnieszka Grudzinska, ECSIE

POLAND
RAILWAY RESTRUCTURING PROJECT

CONTENTS

Project ID: P040795	*Project Name:* Railway Restructuring (PKP) Project
Team Leader: Agnieszka Grudzinska	*TL Unit:* ECSIE
ICR Type: Core ICR	*Report Date: June 13, 2006*

1. Project Data

Name:	Railway Restructuring (PKP) Project	*L/C/TF Number:*	TF-29121; FSLT-70540
Country/Department:	POLAND	*Region:*	Europe and Central Asia Region

Sector/subsector: Other social services (98%); Central government administration (2%)

Theme: Improving labor markets (P); State enterprise/bank restructuring and privatization (P); Infrastructure services for private sector development (S)

KEY DATES			*Original*	*Revised/Actual*
PCD: 05/05/1993		*Effective:*	07/09/2001	07/09/2001
Appraisal: 12/03/2000		*MTR:*	10/25/2002	10/25/2002
Approval: 05/29/2001		*Closing:*	06/30/2004	12/31/2005

Borrower/Implementing Agency: POLSKIE KOLEJE PANSTWOWE S.A./POLSKIE KOLEJE PANSTWOWE S.A.

Other Partners:

STAFF	Current	At Appraisal
Vice President:	Shigeo Katsu	Johannes F. Linn
Country Director:	Daniela Gressani	Michael F. Carter
Sector Manager:	Motoo Konishi	Eva Molnar
Team Leader at ICR:	Agnieszka Grudzinska	Graham Smith
ICR Primary Author:	William Denning	

2. Principal Performance Ratings

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)

Outcome: S

Sustainability: HL

Institutional Development Impact: SU

Bank Performance: S

Borrower Performance: S

	QAG (if available)	ICR
Quality at Entry:	S	S
Project at Risk at Any Time:	No	

3. Assessment of Development Objective and Design, and of Quality at Entry

3.1 Original Objective:
The project development objective was to support the commercialization, restructuring and partial privatization of Polish State Railways ('Polskie Koleje Panstwowe'-PKP), in order to increase efficiency, improve finances, and privatize selected activities within a sound regulatory framework.

This development objective was consistent with the Government's reform initiative aimed to encourage the provision of rail transport services which are more responsive to the needs of a market economy, to reduce the burden on the state imposed by PKP's heavy losses, and to help prepare the transport system for Poland's entry into the European Union. Within this overall reform initiative, PKP planed to restructure its labor force by laying off some 37,000 workers; in order to cut its costs, facilitate the transition to a new sectoral organization, and make subsidiary units more viable for privatization. The Bank project was designed primarily to support this specific component of the broader reform initiative; it also provided limited technical assistance to support implementation of the restructuring and privatization efforts.

3.2 Revised Objective:
The project objective was not revised.

3.3 Original Components:
The principal component of the project was made up of temporary income support/severance packages for about 37,000 redundant employees to be laid off between August 2000 and December 2002. The project also included technical assistance on implementation of the restructuring and privatization. A labor redeployment services (including training) component was funded by PKP, as were social monitoring activities. Annex 2 provides additional details on project costs and financing.

Temporary Income Support
Four income support measures for laid-off workers were foreseen, of which three were eligible for financing from the IBRD loan. This component was estimated to cost $296 million, of which the World Bank loan was to cover $99 million and an EBRD loan was to cover about $85 million.

1. **Severance**: Employees declared redundant by PKP received fixed lump sum severance payments. About 29,700 employees in total were estimated to be eligible. World Bank financing of $66 million, together with a PKP contribution of $15 million, were to cover about 12,700 workers; EBRD's parallel co-financing of about $85 million was to cover about 13,200 workers. PKP was to cover an additional 3,800 employees entirely from its own resources at a cost of $25 million.

2. **Pre-retirement benefit**: Starting in June 2000 PKP laid off certain long-term employees who had not yet reached pensionable age. PKP was to pay them their pre-retirement benefits (a sum similar to their pension) until they reached the legal retirement age. About 5,800 employees were to be laid off in this way. World Bank financing: $17 million, was to finance 81% of the benefit in the period October 2000 - December 2001. The remainder 19% was to be funded by PKP, corresponding to personal income tax withheld at the source. Payments made in 2002 and thereafter were to be financed by GOP at an estimated cost of $37 million.

3. **Railway leave**: Older workers who, by end 2001, had come within three years of the legal retirement age and who had worked more than a set number of years with PKP could choose to go on "railway leave" early and receive the equivalent of a pension from PKP until they reach retirement age, when their state-funded pension begins, at most for 3 years. World Bank financing in this case was to cover

60% of the total, or $15 million. The remainder, corresponding to personal income tax and social security payments withheld by PKP, was to be funded by PKP.

4. **Unemployment benefit**: Under a general program available to all unemployed workers seeking jobs, those laid off from PKP were eligible for unemployment benefit. The cost of this benefit for PKP workers, estimated at $22 million, was to be borne wholly by the Polish government.

Labor Redeployment Services

These services were to include worker information sessions, aptitude testing, career and social advisory services, information regarding local labor markets and job mediation activities, vocational training, on-site training, and promoting of entrepreneurship. Vocational training was to include: vocational, general education and literacy, and formal small business skills training. On-site training with prospective employers was to be provided to PKP staff, after they had been placed on notice of dismissal but before their PKP employment contract ended. These workers were to be placed "on loan" or secondment to a firm interested in hiring them, and willing to provide training on their premises, in skills required for the likely future jobs. These services were to be administered through local offices of the railway labor redeployment agency (Agency for Retraining and Re-employment, 'Kolejowa Agencja Aktywizacji Zawodowej' or KAAZ), in coordination with local offices of the Ministry of Labor and Social Policy. The total cost of these services was estimated at $24 million. PKP was to bear the cost of this project component except that beneficiaries (the employees) had to pay 20% of the cost of vocational training. In addition, KAAZ was to monitor the impact the lay-offs had on the welfare of the dismissed workers.

Technical Assistance

The original technical assistance package contained the following eight consultant tasks to advise PKP on the organizational, legal, regulatory, financial and social aspects of the program:

1. Methodology for regulating access rights and pricing for infrastructure.
2. Subsidies: principles for Government support of passenger railway operations and railway infrastructure development.
3. Analysis of the transport market and the likely future role of the railways.
4. Strategic advisor to PKP's Management Board.
5. Privatization advisor (transaction manager) for privatization of LHS.
6. Privatization advisor (transaction manager) for privatization of PKP Cargo.
7. Advice to regional governments on contracting for rail passenger services and administering corresponding subsidies.
8. Low-density lines: review of institutional and regulatory barriers to forming and operating short-line railways; preparation of a plan for their marketing, including identification of the potential for transfer to local control, privatization or abandonment. Review of environmental issues.

The PKP restructuring loan was to fund the strategic advisor for PKP and part of the LHS and PKP Cargo privatization advisors ($1.45 million, items 4, 5, and 6 above). Three contracts were to be managed by MTME and funded from the on-going World Bank Privatization Technical Assistance Loan ($0.9 million, items 1, 2, and 3 above). Grant sources were to be sought for the remainder (items 7 and 8 above).

3.4 Revised Components:

During the course of the project the technical assistance components were revised to respond to the evolving situation of PKP, changing government priorities (while preserving the thrust of the reform program), and to take advantage of alternative funding sources, as these became available, and work done by other international agencies, such as the Trade Access Study funded by EIB. As described in Section 4 below, ultimately only the Strategic Advisor to PKP's Management Board was funded through the project.

The hiring of privatization advisers, setting up a track access regime, and restructuring of regional passenger services were the areas in which it was most difficult to initiate and advance the TA. After delays in these areas in the early stages of the project, the GOP re-invigorated its policy stance in the "Program of Further Restructuring and Privatization of PKP Companies to 2006" adopted by the Council of Ministers on December 16, 2003.

The Loan closing date was extended on February 13, 2004 from the original closing date of June 30, 2004 to December 31, 2005 in order to: (1) make full use of TA funds, and (2) take advantage of the momentum for reform prevailing in the winter of 2003-2004 aimed at the partial privatization of PKP subsidiaries including PKP Cargo and Intercity, and regional services reform.

In fall 2004 changes were made in PKP senior management and a new Undersecretary of State for Railways was appointed in MOI. In February 2005 a new "Strategy for Restructuring and Privatization of Companies of the PKP S.A. Group in 2005-2007" was adopted by the government. These changes resulted in revisions in the TA program further delaying its implementation.

The Roads II Loan Agreement was amended in December 2004 to extend the closing date from December 31, 2004 to December 31, 2006 and permit to use $2.8 million of the savings to finance the TA assignments.

A new government was elected in October 2005 and has indicated that further revisions to the reform program and thus the TA assignments, can be expected. Activities beyond the loan closing date are described in Section 7, Sustainability.

In November 2003 loan proceeds of EUR 3.15 million were reallocated from railway leave (category 1B) to severance (category 1A) to be used for pre-retirement benefits. The railway leave benefit had proved to attract less demand than had been expected, while the pre-retirement benefit was being more heavily used than forecast, see section 4.1 below. In October 2005, loan proceeds of EUR 1.34 million were reallocated from consultants' services (category 2) to severance (category 1A) also to be used for pre-retirement benefits, in view of technical assistance in support of key reforms being financed by the Roads II Loan and the extra time needed to finalize this in light of the recent elections and the change of government.

3.5 Quality at Entry:
Quality at Entry is rated satisfactory. The rating is based on: (i) consistency with the Country Assistance Strategy (CAS) objectives of managing the transformation of the state in support of the market economy, and sustaining private sector growth, (ii) the commitment of the government to railway reform as evidenced by engaging all stakeholders, particularly the railway trade unions, in substantive discussions, and in passing the necessary reform laws, (iii) the project design provided for specialized institutional resources (KAAZ) to ensure labor redeployment and related safeguards would be effective and efficient.

The project was consistent with the Bank's CAS for Poland. The August 1999 CAS Progress Report specifically referred to the railway as one of two state-owned enterprises whose restructuring would contribute to managing the transformation of the state in support of a market economy.

A QAG assessment was carried out in July 2001 and rated the Project satisfactory. The categories of Concept, Objectives and Approach, and Policy and Institutional Aspects were rated as highly satisfactory while all other categories were rated satisfactory. The panel noted the following strengths: (i) clear focus on the most important action, redeployment of some 37,000 railway employees, (ii) the level of ownership for this difficult social and political reform program, and (iii) that the project was fully ready for implementation by the time of effectiveness. The panel noted the following areas of improvement, which it acknowledged were more related to the overall Program of railway reform than to the specifics of the Project: (i) more explicit financial analysis related to the future railway system, and (ii) risks arising from; poor institutional capacity of the local and regional authorities in taking on passenger services, and from uncertainties associated with the eventual privatization of freight traffic and the economic prospects of the railways. The panel also would have liked to see a more detailed description in the PAD of the mechanism used to ensure continued participation of the workers in the retrenchment program.

Referring to the length of time between initial project identification in 1992 and appraisal in 2000, the QAG panel also noted that although the rapid process of operations is a widely accepted Bank objective, there are highly justifiable cases, such as this one, where it is appropriate to not process an operation until the necessary policy framework is in place, even if it adds to overall processing costs and elapsed time between identification and Board.

4. Achievement of Objective and Outputs

4.1 Outcome/achievement of objective:
The overall outcome of the project is satisfactory. In summary; the project did increase sector efficiency, did improve the railway's financial situation, and did promote some privatization of selected activities. Achievement of objectives and outputs under the project was satisfactory.

The project itself clearly achieved its "physical" output, which was to support the reduction in the railway's workforce from 182,000 staff in 2000 to 145,000 by December 2002 (one of the output targets). The achievement for this output is rated "high". Staff had been reduced to 145,879 by December 31, 2002. By December 2005 total staff complement, measured on a comparable basis, was further reduced to 131,327. Broader measures of efficiency such as railway services provided per employee (measured by passenger-km plus ton-km per 1,000 staff) have changed by only one-half the level of improvement expected at appraisal. As discussed in Section 5 below, large decreases in freight and passenger traffic have hampered the railway by reducing activity and revenue.

The achievement of the financial output is rated "substantial". The financial situation of PKP and associated companies has improved but not as much as might be expected given the size of the reduction in the workforce. As discussed in Section 5 below, promised Government support for social passenger services and infrastructure investment lagged behind expected amounts and large decreases in freight and passenger traffic have reduced revenue. Spending on labor has declined from PLN 5.1 billion in 2000 to PLN 4.2 billion in 2005, a good improvement but short of the PLN 3.8 billion target. Relative spending on labor has declined from 56% of revenue to 36%, slightly better than the targeted 39%. Enterprise profitability as measured by the working ratio (excluding budget subsidy) has improved steadily from an estimated 110% at appraisal, to 88% in 2003, to 71% in 2004. The monitoring targets for these years are 100% and 95% respectively. If non-monetary income is excluded (consisting of released provisions, interest accrued but not received, and unrealized foreign exchange gains, items not considered at appraisal) the working ratio in both 2003 and 2004 is 97%. The working ratio targets have been met.

Establishing the necessary legal and regulatory framework for more commercial and private operations has progressed slowly. An office for rail regulation (Office for Rail Transport or Urzad Transportu Kolejowego, UTK) was established June 1, 2003. An initial track access regime was put into place to govern arrangements between PLK and the operating companies (PKP Cargo, PKP Intercity, PKP Regional) that was extremely complex and not based on empirical data. The technical assistance component of the project for this purpose was not used. Funding through EIB allowed consultants to develop a revised track access regime that was put into place in January 2006 and is the current access framework. This is simpler than the first regime however it also is not based on building up empirical cost relationships but rather on "top-down" allocations of costs. Although still evolving the legal and regulatory framework allowed private operators in 2004 to capture 8% of the freight market, measured by ton-km, and 40% of the market, measured by tons, reflecting the preponderance of coal and other heavy commodities in their traffic mix. Real freight rates, as measured by PKP freight revenue in US$/ton-km (unit revenue) are one of the outcome indicators of the project with a target of remaining at or below $0.0242 by 2004. In 2004 real freight rates were 35% higher than anticipated at appraisal, after rising by 16% in 2003 and 12% in 2004.

Operating arrangements for regional passenger services and a framework for public service obligations (PSO) also had a slow start but have improved in the last two years. Responsibility for suburban and regional passenger services were devolved to regional governments with a parallel transfer of fiscal resources from the central government. Regional governments became responsible for PSO payments in January 2004. In addition, the Mazowiecki Regional Authority is the first regional authority in Poland to expand on this new role by becoming the majority owner of two separate railways companies, WKD and KM, details are provided below. The achievement of sector policies and of public sector development is rated "substantial".

The area of least improvement has been in the privatization of railway activities. At appraisal the railway had already begun divesting itself of some non-railway assets. PKP was set up as a commercial corporation, PKP S.A. (Polish State Railways Joint Stock Company, 'Polskie Koleje Panstwowe Spolka Akcyjna'), with 100% government ownership in January 2001, as a condition of loan effectiveness. The legal restructuring has continued with subsidiary companies set up for PKP Cargo, PKP Inter-City, PKP Regional Railways, PLK (the rail infrastructure company, Polish Railway Infrastructure Joint Stock Company, 'Polskie Linie Kolejowe Spolka Akcyjna'), a telecomms company, an electricity company, and numerous other smaller companies. Plans to privatize the eight infrastructure maintenance companies have been dropped and instead they will be transferred to PLK S.A.

Expected early candidates for privatization were the broad-gauge freight railway between Ukraine and Silesia Linia Hutniczo-Siarkowa (LHS) and two commuter lines, the Warsaw commuter railway, 'Warszawska Kolej Dojazdowa' (WKD) and the Fast Municipal Railway, 'Szybka Kolej Miejska' (SKM), the regional service for Gdansk/Sopot/Gdynia. Preparations for their privatization have proceeded slowly in an on-and-off fashion and none of these lines are yet in private hands. However, as a result of the privatization process, WKD was purchased by a consortium of local governments including the Mazowiecki Voivodship, the City of Warsaw, and counties along the WKD line. Mazowiecki Voivodship is also the 51% owner, along with PKP regional services as a 49% owner, of a new public sector corporation called "Koleje Mazowiekie" (KM) which has taken over the PKP regional services in the Mazowiecki region. KM is pursuing an energetic program of reinvigorating the Warsaw regional services. The achievement of private sector development is rated "modest".

4.2 Outputs by components:

Labor Restructuring

Despite the substantial challenges of railway reform and labor restructuring, the project was implemented very quickly and all output targets for staff retrenchment were met. By December 2004 the staff had been reduced by 2,670 more than had been expected at appraisal.

Labor Restructuring Summary - Staff Reduction			
	Expected at Appraisal	***Result at Completion***	***Difference***
	April 2000	December 2004	
Severance	29,668	29,793	125
Pre-retirement	5,812	9,130	3,318
Railway Leave	2,000	1,227	-773
Total	**37,480**	**40,150**	**2,670**

Technical Assistance

The TA component underwent several changes during the project, see Sections 3.3 and 3.4 above. Of the original TA assignments only the Strategic Advisor to PKP's Management Board was implemented.

Labor Redeployment Services, Including Training

All dismissed employees were offered the opportunity to participate in orientation sessions designed to inform them of the benefits they would be receiving and the further training options available to them. Virtually all laid-off employees (about 38,000) attended these initial sessions. Subsequent internal training provided by KAAZ reached about 6,050 former staff and included how to look for work and how to establish a small business. KAAZ also administered an advanced type of aptitude/psychological testing (the Holland Test), however it was provided to only about 650 of the dismissed staff. Occupational training provided by external training institutions reached 724 former staff. This training was paid for 80% by PKP from its own resources and 20% by the laid-off staff. External training has continued even after KAAZ ceased operation on August 1, 2002.

Labor mediation is the term used by KAAZ for assisting laid-off staff by working through local Labor Offices to review and apply for posted job offers. Between November 2000 and July 2002 some 44,000 possible jobs were posted. About 72% of these (32,000) could be of relevance for PKP staff. To these postings 6,436 ex-staff responded and 761 found jobs, or 12% of those who applied. The monitoring of this use of Labor Offices stopped when KAAZ was disbanded.

Social Monitoring

Monitoring the impact of lay-offs on the welfare of the dismissed workers was accomplished by the use of follow-up questionnaires. During the orientation sessions that were offered to all laid-off staff, KAAZ asked for permission to later contact ex-staff to question them on their experiences. For those who gave permission, KAAZ was to follow up at 3, 6, and 12 month intervals to determine if the staff had found new employment and ask other social/demographic questions. The complete results of this work are included in Annex 7, Supporting Documents, where the final report from PKP S.A. (February 7, 2005) is attached electronically.

The initial monitoring program undertaken by KAAZ was completely inadequate. Attempting to get permission for follow-up contact was perfunctory and yielded only a 2% response rate (375 permission forms received from 21,095 persons attending orientation sessions) in 2001. The first supervision mission in October 2001 pointed out the inadequacies and recommended changes in method and greater management attention to the issue. The response rate of permission climbed slightly to 4% (119 permission forms received from 2,929 persons attending orientation sessions) over the period January - June 2002. The second supervision mission in March 2002 found the methods had still not been adequately improved and re-recommended changes in method and again greater management attention. The performance rating for monitoring and evaluation remained not rated or unsatisfactory until fall 2002 after this activity had been taken over by Management Board of PKP S.A. Headquarters ("Management Board" or "KG").

After KAAZ was wound up on August 1, 2002, the monitoring program was taken over by the Management Board, which continued asking permission for follow-up contact until the end of 2002. By adopting better methods, the response rate for permission for follow-up contact climbed to 67% (2,140 permission forms received from 3,182 persons laid off). The Management Board continued to ask follow-up questions of laid-off staff until the end of 2004.

The results of the follow-up surveys by KAAZ and the Management Board indicated that of 1,017 persons interviewed, 459 (45%) had found new employment, while 558 (55%) had not. These results were used in re-estimating the economic and financial impacts of the project. The follow-up questionnaires conducted by the Management Board (577 total responses) provided more information on the background of the respondents. Of the 325 who were not employed, 191 were still looking for work (59%) while 134 were not in the labor force (41%). In the ranks of the employed, men were more successful in gaining re-employment (52%) than women (30%).

Questions related to household income and wages at new employment were needed for proper evaluation but were deemed too sensitive to be asked. Survey methods, including specific questions to be asked, should have been agreed during appraisal. Support for conducting sensitive surveys should have been provided through technical assistance and by involving those areas of the government concerned with social surveying.

4.3 Net Present Value/Economic rate of return:

The economic cost benefit analysis prepared at appraisal indicated an expected economic net present value (all NPVs at 10% discount rate) of the project to be US$143 million and the EIRR to be 20%. At completion the economic net present value of the project is estimated to be US$103 million at current exchange rates (June 2005) and the EIRR to be 15%.

The differences in returns arise from the proportion of ex-PKP staff finding employment after severance and the rate at which they found employment. At appraisal it was estimated that 50% of laid off workers would find employment after six months. The post-employment surveys conducted by KAAZ and PKP-KG found that only 45% of severed workers returned to employment within 12 months. The remaining 55% were divided into those still looking for employment (59%) and those not looking for work (41%). The rate at which workers found jobs built up slightly more slowly than assumed at appraisal.

The other factor which changed was the length of time that ex-staff receive pre-retirement benefits. At appraisal this was assumed to last for 3 to 4 years. At completion this assumption has been revised based on actual experience, which is that these benefits can last for up to 10 years. The analysis now includes a tapered reduction in the staff receiving this benefit over a 10 year period.

The economic results are highly dependent on the wage earned by workers in their new jobs. The post-employment surveys conducted by KAAZ and PKP-KG did not provide any empirical evidence on this subject because questions about wages were deemed too sensitive to be asked. The appraisal assumption of earning 70% of the former PKP wage, derived from Labor Office data, was carried forward at completion. The sensitivity of this assumption was tested by using a value of 60% of former wages. This yielded an EIRR of 13.7% (down from 16.7%) and an economic NPV of US$75 million at current exchange rates (down from $143) . The economic NPV drops to zero when wages are 45% of the original PKP wage. There is no change to the financial results from varying this assumption.

For consistency the same approach of the PAD, of looking only at the economic effect of the labor component of the restructuring project, has been used here. However, similar to the PAD an order-of-magnitude discussion has been made of likely economic benefits.

Real freight rates, as measured by PKP freight revenue in US$/ton-km (unit revenue) were estimated at $0.0235 in 2000 and were expected to rise in the first year of the project and then decline in real terms over subsequent years as the operating efficiencies of restructuring allowed a more competitive tariff. In US dollar terms the result has been consistent real rate increases after the second year of the project. In 2004 real freight rates were $0.0333, 35% higher than the appraisal target of $0.0242. This makes the evaluation of economic benefit more difficult than it would be in the more unambiguous case when real freight rates have declined. To have a comprehensive evaluation of the economic effects in the transport sector would require information on trucking rates over a comparable time period.

In zloty terms the result has been more favorable, with a mix of real increases and decreases, and overall a real increase of 1.9% per annum compounded over the four years (2000--2004). This result is better for domestic shippers, however the consistently higher cost in dollar terms is undesirable for export industries. Table 2 in Annex 3 provides more detail.

4.4 Financial rate of return:
The financial cost benefit analysis at appraisal indicated a financial net present value of the project to be US$1,014 million and the FIRR to be in excess of 100% (177%). At completion the financial net present value of the project is estimated to be US$1,338 million at current exchange rates and the FIRR again to be in excess of 100% (211%). All NPVs are at a 10% discount rate.

4.5 Institutional development impact:
The achievement for this output of the project is rated "substantial". The railway corporate changes set out in the September, 2000 "Law on Commercialization, Restructuring, ..." were made. PKP was transformed from an operating arm of a government department into a separate corporate structure, PKP S.A., with 100% government ownership. A total of nine daughter companies were set up with 100% ownership by PKP S.A. principally: the Polish Railway Infrastructure Joint Stock Company (PLK S.A.), PKP Cargo S.A., PKP Regional Services, PKP Intercity, PKP Energy and PKP Telecommunications. Privatization has proceeded much more slowly than expected and has been hindered by the slow development of the necessary regulatory regime and lack of political will. However, in the broader context of railway reform in the ECA region the project has made substantial and permanent changes to the railway sector.

Early in the project (in late 2001) the former Ministry of Transport and Maritime Economy (MTME) was transformed into the Ministry of Infrastructure (MOI). PKP, and its successor PKP S.A., come under the policy jurisdiction of the Railway Department first located in MTME and then in MOI. For several years since project effectiveness there have been only "business as usual" evolutionary changes in the policy capabilities of the MOI.

After the project became effective the GOP continued developing the overall program and in December 2003 the Council of Ministers adopted a "Program for Further Restructuring and Privatization...". It provided for an updated transport policy, Poland's accession to the European Union, and verified long-term economic goals for railway transport; it planned to apply new organizational structures to the PKP Group; and it adjusted the restructuring and privatization plan to the (then) current economic situation, and updated the timetable of restructuring activities and the need for the introduction of regulatory changes. The GOP continued to evolve the program with the February 2005 "Strategy for Restructuring and Privatization of Companies of the PKP S.A. Group in 2005-2007". Most recently the new government elected in October 2005 has indicated it will continue the railway reforms, although with reduced emphasis on privatization.

The capacity of the Voivodship regional governments to undertake local transport policy development and to negotiate with PKP to furnish regional-level railway services has developed slowly and unevenly across the country. TA earmarked to advise regional governments and assist in development of low-density lines did not occur. Nevertheless some voivodships have remained interested in developing their own rail services and progress has been made. Since January 2005 the first voivodship railway company has been operating in Mazowieckie Voivodship ("Koleje Mazowiekie", see Section 4.1 above). The 2005 policy re-affirms that during 2005-2007 other voivodship railway companies are expected to be set up. Under the 2005 policy new regional companies are able to: take over employees and lease rolling stock from existing PKP operations in their own region, accept real estate from PKP, and voivodships can provide public compensation to the service provider on the basis of negotiated agreements.

5. Major Factors Affecting Implementation and Outcome

5.1 Factors outside the control of government or implementing agency:

Freight and passenger traffic have declined more than expected. Freight traffic has been affected by restructuring in other industrial sectors. Both freight and passenger traffic have been affected by competition from road transport. Section 10, Additional Information, provides a graphic illustration of these trends.

Joining the EU on May 1, 2004 was the result of government policy. However, once the decision to join had been made, the follow-on implications of joining were no longer fully under the control of the government, and were certainly not under the control of PKP. On the one hand, the need to prepare for EU accession provided a major spur to the restructuring efforts. On the other hand, the need to meet EU accession criteria for government debt and government deficit constrained GOP's spending during 2002 and 2003, producing a squeeze across all sectors.

5.2 Factors generally subject to government control:

During the 1990's the government prepared for restructuring and privatization through earlier railway restructuring and labor reductions. Extensive consultations with labor unions took place prior to adopting the restructuring law. The severance packages were explicitly defined in legislation, which showed the strength of GOP's commitment and the strength of the consultative process followed to have the legislation adopted.

During implementation, government support by way of public service obligations was not provided as agreed, in part leading to the backlog in infrastructure maintenance now faced by PLK S.A. Repeated changes in strategy, delays in privatization activities and failure to execute studies on track access and infrastructure charging were all factors under the government's control. These delays and gaps have contributed to the slower than desired restructuring of the railway sector. Nevertheless, the government did, in a stop-go manner, keep up the support for overall reform.

5.3 Factors generally subject to implementing agency control:

PKP had control of the labor restructuring process through KAAZ, the time-limited agency it set up for this purpose. KAAZ was closed down in July 2002 as planned. The social monitoring program was under KAAZ control until July 2002 when it was transferred to PKP. The social monitoring program was always secondary to the operations and philosophy of KAAZ, which was largely to do the specific job and then fade away. As such the monitoring did not receive the attention and resources needed to do a good job.

Arguably, to some degree the large decline in freight and passenger traffic was under PKP influence through the tariffs charged. At completion (see Annex 1) the freight rates are 33% higher than the level the PAD had estimated would provide for competitive rail freight services. This view needs to be balanced against other factors which were outside the agency's control and which made restructuring more difficult, such as delayed payment of government infrastructure and PSO support.

The proposed training component was withdrawn from the project during negotiations but completed by PKP using their own resources as well as a grant from the Council of Europe. PKP felt the training approach recommended by the Bank was too difficult to implement in Poland. The recommended approach was to use technical skills training contracts from outside service providers (rather than KAAZ staff) with payment dependent on reaching a set employment rate for graduates.

5.4 Costs and financing:

The Bank loan was fully disbursed. There were no cost overruns. Counterpart funds were generally available. Co-financing resources were available as expected. The total final cost of the project was US$326 million, compared with US$335 million as estimated at appraisal. The loan was made in Euro. Between appraisal and completion the Euro had appreciated by 17% against the US$. This accounts for the dollar value of the disbursed Bank loan exceeding the appraisal value.

In dollar terms (appraisal estimates in brackets) the Bank financed US$118 million (US$101 million), the EBRD US$105 million (US$92 million), PKP itself US$44 million, (US$78 million), and the GOP contributed US$58 million (US$58 million). Annex 2 provides additional detail on project costs and financing.

The areas of note where expenditures were not made as planned were: (1) the labor redeployment/training component, financed entirely by PKP, had only 19% of the expenditures expected at appraisal, and (2) the technical assistance component, financed by the Bank and PKP, where only 1% of expected expenditures were made. As described elsewhere the technical assistance components were not developed during the project. Only one small consultancy was paid for from project funds.

This underspending did not go to waste as the labor restructuring components, primarily severance, were increased to take advantage of the additional financing and increase the number of redundancies.

Information was not available at the time the ICR was prepared to confirm the amounts spent by the GOP on its two components of labor restructuring, namely unemployment insurance payments and pre-retirement benefits for those laid off after 2002. Since a greater number of employees have been laid off than the original appraisal estimate, it is not unreasonable to assume that the GOP has made the expenditures that were foreseen.

6. Sustainability

6.1 Rationale for sustainability rating:

The sustainability of the Labor restructuring *project* is rated "highly likely". The staff complement of the railway or its derived corporations will not return to the previous level, the achievements generated by the project will be maintained.

The sustainability of the overall railway *program* is more nuanced and would perhaps be rated "likely" if rated separately. Corporatization of PKP and the creation of "daughter" companies has occurred. Despite the slow adoption of more commercial operations, slow privatization, and slow development of the regulatory and policy framework, the changes that have occurred to date and are planned for the near future are significant in the tradition-bound world of European railways. Government commitment has vacillated, strategies have been revised, and their implementation delayed, nevertheless the Polish railway sector has moved well away from the monolithic state owned enterprise that it was in the mid-1990's. The correct time span for evaluating sustainability in this case is comparable to the slow-fast-slow-fast pacing required to move this project from identification to pre-appraisal, eight years, and then from Board approval to effectiveness, six weeks.

Despite these overall positive sustainability ratings the following points serve to illustrate that this sustainability, though likely, will continue to need strong commitment from industry, stakeholders and government in order to complete the transformation to a modern transportation sector.

The social impact of the restructuring was presumably somewhat mitigated by the programs undertaken. The monitoring activities were rudimentary and do not allow a full examination of social welfare with and without the labor redeployment package. The surveys conducted do show that overall 45% of those laid off had found re-employment. Of the remaining 55%, 41% were no longer in the labor force and 59% were still looking for work after one year. This suggests that 32% of the total staff laid off are still seeking employment.

The PAD forecast the level of staff required in the railway sector beyond the original closing date of the project (June 2004). The PAD (page 65) envisaged that staff, measured on a comparable basis to the original PKP, would decline further to 116,913 in 2004 and 2005. As the staff level at December 2005 was 131,327, the momentum for continuing reform expected back in April 2001 has not been realized.

In reviewing the railway sector in Poland during an October 2005 mission and during the final supervision mission in December 2005, the Bank noted the following areas of concern. Despite good progress in productivity growth the railway sector was still far from sustainability. Progress in privatization had been slow and complicated by repeated changes in strategy. The privatization of non-core businesses was proceeding slowly, with perhaps 20% completed by the end of 2006. PKP S.A. had not yet transferred significant real estate or related assets to PKP Cargo, nor the track and related assets to the infrastructure company, PLK S.A., primarily due to the Vat Tax liability such transfers would generate. PLK S.A. was experiencing serious cash flow problems and an extensive maintenance backlog was continuing to grow larger. The Bank indicated then that it was willing to consider financing a specifically targeted PLK S.A. restructuring program.

6.2 Transition arrangement to regular operations:

Progress in freight privatization and institutional restructuring of the passenger services has been extremely slow. As an EU member country, Poland faces institutional scrutiny and commercial pressures to continue the process of railway reform. On January 1, 2007 Poland comes under the Trans-European Railway Freight Network (TERFN) for all freight transport.

The policy approach that was adopted in February 2005, "Strategy For Restructuring and Privatization of Companies of the PKP S.A. Group in 2005-07" did not guarantee that further reforms would be made and that the sector would improve. However, it confirmed the government's commitment to carry on restructuring and identified the following areas of activity:

- continued commitment to privatize PKP Cargo, PKP Intercity and certain other companies in the PKP Group.
  - the sale to a strategic investor of WKD and SKM in 2005, PKP Intercity in 2006, and LHS in 2007,
  - the sale of PKP Cargo by 2007 to a "financial investor/public offering/alliance with sectoral investor",
  - the sale of PKP Regional Services to companies created with voivodships by 2007,
  - the portion of the other infrastructure companies not being held by PLK S.A. (75% - 1 share) will be offered for sale during 2006-07.
- anticipated changes in the scope of responsibilities of PKP S.A. to give more commercial autonomy to individual companies (subject to maintaining oversight).

- mandate for cost efficiencies in all companies.
- capital restructuring of a number of smaller companies with partial shareholding by PKP.
- proposed reduction in track access charges, Bank support for this last point is subject to PLK making the maximum financial contribution to this reduction through the planned network rationalization contained in the Strategy and other efficiency improvements.
  - implement access pricing changes - expected to reduce charges by 15% in each of 2006 and 2007 - while holding the government to an annual contract to provide financial resources to maintain infrastructure.

A new government was elected in October 2005 and has not accepted the above strategy. The details of its new strategy are being developed but it is likely that plans to privatize PKP Cargo and PKP Intercity will be deferred for an indefinite period. The Bank has argued that the successful privatization and restructuring of PKP daughter companies has been hampered by the slow transfer of assets and that this process should be accelerated.

7. Bank and Borrower Performance

Bank

7.1 Lending:

Satisfactory. During project preparation the GOP, after several years of moving slowly on this subject, requested a rapid response in order to have the loan ready for negotiations in very short order. The Bank accommodated this by strong staff effort and by bringing in additional, CTF funded, resources. Good use was made of outside consultants to establish reasonable productivity targets and social parameters of labor restructuring. The satisfactory rating also reflects the continuous, active support provided by the Bank for several years during which the borrower's interest and commitment to program increased or decreased according to internal debate.

During negotiations the Borrower requested a change in the project components to delete all Bank support for the redeployment/retraining component. This meant that substantial earlier discussions on how to organize and procure retraining became moot. The loan amount was reduced from EUR 125 million to EUR 110 million. The project was left financing only the severance and other payments (95% of the total) and technical assistance. The rapid setting up of KAAZ meant that the Bank could not verify by means of an existing track record the agency's ability to conduct the proposed social monitoring program. The intended program was well described and well laid-out.

7.2 Supervision:

Satisfactory. The fast pace of implementing redundancies meant that the Bank had little time to review KAAZ's efforts at monitoring the social impacts of severances before most of the severances were complete. The first supervision mission took place four months after effectiveness and by then 20,000 had been laid off. The loan was quickly disbursed and the Mid-term Review mission took place 17 months after effectiveness.

The Bank showed good responsiveness in meeting client expectations and encouraging momentum for reform by bringing in resources from other loans and its TA funds to pay for additional technical assistance. However, the fast disbursement meant little leverage on PKP activities. It achieved the objective of laying off staff but did not allow for good follow up monitoring. The Bank supported the request to extend the loan and to allow funds to be used from another Bank loan (Roads II) in order to complete the technical assistance component of the project.

7.3 Overall Bank performance:

Satisfactory.

Borrower

7.4 Preparation:

Satisfactory. The process of loan preparation was drawn out over seven years and three governments (1992-2000). The effort was sustained by the underlying recognition of the need for reform. PKP had started internal reforms in advance of the project. Between 1997 and 1999 about 43,000 staff had been laid off. The government undertook prolonged and substantial discussions with trade unions, ultimately under the umbrella of Parliamentary committees, leading to changes between the final draft law and law as passed, particularly in the area of proceeds from sale of assets. The Restructuring and Privatization Law was passed September 8, 2000.

7.5 Government implementation performance:

Satisfactory. This was clearly a major initiative for the government and received high-level attention at all times. The loan was signed two days after receiving Board approval and all effectiveness conditions were met in five weeks. PKP was split up into a parent company and 24 subsidiary companies by October 1, 2001. Also by the end of October 2001 $36 million of $101 million loan had been disbursed and 20,000 had been laid off with no sign of labor tension. The national election in September 2001 resulted in a change of government but with no adverse affect on the project.

For several years the government failed to achieve the expected work on the regulatory framework for an unbundled railway and track access charges. Not until fall of 2003 was an initial review of track access charges completed. The government was not able to provide the level of public service obligation for social services and investment support for infrastructure that had been expected at appraisal.

In support of the on-going reform effort the government did: (i) extend the framework for PKP labor restructuring to the end of 2003, (ii) agree that ZUS (social insurance) charged on the railway leave benefit would be refunded to PKP, and (iii) the cost of pre-retirement benefit after January 1, 2003 will be 90% funded by GOP, with the balance funded by PKP.

In December 2003 the Council of Ministers approved the "Program for Further Restructuring and Privatization of PKP Companies to 2006" which attempted to revitalize the reform process. The MOI was to establish a Steering Committee for Reforms including both MOI and PKP managers in order to overcome deficiencies in information flow between MOI and PKP. In January 2004 PKP requested to extend the loan and to allow funds to be used from another Bank loan (Roads II) in order to complete the remaining four technical assistance studies: privatization advisors for PKP Cargo, privatization advisors for PKP Inter-City passenger, restructuring of regional passenger services in Mazowieckie, and restructuring of PLK.

A second effort to reinvigorate reform was the "Strategy for Restructuring and Privatization of Companies of the PKP S.A. Group in 2005-07" which was adopted in February 2005. A new government was elected in October, 2005 and has not accepted the February 2005 strategy. The details of its new strategy are being developed but it is likely that plans to privatize PKP Cargo and PKP Intercity will be deferred for an indefinite period.

7.6 Implementing Agency:

Ultimately satisfactory. During the first two years of the project there were delays in financial reporting and delays in accepting international accounting standards and auditors able to work to such standards. These problems were corrected. The initial performance regarding social monitoring was unsatisfactory. Bank recommendations for improvements made during first and second supervision missions (October

2001, March 2002) were not acted on. Only after the Mid-term Review (October 2002) was the monitoring process improved, however by then three-quarters of the severances had occurred.

As planned KAAZ was wound up August 1, 2002 and by September 2002 74% of loan had been disbursed.

PKP's finances did not improve as expected due mainly to under-funded loss-making social services and declining traffic volume requiring continuous adjustment of service level and downsizing of workforce, network and assets. The financial performance of the project entity was downgraded to an "Unsatisfactory" rating during the Sept. 2002 to June 2004 period. The bank indicated that a satisfactory rating would require: (i) adequate and timely compensation of PSO contracts between PKP regional companies and voivodship governments; (ii) timely implementation of five consultancies to be funded by the Bank. Financial performance was upgraded back to "Satisfactory" in October 2004.

PKP worked to reach agreement with labor unions and regional authorities to suspend some unprofitable regional passenger lines. However the parliamentary decision to fund only PLN 300 million not the expected PLN 800 million in PSO delayed reorganization of regional services. In 2003 the PLN 300 million budgeted for regional services PSO turned out to be only PLN 253 million actual at year-end. Beginning in January 2004 funding responsibility was transferred to regional authorities and central government budget support was increased. In 2004 regional PSO budgeted at PLN 538 million turned out to be PLN 430 at year-end. Total central government support for all services increased from PLN 651 million in 2003 actual to PLN 1,112 million in 2004. Details of government support are provided in the Supplemental Tables attached in Annex 7.

PKP was proactive in seeking to obtain additional resources to advance the program. In Feb. 2004 PKP requested an extension of the closing date, from the original close in June 30, 2004, to December 31, 2005 in order to fully use project TA funds. As part of the "Program for Further Restructuring and Privatization of PKP Companies to 2006" PKP requested that the Bank fund TA, subject to the amendment of the Roads II Loan Agreement ($2.8 million) and an extension of the Roads II Loan closing date from December 31, 2004 to December 31, 2005.

The largest problem with the implementing agency was the delay in using the TA provided to accomplish the TA objectives. Privatization advisors for PKP Cargo, privatization advisors for PKP Intercity passenger, the restructuring of PLK, and the establishment of an infrastructure access charges regime were all activities that either did not take place or took place late and in an inadequate manner. These issues remain as tasks to be completed in moving the reform forward. In 2005 an EU grant allowed consultants to establish an access charges model based on "best-practice" rather than derived from railway costing evaluations. The results of this TA are expected in 2006.

In fall 2004 the senior staff of PKP were replaced as a result of changes in the government and some realignments in the governmental policy. The new management was more supportive to privatization plans, but did not manage to implement them before the recent elections (October 2005) and yet another round of policy changes. With the new government the initiative for further reform has been placed with the MOT not PKP.

7.7 Overall Borrower performance:
Satisfactory.

8. Lessons Learned

The objective of the loan was to support the restructuring and privatization program through a reduction in operating expenses and transition to a new organization, by restructuring the railway labor force. This was a contentious and difficult program for the government to develop and implement. Several lessons are derived.

Railway Restructuring

- Under the Project, a total of 37,000 employees, or over 20% of PKP labor force was reduced between August 2000 and January 2003 rapidly but smoothly with no evidence of labor tension. Consensus with key stakeholders, especially with labor unions, is essential in labor restructuring.
- Implementation of the overall Program, in particular the legal and organizational restructuring to split a monolithic Railways into a number of subsidiaries and the parent company, was highly satisfactory despite the national elections leading to a change of government, mainly because of strong political support and local ownership of the Program.
- A protracted period of project preparation time can be worthwhile when: (1) it enables the negotiations necessary to build political will for a difficult social change, (2) it keeps dialogue open while events (such as the nearing deadlines for EU accession) bring more clarity and pressure on the decision makers.
- Even substantial restructuring successes can fail to achieve financial goals when the overall business environment evolves negatively, i.e. traffic declines.
- The project design should have included an explicit plan for the transition of the project management functions from KAAZ to PKP after KAAZ was wound up.
- Despite substantial labor redundancy a concomitant decline in traffic has meant that physical productivity measures have not been met. The will to continue further labor restructuring may not be immediately available after a period of downsizing so long as enterprises remain under state control.

Social Monitoring

- Neither PKP nor KAAZ really saw World Bank social safeguards as part of their core activity and to undertake the post-layoff social monitoring. This could perhaps have been remedied through raising client awareness during project preparation and with stronger and continuing liaison between the social and statistical ministries, the implementing agency, and the Bank.

- The EBRD loan did not include a social monitoring component and started one year ahead of the Bank loan. Starting the labor restructuring without a monitoring component may have reduced the willingness of PKP to commence a new activity (the monitoring program) once the basic project was up and running well.
- An explicit project performance indicator should have been included related to the monitoring and evaluation of the labor redundancy activities. For example, x % of all those laid off have been interviewed within 'y' months of lay-off and a further x2 % within 'y2' months. This would have focused continuing and formal attention on the implementation of the monitoring and evaluation program.
- The results confirm that the telephone survey approach was not adequate in the case of Poland. The follow up surveys should have been undertaken on a home interview basis.

9. Partner Comments

(a) Borrower/implementing agency:

PKP Summary

As far as employment restructuring process is concerned, PKP S.A. recognizes that the way of fulfilling of this process was correct and succeeded in reaching the targets of diminishing the level of employment and improving its structure.

Restructuring process, what should be stressed, took place in the atmosphere of social peace and resulted in reduction of employment at PKP SA in the years 2000-2004 by over 53 000 people.

All social protection implemented with the Law commercialization, restructuring and privatization of "Polish State Railways" State Enterprise, such as:

- severance pays
- railways leaves
- training, occupational and social advisory
- labor mediation

influenced significantly on reduction of employment restructuring process social effects.

However the interest of the professional trainings that were offered was not as high as it was expected. Among others it resulted from the fact that people who lost their employment in PKP had also another source of living. Usually they worked in their own homestead.

During employment restructurisation process PKP monitored its social consequences with questioners given to the ex-employees. Nevertheless these actions were not accepted by the redundant employees. Most of people who were supposed to be questioned did not even take the questioners that were given to them.

As a result monitoring was carried with telephone calls with people who filled the questionnaires correctly. The analysis said that 45% of examined people found another job after being redundant in PKP.

However, despite some difficulties employment restructuring program under the Loan was successfully finalized.

In the view of the lack of the financial means from the state budget supporting restructuring process in PKP, financial means from the Loan constituted the significant support for the financing of this process not only in PKP S.A. but in the whole PKP Group.

Furthermore the employment restructuring process is not finalized yet. The level of employment is still being adjusted to the key tasks connected with fulfilling statute tasks of the certain companies. It is significantly visible in the largest companies of PKP Group which key activity are connected with freight.

As far as privatization process and economic ratios improvement are concerned, their level was not changed in the extend it was planned at the time of taking the Loan. It mainly results from changes in the long-term strategies of restructurisation and privatization of PKP and PKP Group prepared by the following governments.

In our opinion the Bank contribution to the project was satisfactory. Bank was helpful and open on our changing needs in the area of usage of the founds from the Loan. It accepted our requests of transferring financial means among the categories, so that they could be used the most efficiently. Moreover we have always been able to rely on courteous and professional service of the Bank. Its diligence and willingness to help many times made our work more efficient and easier. We find our cooperation satisfactory and successful.

(b) Cofinanciers:

EBRD Project Assessment

Overall EBRD considers the labor restructuring project with PKP SA as a successful operation. The labor redundancy targets have been achieved within the specified schedule. However it is recognized that the successful project implementation has been possible as a result of the extensive program preparation. The labor restructuring program was part of the overall railway restructuring program and has been subject to a very broad consultation process undertaken by the railway authorities with a full support from the relevant government authorities. The program had the backing and political support of the Government; extensive consultation process allowed for a broad support from the unions. The details of the redundancy program were described in the overall railway restructuring law approved by the Parliament, ensuring its transparency and adequate support from the state budget. Overall comment: the Polish Railways redundancy financing program models the necessary steps which need to be taken by the Client and the Government, before the success of the Polish railways can be replicated in other railway environments.

(c) Other partners (NGOs/private sector):

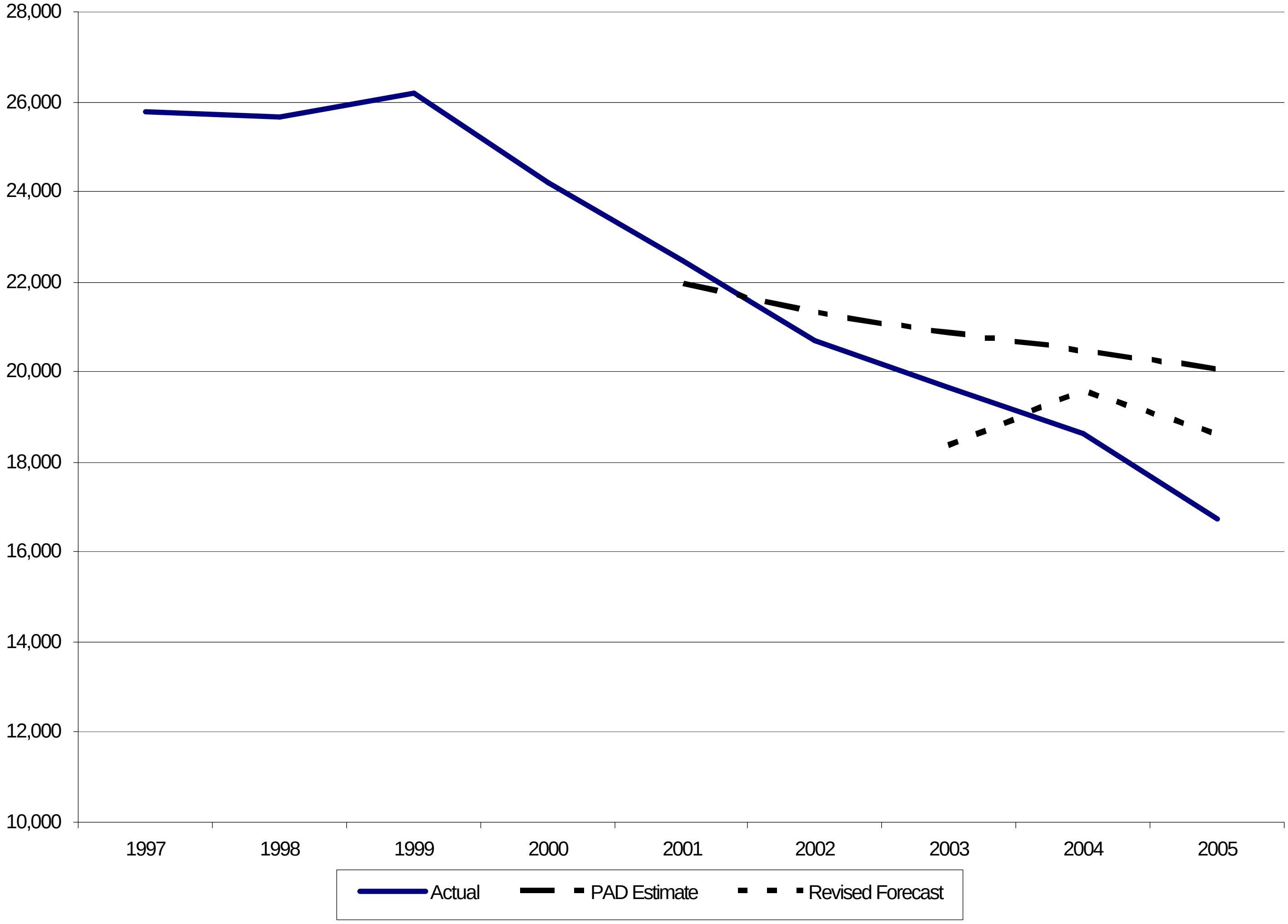
Not applicable.

10. Additional Information

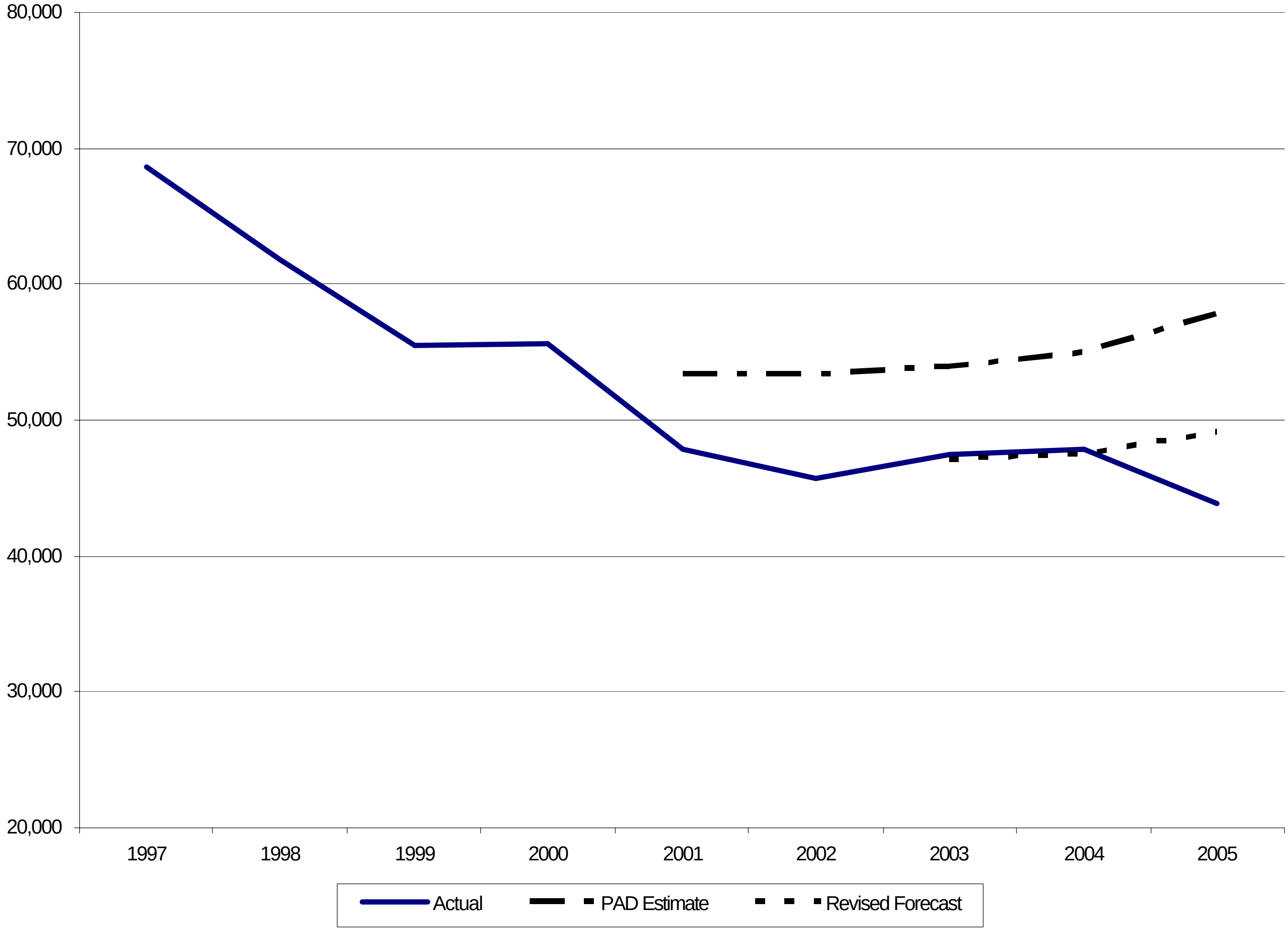
Trends in Polish Railway Traffic

The spreadsheets used to derive these graphs are attached electronically in Annex 7, List of Supporting Documents.

POLAND RAILWAY RESTRUCTURING PROJECT
PASSENGER TRAFFIC
(passenger-km millions)



POLAND RAILWAY RESTRUCTURING PROJECT
FREIGHT TRAFFIC
(ton-km millions)



Annex 1. Key Performance Indicators/Log Frame Matrix

Outcome / Impact Indicators:

Indicator/Matrix	Projected in last PSR[1]	Actual/Latest Estimate
1. Efficient supply of railway services, passenger-km + tonne-km / 1000 staff increases from 422k in 2000 to 561k by 2003.	June 2004: 445,000 (for 2002) June 2005: 472,000 (for 2004)	482,000, or 14% under target
2. Labor as % of railway revenues declines from 56--58% in 2000 to 39% by 2003.	June 2004: 47% (for 2002) June 2005: 37% (for 2003)	36%, slightly better than target
3. Improved enterprise profitability (positive profit / little subsidy, cost recovery ratios). Working ratio, excluding budget subsidy declines to 100% by 2003.	June 2004: 92% (for 2002) June 2005: 88% (for 2003)	71%, considerably better than target 97%, if non-monetary income is excluded
4. Competitive freight rates (comparable to equivalent shipment by road) increase only from \$0.0235 in 2000 to \$0.0247 in real terms by 2003 (freight revenue, US\$/ton-km).	June 2004: \$0.0270 nominal (for 2002) June 2005: not collected	\$0.0333 in real terms, or 35% over target

Interim results from PSR #8, June 23, 2004 and ISR #10, June 13, 2005
End of Project targets (2003) of: 561, 39%, 100%, \$0.0247 respectively.
Annual targets apply to Dec. 31 of the indicated year.
Working ratio is: operating expenses excluding depreciation; divided by operating revenues, including other operating and non-monetary income, excluding government subsidies and privatization proceeds.

Output Indicators:

Indicator/Matrix	Projected in last PSR[1]	Actual/Latest Estimate
1. Workforce reduced from 182,000 in August 2000 to 145,000 by December 2002.	Dec 2003: 143,503 Dec 2004: 138,592	Dec. 2005: 131,327
2. Expenditures on labor reduced from PLN 5.1 bn in 2000 to PLN 3.8 bn by 2003.	June 2004: PLN 4.4bn	Dec. 2005: PLN 4.2 bn
3. Workforce acceptance of the restructuring program.	Labor union support still positive.	Labor union support still positive.
4. Polish Railway Joint Stock Company (PKP S.A. - a holding company) and Polish Railway Lines Joint Stock Company (PLK S.A. - an infrastructure and railway management company) established.	PKP established Jan. 1, 2001 PLK established Oct. 1, 2001	PKP established Jan. 1, 2001 PLK established Oct. 1, 2001
5. Infrastructure separation agreements, including rail/access pricing arrangements, concession documents.	Partially complete.	Infrastructure separated with establishment for PLK S.A. Satisfactory and sustainable pricing arrangements still being developed.
6. Framework for short-line freight established.	Not yet established.	Not established.
7. Clear title or leasing arrangements for real estate being devolved (e.g. passenger stations, parking areas, disused sidings and yards).	Partially.	Partially, in progress.Track and related assets not yet transferred to PLK S.A.
8. Ancillary businesses (e.g. rolling stock repair units) reorganized/sold.	In progress.	Partially, in progress.
9. Reorganization of inter-city passenger services complete .	In progress.	PKP Intercity Sp. z. o. o. established.
10. Viable (marketable) train paths available for use by regional passenger services.	Not yet complete.	Not completed.
11. Devolution of regional passenger services ready.	Not yet complete.	Partially, in progress. "Koleje Mazowiekie" regional railway established, Jan. 2005.

[1] End of project

Interim results from PSR #8, June 23, 2004 and ISR #10, June 13, 2005.

End of Project Targets of: 145,000, 3.8, positive support, company established, agreements complete, framework established, clear title, ancillary sold, reorganization complete, paths available, devolution ready, respectively.

Annex 2. Project Costs and Financing

Interest during construction is EBRD Capitalized Interest Front end fee includes $1.010 million for IBRD and $0.919 million for EBRD

Project Costs by Procurement Arrangements (Appraisal Estimate) (US$ million equivalent)

Expenditure Category	Procurement Method[1]				Total Cost
	ICB	NCB	Other[2]	N.B.F.	
1. Works	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2. Goods	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
3. Services	0.00 (0.00)	0.00 (0.00)	1.45 (1.45)	5.85 (0.00)	7.30 (1.45)
4. Severance	0.00 (0.00)	0.00 (0.00)	211.43 (98.58)	84.77 (0.00)	296.20 (98.58)
5. Labor Redeployment	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	23.68 (0.00)	23.68 (0.00)
6. EBRD Capitalized Interest, Auditor, Front-end fees.	0.00 (0.00)	0.00 (0.00)	1.01 (1.01)	7.07 (0.00)	8.08 (1.01)
Total	0.00 (0.00)	0.00 (0.00)	213.89 (101.04)	121.37 (0.00)	335.26 (101.04)

2) Includes: (i) Technical Assistance - QCBS: US$1.45 million equivalent
(ii) Severance Payments - specific procurement arrangements: US$211.4 million equivalent

Project Costs by Procurement Arrangements (Actual/Latest Estimate) (US$ million equivalent)

Expenditure Category	Procurement Method[1]				Total Cost
	ICB	NCB	Other[2]	N.B.F.	
1. Works	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2. Goods	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
3. Services	0.00 (0.00)	0.00 (0.00)	0.09 (0.09)	0.00 (0.00)	0.09 (0.09)
4. Severance	0.00 (0.00)	0.00 (0.00)	214.25 (116.44)	98.76 (0.00)	313.01 (116.44)
5. Labor Redeployment	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	4.40 (0.00)	4.40 (0.00)
6. EBRD Capitalized Interest, Auditor, Front-end fees.	0.00 (0.00)	0.00 (0.00)	1.01 (1.01)	7.07 (0.00)	8.08 (1.01)
Total	0.00 (0.00)	0.00 (0.00)	215.35 (117.54)	110.23 (0.00)	325.58 (117.54)

[1/] Figures in parenthesis are the amounts to be financed by the Bank Loan. All costs include contingencies.

[2/] Includes: (i) Technical Assistance - QCBS; (ii) Severance Payments - specific procurement arrangements. Includes civil works and goods to be procured through national shopping, consulting services, of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) re-lending project funds to local government units.

Project Financing by Component (in US$ million equivalent)

Component	Appraisal Estimate			Actual/Latest Estimate			Percentage of Appraisal		
	Bank	**Govt.**	**CoF.**	**Bank**	**Govt.**	**CoF.**	**Bank**	**Govt.**	**CoF.**
Labor Restructuring									
severance payments	65.96	40.24	84.78	98.96	32.78	98.76	150.0	81.5	116.5
pre-retirement benefit 2000-2001	17.48	4.10		11.68	2.66		66.8	64.9	
pre-retirement benefit 2002+		36.57			36.57			100.0	
railway leave	15.13	10.09		5.80	3.94		38.3	39.0	
unemployment benefit		21.86			21.86			100.0	
Labor Redeployment - Training		23.68			4.40			18.6	
Technical Assistance	1.45		5.85	0.09		0.00	6.2		0.0
Other (EBRD Auditor)			0.18			0.18			100.0
Other (EBRD Capitalized Interest)			5.97			5.97			100.0
Front-end Fees	1.01		0.92	1.01		0.92	100.0		100.0
TOTAL	101.04	136.53	97.70	117.54	102.21	105.83	116.3	74.9	108.3

Government includes PKP plus GOP.
The loan was made in Euro. At appraisal the foreign exchange rate was 0.91850 $/EUR. The weighted average rate used at completion (based on the rates applicable at the time of each loan disbursement) is 1.07098 $/EUR. There has been a 16.6% foreign exchange appreciation.

Annex 3. Economic Costs and Benefits

The economic cost benefit analysis prepared at appraisal indicated an expected economic net present value (all NPVs at 10%) of the project to be US$143 million and the EIRR to be 20%. At completion the economic net present value of the project is estimated to be US$103 million at current exchange rates (June 2005) and the EIRR to be 15%.

The financial cost benefit analysis at appraisal indicated the financial net present value of the project to be US$1,014 million and the FIRR to be in excess of 100%. At completion the financial net present value of the project is estimated to be US$1,338 million at current exchange rates and the FIRR again to be in excess of 100%.

Table 1 summarizes these results at both current exchange rates and using those employed in the analysis at appraisal. The complete spreadsheet analysis is attached as an electronic file in Annex 7, List of Supporting Documents.

TABLE 1 - SUMMARY OF EVALUATION
(currency figures in millions unless noted)

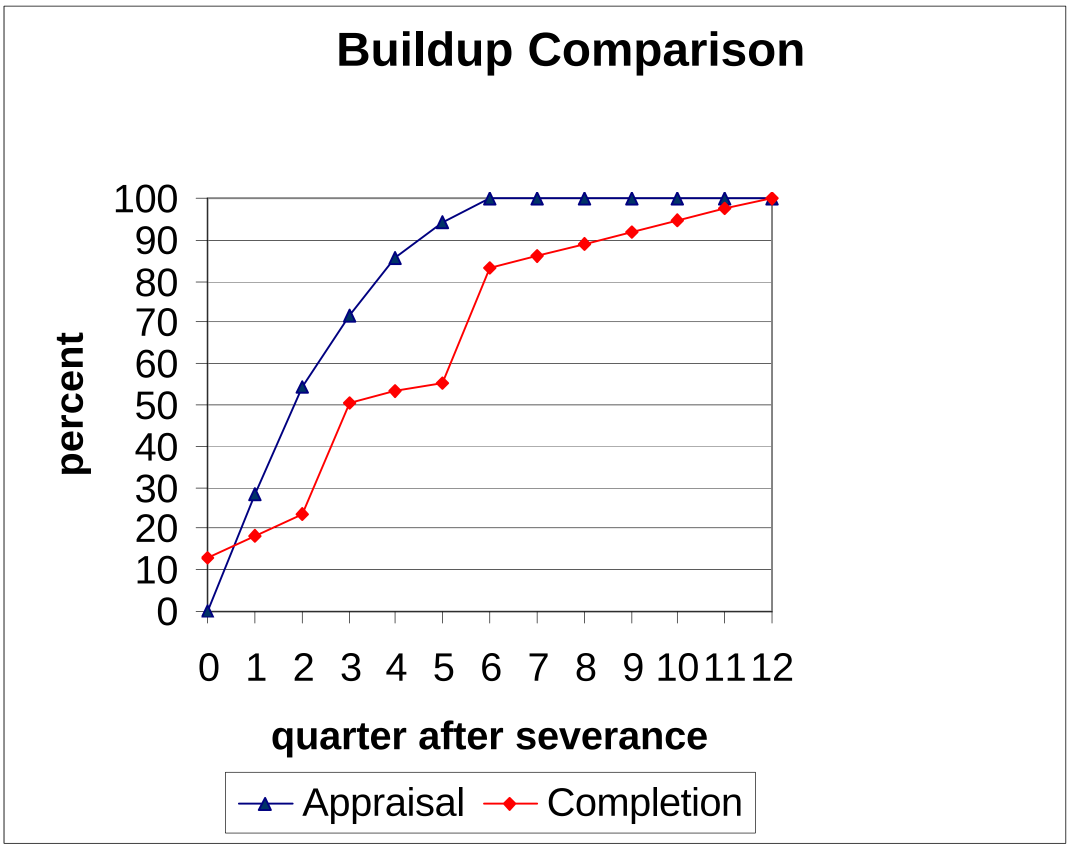
	At Appraisal		At Completion			
Currency	Polish Zloty	US $	Polish Zloty	US $	US $	US $
Foreign Exchange Rate		4.6000 April 2001		4.6000 April 2001	3.3370 June 2005	3.3370 June 2005
Economic Evaluation						
Basis of calculation (see notes below)	Original	Original	Original	Original	Original	Revised
PV Benefits			1,507	$328	$452	$452
PV Costs			1,042	$226	$312	$349
PV Net Benefits	656	$143	465	$101	$139	**$103**
IRR	20%	20%	17%	17%	17%	**15%**
Financial Evaluation						
PV Benefits			5,049	$1,098	$1,513	$1,693
PV Costs			991	$215	$297	$356
PV Net Benefits	4,667	$1,014	4,058	$882	$1,216	**$1,338**
IRR	177%	177%	205%	205%	205%	**211%**

Notes:
PV - Present Value. Present values were calculated using a 10% discount rate. Figures may not add due to rounding.
The original basis of calculation of economic return included national unemployment benefits as an economic cost. In the revised calculation this cost has been dropped. Also, the length of time that pre-retirement benefits are being received has been revised to match actual experience (up from 3-4 years to 8-10 years).

The differences in returns arise from the proportion of ex-PKP staff finding employment after severance and the rate at which they found employment. At appraisal it was estimated that 50% of laid off workers would find employment after six months. The post-employment surveys conducted by KAAZ and PKP-KG found that only 45% of severed workers returned to employment within 12 months. The remaining 55% were divided into those still looking for employment (59%) and those not looking for work (41%).

The other factor which changed was the length of time that ex-staff receive pre-retirement benefits. At appraisal this was assumed to last for 3 to 4 years. At completion this assumption has been revised based on actual experience, which is that these benefits can last for up to 10 years. The analysis now includes a tapered reduction in the staff receiving this benefit over a 10 year period.

The rate at which workers found jobs built up slightly more slowly than assumed at appraisal. The chart below shows the rate of build-up based on post-employment survey results.



The economic results remain highly dependent on the wage earned by workers in their new jobs. The post-employment surveys conducted by KAAZ and PKP-KG did not provide any empirical evidence on this subject because questions about wages were deemed too sensitive to be asked. The appraisal assumption of earning 70% of the former PKP wage, derived from Labor Office data, was carried forward at completion. The sensitivity of this assumption was tested by using a value of 60% of former wages. This yielded an EIRR of 13.7% and an economic NPV of ZL 250 million and US$75 million at current exchange rates.

The economic NPV drops to zero when wages are 45% of the original PKP wage. There is no change to the financial results from varying this assumption.

The economic benefits of the labor restructuring are based on the new earnings of redundant employees who have found a new job. It is assumed that their productivity at PKP was close to zero but that their new jobs add to Polish GDP. Economic benefits begin when the redundant workers start new jobs. Benefit is measured by the new wages earned by the workers. The contribution to GDP will be greater to the extent that the jobs filled by redeployed workers are higher productivity jobs. The analysis incorporates an attrition rate to allow economic benefits to end when the worker retires.

The financial benefits of the labor restructuring are defined by the savings of labor costs to PKP relative to a do-nothing alternative under which the labor force remained largely unchanged in size. Labor benefits from the program begin when the worker is removed from the PKP payroll and end when the worker becomes eligible for retirement.

A comment on labor analysis in restructuring projects; in economies with no tax distortions or subsidies, and no fiscal budget constraint, the financial costs of severance would not normally be treated as an economic cost. Rather they would be seen as a neutral transfer payment. Most developing countries, however, do have distortions and budget constraints, so severance payments to workers divert public funds from other uses. Except in a few upper-middle-income countries, a conservative approach would be to treat the economic costs of severance as 100 percent of the financial costs.

The definitive guide to financial and economic appraisal of labor restructuring can be found in the Labor Restructuring Toolkit, which is available on the World Bank website through the following link:
(http://rru.worldbank.org/documents/toolkits/labor/toolkit/index.html).

Additional Analysis

At appraisal the economic benefits calculated were based solely on the benefits accruing from labor being re-deployed from jobs of zero productivity to some jobs of some productivity. However the PAD did comment on the broader economic effects of the restructuring as follows:

> "Developing an estimate of the benefits of the total rail reform program is highly conjectural and, since the costs of the entire program can be justified solely by labor benefits alone, not essential. However, the following suggests what the lower end of the range might be.
> There is considerable room for efficiency gains to reduce Polish rail freight tariffs. US rail freight rates have fallen by half (in real terms) since deregulation of the US transport sector. In the Brazilian and Argentine rail freight concessioning, rail freight tariffs fell by between 10 percent and 30 percent on each concession within five years. Even a 10 percent reduction in Polish rail freight tariffs would be worth US$250 million annually: if this 10 percent in rail tariffs caused a related 1 percent reduction in for-hire truck tariffs, that would be worth an additional US$80 million annually. It is also thought likely that the sale price for PKP Cargo will be at least $0.5 billion and possibly well above $1billion. Privatization of LHS and of various passenger services is likely also to yield positive proceeds, but their scale is far smaller and taken together, they are probably within the margin of uncertainty about PKP Cargo's value. But it is not hard to predict near-term economic benefits from freight privatization alone, which are far greater than the entire investment cost of the reform program." (PAD, pages 20, 21).

For consistency the same approach, of looking only at the economic effect of the labor component of the restructuring project, has been used here. However, similar to the PAD an order-of-magnitude discussion has been made of likely economic benefits.

Real freight rates, as measured by PKP freight revenue in US$/ton-km (unit revenue), are one of the outcome indicators of the project. Table 2 below summarizes this information. This was estimated at $0.0235 in 2000 and was expected to rise in the first year of the project and then decline in real terms over subsequent years as the operating efficiencies of restructuring allowed a more competitive tariff.

In US dollar terms the result has been consistent real rate increases after the second year of the project. In 2004 real freight rates were 38% higher than anticipated at appraisal, after rising by 16% in 2003 and 12% in 2004. This makes the evaluation of economic benefit more difficult than it would be in the more clear case when real freight rates have declined. To have a comprehensive evaluation of the economic effects in the transport sector would require information on trucking rates over a comparable time period.

In zloty terms the result has been more favorable, with a mix of real increases and decreases, and overall a real increase of 1.9% per annum compounded over the four years (2000--2004). This result is better for domestic shippers, however the consistently higher cost in dollar terms is undesirable for export industries.

TABLE 2 Freight Tariffs as approximated by Unit Revenue (US$/ton-km)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
PAD - basis	actual	actual	actual	prelim	fcst	fcst	fcst	fcst	fcst
PAD - value	0.0251	0.0258	0.0248	0.0235	0.0249	0.0249	0.0247	0.0242	0.0237
GDP deflator (2000=100)		0.8810	0.9370	1.0000	1.0401	1.0533	1.0592	1.0907	
Unit Revenue reported by PKP (nominal value)					0.0251	0.0270	0.0316	0.0364	
Unit Revenue revised to constant value					0.0241	0.0256	0.0298	0.0333	
Actual freight rates compared to PAD					97%	103%	121%	135%	
Annual change in freight rates, **US$**									
nominal					7.0%	7.6%	16.9%	15.2%	
real (constant)					2.9%	6.3%	16.3%	11.8%	
Annual change in freight rates, **Zloty**									
nominal					0.7%	7.4%	8.9%	0.0%	
real (constant)					-3.2%	6.0%	8.3%	-2.9%	

Notes:
Data from the PAD are at current prices for 1997--2000 and at constant end-2000 prices for 2001--2005.
Complete data for this table are attached as an electronic file in Annex 7, List of Supporting Documents.

Annex 4. Bank Inputs

(a) Missions:

Stage of Project Cycle Month/Year	No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.) Count	Specialty	Performance Rating Implementation Progress	Development Objective
Identification/Preparation				
11/20/1992	*4*	STE, SFA; PRE; FA		
03/31/1993	*5*	STE; SFA; SHE; PS; PRE		
06/20/1993	*5*	SRE; SFA; RE; PS; PRE		
06/28/1996	*2*	PTL (LTS); SRS		
09/25/1996	*1*	PTL (LTS)		
10/25/1996	*1*	PTL (LTS)		
02/07/1997	*1*	PTL (LTS)		
04/24/1998	*1*	PTL (LTS)		
05/26/1998	*2*	PTL (LTS); SRS		
09/16/1998	*2*	PTL (LTS); OO		
12/17/1999	*3*	PTL (LTS); RA; OO		
Appraisal/Negotiation				
09/22/2000	*6*	PTL (LTS); RA; OO; RS; TC; SC		
12/03/2000	*5*	PTL (LTS); RA; OO; FMS; TC		
Supervision				
10/31/2001	*7*	PTL (LTS); RA; SFA; PS; OO; FMS; TC	S	S
03/12/2002	*8*	TSM; PTL(LTS); SFA; PS; OO; TS; PS; TC	S	S
10/25/2002	*6*	MTR: PTL(LTS); RA; SFA; OO; FMS; TC	S	S
06/13/2003	*3*	TTL (SFA); OO; FMS	S	S
11/07/2003	*5*	TTL (SFA); TA; SRS; FMS; PS	S	S
12/18/2003	*1*	TA	S	S
06/09/2004	*5*	TTL(SFA); TA; FMS; PS; PTL	S	S
10/29/2004	*5*	TTL(SFA); TA; FMS; PO; TC	S	S
06/03/2005	*6*	TTL(SFA); TA; FMS; OO; FA; TC	S	S
ICR				
12/11/2005	*5*	TTL(SFA); SIFO; TA; OO; TC		

Abbreviations: FA = Financial Analyst; FMS = Financial Management Specialist; LTS = Lead Transport Specialist; OO = Operations Officer;PO = Project Officer; PRE = Principal Railway Engineer; PS = Procurement Specialist; PS = Ports Specialist; PTL = Program Team Leader; RA = Railway Advisor; RE = Railways Engineer; RS = Railway Specialist; SFA = Senior Financial Analyst; SIFO = Senior Infrastructure Finance Officer; SRS = Senior Railway Specialist; STE - Senior Transport Economist; SHE = Senior Highway Engineer; TA = Transport Advisor; TC = Transport Consultant; TSM = Transport Sector Manager; TTL = Task Team Leader.

(b) Staff:

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US$ ('000)
Identification/Preparation		Id/Prep included with App/Neg
Appraisal/Negotiation	No longer supported by Bank Information Systems	$488,199.00
Supervision		$509,567.00
ICR		n/a
Total		

Notes: (i) SAP no longer gives detailed breakdown for ICR.
(ii) The above figures exclude an additional $78,556.67 received from trust funds to support Lending (Identification/Preparation plus Appraisal/Negotiation).

Source: SAP report, "Project Details At a Glance", query run on April 4, 2006.

Annex 5. Ratings for Achievement of Objectives/Outputs of Components

(H=High, SU=Substantial, M=Modest, N=Negligible, NA=Not Applicable)

	H	SU	M	N	NA
☐ *Macro policies*	○	○	○	○	●
☒ *Sector Policies*	○	●	○	○	○
☒ *Physical*	●	○	○	○	○
☒ *Financial*	○	●	○	○	○
☒ *Institutional Development*	○	●	○	○	○
☐ *Environmental*	○	○	○	○	●
Social					
☐ *Poverty Reduction*	○	○	○	○	●
☐ *Gender*	○	○	○	○	●
☐ *Other (Please specify)*	○	○	○	○	●
☒ *Private sector development*	○	○	●	○	○
☒ *Public sector management*	○	●	○	○	○
☐ *Other (Please specify)*	○	○	○	○	●

Annex 6. Ratings of Bank and Borrower Performance

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HU=Highly Unsatisfactory)

6.1 Bank performance	*Rating*
☐ *Lending*	○ *HS* ● *S* ○ *U* ○ *HU*
☐ *Supervision*	○ *HS* ● *S* ○ *U* ○ *HU*
☐ *Overall*	○ *HS* ● *S* ○ *U* ○ *HU*

6.2 Borrower performance	*Rating*
☐ *Preparation*	○ *HS* ● *S* ○ *U* ○ *HU*
☐ *Government implementation performance*	○ *HS* ● *S* ○ *U* ○ *HU*
☐ *Implementation agency performance*	○ *HS* ● *S* ○ *U* ○ *HU*
☐ *Overall*	○ *HS* ● *S* ○ *U* ○ *HU*

Annex 7. List of Supporting Documents

PREPARATION

Restructuring Program For Polish State Railways, Ministry of Transport and Maritime Economy, as adopted by the Council of Ministers, September 7, 1999.

PKP Restruct Prog 07SEP99.(

Text of the Law on Commercialization, Restructuring and Privatization of "Polish State Railways" State Enterprise, final version as passed on September 8, 2000.

PKP Law on commercialization etc final-08SEP

PKP Board Resolution of August 1, 2000 and Ordinance on management of labor resources and financial means allocated to labor restructuring. This sets out the principles and procedures to be followed by the Railway labor Restructuring Agency (KAAZ).

PKP Resolution on labor restructuring

APPRAISAL

PAD-P040795-toc.pc PAD-P040795.pd

NEGOTIATION

summaryofnegotiations.p Agreedminutes.pc

SUPERVISION/IMPLEMENTATION

PSR-ratings 02.xl

Later/revised policy statements

Program for Further Restructuring and Privatization of PKP Companies to 2006, as adopted by the Council of Ministers, July 2003

Program-For-Further-Restruct-Privatization-of-PKP-Companies-to-2006 Jul

Strategy for Restructuring and Privatization of Companies of the PKP S.A. Group in 2005-07, as adopted by the Council of Ministers, February 2005

PKP Revised-Strategy-February 2005

COMPLETION

ViewPoint Paper on KAAZ

Jurkowski Report 2003-April.(

Outputs of Project

PKP Report of Feb. 7, 2005 includes the post-employment survey results.

PKP-Qrpt 2005-02-07 English

KAAZ layoff summary 2005-11-2

PKPGroup-Employ-by-Company1 ver(

Economic Analysis

Labor analysis13 ICR05 longer-pre-retiremen

Supplemental Tables provided by PKP. These were kept up to date during supervision and attached to mission aide-memoires. Comments added during the ICR are highlighted in yellow.

Tab 3, Traffic-Revenue, contains the source data for the freight and passenger charts and the freight rate information used in Annex 3, Table 2.

PKP Supplemental-Tables BS-2005 expanded-for-ICR-

Project Management Report of February 2006.

PMR 2006-02 for-ICR ver02

Reference source of foreign exchange data.

Poland-foreign-exchange 1995-200