1. BASIC INFORMATION
1.1. CRIS Number: 2002/000-580-06.09
1.2. Title: SME development in Janów Lubelski
1.3. Sector:
1.4. Location: Town and Gmina of Janów Lubelski, Lubelskie Voivodship, Poland

2. OBJECTIVE
2.1. Overall objective: 
Increase of social and economic cohesion of the Lubelskie voivodship by the support of technical infrastructure development that will stimulate SME development.

2.2. Project purpose / Immediate objectives:
- creating new development conditions for small and medium size enterprises, especially in tourist sector;
- enhancement of investments attractiveness for outward investments;
- Enhancement of tourist attractiveness of the region.

2.3. Accession Partnership and NPAA Priority:
The project responds to the medium term priority identified in the AP: “Developing national policy for economic and social cohesion and preparing for the implementation of regional development programmes as well as Community Initiatives”. It corresponds also with the NPAA priority "Regional and cohesion policy".

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.

The project is compliant with the priorities of the Operational Programme of the Lubelskie Voivodship.

3. DESCRIPTION
3.1. Background and justification:
The project will be located on the territory of the town and municipality of Janów Lubelski and will cover the area inhabited by 16500 people. In the Regional Development Plan of Lubelskie Voivodship Janów Lubelski with its adjacent municipalities has been earmarked as one of the areas with best prospects for tourism development. This is in compliance with the local development strategy of Janów Lubelski that also perceives tourism as one of the driving forces of its economic and social growth and is focused on the creation of best possible conditions for tourism development.

There are many factors to make Janów Lubelskie a regional centre of tourism growth. First of all, it is the clean and unspoilt natural environment of the area covered by the project. Janów Lubelskie lies in the valley of two clean rivers (Trzebensz and Bialka) and is surrounded by large complexes of natural forests, famous for their natural, medical and recreational values. Within the boundaries of the town there is an artificial lake (reservoir) that with the surface of 28.5ha provides bathing facilities for growing number of tourists. In addition, the municipality of Janów Lubelski possesses relatively well-developed tourist and recreational infrastructure. At present there are about 900 accommodation beds available in the 10 existing hotels, rest-houses, recreation centers and 15 agrotourism farms located predominantly around the reservoir. There are also 2 horse-riding schools and more than 20 restaurants catering for the local and international visitors. The tourist traffic recorded in Janów Lubelski (1st, 2nd, 3rd quarter of 2001 data) amounts to 45388 “person-day”, including foreign tourists 495 “person-day”. According to the Tourist Institute prognosis the rate of tourist traffic in this area will increase annually by 3.4% for Polish visitors and 2.0% for foreign ones.

Unfortunately, the expected growth of tourists in Janów Lubelski and the related development of services provided by the existing and new SMEs is largely hindered by the incomplete provision of sanitary infrastructure, necessary to be built in the town and around the reservoir. Although the local authorities have undertaken a number of investments in recent years (e.g. 26 km of water supply system under Phare Inred Programme), the existing infrastructure, in particular the one related to rain water collection system, remains far from satisfactory and affects badly the tourist attractiveness of the whole area and limits its development potentials.
Consequently, one of the main objectives of the proposed investment will be improvement of tourism attractiveness of the Janów area and stimulating its social and economic growth by modernising the existing water and sanitary infrastructure in the town and around the reservoir as well extending it to new areas for business development. It is expected that due to the carried out investments the quality of the water in the lake will be upgraded (presently it is affected by rainwater impurities) and the bathing and accommodation areas around the lake will be extended by 1,8 ha and 30 ha respectively. This should be conductive to the establishment of at least 25 new business entities operating (mainly in the hotel and catering services) and the creation of at least 75 new jobs. It will also have a positive impact on the extension of accommodation facilities (the number of tourist beds should grow from the present 900 to 1300). Moreover, due to the improved water supply infrastructure and the elimination of overhead pipelines, providing presently water to the recreational houses around the lake, the tourist season will be extended to winter months, as there will be no danger of the water freezing in the pipes.

Apart from the demonstrated above positive impact on the tourism growth and environment protection, the investment will also facilitate the rejuvenation of the Old Town in Janów which is also an important element of local strategy to attract more tourists. Rain water collection in the Old Town streets will solve the problems of flooding of the old buildings in the town centre and will be the first stage for the next investment initiative of Janów, i.e. modernisation and revitalisation of the Old Town. Naturally, this will pave the way for the new investments coming to this areas and stimulate local construction market.

Many other promoting initiatives like for instance: Investor Friendly Gmina and Attractive Region Program have been also undertaken lately. The co-operation with Polish Tourist Development Agency will in a few months result in developing The Tourist Product of Janów Lubelski – a programme whose successful implementation will depend on the improvement of the existing technical and tourist infrastructure in this area. The gmina’s own financial resources, however, are not sufficient to implement all the measures in the period of the next 10 years. That is why the Phare co-financing is absolutely essential for the project. The authorities of town and municipality of Janów Lubelski believe, on the other hand, that the project itself together with other initiatives and measures of regional importance will contribute to the achievement of wider objective, i.e. strengthening of social and economic cohesion of Lubelskie voivodship.

3.2. Linked activities:
Many other promoting initiatives like for instance: Investor Friendly Gmina and Attractive Region Program have been also undertaken lately. The cooperation with Polish Tourist Development Agency will in a few months result in developing The Tourist Product of Janów Lubelski Program.

3.3. Results:
The direct measurable results of the project:

- creating of suitable conditions for new enterprises establishing by technical infrastructure development in the area of 120ha, including 30ha around Zalew;
- 30ha investment area around Zalew will be connected to the new infrastructure;
- new SMEs creation (25 new SMEs, 75 new jobs in 2 year after project completion);
- increase of the quantity of treated sewerages from 4140 m³ to 4250 m³ per day);
- increase of effectiveness of existing sewerage treatment plant by 1.2%, (rain waters will be treated by the separator).
- Increase of the administrative ability to the adoption of acquis communautaire in the field of water supply and sewerage treatment (directive 85/337/WEG).

3.4. Activities:

a. Modernization of Zalew artificial lake, 28,5ha in surface including 1.8ha of bath and swimming area, a dike 87m long and natural feed water supply 107m long;

b. Modernization of 4.560km long reclamation networks next to Zalew;

c. Construction of 1.222km long main sanitary collector, Ø 0.5 m in diameter and 2 pumping stations;

d. Construction of 4.156km long rainwater collector, Ø100 cm – Ø30 cm in diameter located next to Zalew.

4. INSTITUTIONAL FRAMEWORK
4.1 The beneficiary of the project will be Town and Municipality of Janów Lubelski
4.2 The Engineer/ Project Manager will be appointed through a tender procedure organised by the
Beneficiary in accordance with the Polish Public Procurement Law.

4.3 The owner of the facilities after project implementation will be Town and Municipality of Janów Lubelski.

4.4 The investment will be executed according to the Decentralised Implementation System (DIS) - "Practical Guide to Phare, Ispa & Sapard contract procedures".

4.5 Implementation of the project will not lead to any changes in the institutional framework described above.

5. - BUDGET in MEUR

<table>
<thead>
<tr>
<th>Phare support</th>
<th>Investment</th>
<th>Institution Building IB</th>
<th>Total Phare (I+IB)</th>
<th>National Co financing</th>
<th>IFIs</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>0.85</td>
<td>-</td>
<td>2.85</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>0.85</td>
<td>-</td>
<td>2.85</td>
</tr>
</tbody>
</table>

The overall value of the investment including employment of the Project Manager will be 2.85 MEUR. The cost of the employment of the Project Manager will be paid by beneficiary in amount of 0.15 MEUR. Co-financing will be available.

6. IMPLEMENTATION ARRANGEMENTS

6.1 Implementing Agency:
PAO: Ms. Ewa Freyberg Undersecretary of State in the Ministry of Economy, Pl. Trzech Krzyzy 3/5, 00-507 Warsaw, Phone: + 48 22 693 40 09, Fax: + 48 22 629 68 95.
Implementing Agency: Implementing Authority for Phare Cross Border Co-operation Programme Krucza 36 street, 00-522 Warsaw, Poland phone +48 22 695 99 10-11, fax +48 22 695 99 12-13

6.2. Twinning: n.a.


6.4. Contracts:
Contract 1 (works): 2.7 MEUR (including Phare funds) - joint co-financing
Contract 2 (engineer): 0.15 MEUR (financed from Polish funds only)

7. IMPLEMENTATION SCHEDULE


7.3 Project completion: 3rd quarter of 2005.

8. - EQUAL OPPORTUNITY

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

Environmental impact assessment (Polish and English version) is prepared. Main conclusions of the document are presented in Annex 3 attached to the Project fiche. Project fulfils the regulations of the directive 85/337/EWG.

10. RATES OF RETURN

Feasibility study contains the results of economic appraisal of the Project. A main conclusion of the document is presented in Annex 3 attached to the Project fiche. Calculated economic effectiveness indicators amounts to: ERR=7.89%, ENPV=574.05 thousand € with the assumption that discount rate equals to 5.50% and exchange rate 1€=3.95 PLN.

11. INVESTMENT CRITERIA

11.1. Catalytic effect
The Phare support will be conducive to achieving economic and social cohesion goals in Lubelskie

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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 30% of the total project cost. - joint co-financing

11.3. Additionality
The financial means transferred to the Beneficiary for the project implementation, covering the investment costs as they are planned within the project do not displace other financing sources, especially from the private sector and the IFI system; it is solely the co-financing of identified priorities and does not replace national resources.

11.4. Project readiness and Size
The project will be ready for implementation, contracting and disbursement in accordance with requirements of Phare 2002 ESC programme. The feasibility study and report from environmental impact assessment have been prepared. The planning permit has been obtained. The acquisition of land for the investment has been completed. The 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 Lubelskie Voivodship. The investment is sustainable and does not require any further expenditures apart from the ongoing technical maintenance on the part of the Town and Municipality of Janów Lubelski.

11.6. Compliance with state aids provisions
All aspects of the project will be developed with respect to the state aid provisions of the Europe Agreement.

11.7. Contribution to the Preliminary National Development Plan
The project is in line with the priorities of the Preliminary NDP and as such will contribute to increase of economic and social cohesion of the country and region.

12. CONDITIONALITY AND SEQUENCING
Project will be conditional on:
- Assumed stable domestic economy
- Active promotion of macroregion within the scope of tourist / industrial attractiveness
- Favourable weather conditions
- Project supervision and management is efficient and professional
- Assumed all financing available

Deadlines:
- Construction designs prepared – 3rd quarter 2003
- Obtaining the building permit until (date) 3rd quarter 2002
- Preparation of tender documents until (date) 1st quarter 2003
- Signing the works contract until (date) 3rd quarter 2003
- Completion of the contract - 3rd quarter 2005

Annexes:
Annex no 1: Project Logframe.
Annex no 2: Implementation, contracting and disbursement schedule.
ANNEX No 1:

<table>
<thead>
<tr>
<th>PROJECT LOGFRAME</th>
<th>Programme name and number:</th>
<th>Phare 2002 ESC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Objective</td>
<td>Contracting period expires:</td>
<td>30/11/04</td>
</tr>
<tr>
<td>06.09 Lubelskie: SME development in Janow Lubelski</td>
<td>Disbursement period expires:</td>
<td>30/11/05</td>
</tr>
<tr>
<td>Total budget: 2,850,000 €</td>
<td>Phare budget: 2,000,000 €</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of social and economic cohesion of the Lubelskie voivodship by the support of technical infrastructure development that will stimulate SME development.</td>
<td>increase of SME’s turnover</td>
<td>How: published statistics from WUS When: immediately before and 5 years after project completion By whom: beneficiary</td>
</tr>
<tr>
<td>Immediate Objective</td>
<td>Objectively verifiable indicators</td>
<td>Sources of verification</td>
</tr>
<tr>
<td>- more effective utilisation of local own resources and enhancement of investments attractiveness for outward investments; - creating new development conditions for small and medium size enterprises, especially in tourist sector; - enhancement of tourist attractiveness of the region.</td>
<td>Increased number of new operating enterprises in the region by 25 Number of work places created by the investment 75 Increased number of occupied bed-nights in the region by 240 Increased number of tourists in region by .4% per year Number of new agritourist farms operating in region 10</td>
<td>How: direct surveys in the project area and statistics from WUS. When: immediately before commencement, immediately after completion and 5 years after completion of the project By whom: beneficiary</td>
</tr>
<tr>
<td>Results:</td>
<td>Objectively verifiable indicators</td>
<td>Sources of verification</td>
</tr>
<tr>
<td>- New investment areas</td>
<td>-120 ha new investment area; -1,222 km new sewage network, 4,156 km new rain water network, 4,560 km reclamation network; -28,5 ha of Zalew reservoir modernized; -Elimination of 65 cesspools; 50m³ new sewerage treated per day (rain water treated in the separator)</td>
<td>How: local authorities’ reports, completed contract documents When: immediately after the project completion. By whom: beneficiary</td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td>Assumptions</td>
</tr>
<tr>
<td>Construction of the designed infrastructure:  Sewerage, rain water and reclamation network as well as reservoir modernization.</td>
<td>One contract for the works amounts to 2,850,000€</td>
<td>Assumes all financing available</td>
</tr>
<tr>
<td>Preconditions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Decision of Regional Steering Committee to undertake the new investment dated 23rd of January 2002.</td>
<td></td>
</tr>
</tbody>
</table>
### ANNEX No 2 Cumulative implementation, contracting and disbursement schedule

| 06.09 Lubelskie: SME development in Janow Lubelski | Date of drafting | February 2002r. |
| Planning period | 2003 – 2005 |

<table>
<thead>
<tr>
<th>Budget allocation cost estimate Phare M€</th>
</tr>
</thead>
<tbody>
<tr>
<td>III’03</td>
</tr>
<tr>
<td>I</td>
</tr>
<tr>
<td>(1)</td>
</tr>
</tbody>
</table>

**Implementation schedule**

| D/C | I | I | I | I | I | I | I | I | I |
| CONTRACTING SCHEDULE | 2.0 |

**Disbursement schedule***

| 0.3 | 0.55 | 0.8 | 1.0 | 1.2 | 1.45 | 1.75 | 2.0 | 2.0 |

**Legenda:**

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