1. BASIC INFORMATION
1.1. CRIS Number: 2002/000-580-06.22
1.2. Title: Podkarpackie - Tourism development Beskid Niski
1.3. Sector: Social and Economic Cohesion
1.4. Location: Poland, Podkarpackie Voivodship, Jaslo poviat, Gmina Krempna.

2. OBJECTIVES
2.1. Overall objective:
Increase in investment attractiveness of Podkarpackie Voivodeship by improvement of communication infrastructure to prospective investment area

2.2. Project purpose/Immediate objective(s):
- Attracting tourists by improving the accessibility of Beskid Niski region
- Creation of new workplaces.
- Attracting investors through better access to investment areas and main regional economic and cultural centres.

2.3. Accession Partnership and NPAA priorities:
The project is designed to address issues related to the AP priority in economic and social cohesion policy related to the preparation for the implementation of regional programmes and Community Initiatives. The project responds in particular to the economic criterion identified in the AP concerning improving the competitiveness of the Polish economy and upgrading of skills in particular in eastern border regions. The project corresponds also to the NPAA priority “Regional Policy and co-ordination of structural instruments”.

2.4. Contribution to the National Development Plan:
The project is in line with the sixth axis of the Preliminary NDP, which is “Strengthening development potential of regions and 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 the regions”.
The project is compliant with the priorities of the Operational Programme of the Podkarpackie Voivodship.

2.5. Cross Border Impact: N/A

3. DESCRIPTION
3.1. Background and Justification:
The condition of the roads in Podkarpackie Voivodship is one of the main barriers to the social and economic development of the region. Therefore the emphasis in the Operational Programme for the Podkarpackie Voivodship was placed on the subject of the development of communication infrastructure. The development of this infrastructure is considered to be the essential precondition in order to achieve social and economic cohesion of the region, having in mind existing diversity in a regional development in Poland as well as in a wider perspective differences in comparison to the European Union. Improvement of the accessibility to Beskid Niski area for domestic and foreign tourists is found to be one of the most important goals. The basic condition to improve the accessibility to the region is construction or at least proper modernisation of existing road system, leading the traffic into the most attractive tourist areas of the Voivodship such as: Magura National Park together with an artificial lake in Krempna, ski lift and tourist trails. This area along with the Bieszczady mountains thanks to their attractiveness could become a tourist centre after construction of convenient road system. “The Strategy of the Tourism Development of Podkarpackie Voivodship for years 2000 – 2006” strongly emphasises this necessity and expects to undertake activities, that would enable larger number of tourists to have access to the most interesting tourist areas (as regards unique species of fauna and flora, terrain, streams and mountain creeks, monuments of nature, existing and proposed tourist trails). The Voivodship road number 992 will lead the traffic through the following tourist attractions and they are still expected to be developed: Visits of former indigenous inhabitants of the area – Lemkowie, tailor-made tourist programmes dedicated to visitors with special interests, summer and winter camps for school children, wide offer of accommodations, places to stay (agro-tourist farms)
for summer and winter, hunting and fishing programmes, cross-border visits, religious and pilgrimage visits. Without completion of the planned road works, achievement of the objectives mentioned above will not be possible.

Implementation of the project will stimulate economic activity in the backward areas. It will promote creation of tourist infrastructure, and start up of tourism related SMEs as well as higher attractiveness for foreign investments, especially in wood processing sector creating in the effect new workplaces alternative to agriculture.

The present condition of the road is bad - potholes, humps, bumps and cracks indicate that the pavement is seriously distressed and despite of yearly repairs, the road is closed for heavy vehicle traffic in springtime. Bridges located along this road need urgent repair.

Unemployment rate in the Gmina of Krempna is very high – at present 23% (average unemployment rate in Podkarpackie Voivodship is 17%). In order to decrease the rate of unemployment and stimulate creation of new economic entities, Gmina Krempna is planning to make available for: tourist and recreational facilities an area of 74 ha of land of which 50 ha is owned by the Gmina and 24 ha is in the private hands. The above mentioned land area consists of 33 ha land for tourist and recreational activities, an area of 13,5 ha of land for wood processing industry and forestry as well as an area of 27,5 ha for service companies. As much as 70 % of the total area is provided with water and electricity, the expense of reinforcement was covered by the Gmina and private investors. To be developed infrastructure on the remaining investment areas will be covered by the Gmina and investors. Sale of the above described land area owned by the Gmina will be carried out on tendering procedures according to the Polish law - the pricing policy of the Gmina to make land available for potential investors will be based on competitive rules resulting from effects of these procedures taking into account market prices in the described area.

It is planned that development of the areas located along the route will result in future creation of new workplaces, and new enterprises based on the existing infrastructure of closed down National Agricultural Farms (PGR).

It is expected that in two years’ time from completion of the road project, the following new entities are likely to be set up: horse stables, trout breeding farms, agro-tourist farms, water-sport centre by the planned “Polany” artificial lake, camping and parking places, wood processing industry and other accompanying services such as: camps temporary trade places bazaars with regional art, etc. The Gmina intends to actively support these activities in future development plans. Moreover in the Gmina’s Spatial Development Plan there are 30ha of additional areas assigned for development of services and recreation activities in future.

Improvement of the road quality will allow for operating companies to be more efficient and logistically wise. It will also enable the companies to increase their competitiveness and it will also attract new investors. Currently there are 122 SMEs employing about 300 people in the Gmina. It includes 17 businesses in wood-processing (sawmills, woodwork and charcoal production), 60 in various forestry services and 10 in transport services. These enterprises cannot use the road continuously as it is sometimes impassable, this causes even up to 33% increase in the transport costs.

The project location is presented on the maps as enclosures 6, 7.

Completion of the project will make tourist and recreational areas situated near the Polish-Slovakian border easier to access. It is estimated that roughly 90,000 tourists use the road per year. After the road modernisation the number of tourists is likely to increase by about 10 %. This will automatically necessitate creation of about 20 % more tourists accommodations (now there are around 500 in the area of the project).

The road location included in the project is the final part of the road connection between Rzeszów and Jaslo and further with Nowy Zmigród, Krempna and Ozenna. The road number 992 belongs to self-government of the Voivodship (voivodship road) and that is why it cannot be supported from SAPARD funds, which covers only Gminas’ infrastructure. In view of the fact that the main impact of the project will be generated via tourism coming from Poland and other European countries via Poland and as the Slovak partner is not developing compatible roads’ infrastructure on the Slovakian area, the road described in the project has no major trans-border impact.
3.2. Linked activities:
Within the framework of the PHARE 2000 Programme an approved project titled “Upgrading and
development of transport infrastructure in south-east province – modernisation of western section
on Bieszczady’s greater ring road” is being implemented, co-financed from PHARE by the amount
of 3,89 MEURO. and further PHARE 2001 Programme, the project titled “Rebuilding of provincial
route number 988 Babica – Warzyce” has been approved to be co-financed from PHARE bythe
amount of 2.20 MEURO. The mentioned above road section Twierdza – Warzyce, is proposed for
being co-financed from PHARE 2001 funds is a part of the route connecting the Voivodeship’s
capital (Rzeszów) with Jaslo and further with Nowy Zmigród and Krempna.

3.3. Results:
- Improved access to potential investments area (74ha).
- Improvement of technical parameters of the road – upgrading technical class of the road
from local “L” to collective “Z” along with widening of the road lane up to 5.5 m.

3.4. Project activities:
The activities to be carried out within the project relate to the road number 992, on section: Jaslo –
Ozenna, from km 29 + 500 to 43 + 600, Krempna – GrabThe and will cover:
- Strengthening the pavement structure of road No 992 to 100 kN /axial load along with widening of
the road lane up to 5.5 m for the length of 14.1 km.
- Reconstruction of existing 4 reinforced concrete bridges overall length of 225 m.
- Reconstruction of the intersection with poviat road.
In order to implement the project both financial resources of the Voivodship and funds from
PHARE 2002 Programme will be engaged.

4. Institutional Framework
4.1. The beneficiary of the project is Voivodship self-government, while the institution responsible
for implementing the project is the Podkarpacki Zarzad Dróg Wojewódzkich (Podkarpackie
Voivodship Roads Management Board)
4.2. The Project Manager/Engineer will be appointed through a tender procedure organised by the
beneficiary in accordance with the Polish Public Procurement Law.
4.3. Voivodship self-government. will be the owner of the facilities after project implementation.
4.4. The investment will be executed according to Decentralised Implementing 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 MEURO

<table>
<thead>
<tr>
<th>Phare Support</th>
<th>Investment (I)</th>
<th>Institution Building (IB)</th>
<th>Total PHARE</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
<td>2.95</td>
<td>-</td>
<td>2.95</td>
<td>1.10</td>
<td>-</td>
<td>4.05</td>
</tr>
<tr>
<td>Total</td>
<td>2.95</td>
<td>-</td>
<td>2.95</td>
<td>1.10</td>
<td>-</td>
<td>4.05</td>
</tr>
</tbody>
</table>

The overall value of the investment including employment of the Project Manager will be 4.05
MEUR. The cost of the employment of the Project Manager will be paid by beneficiary in amount of
0.1 MEURO. 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,
6.2. Twinning: N/A  
6.3. Non-standard aspects: N/A  
6.4. Contracts:  
   Contract 1 (works): 3.95 MEUR (including Phare funds) - joint co-financing  
   Contract 2 (engineer) 0.1 MEUR (financed from Polish funds only)  

7. Implementation Schedule  
7.2. Start of project activity: - 2nd quarter of 2004  

8. Equal Opportunities  
Procedures related to the implementation of the project will be performed according to the law and will respect equal opportunities for all interested institutions and natural persons in spite of their sex, race and nationality. The employment of men and women will be based on applicable EU standards with reference to EOE (Equal Opportunity of Employment), which will be announced in official press advertisements during the recruitment procedures.  

9. Environmental Impact  
The planned investment is environmentally friendly. Appropriate analyses took into account the rules and regulations of Polish law, were elaborated by MSc Eng. Zygmunt Kaluza (study attached to the project). Conclusions given in the study assure that after implementation of suitable preventive measures (sound screens, pollution filters) will ensure that the required European Union norms on pollution and noise are complied with.  
   - Enclosure to the Project Fiche – The Environmental Impact Assessment concerning European Union directives.  

10. Rates of return  
The Economic Internal Return Rate calculated for the project is 16.26%. It shows that theoretical return period of the investment expenditures 4 years- long from the moment of completion.  
The next rate describing profitability of the investment is Net Present Value (NPV) calculated for discount rate of 12% for 20 years’ period. In case of proposed project this value is equal to 1 033 391 EURO, what proves effectiveness of planned investment.  
Prepared by Rzeszow Regional Development Agency feasibility study of the project confirms that performed technical as well as economical analysis point on correct location of the investment – enclosure to the Project Fiche – "Feasibility Study of the Project".  

11. Investment criteria.  
The Phare support will be conducive to achieving economic and social cohesion goals in Podkarpackie 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 27 % of the total project cost. - joint co-financing  
11.3. Additionally.  
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. Required by law building permissions, relating to bridge constructions, will be obtained by the 4th quarter of 2002.
11.5. **Sustainability.**
The project will contribute to the long-term sustainable development of the region, as described in the Operational Programme for Podkarpackie Voivodship. The investment is sustainable and does not require any further expenditure apart from the ongoing maintenance on the part of the Voivodship Authorities.

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

12. **Conditionality and sequencing**
Co-funding of specific activities will be dependent on:
- Maintaining timetable set in the programme.
- Obtaining building permit before the start of tender procedure.
- Meeting all the requirements connected with contracting, reporting and monitoring.
- Selection of contractor capable to fully execute contract requirements.

Deadlines for the main activities:
- Obtaining building permit for bridge sections 4th quarter 2002.
- Preparation and agreement upon the tender documents – 4th quarter 2002.
- Commencement of works 2nd quarter 2004.
- Completion of the contract 3rd quarter 2005.

**ANEXES TO PROJECT FICHE**
Annex 1 - Logframe planning matrix..
Annex 2-3 - Implementation, contracting and disbursement schedules..
<table>
<thead>
<tr>
<th>Annex 1 Logframe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LOGFRAME PLANNING MATRIX FOR:</strong></td>
</tr>
<tr>
<td><strong>06.22 Podkarpackie - Tourism development Beskid Niski</strong></td>
</tr>
<tr>
<td>Contracting period expires:</td>
</tr>
<tr>
<td>30/11/04</td>
</tr>
<tr>
<td>Total budget: 4.05 MEUR</td>
</tr>
</tbody>
</table>

### Overall objective:
- Increase in investment attractiveness of Podkarpackie Voivodeship by improvement of communication infrastructure to prospective investment area
  - Increase in turn over of the local SME companies operating in gmina Krempna
  - Increase of the income from tourism of the gmina Krempna
  - Increase in the number of tourists visiting the region by 10%

### Project Purpose (Immediate Objective):
- Attracting tourist by improving of the accessibility of Beskid Niski region
- Creation of new workplaces.
- Attracting investors through better access to investment area and main regional economic and cultural centres
  - Establishing of 20 economical entities located in the investment areas accessible from the road.
  - Creation of 40 new permanent jobs.
  - Increased road traffic by 30%.
  - Increase in the number of tourists visiting the region by 10%

### Results/Outputs:
- Improved access to potential investments area.
- Improvement of technical parameters of the road – upgrading technical class of the road from local “L” to collective “Z” along with widening of the road lane
  - 74 ha of investment area accessible
  - Road bearing capacity increased to 100 kN/
  - Upgraded road class from local “L” to collective “Z”;
  - road lane widened to 5.5 m.

### Activities:
- Strengthening the pavement structure of road No 992 to 100 kN/axial load along with widening of the road lane up to 5.5 m for the length of 14.1 km.
- Reconstruction of existing 4 reinforced concrete bridges overall length of 225 m.
- Reconstruction of the intersection with poviat road
  - Phare funds – 2.95 MEUR
  - Beneficiary’s resources 1.1 MEUR
  - One works contract

### Implementation of remaining components of Voivodeship development strategy

## Preconditions:
Decision of the Voivodeship Authorities concerning implementation of the project
## Annex 2-3: Implementation, contracting and disbursement schedules

### 06.22 Podkarpackie - Tourism development Beskid Niski

<table>
<thead>
<tr>
<th>Date of drafting</th>
<th>24.01.2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning period</td>
<td>2003-2005</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PLANNED</th>
<th>Budget Allocation Cost Estimate in MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>I'03 II'03 III'03 IV'03 I'04 II'04 III'04 IV'04 I'05 II'05 III'05 IV'05</td>
<td></td>
</tr>
<tr>
<td>I II III IV V VI VII VIII IX X XI XII</td>
<td></td>
</tr>
</tbody>
</table>

### Implementation Schedule

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>D</td>
<td>D/C</td>
<td>C</td>
</tr>
<tr>
<td>C/I</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
</tbody>
</table>

### Contracting schedule (PHARE sources)

<table>
<thead>
<tr>
<th></th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.95</td>
</tr>
</tbody>
</table>

### Disbursement schedule

<table>
<thead>
<tr>
<th></th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.30</td>
<td>0.60</td>
</tr>
</tbody>
</table>

**Legend:**

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