1. BASIC INFORMATION
1.1. Desire: PL01.08.09
1.2. Title: Extension of the sewage treatment plant for the town of Gryfino and extension of the sewage system - Gryfino North.
1.3. Sector: environment.
1.4. Location: Poland, Westpomeranian Region, Gryfino County, Municipality of Gryfino.
Distance from the border: both town and municipality directly neighbour Polish - German border. Project location is enclosed (annex no 6).

2. OBJECTIVES
2.1. Wider objective
• to settle sewage management in the direct and indirect basins of the Odra river in order to meet European standards of water purity,
• to stop environment devastation by decreasing pollution dropped in sewage to the basin of Odra river, Szczecin Bay and Baltic Sea,
• to protect valuable areas of the National Park „Unteres Odertal” and the Landscape Park of the Lower Odra valley, as well as other landscapes located on both western and eastern sides of Odra Valley,
• to decrease threats to health together with adopting sanitary conditions to the EU standards,
• to construct infrastructure which will facilitate cross border activities and economic growth of the region.

2.2. Immediate objectives
• construction of the sewage treatment plant and sewage system for the town and municipality of Gryfino,
• decrease of water pollution by liquidating leaking tanks and illegal sewage droppings,
• construction of technical infrastructure will lower costs of economic operations, which will in consequence encourage potential investors to establish companies,
• improvement of sanitary living conditions of the inhabitants and visitors together with the improvement of ecological awareness of the community.

2.3. Priorities of the „Accession Partnership” and „National Programme for the Adoption of the Aquis”
The project implements objectives set by the European Commission in the „Accession Partnership” and the „National Programme for the Adoption of the Aquis” in the field of reducing pollution of the surface waters of Odra river on the territory of the municipality, where drinking water intake point for the City of Szczecin is located and of creating harmonious functioning of areas identified with the EU areas of equal level of environment protection. Thanks to the above health of the inhabitants and visitors will be improved, which will in consequence facilitate further tourist - economic development of the municipality. The project is in compliance with assumptions set in the priority 23.10, referring to „elaboration of programmes and creation of necessary conditions to implement Community Law concerning water quality improvement”. It also is in compliance with the Directives of the European Communities referring to the quality of drinking water itself and its intakes in the Member States. Project objectives are in compliance with the medium - term assumptions (environment protection) which refer to the development of structures to monitor and implement harmonisation laws in waste management, soil, water and air protection. Adjusting sewage system in the municipality to EU standards is an element of the „National Programme for the Adoption of the Aquis” as far as environment protection is concerned and is in compliance with the National Ecological Policy.

2.4. Contribution to the National Development Plan and Joint Programming Document
The project contributes to the JPD thanks to actions undertaken based on the principles of the sustainable development which facilitate creation of the integrated system of preventing and controlling pollution. This allows for cross border protection of the environment, improvement of water quality in the inland water tanks and directly facilitates water management. Project contribution to the National Development Plan provides meeting basic requirement, i.e. creation of the base to rise competitiveness of Polish economy and to improve living standard in the context of the accession to EU. Moreover, it will contribute to the improvement of environment condition and protection in close relation with tourism development and extension of infrastructure. Rural areas and Small and Medium Size Enterprises will be
included in the process of innovative growth of the economy. Economic base of the region will be strengthened and unemployment limited.

2.5. Cross Border impact
In 1991 town authorities signed official agreement with the German town of Gartz on co-operation in the fields of culture, sport and municipal management. Agreement referring to the same fields of co-operation has also been signed with the town of Schwedt (both agreements are enclosed in the annex no 5). The co-operation resulted in constructing cycling path on both sides of Odra River. There are also organised International Days of Music, cross border races and cycling tours. In 1993 Polish - German gymnasium was established in Gartz. The first result of co-operation in municipal management field was action undertaken in order to construct sewage treatment plants in Gryfino and Gartz. This was a success and in 17th July, 1995, in both towns, sewage treatment plants were opened with the benefit to the natural environment of Odra and neighbouring areas. The authorities of Gryfino while planning this investment have performed similar co-operation and exchange of experience. German partner advised and shared experience in the field of water and sewage management and expressed support towards this project (Letters of Support are enclosed in annex no 5). It is worth mentioning that main objective is to protect valuable areas on both sides of the border, which has cross border impact on neighbouring areas. Another example of good co-operation is exchange of youth, common celebrations of ceremonies important for the region and exchange of experience in the fields of economy, environment protection and education. The co-operation also means exchange of experience in tourism and culture within the frames of Euroregion POMERANIA. Town authorities aim at meeting EU standards in sanitary conditions, having on mind growing cross border traffic from Gryfino - Mescherin border crossing point. Moreover, planned investment will facilitate economic development of the municipality by encouraging potential investors and deepening cross border co-operation. This will allow for further sustainable economic development, namely agro-tourism and trade, which will result in lower unemployment. Infrastructure constructed will facilitate further co-operation in spatial planning, tourism, recreation and agriculture, as well as in organising German language courses for children and youth in the municipality. The municipality also closely co-operates with German, Swedish and Polish partners in the project BALTIC BRIDGE - Town Network and Development of Regions Weak Structurally, which is financed by EU. An additional agreement was signed between Gryfino and Gartz for this special project. The project as a whole has been started to shape effectively structures and to strengthen communal, regional and transnational co-operation in the fields of culture, tourism and exchange of experience in solving problems referring to ecology and environment protection. The above co-operation aims at preparing the municipality to use future opportunities of INTERREG IIIC.

The project is strictly related to the JPD priority: environment.

3. DESCRIPTION
3.1. Background and justification
Main reason of executing this project is the necessity to improve water quality in Odra - a border river. The municipality of Gryfino borders with Germany across Odra. Thus, undertaken actions have direct impact on the condition of environment on both sides of the border. The influence is immediate on unique protected areas with great diversity of fauna and flora. Another reason is obligation to improve condition of natural environment in this area by limiting mechanical, microbiological and chemical pollution. Thus, the project aims at meeting EU standards during the aquis adoption.

3.2. Linked activities
Implementation of this project is closely connected to previous investments executed by the Board of the Gryfino Town and Municipality., i.e. settlement of sewage management on its area, which is financed by own budget. Additionally, the project uses experience and methods performed by German partners of Gryfino in the scope of spatial planning. Moreover, it is a continuation of actions undertaken within Baltic Bridge, which aim at protecting natural environment. This project is also closely linked to the „Odra 2000 - 2006” Programme, objective of which is to provide environment protection and maintain economic and tourist importance of Odra.

3.3 Results
Main result of the project will be revitalisation of the diversified biological life in the river and in its neighbourhood, which will allow for tourism development in the region and will force liquidation of illegal droppings of waste, which may cause bacteriologic pollution of the river and border areas on German side. Leaking sewage tanks will be liquidated, thanks to which aggressive sewage will not pollute ground
waters and expected ecological effects will be as follows: BOD$_5$ - 94%, general suspension - 94%, of nitrogen - 79%, of phosphorus - 85%.

3.4. Outputs
Thanks to the solutions provided by the project, it will be possible to transport sewage via sewage system from catering, commercial, agro-tourist, public objects and houses to the modernised treatment plant. This will allow to treat 7 500 m$^3$ of sewage per day, liquidate 600 sewage tanks and construct new residential houses on areas equipped in complete technical infrastructure.

3.5. Inputs
The project comprises of modernisation and enlargement of existing sewage treatment plant, which at the moment treats 5,000 m$^3$ of sewage per day and realisation of the project will allow to treat 7,500 m$^3$ of sewage per day for 37,500 users and sewage system on the area of the border municipality, which give the results in amount of 3,000 inhabitants connected to the sewage system. The Board of Gryfino Town and Municipality wants to finance construction works connected to the modernisation of the sewage treatment plant and of sewage system for Gryfino - North from PHARE CBC 2001. As a result of execution of works there will be 12 km sewage system constructed. In order to obtain the above-mentioned results, necessary financial input amounts to 3,33 MEUR (which consists of 2,3 MEUR from Phare CBC Founds) for two investment contracts.

4. INSTITUTIONAL FRAMES
The Board of Gryfino Town and Municipality will be responsible for project execution is also a beneficiary and owner of land. Project execution will not change ownership status of the property - finally it will belong to the Public Services Company, Ltd. (100% owned by the municipality). The municipal authorities will also be responsible for proper co-ordination of work and project management. The Board of Gryfino Municipality will thus select, in tender, a Contract Engineer. Project execution will be supervised and monitored by the Board of Gryfino Municipality, Implementing Authority and the Ministry of Home Affairs and Administration. The Board of Gryfino Municipality and Implementing Authority will do final acceptance of the project. The Board of Gryfino Municipality will perform reports for European Commission and general co-ordination.

5. BUDGET (M€)

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6. IMPLEMENTATION ARRANGEMENTS
6.1. Implementing Agency
The Implementing Authority for Phare Cross Border Co-operation Programme
Krucza 36 Street; 00-522 Warsaw
e-mail: Phare@wwpwp.it.pl

6.2. Twinning
Non applicable

6.3. Non standard aspects
Companies selected in open, international tenders arranged according to DIS will execute Works.

6.4. Contracts
There will be two investment contracts signed:
1) modernisation of sewage treatment plant - 1,83 MEUR,
2) construction of sewage system for Gryfino - North - 1,5 MEUR.

7. IMPLEMENTATION SCHEDULE
7.2. Start of project execution II 2002.

8. EQUAL OPPORTUNITY
Main criteria used while selecting staff will be adequate professional qualifications and experience in execution of similar projects. Both women and men will have equal opportunities to be employed, and neither race nor religion will matter.

9. ENVIRONMENT IMPACT
Environment impact analysis has been elaborated according to the requirements. In March 2000 there was prepared a report on project compliance with the EU directives, in the context of already elaborated analysis. Both documents are available at the office of Gryfino Town and Municipality. Conclusions of both documents confirm lack of ecological contraindications concerning execution and future operation of the investment. Proper land development and use of technological solutions necessary to execute the project will not cause any harm to the natural environment, ground and surface waters will not be affected in this area. If the decision on project execution is not taken, sewage management will not be settled, thus negatively influencing water and ground - water environment. Among the most important consequences of the project to natural environment, which will be achieved by its execution are the following ones:

- securing protection of the environment and purity of Odra water and valuable areas located in its neighbourhood,
- restraining of environment devastation by decreasing amounts of pollution dropped in sewage to Odra, Szczecin Bay and Baltic Sea,
- improving sanitation of rural settlements.

List of conclusions driven from the Environment Impact Analysis is presented in annex no 5.

10. RATES OF RETURN
Complete set of documents of the elaborated financial analysis of the project is available at the Beneficiaries offices. The document was elaborated in June 2000 and shows economic - financial effectiveness of the project, which can be proved by the following indicators:

- financial rate of return - FIRR 5,10%,
- economic rate of return - ERR 16,9%.

Detailed conclusions driven from the analysis are presented in annex no 5.

11. INVESTMENT CRITERIA
11.1. Catalytic effect
PHARE co-financing will allow for the execution of project, which contributes to the process of meeting standards in environment protection valid in the European Union. Thanks to PHARE co-financing actions undertaken to meet EU standards will not be postponed and the project will be listed as Polish priority in the accession process.

11.2. Co-financing
The project will be co-financed by the Beneficiary from own resources in 31%, using budget of Town and Municipality. PHARE co-financing will contribute to faster project execution.

11.3. Additionality
Financing to be received from PHARE supplements, not replaces other sources. The investment will be financed from the budget by the amount of 1,03 MEUR.

11.4. Project readiness and size
After feasibility study of the project had been elaborated, there was prepared „Programming concept of sewage system for Gryfino Municipality” , followed by technical design. Also economic and financial analysis and environment impact analysis have been elaborated. All matters concerning ownership issues of land connected to the investment execution have been settled, and Town and Municipality is their owner. The project is in 100% ready to be executed and all actions are carried out according to the time schedule so that deadlines will be met.

11.5. Sustainability
The project ultimately solves problem of settling sewage management in the municipality. It will protect human health and environment on both sides of Odra border river according to the EU standards for
coming 25 years. Plan consider demographic projections in the municipality, thus securing safety and optimisation of maintenance costs paid in future by sewage system users.

11.6. Compliance with state aid regulations
The project is in compliance with provisions set in the European Accession Agreement concerning state aid during tendering, contracting and executing, so that all these will follow free market rules.

11.7. Contribution to the National Development Plan and JPD
The project contributes to the National Development Plan by creating conditions to constant, sustainable development as a result of actions undertaken in environment protection. Harmonisation and meeting standards and norms is an important element of cohesion policy executed as a component of the Development Plan in the context of meeting requirements set by EU Member States. This project is a priority of regional development strategy and one of tasks in environment protection to be found on central level lists. Moreover, the project is fully supported by local community and self-government, as well as regional and central authorities. Positive influence of the project on environment will contribute to the economic growth according to the concept of regional development, in which agro-tourism and infrastructure linked to it is an essential element. Developing economic activity will create new jobs, thus liquidating negative effects of unemployment. As far as JPD is concerned, it is worth stressing that project is closely connected to tasks listed in the priority „Environment”. Condition of nature and landscape is not only important to preserve biological diversity, but also to secure good sanitary living conditions of the inhabitants. It also is one of factors considered while locating economic activity and developing agro-tourism, thus being an important parameter of regional development, in which environment protection is an important component, meant by creating economic instruments for ecological actions.

12. CONDITIONALITY AND SEQUENCING
Full preparation of the project to be executed is not conditioned, except of the selection procedure set by PHARE programme. Thanks to the support received by the project from German partner authorities, Euroregion „Pomerania”, Polish regional authorities and local community, there is no danger of any difficulties to appear during project execution. When co-financing is granted, work on tender documents will start and the required documentation will be presented to the Implementing Authority for verification and acceptance. Afterwards, tenders will be arranged and contracts signed with the winning contractors. Contracts will be signed at the end of IInd quarter of 2002, and last payment will be done by the end of 2004. The Board of Gryfino has excluded any financial risk. Users’ charges will be set on level allowing for covering investment operation costs after its start up.

Mayor of Gryfino Town and Municipality - Wojciech Długoborski
Deputy Mayor of Gryfino - Andrzej Urbanski phone: + 48 91 416 37 80 fax: + 48 91 416 27 02
e-mail: burmistrz@gryfino.pl

Head, Department for Spatial Planning, Investments and Economic Initiatives - Krystyna Klimek
phone: + 48 91 416 20 11, ext. 213 fax: + 48 91 416 27 02

Address: 16, 1 Maja St., 74 - 100 Gryfino
## Annex No 1 LogFrame

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<th>Sources of information</th>
<th>Assumptions and Risks</th>
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<td>decrease of pollution influence on border river Odra and on Baltic Sea, improvement of surface water quality, where drinking water intake is located, meeting EU standards in drinking water quality border environment protection of natural, preserves by improving sanitary conditions, agro-tourism development, development of the municipal technical infrastructure, decrease of unemployment.</td>
<td>lower level of pollution in Odra river, achievement and maintenance of required water purity in drinking water intake, increase of number of tourists visiting municipality, sewage and drinking water quality – according to EU directives, economic development of the municipality, creation of modern tourist base, decrease of unemployment.</td>
<td>national reports on environment condition, statistic data on health and environment condition, results of monitoring, results of specialist analysis and surveys.</td>
<td>low involvement of authorities in environment protection matters, changes in EU and national law and policy on water management, economic recession.</td>
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<table>
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<th>Immediate Objectives</th>
<th>Indicators of Achievement</th>
<th>Sources of information</th>
<th>Assumptions and Risks</th>
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<td>modernisation of sewage treatment plant and construction of sewage system for Gryfino, decrease of water pollution by liquidation of leaking sewage tanks and illegal sewage drops, lower operating costs for companies, improvement of and health &amp; sanitary conditions of inhabitants.</td>
<td>inflow of 7.500 m³ sewage per day, number of persons using sewage system, reduction of pollution :BOD₅ 94%, general suspension – 94%, nitrogen – 79%, phosphorus – 85%, liquidation of 600 tanks, improvement of economic situation of companies operating in the region.</td>
<td>contract documentation, reports of regional and national environment, protection and health authorities on quality of treated water, reports submitted by Contract Engineer, reports submitted by Beneficiary.</td>
<td>delays in contracting procedures, insufficient number of sewage system users, difficulties in co-ordination of actions and good project management.</td>
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<table>
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<th>Sources of information</th>
<th>Assumptions and Risks</th>
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<td>design, construction, start up and operation of the extended sewage treatment plant and sewage system in Gryfino.</td>
<td>achievement of ecological effect, results of part technical approvals, final protocol of acceptance, according to contract and time schedule of the project.</td>
<td>contract documentation, technical design, reports submitted by Contract Engineer and Beneficiary, water purity tests.</td>
<td>qualifications and timing of the contractor, poor weather conditions, availability of financial resources on time.</td>
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<td>announcing and arranging tender signing contracts for works contracts’ execution technical acceptance and start up</td>
<td>qualifications of employed persons and companies, quantity and quality of used materials, equipment and machinery.</td>
<td>contracts signed, minutes from meetings submitted by Contract Engineer and Beneficiary, controls carried out by Beneficiary.</td>
<td>changes among proposed staff, elaboration of tender documents on time and selection of the best offer, provision of all resources on time.</td>
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## Annex 2-4 Cumulative implementation, contracting and disbursement schedule

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D = design of sub-projects / C = tendering and contracting / I = contract implementation and payment
Annex no 5
Summary of the feasibility study, economic - financial analysis and environment impact analysis

ECONOMIC AND FINANCIAL APPRAISALS OF THE PROJECT

In order to assess investment effectiveness, from among many factors financial internal rate of return, updated net value and economic internal rate of return were selected. Economic - financial analysis of the project presented here has been elaborated in the frames of the feasibility study for the project comprising of modernisation of sewage treatment plant and construction of sewage system in Gryfino municipality. Full set of documents is available at the offices of Town and Municipality, and list of important information given in the study refers to the following:

- objective of the project and ex-ante analysis,
- calculation pattern accepted,
- project justification and time table to be used for financial projections,
- essential analysis,
- conclusions and their explanation.

The financial analysis considers the following elements:

- project duration, calculated according to the simple amortisation model, i.e. cash flows during 10th year divided by discount rate,
- discount rate which amounted to 2.7% (projection in constant prices in EURO),
- cash flows necessary to calculate FIRR do not consider sources and financial costs of the project,
- incomes and costs.

For the above financial assumptions the financial internal rate of return amounted to 5.1%.

Calculation of EIRR considers two aspects:

1. economic dimension of ecological effects,
2. economic dimension of regional effectiveness growth.

Both aspects comprise of the following elements:

- lower influence of pollution on surface waters and soil,
- lack of sewage system and in consequence lack of control over pollution and apparatus to charge fines from polluters,
- poor condition of sanitation of rural areas and low level of social awareness,
- accessibility of basic infrastructure necessary to undertake economic initiatives,
- development of tourism, water sports and recreation.

Cash dimension imposed on non-financial factors resulted in EIRR amounting to 16.9%.

Comparing to commercial projects, financial productivity of infrastructural ones is not high. However, the most important aspect of real „feasibility” of such projects is improvement of ecology, higher attractiveness of areas and better living standards of the inhabitants.

ENVIRONMENT IMPACT ASSESSMENT

Environment impact analysis was elaborated in March 2000 and is available at the offices of Gryfino Town and Municipality.

Assumptions used to elaborate this analysis consider formal and legal status of the investment and its location together with technical and technological solutions applied. Moreover, way of using environment during project execution and operation was considered and methods minimising negative effect on environment were mentioned. Operational parameters of planned sewage treatment plant guarantee achievement of ecological effect by simultaneous limitation of unfavourable influence of the object on the environment. Uncontrolled waste drops to surface waters will be eliminated.

Conclusions driven from the analysis prove:

- lack of formal and legal contraindications to execute and operate the investment,
- the project does not interfere with the decisions taken by self government administration and provisions of local laws,
- technical and technological process used during project execution does not result in any harm to natural environment,
- the project does not interfere with areas specially protected,
- planned investment does not put in danger quality and quantity of ground waters,
• the project provides establishment of special protection zone around objects of the sewage treatment plant, which will be 150 m wide,
• planned equipment has all necessary certificates and do not put in danger staff health and life,
• planned constructions and protections will not pollute soil,
• during project execution, operation of working sewage treatment plant will not be stopped.

Among measurable ecological effects of the project to be achieved thanks to its execution, are the following:
• restraining devastation of natural environment by decreasing amounts of pollution dropped in sewage to Odra river and to the Baltic Sea,
• elimination of danger of irrevocable pollution of surface waters,
• elimination of danger in ecological corridor created by Landscape Parks located on both sides of the border,
• decreasing dangers to health together with the improvement of sanitary conditions.

If this investment is not executed, sewage management still will not be settled, thus influencing negatively on water and ground - water environment.