1. Basic Information
   1.1. Cris number: 2002/000-606.04
   1.2. Title: WWTP Luban
   1.3 Sector: Cross Border Co-operation / Environment
   1.4. Location: Poland, Lower Silesia Province, Luban county, town of Luban

2. Objectives:
   2.1. Strategic objective
   Achievement of objectives defined in the „ODER 2006” Program, concerned with the purity of water in the Oder (Polish-German border river) through activities aimed at protecting natural environment in the Kwisa and Bóbr river basin.

   2.2. Project purpose
   Reduction of water pollution in the wastewater released to the Kwisa river – achievement of compliance with the European standards (Directive No 91/274/EEC and improvement of the wastewater treatment efficiency. Our project contributes to the accomplishment of intermediate objectives within the economic development, cross border co-operation as well as urban and rural areas development, i.e. growth in business and tourist activation accompanied by improved health conditions of citizens.

   2.3. Priorities
   This project is consistent with the environment protection priority. That primary goal has been defined basing on the guiding principles stipulated in the document titled „Partnership for Membership” („Access Membership” – issued by the European Commission with regard to a group of countries applying for the EU membership) and on the grounds of NPAA – „National Programme for the Adaption of the Acquis” – the document containing strategic provisions of activities aimed at the adaptation to the EU requirements, published by the Polish Government. The medium-term guidelines within environment protection assume that these requirements have to constitute an integral part of the policy of individual sectors by means of infrastructural development, monitoring and controlling abilities for implementing wastewater treatment, sewage and solid waste disposal technologies.

   2.4. Contribution to the National Development Plan (NDP) and Joint Programming Document (JPD) Phare CBC/Interreg IIIA)
   This project is consistent with the priority directions aimed at activities within the framework of the Preliminary National Development Plan designed by the Ministry of Economy, Department of Regional Development, in conformity with:
   - Priority No 6 with regard to supporting endogenous, regional development potential – infrastructural development of regional importance (waste disposal, water economy, water and air pollution issues);
   - Priority No 9 with regard to the cross border co-operation;
     instrument no 1 – infrastructural support (donations) for projects aimed at the environment protection.
   That objective is consistent with the Lower Silesia–Saxony Borderland Development Strategy in the years 2000-2006 and objective No 5 included in the Lower Silesia Province Development Strategy, aimed at the environment protection and landscape revival activities by means of, among other things, implementing guiding projects concerned with the comprehensive water treatment of river basins.

   The project is consistent with the environment protection priorities adopted in the Lower Silesia - Saxony Joint Programming Document, priority C: „Environment” and Instrument C-1: „Reducing threats for the natural environment aimed at reinforcing long-lasting ecological development of the cross border area”. Execution of the project will result in:
   - improved quality of water in the Oder (border river) and in the Baltic Sea,
   - improved health conditions of Polish and German citizens in the areas on the both sides of the Oder,
   - more favourable image of the borderland and its higher attractiveness for tourists,
better conditions for the development of fauna and flora in the vicinity of the rivers Kwisa, Bóbr and Oder.
The project is consistent with the detailed objective No 1: „Natural environment revived and effectively protected“ included in the Strategy of Balanced Development for the Town of Luban.

2.5. Cross Border Impact
Luban entered into a partnership co-operation with the town of Löbau (Germany) by concluding a partner town agreement on June 12, 1998 (Enclosure No 2). Apart from maintaining mutual contacts, supporting citizens, organizations and associations, both partner towns agreed on their joint contribution to resolving problems and undertaking their own tasks within the scope of the European unity and co-operation within the „NEISSE“ Euroregion Association, which results in sharing the united Europe community experience. Luban is a member of the Upper Lusatian Association of Six Towns; Bautzen, Görlitz, Kamenz, Löbau, Luban, Zittau. The primary goal of the Association activity consists in undertaking joint efforts aimed at promoting the beauty of the region and its attractiveness as well as resolving similar regional problems. German towns – members of the Association, support the efforts of Luban towards obtaining funds for the modernization of the wastewater treatment plant – see the Letter of October 5, 2001 (Enclosure No 3).

Luban belongs to the Neisse – Nisa – Nysa Euroregion, founded mainly for improving the condition of natural environment.

Furthermore, the town is a member of the following organizations:
- Himmig Hausen Association – FÖRDERFEREIN GESAMTDEUTSCHE BILDUNGSSTÉTTE HIMMIGHAUSEN e.v.
- ARNO-SCHMIDT Foundation based in BARGFELD
- ARNO-SCHMIDT Readers` Association based in Frankfurt am Main.

3. Description
3.1. Background and justification
The existing wastewater treatment plant was built in the 70-ies. Currently, the plant is in a poor technical condition and does not provide a required level of treatment defined by Polish regulations and the Directive No 91/271/EEC. The necessity of undertaking the investment has been assumed by the Strategy of Balanced Development for the town of Luban (Luban Town Council Resolution No XVIII/148/2000 of October 25, 2000). The project is consistent with the Lower Silesia Province Development Strategy (item 12).

Feasibility Study has confirmed that the project ought to be implemented, however, the town is unable to execute the project solely out of own resources.

3.2. Linked activities
In 1995-2000, thanks to the Phare contribution, sanitary sewage systems were built in Luban and in the Commune of Siekierczyn. Another investment supported by Phare was the Lusatian Communes Waste Recycling Centre in Luban. These investments are linked to the project as they supply wastewater to the plant. The project is linked also with another scope of activities undertaken by the neighbouring communes of Lesna, Gryfów and Olszyna within the protection of water in the Kwisa, by means of building sewage treatment plants in these locations.

The project is consistent with the Neisse Euroregion and „ODER 2006“ Program strategies, and with the Lower Silesia Development Strategy.

3.3. Results
Modernization and extension of the wastewater treatment plant for the town of Luban and Commune of Siekierczyn, of capacity 5.000 m³/day, releasing to the Kwisa treated wastewater of the contents specification as follows:

\[
\begin{align*}
\text{BOD}_5 & : 15 \text{ mg O}_2 / \text{l} \\
\text{general nitrogen} & : 15 \text{ mg N} / \text{l} \\
\text{general phosphorus} & : 1,5 \text{ mg P} / \text{l}
\end{align*}
\]

that will favourably affect the improvement of the water purity class in the Kwisa.

It is also necessary to confirm that the water treatment plant (including the pre-treatment of industrial wastewater and the usage of sewage sludge) complies with the Directive 98/83
3.4. Activities
The project extent covers the following units of the wastewater treatment plant:
- modernization of the mechanical unit,
- modernization and extension of the biological unit,
- modernization of the settling unit,
- construction of electric power facilities,
- necessary technical equipment,
- relocation of the existing gas pipeline,
- external technological piping systems

3.5. Lessons learned
In the past, a few projects co-financed by Phare, such as the construction of the Lusatian Communes Waste Utilization Centre in Luban, projects within sanitary sewage system and road building were executed.
The experience gained and conclusions resulting from implementation of those tasks will be useful while carrying out this project, especially within the project implementation schedule and project contents management.

4. Institutional framework:
The institutions involved in the project include:
- Implementing Agency,
- Luban Government,
- Luban County Office,
- Office of the Speaker of the Lower Silesia Province Government,
- Head of the Lower Silesia Province
The executor and beneficiary of the project will be the Urban Commune of Luban.
The orderer will be the Board of Luban.
Prior to the project commencement, the Contract Engineer will be appointed by tender.
After completion the project will become public property.
The owner of the completed plant will be the Urban Commune of Luban.
The plant will be operated by the Luban Water Supply and Sewage Disposal Joint-Stock Co., (LPWioK) based in Luban - 100% of shares held by the Urban Commune of Luban.

5. Budget:

<table>
<thead>
<tr>
<th>PHARE CBC 2002 Contribution</th>
<th>Investment support</th>
<th>Institution building</th>
<th>Total PHARE</th>
<th>Internal co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1</td>
<td>2.00</td>
<td>---</td>
<td>2.00</td>
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<td>---</td>
<td>2.80</td>
</tr>
<tr>
<td>TOTAL</td>
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<td>---</td>
<td>2.00</td>
<td>0.80</td>
<td>---</td>
<td>2.80</td>
</tr>
</tbody>
</table>

Co-financing will be available.

6. Implementation arrangements:

6.1. Implementing Agency
Phare CBC Implementing Authority
Ministry of Internal Affairs and Administration
00-522 Warsaw
36, Krucza Str.
Phone: +48 22 695 99 10
e-mail: Phare@wwpwp.it.pl
PAO:
Mr Zenon Kosiniak-Kamysz
Undersecretary of State
Ministry of Internal Affairs and Administration

6.2. Twinning
n.a.
6.3. Non-standard aspects
The project will be implemented in accordance with the currently binding contracting DIS procedures (Phare Decentralized System of Implementation), described in the „Practical Guide of ISPA and SAPARD Programs Implementation” by Phare.

6.4. Contracts
One contract at the amount of 2,80 mln EUR. - joint co-financing

7. Implementation schedule:
  7.1. Tender procedure commencement: 2-nd quarter 2003
  7.2. Project commencement 4-th quarter 2003
  7.3. Project completion 4-th quarter 2005

8. Equal Opportunity:
The project will guarantee equal job opportunities for both men and women. The principal criterion to be taken into account while evaluating and selecting staff will be professional skills and experience gained in carrying out similar tasks, but not race, sex, age, religion, etc.

9. Environmental impact:
The evaluation of the investment environmental impact was carried out in March 2000. „The study of environmental impact” drawn up by the Municipal Building Design Office in Wroclaw, is available at the Luban Town Office (Enclosure No 4).
The project will have no harmful impact on the environment. The study contains location conditions including geological, hydrogeological and morphological specifications.
The wastewater treatment plant to be modernized does not come into any kind of conflict with natural and/or historical monuments and/or protected areas.

10. Rates of return:
  - Financial Rate of Return (FIRR) - 12% ;
  - Economic Rate of Return (EIRR), basis of calculation - 13% ;
  - The feasibility study and financial analysis of the project were executed in September 2001 (Enclosure No 5). Calculations of economic indexes included in the feasibility study (NPV and IRR) proved that taking into account the planned rates of charges for sewage disposal, the investment consisting in modernization and extension of the wastewater treatment plant, apart from obvious ecological results, will bring also financial, social and political effects. Enclosed please find a summary of the feasibility study.

11. Investment criteria:
11.1. Catalytic effect
The financial support from Phare will enable to advance the completion of activities aimed at environment protection. The execution of the project will contribute to obtaining compliance of the quality of disposed wastewater with the standards stipulated in the Directive No 91/271/EEC and at the same time will favourably affect:
- economic development of the town and the cross border region,
- cross border tourist activation,
- health conditions of the town citizens, commune and cross border area inhabitants .
11.2. Cofinancing
The project will be co-financed from resources provided by the Urban Commune of Luban and Commune of Siekierzyn – 0,20 mln EUR, and the Provincial Fund for Environment Protection and Water Economy (WFOSiGW) – 0,60 mln EUR.
The planned share of own resources amounts to 29%.
11.3 Additionality
Each of these institutions shall provide investment resources independently on one another. Financial support from Phare shall not exclude other possible sources of financing.
11.4 Project size and readiness
The project has been prepared for execution, provided with a complete set of technical documentation and Building Permit - Decision No 41/2001 of June 6, 2001 (Enclosure No 6). The project fulfills relevant size criteria, too.
11.5  Sustainability
The project is consistent with the European standards.
The assessed technical durability of the wastewater treatment plant devices is 30 years.
Rates of charges for sewage disposal have been fixed on the level of factual operating costs thus
the financial sustainability of the project has been guaranteed.

11.6  Compliance with state aids provisions
The investment will be implemented in accordance with the provisions of Art. 87 and 88 of the
European Treaty.
According to the horizontal criteria, the investment qualifies itself to receiving support within the
environment protection sector.
The project observes the rules of the European Treaty within the state aids provisions.

11.7  Contribution to the National Development Plan and Joint Programming Document
The project observes the priorities of the National Development Plan and Joint Programming
Document. The objective of the project corresponds with one of the objectives included in the
National Development Plan, aimed at reaching the EU standards applied to the quality of water –
which can be achieved by means of investments within environment protection.

12. Conditionality and sequencing:
The project has been provided with a complete set of required technical
documentation and arrangements including the building permit.
The Urban Commune of Luban fixed the following investment implementation
schedule:
- 4-th quarter 2002 – selection of the Contract Engineer by inviting tenders,
- 1-st and 2-nd quarter 2003 – tender dossier evaluation and award of contract,
- 3-rd quarter 2003 – commencement of execution.

Enclosures to the project sheet:

1. LogFrame Matrix, including the information on the current value of indicators given in column 2 of the
   LogFrame matrix,
2. Detailed implementation activities breakdown,
3. Quarterly contracting and disbursement schedules covering the entire period of the program,
<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project title:</strong> Modernization and extension of the wastewater treatment plant for the town of Luban and the Commune of Siekierczyn.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program name and number</th>
<th>Contracting period expires: 15/10/2004</th>
<th>Disbursement period expires: 15/10/2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total budget:</strong> 2,80 mln EUR</td>
<td><strong>Phare budget:</strong> 2,00 mln EUR</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators of achievement</th>
<th>Sources of verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accomplishment of objectives defined in the „ODER 2006“ Program, concerned with the purity of water in the Oder (Polish-German border river) through activities aimed at protecting natural environment in the Kwisa and Bóbr river basin.</td>
<td>Obtaining 1st class of water purity in the Kwisa.</td>
<td>- Reports on environment, - 2 years after completion of the project, - by the Beneficiary, - Provincial Inspection for Environment Protection (WIOS).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose (Immediate Objective)</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions and risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of water pollution present in the wastewater disposed to the Kwisa.</td>
<td>Volume of water pollution disposed to the Kwisa: 1. BOD₅: 27 t/O₂/year 2. general nitrogen contents: 27 t/N/year 3. &quot; phosphorus contents: 2.7 t/P/year</td>
<td>Analyses carried out by the user of the plant - LPWiK Sp. z. o.o., the Provincial Inspection for Environment Protection and the Provincial Sanitary and Epidemic Prevention Service. 1 year after completion.</td>
<td>- wastewater treatment performed by other plants situated in the Kwisa and Siekierka river basin - wastewater disposal beyond control to the Kwisa river</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernization and extension of the municipal wastewater treatment plant in Luban. Obtaining compliance with the European standards (Directive No 91/274/EEC) and improved efficiency of treatment.</td>
<td>Treatment of 5000 m³/daily up to the following parameters: 1. BOD₅: 15 mg O₂/l 2. general nitrogen contents: 15 mg N/l 3. &quot; phosphorus contents: 1.5 mg P/l</td>
<td>- project execution final report, - automonitoring study, - Contract Engineer’s reports. After completion of the project.</td>
<td>not defined</td>
</tr>
<tr>
<td>Activities</td>
<td>Means/Resources</td>
<td>Budget</td>
<td>Assumptions</td>
</tr>
<tr>
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</tbody>
</table>
| Execution of all units covered by the contract:  
- modernization of mechanical unit,  
- modernization and extension of biological unit,  
- modernization of settling unit,  
- construction of electric power facilities,  
- necessary technical equipment,  
- relocation of the existing gas pipeline,  
- external technological piping systems. | One contract covering the construction and assembly works. | Total budget: 2,80 mln EUR  
Phare budget: 2,00 mln EUR | - completion of works by sub-contractors within the fixed periods |

Preconditions


Encl. 2-3: Implementation, contracting and disbursement schedules)

<table>
<thead>
<tr>
<th>Date of Drafting</th>
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</tr>
</thead>
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<tr>
<td>Planning Period</td>
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<table>
<thead>
<tr>
<th>Implementation schedule</th>
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<tbody>
<tr>
<td>Contracting schedule</td>
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<tr>
<td>Disbursement schedule</td>
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</tr>
<tr>
<td>Explanations: D = design of sub-projects / C = tendering and contracting / I = contract execution and payment</td>
<td></td>
</tr>
</tbody>
</table>