1. Basic Information

1.1 CRIS Number: PL2003/005-078.02

1.2 Title
Creation of the base of the bio-diversity protection and development of the Zloty Potok River Valley.

1.3 Sector
Cross-border co-operation/ Environment protection

1.4 Location
Euroregion: Pradziad
Cross-border region: Czech Republic - Poland
District: Opolskie Voivodeship
Municipality: Prudnik

2. Objectives

2.1 Wider Objectives
Protection of the natural environment of the Zloty Potok River Valley at the Polish-Czech borderland and creation of the base of development of the areas being the part of the Opawskie Mountains Landscape Park.

2.2 Project Purpose
- Improvement of the Zloty Potok River surface water condition through the reduction of sewage discharged directly to the Zloty Potok cross-border river, as the result of rural and city areas sewage system development (connected to the municipal waste water treatment plant in Prudnik town)
- Increase of development possibilities of the Polish-Czech borderland through the creation of new locations for business activities and the building trade development on the area of the Prudnik commune.

2.3 Accession Partnership and NPAA Priorities
The project is in line with the mid-term priorities of the Accession Partnership Document:
- environment protection: "institution building, monitoring of efficiency development and controlling of implementation building; systematic planning and adjusting of the programs implementation concerning particular legal acts. The quality of potable water, sewage, waste management should be of special concern as well as air quality and in this context-the aspect of the refuse incineration units".

The project is also in line with the National Programme for Adoption of Acquis:
Priority 22.2: working out of the programs and creation of the conditions to the EU law implementation concerning the improvement in the water quality.

2.4 National Development Plan and Joint Programming Document Phare CBC Priorities
The project will contribute to the implementation of following priorities indicated in the National Development Plan:
- environment protection and spatial planning policy;
- development of the international co-operation of the regions.
The project will also contribute to the implementation of the following JPD aims and priorities:

Phare CBC 2003, Czech Republic - Poland
4.1.1.C Provision of the varied locations for business activity with good transport connections between both countries, water and energy supplying system, sewage discharging and removal of solid waste systems.
4.2.1.A Provision of efficient sewers and sewage treatment systems;
4.2.2.B Co-operation in the field of protection of the environment and natural resources.

2.5 Cross Border Impact

The project is in line with the Development Strategy for the Polish-Czech Border Region, adopted on 28th March 2000 by the Polish-Czech Intergovernmental Commission for Cross Border Co-Operation (part 4 ‘Vision and strategic goals of development’; point 4.3.1.A: ‘Provision of efficient sewers and sewage treatment systems’)

The ‘Creation of the base of the bio-diversity protection and development of the Zloty Potok River Valley’ is complementary to project titled ‘Praděd Euroregion – Communal Waste Water Treatment implemented on the Czech side within the framework of Phare CBC 2001 Programme’. As the result of the complementary project, the necessary drainage and sewage system for Zláté Hory, Divci Hrad, Bernartice, Mikulovice, Javorník, Bruntál, Krnov, Uvalno and Albrechtice municipalities was constructed. The project aimed at improving of quality of the waters in rivers and streams along the border and water courses crossing the border; common protection of ground waters at both sides of the border, particularly where sources of ground water are located and used for drinking water supplying; elimination of surface water pollution at both sides of the border caused through the communal waste water discharging into water courses alongside the border; higher attractiveness of the region for tourists.

However, the mountain shape of the area of Zláté Hory town (Czech Republic) doesn’t allow to join the local sewage system to another - Czech one. Zláté Hory town faces the necessity to develop its own sewage system (which would not be a cost-effective and efficient solution - as monitoring results show). Therefore, in a natural way, is ready to join the system of the municipal waste water treatment plant in Prudnik.

Also commune of Glucholazy and two mountain settlements of Jarnoltowek and Pokrzywna don’t own their waste water treatment plant and are also interested in joining the system of the municipal waste water treatment plant in Prudnik.

The project’s specific technological solutions (development of the existing pumping station and construction of a new one - of bigger size of the pipes diameter) will enable Zláté Hory town (Czech Republic) and the settlements of Jarnoltowek and Pokrzywna (Poland, Glucholazy Commune) joining the sewage system which will directly positively influence the Zloty Potok cross-border river waters quality.

The similar solution has been implemented in 2001 when northern part of the sewage system of Prudnik was constructed and the neighbouring commune of Lubrza joined the sewage system, including two other settlements of the Zloty Potok River basin (Jasiona and Dytmarow).

The implementation of the project will create the conditions necessary for the construction of the complex system of protection of the surface waters of the Zloty Potok River, starting at its sources in Czech Republic, through the Polish territory and finally when the river is coming back to the Czech Republic.

3. Description

3.1 Background and Justification

Zloty Potok is the main river of Góry Opawskie Landscape Park. In the natural basin of it we can find the following settlements: Zláté Hory (Czech Republic), Jarnoltowek, Pokrzywna (the Glucholazy Commune), Moszczenka, Laka Prudnicka (the Prudnik Commune).
The buildings of the settlements situated in the Zloty Potok Valley are of characteristic regular chain and lie symmetrically along the river. Because of the lack of the sewage system in all of the settlements, the quality of waters strongly and negatively depends on all the neighbouring buildings. The existing cesspools are very often leaky so the household sewage passes directly to the river or soil. Rainwaters flowing from the heights additionally wash it away from the soil into the river.

In the 90s, the commune has implemented many activities aiming at development of the basic infrastructure being the condition of the economic development of the commune and creation of the complex system of environment protection which consists of:
- the municipal waste water treatment plant (mechanical and biological) with the nominal capacity Q=18600 m3/24 hours and possibility of additional sewage discharging coming from the whole basin of the Zloty Potok river;
- the municipal sewage system of the total length of 58 kilometres which enables the immediate connection of the neighbourhood commune of Lubrza and
- the “Frotex” cotton company waste water treatment plant (mechanical, chemical and biological).

Municipal water supplying system has been developed and 98% of the town area is connected (96% of the commune area), the telecommunication and road network have been developed, the new dumping ground has been constructed and the selective solid waste disposal has been introduced, several local coal boiling rooms have been removed and the local heating plant has been developed and the CO2 emission has been reduced.

The project concerns the sewage system covering the area of 230 ha and will be implemented as one activity.

Thanks to the project implementation the sewage coming from the area of 230 ha of the settlements of Laka Prudnicka and Moszczanka will be discharged in total maximum quantity of 736 m3/24 hours through the sewage system connected to the municipal waste water treatment plant.

Implementation of the project will eliminate the following quantities of pollutants:
- organic pollutants stated in BOD5 - 287,1 kg O2 / 24 hours
- organic pollutants stated in COD - 765,6 kg O2/ 24 hours
- sludge total (NL) - 334,9 kg / 24 hours
- nitrogen total N - 57,4 kg N/ 24 hours
- phosphorus total P - 11,9 kg P/ 24 hours

The parameters and standards of quality as required by the European standards will be achieved according to the regulations described in the 91/271 EC directive.

The new locations on the area of 30 ha will be available (the part of area covered by project): 10 ha of them being designed for business activities in services and trade, buildings and leisure, new working place will appear.

It is expected that 20 new business companies will start their activities thanks to the project implementation. Additionally, the existing companies (18) which employ 76 persons, could be closed in case the project is not implemented as the result of environment pollution caused by the companies.

The settlements of Laka Prudnicka and Moszczanka which are situated in the neighbourhood of the No 41 national road (leading to the border crossing point in Trzebinia) will gain the unique possibility of their development, thanks to the higher sanitary standard.

3.2 Linked Activities
1. The new waste water treatment plant with capacity of Q=18.600m3 has been opened on the turn of 1996 and 1997. The cost of the investment amounted to PLN 19,59 mln.
2. Because of the specific and aggressive technological processes (alkaline environment) taking places at the ZPB Frotx S.A. company (cotton industry), the biggest one in the Prudnik commune and located in the central part of the town, the new waste water treatment plant (chemical, mechanical, biological) has been opened on 01.06.1996 with nominal capacity of Q=7.324 m³/24 hours. The total budget of the waste water treatment plant was PLN 5,5 mn.

3. The area covered by the project, where transit roads are connected to the three existing border check-points, will be also developed thanks to other two projects connected with the transport system. One of them is creation of the by-pass of the town of Prudnik (Phare CBC 2000) and the second is the by-pass of the settlement of Lubrza (Phare CBC 2002) which is the continuation of the first project.

4. The technical documentation concerning the sewage system at the five other settlements of the Prudnik commune is being prepared (including feasibility study, environment impact assessment, economic and financial analysis). The documentation will be ready by 30.11.2002. As the results of the project the quality of the surface waters of the Prudnik commune situated at the Polish-Czech borderland will be improved and the possibility of development of the commune will be higher thanks to the creation of the new area of the business activity and housing.

3.3 Results
The implementation of the project will enable protection and improvement of environment of the part of the Opawskie Mountains Landscape Park through the reduction of the quantity of sewage discharged directly to the surface waters being the part of the Odra river basin, increase in quantity of the sewage discharged directly to the municipal waste water treatment plant and finally increase of the economic efficiency of the Sewage Disposal and Water Supply Company which serves the municipal waste water treatment plant and sewage system.

The new locations for business and housing activities on the area of the Prudnik commune will be created resulting in higher attractiveness of the area, capital investment in business activities, the tourism services development.

The measurable results of the projects are as follow:
1. the new locations prepared for the environmental friendly food industry, tourism services,
2. possibility for the companies operating in the project area to connect to the sewage system,
3. the additional sewage quantity will be discharged to the municipal waste water treatment plant in Prudnik and the capacity of sewage discharged to the WWTP will increase from 5,000 m³/24 hours till 5,736 m³/24 hours

The parameters and standards of quality as required by the European standards will be achieved according to the regulations described in the 91/271 EC directive.

The following are the indicators of results’ achievement:
- 10 hectares of the newly equipped area designed for industrial and tourism services,
- 18 companies existing today on the project area connected to the sewage system,
- 20 new business companies start their activities thanks to the implementation of the project,
- the additional sewage quantity of 736 m³/24 hours will be discharged to the municipal waste water treatment plant in Prudnik.

The bad quality of the surface waters of the river is the reason of poor evolution of fauna and flora. Despite this fact some examples of protected species (plants, birds, fish, animals) can be found in the waters, on the river’s banks and in the soil. In 1998 Forest Inspectorate of Prudnik successfully reintroduced some beavers at the river’s side, near the settlement of Moszczanka.
The improvement in quality of waters in the basin of Zlty Potok will allow for better evolution of fauna and flora. The described ecosystems (waters and meadow) could also gain in the quantity of the species that will develop the bio-diversity of the Zlty Potok Valley. So far, the bad water quality excludes the existence of some species, typical for the territory.

3.4 Activities
The project will be implemented through one investment contract taking into consideration the technical aspect and will be divided into three parts:

- **part 1**: the area of Prudnik: adjusting of the existing sewage system to the new quantity of the sewage. It is connected with the sewage discharging coming from the planned sewage system of the settlements of Laka Prudnicka and Mosczanka and finally also from the Glucholazy commune (the settlements of Pokrzywna and Jarnoltowek) and the Czech commune of Zlote Hory. The following works will be done:
  - gravity sewage system, Ø 500 of the total length of c.a. 2.150,0 meters,
  - development of the existing pumping station,
  - pressure main pipe Ø 225x12,8 of the total length of c.a. 410,0 meters,
  - reconstruction of the roads destroyed during works (the sewage system line covers the roads' line) of the total length of c.a. 950,0 meters.

- **part 2**: the settlement of Laka Prudnicka: implementation of the sewage system together with the drain pipes:
  - gravity sewage system of the total length of c.a. 9.320 meters,
  - drain pipes Ø160 in total quantity of 200 pcs and the total length of c.a. 2.450,0 meters,
  - pumping station- 1 pce,
  - electrical connection to the pumping station,
  - pressure main pipe Ø 90x5,4 of the total length of c.a. 410,0 meters,
  - reconstruction of the roads destroyed during works (the sewage system line covers the roads' line) of the total length of c.a. 4.520,0 meters.

- **part 3**: the settlement of Mosczanka: construction of the sewage system together with the drain pipes on the area of the settlement of Mosczanka: :
  - gravity sewage system of the total length of c.a. 10.000,0 meters
  - drain pipes, Ø 160 in total quantity of 201 pcs and the total length of 2.450 meters,
  - household pumping station- 11 pcs,
  - pressure main pipe Ø 63x3,8 and Ø 75x4,5 of the total length of 900,0 meters,
  - reconstruction of the roads destroyed during works (the sewage system line covers the roads' line) of the total length of 7.200 meters.

3.5 Lessons Learned
The Prudnik commune has implemented the following investment-type projects co-financed by the World Bank and implementation of which required international standards of the projects implementation:

1. the project No 7019, reconstruction after flood, titled “Reconstruction of the communal road in the settlements of Laka Prudnicka”

2. the project No 7020, reconstruction after flood, titled “Reconstruction of the municipal open-air swimming pool”

In addition, the Prudnik commune gained three grants of the Phare CBC Joint Small Project Fund:


Phare CBC 2003, Czech Republic - Poland

The implementation of those projects, allowed the Beneficiary getting the knowledge of rules and regulations concerning project life, its implementation, managing, monitoring of planned indicators and financial settling according to the required standards of the Phare program (its directives and annexes, especially the financial annex).

The experience gained by the officers of the Town Office of Prudnik during the implementation of the projects co-financed by the World Bank and the Phare CBC Joint Small Project Fund will be used during the implementation of the project. There will be established an inner task structure connected with the project implementation and, apart from the task project officers, the group of the city officers will be engaged to implement the project.

4. Institutional Framework

4a Project engineer- the independent person/company will be the project engineer, chosen through a tender. The contract signed with the project engineer will be financed from the Beneficiary’s own budget. The supervision of his/her works will be done on behalf of the Town Office by the chief person of the Investment, Town Management and Environment Protection Department of the Town Office of Prudnik.

4b Employer- the Town Office of Prudnik is the applicant and the main investor. The constructing company will be chosen through a public tender. The rules of the construction, supervision and project financing will be described in a signed contract. The Town Office of Prudnik and the chosen company will be the contracting parties. The author’s supervision will be effected by the technical and construction project author. After each of the tasks is finished, the technical report and official investment receipt will be done. The financial and task supervision will be done by the financial and investment departments of the Town Office of Prudnik.

4c Investment owner - the Town Office of Prudnik will be the owner of the investment after it is completed, so the investment will be public owned. The supervision of the investment will be done by the Sewage Disposal and Water Supply Company, company Ltd of the Prudnik Commune. The owner of the 100% of shares of the Sewage Disposal and Water Supply Company is the Prudnik commune.

The Sewage Disposal and Water Supply Company which operates the waste water treatment plant and the sewage and water supply system of the commune will be obliged to operate the sewage system as well as to maintain, repair and supervise it. The project will not change the institutional framework. The existing checked and sufficient structure of the management and work will be used.

5. Detailed Budget (MEUR)

<table>
<thead>
<tr>
<th></th>
<th>Phare Support</th>
<th></th>
<th>National co-financing*</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
<td>Total Phare (=I+IB)</td>
<td>(contract+ project engineer)</td>
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<tr>
<td>Works</td>
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<td>0</td>
<td>2.200</td>
<td>1.299</td>
</tr>
<tr>
<td>Total</td>
<td>2.200</td>
<td>0</td>
<td>2.200</td>
<td>1.299</td>
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*The national share of co-financing will be guaranteed by the beneficiary.
Total costs of the project: 3.499 MEUR, including costs of the project engineer: 0.167 MEUR. The value of the contract: 3.332 MEUR
6. Implementation Arrangements

6.1 Implementing Agency
Implementing Authority for Phare
Cross-border Co-operation Programme
Ministry of Internal Affairs and Administration
00-522 Warszawa, ul. Krucza 36, Poland
phone +48 22 695 99 10/11
fax +48 22 695 99 12
e-mail: phare@wwpwp.it.pl
www.wwpwp.it.pl

PAO:
Mr. Paweł Dakowski
Undersecretary of State
Ministry of Internal Affairs and Administration
02-591 Warsaw, 5 Batorego Street, Poland

6.2 Twinning
not applicable

6.3 Non-standard Aspects
Non-standard tendering or contracting procedures are not taken into consideration.
The project will be managed in line with the methodology specified for Candidate Countries
in the manual for the management of programmes supported from the EU sources – „Practical Guide to Phare, ISPA and SAPARD Contract Procedures” (PRAG).

6.4 Contracts (MEUR)
One contract of the total value MEUR 3,332 will be signed with a building company. The
national co-financing will take the form of “joint co-financing” of the contract signed.
A contract totally financed by the Town Office of Prudnik with a project engineer of the total
value of MEUR 0,167 will be signed, too.

7. Implementation Schedule

<table>
<thead>
<tr>
<th></th>
<th>Start of tendering:</th>
<th>1Q/2004</th>
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<tbody>
<tr>
<td>7.1</td>
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<tr>
<td>7.2</td>
<td>Start of project activity:</td>
<td>3Q/2004</td>
</tr>
<tr>
<td>7.3</td>
<td>Project completion:</td>
<td>4Q/2006</td>
</tr>
</tbody>
</table>

Phare CBC 2003, Czech Republic - Poland
8. **Equal Opportunity**
Principles and procedures applied during the project implementation will ensure equal opportunities for all companies and persons interested in the project regardless of their sex, race or nationality. Women and men contracting will be based on EU standards having regard to the Equal Opportunity of Employment (EOE) and will be confirmed by the official advertisement during the tender procedures.
Information concerning the structure of the employment with regard to the sex will be required from the potential contractors during the tender procedures. The project contractor and the project engineer will be obliged through the contract to inform on a three-month basis about the number of women and men employed during the works. The final criterion of the employment will be the skills and abilities.

9. **Environment**
The Environmental Impact Assessment documentation was developed in September 2002 by a competent certified company: Pracownia Ochrony Środowiska Okręgowego Przedsiebiorstwa Geodezyjno-Kartograficznego in Opole.

The Environmental Impact Assessment was carried out in line with the applicable 85/337/EC Council Directive and the relevant EU regulations.

A summary of the EIA documentation is described in Annex 6.

The technical project development of the sewage system for the settlements of Laka Prudnicka and Moszczanka was ordered by the Office of Prudnik as the result of wrong situation in the sewage management which could be the reason of threats of sanitary and epidemiological nature as well as the steady pollution of the cross-border river of Złoty Potok flowing out the Czech Republic and coming back on its territory (after it passes through the area of the Prudnik commune)- in the basin of which there are settlements, covered by the project. The environmental impact assessment for the project indicates that there will be no significant impact on environment during the works as well as during the operation of the system so it is possible to construct all of the planned constructions with the guarantee of the environment conditions and requirements fulfilling. The planned gravity and pressure sewage system will not influence environment and what more- will improve it thanks to the better management. The only one source of the slight difficulty could be the pumping station especially in break-down situations. This could be described as follow:

- emission of the specific smelling substances (stink) - in the break-down situations
- emission of noise- but it will not worsen in a significant way acoustic standards in the environment; the requirements described in the Ministry of Environment Protection, Natural Resources and Forestry directive of 13.05.1998, concerning acceptable level of noise in environment, will be fulfilled

Environmental Impact Assessment is available at the Urząd Miejski Prudnik (Town Office of Prudnik), 3 Kościuszki Str, 48-200 Prudnik.

10. **Rates of Return**
The Financial Internal Rate of Return FIRR

- The result of the financial analysis is: \[
\text{FIRR} = 0,85 \%
\]

which means that project should be treated as being with low - profit and could not be qualified for the implementation from the commercial sources. The financial analysis considers also the benefits coming out of the existing 18 and 20 new companies that will be connected to the sewage system.
The Economic Rate of return ERR

- The result of the economic analysis is: \( \text{ERR} = 19.90\% \)

which means that because of the social and economic benefits the project should be implemented as it will bring measurable profit to the beneficiaries e.g. inhabitants of the commune and businessmen.

The Feasibility Study documentation was developed in September 2002 by a competent certified company: Pracownia Ochrony Środowiska Okręgowego Przedsiębiorstwa Geodezyjno-Kartograficznego in Opole. The Feasibility Study is available at the Urzad Miejski Prudnik (Town Office of Prudnik), 3 Kościuszki Str., 48-200 Prudnik.

11. Investment Criteria

11.1 Catalytic Effect
Phare CBC financial support will be decisive for the achievement of the objectives connected with cross-border environmental Polish-Czech border-land protection and creation of the base of development of the borderland area threatened by the marginal treatment which, otherwise, would be achieved in a longer period of time and in a smaller and less effective range.

11.2 Co-financing
The project will be co-financed by the budget of the Prudnik commune and Phare CBC program. The own financial contribution of the Beneficiary is 1.299 MEUR (i.e. of 37.12% of the total project cost). The co-financing is guaranteed by the budget of the Prudnik commune to use within the period of 2004-2006. It is expected that the project implementation will activate private investors' money which will be spend on business and housing activities.

11.3 Additionality
The Phare co-financing of the project does not eliminate and does not replace other sources of the financing, especially coming from the private investors and in the framework of the IFI system, it is the co-financing of the defined priorities and does not replace the national sources.

11.4 Project Readiness and Size
The Prudnik commune is fully ready to the project implementation. The commune owns technical documentation, branch agreements, environmental impact assessment, geological and engineering documentation as well as feasibility study. The updated and legal decision are issued:

- concerning the building conditions and area development No GP-I-7331/1188/94/2002 dated 26.08.2002
- building permission No 344, dated 30.09.2002 and signed by the Starosta of Prudnik, marked AB.7351-P-109/2002
- legal and water permission concerning the sewage discharging, signed by the Wojewoda Opolski No OS-III-6210/341/96/ig dated 18.12.1996
- legal and water permission concerning the exploitation of the mechanical and biological WWTP issued by the Office of the Opolskie Voivodeship, Environmental Protection Department No OS-III-6210/218/98/kd dated 24.09.1998

The project implementation is in line with the requirements of the Spatial Development Plan of the commune of Prudnik. It is clearly stated that the investment area is owned by the Prudnik commune and as regards the technological pipelines route- the commune has the legal rights to the area which is at its disposal.
11.5 Sustainability
According to the investment rules after the project implementation is finished the commune of Prudnik is the owner of the investment facilities.

All the costs of maintaining the investment after it is implemented will be covered by the Sewage Disposal and Water Supply Company, company Ltd of the Prudnik Commune. The owner of the 100% of shares of the Sewage Disposal and Water Supply Company is the Prudnik commune, which will be obliged to operate the sewage system as well as to maintain, repair and supervise it.

The flexible price policy of the Council of the Town of Prudnik and the rational costs level policy of the Sewage Disposal and Water Supply Company will guarantee the financial fluency of the Sewage Disposal and Water Supply Company and, at the same time, ability to the sewage system and waste water treatment plant maintaining and modernising. The planned project will be financially self-sufficient.

Technical solutions taken into account will meet EU criteria and standards. The project will be implemented in line with, among others, the following EU directives:
- 91/271 EC, dated 21.05.91 concerning waste water treatment
- 85/337/EC, dated 27.06.85 concerning the environmental assessment of the consequences of certain public projects
- 97/11/EC, dated 03.03.97, amending No 85/337/EC directive, dated 27.06.85, and
- Polish Law, dated 27.04.2001 titled “The law of the environment protection”

11.6 Compliance with State Aid Provisions
The project and the award of the Phare subsidy are in compliance with the relevant rules on state aids as defined in the European Agreement; its implementation is not going to harm the market environment or the competition rules.

11.7 Contribution to National Development Plan and Joint Programming Document
The project will contribute to the implementation of priorities indicated in the National Development Plan:
1. Environment protection and spatial planning policy;
2. Development and modernisation of infrastructure which reinforce the competitiveness of regions;
3. Development of international co-operation of the regions.

The project will also contribute to the implementation of the following JPD aims and priorities:
4.1.1.C Provision of varied locations for business activity with good transport connections between both countries, supply of water and energy, discharge of sewage and removal of solid waste.
4.2.1.A Provision of efficient sewers and sewage treatment systems
4.2.2.B Co-operation in the area of protection of the environment and natural resources
4.2.2.C Co-operation between regional and local authorities in the field of development planning.

12. Conditionality and Sequencing
- preparation of the terms of reference of the contract for the tendering (works and project engineer); period: 1Q 2004, responsible: the Town Office of Prudnik
- contracts signed (works and project engineer); period: 3Q 2004, responsible: the Town Office of Prudnik
- works start; period: 3Q 2004, responsible: the Town Office of Prudnik
- works end according to the schedule; period: 3Q 2004 – 3Q 2006, responsible: the Town Office of Prudnik
- works receipt and financial settlement; period: 3Q 2006, responsible: the Town Office of Prudnik
STANDARD SUMMARY PROJECT FICHE  
Number: PL2003/005-078.02

- final protocols and acknowledge of the investment as the property of the commune and transfer of the investment management rights to the Sewage Disposal and Water Supply Company in Prudnik; period: 4Q 2006, responsible: the Board of the town of Prudnik

Name, address, telephone, fax number and e-mail of the applicant + contact person:
Urząd Miejski w Prudniku
48-200 Prudnik
ul.Kościuszki 3
Poland
tel +48 77 436 20 21
fax +48 77 436 28 21
e-mail: um@prudnik.pl
www.prudnik.pl
contact person:
Mr Ryszard Zwojewski
tel +48 77 436 20 21 ext. 259
e-mail: zwojewski@prudnik.pl
ANNEXES TO PROJECT FICHE
1. Logical Framework Matrix in standard format
2. Detailed Implementation, Contracting and Disbursement Schedule by quarters for the entire course of the Programme (including disbursement period)
3. Reference to Feasibility Study.
4. Reference to Environmental Impact Assessment
5. Annex "Nature Conservation"
6. Annex "EIA"
7. Statement concerning public consultations.
8. Indicators of the achievement of objectives
9. Map of the project localisation.
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<th>Logframe planning matrix for Project</th>
<th>Programme name and number</th>
<th>Czech Republic – Poland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of the base of the bio-diversity protection and development of the Zloty Potok River Valley.</td>
<td>Phare CBC 2003</td>
<td>Disbursement period expires: 4Q2006</td>
</tr>
<tr>
<td></td>
<td>Contracting period expires: 4Q2005</td>
<td>Total budget : 3,499 MEUR</td>
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<td></td>
<td>Phare budget: 2,200 MEUR</td>
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<tr>
<th>Overall Objective</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
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</thead>
<tbody>
<tr>
<td>Protection of the natural environment of the Zloty Potok River Valley at the Polish-Czech borderland and creation of the base of development of the areas creating the part of the Opawskie Mountains Landscape Park.</td>
<td>• reduction of the pollution indicators of the cross-border river of Zloty Potok up to 2% measured at the check-point in Prudnik: (BOD₅) – 2,16 mg/dm³, (COD) - 4,61 mg/dm³, (NL) - 309,68 mg/dm³, N total - 4,99 mg/dm³, P total - 0,32 mg/dm³. • creation of c.a 70 new jobs in the food industry, tourism services.</td>
<td>How: local administration statement based on the data of the Voivodeship Inspectorate of Environment Protection and Voivodeship Office of Statistics When: 5 years after project implementation Who: Town Office of Prudnik</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Purpose</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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</thead>
<tbody>
<tr>
<td>Improvement of the Zloty Potok River surface water condition through the reduction of sewage flowing directly to the Zloty Potok cross-border River from the settlement of Moszczenka till the town of Prudnik as the result of rural and city areas sewage system development (connected to the municipal waste water treatment plant in Prudnik town) • Increase of development possibilities of the Polish-Czech borderland trough the creation of</td>
<td>1. elimination of the following quantities of pollutants: organic pollutants stated in BOD₅: 287,1 kg O₂ / 24 hours organic pollutants stated in COD: 765,6 kg O₂/ 24 hours sludge total (NL): 334,9 kg / 24 hours nitrogen total N: 57,4 kg N/ 24 hours phosphorus total P: 11,9 kgP/24 hours 2. 20 decision issued concerning conditions of building and area management for tourism services</td>
<td>How: local administration statement When: 2 years after project implementation Who: Town Office of Prudnik and Sewage Disposal and Water Supply Company in Prudnik (managing company)</td>
<td>It is assumed that the regional economy will be stable.</td>
</tr>
<tr>
<td>new areas for business activities on the area of the Prudnik commune.</td>
<td>and environmental friendly industry (new companies)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### STANDARD SUMMARY PROJECT FICHE

**Annex 1**

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| - available areas for tourism services and environmental friendly industry | -10 hectares of new equipped area designed for service and industry investment in the Prudnik commune; 18 existing companies connected to the sewage system; 20 new business companies start activity in the area of project implementation; additional quantity of 736 m³/24 hours of sewage disposed to the existing WWTP in Prudnik. | **How:** local administration statement  
**When:** immediately after project implementation  
**Who:** Town Office of Prudnik  
**How:** local administration statement based on data of Sewage Disposal and Water Supply Company in Prudnik (managing company)  
**When:** immediately after project implementation  
**Who:** Town Office of Prudnik | Active promotion of the regional investment attractiveness concerning tourism services  
Information to future investors about locations prepared for tourism services and food industry building |

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| 1. Works:  
-21 470 metres of gravity pipelines  
-1720,0 metres of pressure main pipelines  
-4900 metres of drain pipelines  
-12 pcs of pumping stations (including 11 household type) in the settlements of Moszczenka, Laka Prudnicka and town of Prudnik  
2. 12.670 metres of the road surface reconstructed (the sewage system line covers the roads’ line) | single work contract           | It is assumed that project financing is guaranteed  
Costs:  
UE: MEUR 2.200,00  
Own: MEUR 1.299,00  
Total: MEUR 3.499,00 |
<table>
<thead>
<tr>
<th>Preconditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision No XXV/344/2000 concerning conclusion of agreement with Glucholazy Commune on taking over by Prudnik Commune the implementation, management and operation of the common sewage system for the settlements of Pokrzywna, Jarnoltowek, Moszczanka, Laka Prudnicka.</td>
</tr>
<tr>
<td>Written confirmation of will of authorities of towns of Złote Hory and Glucholazy interested in environment protection through development of sewage system in Złoty Potok Valley and improvement of waste water management</td>
</tr>
<tr>
<td>(Date of Drafting)</td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>08.10.2002</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Implementation schedule</th>
<th>Contracting schedule</th>
<th>Disbursement schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>contract 1</td>
<td>contract 1</td>
<td>contract 1</td>
</tr>
</tbody>
</table>

Legend:
D = design of sub-projects
T/C = tendering and contracting
I = contract implementation and payment
Reference to Feasibility Study

Creation of the base of the bio-diversity protection and development of the Zloty Potok River Valley.

Feasibility Study was developed in September 2002 by Okręgowe Przedsiębiorstwo Geodezjno-Kartograficzne Company Ltd in Opole.

The implementation of the sewage system in the settlements of Moszczanka and Laka Prudnicka is a public-type project and is one of the tasks of the commune according to the act on territorial self-government. The authorities of the town and commune of Prudnik has to take into consideration economic effectiveness and social rationality when undertakes the investment projects implementation. The analysis estimates economic and social outcomes of the investment which is of ono-profit character. It compares investment costs with the benefits of the investment implementation. The benefits are measurable in the form of the incomes to the town’s budget.

Feasibility Study was developed by the author’s method with economic assessment standards taken into consideration. The economic flow analyse shows the financial benefits for the budget of the Prudnik commune coming out of the project implementation as regards own incomes of the commune.

The following factors has been taken into consideration during the development of the costs and benefits analyse:

- fixed price and cost level during the whole period, based on the second quarter of 2002
- legal base on 31st August, 2002
- increase of the incomes to the budget estimated on the base of the analyse of the Prudnik commune budget within period 1999-2001 and legal regulation in force concerning estimation of the own incomes of the town
- flow-cash analyse covers the period of 10 years and it also includes rebuilding and development of the areas covered by the project
- real estate and means of transport tax level and the methods of its estimation according to the local regulations being in force on 31st August, 2002
- absorptive power of the estimated locations with the possibility of business activity launching based on the average indicator concerning the areas without buildings or with the low urbanisation indicator which is 15 employees/ 1 hectares
- absorptive power of the estimated locations with the possibility of tourism and leisure services running based on the estimation and indicators taken into account in “Conditions and directions of the spatial development of the Prudnik commune study”

The following indicators in the financial and economic analyse are estimated:

The financial Internal Rate of Return FIRR

- The result of the financial analysis is:

  \[ \text{FIRR} \approx 0.85\% \]

  and it means that project should be treated as being with low-profit and could not be qualified for the implementation from the commercial sources.

  Financial sustainability of the project will be guaranted through flexible sewage price policy of the Council of City of Prudnik

The economic rate of Return ERR

- The result of the economic analysis is:

  \[ \text{ERR} \approx 19.90\% \]
and it means that because of the social and economic benefits the project should be implemented as it will bring measurable profit to the beneficiaries e.g. inhabitants of the commune and businessmen
The following factors has been taken into consideration during the calculation:
The project implementation will create the base for own incomes increasing to the budget as the result of:
- surplus of the financial means generated by the Sewage Disposal and Water Supply Company Ltd thanks to the higher quantity of the disposed sewage and higher incomes
- increase of the real estate tax incomes which is connected with active development of the business locations thanks to the sewage system implementation
- increase of the incomes to the budget thanks to the increase of the personal tax incomes, as the result of the new jobs activated on the project area which will generate increase in personal tax
- increase of the value of the income tax flowing to the commune budget thanks to the 20 new companies established, as planned
- 20 registered means of transport used by the new companies and the means of transport taxes paid to the budget
- increase of the commune budget incomes as the result of the selling or renting of the new attractive investment locations
All above mentioned additional incomes of the Prudnik commune generates cash-flow which is the base of the indicators and rate of return calculation comparing to the investment costs.

<table>
<thead>
<tr>
<th>STRENGTHS OF THE PROJECT</th>
<th>WEAKNESSES OF THE PROJECT</th>
</tr>
</thead>
<tbody>
<tr>
<td>project in line with national, regional and local strategy of development</td>
<td>high investment costs</td>
</tr>
<tr>
<td>local society support suffering difficulties of the present system</td>
<td>implementation of the schedule depends on the external sources</td>
</tr>
<tr>
<td>reduction of the negative environmental impact</td>
<td>possible differences in exchange rate causing increase of the commune engagement</td>
</tr>
<tr>
<td>improvement in waste water treatment according to the EU standards</td>
<td>high rate of the capital absorption</td>
</tr>
<tr>
<td>improvement in environmental cleanness and its step-by-step revitalisation</td>
<td>low profit level of the project demanding non-profit sources of investment</td>
</tr>
<tr>
<td>improvement in waters cleaness of the Zlotty Potok and Prudnik rivers</td>
<td>bureaucracy in the process of application and implementation of the projects co-financed by the EU</td>
</tr>
<tr>
<td>waste water management totally and properly arranged on the area of the project</td>
<td>social impact on the services price level</td>
</tr>
<tr>
<td>activation of the areas being not used for the development of the commune and destination for the housing, services, trade and production purposes</td>
<td>aversion of the part of society to additional expenditures connected with sewage disposal to the sewage system</td>
</tr>
<tr>
<td>low rate of risk of the project as regards the way of financing and future operation of the investment</td>
<td>limited possibilities of the development of the water supply and sewage system based on the own sources of the Commune only</td>
</tr>
<tr>
<td>possibility of co-financing of c.a. 75% of the cost through the EU financial support</td>
<td></td>
</tr>
<tr>
<td>advanced level of the initial works which enables project implementation since positive</td>
<td></td>
</tr>
</tbody>
</table>
decision concerning EU financial support

The project implementation will be co-financed from the Prudnik commune budget. The total cost of the project is MEUR 3,499,00 including own expenditures which is MEUR 1,299,00 which is 37.12% of the total costs. The project implementation is possible with non-profit financial sources only, which is connected with high costs of absorption and low rate of profit of the water supply and waste water treatment branch. The project implementation and its future operation guarantees financial support of the budget of the commune and taking over the investment after its implementation and including to the property of the commune.
Summary of the Environmental Impact Assessment

The Environmental Impact Assessment documentation was developed in September 2002 by a competent certified company: Pracownia Ochrony Środowiska Okręgowego Przedsiebiorstwa Geodezyjno-Kartograficznego Company Ltd in Opole.

The Prudnik commune implements building project concerning creation of the base of the bio-diversity protection and development of the Złoty Potok River Valley through the implementation of the sewage system in the settlements of Laka Prudnicka and Moszczenka together with development of the existing sewage system in Prudnik town aiming at improvement waste water management on the area of the commune because of the wrong situation in sewage management which could be the reason of threats of sanitary and epidemiological nature as well as the steady pollution of the surface waters in the valley of the river of Złoty Potok and underground waters.

The environmental impact assessment for the project indicates that there will be no significant impact on environment during the works as well as during the operation of the system so it is possible to construct all of the planned constructions with the guarantee of the environment conditions and requirements fulfilling. The planned gravity and pressure sewage system will not influence environment and what more- will improve it thanks to the better management.

<table>
<thead>
<tr>
<th>indicators of pollution</th>
<th>concentration in waste water before treatment [g/m³]</th>
<th>reductio n [%]</th>
<th>Max. concentration after treatment [g/m³]</th>
<th>Polish standards [g/m³]</th>
<th>EU standards [g/m³]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BOD</td>
<td>540,00</td>
<td>≥ 98,23</td>
<td>9,56</td>
<td>≤ 30</td>
<td>≤ 25</td>
</tr>
<tr>
<td>2 COD</td>
<td>1210,00</td>
<td>≥ 97,77</td>
<td>27,02</td>
<td>≤ 150</td>
<td>≤ 125</td>
</tr>
<tr>
<td>3 NL</td>
<td>328,50</td>
<td>≥ 96,61</td>
<td>11,15</td>
<td>≤ 50</td>
<td>≤ 60</td>
</tr>
<tr>
<td>4 N-total</td>
<td>77,72</td>
<td>≥ 81,25</td>
<td>14,57</td>
<td>≤ 30</td>
<td>≤ 15</td>
</tr>
<tr>
<td>5 P-total</td>
<td>13,44</td>
<td>≥ 91,07</td>
<td>1,20</td>
<td>≤ 1,5</td>
<td>≤ 2</td>
</tr>
</tbody>
</table>

The results of the waste water treatment at the WWTP in Prudnik for the sewage discharged after the project implementation

The project implementation will eliminate the following quantities of pollutants:
- organic pollutants stated in BOD5 - 287.1 kg O2 / 24 hours
- organic pollutants stated in COD - 765,6 kg O2/ 24 hours
- sludge total (NL) - 334,9 kg / 24 hours
- nitrogen total N - 57,4 kg N/ 24 hours
- phosphorus total P - 11,9 kg P/ 24 hours

Conclusions:

- the project is not mentioned on the list of the especially harming projects as well as projects that could worsen the environment condition issued by the Ministry of Environment Protection, Natural Resources and Forestry, dated 14.07.1998 (Dz.U. 93/589)

- solutions proposed in the project should be recognised as modern and taken in line with standards being in force, and taken into consideration the morphological and hydrological local conditions should be treated as energy and material saving
Annex 4

- the planned project in no aspect will worsen the environment conditions on the area of the settlements of Laka Prudnicka and Moszczanka as well as Prudnik commune

- it is possible to construct all of the planned constructions with the guarantee of the environment conditions and requirements fulfilling.

- the project is ecologically positive, first of all thinking of the protection of the cross-border Zloty Potok river being the very important river in the context of regional and cross-border protected area system of the Opolskie Voivodeship

- the project implementation will contribute to the improvement of the life standard of the settlements of Moszczanka and Laka Prudnicka and, at the same time, being the element of the infrastructure development, will support economic development of the commune.
STATEMENT

centering public consultation on the project titled

"Creation of the base of the bio-diversity protection and development of the Zloty Potok River Valley."

Accession to the implementation of the project titled "Creation of the base of the bio-diversity protection and development of the Zloty Potok River Valley" was preceded by the public consultation.

Information on the plans was announced in the “Tygodnik Prudnicki” local magazine, on the notice-boards and in a traditional way in our commune- namely in parish churches.

In February 2002, meetings of the mayor of Prudnik and chief person of the Investment, Communal Management and Environment Protection Department took place with the inhabitants of the settlements of the project area, which created the possibilities to express their opinion on the project.

In February and March 2002, the officers of the Geodesy, Ground Management and Agriculture Department as well as Investment, Communal Management and Environment Protection Department visited the inhabitants and next, lending agreements of their plots for the period of the project implementation were signed.

On 6th October, 2002 the second meeting of the mayor of Prudnik and chief persons of the Investment, Communal Management and Environment Protection Department and Spatial Management and Commune Development Department took place with the inhabitants of the settlements of Laka Prudnicka and Moszczanka, which aimed at giving them information on technical documentation and explaining the route of the sewage system through the settlements. During the meeting project was accepted by present inhabitants and no remarks were made.

On 10th October, 2002 the documentation showing the inhabitants the route of the sewage system through the settlements will be displayed at the Village Culture Club in Moszczanka.

Prudnik, 9th October, 2002
## Annex 8

Value of indicators of the achievement of objectives within the period of application for co-financing from Phare CBC 2003 program

<table>
<thead>
<tr>
<th>No.</th>
<th>Specification</th>
<th>Indicator</th>
<th>Indicator value within period of application</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Wider objective</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• value of the indicators of pollution of the cross-border river of Zlotty Potok measured at the check point in Prudnik</td>
<td>98% of the original indicators value, e.g. comparing to the report “Condition of environment in Opolskie Voivodeship in year 2001” as planned: (BOD₅) - 2,16 mg/dm³ (COD) - 4,61 mg/dm³ (NL) - 309,68 mg/dm³ N total - 4,99 mg/dm³ P total - 0,32 mg/dm³</td>
<td>indicators value according to the report “Condition of environment in Opolskie Voivodeship in year 2001” (BOD₅) - 2,2 mg/dm³ (COD) - 4,7 mg/dm³ (NL) - 316 mg/dm³ Ntotal -5,1 mg/dm³ Ptotal -0,33 mg/dm³</td>
</tr>
<tr>
<td></td>
<td>• number of jobs in the settlements of Laka Prudnicka and Moszczanka 2 years after the project completion</td>
<td>146</td>
<td>76</td>
</tr>
<tr>
<td>2.</td>
<td><strong>Project objective:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Waste water disposal: (BOD₅)</td>
<td>0 O₂/d</td>
<td>287,1 O₂/d</td>
</tr>
<tr>
<td></td>
<td>(COD)</td>
<td>0 O₂/d</td>
<td>765,6 O₂/d</td>
</tr>
<tr>
<td></td>
<td>(NL)</td>
<td>0 kg/d</td>
<td>334,9 kg/d</td>
</tr>
<tr>
<td></td>
<td>N total</td>
<td>0 kg N/d</td>
<td>57,4 kg N/d</td>
</tr>
<tr>
<td></td>
<td>P total</td>
<td>0 kg P/d</td>
<td>11,9 kg P/d</td>
</tr>
<tr>
<td></td>
<td>Number of the decisions concerning building conditions and area management in the settlements of Laka Prudnicka and Moszczanka after sewage system development</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>3.</td>
<td><strong>Results</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Value</td>
<td>Comparison Value</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>----------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td>Number of hectares of the locations designed for investments</td>
<td>10</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Number of decisions issued concerning conditions of building and area management for tourism services and environmental friendly industry</td>
<td>20</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Number of existing companies connected to the sewage system</td>
<td>18</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Quantity of waste water per 24 hours treated in WWTP in Prudnik</td>
<td>5,736</td>
<td>5,000</td>
<td></td>
</tr>
</tbody>
</table>