

2009 Project Fiche 11 Kosovo – IPA centralised programmes

1. Basic information

- 1.1 CRIS Number:** 2009/021-145
1.2 Title: Support to the Environment Sector
1.3 ELARG Statistical code: 03.27
1.4 Location: Kosovo (UNSCR 1244)

Implementing arrangements:

- 1.5 Contracting Authority (EC):** European Commission Liaison Office in Kosovo
1.6 Implementing Agency: N/A
1.7 Beneficiary (including details of project manager): Ministry of Environment and Spatial Planning and WWRO

Project activity/component	Beneficiary institution	Contact point responsible for project/activity coordination
1. Further institutional support to the Environment Sector	1. KEPA and the Ministry of Environment and Spatial Planning (MESP)	Ilir Morina, Chief Executive Officer in KEPA and Muhamet Malsiu, Director of the Environment Department in the MESP
2. Air Quality Monitoring System	2. Ministry of Environment and Spatial Planning (MESP) – Air Quality Department	
3. Further Institutional Strengthening Support to Water and Waste Regulatory Office (WWRO)	3. WWRO and the MESP	
4. Cleaning of Lepenc River from asbestos waste	4. Ministry of Environment and Spatial Planning (MESP)	
		Nezakete Hakaj and Zymer Mrasori
		Afrim Lajci, Director of WWRO
		Muhamet Malsiu, Director of the Environment Department in the MESP

1.8 Overall cost (VAT excluded)¹: EUR 5.7 million

1.9 EU contribution: EUR 4.8 million

1.10 Final date for contracting:

Three years after the signature of the financing agreement between the European Commission

1.11 Final date for execution of contracts

Two years after the final date for contracting.

1.12 Final date for disbursements:

One year after the final date for the execution of contracts.

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

2. Overall Objective and Project Purpose

2.1 Overall Objective:

The overall objective of this project is continued and sustainable improvement of environmental conditions including the air quality, management and control of water resources to meet EU standards, particularly in relation to public health and economic development of Kosovo.

2.2 Project purpose:

The purposes of the project are:

1. Further institutional support to the Environment Sector in Kosovo;
2. Supply and installation of equipment for the air monitoring system;
3. Support to WWRO to design and implement the water tariff methodology and implements regulatory monitoring of water companies;
4. Cleaning of Lepenc river from asbestos waste,

2.3 Link with: European Partnership (and its action plan); SAp/STM

The human and financial resources and the **administrative capacity** of the Ministry of Environment and Spatial Planning and related institutions (both at national and local level) are still largely insufficient to address Kosovo's environmental challenges. Coordination between the relevant institutions is not sufficient to address the environmental issues. Investments in environmental infrastructure will need to be substantially increased, in order to address the challenges ahead.

The European Partnership priorities provide a basic framework for Kosovo's efforts towards approximation to EU environmental legislation. Kosovo has pursued approximation to EU environmental standards, with important advances in legislation concerning air quality and water quality. However, there has been limited progress with other European standards in the field of environment. In those areas where some approximation has been achieved, attention needs to focus on implementation and enforcement, which should be substantially strengthened, in particular through the adoption of implementing strategies and plans, institutional capacity building and a substantial increase in funding.

The installation of air monitoring system is part of the Kosovo Environmental Action Plan for European Partnership of 2008 and the Mid-Term Expenditure Framework 2009-2011. A pre-feasibility study for the placement of the air monitoring system across Kosovo will be financed by MESP and will be implemented in the course of 2009.

2.4 Link with the Multi-Annual Indicative Planning Document (2009-2011) for Kosovo (MIPD)

Environmental considerations will be duly reflected in all IPA financed activities, in addition to specific actions dedicated to environment, in particular as concerns environmental impact assessments. This is particularly relevant where there is potentially a high environmental impact, such as co-financing of investments, new legislation, etc.

2.5 Link with National Development Plan

Key areas concerning the environment in the MTEF includes:

- Air quality which has been affected adversely in particular by: emissions from energy production facilities; emissions from the large stock of older vehicles in Kosovo; oil and based heating facilities and indiscriminate burning of biomass and waste.
- Limited water reserves and depleted river basins.
- River beds that have become polluted and hence dangerous for public health.

- Relatively poor waste management systems, characterized by poor data records and lack of collection and disposal equipment.

2.6 Link with national/sectoral investment plans

The main objectives of the Strategy for the Environment Sector in Kosovo are as follows:

- Completion of the legislation and implementation of the existing legislation for environmental protection.
- Integration of environmental protection in all sectors dealing with environment or affecting the environment, so that environmental protection becomes part of the policies, plans and programmes of sector development.
- Integration in European structures related to the environmental protection.

Within the energy sector which is a top priority of Government, a major goal is to improve mining activities and energy generation and supply in a way that is consistent with good environmental standards. The project **“Establishment of a network for air quality control”** is intended to remedy the environmental consequences created from existing TC’s and at the same time to be compliant with international norms for environment protection that apply to the construction of new energy plants.

3. Description of project

3.1 Background and justification:

The main environmental problems in Kosovo include all issues related to water supply and sanitation system, air quality and solid waste management. There are no monitoring networks for air and water quality, or other sections of the environment. Environmental legislation is not implemented and reinforced, and the awareness of environmental issues among the general public is poor.

Air quality is degraded by various polluters, including traffic and two big thermal power plants which are located close to the surface lignite deposit in Obiliq/Obilić. Emission of dust and ash from the power plants exceeds by far the EU standards. Gas emissions have a high level of CO₂, SO_x, NO_x. Additional problems are the ash hills that have more than 40 million tons of ash and are taking about 165 ha of agricultural land, as well as the pits created during the coal extraction in the lignite open pit mines.

Access to safe drinking water as well as sanitation is among the lowest in Europe. According to the State of Environment Report 2003, river water quality in the lowland rivers is very poor due to the lack of waste-water treatment and waste disposal. Some of main rivers downstream larger municipalities and industries are so heavily polluted that the water cannot be used for water supply or irrigation (River Sitnicë/Sitnica). Groundwater quality is also affected by pollution from untreated waste water from municipalities and industries. About 70% of the total population have access to the water supply system. Water distribution networks are generally old and in poor condition and they suffer from lack of proper maintenance and investment. Few utilities are able to provide regular uninterrupted water supply to their customers. With the purpose of improving water supply and solid waste services, the water and waste sectors have during the last years been subject to major reforms consisting of: (i) consolidation of municipal utilities into regional companies, (ii) incorporation of regional companies into joint stock companies, and (iii) establishment of economic regulatory framework and an independent economic regulator aiming to increase the efficiency and service quality for water and waste services. However, the major problem remains to be financial viability of the water and waste companies due to high water losses and low collection efficiency.

The extraction of gravel from rivers is poorly managed with much illegal activity taking place. Where legal extraction occurs, this is mainly economically based without the consideration of environmental issues, which leads to degradation of rivers and frequent flooding.

Irrigation companies and individuals extract water from rivers and underground resources in most cases without formal approval from the MESP. This means that water abstraction is to great extent unregulated which can lead to over-exploitation of the resources in one area to the detriment of other water uses or areas.

Regarding urban wastewater quantities there is no monitoring of the discharged wastewater. Management of sewerage system is the responsibility of the regional water and wastewater companies. There is no wastewater treatment in Kosovo. Most of urban population has access in sewerage system but due to the lack of wastewater treatment facilities untreated sewage is discharged into rivers. In villages and other small settlements, wastewater is disposed of in open channels, which contaminate surface and groundwater, resulting in poor-quality drinking water from wells. Additional problem is the high wastewater infiltration. As a result, there is a high incidence of water-borne diseases. Also due to the blocked open drainage channels with soil and debris they pose a flooding and environmental risk.

Industrial wastewater is not treated either, and the effluent is discharged directly into rivers. Because there is no monitoring, there is no reliable information about the water quality of rivers.

Due to lack of monitoring systems there are no qualitative studies of the quality of air, water and the nature in general, although it is considered that the quality fails significantly below the European Union standards.

Component 1. Further institutional support to the Environment Sector in Kosovo

The Ministry of Environment and Spatial Planinng has the central role concerning the environment sector in Kosovo. The environment section of MESP is divided into departments or instuttions as follows:

- Environment Protection Department
- Hydrometeorological Institute
- Water department
- Directorat for the management of national parks
- The inspectorat for environment and water, and
- Kosovo Environment Protection Agency (KEPA)

This project should provide institutional support and enhance the capacities in the KEPA and other departments in the MESP such as the Environment Protection Department in order to establish permanent monitoring system, data storing and processing and public information on the state of the environment in Kosovo.

The Kosovo Environment Protection Agency (KEPA) was established in 2003 by the Law on Environmental Protection under the MESP. Due to the lack of appropriate capacities and limited number of staff the KEPA started to function only in June 2007.

The mission of KEPA is to monitor the state of environment and nature and establishment /management of the database – environment information system. KEPA also provides range of services and support to the Kosovo institutions at the central and local level. The support includes activities such as implementation of environmental laws and regulations, provision of support in the management of the environment protection activities and in the reduction of the pollution, support the municipalities in drafting the environment protections plans, development and urban planning etc.

The Peer Review on the Environment recommends that KEPA is (or should be) strengthened in order to develop its monitoring and analytical capacities in line with EU, OECD, UN ECE and other information obligations.

Component 2. Air Quality Monitoring System

The present situation in Kosovo concerning the air quality is characterised by:

- Increased breath diseases in the population;
- Increased pollution from the outdated power plants and other basic industry;
- Increased vehicle traffic flows in a weak and insufficient road infrastructure;
- Lack of air pollution inventory and air quality monitoring system;
- Non-harmonisation of economic development and environmental protection;
- Incomplete legislation air quality protection.

A first draft for the amendment of the existing law on air protection (2004/30) has been finalised and its approval is expected in 2009. The Law on Air protection as well as related secondary legislation still need to be practically implemented. Municipal plans for air protection have not been finalised due to the lack of air monitoring system that could give an updated situation of the air pollution in the country.

The establishment of an air monitoring system will help to assess the actual state of air quality that would be the ground to develop the policies and plans on reduction of air pollution, aiming the protection of the public health and decrease of the carbon emission.

The installation of air monitoring system is part of the Kosovo Environmental Action Plan for European Partnership of 2008 and the Mid-Term Expenditure Framework 2009-2011. A pre-feasibility study for the placement of the air monitoring system across Kosovo will be financed by MESP and will be implemented in the course of 2009.

Component 3. Further Institutional Strengthening Support to Water and Waste Regulatory Office (WWRO)

Water and Waste Regulatory Office (WWRO) was established as the National water (and solid waste) economic regulator of water and solid waste Publicly Owned Enterprises (POEs) in November 2004 through UNMIK Regulation 2004/49.

The legal mandate of WWRO consists of: regulatory monitoring of water companies; issuing, amending, extending and revoking service licenses; setting up and enforcing service standards; setting up or approving tariffs payable by customers; regulating the mutual rights and obligations of service providers and their customers through Customers Charters; establishing and enforcing a regime of disconnections in case of non-payment; approving a regime for the settlement of past debts owed by customers; protecting customers - particularly ethnic minorities and other vulnerable groups - from discrimination in the provision of services.

The Kosovo Assembly recently (June 2008) replaced the earlier UNMIK Regulation 2004/49 which defines WWRO's legal remit as the water and solid waste economic regulator, with a new Kosovo Law (Law No. 03/L-086), clearly demonstrating the Kosovo Government's long-term commitment to Economic Water Regulation. However, lack of adequate **waste management** is still an issue and the threat from the lack of environmentally sound waste management system in Kosovo is still very high.

Strengthening of the financial and operational independence of regulatory authorities in order to enhance the transparency and competition in the water and waste sectors (as well as in other sectors) is one of short term priorities for 2008 included in the European Partnership Action Plan adopted by the Government.

Component 4. Cleaning of Lepenc River from asbestos waste

Asbestos exposure may increase the risk of chronic lung disease that can cause shortness of breath, coughing, and permanent lung damage. Evidence suggests that people with lung diseases caused by asbestos exposure may be at increased risk for lung cancer.

The industry *Sharr-Sallon* in the municipality Hani I Elezit/Đeneral Janković, produced various products using asbestos as raw material during the period 1979 to 1999. The waste from production process (broken elements, various cut-pieces created during mix of asbestos and cement, or from other charges, waste from equipment) have been disposed along the river-bed of Lepenc within a distance of approximately 2 km.

Only after 2000 the potential environmental risks were analysed by various stakeholders and the possibility to conduct survey and rehabilitate the Lepenc River.

In 2007, KTA implemented a project to rehabilitate and decontaminate the factory from asbestos waste and remove the electronic and mechanic equipment from the production hall. The project only covered the area of the factory which was used as terminal station of Kosovo Custom.

The asbestos waste polluted area is very close to the border of FYR of Macedonia and the flow of Lepenc River constantly carries the waste in the territory of the neighbouring country.

A research study is recommended which will provide the results to implement the cleaning of asbestos contaminated areas throughout the river Lepenc. The work contract will include the supervision of the works. This is part of the national co-financing.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

The project will have a positive impact through strengthening capacity of Kosovo's institutions, particularly at the KEPA, line ministries and WWRO, including Water and Waste Public Utilities in improving performance related to priorities deriving from European Partnership.

The project will deliver a positive impact on the overall environmental conditions, air quality, water and waste management. Strengthening of this sector acts as a catalyst for further sector specific initiative that accelerates the implementation of European standards and improves the quality of life for all citizens.

3.3 Results and measurable indicators:

Component 1.

Results:

1. KEPA and the relevant departments of the MESP have sufficient capacity to manage and maintain the monitoring activities, process the data and produce the relevant reports related to the key environment issues including water and air quality, nature protection etc;
2. Database concerning environment pollutions is prepared and regularly updated;
3. KEPA is fully capable to deliver the required support to the Ministry of Environment, municipalities and other relevant institutions in Kosovo;
4. State of environment reports are regularly prepared and public awareness among Kosovo citizens on the environment protection issues is raised;
5. Cooperation with an EU Environment Protection Agency established on a long term basis.

Measurable Indicators:

- Monitoring systems set in place and number of report on air monitoring issues.
- Issue of the environment reports which contains the most recent data on the economic sectors and other human activities affecting the environment;
- Environment protection plans as a integral part of the Municipal development planes;
- Awareness campaigns are conducted about the state of the environment and the pollutants and the potential risk for the public health and wellbeing.

Component 2.

Results:

1. Air monitoring equipment available and installed;
2. The HMIK (Hydro Meteorological Institute of Kosovo) is capable to use the equipment and prepare the monitoring reports.

Measurable Indicators:

- Training programmes conducted.

Component 3.

Results:

1. Sustainable methodology and procedures developed in the WWRO to produce and maintain water tariffs based on sound economic principles and good European practice. Furthermore detailed procedures are developed such as Regulatory Accounting Guidelines (RAGs) etc;
2. WWRO staff is capable to undertake regulatory monitoring of water companies against the overall strategic plans and established targets on the key performance indicators for 2009-2011;
3. WWRO and water companies are capable to undertake 2009-2011 tariff review and prepare the next tariff review in 2012-2014;
4. WWRO and water companies are capable to undertake asset management planning procedures;
5. Seven regional water companies are capable to deal with specific technical and financial issues (e.g. business planning, NRW (Non-Revenue Water) strategies, customer relations etc)
6. WWRO is capable in proper data handling, MIS (Management Information System) etc.; independently relates with Media and the public issues, and helps development of customer consultative committees (CCCs) in their roles and responsibilities.

Measurable Indicators:

- Regular guidelines to the WWRO office are transmitted to companies.
- Public awareness on the activities of the WWRO.

Component 4.

Results:

1. Clean river bed and the area around Lepenc.
2. Health risk from asbestos waste of the Kosovo and FYR of Macedonia population decreased.

Measurable Indicators:

Health risk from asbestos waste of the Kosovo and FYR of Macedonia population decreased.

3.4 Activities

Component 1.

1. Provision of support to KEPA and other relevant departments in the MESP to undertake monitoring activities of the state of the environment. Train the staff responsible to manage

- the air, water and overall environment monitoring activities, introduce the data in the database management systems and inform the public on the state of environment in Kosovo;
2. Identify air, water and soil pollution standards in compliance with the corresponding EU Directives and establish a database system.
 3. Provision of technical support to KEPA to:
 - Develop the policy recommendations to reduce the level of air, water and soil pollution, in order to contribute to improvement of the quality of the environment and health protection of the population.
 - Develop Air Protection Plans and Manuals at central (Kosovo) and local (municipalities) levels.
 - Enhance the professional capacities its staff to provide support to the Municipalities.
 4. Provision of support in preparation of the state of environment report and preparation of the materials for public awareness raising.

Component 2.

1. Supply and installation of an air monitoring system to be managed by HMIK;
2. Training of staff to use the equipment.

Component 3.

1. Provide support to WWRO to develop and implement sustainable tariff setting methodology and procedures to achieve long term sustainability of regional water companies. Furthermore, provide support to WWRO and water companies to develop detailed procedures such as Regulatory Accounting Guidelines (RAGs) etc;
2. Training of WWRO staff to undertake regulatory monitoring of water companies against the overall strategic plans and targets set related to the key performance indicators for the period 2009-2011;
3. Provide support to WWRO and water companies to prepare for the next tariff review 2012-2014;
4. Provide support to WWRO and water companies to undertake asset management planning procedures;
5. Provide support to seven regional water companies to deal with specific technical and financial issues (eg business planning, NRW strategies, customer relations etc)
6. Provide support to WWRO on Media/public relations issues and to help development of customer consultative committees (CCCs) in roles and responsibilities and WWRO in data handling, MIS etc.

Component 4.

1. Research study to analyse the polluted area within and around the river Lepenc and draft the technical specification.
2. Cleaning of the river bed and the polluted area around the river Lepenc.

Contracting arrangements

Activity 1: Twinning Arrangement; 1 Service contract is envisaged for the component 3, one supply contract for the component 2, and 1 works contract for the component 4.

The works contract for component 4 represents the national co-financing. The contract will be concluded, monitored and financed by the Ministry of Environment and Spatial Planning.

Project management and administration

The European Commission Liaison Office (ECLO) in Pristina will manage the procurement, implementation, quality control, reporting and coordination with other donors of the development assistance and of the financial and technical cooperation related to the actions described in this project fiche, taking remedial actions if and when needed. The ECLO is responsible to prepare the project Terms of References and all other relevant tender dossier documents.

The Team Leader engaged through the contract for this project will have the authority to run the project activities on a day-to-day basis under the supervision of the Commission Office. His/her primary responsibility shall be to ensure that the project produces the required outputs, to the required standards of quality and within the specified constraints of time and cost. The team leader and others will also address cross-cutting issues. A detailed description of the duties of the team leader and key experts will be elaborated in the Terms of Reference, in line with this project fiche.

Project Steering Committees will be responsible for the overall direction of the project and comprise of representatives from the beneficiary institution and the Commission Office.

Monitoring will be performed centrally by the Commission. The project may be evaluated at the interim or ex-post stages under the supervision of Commission's Evaluation Unit. The project may be audited by Court of Auditors - in line with the standard European Commission procedures.

3.5 Conditionality and sequencing:

It is very important that the following activities are completed before the project(s) commence:

- Clear distribution of tasks and responsibilities in the amended Law on Environment concerning environment monitoring, data processing, policy drafting and producing state of environment reports ;
- Sufficient resources are made available by the Government to all beneficiary institutions before the start of the project;
- Beneficiaries demonstrate strong ownership attitude towards the project;
- Organisation, selection and appointment of members of working groups, steering and coordination committees, training activities, seminars and study visits by the beneficiaries as per the project work plan.;
- The Government has to remain dedicated to the devolution of powers, to development of professionalism in the administration and to its commitment to the process of European Integrations.

In the event that conditionalities are not met, suspension or cancellation of the project or specific activities may be considered

3.6 Linked activities

Previous assistance includes the EC funded capacity building of MESP institutional support of publicly owned water and wastewater utilities and waste regulatory office and projects supporting infrastructure improvements in both, water and wastewater sector. A new wastewater treatment facility (the first in Kosovo) is being constructed in Skenderaj / Srbica. The most relevant projects to this project financed by EC are:

Institutional support for environmental management to the Ministry of Environment and Spatial Planning, Kosovo	(Oct. 2003- March 2005),	The overall objective of the project was to lay a strong foundation for MESP in particular, and for the government of Kosovo in general, in implementing the EU environmental <i>acquis</i> . The project provided institutional support to define and establish the strategies, policies, concepts, procedures and capacities required for managing, implementing, and enforcing environmental policy in Kosovo. This included strengthening environmental management and training officials and key staff, as well as supplying equipment and logistical support for targeted sectors such as environmental monitoring and data management.
Institutional	ended in	This project provided practical assistance to the Water Resources

strengthening and capacity building of all departments of MESP	Sept. 2007	Management Department mainly and focused on assisting drafting subsidiary laws, river basin management issues, flood management, drinking water protection. One of the main outputs of this project is provision of practical tools (GIS and hydraulic models) which will be compatible with the existing Information Management Systems (IMS) already installed in MESP and KEPA.
Institutional support to the Ministry of Environment and Spatial Planning, Kosovo	ended Sept. 2007	Objective of this project was to broaden and deepen the environmental management capacity of MESP mainly on the issues of permitting and pollution control at municipal level, nature conservation and environmental protection at central level (MESP), and spatial planning for MESP. Within the frame of this project also the capacity of municipalities will be assessed in terms of their capacity to implement environmental legislation. The assessment will identify those that can serve as pilots for the reinforcement of local control systems to be extended to all 30 in due course.
Further support to the Association of Kosovo Municipalities	May 2006 – July 2008	The scope of this project was to further strengthen the institutional capacity of the Association of Kosovo Municipalities as an effective forum to enhance inter-municipal cooperation and dialogue with central level government in areas of municipal competence as well as local government reform process.
EC through the EAR has financed a project to rehabilitate the hydrometric network in Kosovo (EUR 200,000).	2001 - 2003	River gauging stations were rebuilt and some meteorological stations were also restored. Part of the project was the capacity building of Hydromet's capacity, including recruiting staff, upgrading the facilities and providing training. The rehabilitation of the hydrometric network included 22 river gauging stations. Unfortunately, today only 8 gauging stations are still operating due to interference by unauthorised persons.
The EC has funded the 'Support Kosovo municipalities and MESP for the implementation of environmental Laws at municipal level'	Jan 2008 – April 2009	The purpose of this project was to strengthen the institutional capacity of Kosovo's municipalities and MESP and to improve enforcement of environmental laws and regulations and to ensure better communication and cooperation between the central (MESP) and local level (5 regional offices/inspectories, municipalities, local councils, mayors' offices).
'Support MESP for the water resources management in Drini/Drim river basin	Jan 2008 – Jan 2010	The project aimed to establish water monitoring programs, integrated databases and associated Geographical Information System (GIS) applications for the management and control of water resources, in Drini/Drim River Basin. The project also provided support for strengthening the Institutional capacity of the Water Resources Management Department of the Ministry of Environment and Spatial Planning, particularly in respect of water resources management, and assisted development of River Basin Authorities.

In addition, a number of international donors provide assistance in the water sector. KfW supports the operation, consolidation and incorporation of water utilities in the Prizren/Prizren and Peje/Peć regions and has carried out studies regarding to sewage disposal at Prizren. Much of this work has been carried out with the support of GTZ. Austria funds the improving of water supply at villages. The most important projects related to this programme are:

- **Water management preparatory project in Kosovo financed by the Ministry of Foreign Affairs of Finland (2004)**, which had as main objective to provide MESP, wastewater utilities and major industries with a province based wastewater treatment strategy to guide licensing, spatial planning and relative investment.
- **Under the financing of the Italian government a central laboratory for testing water, air and soil, has been established at the KEPA.** The analytical equipment ensured the accessibility of key environmental data, which will help to initiate the further development of the environmental information system in Kosovo. To ensure the effective use of these

instruments certain personnel were sent abroad for training. Yet the laboratory does not operate as the MESP did not provide for the connections to public utilities (electricity and sewage).

- **Development of south-eastern water resources financed by the Swiss Development Agency** (ends 2007) which is mainly involved with river basin management (surface and groundwater) at south –eastern part of Kosovo, as well as establishing water information system and database. This project also deals with groundwater monitoring issues at the south eastern part of Kosovo and provides technical support to the Water Directorate (River Basin Division).

3.7 Lessons learned

Although impact realised through the previous assistance overall is satisfactory, a number of challenges remain:

- *Staffing:* Often project implementation is hampered by either insufficient staff and resources or insufficient funds available in the institution budget to allow for appropriate implementation of the mandate. Therefore, it is of crucial importance that relevant institutions sign internship and employment contracts with students before their departure.
- *Cross-cutting issues:* There is more need to institute formal checks that cross cutting themes are respected in all dimensions of project activities to enhance relevance and impact.
- *Flexibility:* Recurring reference is made to the importance of creating flexibility in planning and projects to accommodate the needs at the time; and the importance of avoiding duplication.
- *Coordination:* Close consultation among the many stakeholders involved in the project and a collaborative approach are essential to ensure that all these stakeholders are fully informed, and are supportive of the project to be carried out.

4. Indicative Budget (amounts in EUR million)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION						PRIVATE CONTRIBUTION
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Component 1	X		1	1.0	100	0	0					
Twinning			1	1.0	100	0	0					
Component 2		X	2.4	2.0	83.3	0.4	16.7	0.4				
Supply Contract			2.4	2.0	83.3	0.4	16.7	0.4				
Component 3	X		1.8	1.8	100	0	0					
Service Contract			1.8	1.8	100	0	0					
Component 4		X	0.5			0.5	100	0.5				
Works Contract			0.5			0.5	100	0.5				
TOTAL IB			2.8	2.8	100							
TOTAL INV			2.9	2.0	69	0.9	31					
TOTAL PROJECT			5.7	4.8	84	0.9	16	0.9				

Note:

Amounts net of VAT

- (1) In the Activity row "X" is used to identify whether IB or INV
- (2) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering (tender launch)	Signature contract	of	Project Completion
Component 1	Q2 2010	Q4 2010		Q2 2012
Component 2	Q2 2010	Q4 2010		Q4 2011
Component 3	Q2 2010	Q4 2010		Q4 2012
Component 4	Q3 2009	Q4 2010		Q4 2010

Q = quarter

6. Cross cutting issues

6.1 Equal Opportunity (gender mainstreaming)

The project will promote the participation of women in the environment protection issues and awareness raising for the public. Promoting a more diverse (gender and ethnic wise) workplace will be a strong element in strengthening the institutional capacity of the target institution. The project will ensure mainstreaming of gender and minority issues both (i) within the target institution and (ii) the outputs (services provided by this institution):

- Address the barriers in the workplace that prevent the achievement of gender equality and ethnic diversity; create a workplace culture supportive of gender equality and ethnic diversity to improve gender/ethnic balance within the organisation. Opening up new possibilities for minorities as well as opportunities for women to work in non-traditional areas will, in turn, contribute to change the policy, business and customer focus of these institutions.
- Introduce concepts of equality and diversity in strategic planning and management, including the business case for equality and diversity so as to make the workforce more representative of/responsive to Kosovo customer base. A work culture that is respectful and accommodating of diversity will in turn contribute to the creation of a mining sector at the service of a multi-ethnic Kosovo.

Terms of Reference will explicitly identify the project's intended effects /impact/ opportunities on/for women as well as minorities. Data systematically disaggregated by sex and ethnicity shall be produced to establish baseline and measure progress. Team of experts must possess relevant skills to ensure effective mainstreaming of gender equality and minorities inclusion/participation.

6.2 Environment

Results of all projects will impact the environment as the main objective of the programme is improvement of environment conditions in Kosovo. The Project will be consistent with environmental legislation and the Environment Protection Strategy.

6.3 Minorities

The project will promote the participation of minority communities in the ICMM. Terms of Reference will explicitly identify the project's intended effects /impact/ opportunities on and for minorities.

ANNEX 1: Logical framework matrix in standard format

Project Title: Support to the Environment Sector		Programme name and number	IPA 2009
Sector: Natural Resources and Environment		Contracting period expires three years after the date of conclusion of the Financing Agreement between the European Commission and the Kosovo Authorities	Disbursement period expires one year after the final date for the execution of contracts
		Total budget: EUR 5.7million	IPA budget: EUR 4.8 million
Overall objective	Objectively verifiable indicators	Sources of Verification	
The overall objective of this project is continued and sustainable improvement of environmental conditions including the air quality, management and control of water resources to meet EU standards, particularly in relation to public health and economic development of Kosovo.	Improved environmental conditions in Kosovo. Reduction of air pollution. Tariff determinations in accordance with sound financial and economic principles	State of the environment reports produced by KEPA; Data concerning the level of pollution. Regular financial reports of the WWRO.	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Further institutional support to the Environment Sector in Kosovo; Supply and installation of equipment for the air monitoring system; Support to WWRO to design and implement the water tariff methodology and implements regulatory monitoring of water companies; Cleaning of Lepenc River from asbestos waste	Functioning and properly structured organisation, available expertise and equipment in KEPA; Air monitoring stations installed into the selected locations; Functioning and properly structured organisation, available expertise and equipment in WWRO; River bed and the area around Lepenc river is clean of the asbestos waste.	Regular reports concerning the state of the environment; Regular reports concerning the air quality; Air Monitoring Station supplied, installed and managed by HMIK; Annual performance reports, independent annual surveys of water sector performance, perceptions by customers and/or other institutions; KEPA reports concerning the river bed Lepenc.	Monitoring systems set in place. Appropriate expertise available in Kosovo. The WWRO remains as the central institution in the operational level for the water and waste water sector in Kosovo. Availability of the KCB funding.
Results:	Objectively verifiable indicators	Sources of Verification	Assumptions
Component 1 <ul style="list-style-type: none"> ▪ KEPA and the relevant departments in the MESP have the capacity to manage and maintain the monitoring activities related to the key environment issues including water and air quality, nature protection etc; ▪ Database concerning environment pollutions is prepared and regularly updated; ▪ KEPA is fully capable to deliver the required support to the Ministry of Environment, municipalities and other relevant institutions in Kosovo. ▪ State of environment reports are regularly prepared and public awareness among Kosovo citizens on the environment protection issues is raised. Component 2 <ul style="list-style-type: none"> ▪ Air monitoring equipment available and installed; 	Component 1 Monitoring systems set in place and number of report on air monitoring issues. Issue of the environment reports which contains the most recent data on the economic sectors and other human activities affecting the environment; Environment protection plans as a integral part of the Municipal development planes; Awareness campaigns are conducted about the state of the environment and the pollutants and the potential risk for the public health and wellbeing. Component 2	Component 1 Database - Information system in the KEPA. Environment Protection Reports finalised by each municipality after 2 years from the beginning of data proceeding; Increased ability to plan, maintain and manage the air protection from pollution in the Municipalities. Improvement of the quality of the insulations and use of the solar panels at the household level. Reduced consumption of the fossil fuel for the private cars. Component 2 Pollution inventory prepared and other data collected and proceeded and presented	

<ul style="list-style-type: none"> ▪ The HMIK is capable to use the equipment and prepare the monitoring reports. <p>Component 3</p> <ul style="list-style-type: none"> ▪ Sustainable methodology and procedures developed in the WWRO to produce and maintain water tariffs based on sound economic principles and good European practice. Furthermore detailed procedures are developed such as Regulatory Accounting Guidelines (RAGs) etc; ▪ WWRO staff is capable to undertake regulatory monitoring of water companies against the overall strategic plans and established targets on the key performance indicators for 2009-2011; ▪ WWRO and water companies are capable to undertake 2009-2011 tariff review and prepare the next tariff review in 2012-1014; ▪ WWRO and water companies are capable to undertake asset management planning procedures; ▪ Seven regional water companies are capable to deal with specific technical and financial issues (eg business planning, NRW strategies, customer relations etc) ▪ WWRO is capable in proper data handling, MIS etc.; independently relates with Media and the public issues, and helps development of customer consultative committees (CCCs) in their roles and responsibilities. <p>Component 4.</p> <p>Clean river bed and the area around Lepenc.</p>	<p>Training programmes conducted.</p> <p>Component 3</p> <p>Regular guidelines to the WWRO office are transmitted to companies.</p> <p>Public awareness on the activities of the WWRO.</p> <p>Component 4</p> <p>Health risk from asbestos waste of the Kosovo and FYR of Macedonia population decreased.</p>	<p>through EIS;</p> <p>Air quality standards in compliance with EU Directives;</p> <p>Component 3</p> <p>2009/2010/2011 annual reports on the performance of companies</p> <p>Audit and performance reporting plus meetings with companies;</p> <p>Limited staff turnover in WWRO and water companies.</p> <p>Component 4</p> <p>The statistics concerning the lung diseases in the Municipality Hani i Elezit/ Đeneral Janković.</p>	<p>Sufficient capacities of KHMI in preparing detailed modelling of air quality;</p> <p>Sufficient capacities of KHMI in terms of knowledge of pollutants, in preparing programs on emission reduction;</p> <p>Company Reporting regime continues to develop via WWRO;</p>
<p>Activities</p> <p>Component 1</p> <p>Provision of support to KEPA and other relevant departments in the MESP to undertake monitoring activities of the state of the environment. Train the staff responsible to manage the air, water and overall environment monitoring activities and introduce the data in the database management systems;</p> <p>Identify air, water and soil pollution standards in compliance with the corresponding EU Directives and establish a database system.</p> <p>Provision of technical support to KEPA to:</p> <ul style="list-style-type: none"> ▪ Develop the policy recommendations to reduce the level of air, water and soil pollution, in order to contribute to improvement of the quality of the environment and health protection of the population. ▪ Develop Air Protection Plans and Manuals at central (Kosovo) and local (municipalities) levels. ▪ Enhance the professional capacities its staff to provide support to the Municipalities. <p>Provision of support in preparation of the state</p>	<p>Means</p> <p>Twinning</p> <p>Supply Contract</p>	<p>Costs</p> <p>1.0 mil EUR EC funding</p>	<p>Assumptions</p> <p>Project management, backstopping and administrative support provided by the Consultants;</p> <p>The KEPA has appropriate staffing capacities to undertake the monitoring activities;</p> <p>The MESP is providing all the required support to KEPA;</p> <p>WWRO can recruit and keep competent staff at current Public service salary levels;</p> <p>WWRO and water companies able to absorb the changes;</p> <p>Appropriate local expertise is available in Kosovo;</p> <p>Water companies are</p>

ANNEX 2: Amounts (in EUR million) contracted and disbursed by quarter for the project

	2009	2010				2011				2012			
Contracted	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contract 1					1								
Contract 2					2								
Contract 3					1.8								
Contract 4 / KCB													
Cumulated Total					4.8								
Disbursed													
Contract 1						0.2		0.3		0.4		0.1	
Contract 2						1.2				0.8			
Contract 3						0.4		0.7		0.6			0.1
Contract 4 / KCB													
Cumulated Total						1.8		2.8		4.6		4.7	4.8

ANNEX 3: Description of Institutional Framework

The Ministry of Environment and Spatial Planning (MESP) is the main institution of self government which is responsible for the preparation and implementation of environmental laws. The Ministry is has managed to organise itself by recruiting staff from other institutions and related fields and has build significant legislative base. However, there are certain issues that the Ministry needs face. The current institutional setup in the MESP is as follows:

1. Department of Environment Protection

- Environment Protection
- Nature protection
- Waste management

2. Hidrometeorologic Institute (KHMI)

- Meteorology
- Hidrology
- Climate changes

3. Water department

- Administration of water resources
- Administration of water on the river basin level

4. Directorate for national parks management

- Protection of natural resources
- Sustainable management of parks

5. Inspectorate of the environment and water

- Control of the implementation of environment laws

6. Kosovo Environment Protection Agency - Directive EEC 1210/90 - LMM 2003/9

Water and Waste Regulatory Office (WWRO)

WWRO was established as the National water (and solid waste) economic regulator of water and solid waste Publicly Owned Enterprises (POEs) in November 2004 through UNMIK Regulation 2004/49.

The legal mandate of WWRO consists of: regulatory monitoring of water companies; issuing, amending, extending and revoking service licenses; setting up and enforcing service standards; setting up or approving tariffs payable by customers; regulating the mutual rights and obligations of service providers and their customers through Customers Charters; establishing and enforcing a regime of disconnections in case of non-payment; approving a regime for the settlement of past debts owed by customers; protecting customers - particularly ethnic minorities and other vulnerable groups - from discrimination in the provision of services.

ANNEX 4: Reference to laws, regulations and strategic documents

The current situation concerning the laws is as presented in the table below:

Law for Environmental Protection	The 2003 law has been amendment and is in the procedure of approval in the assembly
Law for Air Protection	Approved by the assembly in 2004, and it is planned to be amend in 2009. Draft prepared in the MESP.
Law for Water	Approved by the assembly in 2004 and it is planned to be amended in 2009.
Nature Protection Law	Approved by the assembly in 2006 and it is planned to be amend in 2009.
Law for Waste Management and Disposal	Approved by the assembly in 2006.
Law for chemicals	Approved by the assembly in 2007.
Law for Environmental Impact Assessment	The law is in the procedure of approval in the assembly.
Draft law on Integrated Prevention Pollution Control	Draft is in the procedure of approval in the Government
Law for protection from noise	Approved by the assembly in 2007
Law about protection from radioactivity	Expected to be approved in 2008
Law on IPPC	The law is in the procedure of approval in the assembly
Law on Strategic Environmental Impact Assessment	The law is in the procedure of approval in the assembly
Administrative Directive on regulation and standards for emissions from stationary sources	The law has been approved by the government in 2007
Administrative Directive on regulation and standards for emissions from mobile sources	draft is in the procedure of approval in the Government
Following adoption of the Regulation 2004/49 on the Activities of Water, Waste Water and Waste Services Providers, the Water and Waste Water Regulatory Office issued secondary legislation in 2005 for the implementation of this law.	
Other administrative directives from horizontal and vertical legislations are in procedure of development (water, waste, nature, air).	

Reference to National Development Plan

The existing Kosovo Environmental Strategy (KES) adopted in July 2004 is a document produced by the Government of Kosovo to define the process of improvement of the state of environment, approximation of legislation and EU integration. The Strategy identifies key environmental problems and defines the strategic orientations based on the State of Environment Report 2003.

The main priorities of the strategy are as follows:

- Completion of environmental protection legislation in harmony with existing conditions in Kosovo; gradual fulfilment of EU standards, and efficient implementation of existing legislation;
- Establishment of competent and capable institutions equipped with appropriate human capacities and equipment for implementation of environmental policies.
- Gradual increase of the population's access to clean potable water, sewage systems, waste treatment systems, and support to programs for recycling of sewage water and waste;

The Kosovo Environmental Action Plan 2006 – 2010 (KEAP) produced in April 2006 follows the KES operational part, which was an obligation derived from the existing Law on Environment Protection. KEAP is addressing the strategic obligations deriving from EU laws and other international agreements in the field of environment protection. Similarly to the strategy, KEAP is drafted as an instrument to be used in developing a process of improving the current state of environment. It is an open document which will be subject to continuous updating and revision during the implementation process.

The progress achieved in the field of environment in Kosovo mainly concerns the horizontal legislation. Significant efforts are still required in most sectors as regards transposition, implementation and enforcement of legislation. Institutional arrangements related to the environment are still lacking human and financial resources both at national and local level. Appropriate coordination mechanisms between all institutions dealing with environmental protection also need to be put in place.

ANNEX 5: Details per EU funded contract (*) where applicable:

Component 1

The instrument of twinning will be used to implement this activity. Standard twinning procedures are to be used. The Resident Twinning Advisor (RTA) is expected to be a senior civil servant from a similar institution of member states (i.e. Environmental Agency). The RTA will be assisted by EU MS short and medium-term experts. The main activities of the twidders will be:

1.1 To provide support to KEPA to undertake monitoring activities of the state of the environment. Train the staff responsible to manage the air, water and overall environment monitoring activities and introduce the data in the database management systems;

1.2 Identify air, water and soil pollution standards in compliance with the corresponding EU Directives and establish a database system.

1.3 Provision of technical support to KEPA and other relevant departments in the MESP to:

- Develop the policy recommendations to reduce the level of air, water and soil pollution, in order to contribute to improvement of the quality of the environment and health protection of the population.
- Develop Air Protection Plans and Manuals at central (Kosovo) and local (municipalities) levels.
- Enhance the professional capacities its staff to provide support to the Municipalities.

1.4 Provision of support in preparation of the state of environment report and preparation of the materials for public awareness raising.

Component 2

2.1 Supply, installation and training of staff for the air monitoring stations.

Component 3

- Provide support to WWRO to develop and implement sustainable tariff setting methodology and procedures to achieve long term sustainability of regional water companies. Furthermore, provide support to WWRO and water companies to develop detailed procedures such as Regulatory Accounting Guidelines (RAGs) etc;
- Training of WWRO staff to undertake regulatory monitoring of water companies against the overall strategic plans and targets set related to the key performance indicators for the period 2009-2011;
- Provide support to WWRO and water companies to prepare for the next tariff review 2012-2014;
- Provide support to WWRO and water companies to undertake asset management planning procedures;
- Provide support to seven regional water companies to deal with specific technical and financial issues (eg business planning, NRW strategies, customer relations etc)
- Provide support to WWRO on Media/public relations issues and to help development of customer consultative committees (CCCs) in roles and responsibilities and WWRO in data handling, MIS etc.

Component 4.

4.1 Research study to analyse the polluted area within and around the river Lepenc and draft the technical specification.

4.2 Cleaning of the river bed and the polluted area around the river Lepenc.