

IPA National Programme 2011 for Albania

Project Fiche no 4

Construction of Sewerage System and Wastewater Treatment Plant in Velipoja area, Phase III

1. Basic information

1.1 CRIS Number: IPA/2011/ 023-035/4

1.2 Title: Construction of Sewerage System and Wastewater Treatment Plant in Velipoja area
Phase III

1.3 ELARG Statistical code: 03.27 Ability to assume the obligations of membership (CCs)/approximation of European standards (PCCS)/ Environment

1.4 Location: Albania

Implementation arrangements:

1.5 Contracting Authority:

The European Union represented by the Commission of the European Union and on behalf of the Government of Albania.

1.6 Implementing Agency:

Delegation of the European Union to Albania

1.7 Beneficiary:

Ministry of Public Works and Transport, General Directorate of Water Supply and Sewerage,
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Financing:

1.8 Overall cost (VAT excluded)¹: EUR 10 500 000

1.9 EU contribution: 10 500 000

¹The 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.

This project exceptionally will be 100% financed through IPA funds because of the still problematic effect of the financial crisis on the public spending capacity and in particular with view to the limited budget of the local administration.

1.10 Final date for contracting: Two years following the date of the conclusion of the Financing Agreement.

1.11 Final date for execution of contracts: Four years following the end date of contracting for works contracts and related supervision services

1.12 Final date for disbursements: One year following the end date for the execution of contracts.

2. Overall Objective and Project Purpose

2.1 Overall Objective

Improving living conditions for the population of Albania, through alignment with EU standards regarding water quality.

2.2 Project purpose

Improving environmental conditions and sanitation services in Velipoja Commune.

2.3 Link with AP/NPAA/EP/SAA

Article 108 of the Albanian Stabilisation and Association Agreement, which was signed on 12 June 2006 and entered into force on 1 April 2009, states *“the Parties shall develop and strengthen their cooperation in combating environmental degradation with the view of promoting environmental stability”*.

The Albanian National Action Plan, for the Implementation of the Stabilisation and Association Agreement (for the period 2010-2014, approved by Decision of Minister council No. 812, date 06.10.2010) foresees as mid-terms activities providing a full rehabilitation of the water supplies and sewage network and to extend these services into poor areas.

This project is in line with the priorities foreseen in the European Partnership² Document, the 2009 Progress Report and the 2010 European Commission Opinion on Albania's application for membership of the European Union as regards water quality alignment with EU standards is at an early stage. The national strategy for water supply and sewage, the new water law and most of the legislation for approximation with the Water Framework Directive and other directives in this sector have yet to be adopted. Albania is making steady progress on improving waste water collection and treatment and its drinking water supply infrastructure, but very significant investment is still required.

2.4 Link with MIPD

This project falls under the "environment and climate change" priority sector of the Multi-annual Indicative Planning Document (MIPD) for the period 2011-2013. According to the sectors specific objectives, "the water supply and sanitation infrastructure shall be improved, including the aspect of maritime pollution [...]".

2.5 Link with National Development Plan

² The European Partnership Document for Albania adopted by Council Decision of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Albania and repealing Decision 2006/54EC.

The need to implement the identified projects is based on the requirements and plans defined in the following country's major documents:

- Water Supply and Sewerage Code;
- National Strategy for Social and Economic Development;
- National Environmental Strategy;
- National Strategy of Water Supply and Sanitation for Albania;
- Policy Paper for the Water Sector of the Albanian Government;
- Action Plan for Development of the Water and Sanitation 2007-2010;
- Reform on Water Supply and Sewerage Sector after the Transfer Process of Water Supply and Sewerage Companies to Local Government Authorities (Two years Plan, 2007-2009).

More specifically, the Government of Albania has established water sector policies that are aimed at improving the reliability and sustainability of water supply and sewerage services. These include the following specific policies:

- Decentralization of Authority for Public Services to Local Government;
- Decision on the Transformation of Water and sewage companies into Commercial Companies;
- Liberalization of Tariff Setting to Encourage Financial Sustainability on Commercial Terms;
- Enabling Legislation for Public Private Partnership.

The National Strategy for Development and Integration states that the water supply and sanitation sector will be developed according to European Union standards, to improve living conditions, conserve the environment, and develop the economy in a sustainable manner.

2.6 Link with national/ sector investment plans

The selected components of project are in line with the priorities of the Public Investment Programme and part of the Mid Term Budget prepared by Ministry of Public Works and Transport for 2011-2013.

Furthermore, the following documents address the priority needs in the water supply and sewerage sector:

- National strategy of water supply and sanitation, the updated strategy is currently under preparation;
- The reform on water supply and sewerage sector after the Transfer Process of Water Supply and Sewerage Companies to Local Governments Authorities-Two Years Plan;
- The policy paper for the water sector of the Albanian Government;
- The future master plan for priority investments in the water supply and sewerage sector of the Government of Albania, which is currently drawn up with the support of other donors.

3. Description of project

3.1 Background and justification

3.1.1 Background

Albania has abundant water resources and a precipitation between 1,300 mm in south and 2,000 mm in north. There are some 200 major abstraction points, mainly for urban but also for industrial purposes. Due to insufficient maintenance during its period of political isolation most

of the water and sanitation utilities have reached the end of their technical lifetime and should have been written off. In the beginning of this century it became apparent that the entire sector required reform. The Government of Albania in 2003 developed a strategy for the sector and since then has directed a substantial amount of investments towards upgrading the sector. An important milestone in the institutional development of the sector was reached in December 2007 when the ownership of the water and sewerage companies was transferred from the Central to the Local governments. The present project fiche will regard physical interventions in the water sector “construction of sewerage infrastructure in Velipoja Commune”.

Velipoja lies along the Adriatic coastline in the North – West of Albania, near Buna River, which is the only navigable river in Albania. River Buna discharges at the Adriatic Sea close to Montenegro boarder. The coastal area of Velipoja is characterized by a sandy shore and covers approx 694 ha. Velipoja is a Commune positioned in South-West of Shkodra District (Qark, i.e. the administrative unit), it has a population of approx 10,000 people, organized in 9 hamlets (*Pulaj-1290 inhabitants, Velipoje- 1953 inhabitants, Reç Pulaj- 392 inhabitants, Luarzi- 645 inhabitants, Gomsiqia E Re- 1286 inhabitants, Baks-Rrjoll- 586 inhabitants, Mali Kolaj- 377 inhabitants, Baksi i Ri- 571 inhabitants, Reçi i Ri- 920 inhabitants, Çasi- 736 inhabitants*). During the tourist session, the number of population increases rapidly, reaching to 80,000 people during the peak session of July – September.

The sewerage situation in Albania is unsatisfactory; almost half of the population (47 %) is connected to the sewerage system but only the waste water of a very few (0.02 %) is treated in a waste water treatment plant. As a result surface and ground waters are highly contaminated by direct discharge of polluted urban and industrial wastewaters into surface watercourses. The construction of sewerages networks has been neglected. Municipalities combine sewerage and storm water collection networks to discharge into nearby surface watercourses. Sewers often under-dimensioned, are clogged in many parts causing wastewater to leak and to contaminate drinking water. The lack of wastewater treatments plants also causes contamination of the water body. This has lead to losses of biodiversity and a negative impact on the ecosystems.

Shkodra district water utility is organized in two sectors: part of utility that serves urban and the other part for rural areas.

For more details on Sewerage systems in Velipoja Commune, please refer to Annex IV.

3.1.2 Justification

Reference is made in the 2010 EU Opinion (Analytical part): *Chapter 27: Environment*, where it's stated that; “*Albania is making steady progress on improving waste water collection and treatment and it's drinking water supply infrastructure, but very significant investment is still required*”. This investment is in line with Barcelona Convention “On protection against pollution in the Mediterranean Sea”, where Albania is involved in the work as signatory party.

Recently in Velipoja, a new water supply system is constructed through funding of Albanian government. The roughly value of this investment is EUR 2 700 000 and has been completed in 2009 and it is fully operational. For this reason, there is an immediate need for the construction of a sewerage system and waste water treatment plant.

Via IPA 2007 and IPA 2010 sewerage system and wastewater treatment plant, Phases I and II in Velipoja region are under construction with total IPA contribution (including supervision) of EUR 7 580 500. Due to the budget limitation it will not possible to construct the whole sewerage system in the area. This IPA 2011 project will allow completion of the entire sewerage network and 2/3 of the waste water treatment plant of Velipoja.

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

The entire wastewater generated by Velipoja village and beach area (Pulaj-Reç) will be collected through the new house connections and sewer network and treated in the WWTP prior to their discharge. It will improve the sewer service provided in the area and it will have also a positive impact on the environment. It will contribute to the protection and sustainability use of the water bodies and the disposal of sewer will be in accordance with EU regulations.

Regarding a cross border impact, Velipoje is situated in North–West of Albania close to Montenegro boarder. Completing the construction of the sewerage and wastewater treatment plant in Velipoje, will reduce the pollution at River Buna and also will mitigate the pollution of the coastal line at the boarder with Montenegro.

3.3 Results and measurable indicators

Activity 1 Consultancy Services for works supervision

Results	Measurable Indicators
Result 1: Supervision of Works has been provided to ensure compliance with requested services during construction and Defect Liability Period.	<ul style="list-style-type: none"> - Treatment of issues and complaints and other communications adequate and timely; - Accurate reporting, site investigation and documentation of all kind of works (<i>including hidden works, etc</i>); - Infrastructure constructed on time, and in the quality foreseen by the contract.

Activity 2 Construction of Sewerage System and Wastewater Treatment Plant in Velipoja, Phase III

Results	Measurable Indicators
Result 2: Construction of a new sewerage infrastructure and the WWTP in the Commune of Velipoja, Phase III.	<ul style="list-style-type: none"> - Length of constructed sewerage network; - 41.5% (3635 inhabitants) of resident population and 100% of seasonal tourists connected to sewerage system; - 41.5% (3635 inhabitants) of resident population and 100% of seasonal tourists provided with the service; - 41.5% (3635 inhabitants) of resident population and 100% of seasonal tourists sewerage generated treated prior their discharge.

Activity 3 Supplying of necessary tools and training for the Operation & Maintenance activities

Results	Measurable Indicators
Result 3: Entire sewerage infrastructure properly equipped and maintained	<ul style="list-style-type: none"> - Delivery of necessary tools for Operations & Maintenance of the sewerage system; - Spare parts handed over to Commune/Shkodra village Water Company at the end of the project; - Staff of Velipoja Commune and Shkodra village Water Company trained by the supplier; - Positive evaluations of training by trainees.

3.4 Activities

Activity 1: Consultancy Services for works supervision

Contract 1: Service Contract

The service contract will be implemented through centralised management by the European Union Delegation to Albania.

The service contract will provide supervision services of the construction works which will be financed under IPA 2011 (Phase III).

All the preparatory services as detailed design, environmental impact assessment, and technical specification for supply contract and tender dossier for works contract will be financed through IPA 2009 Project Preparation facility.

Activity 2: Construction of Sewerage System and Wastewater Treatment Plant in Velipoja, Phase III

Contract 2: Works Contract

The works contract will be implemented through centralised management by the European Union Delegation to Albania.

Within this Phase III the sewerage network in the central part of coastal area of Velipoja (*Pulaj-Rec*) will be completed, sewerage network in Velipoja village will be constructed, as well as the second treatment line of the WWTP will be realised (*this is the second out of three treatment lines of the WWTP of Velipoja*). 2 years operation and on-job training of the future staff who will continue the operation and maintenance of this new sewer infrastructure will also be included in works contract.

Activity 3: Supplying of necessary tools and training for the Operation & Maintenance activities

Contract 3: Supply Contract

The supply contract will be implemented through centralised management by the European Union Delegation to Albania.

This contract will deliver all necessary tools and machinery's for the normal operation and maintenance of entire sewerage infrastructure, including training. Preparation of technical specification for supply contract will be financed through IPA 2009 Project Preparation facility.

3.5 Conditionality and sequencing

- The General Directorate together with Shkodra water utility including Velipoja Commune staff, are properly staffed, equipped and trained. The staff should stay within the water utility for the period of at least three years.
- The Commune of Velipoja and Shkodra Water Utility will assure adequate financial and human resources in order to allow proper maintenance and functioning of the facility/equipment provided in the context of the present project.
- The investments, after finishing the works, should be taken over by the Beneficiary and the operation and maintenance should be secured.
- Construction permits and environmental permits shall be established before the signature of works contract.

3.6 Linked activities

Recently, a water supply system in Velipoje has been constructed with funds of the Albanian government in a value of EUR 2 700 000. This water supply is totally completed and operational, on the other hand, considering almost non-existence of the sewerage network, this leads to an immediate need for the construction of a sewerage system and waste water treatment plant.

Implementation of construction activities in Velipoja, Phase I and II: Construction of sewerage network (main collector, effluent pipe, part of the sewerage network in the centre of coastal area of Velipoja) and wastewater treatment plant (first 1/3) financed via IPA 2007 and IPA 2010 National programme for Albania.

3.7 Lessons learned

Due to fragmentation in previous investments in municipalities it happened that after completion the impact of investment on services did not meet expectations. That is why, to avoid fragmentation, adequate funds need to be allocated for the full construction of the infrastructures and necessary maintenance tools.

It has happened before that, local authorities refused taking ownership of the investments. For that reason all stake-holders have to be involved from the early stage of the preparation of feasibility studies and project designs and also during the implementation.

1. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA EU CONTRIBUTION		NATIONAL/IFI CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	I B	INV	EUR	EUR	%	Total (EUR)	%	Central EUR	Regional/ Local EUR	Loan from KfW EUR	EUR	%
	(1)	(1)	(a)=(b)+(c)+(d)	(b)	(2)	(c)=(x)+(y)+(z)	(2)	(x)	(y)	(z)	(d)	(2)
Activity 1			890 000	890 000	100	0	0	0	0	0	0	0
Contract 1: (Service Contract) Works supervision	x		890 000	890 000	100	0	0	0	0	0	0	0
Activity 2			8 900 000	8 900 000	100	0	0	0	0	0	0	0
Contract 2 (Works Contract) Construction of Sewerage System and Wastewater Treatment Plant in Velipoja, Phase III		x	8 900 000	8 900 000	100	0	0	0	0	0	0	0
Activity 3			710 000	710 000	100	0	0	0	0	0	0	0
Contract 3 (Supply Contract) Supply of necessary tools for O&M of the entire infrastructure		x	710 000	710 000	100	0	0	0	0	0	0	0
TOTAL IB			890 000	890 000	100	0	0	0	0	0	0	0
TOTAL INV			9 610 000	9 610 000	100	0	0	0	0	0	0	0
TOTAL PROJECT			10 500 000	10 500 000	100	0	0	0	0	0	0	0

Amounts net of VAT (1) In the Activity row use "X" 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	Signature of contract	Project Completion
Contract 1: (Service Contract) Works supervision	2 nd Quarter 2012	4 th Quarter 2012	2 nd Quarter 2016
Contract 2: (Works Contract) Construction of Sewerage System and Wastewater Treatment Plant in Velipoja, Phase III	4 th Quarter 2012	2 nd Quarter 2013	2 nd Quarter 2016
Contract 3: (Supply Contract) Supply of necessary tools for the O&M of the infrastructure	1 st Quarter 2013	4 th Quarter 2013	1 st Quarter 2015

6. Cross cutting issues

6.1. Equal Opportunity: N.A.

6.2. Environment: Environmental consideration is duly reflected as the project will have a positive impact on the environment because all activities aim at improving sanitation through the construction of infrastructure which will lead to reduction of pollution of receiving water bodies.

6.3. Minorities: N.A.

ANNEXES

ANNEX I: Logical framework matrix

ANNEX II: Amounts contracted and Disbursed per Quarter over the full duration of Programme

ANNEX III: Description of Institutional Framework

ANNEX IV: Description of water supply and sewerage systems in Velipoja Commune

ANNEX V: Reference to laws, regulations and strategic documents

ANNEX VI: Details per EU funded contract

ANNEX I: Logical framework matrix

LOGFRAME		Programme name: IPA 2011		
		Contracting period expires: Two years following the date of the conclusion of the Financing Agreement		Disbursement period expires: One and half year following the end date for the execution of contracts
CRIS Number:		Total budget : EUR 10 500 000	IPA budget: EUR 10 500 000	
Overall objective	Objectively verifiable indicators	Sources of Verification		
Improving living conditions for the population of Albanian through alignment with EU standards regarding water quality.	<ul style="list-style-type: none"> - Reduction of pollution in the receiving water body's (<i>Ground waters, Buna river, Adriatic sea</i>); - Increase number of seasonal tourist that visits the area. 	<p>Monitoring and Benchmarking unit of DGWS&S/MPW&T; Shkodra Water company; project progress reports.</p> <p>Monitoring Reports of the Ministry of Environment, Forests and Water Administration.</p> <p>Reports on analyses of discharged treated waste waters</p> <p>Report from the Ministry of Health regarding water pollution.</p>		
Project purpose	Objectively verifiable indicators	Sources of Verification		Assumptions
Improving environmental conditions and sanitation services in Velipoja Commune.	<ul style="list-style-type: none"> - Amount of waste water collected and treated; - Decreased water pollution of the receiving water bodies. 	<p>Consultancy project progress reports.</p> <p>Provisional and Final acceptance.</p> <p>Velipoja and Shkodra water utility company's reporting.</p> <p>Monitoring and Benchmarking unit of DGWS&S/Ministry of Public Works and Transport; Shkodra Water company;</p>		<p>Maintenance funds remain available to execute proper maintenance by Velipoja Commune and Shkodra village Water Company.</p> <p>Sufficient replacement investments take place to keep capacity up to standards.</p> <p>Finalization without any delay of Velipoja Phase I construction</p>

			activities.
Results/outputs	Objectively verifiable indicators	Sources of Verification	Assumptions
Result 1: Supervision of Works has been provided to ensure compliance with requested services during construction and Defect Liability Period.	<ul style="list-style-type: none"> - Treatment of issues and complaints and other communications adequate and timely; - Accurate reporting, site investigation and documentation of all kind of works (<i>including hidden works, etc</i>); - Infrastructure constructed on time, and in the quality foreseen by the contract. 	<ul style="list-style-type: none"> Consultancy project reports. Notification of EUD for the works contract. Signature of works contract. Survey reports Percentage of population connected to the sewer network. Quantity of sewer treated. Provision and final acceptance. Consultancy project reports. 	<ul style="list-style-type: none"> Reports and designs prepared on time (<i>by PPF IPA 2009</i>) and meeting required quality. All required funds will be timely available by EUD funding. Procurement of consultancy service finalized with signing of contract prior the work contract.
Result 2: Construction of a new sewerage infrastructure and the WWTP in the Commune of Velipoja, Phase III.	<ul style="list-style-type: none"> - Length of constructed sewerage network; - 41.5% (3635 inhabitants) of resident population and 100% of seasonal tourists connected to sewerage system; - 41.5% (3635 inhabitants) of resident population and 100% of seasonal tourists provided with the service; - 41.5% (3635 inhabitants) of resident population and 100% of seasonal tourists sewerage generated treated prior their discharge. 	<ul style="list-style-type: none"> Consultancy project reports. Provisional and Final acceptance. Number of staff certified. List of materials, equipment and tools delivered. 	<ul style="list-style-type: none"> All required funds will be timely available by EUD funding. Albanian government will timely allocate the necessary funds required for the reimbursement of VAT. Full collaboration, support and acceptance of responsibility for maintenance by Velipoja Commune and Shkodra village Water Company. The local government and Shkodra village Water Company will ensure the billing of the sewer and collection of enough funds required for normal

			O&M. No other water except sewer will enter in this network.
Result 3: Entire sewerage infrastructure properly equipped and maintained.	<ul style="list-style-type: none"> - Delivery of necessary tools for normal Operations & Maintenance of the system; - Spare parts handed over to Commune or Shkodra village Water Company at the end of the project; - Staff of Velipoja Commune and Shkodra village Water Company trained by the supplier; - Positive evaluations of training by trainees. 	<p>Consultancy project reports.</p> <p>Number of people certified.</p> <p>Provisional acceptance and Final acceptance on supplies and tools</p>	<p>Sufficient staff is given the opportunity to follow the trainings with the required program.</p> <p>Provisions/budget available for keeping tools in proper condition and well secured.</p>
Activities	Means	Costs	Assumptions
<u>Activity 1</u> : Service Contract for works Supervision.	Service contract	890 000 EUR	<p>No delay in procurement.</p> <p>Funds will be allocated on time.</p> <p>Experts will be available.</p>
<u>Activity 2</u> : Works Contract: Construction of Sewerage system and WWTP in Velipoja, Phase III	Works contract	8 900 000 EUR	<p>Albanian Government allocates the funding and other resources required to start and complete the project.</p> <p>On time reception of environmental and construction permits.</p> <p>Funds available to the amount as foreseen in Project Fiche.</p>

			<p>The detail design and Tender Dossier for works is prepared, commented and approved in time.</p> <p>No delays in the procurement process.</p> <p>All necessary permits and expropriation issues are solved before starting the works.</p>
<p><u>Activity 3</u>: Supply Contract: Supply of necessary tools and machinery's for the proper O&M of the new infrastructure</p>	Supply Contract	710 000 EUR	<p>The technical specification and Tender Dossier for supply of all necessary machinery's and tools is prepared, commented and approved in time.</p>

ANNEX II: Amounts (in million EUR) Contracted and disbursed by quarter for the project

Contracted	1/4 2012	2/4 2012	3/4 2012	4/4 2012	1/4 2013	2/4 2013	3/4 2013	4/4 2013	1/4 2014	2/4 2014	3/4 2014	4/4 2014	1/4 2015	2/4 2015	3/4 2015	4/4 2015	1/4 2016	2/4 2016	3/4 2016	4/4 2016
Contract 1: (Service contract) Works supervision				0.89																
Contract 2 (Works Contract) Construction of sewerage system and waste water treatment plant in Velipoja, phase III						8.90														
Contract 3: (Supply Contract) Supply of tools necessary for the O&M of the infrastructure								0.71												
Cumulated				0.89	0.89	9.79	9.79	10.5												

Disbursed	1/4 2012	2/4 2012	3/4 2012	4/4 2012	1/4 2013	2/4 2013	3/4 2013	4/4 2013	1/4 2014	2/4 2014	3/4 2014	4/4 2014	1/4 2015	2/4 2015	3/4 2015	4/4 2015	1/4 2016	2/4 2016	3/4 2016	4/4 2016
Contract 1.1 (Service Contract) Works supervision				0.09			0.15		0.15		0.15		0.15		0.15			0.05		
Contract 2.1 (Works Contract) Construction of sewerage system and waste water treatment plant in Velipoje, phase III.						0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89	0.89				0.89		
Contract 3.1: (Supply Contract) Supply of tools necessary for the O&M of the infrastructure								0.28					0.36							0.07
Cumulated				0.09	0.09	0.98	2.02	3.19	4.23	5.12	6.16	7.05	8.45	9.34	9.49	9.49	9.49	10.43	10.43	10.50

ANNEX III: Description of Institutional Framework

The Ministry of Public Works and Transport is the main central institutions responsible for water supply and sanitation. The main responsibilities of this Ministry are as follow:

Preparation and implementation of objectives and economical policy's of the Government of Albania for development of Public Works and Transport in all components (infrastructure, equipment, operation etc), in national and international scale; Preparation of development policy's for Public Works, road transport, railway, sea, water, air and follow-up of the implementation of this policies in the depending body's.

Determination of trends and tendency from analyses of different public works and transport based on statistical and information systems in construction and transport and preparation of Macro-Economic indicators of the general development of construction and transport short and long term; preparation, diffraction and follow-up of project indicators – economical and financial programs, of investments etc.

Gathering of annual projects-plans of government units under her dependency for preparation of project macro economic programs of construction branches and transport for supervising and reflecting of indicators and parameters of construction development strategy's and transport.

Coordination and negotiation of work with other ministries and international institutions.

Dealing and proposing of internal and foreign financial resources (foreign donors) in harmony with construction and transport economical resources in order to cover the need of developing of construction and transport, also their redistribution through different fields of the activity of Ministry of Public Works and Transport.

Preparation of a regulatory legal system, according to European requirements and standards.

Preparation of project laws and project act-laws for improving and developing of different construction and transport and spreading of new technology and standards in the field of construction operation and transport, of new regulations and standards of the production technical field, services and maintenance of construction equipments and transport.

Accomplishment, development and improvement of the institutional reform of the construction sector and transport, aiming preparation and transforming step by step of the institution mentioned in order to be as much as possible close to European standards.

Preparation of national policies in the field of urban planning that serves as bases for preparation of the complete legal frame and for further improvement. Coordinate the work in different fields of the economy and local governments. Have the responsibility of monitoring, programming and managing of all activities for implementing the Governmental territory planning, in compliancy with governing laws.

For managing the water supply and sanitation policies within this Ministry it is set up the General Directorate of Water Supply -Sanitation and Solid Waste Policies. It is composed by two Directorates: (i) Directorate of Regionalization and Water Supply - Sanitation Policies and (ii) Directorate of Solid Waste Policies.

The Ministry of Environment, Forests and Administration of Waters is the main institution responsible for issuing the environmental permits for all projects. To receive the

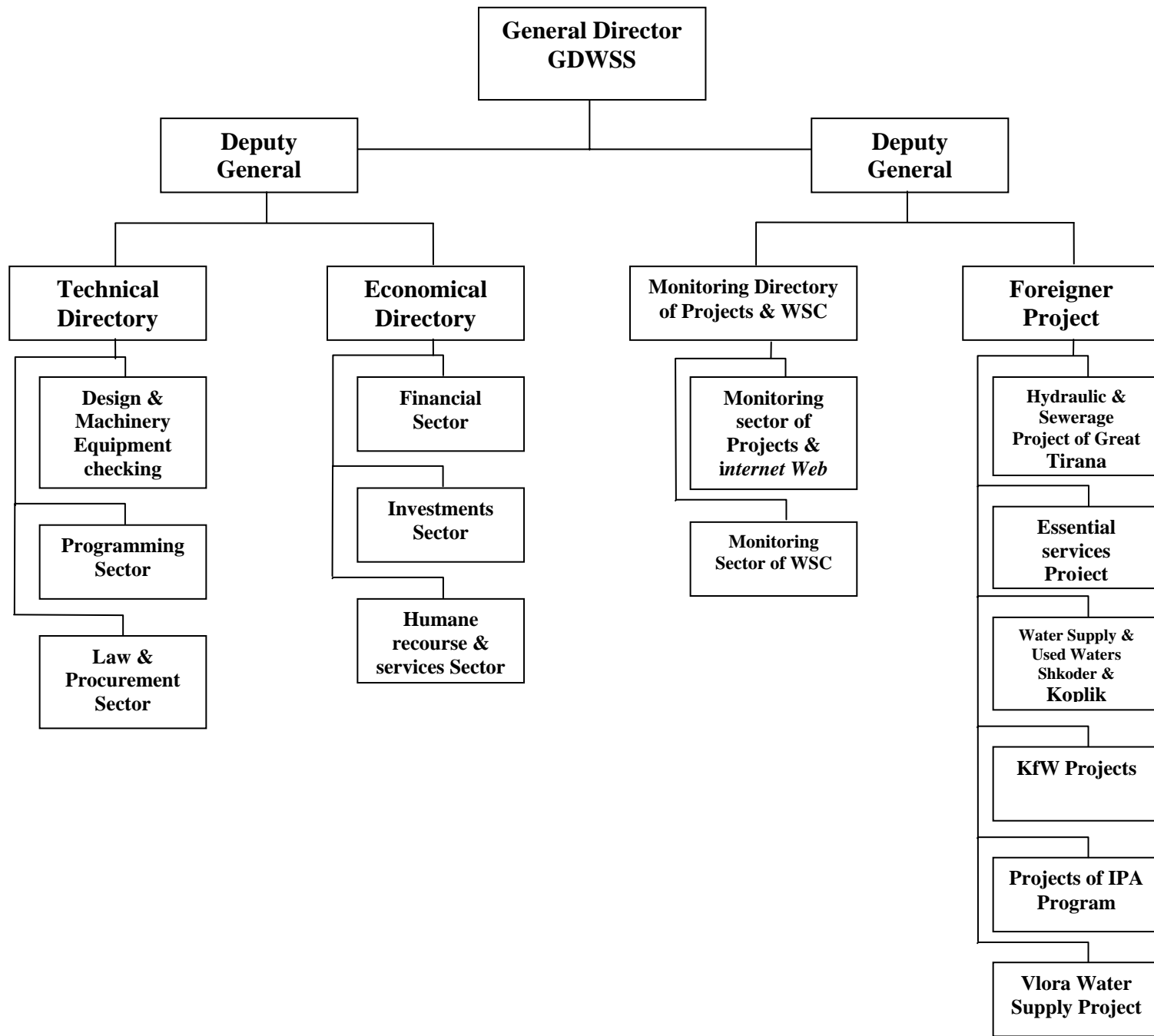
environmental permit for the project, requests are to be addressed to the ministry. For applying it is required preparation of an environmental impact assessment report. The environmental permits for the previous projects (funded through IPA 2007 and IPA 2010) are in process.

General Directorate of Water Sewerage is the only state body specializing in the field of drinking water supply, sewage sanitation and surface (rain) water and their treatment (water infrastructure). It technically supports the policies of the Ministry of Public Works and Transport in this field in accordance with Government legislation and policies spelled out in sector strategies.

General Directorate of Water Supply and Sewerage role in its field of activity is to perform through its legal authority and technical coordination and monitoring of activities for providing water supply, sewerage and used water and their treatment for all the country's population, in collaboration with local governments and entities of water management infrastructure. To fulfill its mission in support of the general framework of activity Ministry, General Directorate of Water Supply and Sewerage:

- Develop strategic framework for developing and managing water and sanitation sector in our country;
- Proposes annual investment planning by the state budget being based on needs that represent Local Government Units / Sh.a Water and Sewerage companies and submits for approval to the Minister of Public Works and Transport;
- Support with funding, through the Ministry of Public Works and Transport, the needs for local costs, customs duties and VAT refund, for approved contracts financed by foreign donors;
- Proposes standards and technical specifications for water supply and sanitation, and sends for approval of relevant authorities;
- Drafts and prepares draft legal acts and regulations related to the field of management and distribution of potable water, organized removal and used water treatment;
- Organizes and directs work for the identification of new projects in water sector infrastructure;
- Follow-up the reforms undertaken by the Government to improve the management, operation and improvement of sector indicators supporting Local Government Units and infrastructure management water entities;
- Prepares documentation and follow the progress of the development of alternative forms of management in the Water Sanitation Sector;
- Cooperates with central and local institutions, foreign donors, local NGOs or foreign, interested in developing water infrastructure sector.
- Cooperates with the Secretariat of National Council of Water and Water Basin agencies for efficient management of water resources especially those used for drinking water;

- Organizes and directs work for the procurement of investment (studies, design, maintenance, rehabilitation, new construction) according the legislation in force;
- Track progress of projects with foreign donors through implementation units in her dependence of its projects and responsible for their progress. Coordinate with Project Management Directorate at the Ministry of Public Works and Transport for water infrastructure projects;
- Promote and implement appropriate realistic policies in water and sanitation sector in Albania, through implementation to monitoring program effectiveness;
- Organizes and directs the data collection from all water and sewerage companies operating in the territory of the country, reviews and evaluates the data periodically, preserves their integrity, developing realistic standards for comparative evaluation within the sector, monitors the progress of companies analyzed to improve their performance, all these indicators based on the work;
- Cooperates with the Sector for Civil Emergencies and institutions interested in developing and implementing programs for the provision of water infrastructure facilities;
- Follows and develops relations organizations and international institutions for water sector infrastructure;
- Organizes and directs personnel qualification of General Directorate of Water Supply and Sewerage and water and sewerage enterprises through courses and seminars that develop within and outside the country;
- Follows and monitors service level of water supply and disposal of water used by identified problems, giving them ways to resolve that in any case informing the heads of the Ministry.
- Enable the public awareness campaigns to promote new techniques of collaboration with the community in the service of resolving problems of water and wastewater enterprises to increase the level of payment of water by consumers, reducing the abuse of drinking water, etc.
- Track the progress of campaigns organized by companies and General Directorate of Water Supply and Sewerage.



ANNEX IV: Description of water supply and sewerage systems in Velipoja Commune

Velipoja lies along the Adriatic coastline in the North – West of Albania, near Buna River, which is the only navigable river in Albania. River Buna discharges at the Adriatic Sea close to Montenegro boarder. The coastal area of Velipoja is characterized by a sandy shore and covers approx 694 ha. The Commune (i.e. the administrative unit) of Velipoja has a population of approx 10,000 people. During the tourist session, the number of population increases rapidly, reaching to 80,000 people during the peak session of July – September.

Recently, a water supply system in Velipoje has been constructed with funds of the Albanian government in a value of MEUR 2.7. This water supply is totally completed and operational, therefore not other improvements under IPA 2010 are required. On the other hand, considering almost non-existence of the sewerage network, this leads to an immediate need for the construction of a sewerage system and waste water treatment plant.

The construction of such sewerage system and waste water treatment plant is in line with the Albanian Government Decision No. 682, dated 2.11.2005 that includes Velipoje in a designated area of Protected Water and Terrestrial Landscape. For that reason, the construction of the sewerage network and waste water treatment plant was foreseen under IPA 2007, Lot 4. At the beginning of 2010 a consultant company hired by the General Directorate of Water Supply and Sewerage completed the feasibility study, which analyses and identifies potential solutions of the wastewater in Velipoje. It has become clear that the budget of MEUR 7 originally planned and decreased to EUR 3.59million due to the result of tendering for other 3 Lots within IPA 2007 is not enough to complete the entire network and the wastewater treatment plant. Therefore Velipoje Commune was included under IPA 2010 with budget EUR 4 000 000 which together with IPA 2007 budget enabled to cover the construction of main collector, affluent pipe, part of sewerage network in centre of Velipoja coastal area and one third of wastewater treatment plant. To be able to complete the sewerage network in central part of Velipoja coastal area and the second third of the wastewater treatment plant the project Phase III is included in IPA 2011.

Velipoje wetland area provides both ecological and economic benefits on fishing and wildlife habitats, supporting the complex food web, absorbing water to reduce flooding, providing erosion control and last but not least provide good water quality. The unplanned urban development on Velipoje and Viluni natural wetland, with the increased number of tourists has caused the pollution of the area. River pollution is also a major cause of contamination in the coastal areas, and this adversely affects recreation and fishing resources. Therefore the need of protecting biodiversity and natural resources imposes the removal of nutrients from the untreated wastewater discharged into the natural system.

The area of Velipoja is protected water and scenery, a sensitive area and area tourism oriented. Decision of Albanian Government No. 682, date 02.11.2005, area of Buna river, including here delta, Viluni Lagoon, and also the surrounding areas, are announced as protected land and water scenery.

The overall calculation of the WWTP is based, for guaranteeing the respect of the Directive 91/271/EEC limit values that are more restrictive because of the sensitivity of the area. So the WWTP will ensure the effluent composition characterized at most by the value summarized in the table below:

Parameter		Project Limit Value
		(mg/l)
Biochemical Oxygen Demand		22.00
Total Suspended Solids		35.00
Total Phosphorous		1.00
Total Nitrogen	TKN	4.00
	Nitrate	9.00

The selected technology for the WWTP of Velipoja is Sequencing Batch Reactor (SBR) process utilizing a fill-and-draw reactor with complete mixing during the batch reactor step (after filling) and where the subsequent steps of aeration and clarification occur in the same tank.

ANNEX V: Reference to laws, regulations and strategic documents

The legal framework for water resource management consists of the following:

- Law No. 8934 dated 05.09.2002 "On Environmental Protection";
- Law No. 9115 dated 24.07.2003 "On Environmental Training for Polluted Waters";
- Law No. 8093 dated 21.03.1996 "On Water Reserves";
- Law No. 9103 dated 10.07.2003, "On the Protection of Trans-boundary Lakes";
- Law No. 890, dated 06.06.2002 "On the Protection of Coastal Areas from Pollution and Damage";
- Law No. 8875 dated 04.04.2002 "On Albanian Coast Guards";

The following subordinate legal acts have been approved for its implementation:

- DCM No. 1304, dates 11.12.2009 "Water Supply and Sewerage Strategy";
- DCM No. 177 dated 31.03.2005 "On the Allowed Norms for Liquid Emissions and the Criteria for Water Environment Zoning";
- DCM No. 103 dated 31.03.2002 "On Environmental Monitoring in the Republic of Albania";
- DCM No.775 dated 28.10.1996 "On the Establishment of a National Water Council";
- DCM No. 240 dated 10.04.1998 "On the Establishment of the NWS Secretariat";
- DCM No. 635 dated 21.11.2001 "On the Establishment of a Government Commission for Water Problems with Neighbouring Countries";
- DCM No. 63 dated 26.01.2001 "On the Procedures for the Request, Consideration and Supply of Water Reserve Usage Authorisations, Permits and Concessions";
- DCM No. 313 dated 21.05.2004 "On the Approval of Water Usage Tariffs";
- DCM No. 362 dated 11.06.2004 "On Staff Bonuses for NWS and the Technical Consultative Councils;

National Water Council Decisions:

- NWCD No. 1 dated 23.09.1994 "On the Permit Approval Procedures for Confectionary Water Usage";
- NWCD No. 2. dated 23.09.1994 "On the Permit Approval for the Partial Usage of the 'Cold Tepelena Water' Source";
- NWCD No. 1 dated 20.02.1997 "On the Approval of the Kalivac Dam Construction, above the Vjosa River";
- NWCD No. 1 dated 04.06.1998 "On the Usage Permit Approval for Several Sources and Dam Constructions for Drinking Water";
- NWCD No. 4 dated 04.06.1998 "On the Creation of an Activity Control Working Group for the Usage of Gravel and Sand as Materials";
- NWCD No. 2 dated 04.06.1998 "On the Authorisation Approval of Digging for Underground Water for the purposes of Public Water Supply";
- NWCD No. 5 dated 16.04.2004 "On the Division of the Republic's Territory into Water Basins and for the Establishment of Water Agencies for such Basins";

Reference to AP /NPAA / EP / SAA

Article 108 of the Albanian Stabilisation and Association Agreement, which was signed on 12 June 2006 and entered into force on 1 April 2009, states "*the Parties shall develop and strengthen their cooperation in combating environmental degradation with the view of promoting environmental stability*".

The Albanian National Action Plan, for the Implementation of the Stabilisation and Association Agreement (for the period 2010-2014, approved by Decision of Minister council No. 812, date 06.10.2010) foresees mid-terms activities providing a full rehabilitation of the water supplies and sewage network and to extend these services into poor areas.

This project is in line with the priorities foreseen in the European Partnership³ Document, the 2009 Progress Report and the 2010 Opinion (Analytical part) stated that: *“Albania is making steady progress on improving waste water collection and treatment and it’s drinking water supply infrastructure, but very significant investment is still required”*.

Reference to MIPD 2011-2013

This project falls under the "environment and climate change" priority sector of the Multi-annual Indicative Planning Document (MIPD) for the period 2011-2013. According to the sectors specific objectives, "the water supply and sanitation infrastructure shall be improved, including the aspect of maritime pollution [...]".

Reference to National Development Plan

The need to implement the identified projects is based on the requirements and plans defined in the following country’s major documents:

- National Strategy for Social and Economic Development,
- National Environmental Strategy,
- National Strategy of Water Supply and Sanitation for Albania, the updated strategy is currently under preparation;
- Policy Paper for the Water Sector of the Albanian Government;
- Action Plan for Development of the Water and Sanitation 2007-2010;
- Reform on Water Supply and Sewerage Sector after the Transfer Process of Water Supply and Sewerage Companies to Local Government Authorities (Two years Plan, 2007-2009);

More specifically, the Government of Albania has established water sector policies that are aimed at improving the reliability and sustainability of water supply and sewerage services. These include the following specific policies:

- Decentralisation of Authority for Public Services to Local Government
- Decision on the Transformation of Water/Sewerage Enterprises into Commercial Companies
- Liberalisation of Tariff Setting to Encourage Financial Sustainability on Commercial Terms
- Enabling Legislation for Private Sector Participation

Reference to national / sectoral investment plans

The selected components of project are in line with the priorities of the Public Investment Programme and part of the MID Term Budget prepared by Ministry of Public Works and Transport for 2009-2011.

³ The European Partnership Document for Albania adopted by Council Decision of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Albania and repealing Decision 2006/54EC.

Furthermore, the following documents address the priority needs in the water supply and sewerage sector:

- National strategy of water supply and sanitation, the updated strategy is currently under preparation;
- The reform on water supply and sewerage sector after the Transfer Process of Water Supply and Sewerage Companies to Local Governments Authorities-Two Years Plan;
- The policy paper for the water sector of the Albanian Government;
- The future masterplan for priority investments in the water supply and sewerage sector of the Government of Albania, which is currently drawn up with the support of other donors.

Directive 2000/60/EC establishing a framework for Community action in the field of water policy, 23 October 2000. The Water Framework Directive establishes a legal framework to protect and restore clean water across Europe and ensure its long-term, sustainable use. It establishes water management based on river basins and water management, including the principle of the user pays.

Main EU directives, governing the issue of the assignment are:

- Directive 91/271/EEC of Council of 21 May 1991 concerning urban wastewater treatment;
- Council Directive 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control;
- Decision 2001/2455/EC of the European Parliament and of the Council of 20th November 2001 establishing the list of priority substances in the field of water policy;
- 2003/334/EC Commission Decision of 13 May 2003 on transitional measures under Regulation (EC) n° 1774/2002 of the European Parliament and of the Council as regards the material collected when treating waste water (notified under document number C(2003) 1467);
- Directive 2003/35/EC of the European Parliament and of the Council of 26 May 2003 providing for public participation in respect of the drawing up of certain plans and programs relating to the environment and amending with regard to public participation and access to justice Council;
- Directives 85/337/EEC and 96/61/EC - Statement by the Commission;
- Directive 2004/35/CE of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage;
- Directive 2006/7/EC of the European Parliament and of the Council of 15 February 2006 concerning the management of bathing water quality and repealing Directive 76/160/EEC.

ANNEX VI: Details per EU funded contract:

Centralized Management:

The project will be implemented by the European Union Delegation to Albania by centralized management.

Contracts:

Activity 1: Consultancy Services for works supervision.

Contract 1: Service Contract

The service contract will be implemented through centralised management by the European Union Delegation to Albania.

The service contract will provide supervision services of the construction works which will be financed under IPA 2011 (Phase III).

All the preparatory services as detailed design, environmental impact assessment, technical specification for supply contract and tender dossier for works contract will be financed through IPA 2009 Project Preparation facility.

Activity 2: Construction of Sewerage System and Wastewater Treatment Plant in Velipoja, Phase III

Contract 2: Works Contract

The works contract will be implemented through centralised management by the European Union Delegation to Albania.

Within this Phase III the sewerage network in the central part of coastal area of Velipoja (*Pulaj-Rec*) will be completed, sewerage network in Velipoja village will be constructed, as well as the second treatment line of the WWTP will be realised (*this is the second out of three treatment lines of the WWTP of Velipoja*). 2 years operation and on-job training of the future staff who will continue the operation and maintenance of this new sewer infrastructure will also be included in works contract.

Activity 3: Supplying of necessary tools and training for the Operation & Maintenance activities

Contract 3: Supply Contract

The supply contract will be implemented through centralised management by the European Union Delegation to Albania.

This contract will deliver all necessary tools and machinery's for the normal operation and maintenance of entire sewerage infrastructure, including training. Preparation of technical specification for supply contract will be financed through IPA 2009 Project Preparation facility.

Execution of contracts:

The execution of contracts is in principle at the latest two years following the date of contracting. However, the date of execution of works contracts, contracts for the assistance for the supervision of the works may end beyond this period. As this project foresees relatively large infrastructure projects, it is considered as justified to prolong the execution period to four years.

Co financing:

This project exceptionally will be 100% financed through IPA fund because of general financial crisis and in addition of the limited budget of the local administration. The costs of land expropriation and the VAT will be covered by the Government of Albania.