IPA 2009 National Programme for Albania
Project Fiche N°12
Improvement of water supply and sewerage systems in Albania

1. Basic information

1.1 CRIS Number: 2009/021-642
1.2 Title: Improvement of water supply and sewerage systems in Albania
1.3 ELARG Statistical code: 03.27
1.4 Location: Regions of Lezhe, Vlora, and Tirana.

Implementing arrangements:

1.5 Contracting Authority: Delegation of the European Commission to Albania
1.6 Implementing Agency: Delegation of the European Commission to Albania
Council of Europe Bank (CEB)/German Development Bank (KFW)
1.7 Beneficiary (including details of project manager):

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Financing:

1.8 Overall cost (VAT excluded)[1]: EUR 48.97 million

1.9 EC contribution:
EUR 23.1 million (of which EUR 17.6 million in centralised management and EUR 5.5 million in joint management with the Council of Europe Development Bank (CEB) and the German Development Bank (KFW) through the Municipal Window of the Infrastructure Project Facility).

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.
These dates apply also to national co-financing.

1.12 Final date for disbursements: One year from the final date for execution of contracts.

2. Overall Objective and Project Purpose.

2.1 Overall Objective

[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)

The overall objective is to improve the health and environmental conditions in the coastal and urban regions through the construction of an adequate and sustainable water supply, sewerage and treatment of waste water infrastructure.

2.2 Project purpose

The project purpose is the rehabilitation and/or construction of water supply, sewage and wastewater treatment systems in - Kamza, Kavaja, Lezhe & Shengjin, Vlora and Ksamil beach area.

2.3 Link with AP/NPAA / EP/ SAA

Albania is taking the relevant actions to improve the surface and ground waters and living and sanitary environment in the in Tirana region and the costal tourist areas based on:

- The Stabilisation and Association Agreement states in Article 108 that "the Parties shall develop and strengthen their cooperation in combating environmental degradation with the view of promoting environmental stability".

- The National Action Plan for the Implementation of the Stabilisation and Association Agreement which foresees midterms activities to provide a full rehabilitation of the water supplies and sewage network, and at the same further extend these services into poor areas.

2.4 Link with MIPD

This project is part of the European Standards priorities, in Section 2 of the MIPD for the period 2009 – 2011, "Multi-annual planning by component", which foresees support in the Environment sector: "Strengthen administrative capacity; support the implementation of the environmental legislation in line with the *acquis*; address environmental hot spots; improve water and sanitation infrastructure in municipalities on a large scale as a possible measure to soften effects of the financial crisis".

2.5 Link with 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 which will be finalised by March 2009;
- 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.

2.6 Link with 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 MPWTT for 2009-2011.

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

- National strategy of water supply and sanitation
- 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.

- **Description of project**

The project aims at the construction and/or rehabilitation of the sewerage networks (primary and secondary) in Golemi, Lezha, Shengjin, Vlore, Ksamil, and Kamza, and the expansion of the capacity of the existing Waste Water Treatment Plant of Kavaja.

The quality of bathing water in the coastal areas of Albania is affected at large by the discharging of sewage and industry waters directly to water bodies without any prior treatment process. In addition, due to the obsolete or lack of appropriate sewerage systems, chances of the pollution of drinking water and aquifers have increased.

Such situation deteriorates during the summer months due to the tourist flow to the beach areas which increases of 3-4 times the residential population of the area. Main problems caused in the concerned areas are:

- ✓ Health problems due to pollution of drinking water and bathing water from discharges of wastewater (storm-water overflows containing suspended solids, nitrate and nitrites, leakage from sewerage systems or septic pits containing high microbial charge of bacteria and heavy metals and industrial wastewater discharges),
- ✓ Environmental problems related to habitat contamination and eutrophication of environmentally sensitive areas and

- ✓ Economic losses due to decreased returns from investments on tourism or employment.

In addition to the support for the coastal areas, the European Commission is planning to assist Albania to build and/or upgrade wastewater collection systems in the highly densely populated area of Kamza, located nearby Tirana.

The overall project will be implemented part in centralised and part in joint management with CEB and KFW through the Municipal Window. The first part covers works and services in the Coastal areas (Golemi, Lezha, Shengjin, Vlore, Ksamil, and Kavaja) with €17.6 million budget. The second part covers works and services in Kamza with €5.5 million budget.

3.1 Background and justification:

3.3.1 Construction of Kavaja Waste Water Treatment Plant (second phase) and Completion of Sewerage system for Golemi area.

Golem is coastal village in the Kavaja region which has become a popular tourist destination in the last years.
Due to complete lack of the wastewater collecting and treatment systems in Golemi beach area most of the sewage is discharged directly to the surface waters, stream or sea. Furthermore, most of the construction investments in Golem area are built in sandy terrain; hence the absence of sewerage system causes infiltration of waste waters in the water table. In addition to the impact of the environment and public health, this situation has also a negative impact on tourism development of the area.
Through this project the waste water collected from the Golem area will be discharged to the existing Kavaja Waste Water Treatment Plant (WWTP), which was constructed in 2005 by KfW. The population of the area of Kavaja amounts to 92.407 inhabitants, out of which 38.709 live in the city and 53.698 live in the surrounding rural area. Only 21 % of the city population (20.003 inhabitants) is connected with the sewerage system, and is served from the treatment plant. The WWTP was designed for 50,000 inhabitants but due to the lack of available funds it was constructed for only 25,000 inhabitants. Therefore the existing WWTP needs to be enlarged in order to increase its capacity.
The EC is funding the preparation of detail designs for the extension of the WWTP through the Infrastructure Projects Facility. The increased the capacity of the WWTP up to 100,000 inhabitants will cover not only the Golemi beach area but the also the area around Kavaja. The primary sewerage network for this area will be completed with the investments financed by IPA 2007. The project proposed under IPA 2009 will be complementary and finance the construction of the secondary and tertiary networks.

3.1.2 Rehabilitation and Extension of the Sewerage System in Lezha and Shengjin.

Under the jurisdiction of the Water Supply Company of Lezha, there are 59.000 inhabitants, out of which 12.500 live in Shengjin and 12.000 in Balldren. About 27.220 inhabitants - equivalent to 46% of the population in the jurisdiction area- are currently linked with the sewerage system. Out of these, 25.620 live in the urban area and 1.600 in surrounding villages. The water supply situation in Lezha and Shengjin is improving thanks to recent investments and the entire water supply systems is planned to be completed by spring 2009.

On the contrary, the sewerage collection system is in poor condition especially in urban areas. In Lezha a WWTP and main connections are scheduled for completion by the end of 2009. The construction of wetlands in the Southwest part of Knalle Lake has started two

years ago, and will collect the waste water from Lezha and Shengjin as to eliminate the discharge in Drin River and Adriatic Sea. The Shengjin area is mostly not covered by wastewater systems, as a result of new urban developments on the coastal tourist area, including legal and illegal buildings.

The main collector of the sewerage networks of Lezha and Shengjin will be completed with the investments financed by IPA 2007. This collector will connect the existing the networks with the waste water treatment plant above-mentioned. The project proposed under IPA 2009 will be complementary of the whole system and will finance the rehabilitation/extension of the secondary and tertiary networks in Lezha and Shengjin.

3.1.3 Construction of Secondary and Tertiary Sewerage System in Vlore.

The urban development of Vlora brought to an increase of volume of waste water which is higher than the capacity of the existing sewerage system which consequently is almost permanently blocked.
The main collector of waste water in Vlore was constructed with the financing of PHARE Programme while the WWTP was constructed with CARDS funds. In 2008 the WWTP has been handed over to the Vlora Municipal and the Water Supply Company but it is not operational because of the absence of connection with the secondary and tertiary network of sewerage system
The General Directorate of Water Supply and Sewerage has prepared the feasibility study and a part of the detailed design which will be used by this project to reconstruct the necessary secondary and tertiary network. The number of direct beneficiaries will be about 129,000 people.

3.1.4 Waste Water Project in Ksamil.

The Ksamil urban area is relatively new and hosts around 25.000 inhabitants which increase of 3-4 times during summer time by the high presence of tourists. The primary water supply network serving Ksamil is completed while the entire secondary network is planned to be constructed during 2009. The finalisation of this latter will increase water consumption level putting extra pressure on the need for a proper sewerage system, currently non existent.

The present situation sees the conveyance of the waste water being realised with septic wells and then the waste water is discharged into the Jonic Sea creating environmental hazards and health risks increased by an unpleasant smell in the area. A feasibility study is being financed by the EC with the financing of ATA funds. The project proposed under IPA 2009 will finance the preparation of the project design, tender documents, implementation and supervision of works for construction of the whole sewerage system in Ksamil.

3.1.5 Construction of water supply and sewerage system in Kamza.

Kamza and Bathore are highly densely populated areas which have developed because of the important migration from mountainous and rural areas of Albania to the region of Tirana.
Kamza has a population of 84.200 inhabitants, out of which 31.500 live in the urban area and 52.700 live in the rural areas surrounding the town. From the total number of inhabitants, 7.200 inhabitants from the town and 26.250 from the rural area (39,7 %) are supplied with water from the system of water supply. Out of these, 23.400 inhabitants are

supplied with current water in their living premises and 10.050 are supplied from public taps.
The situation of the sewerage system is worse than the water supply one since only 18% (15.200) of the population of the area is connected to the sewerage system. The quantity of produced water, in relation to the population served with water, is 139 litres/inhabitant/day and sales 79 Litres/inhabitant /day. This indicator is far from the fulfilment of the requests for drinking water, particularly if we consider the entire population of the area.
The over–usage of the sewerage system has negative influence on the quality of life of the local population, on the environment, and on public health by increasing the level of diseases, especially in warm weather. In 80% of the cases the sewerages are discharged in the Tirana River, which joins with the Ishem River and then with the sea, increasing also the pollution of coastal areas.
The municipality of Kamza has prepared a master plan for the urban development for the area which was approved by the city council and it is currently on its way for approval by the National Regulatory Council. According to this, the waste water of Kamza will be discharged to the Tirana WWTP Sewerage Project that will be financed by the Japan Bank for International Cooperation. The Project proposed under IPA 2009 will contribute to the construction of and supervision of works for the water supply and sewerage system in Kamza.
This part of the project will be implemented in joint management with the CEB and KFW through the Municipal Window.

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

Project impact: Improvement of the environmental and health standards in Albania.

Catalytic effect:

- ✓ Reduced health risks for the population due to supply of not contaminated water
- ✓ Improved wastewater disposal and management of utilities,
- ✓ Reduced contamination of groundwater and surface waters by wastewater,
- ✓ Improved quality of bathing water,
- ✓ Encouraged economic growth in the concerned areas due to cleaner environment and reduced health risks,
- ✓ Reduced public health expenses, due to lower occurrences of infective and skin diseases.

Sustainability: The Government of Albania will ensure long-term sustainability of the actions by supporting the concerned local governments and utility enterprises with technical assistance and advice on technical and financial management of water and sewerage services.

3.3 Results and measurable indicators

3.3.1 Expected results:

1. Project design and tender documents for construction of the secondary and tertiary sewerage network in Vlora and construction of whole sewerage system in Ksamil are prepared.

2. Secondary and tertiary sewerage system networks in Vlora are reconstructed.
3. The whole Sewerage System in Ksamil is constructed.
4. The whole Sewerage System in Golem area is constructed:
   4.1 Kavaja Waste Water Treatment Plant is upgraded
   4.2 Sewerage system (secondary and tertiary sewerage network) for Golemi area is completed
5. Sewerage System in Lezha and Shengjin is rehabilitated and extended.
6. Supervision of above mentioned works is delivered
7. Sewerage system and water supply network of the Kamza is constructed and supervision of works is delivered (in joint management via Municipal Window)

3.3.2 Indicators

- Designs and tender documents are in accordance with PRAG rules and the annexes and in line with EU standards.
- Final acceptance delivered
- Works completed in time and in full accordance with the design and technical specification requirements
- The quality of works executed is in line with the design and technical specification requirements.

3.4 Activities

Activity 1: Service contract – Designs

1. Preparation of project design and tender documents for Vlora and Ksamil

Activity 2: Works Contract

1. Construction of Secondary and Tertiary Sewerage System in Vlore
2. Construction of Sewerage System and Waste Water Treatment Plant in Ksamil
3. Construction of the Sewerage system in Golem area, divided in two Lots:
   3.1 Upgrade of Kavaja Waste Water Treatment Plant Lot 1
   3.2 Completion of Sewerage system for Golemi area
4. Rehabilitation and Extension of the Sewerage System in Lezha and Shengjin
5. Construction of the Kamza sewerage system and water supply (EC grant)
6. Construction of the Kamza sewerage system and water supply (CEB/KfW loan)

Activity 3: Service contract - Supervision

1. Supervision of Works for activities
   1.1 Supervision of the works for the Activity No. 2, Contracts No.2.1; 2.2; 2.3.1 and 2.4;

1.2 Supervision of the works for activity No.2.3.2

2. Supervision of the Kamza sewerage system and water supply

The Contracts 2.3.2 and 3.1.2: Completion of the Sewerage system for Golem Area (works and supervision) are national funded contracts. The contracts 2.5, 2.6 and 3.2 will be implemented through a contribution agreement with the Council of Europe Development Bank (CEB) in partnership with KfW, through the Municipal Window of the Infrastructure Project Facility (IPF).

3.5 Conditionality and sequencing

The General Directorate of Water Supply and Sewerage has prepared the feasibility studies for Kamza, Kavaja/Golemi and Vlora and the European Commission is financing the preparation of feasibilities studies for Lezha/Shengjin and Ksamil. Moreover, the EC through the Municipal Window of the IPF will finance the preparation of the detail designs for Kavaja, Lezha/Shengjin and Kamza.

Any possible landownership or compensation claims must be clarified before the works can start. Therefore, the Government of Albania and the involved Municipalities will ensure the delivery of all necessary construction permits before the signature of works contracts.

The Government of Albania will ensure that any related works funded either by the government or other donors will not impede, cause delays or stop the implementation of planned works as foreseen by the proper schedule (see the annex),

The Government will co-finance 25% of the total project amount except Kamza, which will be implemented through the Municipal Window. The Albanian Government contribution will cover the supervision and the works for completion of Sewerage system in Golemi area.

The Government of Albania will ensure long-term sustainability of the actions by supporting the concerned local governments and utility enterprises with technical assistance and advise regarding the technical and financial management of water and sewage services.

3.6 Linked activities

3.6.1 Construction of Kavaja Waste Water Treatment Plant (second phase) and Completion of Sewerage system for Golemi area.

The construction of the sewerage system for Golem is partially funded by IPA 2007. The feasibility studies have been financed by KfW for the WWTP and GDWSS for the sewerage network. The preparation of project design and tender documents is being financed by the Infrastructure Project Facility (IPF). IPA 2009 will finance the extension of the second phase investments on the WWTP and the completion of the sewerage network as well as the supervision of works based.

3.6.2 Rehabilitation and Extension of the Sewerage System in Lezha and Shengjin.

The feasibility study is being financed by the EC IPA 2009 will finance the implementation and supervision of works as the project design and tender documents will be prepared by IPF funds.

3.6.3 Construction of Secondary and Tertiary Sewerage System in Vlore.

The General Directorate of Water Supply and Sewerage realised the feasibility study and a part of the project design. IPA 2009 will finance the preparation of the project design, tender documents, implementation and the supervision of works.

3.6.4 Waste Water Project in Ksamil.

The feasibility study is being financed by the EC. IPA 2009 will finance the preparation of the project design, tender documents, implementation and supervision of works.

3.6.5 Construction of water supply and sewerage system in Kamza.

The General Directorate of Water Supply and Sewerage has financed the preparation of a feasibility study regarding the water supply and sewerage. IPA 2009 will contribute to finance the water supply and the sewerage system.

3.6.6. Municipal Window of the Infrastructure Project Facility (IPF)

In order to optimise the use of financial resources available and targeted in the Balkan Areas the European Commission has set up in collaboration with several financing institutions operation in the Balkan area (EIB, CEB, EBRD, KfW) the instrument "Municipality Window". The Municipal Window of the Infrastructure Project Facility (IPF) under the Multi-Beneficiary Programme for support to cooperation with International Financial Institutions (IFIs) allows the financing of a wide range of infrastructure projects to contribute to sustainable development in the Beneficiary country. The purpose is to support financially infrastructure investments of municipalities in the field of environment, transport, energy and social sectors by providing grant co-financing mechanisms with loans extended by IFIs to increase the affordability and accelerate the implementation of such investments for municipalities.

Adequate investments in municipal infrastructure are essential to ensure that many services such as water supply and sewerage systems are established in order to improve the living conditions of people and to comply with the EU *acquis* in the environmental field.

3.7 Lessons learned

The residential development of coastal areas has been associated with chaotic and illegal construction and occupation of land disregarding any urban plans. In addition, the inappropriate disposal of sewage has increased water pollution especially in densely inhabited coastal areas. Therefore, the measures to be considered will be:

- ✓ Revision by Government of urban plans in major populated areas and assessment of needs for water and sewerage infrastructure in function of the demographic growth and demand for land and services.
- ✓ Increase of the local and private contribution in the rehabilitation of water infrastructure according to the principle “the polluter pays” and through the application of service tariffs to cover the O&M costs.
- ✓ Based on the respective Water and Environment National Strategies, identify the short and long-term needs and coordinate the contribution from various donors and agencies to ensure full compliance with health and environmental requirements in the concerned area.
- ✓ Increase of the awareness of the public regarding health and environmental risks coming from inadequate management of water systems or damage.

4. 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)
Activity 1			0.600									
contract 1.1	–	X		0.600	1.2	0	0	0	0	0	0	–
Activity 2			45.967									
contract 2.1	–	X		4.000	8.2	0	0	0	0	0	0	–
contract 2.2	–	X		3.900	7.9	0	0	0	0	0	0	–
contract 2.3.1		X		4.700	9.6	0						
contract 2.3.2		X		0	0	5.667	11.6	5.667	0	0	0	
contract 2.4		X		3.200	6.5							
contract 2.5*		X		5.500	11.2	0	0	0	0	0	0	
contract 2.6*		X		0	0	19.000	38.8	0	0	19.000	0	
Activity 3			2.400									
contract 3.1.1		X		1.200	2.4	0	0	0	0	0	0	
contract 3.1.2		X		0	0	0.200	0.4	0.200	0	0	0	
contract 3.2*		X		0	0	1.000	2.0	0	0	1000	0	
TOTAL IB			0									
TOTAL INV			48.967	**23.100**	**47**	**25.867**	**53**	**5.867**	**0**	**20.000**	**0**	
TOTAL PROJECT			48.967	**23.100**	**47**	**25.867**	**53**	**5.867**	**0**	**20.000**	**0**	

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

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))

* through contribution agreement with CEB/KfW

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1	1st Quarter 2010	2nd Quarter 2010	4th Quarter 2010
Contract 2.1	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2012
Contract 2.2	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2012
Contract 2.3.1	2nd Quarter 2010	4th Quarter 2010	1st Quarter 2012
Contract 2.4	2nd Quarter 2010	4th Quarter 2010	2nd Quarter 2012
Contracts 2.5*	2nd Quarter 2010	4th Quarter 2010	2nd Quarter 2012
Contract 3.1.1	2nd Quarter 2010	4th Quarter 2010	2nd Quarter 2012

* through contribution agreement with CEB/KfW

6. Cross cutting issues (where applicable)

6.1 Environment

- ✓ Environmentally sensitive areas located downstream the waterways will have less pressure from demographic and economic development due to reduced pollution from point sources,
- ✓ The cost of water supply will be reduced due to cleaner water provided by surface or underground sources.
- ✓ Natural habitats in specific protected areas will be conserved to possible degradation events caused by increased content of nutrients and pollutants.
- ✓ The implementation of these projects, will improve in a sensitive manner flora & fauna and even the fresh air of these areas.

ANNEXES

1- Log frame in Standard Format
2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
3- Description of Institutional Framework
4 - Reference to laws, regulations and strategic documents:
5- Details per EU funded contract (*) where applicable:

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number: **IPA 2009**		
	Contracting period expires: Two years following the date of conclusion of the Financing Agreement		Disbursement period expires: One year after the end date for the execution of contracts.
		Total budget: EUR **48.967 million**	IPA budget: EUR **23.100 million**

Overall objective:	**Objectively verifiable indicators**	**Sources of Verification**	
The overall objective is to improve the health and environmental conditions in the coastal and urban regions in Albania	• Living conditions index in the concerned areas, • Revenues from businesses • Number of tourists • Health status related to water safety	• Reports from the Ministry of Environment, Forests and Water Administration on the status of environment, • Reports from Ministry of health on the status of health • Statistical information from INSTAT	
Project purpose	**Objectively verifiable indicators**	**Sources of Verification**	**Assumptions**
Rehabilitation and/or construction of water supply, sewage and wastewater treatment systems in - Kamza, Kavaja, Lezha & Shengjin, Vlora and Ksamil beach area.	• In-site verification of the completion and functioning of works • Number of complaints from population	• Reports from the supervisor • Reports from the General Directorate of Water Supply and Sewerage/Ministry of Public Works, Transport and Telecommunications,	Government allocates the necessary funding and other resources required for the starting and completion of the project
Results	**Objectively verifiable indicators**	**Sources of Verification**	**Assumptions**
1. Project design and tender documents for construction of the secondary and tertiary sewerage network in Vlora and construction of whole sewerage system in Ksamil are prepared.	Designs and tender documents are in accordance with PRAG rules and the annexes and in line with EU standards. Final acceptance delivered	Reports from the supervisor Final Acceptance issued by Supervisor Reports from the General Directorate of Water Supply and	• Implementation of works is carried out according to the schedule and

2. Secondary and tertiary sewerage system networks in Vlora are reconstructed. 3. The whole Sewerage System in Ksamil is constructed. 4. The whole Sewerage System in Golem area is constructed: 4.1 Kavaja Waste Water Treatment Plant is upgraded 4.2 Sewerage system (secondary and tertiary sewerage network) for Golemi area is completed 5. Sewerage System in Lezha and Shengjin is rehabilitated and extended. 6. Sewerage system and water supply network of the Kamza is constructed and supervision of works is delivered (in joint management via Municipal Window) 7. Supervision of works is delivered	Works completed in time and in full accordance with the design and technical specification requirements	Sewerage/Ministry of Public Works, Transport and Telecommunications,	technical standards, • Any administrative or other barriers to implementation have been removed before the starting of the project • GDWSS will make sure that the urban planning will be ready for each of the cities.
Activities	**Means**	**Costs**	**Assumptions**
Activity 1: Service contracts – Designs 1. Preparation of project design and tender documents for Vlora and Ksamil Activity 2: Works 1. Construction of Secondary and Tertiary Sewerage System	Tendering the service contracts according to the EC rules of Procurement. Selecting an experienced consulting company in designs preparation to carry out such service. Tendering the works contracts 1-4 according to the EC rules of Procurement.	EUR 600,000 EUR 45,467,000	Technical design is prepared on time Procurement process finished on time All necessary construction permits are issued before starting the works Expropriation is

in Vlore 2. Construction of Sewerage System and Waste Water Treatment Plant in Ksamil 3. Construction of the Sewerage system in Golem area, divided in two Lots: 3.1 Upgrade of Kavaja Waste Water Treatment Plant Lot 1 3.2 Completion of Sewerage system for Golemi area 4. Rehabilitation and Extension of the Sewerage System in Lezha and Shengjin 5. Construction of the Kamza sewerage system and water supply	Tendering the works contract 5 according to the IFIs (CEB/KfW) rules of Procurement. Selecting an experienced contracting company in construction of sewerage and water supply systems to carry out the required works.	EUR 2,400,000	completed before starting the works
Activity 3: Service contracts - Supervision 1. Supervision of Works for activities 1.1 Supervision of the works for the Activity No. 2, Contracts No.2.1; 2.2; 2.3.1 and 2.4; 1.2 Supervision of the works for activity No.2.3.2 2. Supervision of the Kamza sewerage system and water supply	Tendering the service contract N.1 according to the EC rules of Procurement. Tendering the service contract No.2 according to the IFIs (CEB/KfW) rules of Procurement. Selecting an experienced consultant company in supervision of the construction of sewerage and water supply systems.		

ANNEX II: amounts (in EUR millions) Contracted and disbursed by quarter for the project

Contracted	**2nd Quarter 2010**	**3rd Quarter 2010**	**4th Quarter 2010**	**1st Quarter 2011**	**2nd Quarter 2011**	**3rd Quarter 2011**	**4th Quarter 2011**	**1st Quarter 2012**	**2nd Quarter 2012**	**3rd Quarter 2012**
Contract 1.1	0.600									
Contract 2.1					4.000					
Contract 2.2					3.900					
Contract 2.3.1			4.700							
Contract 2.4			3.200							
Contracts 2.5*			5.500							
Contract 3.1.1			1.200							
Cumulated	**0.600**		**15.200**		**23.100**					
Disbursed										
Contract 1.1	0.200	0.200	0.200							
Contract 2.1					0.400	0.700	0.800	0.800	1.300	
Contract 2.2					0.390	0.500	0.800	0.900	1.310	
Contract 2.3.1			0.470	0.850	0.850	0.850	0.850	0.830		
Contract 2.4			0.320	0.480	0.480	0.480	0.480	0.480	0.480	
Contracts 2.5*			2.950	0.425	0.425	0.425	0.425	0.425	0.425	
Contract 3.1.1			0.120	0.180	0.180	0.180	0.180	0.180	0.180	
Cumulated	**0.200**	**0.400**	**4.460**	**6.395**	**9.120**	**12.255**	**15.790**	**19.405**	**23.100**	

* through contribution agreement with CEB/KfW

ANNEX III: Description of Institutional Framework;

The General Directorate of the Water Supply and Sewerage Systems is under the Ministry of Public Works, Transport and Telecommunication ant it is responsible for the management of three specific budgeted funds as follows:

- Annual Investments from the state budget;
- annual operating and maintenance subsidies in the sector;
- Local costs on Foreign Investment.

ANNEX IV: Reference list of relevant laws and regulations:

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 Transboundary 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. 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";

4.2 Reference to AP /NPAA / EP / SAA

Albania is taking the relevant actions to improve the surface and ground waters and living and sanitary environment in the in Tirana region and the costal tourist areas based on:

- The Stabilisation and Association Agreement states in Article 108 that "the Parties shall develop and strengthen their cooperation in combating environmental degradation with the view of promoting environmental stability".

- The National Action Plan for the Implementation of the Stabilisation and Association Agreement which foresees midterms activities to provide a full rehabilitation of the water supplies and sewage network, and at the same further extend these services into poor areas.

4.3 Reference to MIPD

This project is part of the European Standards priorities, in Section 2 of the MIPD for the period 2008 – 2010, "Pre-accession assistance strategy for the period 2008-2010", which foresees support in the implementation of existing strategies with regards to water and sanitation systems.

4.4 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 which will be finalised by March 2009;
- 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

4.6 Link with 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 MPWTT for 2009-2011.

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

- National strategy of water supply and sanitation
- 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.

ANNEX V: Details per EU funded contract

Feasibility Studies:

The list of Feasibility Studies and project designs funded by EU is as following:

The feasibility study for Lezha/Shengjin project is under preparation by the EC through ATA Funds. The project design and tender documents will be financed and prepared by IPF funds.

The Feasibility Study for Ksamil is under preparation from the EC through ATA funds.

Joint management:

The project will be partly implemented by the European Commission by joint management with the Council of Europe Development Bank (CEB) in co-operation with Kreditanstalt für Wiederaufbau (KfW) following Article 53 d (1) c of the Financial Regulation and the corresponding provisions of the Implementing Rules.

In order to optimise the use of financial resources available and targeted in the Balkan Areas the European Commission has set up in collaboration with several financing institutions operation in the Balkan area (EIB, CEB, EBRD and KfW) the instrument "Municipal Window".

The Municipal Window of the Infrastructure Project Facility (IPF) under the Multi-Beneficiary Programme for support to cooperation with International Financial Institutions (IFIs) allows the financing of a wide range of infrastructure projects to contribute to sustainable development in the Beneficiary country. The purpose is to support financially infrastructure investments of municipalities in the field of environment, transport, energy and social sectors by providing grant co-financing mechanisms with loans extended by IFIs to increase the affordability and accelerate the implementation of such investments for municipalities.

Adequate investments in municipal infrastructure are essential to ensure that many services such as roads transport sector are established in order to improve the living conditions of people and to comply with the EU *acquis* in the environmental field.

Contracts:

Regarding the different service and works contracts, please see above paragraph 3.4. for more details.

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 with several sub-components, it is considered as justified to prolong the execution period to four years.

Co financing:

The Albanian Government will finance 63 % of the total value of the project, including the loans from IFIs (CEB/KfW) under the IPF Municipal Window.

The costs of land expropriation and the VAT will be also covered by the Government of Albania.

Ownership of assets (current and after project completion):

Albanian Government, General Directorate of Water and Sewage, Public Services Directorates in the related regions.