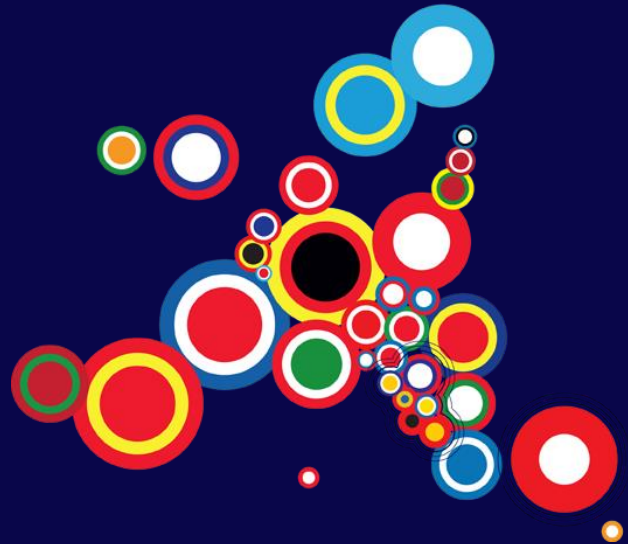




## INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

### ALBANIA

### Support to Water Management



#### **Action summary**

The overall objective of the action is to enhance the implementation of the National Water Reform and the progress of Albania towards EU water legislation requirements. This will be achieved through two components:

- 1) Integrated water management by strengthening capacities for managing the sector in line with EU policies and by consolidating earlier efforts.
- 2) Reducing pollution of the Adriatic coastal water by strengthening capacities and proper operation and maintenance of wastewater infrastructure along the coast, particularly in selected municipalities: Velipoja, Lezha/Shengjin, Durrës, Kavaja, Vlora, Ksamil and Saranda, Orikum, supported by the EU, but also new ones such as Divjaka, Spille, and Ionian sea Riviera from Dhermi to Saranda.

Both components will be delegated to (an) EU Member State body(ies) or consortium following a call for expression of interest.

This capacity building action will provide assistance notably to the Ministry of Agriculture, Rural Development and Water Administration, the river basin authorities (under component 1); and to the Ministry of Transport and Infrastructure, the water and sewerage utilities, and the new national agency for Water supply, sewerage and waste (component 2). The Technical Secretariat of the National Water Council will also benefit from the action.

<b>Action Identification</b>	
<b>Action Programme Title</b>	IPA 2016 Action Programme for Albania
<b>Action Title</b>	Support to Water Management
<b>Action ID</b>	IPA 2016/038718.05 /AL/Support to Water Management
<b>Sector Information</b>	
<b>IPA II Sector</b>	Environment and Climate Action
<b>DAC Sector</b>	14010 - Water sector policy and administrative management
<b>Budget</b>	
<b>Total cost</b>	EUR 4,000,000.00
<b>EU contribution</b>	EUR 4,000,000.00
<b>Budget line(s)</b>	22.02.01.02
<b>Management and Implementation</b>	
<b>Management mode</b>	Indirect management
<i>Indirect management:</i> <b>National authority or other entrusted entity</b>	Component 1: Entrusted entity: [Member State body or consortium of Member State bodies] Component 2: Entrusted entity: [Member State body or consortium of Member State bodies]
<b>Implementation responsibilities</b>	Ministry of Agriculture, Rural Development and Water Administration Ministry of Transport and Infrastructure Technical Secretariat of the National Water Council
<b>Location</b>	
<b>Zone benefiting from the action</b>	Albania
<b>Specific implementation area(s)</b>	Some activities under objective 1 will focus on selected river basins, Some activities under objective 2 will focus on coastal areas
<b>Timeline</b>	
<b>Final date for concluding Financing Agreement(s) with IPA II beneficiary</b>	At the latest by 31 December 2017
<b>Final date for concluding delegation agreements under indirect management</b>	At the latest by 31 December 2017
<b>Final date for concluding procurement and grant contracts</b>	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 189(2) of the Financial Regulation
<b>Final date for operational implementation</b>	6 years following the conclusion of the Financing Agreement
<b>Final date for implementing the Financing Agreement</b>	12 years following the conclusion of the Financing Agreement

(date by which this programme should be de-committed and closed)			
<b>Policy objectives / Markers (DAC form)</b>			
<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Participation development/good governance	<input type="checkbox"/>	X	X
Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
Gender equality (including Women In Development)	X	<input type="checkbox"/>	<input type="checkbox"/>
Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Biological diversity	<input type="checkbox"/>	X	<input type="checkbox"/>
Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
Climate change adaptation	<input type="checkbox"/>	X	<input type="checkbox"/>

# 1. RATIONALE

## PROBLEM AND STAKEHOLDER ANALYSIS

The water sector faces several challenges, varying from policy preparation to its implementation and monitoring. The sector faces a deep fragmentation of duties and responsibilities, decision making authorities, management tasks, inefficient cost recovery policy, insufficient financial means, and lack of a clear tariff structure. This has generated an overlapping of, and gaps among responsible authorities at different levels of sector management, offering an environment for operating under the absence of proper implementation policies and monitoring. For most of the strategic documents either under preparation or already prepared and endorsed, a lack of an overall coordination between their objectives and monitoring indicators has been noticed. In addition, there is a lack of an integrated monitoring system and of a well-coordinated system for investments planning and budgeting. Moreover, human resources are another important factor impacting the sector performance and policy implementation; a gap being more present at local levels. The fragmentation is also linked to gaps or inconsistencies within the legislative framework. Although the approximation of legislation with the EU water directives is steadily improving: for instance partial transposition of Water Framework Directive (WFD) 2000/60/EC and Urban Waste Water Directive (UWWDD) 91/271/EE, there are still important gaps and inconsistencies that need to be addressed as well as a lack of secondary legislation and regulations. The problems identified in the water sector reflect the general weaknesses in the Albanian administration. These have been highlighted under the Public Administration Reform (PAR) section of the 2015 Albania enlargement report and in more detail in the 2015 OECD/SIGMA baseline measurement report<sup>1</sup>, which benchmarks the Albanian central administration against the Principles of Public Administration. Fragmentation, weak accountability lines between institutions, politicisation of administration, weak administrative capacity in general and for policy and legislative development especially, are common challenges in the Albanian administration.

### Stakeholders

There are many stakeholders identified in the water sector, including private sector and civil society, key governmental institutions (Council of Ministers, Ministry of Agriculture, Rural Development and Water Administration, Ministry of Environment, Ministry of Transport and Infrastructure, national agencies, etc. The stakeholders involved in the water sector and their main roles are presented in section 3.

### Strategies and projects

There are too many strategic documents. Many of them have an incorporated action plan, however not a proper management plan for implementation. A cross-cutting integrated water resources management (IWRM) strategy is expected to be finalised in the second half of 2016.

Many projects and programmes are under implementation or planned in the period 2012-2017, but little integrated cross-sectoral prioritisation and consideration of sustainable resource management due to the institutional fragmentation and lack of overarching strategy.

The water supply and sewerage master plan 2012-17 adopted by the National Water Council (NWC), includes a prioritisation of investments projects for the sub-sector.

### Water reform

The fragmentation of the sector emphasises the need for enhanced coordination and development of a national sector programme, which can be clearly monitored by both the government and financing partners. Hence, the Government of Albania has embarked in 2015 on a new approach for water management and use (water reform). The reform is placed under the National Water Council/Integrated Policy Management Group (IPMG) and its Technical Secretariat (TS). Four sub-thematic groups were set up in 2015 by the national water council/IPMG (water for people; water for environment; water for food and water for industry). The national water council/IPMG agenda in 2016 foresees the elaboration of a national sector programme linked to National Strategy for Development and Integration 2015-2020 (under preparation) and

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<sup>1</sup> [http://www.sigmaweb.org/publications/Baseline\\_Measurement\\_2015\\_Albania.pdf](http://www.sigmaweb.org/publications/Baseline_Measurement_2015_Albania.pdf)

with the medium term budget programme (MTBP), as a result of direct outputs of the 4 thematic groups. The new approach is strongly based on the EU Water Framework Directive principles, political programme and also in the process of definition and assessment of strategic priorities, having regards to water as a main priority. Nevertheless, the implementation of this new approach itself poses several challenges.

#### Integrated water management

One of the key challenges is the preparation and implementation of river basin management plans, which relates to the implementation of the water law and the requirements of the EU directives as well. This challenge has been highlighted in the EU annual Progress Report 2013–2014, the South East Europe (SEE) 2020 strategy 'Jobs and Prosperity under European Perspective' (endorsed by the Ministry of Economic Development, Trade, Entrepreneurship and Tourism in 2014), the national legal framework, and cross-sectorial strategies. Due to the lack of such plans, the responsible line ministry faces many difficulties in controlling the quality and quantity of water resources at basin level. On the other side, the river basin authorities currently issue the water permits based on single bylaws, or decisions of the National Water Council, not based therefore on previously conducted analyses and studies specifically for each river basin. In the meantime, this situation is leading to inadequate investments and installations, uncontrolled and not recorded interventions in the water regimes, unreturned revenues, deterioration of the water quality and decrease of accountability, and increase of pollution from waste water discharges specifically in coastal areas.

The national water monitoring system is also split under several stakeholders/ministries, and there is a need to progress towards a unified system of monitoring, either at national or basin level. Monitoring of quality under the Ministry of Environment has improved over the years but is not sufficient to respond to the needs for adequate integrated water management including at river basin level.

Another major issue is the lack of knowledge, capacity, budget and means faced by river basin authorities and other local authorities with regard to integrated water management. The institutional set-up in the sector, the roles and functions of the stakeholders at national and local level are not always well defined and coordination remains an issue in the sector, although the recent water reform is geared towards improving this aspect. These factors are key constraints to the successful implementation of the integrated river basin water management concept, despite legislation improving since 2012 towards better approximation of the EU water framework directive. Another condition for success in integrated river basin water management is the adoption of a participatory approach in the preparation and implementation of Water Basin Management Plans, involving a wide group of stakeholders including notably local authorities and CSOs.

The approximation of EU water directives is improving but there are several gaps and inconsistencies that need to be addressed among legislations as well as a lack of secondary legislation and regulations. The Water reform intends to address these gaps in priority, but the challenges faced include lack of capacity and expertise to address the gaps, to assess requirements, constraints, resources and impacts on society that are linked to the approximation of EU legislation and its implementation and enforcement. Therefore, there is a need for progressive approximation in line with national capacity. Implementation and enforcement capacity is critical in view of the existing weaknesses and constraints in the sector, and there is a need for reinforced budgets and means at all levels.

The challenges for integrated water management at basin level relate to all water uses and potential conflicting uses that are now classified under the 4 thematic groups set under the national water council/IPMG (water for people; water for environment; water for food and water for industry). Climate Change impacts are also a growing concern, in particular flood risks related adaptation.

The National Water Council and its technical Secretariat, the Ministry of Agriculture, Rural Development and Water Administration (thematic group water for food), the Ministry of Environment including the National Agency of Environment (thematic group water for environment), the Ministry of Transport and Infrastructure (thematic group water for people), as well as the Ministry of Energy and Industry (thematic group water for industry), are the main key stakeholders concerned by integrated water management at central level. At the local level, the river basin agencies and river basin councils, the Municipalities, the water utilities, as well as the civil society are main stakeholders concerned with integrated water management.

## Water supply and Sewerage services

Water supply and sewerage, even though it is the most important subsector, faces major problems<sup>2</sup>: (i) There is a lack of adequate infrastructure and lack of skilled human resources; (ii) Only 28 out of 56 water utilities are able to offer water supply and sanitation services; (iii) Water coverage for both urban and rural areas is about 80%; (iv) Sewerage coverage with treatment facilities is only about 13%; (v) There is a large number of illegal connections; (vi) Service continuity is at an average of 12 hours per day; (vi) Water meters are rare (flat rates applied widely); (vii) Non-revenue water is about 67 % and collection rate 82 %; (viii) 9 waste water treatment plants were constructed, however, only 7 of them are operational.

Main challenges for Water supply and Sewerage services include the need to: (i) improve water supply and sanitation services; (ii) increase the water utilities efficiency in urban and rural areas by applying the principle of full cost recovery, (iii) review the tariff structure; (iv) reorganise water utilities in compliance with the new territorial reform; (v) construct water and waste water infrastructure and wastewater treatment plants in accordance with the National Master Plan for Water Supply and Sewerage; (vi) ensure operation and maintenance of the systems in a sustainable way.

These challenges reflect the recommendations of the EU Annual Progress Report of 2013–2014, objectives and targets set at the national level through the endorsed National Strategy on Water Supply and Sewerage 2011–2017 by a Decision of Council of Ministers (DCM) No. 643, dated: 14 Nov 2011, which is aligned with South East Europe (SEE) 2020 strategies, and sets the policy objectives and measures for improving the sector performance: 1. Expand and improve the quality of water supply and sewerage services; 2. Orient water utilities towards the principles of cost control and full recovery costs; 3. Improve governance and regulation of the sector. 4. Invest to increase capacity of the sector workforce; 5. Progress towards convergence of Albanian law with EU water directives.

The most affected stakeholders are the citizens (households) due to weak service coverage (water supply and sewerage) offered to them. The reasons behind this are: the weak institutions; lack of adequate infrastructure and lack of systems' maintenance. The water utilities were recently decentralised and municipality-owned but are not able yet to cover their operational costs. Speaking from a technical point of view, very often there is mixing of rain water and waste water in the collection system, which is not appropriate.

The above weaknesses are also partly the result of inadequate planning and design of investments, lack of management and technical capacity at central and local levels, unclear institutional framework and repartition of responsibilities, inadequate monitoring systems, insufficient financing / inefficient subsidies. All these factors are not conducive to a performing service delivery, and are intended to be addressed through the water reform initiated under the leadership of the national water council/IPMG and the Ministry of Transport and Infrastructure (leading the thematic group "water for people").

While there is a need for wide-ranging reform, capacities and means are limited, as demonstrated by issues faced with infrastructure projects implemented with EU funding. In most cases the lack of capacity at utility level, of ownership at local level, and of adequate support at national level resulted in the failure to ensure a normal degree of operation and performance of the installations built with EU support. As a result, capacity building at local and national level is essential for the enhancement of the subsector related to Water supply and Sewerage services. Capacity building and investment in infrastructure should also go in parallel as much as possible to enhance impact of development actions in the sector. Moreover, the role of the Water Regulatory Authority (WRA) in enhancing the capacity of the subsector/operators is also important, not only through performance monitoring, but also through the licensing system which should include minimum qualifications requirements to be met by operators, in particular in the area of waste water which it at a less advanced stage than water supply, especially with regards to the operation and maintenance of treatment plants.

The National Water Council and its technical Secretariat, the Ministry of Transport and Infrastructure (sub-thematic group water for people), the Ministry of Environment / National Agency of Environment and the Ministry of health / Institute of Public Health (water quality monitoring), as well as the Water Regulatory

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<sup>2</sup> Source: National Strategy for Water Supply and Sewerage (2011-17). Note: high sewerage coverage seems due to the definition of the indicator (area covered by infrastructure; meaning not the population effectively connected)

Authority, are the main stakeholders concerned with water supply and sewerage services at central level. At the local level, the Municipalities, the water and sewerage utilities, as well as the civil society are the key stakeholders.

## **OUTLINE OF IPA II ASSISTANCE**

The above issues in the water sector are expected to be addressed through the water reform and the implementation of the National Strategy on Water Supply and Sewerage 2011–2017. Some key advances expected for 2016 on the institutional level include the coordination in the sector through the IPMG thematic groups, the elaboration of the national sector programme, the establishment of an executive agency for water supply, sewerage and waste, as well as new guidelines to improve the contractual framework of water utilities which now fall under the responsibility of the municipalities as a result of the territorial reform. Legal gaps are planned to be addressed progressively over the next few years towards a more coherent and complete framework and better alignment with EU water related legislations.

It is acknowledged that the reform is recent and ambitious, and its implementation is largely constrained by the lack of capacity of the key sector stakeholders both at national and local levels. Even though the foreseen national sector programme will be linked with medium term budgeting, based on funding from Government and financing partners, its successful implementation will largely depend on Government being able to capacitate adequately the key driving implementation actors.

Capacity building is particularly crucial for the implementation of integrated water management at the river basin level, as this is a key pillar of the reform and the foundation of the EU water framework directive. It is also particularly important in the water supply and sewerage sub-sector where investment needs to reach national goals are enormous, irrespective of any additional investment that may be needed to ensure full compliance with EU directives, and where past and present IPA funding are confronted with serious implementation and sustainability issues linked closely to inadequate capacities both at local and national levels, lack of coordination among levels, low governance and clarity of respective responsibilities. IPA II action objective and results are well in line with the National Strategy on Water Supply and Sewerage 2011–2017. Besides, complementarities with ongoing projects and with other donors will be sought to reinforce the results and to link capacity building with investment whenever possible.

Therefore IPA 2016 assistance aims at strengthening capacities in the sector, with a focus on two priority areas: a) integrated water management and b) waste water management and treatment services. The action will benefit the country and the EU by contributing to ensure that the water sector is managed in an integrated and sustainable way, in line with EU policies and legislation, which will contribute to consolidating Albania's progress under chapter 27–Environment- of the Stabilisation and Association Agreement.

The Action will include two priorities (and corresponding strands of activities):

- **Priority area 1: Integrated water management**
- **Priority area 2: Wastewater management and treatment services**

In priority area 1 -integrated water management-, notably the elaboration of a national water cadastre and of integrated water management plans for three rivers (Drin-Buna and Semani financed by SIDA/WB; Shkumbini financed by EU), are expected to be completed by 2018; German Cooperation (GIZ) supports the integrated management of Ohrid and Prespa lakes based on EU water framework directive. The IPA action will build capacities and systems further based on the outputs/outcomes of these interventions, for instance by bringing additional capacity to river basins management plans in place, and consolidating/expanding existing GIS management tools at basin level based on the water cadastre.

In priority area 2 -water /particularly waste water management and services, notably, GIZ financing will aim to build up capacity of selected model utilities, support the IPMG and national regulator and update/consolidate the water master plan. As a follow-up on a capacity development programme of water utilities (Water support project co-financed under IPA 2010, concluded in August 2015), Austria/ADA financing will support the Ministry of Transport and Infrastructure and General Directorate for Water Supply and Sewage (GDWSS) for expanding the mapping and registration of rural water supply systems assets to 1700 villages and building further asset data base; WB financing will aim at elaborating a performance

financing mechanism. The IPA action will build capacities and systems further based on the outputs/outcomes of these interventions, for instance in duplicating successfully the models developed for utilities, and consolidating performance systems and financing incentives schemes towards water utilities. The action may also build on outputs/outcomes of the United Nations Development Programme (UNDP)-led "Star 2" project planned over 2016-19, and aiming at local administrations capacity strengthening, increased local service delivery and enhanced local democracy.

Donor coordination falls under the responsibility of the Prime Minister through the Integrated Policy and Management Groups (IPMG; for water the National Water Council/Technical Secretariat) to guide policy development, implementation and evaluation. Donors participate to the thematic groups created under the IPMG water. The IPA 2016 action will contribute to the reinforcement of the donors' coordination in ref. to priority area 2 through the reinforcement of planning and monitoring of water supply and sewerage investment implementation and the consolidation of the sector investment plan / sector project pipeline

## **RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES**

The action is in line with the priorities of the Indicative strategy Paper for Albania (CSP 2014-2020) for environment, specifically for the water sector, which indicates the needs of Albania to further build sector management capacities in order to prepare and enforce policies in line with EU legislation and best practices. The CSP stressed that the funding needs for investments are substantial: related to the environment sector, it is estimated that to comply with the relevant EU directives in the water sector solely, Albania would need investments surpassing EUR 2 billion and the total cost of implementation of water supply and sewerage Master Plan is estimated around EUR 6.4 billion.

Due to limited availability of financial resources and since the sustainability of investments in these sectors has not been fully satisfactory so far, it recommends that IPA II assistance foresees the development of Albanian administration's capacities to operate and sustain such investments, before considering new ones, in particular in the first part (2014-2017) with the objective to (a) build capacities for managing the sector in line with EU policies and consolidate earlier efforts and (b) operate and maintain existing and new public infrastructure investments in a sustainable and efficient way. An additional objective is to create a pipeline of feasible, mature, and implementable infrastructure projects. In the second part of IPA II (2017-2020), it is envisaged to provide additional support for actual investments in priority areas.

As stated in the Enlargement Strategy of 2014 of the European Union, Albania was granted candidate status in June 2014 and European integration is a national strategic and geopolitical objective, hence a major driving force for improving water sector management is compliance with EU directives. The Water Framework Directive has been transposed, and there is a long list of legal acts and their respective bylaws to be prepared in order to transpose other EU water related directives.

The Stabilisation Association Agreement (SAA) in force since 2009 continues to be overall smoothly implemented. Article 70/3 states the need to align the legal framework on EU *acquis* and article 108 strongly encourages development and joint cooperation of parties for promoting environmental sustainability. Progress reports of recent years, for the field of environment and climate change, identifies some progress, but also emphasizes the need to strengthen environmental protection and further aligning the water related national legislation with EU directives. Industrial control and monitoring of emissions waste and water management are at an early stage and overall, resources remain limited and substantial investment is needed. The report 2015 notes that regulations on water use under the law on integrated water management were adopted, while bathing water quality remains unsatisfactory in rivers, and untreated sewage is the main source of pollution. Chapter 5 "Public Procurement" mentions that "Harmonisation with the revised directives on public procurement (2014/24/EU) and on procurement by entities operating in the water, energy, transport & postal services sectors (2014/25/EU) has to be achieved. The environment and energy statistics are partially in line with *acquis*, and it recommended "Statistics on waste, water and waste water to be further developed".

The main national document reflecting the steps for complying with the EU Acquis on Environment (including water management) is the National Plan for European Integration (NPEI 2014-2020). The Government endorsed the "Strategy on water supply and sewerage 2011-2017" and the SEE 2020 Strategy of Southeast Europe countries 'Employment and Prosperity under European Perspective'. The National Strategy



on “Integrated Water Resource Management” is under preparation and the “National Sector Programme” both expected to be adopted by 2017 are key steps for strengthening the water sector framework.

The main donors in the Water sector in addition to the EU include Germany (Kreditanstalt für Wiederaufbau, Gesellschaft für Internationale Zusammenarbeit), World Bank (WB), Austrian Development Cooperation (ADC), European Bank for Reconstruction and Development (EBRD), Japan International Cooperation Agency (JICA), Italian Development Cooperation, Swiss Agency for Development and Cooperation (SDC), , Swedish International Development Cooperation Agency (SIDA) and the Organisation for Security and Cooperation in Europe (OSCE). A number of these, notably Germany, ADC, Swiss Cooperation, WB/Sweden finance on going or in pipeline capacity building projects to which the IPA 2016 action will add up complementarity.

## **LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE**

Previous assistance has included different operations (technical assistance, equipment and investments) contributing to aligning the country with the extensive and complex EU regulatory framework and to better shape the environment/water policy development. Support first focused on the capacity of central and local institutions to enforce relevant environment legislation and monitor levels of pollution. The assistance also included a number of infrastructure projects to build wastewater collection and treatment facilities along the Adriatic coast to safeguard sea water quality. Overall, EU support to the water sector over 2007-2015 exceeds € 110M, of which 40% delegated to other development partners. Various development partners provide assistance to the sector; among them International Financing Institutions (IFIs) with loans from the World Bank, the European Investment Bank (EIB), the EBRD, and other donors such as Germany, Italy, Japan, Austria, Sweden, Switzerland and the United Nations.

Important lessons learned from past IPA interventions include: (a) capacity building and investments require a minimum level of human resources in terms of both skill and number; (b) *acquis* alignment and policy development will need to be done in an inclusive and evidence-based manner in order to better ensure implementation and enforcement of new legislation and policies; (c) the ownership for EU funded investments is jeopardised if they are not linked to sector strategies and budgets of the relevant Ministries; (d) infrastructure development requires strong and efficient coordination between Ministries at central level and with local government institutions; (e) land availability for construction is a serious constraint. (f) basic conditions in terms of construction permits, land titles and operating and maintaining resources must be met to ensure sustainability. Finally, future feasibility studies should carefully assess institutional due diligence.

The challenges in the sector are manifold. Priority needs include further development of capacities at central and local level for developing and implementing policies, and ensuring operation and sustainability of investments. Investments needs are substantial, as at least € 2.4 billion are considered necessary in reference to the urban wastewater directive as well as annually € 52 million in operating costs.

The operation and sustainability of several investments financed under past IPA programmes in the sector are not at a satisfactory level, as pointed out by the on-going external evaluation of IPA projects. However, some projects delegated to KfW are better off due to the "Utilities performance based approach" adopted for such projects. The recommendations of this evaluation are pertinent and several of them will be addressed partly by the IPA 2016 action, (especially A1 to A5, B3 to B4, C2 to C4, and D1 to 3; see recommendations below):

### **A. Institutional framework:**

1. Strengthening alignment of Water Supply and Sanitation (WSS) infrastructure planning with EU WFD (based on River Basins) and EU UWWT Directive
2. Creating /evolving a robust WSS planning agency with modern governance and management culture
3. Developing a regulatory approximation study of Albanian legal system to the EU water regulatory framework and “*acquis*”, building of existing work done in the past in that area
4. Clarifying responsibility and operational procedures of the new TS NWC and its four pillars (esp. people & nature) to ensure adequate inter-sectoral coordination

5. Developing, testing and publication of standard model(s) utility service delivery contract serving multiple and differentiated (urban, rural) communities
  6. Review the draft national IWRM Plan based on WFD requirements
- B. Technical planning and implementation
1. Development of regional WSS Master and Implementation Plans aligned with the EU UWWTD
  2. Development of national guidelines for infrastructure project feasibility study development and approval aligned with EU rulebooks
  3. Development/ updating national norms for forecasting and planning of WSS infrastructure compatible with EU practices
  4. Implement job development and competence & skill certification schemes for utilities staff (managerial, and operative WS, WW & WWTP), building on existing assessments and initiatives (ADA, GIZ, USAID)
  5. Test and disseminate good practices about low cost and efficient artificial wetland WWTP technologies
  6. Develop and issue regulatory order for WSS asset management plan
- C. Financial framework
1. Study on the implication of urban planning “laissez faire “ on WSS infrastructure life cycle costs and services to rural population
  2. Study on subsidies to water utilities and ways and means to reduce them, target them better to the un-affording poor and link them to service performance and continuous improvement requirement
  3. Study to assess public affordability and preferable funding sources and mix of funds for WSS infrastructure development along the EU acquis, building on existing assessments and initiatives (GIZ)
  4. Development / updating of mechanisms for transparent WSS projects pipeline planning, development, funding, monitoring and evaluation
- D. Budget support
1. Development of a transparent WSS project pipeline and project prioritization methodology based on MPs and FSs.
  2. Development of strengthened WSS infrastructure funding process and coordination and approval procedures with domestic decision makers, IFIs and international donors
  3. Development of strengthened WSS infrastructure development monitoring and evaluation framework linked to objectively verifiable, unambiguous indicators and quantitative targets
  4. Development of a BS policy matrix for BS funding and payment approval procedures embedding unambiguous indicators and targets

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	
To enhance the implementation of the National Water Reform and the progress of Albania towards EU water legislation requirements	Progress in CSP indicators, and in the approximation of EU acquis requirements % population connected to waste water collection systems - Without treatment - With treatment	CSP reporting; EU reporting	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
1) <b>Integrated water management:</b> to strengthen capacities for managing the sector in line with EU policies and to consolidate earlier efforts in that direction And 2) <b>Waste water management and treatment services:</b> to reduce pollution of Adriatic coastal water via strengthened capacities and operation and maintenance of wastewater infrastructure along the coast, particularly in selected municipalities	Staffing and performance of the General Directorate of Water Administration and the River Basin Agencies  Sewer Treatment Coverage from treatment plants Quality of coastal waters	Reporting from the WC/TS, ministries/agencies and water basin authorities; Reporting from Utilities, AKUKMN and WRA Training evaluation reports; surveys NEA yearly reporting	National Plan on European Integration 2016-20 and NSP water adopted; IPMG/TS water, chaired by Prime Minister, guides implementation of the NSP Strategies on IWRM and WSS adopted / still in force
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
<b>SO 1 -integrated water management:</b> <b>To strengthen the capacities for managing the sector in line with EU policies and consolidate earlier efforts</b> Result 1.1: Legal framework in the field of water management is improved in an inclusive and evidence-based manner and implemented and enforced in line with the EU requirements	Preparation of plan of approximation, including of short term amendments to legal acts and bylaws, in line with the EU water – related directives	Draft texts, Government official gazette; Gap analysis on approximation of EU legislation	Acts/bylaws prepared by 2018: - Draft DCM on “urban wastewater treatment” - Draft DCM on “national strategy for water, river basin management plans, flood risk management plans - Draft DCM on “marine waters”.
Result 1.2: River Basin Management Plans are implemented for selected river basins, and in line with EU requirements	Number of basins reports (cumulated) available including characterisation, water quality objectives, monitoring requirements and measures	RMBP document; Monitoring reporting; Water Pricing report; decision/instructions	National strategy on integrated water resources management adopted by 2018; Water cadastre completed / tested and RBMPs prepared for the river

			basins Drin-Buna, Seman, and Shkumbini by 2018 By laws prepared on water cadastre maintenance / updating.
Result 1.3: Institutional capacity at river basin level, to implement Integrated Water Management, is enhanced.	Number of river basin authorities with adequate capacity for operation and monitoring;	Basins activity reports and monitoring reports; Best practice notes / replication plan Policy, strategies and plans documents; Instructions, regulations Training evaluation reports; Exchanges / twinning agreement at basin level	Continued government willingness and support to implement integrated water management Full involvement of the local governmental representatives in the river basin council and decision making process for water management issues. Active stakeholders participation
Result 1.4 The budgetary framework and economic analysis of water extraction and water use at basin level improved in line with water framework directive principles, the tariff structure is reviewed and enforced.	Existence of a budgetary framework proposal,	Government instructions, decisions and reports; WC/TS instructions and procedures Guidance and best practice notes;	Continued government willingness and support to implement integrated water management MTBP harmonised between line ministries through sub thematic groups recommendations. Budget allocated for water sector to local government, harmonised with national sector programme.
<b>SO 2 -Wastewater management and treatment services: Pollution reduction of Adriatic coastal water via strengthened capacities and operation and maintenance of wastewater infrastructure along the coast, particularly in selected municipalities supported by the EU (Velipoja, Lezha/Shengjin, Durres, Kavaja, Vlora, Ksamil and Saranda, Orikum, but also new ones such as Divjaka, Spille, and Ionian sea Riviera from Dhermi to Saranda)</b> Result 2.1: The performance of selected waste water utilities along the coast of Albania is improved	Number of KPI-s improved for the selected utilities	Instructions, procedures; reporting by utilities, AKUKMN, WRA;	Willingness and involvement of stakeholders Technical Standards on water supply and sewerage available.

		Training evaluation reports;	National registry for trainings available for the water sector. Benchmark system existing
Result 2.2: The new National Agency for Water Supply & Waste Water and Solid Waste (AKUKMN) is strengthened, with particular focus on the waste water sub-sector	Setting up and operation of the new agency  Existence of a plan for compliance with EU UWWTD, including estimates of investment costs, with specific focus on WWTP along the coast	Instructions, procedures; Reporting by AKUKMN; Reports and recommendations notes by consultant Water Data monitoring plan and reports; Training evaluation reports	Willingness and involvement of management and staff Master Plan on water supply and sewerage adopted. Draft DCM on “urban wastewater treatment” prepared by 2018 Financing model for water supply and sewerage available by 2017.
Result 2.3: The existing coastal waste water treatment plants are operated and maintained adequately	Quality of WWTP effluent discharged for the selected water utilities	WWTP O&M reporting Waste water quality monitoring reports WWTP maintenance Plans WWTP enhancement plans Training evaluation reports	WWTP Operations & Maintenance staff are available WWTPs operation manual and as-built drawings are available WWTPs Feasibility and final design reports are available. National registry for trainings available for the water sector.
Result 2.4: The awareness and participation of all stakeholders in the sector is increased in line with the EU acquis requirements and the Principles of Public Administration	Number of awareness events on EU water management principles  Cost coverage/willingness to pay for water/ waste water services in the territory covered by the selected water utilities	Information and awareness raising campaigns documents and reporting; Stakeholders survey	All stakeholders including civil society are represented at the national level in the four IPMG thematic groups responsible for dealing with water-related issues, cross-cutting, and are represented at the river basin level. The objectives action plan on public participation of the national strategy on water supply and sewerage still in force.

## DESCRIPTION OF ACTIVITIES

The indicative activities foreseen are identified for each of the results stated above in the logframe.

### Priority area 1 -Integrated water management:

#### Specific Objective 1: to strengthen capacities for managing the sector in line with EU policies and to consolidate earlier efforts in that direction

##### Result 1.1: Legal framework in the field of water management is improved in an inclusive and evidence-based manner and implemented and enforced in line with the EU requirements

The indicative activities planned to achieve this result include:

- Assessment of the current legal framework and gap analyses,
- Preparation of a realistic long-term strategy for the implementation of the EU legislation.
- Support with preparing amendments to legislation, including support to preparation of impact (fiscal/regulatory) assessments
- Support with ensuring an enabling environment for stakeholder participation, including organisation of internal and external stakeholder consultations and support to Government Communication Plan on the integrated water management reform and expected results and impact on the lives of Albanian citizens
- Training to increase the knowledge and requirements on the process of the approximation / implementation of EU directives.

##### Result 1.2 - "River Basin Management Plans are implemented for selected river basins, in line with EU requirements".

The indicative activities planned to achieve this result include:

- Data Collection
- Characterisation of rivers, pressures, sensitive areas for the selected river basin(s)
- Definition of water quality objectives
- Identification of measures, monitoring requirements and water services costing
- Support for the integrated information system implementation
- Support to operational monitoring systems

##### Result 1.3 - "Institutional capacity at river basin level, to implement Integrated Water Management, is enhanced".

The indicative activities planned to achieve this result include:

- Review of current duties, responsibilities and operation of the institutions established at river basin level, and drafting of proposals for improvement and empowerment as needed
- Review of water monitoring systems and drafting of proposals for improvement;
- Support for river basin authorities on water management issues / river basin management plan cycle;
- Training events and workshops on integrated water management
- Promotion of twinning arrangements at river basin level

##### Result 1.4 The budgetary framework and economic analysis of water extraction and water use at basin level improved in line with water framework directive principles, the tariff structure is reviewed and enforced.

The indicative activities planned to achieve this result include:

- Assessment of the current budgetary framework
- Assessment of the existing pricing policy and regulations
- Elaboration of tools on cost benefits analysis and water use tariffing, best practices,
- Proposals for integration of cost recovery principles in policies, strategies, plans and tariffs

## **Priority area 2 -Waste water management and treatment services:**

**Specific Objective 2: Pollution reduction of Adriatic coastal water via strengthened capacities and operation and maintenance of wastewater infrastructure along the coast, particularly in selected municipalities supported by the EU (Velipoja, Lezha/Shengjin, Durres, Kavaja, Vlora, Ksamil and Saranda, Orikum), but also new municipalities such as Divjaka, Spille, and Ionian sea Riviera from Dhermi to Saranda).**

### Result 2.1: The performance of selected WW utilities along the coast of Albania is improved

The indicative activities planned to achieve this result include:

- Assessment of the operation and performance of selected coastal water and sewerage utilities
- Review / design of Action Plans for improving the performance of the selected utilities
- Provision of best practice and Tailor-made technical training
- Definition and provision of essential equipment for the implementation of the utilities action plans

### Result 2.2 “The new National Agency for Water Supply, Waste Water and Solid Waste (AKUKMN) is strengthened, with particular focus on the waste water sub-sector”.

The indicative activities planned to achieve this result include:

- Assessment of the current management and operation of the agency, including appropriateness of the accountability and reporting lines to the responsible ministry, and proposals for improved systems
- Assessment of the performance monitoring system of water and sewerage utilities and proposals for improved systems (benchmarking unit...)
- Assessment of the schemes in place towards supporting and training water and sewerage utilities and proposals for improved systems
- Assessment of the planning and implementation of waste water infrastructure actions, and provision of tailor made support
- Drawing-up of an implementation plan for compliance with the UWWTD updated/in place, including estimates of investment costs and monitoring requirements, with a specific focus on WWTP along the coast
- Provision of training to the agency staff

### Result 2.3: The existing WWTPs are operated and maintained adequately

The indicative activities planned to achieve this result include:

- Setting up / strengthening permanent technical units to operate the concerned WWTP facilities;
- Technical capacity building support for operation and Maintenance of wastewater systems;
- Elaboration of WWTP Maintenance plans
- Elaboration of plans to improve existing WWTPs towards meeting EU UWWTD requirement
- Reviewing/elaborating programmes of monitoring the quality of effluents
- Provision of technical training to the WWTP units and staff with regards to WWTP operation and maintenance
- Definition and provision of essential equipment for proper operation and Maintenance of wastewater systems

### Result 2.4 “The awareness and participation of all stakeholders in the sector is increased in line with the EU acquis and the Principles of Public Administration”.

The indicative activities planned to achieve this result include:

- General Information / awareness raising campaign and survey on water issues

- Focussed awareness raising actions between users and decision makers
- Support to stakeholder groups to better organise and constructively participate in policy and legislative dialogue in line with the inclusive approach
- Dissemination of materials and success stories.

## **RISKS**

- There is a lack of willingness of the main stakeholders to implement the national water reform; the risk might be mitigated through strong ownership and leadership by the prime minister office
- Risk for the contracting and implementation linked to corruption practices: the risk might be mitigated by the implementation of activities components by EU Member State body (ies) / consortium implying the use of EU compliant procedures.
- There is a risk of delay in the process of adoption of the NSP; it might be mitigated through the implementation of the National Plan on European Integration 2016-2018 that sets goals for approximation with the EU acquis;
- Possible delays in the implementation of actions on which this action is expected to build upon (bylaws and governmental decisions; water cadastre, RBMP of Drin-Buna and Semani); the risk will be mitigated by adapting the scope of activities before the procurements are launched as well as at various stages of implementation
- Objectives, results or activities may overlap with other donor's actions. This risk might be mitigated through the preparation of the national sector programme, which will integrate all the water-related issues together and by the IPMG process enhancing coordination in the sector.
- The indicators are not properly defined and therefore do not measure appropriately a specific activity or objective. This risk might be mitigated by using other indicators from other sources and levels.
- Key staff in water and sewerage utilities or in the new agency for water supply, sewerage and waste are not stable; This risk might be mitigated by applying the principles of operation used by the DPA (department of public administration) for the employers at these level, evaluation incentives, etc.
- Financial resources required for specific tasks are not available or not sufficient. This risk might be mitigated by better planning of MTBP at the sub-thematic group level, re-allocation of funds from other sources and on-going projects.
- Policy and legislative development is not sufficiently done in an inclusive and evidence-based manner due to lack of capacities, time pressure to adopt legislation or unwillingness of administration to engage into stakeholder consultations at the right time of the process. This risk can be mitigated by ensuring appropriate internal planning and capacity building on impact assessment (fiscal, regulatory) methods and through awareness-raising on importance of 'better regulation' both internally and externally.
- Delays on adoption procedures for the political / strategic national documents. This risk might be mitigated by applying a better planning and prioritization of the planned legal measures by each line ministry respectively.

## **CONDITIONS FOR IMPLEMENTATION**

In order for this Action to be properly implemented, the following conditions must be in place:

The first condition for an effective implementation of the action is the continuation of the water reform through the legal and institutional framework. This is expected to be measured notably through the continuation of the IPMG process and the NSP elaboration, good progress in the preparation of key bylaws, and the legal and organisational setting up of key institutions in the sector, in particular the new agency for water supply, sewerage and waste (organigram; business plan, job descriptions, budgets...). These requirements shall be in place by the time the action effectively starts, as the action aims at assessing the gaps and complementing/enhancing the frameworks and the key sector institutions to further speed up the transposition process of the EU directives and consolidate the responsibilities and operations of these stakeholders.



An additional condition with regard to component 2 of the action is the sufficient establishment of the new agency for water supply, sewerage and waste after its setting up, otherwise any capacity building activity would be at risk. The same applies to the water and sewerage utilities and their contractual relations with key stakeholders, mainly the municipalities, the new agency for water supply and sewerage, and the regulator. In order to be sufficiently established, the new agency of water supply and sewerage should have a proper legal status, contractual relations, key organisation functions, systems and tools, and sufficient personnel in place and it should ideally have been operational for no less than 1 year.

The above conditions shall be assessed by the water technical secretariat and shall be reported regularly (6 months intervals) to the National IPA Coordinator (NIPAC)/Ministry of EU integration and the EU Delegation, starting from December 2016.

In general terms, the activities under this action are expected to also contribute to the horizontal PAR agenda and support Albania in meeting the relevant Principles of Public Administration. Specifically, activities under this action will need to advocate inclusive and evidence-based policy and legislative development in the water sector. Where applicable, legislative development will also need to ensure compliance with the new Code of Administrative Procedures, and it will avoid promoting special administrative procedures, which risk undermining transparency, predictability and legal certainty in decision-making. Where activities support establishment of new administrative structures such as agencies, special attention will need to be paid to establishing appropriate accountability and reporting lines between the new structures and responsible parent institutions. Finally, capacity building, training and human resources management activities under this action will need to be coordinated with the central institution responsible for coordination of human resources and professional development in order to ensure sustainability of training and capacity-building activities.

Failure to comply with these requirements may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

### **3. IMPLEMENTATION ARRANGEMENTS**

#### **ROLES AND RESPONSIBILITIES**

The leadership for the water sector falls under the responsibility of the National Water Council, chaired by the Prime Minister, as the highest authority for water policy-making. The Technical Secretariat is its executive body, responsible for coordinating the implementation of water related policies and strategies. The four sub-thematic groups established under the IPMG for Water serve as forums bringing together all the stakeholders related to four main pillars for water sector, and are chaired by line ministries responsible for each related field of expertise: Ministry of Agriculture, Rural Development and Water Administration (sub-thematic group water for food), Ministry of Environment (sub-thematic group water for environment), Ministry of Transport and Infrastructure (sub-thematic group water for people), and Ministry of Energy and Industry (sub-thematic group water for industry). The level of fragmentation / overlap of duties and responsibility is high:

- Ministry of Agriculture, Rural Development and Water Administration: drafting and implementation of policies and strategies for the water resources management, irrigation and drainage, and flood protection.
- Ministry of Transport and Infrastructure: development and implementation of strategies and policies for water supply and sewerage.
- Ministry of Environment: drafting and implementation of policies and strategies for environmental protection, biodiversity, forestry, protected areas, water pollution and adaptation to climate change.
- Ministry of Energy and Industry: drafting and implementation of policies and strategies on energy production, and other economic sector using water.
- Ministry of European Integration: drafting and implementation of policies and strategies related to the EU integration process.

- Ministry of Health: drafting and implementation of policies and strategies for water quality monitoring in the water sector.
- Ministry of Urban Development: drafting and implementation of policies and strategies for urban infrastructure.
- Ministry of Economic Development, Trade, Tourism, Entrepreneurship: drafting and implementation of policies and strategies for economic analysis and investments.
- Ministry of Interior: leading role for civil emergencies subsector, including floods emergencies as well; drafting the national plan on civil emergencies.
- Ministry of Finance: drafting and implementation of policies and strategies for financing capital investments in the sector.
- Water Regulatory Authority (ERRU): independent regulator responsible for setting the water tariffs (WSS) and licensing the water utilities.
- River Basin Council (6): decision-making body at river basin level, chaired by prefect, permitting water resources abstraction for different purposes of use.
- River Basin Agency (6): executive body of the river basin council, under the Ministry of Agriculture, Rural Development and Water Administration. Responsible for drafting the water resources use inventory, and producing systematic reports.
- Water utilities: responsible for providing water supply and sewerage services to the citizens.
- Local governmental units (municipalities): responsible for services in urban and rural areas under their jurisdiction, including irrigation channels maintenance, waste collection, wastewater collection
- SHUKALB; The Water Supply and Sewerage Association of Albania is a professional, non-profit Association of water supply and sewerage professionals, who wish to improve the service management.
- Scientific institutes such as Institute of Geosciences, Energy, Water and Environment (IGJEUM), Institute of Public Health (ISHP), Albanian Geological Survey (SHGJSH), responsible for monitoring of water quality and quantity regularly.
- Universities are responsible for research conduct related to water supply and sewerage, including studies on technologies for waste water treatment plants.
- Private sector, it is considered to be an important stakeholder ensuring its contribution through investment and donations. During the recent years, several investments in hydropower, light industry and mining have been undertaken by the private sector.
- Civil society Organisations (CSO), which represent the citizens and different waters user's interest.

The action will be placed respectively under the umbrella of:

- the **Ministry of Agriculture, Rural Development and Water Administration**, which will be **responsible for area 1 -integrated water management**, with a focal working group established including indicatively the Ministry of Environment, river basin authorities and municipalities CSOs representation; Representation of the relevant scientific institutions, and the EU MS body or consortium selected for implementing component 1.; and
- the **Ministry of Transport and Infrastructure**, which will be **responsible for area 2–water/particularly waste water management and services**, with a working group established including indicatively the new national agency for water supply, sewerage and waste, the municipalities and water & sewerage utilities concerned, and the independent regulator (ERRU), Civil Society Organisation (CSO) representation, the Association of Water and sewerage Utilities (SHUKALB), and the EU MS body or consortium selected for implementing component 2.

The **technical Secretariat** will ensure the coordination role within the scope of the action and participate in the working groups and the implementation of the 2 priority areas of the action.

## **IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING**

### ***Implementation arrangements for the action: indirect management with EU Member State body (or consortium of Member State bodies)***

The action is an institution-building intervention to support the water sector:

- **Priority area 1 - Integrated water management (EUR 1.6 million):** Implementation through a Delegation Agreement with the Austrian Development Agency or, if negotiations fail, the German Society for Development Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH), selected based on a call for expression of interest.

This implementation modality has been selected to increase donors' coordination and aid effectiveness and benefit from donors' comparative advantage and expertise developed in the sector. The reason for choosing a Member State body is that the beneficiary needs hands-on support from a peer institutional partner with relevant project management experience in the sector. The selection criteria were (i) international mandate of the potential delegatee entity; (ii) presence and experience of the potential delegatee entity in the water sector, in particular in Albania (including the volumes of assistance in the sector and projected assistance in the near future); (iii) technical expertise, logistical & management capacities of potential delegatee entity, including at the local level; (iv) impact, results, leverage effect of cooperation with other entities/donors, also covering effectiveness of the delegation of tasks, included in Albania; (v) added value of actions in the water sector under implementation by the potential delegatee entity or planned in the near future, and synergies envisaged or proposed with the IPA2016 project; and (vi) reduced transaction costs level by the potential delegatee entity.

The entrusted entity shall be responsible for carrying out all the tasks relating to the implementation of the action. In particular, the entrusted entity shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

- **Priority area 2 -Wastewater management and treatment services (EUR 2.4 million):** Implementation through a Delegation Agreement with the German Society for Development Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) or, if negotiations fail, the Austrian Development Agency, selected based on a call for expression of interest.

This implementation modality has been selected to increase donors' coordination and aid effectiveness and benefit from donors' comparative advantage and expertise developed in the sector, as well as from performance-based approaches universally recognised as successful in the wastewater sector management in Albania. The reason for choosing a Member State body and the selection criteria are the same as under priority area 1.

The entrusted entity shall be responsible for carrying out all the tasks relating to the implementation of the action. In particular, the entrusted entity shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

Procurement will be according to the contracting regulations of the selected entrusted EU MS body(ies) / consortium and the conditions set in the Delegation contract between the EU and this body.

## **4. PERFORMANCE MEASUREMENT**

### **METHODOLOGY FOR MONITORING (AND EVALUATION)**

The current system for monitoring the IPA implementation is ensured through the NIPAC and the NIPAC Support Office, under the umbrella of the Ministry of European Integration. The implementation of the sub-sector Strategies included in the integrated water sector is monitored on an established result-based performance assessment system, as part of the Government's Integrated Planning System. The IPMG for

water serves as a high level forum for monitoring the progress of the implementation of reforms/objectives/ and planned activities. The four sub thematic groups chaired by a respective line ministry report to the secretariat of the IPMG for the completion of objectives, and the IPMG reports to the Strategic Planning Committee chaired by the Prime Minister.

The technical secretariat and the two ministries and working groups established respectively for the components of the action will monitor the activities, outputs and outcomes of the action, according to the agreed indicators, and report back to NIPAC and the EU delegation.

The action being mainly based on technical cooperation assistance, monitoring will be based on reports and deliverables submitted by consultancy firms selected. Any equipment supplies linked to the action that may be provided under national resources will be also monitored by the technical cooperation assistance provided.

The EU Member State body selected for the implementation of the 2 components of the action will report directly to the EU delegation, while informing regularly / participating in the relevant working groups.

The European Commission may carry out a mid-term, a final or an ex-post evaluation for this Action via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations. In addition, the Action might be subject to external monitoring in line with the European Commission rules and procedures set in the Financing Agreement.

## INDICATOR MEASUREMENT

Indicator	Baseline (value + year) (2)	Target 2020 (3)	Final Target (year) (4)	Source of information
% population connected to waste water collection systems <sup>3</sup> - Without treatment - With treatment	60% (2010) 4% (2010)	Value		National statistics
<b>Priority area 1 - Integrated water management - Specific objective 1: to strengthen capacities for managing the sector in line with EU policies and consolidate earlier efforts</b>				
Staffing and performance of the General Directorate of Water Administration and the River Basin Agencies	Staffing not completed (2015) River basin agencies		Staffing completed All functions ensured	General Directorate of Water Administration annual report
Preparation of plan of approximation, including of short term amendments to legal acts and bylaws, in line with the EU water – related directives	No plan available	Approximation plan endorsed by authorities	Approximation plan endorsed by authorities	MARDWA MEI MTI
Number of basins reports (cumulated) available including characterisation, water quality objectives, monitoring requirements and measures	1 (2015) (Mati river)	5	5	MARDWA MoE RBA
Number of river basin authorities with adequate capacity for operation and monitoring	Value (year)	5	5	MARDWA MoE RBA
Existence of a budgetary framework proposal	None	Budget mechanism	Budget mechanism	MARDWA, MTI

<sup>3</sup> Source: IPA II Country Strategy paper for Albania 2014-2020 National Strategy for Water Supply and Sewerage (2011-17). Nota: high sewerage coverage seems due to the indicator definition (area covered by infrastructure; meaning not the population effectively connected)

		approved	approved	WRA
<b>Priority Area 2 -Wastewater management and treatment services</b>				
<b>Specific objective 2: Pollution reduction of Adriatic coastal water via strengthened capacities and operation and maintenance of wastewater infrastructure along the coast, particularly in selected municipalities supported by the EU (Velipoja, Lezha/Shengjin, Durres, Kavaja, Vlora, Ksamil and Saranda, Orikum, but also new ones such as Divjaka, Spille, and Ionian sea Riviera from Dhermi to Saranda)</b>				
Sewer Treatment Coverage from treatment plants	Value (year)			
Quality of coastal waters	Value (year)			
Number of KPI-s improved for the selected utilities	63 (2013) <sup>4</sup>	87 Positive trend of aggregate indicators (financial and technical) <sup>5</sup>	87 Positive trend of aggregate indicators (financial and technical)	MTI, WRA
Setting up and operation of the new agency	(2015) Agency not established <sup>6</sup>	Agency set up and working satisfactorily  Positive trend <sup>7</sup> in operation and performance of the agency	Agency set up and working satisfactorily  Positive trend in operation and performance of the agency	MTI
Existence of a plan for compliance with EU UWWTD, including estimates of investment costs, with specific focus on WWTP along the coast	No plan	Plan produced for the selected utilities	Plan produced for the selected utilities	MTI
Quality of WWTP effluent discharged for the selected water utilities	No indicator for treated effluents	Positive trend of aggregate indicators	Positive trend of aggregate indicators	MTI, WRA, Water and sewerage utilities

<sup>4</sup>

In Annex is attached the table with the main performance indicators for 8 selected coastal water utilities (not all of them are responsible for wastewater as well).

<sup>5</sup> The 87 KPI-s are fully measured by each of the 8 selected coastal water and wastewater utilities, and the aggregate indicator (s) (formula to be established) shows a positive trend

<sup>6</sup> The General Directory for Water Supply and Sewerage is currently playing the role of the Agency.

<sup>7</sup> Qualitative and quantitative indicators to be defined once the agency is set up and operational and based on the agency business plan or other similar document available

Number of awareness events on EU water management principles	No data	Positive trend measured (surveys)	Positive trend measured (surveys)	MTI Local governments
Cost coverage/willingness to pay for water/ waste water services in the territory covered by the selected water utilities	No data	Positive trend measured (surveys)	Positive trend measured (surveys)	MTI Local governments

## 5. SECTOR APPROACH ASSESSMENT

Albania is a very rich country on water resources, but unfortunately, has always suffered by inappropriate and inefficient water administration. The water sector has been so far managed in a very fragmented way due to existence of several water related institutions, often with overlapping responsibilities and duties and therefore unclear accountability lines. Having regards to the unclear picture of the sector, the Albanian Government has presented six main priorities towards achieving good governance, one of which is the water. The good water governance is expected to be achieved through implementing the new sector approach towards integrated water management (water reform).

The reform, which in the near future will be applied to other sectors as well, focuses on four main pillars which are the so-called sub sectors; (i) water for people; (ii) water for food; (iii) water for environment, and (iv) water for industry. The main coherent objectives of the sector are: improvement of the water supply and sewerage services; better infrastructure for irrigation and drainage; improved flood protection management; better use of water resources and increased human capacities in the sector.

The Government of Albania is finalising the National Strategy for Development and Integration (2015-2020) and adopted recently the National Plan for European Integration 2016-2020. These are strategic documents guiding Albania's accession towards the European Union. The multi-annual strategic planning process is complemented by a steady financial planning tool, namely the Medium Term Budget Programme (MTBP). The Government of Albania also adopted in 2015 a Cross-Cutting Public Administration Reform Strategy 2015-2020 (PAR Strategy), along with the Strategy for Anti-Corruption (2015), the Strategy for Public Finance Management (2014), the Digital Albania Strategy (2015) and the Strategy for Decentralisation and Local Governance (2015). The PAR provides the framework for implementing other policies, and will be supported by the EU through a sector reform contract (budget support) approved in 2015.

As part of the regional strategic planning, the Government of Albania has contributed to the preparation of the SEE 2020 Strategy. Subsequently the related Action Plan for Albania was prepared and approved by Government (DCM No. 611, dated: 17 September 2014). In particular, Pillar 3 (environment) focuses on water-energy-food nexus, water infrastructure and integrated water resources management.

At the national level, the endorsed National Strategy on Water Supply and Sewerage 2011-2017 (DCM No. 643, dated: 14 Nov 2011) is aligned with SEE 2020 strategy, and sets the policy priorities, goals, objectives and measures for improving the sector performance, particularly the water supply and sewerage sub sector. The master plan derived from this Strategy, has been prepared and adopted in by the National Water Council.

Due to the need for an integrated, comprehensive and streamlined system to manage the overall policy cycle in key sectors, the Government of Albania (GoA) is implementing a new approach for sector coordination through the Integrated Policy and Management Groups (IPMG) to guide policy development, implementation and evaluation. This new approach has established a new institutional setting. The IPMG is a high level forum which brings together senior representatives from line ministries, agencies and development partners in priority sectors – particularly those requiring cross ministerial cooperation - and charging them with overseeing the entire policy cycle from initial identification to eventual adjustment. The IPMG system aims to provide the Strategic Planning Committee (SPC) and other high-level government committees e.g. the Inter Ministerial Committee on European Integration Coordination with the necessary recommendations for key policy decisions affecting those sectors deemed as priority and which require cross-ministerial cooperation.

In the water sector, IPMG for water was established in 2015 and is composed of the ministers responsible for a water related issue (currently the NWC) and representatives of the development partners. The role of IPMG for Integrated Water Management is to guide and coordinate the institutions involved in water resource management and development using an integrated water management approach, and to develop and implement a National Sector Programme (including a Sector Support Programme) including securing the necessary funding. The Technical Secretariat of National Water Council (TS NWC) provides technical, managerial and administrative support to the IPMG-water. It



also coordinates the implementation of the water related activities. The first presentation of the IPMG, chaired by the Prime Minister, in front of all development partners and all other stakeholders was held in June 2015, whereas the sub thematic groups were established by December 2015. In the second meeting of the IPMG for water, the yearly plan for the activities of the sub thematic groups and the IPMG itself was adopted.

### Priorities

One of the six priorities of the Albanian government is the integrated management of water, the realisation of which is established IPMG for water and its four thematic subgroups for the design and implementation of the National Sector Programme (NSP) for integrated water management. The programme is projected to elaborate specifically obligations for the field of water deriving from the legal framework of EU and national legislation in force, the objectives defined in the draft NSDI 2015-2020 or sector strategies already developed or those in the preparation process. The programme will be accompanied by a costed action plan, and will be clearly defined responsible authorities, measurable indicators and timelines for achieving them.

In the field of integrated management of water resources and water quality, the priorities include: (i) an improvement in the legal framework through the drafting and adoption of by-laws pursuant to Law for integrated management of water resources; (ii) the assessment of river basin damage as a result of activities such as river gravel extractions.., and issuing fines respectively; (iii) the establishment of a national registry of water resources; (iv) an improvement in water resources management at basin and national level through the drafting of the national strategy for the integrated management of water sources, the drafting of three management plans for the river basins Drin-Bune, Semani and Shkumbini, and the establishment of a national electronic cadastre of water resources.

In the field of water supply and sewerage, the Ministry of Transport and Infrastructure is implementing a reform in water and sanitation, which aims to ensure drinking water quality and quantity at an appropriate time and quality in accordance with the respective standards. The reorganisation of the drinking water supply and sewerage will be in accordance with the administrative-territorial division of the local government units in the Republic of Albania.

The water reform is ambitious and geared towards modernising the sector and increasing compliance with the EU *acquis* for preparing the country towards future accession to the EU. However, as pointed out in the recent SAA progress reports in the area of environment at large, significant further efforts are needed in all areas to strengthen administrative capacity and to ensure proper implementation and enforcement of legislation and its further alignment with the *acquis*.

## **6. CROSS-CUTTING ISSUES**

### **GENDER MAINSTREAMING**

The Albanian Government is fully aware that it faces significant challenges regarding equal opportunities and gender related problems. Women comprise half of the country's population but only one third of them compose employed workforce. Generally, the women are concentrated in sectors and occupations that offer lower wages compared to men. A significant number of women work in the informal sector, with a large share of unpaid family workers in agriculture. Deficiencies in water supply and waste water treatment impact on the female population in a differentiated and unequal manner: the burden of limited water availability and of taking care of sick dependents as a result of water-borne diseases disproportionately falls on women. It results in considerable loss in time, energy, productivity and income, further impacting negatively on women's status in the economy and in society, particularly for poor women and women in rural areas.

The Government of Albania considers "Gender equality and women's rights" among the main key national priorities. The so far taken measures are of a legal nature. Albania ratified the Convention on Elimination of all forms of Discrimination Against Women (CEDAW) and passed anti-discrimination and anti-domestic violence laws. Soon, the National Strategy on Gender Equality 2015-2020 will be adopted. Overall, awareness of the need to address gender inequality has increased, but the nexus

between gender issues and water governance, administration, and management has to be better established. In the water sector, gender mainstreaming is an integral part of the IWRM approach in Albania and part of the policy dialogue on IWM initiated through the IPMG water, and the Gender Equality Employee (GEE) of the lead Ministry (MARDWA) is a core member of the IPMG, and better Anchoring gender expertise in the Integrated Water Management and its Thematic Groups is also foreseen in Operational Guidelines. Mainstreaming gender into the water sector will focus on several areas:

- (i) Embedding gender knowledge and skills in training and capacity development activities, including better engaging in gender-responsive policy making, planning and dialogue related to water governance.
- (ii) In line with Albanian Gender Equality legislation (Law No.9970), UN ECOSOC, Eurostat, and Recommendation CM/Rec(2007)17, activities will seek to support the collection, analysis, and use of sex- and age-disaggregated data and gender statistics, in order to build basis for monitoring and assessing the impact of reform measures and investments on the female and male population. Particular attention will be paid in the design of awareness raising activity and the public targeted
- (iii) Gender-sensitive consultation mechanisms will seek to ensure women's equally legitimate voice, views and needs related to policy priorities and choices, notably in design and implementation of river basin management approaches and activities related to water/wastewater services.

It is to be noted that IPA 2015 support to the Gender Equality Facility should also contribute to strengthen capacities to implement and mainstream gender into programmes cycle, reporting, monitoring and evaluation.

## **EQUAL OPPORTUNITIES**

During the implementation of the action, equal opportunities will be guaranteed. Human resources, strategic plans and policies must reflect contemporary working practices that take into account gender and equal opportunities issues. An appropriate gender balance will be sought on all the managing bodies and activities of the action.

## **MINORITIES AND VULNERABLE GROUPS**

The Roma community and Egyptian community are the main groups facing vital problems. Currently, one third of dwellings inhabited by Roma and one fifth of those inhabited by Egyptians do not have access to potable water. A UNDP survey conducted in 2012 by the Centre of Economic and Social Studies (CESS) showed that lack of indoor water and sanitation is typical for the Roma settlements. Close to 38.8% of Roma population do not have indoor running water while 43.4% have no toilets at homes. 26% of Roma households reported irregularities in waste collection. In terms of dwelling conditions, there is an almost equal division between those who have toilets within the dwelling (34%) and those who have the toilets outside of their dwellings (37.4%). There is a similar situation with regard to drinking water, although a higher majority of the interviewed report to have drinking water inside the dwelling (61.2%), there is a substantial percentage that report not to have drinking water inside the household (38.8%). In terms of sewage, 56.6% of the interviewed report positively, while 43.4% report to not have sewage in their dwelling. The Government of Albania is preparing the 2015-2025 Strategy on Social Housing which will provide solution to this national issue of concern.

Improving accessibility to potable and stable water supplies throughout the country will impact strongly those vulnerable groups that currently have limited access water. Interventions will increase the number of people having access to clean water, contributing to promote better health, hygiene and overall life style of those marginalised communities but also of other vulnerable groups, such as children and the elderly. Continuous involvement of those groups will be sought, particularly with the help of the civil society. In the context of the IPA 2016 action, the situation and needs of vulnerable groups will be taken into account in the support given to water utilities and the new agency for water supply, sewerage and waste, when reviewing and advising on utilities operations and incentive schemes and tariffing.

## **ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)**

The active engagement of the civil society has been recently institutionalised. The recently established National Council for European Integration, where CSOs are duly represented, will be involved in policy and implementation matters. The National Council for Civil Society, when established, will be another relevant forum for dialogue between governmental authorities and CSOs also in definition of investment priorities and implementation. Civil Society has a very crucial role in raising awareness and educating citizens on water related issues, including environment protection.

Government of Albania considers the CSOs as very important actors to be taken into consideration during the policy making process in the water management process, and this has been institutionalised recently through two Prime Minister Orders on the establishment of IPMGs Integrated Policy Management Groups and of the four sub thematic groups in the integrated water management sector, i.e. “Water for Food” “Water for People” “Water for Industry” and “Water for Environment”. The CSOs will be given a voice in the meetings of the sub-thematic groups and related ongoing processes in terms of policy making and discussions of water issues. CSOs have confirmed their participation in the meetings of sub-thematic groups according to their focus.

As the IPA 2016 action supports capacity building for integrated water management, the participation of the CSOs to the water thematic groups of the IMPG water is a guarantee that the CSOs will be associated to the activities of the action. More particularly, the action will seek to promote the active participation of the CSOs in all activities related to water river basin management, including the preparation of RBMPs, training events and workshops. With regard to the priority area 2 –water/particularly waste water management and services, the CSOs will be associated when reviewing and advising on utilities service levels and incentive schemes and tariffing. Finally, CSOs will be associated in the design and implementation of awareness raising activity.

## **ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)**

The IPA 2016 action - support to the water sector- is part of the broader environment and climate change sector, and aims at improving capacities and governance on water management generally and specifically at the level of the river basins and in terms of water supply and sewerage service delivery. The action will therefore contribute to environment protection and contribute to environmental sustainability. By supporting capacity building for integrated water management and alignment with the EU water framework directive, the action will promote good governance and environmental protection at the river basin level with emphasis on water quality and environmentally sensitive areas in the respective basins. Capacity building for priority action 2 will improve waste water service delivery and treatment plant efficiency thus reducing sewerage pollution, and consolidate the planning and budgeting of necessary further investment needed in the waste water field towards better compliance with the EU Urban waste water directive. Support to a greater approximation with the EU acquis will also contribute to environment protection on the longer term.

Improving the river basin management in Albania will contribute to addressing climate change adaptation issues such as disaster risks and water scarcity, thus climate change is embedded in the integrated water management approach to be supported by the IPA 2016 action, notably in the activities related to the river basin management plans. Albania is exposed to the impact of climate change through extreme heat and increased rainfalls, and a specific attention should be given to droughts and flood management. Albania ratified the Vienna Convention and the Montreal Protocol in October 1999 and has been a member of the United Nations Framework Convention on Climate Change (UNFCCC) since January 1995. Two National Communications were prepared in 2002 and 2009, the third being planned in April 2016. An Inter-Ministerial Working Group on Climate Change was also established in 2014. A National Plan for Adaptation to Climate Change (NAP) has been prepared and is ready for adoption aiming at integration of climate change in relevant sectorial policies and strategies. A Climate Change Strategy together with its action plan, in line with EU Climate and Energy policy framework in 2030, is in the process of drafting and is expected to be adopted by 2017. The Government also ratified the Kyoto Protocol in 2004 and submitted its national targeted contribution INDC in September 2015 aiming at a reduction of 11.5% of

greenhouse gas emissions by 2030, a national target reflected in the National Strategy for Development and Integration and the draft Environmental Strategy 2015 -2020, under adoption.

The climate action relevance is estimated to be around EUR4 million.
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## **7. SUSTAINABILITY**

Sustainability of water and waste water investment and services is at the basis of the action, in view of the several IPA infrastructure projects facing no or weak operation after completion. Priority area 2 of the action in particular will aim to build key stakeholders capacity for adequate and sustainable planning and operation of water supply and particularly waste water services.

Sustainability is also embedded in the Government's commitment to the overall public administration reform agenda (the 2015-20 PAR strategy) and meeting the Principles of Public Administration. A key aspect in this respect is the commitment to inclusive and evidence-based policy and legislative development. The approach, which includes approximating better legislation in line with the EU acquis based on proper impact assessments, wide sector consultations through the IPMG and its thematic groups, timely public consultations with external stakeholders and implementation of integrated water management at river basin level, will generate a higher sustainability of the water sector on the long term. Priority area 1 of the action, which will aim to a greater approximation of the EU acquis and to build key stakeholders capacity on integrated water management, especially at river basin level, will thus contribute to long term sustainability of the sector.

Capacity building activities of the action will include institutional support and training which will contribute to the institutional sustainability of public administration and actors in the sector, provided that there is sufficient stability of key staffs at administrative and technical levels in the institutions supported. Institutional sustainability may be achieved through: i) Appropriate assessments and design of sector strategies; ii) Appropriate costing and budget allocation to sustain investments and enforce policies; iii) Stability of staff, professional merit based recruitment and professional development, maintenance in positions; iv) Timely internal and external consultation with all stakeholders to ensure social acceptance of policies; v) Fair and social water tariffing, ensuring that all consumers (households, industries, etc.) contribute to financing the sector; vi) Implementation of EU Water Directives and related Regulations.

## **8. COMMUNICATION AND VISIBILITY**

Communication and visibility will be given high importance during the implementation of the Action. The implementation of the communication activities shall be funded from the amounts allocated to the Action. All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the European Commission (DG NEAR) will have to be followed.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

It should be noted that under the process of preparation of the National Sector programme for water, the technical secretariat of the IPMG-water has taken measures to ensure a wide public participation in this process, to strengthen the degree of stakeholder's involvement, and information exchange among stakeholders at all levels and achieving a high level of transparency of the whole process. The IPA action includes activities that foster public participation, notably in the scope of river basin management capacity building in selected basins, where consultations and specific outcomes (management plans...) should be targeted for visibility actions. The action also includes communications activities such as supporting Government Communication Plan on the integrated water management reform (under component 1) or awareness raising campaigns on water quality and waste water collection and treatment, and specific "lobbying" towards specific users groups and decision-makers, as well as

dissemination of materials and success stories (under component 2). These activities will enhance the communication and visibility of the IPA 2016 action.

## Annex

**I) Key Performance Indicators for the coastal water utilities** (the information, from 2013, is derived officially from the (<http://www.dpuk.gov.al/rub.php?idr=345&lang=1> ).

The General Directorate for Water Supply and Sewerage report periodically to the Ministry responsible and closely cooperate with the Independent Regulator ERRU. The ERRU prepares every year the Performance Reports, published online at <http://www.erru.al/mat.php?idr=46&idm=114&lang=1> .

Water Utility								
KPI	Shkoder fshat (Velipoja)	WU Lezhe (Shengjin)	WU Durres (Durres)	WU Kavaje (Kavaja)	WU Vlora (Vlora)	WU Saranda (Saranda)	WU Saranda (Ksamil)	WU Oriku (Oriku)
Service Coverage (%) WS	24,06	90,68	79,09	64,42	98,39	100	see note 1	44,39
service coverage (%) WW	0	90,68	52,84	24,77	0	74,98	see note 2	0
service continuity (hr per day)	13,87	20	6,21	9,2	12,41	4,56	see note 1	5,63
TOC by revenues (%)	21,24	62,9	57,53	33,17	63,2	57,53	see note 1	-1
Sewerage blockage per km (block/km)	-1	4,04	0,68	0,59	0,13	0,79	see note 2	24,19
Collection rate (%)	75,57	82,3	82,21	69,63	72,07	70,23	see note 1	52,2
Staff per 1000 connections (nr)	36,34	5,73	4,66	5,89	5,83	3,34	see note 1	9,07
Non revenue water (%)	51,16	49,4	68,04	39,84	73,74	76,18	see note 1	42,47
Sewerage blockage per connection (block/conn)	-1	0,02	0	0	0	0	see note 2	-1

Note 1: Data for Ksamil not desegregated from Saranda

Note 2: Ksamil sewerage network constructed under IPA2009, to be operational Mid 2016

Note 3: The part of the population within a company's service area, providing sewerage service, but not necessarily wastewater treatment (<http://www.erru.al/mat.php?idr=46&idm=113&lang=2> yearly performance reports)