

**AMENDMENT TO PROJECT FICHE 11(02.22) "MUNICIPAL SOCIAL AND ECONOMIC
INFRASTRUCTURE"**

MODIFIED 2008 Project Fiche Kosovo (UNSCR 1244/99) IPA centralised programme

1. Basic information

- 1.1 CRIS Number:** 2008/020-094
1.2 Title: Municipal Social and Economic Infrastructure
1.3 ELARG Statistical Code: 02.22
1.4 Location: Kosovo

Implementing arrangements:

- 1.5 Contracting Authority:** The European Commission Liaison Office to Kosovo
1.6 Implementing Agency: The European Commission Liaison Office to Kosovo
1.7 Beneficiary institution:

The main institutions expected to benefit from the project include:

Project activity/component	Beneficiary institution	Contact point responsible for project/activity coordination
Developing social and economic Municipal Infrastructure	<ul style="list-style-type: none">• The Ministry of Local Government Administration (MLGA)• Selected municipalities (selection criteria is detailed in section 3.4)	<ul style="list-style-type: none">• Permanent Secretary, MLGA• Municipal Assembly Presidents and Chief Executives• Association department of Kosovo Municipalities

1.8 Overall cost: (VAT excluded) approximately EUR 22.363 million.

1.9 EU contribution: approximately EUR 20.963 million.

1.10 Final date for contracting:

Three years after the signature of the financing agreement between the European Commission and the Kosovo Authorities.

1.11 Final date for execution of contracts:

Three and a half years after the final date for contracting.

1.12 Final date for disbursements:

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

2. Overall Objective and Project Purpose

2.1 Overall Objective:

The overall objective of the project is to support the implementation of the status settlement and advance the reform and capacity building of local self-government in the context of the ongoing decentralisation process, through the improvement of municipal social and economic infrastructure.

2.2 Project purpose:

The purpose of the project is to improve social and economic infrastructure in municipalities that have their boundaries changed as part of the status settlement, municipalities that demonstrate a good track record in implementation of European Partnership and economically and technically disadvantaged municipalities.

2.3 Link with: European Partnership/ SAp/STM

Kosovo EP 2006

- Ensure democratic governance of, and delivery of public services to, all people of Kosovo establishing a professional, accountable, accessible, representative and transparent public administration free from political interference.
- PISG and Municipalities ensure the availability of basic public services such as health care, utilities and education, without discrimination to all communities in Kosovo.
- Proceed with a sustainable public administration reform while respecting budgetary constraints. Improve the capacity of local administration to provide services to their constituencies in an equitable and effective manner.
- Ensure the viable existence of minority communities and their non discriminatory participation in society, taking concrete measures to ensure their safety, freedom of movement as well as the equitable provision of and access to public and universal services.
- Improve the quality of primary and secondary education, higher education and vocational and educational training.
- Create the conditions for investment trade and economic growth.

Stabilisation and Association Process (Summary 2007 Progress Report)

In March 2007, a new structure of sectoral meetings for the STM was established in the areas of good governance, economy, internal market, innovation and infrastructure.

For 2007, EU pre-accession financial assistance to Kosovo amounts to EUR 68.3 million. Key priorities for funding in 2007 include the strengthening of administrative capacity at all levels, enhancing rule of law, human rights and good governance, improving socio-economic conditions for all communities, and developing regional co-operation.

The Ministry of local government played a constructive part in the preparation of the status settlement, in particular regarding the decentralisation implementation plan. The

government established a co-ordination body - the interim committee on decentralisation - to prepare the implementation of the Ahtisaari proposal on decentralisation. In general, municipalities managed to raise their level of performance.

2.4 Link with the Multi-Annual Indicative Planning Document (2007-09) for Kosovo (MIPD)

The MIPD makes clear that EC assistance will be used to develop Kosovo's weak economy and enhance the wider socio-economic environment for all communities. The document identifies the following priorities and objectives, by priority headings:

Political Requirements:

- A sustainable and **successfully implemented status settlement** is of prime importance for Kosovo.
- A **well functioning public administration** to foster democratic governance and extend public service access to all people in Kosovo. Improving the performance of Kosovo's public administration will be a priority of EC assistance.

Socio-Economic Requirements

- **Improving good governance of public utilities and develop infrastructures** in order to promote business related activities and enhance quality of public goods and services. The areas of energy, transport, environment, health, information technology etc. have to be developed as cornerstones of future economic growth.

2.5 Link with National Development Plan.

The *Medium Term Expenditure Framework* lists numerous projects developed by municipalities to enhance the social and economic aspects of their locality.

2.5 Link with National Development Plan

The Medium Term Expenditure Framework lists numerous infrastructure projects developed by municipalities to enhance the social and economic aspects of their locality.

2.6 Link with national/ sectoral investment plans

The project is intended to support the implementation of the status settlement through development of urgently needed infrastructure in municipalities.

The draft '*Action Plan for the Implementation of Decentralisation*' prepared by the MLGA sets out detail actions required under the proposed Kosovo Status Settlement including legislative reform and the establishment of new municipalities; a 3-year process is envisaged commencing with the adoption of the Status Settlement.

The *Strategy for Public Administration Reform* (approved in March 2007) and its *Action Plan 2007- 2012* recognises its relationship to the *European Partnership Action Plan*, the *Mid Term Expenditure Framework*, and the draft *Kosovo Strategy and Development Plan*. Of strategy emphasises the need to: have 'effective horizontal and vertical structures and organisation of Public Administration institutions in compliance with their competencies'; ensure 'effective and mutual communication with the citizens....as part of policy development and service provision';

MTEF includes many development needs of municipalities. Municipality development plans include proposals for improving infrastructure.

3. Description of project

3.1 Background and justification

This project will support Municipalities in development of social and economic infrastructure especially the municipalities which provide a clear indication that there is a significant deficit since many municipalities lack the basic requirements to allow freedom of movement, improved education and leisure.

The project is based on two previous “Municipal Social and Economic Infrastructure Project” executed under CARDS, which supported municipalities in implementation of ‘Standards for Kosovo’.

There is a serious infrastructure deficit in Kosovo, particularly at municipal level which restricts local development and integration. This shortfall includes transport routes, which hampers business development, schools which are inadequate for satisfactory teaching of children, and water and wastewater systems which contribute to poor public health, increased costs to Government, and reduced economic activity.

Many municipalities struggle to meet the needs of residents, particularly in relation to minorities and women, and are unable to develop services and infrastructure to meet these requirements, which are a fundamental part of the MIPD and of the proposed status settlement.

The resources of many municipalities are limited, not only financially but also in technical skills, and it is therefore imperative to provide both types of support to meet the needs of the municipalities. In the previous municipal infrastructure project funded under CARDS there were over 100 separate projects requested of which 44 were actually realised, indicating the level of need for infrastructure programmes at this level.

Under IPA 2007, further infrastructure support is provided to municipalities of Kosova focusing on support of the implementation of the requirements of the European Partnership (particularly those related to the municipal level), through improvement of municipal services including social and economic infrastructure.

Under IPA 2008 a further support will be provided to assist Kosovo municipalities in the management and co-financing of medium scale municipal infrastructure projects and to develop the expertise of municipal staff in identifying projects, preparing design drawings, technical specification, Bill of Quantities, monitoring and acceptance of the works. This support will be done through improvement of local infrastructure and the quality of municipal services in three main sectors as presented in the table below:

Sector	Project focus
Socio – economic development	Education buildings/schools, kindergartens etc. Health services Sports and youth facilities
Infrastructure	Municipal building rehabilitation Roads rehabilitation
Environment	Water supply systems Sewerage system

This project will improve municipal services to all sectors of the communities with particular emphasis on ensuring that minorities and the disadvantaged are able to access these services more easily in future.

School and municipal buildings will enhance the education of children and provide community centres in rural areas. Water and wastewater schemes will improve public health issues, particularly as rural projects include elements of wastewater treatment, thus also improving environmental conditions in rivers. Road schemes will enhance accessibility to main towns and provide access for minority communities, local businesses etc. These projects will help municipalities implement the requirements of the European Partnership and the status settlement, through the provision of better services to their communities.

Municipalities will be invited to bid for schemes to be funded under this project. The schemes will have to meet certain criteria, including compliance with municipal development plan, provision of maintenance plan, benefits to minority communities (where appropriate) etc. The Schemes will be assessed by a Steering Committee which will include representatives of Government, Commission and Municipalities. Once the schemes are approved they will be included in works contracts for implementation.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

The project will deliver a positive impact through improving the performance of the Municipalities in delivering public services.

The impact of the project's infrastructure works are expected to be significant because of the substantial lack of municipal infrastructure especially in newly formed municipalities. The project will improve municipal services to all sectors of the communities with emphasis as well on ensuring that minorities and the disadvantaged are able to access these services more easily in future. Water and wastewater schemes will improve public health issues, particularly as rural projects include elements of wastewater treatment, thus also improving environmental conditions in rivers. Road schemes will enhance accessibility to main towns and provide access for minority communities, local businesses etc. School, children play grounds, sport facilities, parks and municipal buildings will enhance the education of children and provide community centres in rural areas. These projects will help municipalities implement the requirements of the European Partnership and the status settlement, through the provision of better services to their communities.

Schemes will have a broader effect through improvements in public health, which has a link to reduced demand on the health service and improvements in the economy. Improved education facilities have a long term effect in improving general standards. Schemes will be developed to include alternative methodologies e.g. waste water treatment which can be used as training and development opportunities for certain municipalities.

All schemes are required to have agreements for maintenance and be included in the development plan of the municipality. Municipalities will be required to show evidence of budget availability for continued maintenance.

The project impact is significant because of the substantial lack of municipal infrastructure. It is clear from the previous project that quality of life is increased as a result of the implementation of the schemes, and indeed the effect is wider than the individual community that benefits directly from the scheme.

In addition, the project might have an important impact on cross border cooperation depending on the schemes to be proposed by municipalities.

3.3 Results and measurable indicators:

Expected Results:

- a. socio-economic conditions improved in selecting municipalities
- b. municipal infrastructure upgraded and improved service delivery
- c. Increased capacity at municipal level to prepare technical documents (design drawings, technical specification etc) and monitor the construction works.
- d. Environmental improvements as a result of infrastructure scheme completed

Measurable indicators:

- a. Improved access to municipal services
- b. Infrastructure schemes completed
- c. Design working drawings, Technical Specification and Bill of Quantities completed to enable works Contract to be awarded.
- d. Provisional and final acceptance certificates for schemes signed
- e. Data on environmental impact as a result infrastructure schemes completed

3.4 Activities:

The project consists of the following mutually related activities:

Activity 1: Detailed Design, review and supervision of projects

Description

This activity will assist municipalities in the finalization of the detailed design and undertake the review of the detailed design of the projects identified and prepared by municipalities and approved by the steering committee. This activity will support as well steering committee and undertake preparation of tender documents and supervision of works projects, through Technical Assistance.

In addition this project activity will include preparation of the eligibility criteria for municipalities to apply for funding, and the preparation of relevant tender dossiers for approved municipal infrastructure works.

Activity 2: Implementation of construction works

Description

This activity will carry out the construction of the projects identified by municipalities in accordance the criteria set in Activity 1 and approved by the steering committee.

The projects are expected to including the rehabilitation/construction/upgrading of such sectors as:

- *Socio – economic development* as education buildings/schools, kindergartens, Health services, Sports and youth facilities and pedestrian sidewalks.
- *Infrastructure* as Municipal building rehabilitation, Roads rehabilitation
- *Environment* as Water supply systems and Sewerage system

Inter-municipal projects, jointly proposed by two or more municipalities, will also be considered

The construction of infrastructure schemes will significantly improve the performance of the Municipalities in delivering public services.

Contracting arrangements

Activity 1: one service contracts is envisaged to implement the actions described under this Activity.

Activity 2: Up to ten works contracts are envisaged to implement the actions described under this Activity.

The Project's co-funding shall be provided by the MEF and/or the target municipalities. The beneficiary (in conjunction with the Provisional Institutions of Self Government) will carry out similar works funded from their own resources or from Kosovo Central Budget with a value of EUR 1.4 million. The details of the particular work to be undertaken by the beneficiary will be discussed separately with the commission during implementation of the programme.

More information on the details of the contracting arrangements is provided at Annex V.

Project management and administration

The European Commission Office to Kosovo will manage the procurement, implementation, quality control, reporting and coordination with other donors of the development assistance and of the financial and technical cooperation related to the actions described in this project fiche, taking remedial actions if and when needed.

The Contractors and Team Leaders engaged through the contracts for this project will have the authority to run the project activities on a day-to-day basis under the supervision of the Commission Office. The Contractor's/Consultant's primary responsibility shall be to ensure that the project produces the required outputs, to the required standards of quality and within the specified constraints of time and cost. The team leader and others will also address cross-cutting issues. A detailed description of the works and duties of the team leaders and key experts will be elaborated in the Technical Specifications and Terms of Reference, in line with this project fiche. For service contracts, experts are required to produce reports at inception, interim and final phases, in order to show progress against the targets identified in the relevant terms of reference.

The European Commission Task Managers responsible for this project shall advise on, and manage, under the supervision of the Head of Section, the implementation of the development assistance and of the financial and technical cooperation related to the project.

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

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

3.5 Conditionality and sequencing:

The project includes the following conditional ties:

- The Government of Kosovo and or Municipalities will be required to undertake similar projects in municipalities to a value of at most EUR 2 million.
- Endorsement by all key stakeholders of the Terms or Reference and Call for Proposals, as well as the individual contracts to be engaged.
- Appointment of counterpart personnel by the beneficiary before the launch of the tender process
- Participation by the beneficiary in the tender process as per EU regulations.
- Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars or study visits by the beneficiaries as per the project work plan.
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan.
- The implementation of infrastructure actions require prior agreements with the relevant municipalities for maintenance, relevant training and evidence that the EC works to be undertaken are reflected in the development plans of the municipality.
- Arrangement by the beneficiary of all legal procedures to allow construction (e.g. construction permits, urban plan amendments), refurbishment activities before the launch of the tender process;

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

3.6 Linked activities

Since 1999, some EUR 80 million in EC assistance has been provided for the rehabilitation/new construction of Public Buildings and infrastructure Municipal small to medium scale schemes in Kosovo. The table below summarises the past EC assistance relevant to this project:

Name of project (Amount EUR million)	Start End	Activities/Results
Municipal Infrastructure (EUR 8.0)	June 2008 June 2011	Upgraded municipal infrastructure that improve the public service delivery
MLIF 1, 2, 3 - Municipal and Local Investment Fund <i>Total amount:</i> EUR 15 million under CARDS	1999- 2004	<ul style="list-style-type: none"> • Technical support to assist Kosovo Municipalities in the financing and the management of small-scale infrastructure projects (such as: water-sewage treatment, rehabilitation of schools, sports facilities, maintenance of asphalted secondary roads etc). • Over than 100 small to medium scale infrastructures schemes all over the Kosovo.
Refurbishment of Public Buildings <i>Total amount:</i> EUR 49.5 million under CARDS	2000- 2005	<ul style="list-style-type: none"> • Technical support to improve Public Buildings infrastructure in the Kosovo territory, which will directly help the local administration in performing the day-to-day work. • Over than 10 works Contracts completed. Buildings targeted include: hospital block, university students centre, prisons, town halls and courts.
Municipal Social and Economic Infrastructure Project <i>Total amount:</i> EUR 15 million under CARDS	2003- 2005	<ul style="list-style-type: none"> • Technical support to improve social and economic infrastructure in Municipalities throughout Kosovo thorough the implementation of small to medium sized project. This includes funds from 2003 and 2005 budget. • 11 Works Contracts ongoing / 44 infrastructure schemes in total as: School and Municipal Buildings; Water and Wastewater Schemes; and Road schemes.

The project is also linked to other programmes in the 2008 proposal including the Decentralisation proposals within Public Administration Reform, Education proposals within Socio Economic Sector.

The project links with work being done by other donors including the SIDA funded and UN Habitat implementing programme to support development of municipal plans in six Municipalities.

Other donors' projects supporting Local Government and Municipal Infrastructure are:

- USAID: The Local Government Initiative programme (\$11.0 million) ends in July 2007. USAID will planning to launch a three year Effective Municipalities Initiative (\$9.0 million) from August 2007. The EMI will focus on new and selected 'old' municipalities. It shares many features with the IPA 2007 project described in this fiche, including the emphasis supporting the decentralisation process, enforcement of legislation and building the skills of Municipal staff. The EMI will have an 'incentive fund' to assist Municipalities with infrastructure projects.
- GTZ: 'Improvement of Public Services'. A second phase will be implemented during 2008.

In addition, a number of international bilateral and multilateral donors (EC, KfW, Swiss Government, DANIDA, Swedish Government, Dutch Government and the Austrian Government) have implemented larger scale infrastructure developments

throughout Kosovo. Many NGO's have been involved in small projects, particularly in rural areas to develop water supply systems.

3.7 Lessons learned

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

- *Enforcement:* There has been large focus on establishing the legal frameworks in Kosovo. The capacity to enforce the law, however, has received insufficient attention. While legal reform has been advanced, law enforcement and implementation has not followed. This creates a widening gap between the formal legal situation and 'on-the-ground' practice.
- *Coordination:* Close consultation among the many stakeholders involved in the project and a collaborative approach are essential to ensure that all these stakeholders are fully informed, and are supportive of the construction works to be carried out.
- *Prioritising investment needs:* due to the serious Infrastructure deficit in Kosovo it is vital that investments in the Municipalities are properly prioritised, ensuring those investments have the maximum impact in realising the objectives for the public services.
- *Ownership:* Experience of previous project at a few occasions' shows that Land Acquisition should be properly dealt with by the Municipalities before submitting their proposal.

4. Indicative Budget (amounts in EUR million)

			TOTAL EXP.RE	SOURCES OF FUNDING								
				IPA EU CONTRIBUTION		BENEFICIARY CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1			1.400	1.400	100							
contract 1.1 (service)		X	1.400	1.400	100							
Activity 2			20.963	19.563	93	1.400	7	1.400				
contract 2.1 (works)		X	19.563	19.563	100							
contract 2.2 (works)		X	1.400			1.400	100	1.400				
TOTAL IB												
TOTAL INV			22.363	20.963	94	1.400	6	1.400				
TOTAL PROJECT			22.363	20.963	94	1.400	6	1.400				

Note:

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

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Activity 1			
Contract 1 - Service Contract	Q1 2009	Q3 2009	Q4 2012*
Activity 2			
Contracts 2.1 and 2.2 - Works Contract Up to seven Works Contracts	Q4 2009	Q1 2010	Q4 2012*
Contract 2.1: Additional up to 2-3 Works Contracts	Q1 2011	Q3 2011	Q4 2013

** Including Defects Liability of the Works Contracts*

6. Cross cutting issues

6.1 Equal Opportunity (gender mainstreaming)

A network of Gender/Equal Opportunity Officers exists both in Ministries and Municipalities. The importance of this dimension is reflected in the Kosovo Civil Service Law, the Law on Gender Equality, and the Anti Discrimination Law. This dimension is also reinforced in the IPA, European Partnership Action Plan and the draft Kosovo Development and Strategy Plan. In the implementation of the Project specific attention will be given to the need to reflecting gender balance and equal opportunities.

The project will ensure mainstreaming of gender and minority issues both within the target institutions and the outputs (services provided by these institutions).

Team of experts involved in the project must possess relevant skills to ensure effective mainstreaming of gender equality and minorities inclusion/participation.

6.2 Environment

The Project's infrastructure component will be consistent with Environmental implications as set out in relevant Regulations consistent with the Law on Environmental Protection. It should be noted that the Kosovo Environmental Action Plan awaits formal Assembly approval.

Environmental issues will be considered at design phase and built in to the project. The issues will be discussed in the steering committee project proposals and applied during the construction of the schemes.

All municipalities will have to apply for the Environmental approval to the MoESP at the screening stage of the Contract, and receive the approval for all water, waste and roads schemes. Although according to the Administrative Instruction Nr. 9/2004 article 5, issued by the MoESP, none of the schemes of Municipal Infrastructure programme is subject to preparation of a full EIA Report a simplified EIA Report is required due to the size and type of schemes.

Environmental issues outside of the requirements of EIA, will be taken into account both in the application for the scheme and in the design by the Technical assistance.

This project intends to promote also environmental improvements through energy savings and CO2 reduction implementing proper thermal insulation and other energy efficiency measures in school, health, municipal or other buildings.

6.3 Minorities

The equitable treatment of Minorities has formed a fundamental element in the implementation of the UN Standards and is reflected in the Kosovo Civil Service Law and Anti Discrimination Laws and is a key priority for the European Partnership.

The Comprehensive Proposal for the Kosovo Status Settlement also underpins the imperative of promoting a multi ethnic society in its General principles and Annexes II and III. Formal recognition of these key issues will form a compulsory part of any planning process.

The implication for these cross cutting aspects will also form part of any formal reports considered by the Municipality. The improvement of infrastructure services will ensure that all sections of the Community are able to have access. The regular meeting of the Equal Opportunities Committee will be encouraged as a means of reinforcing political and managerial understanding and responding to these themes. Environmental impact will also be considered as part of any contracts /agreements negotiated by Municipalities.

In all activities during this project, but particularly in training (where relevant), steps will be taken to ensure that support to minorities and vulnerable groups are taken into account.

ANNEXES

Annex I Log frame

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

Annex III Description of Institutional Framework

Annex IV Reference to laws, regulations and strategic documents:

Annex V Details per EU funded contract (*) where applicable:

ANNEX I: Logical framework matrix in standard format

Programme name: Municipal Infrastructure Projects		Project Number:	
		Contracting period: (see section 1.10)	
		Total budget : EUR 22.363 million	Disbursement period : (see section 1.12) IPA budget: EUR 20.963million
Overall objective	Objectively verifiable indicators	Sources of Verification	
The overall objective of the project is to support the implementation of the status settlement and advance the reform and capacity building of local self-government in the context of the ongoing decentralisation process, through the improvement of municipal social and economic infrastructure.	Municipal service standards improved	<ul style="list-style-type: none"> • Project implementation reports, indicators 	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> • The project purpose is to improve social and economic infrastructure in municipalities that have their boundaries changed as part of the status settlement, municipalities that demonstrate a good track record in status implementation and economically disadvantaged municipalities. • Strengthening capacities of Beneficiaries (Municipalities) 	<ul style="list-style-type: none"> • Municipality with at least one scheme in a running contract. • Training and other means of staff support and guidance • Improved management process 	<ul style="list-style-type: none"> • Project implementation reports, indicators 	<ul style="list-style-type: none"> • Support and commitment of local government • Willingness of the participating municipalities to strengthen their capacity • Stability in the project areas so that security concerns do not hamper the implementation of the programme • Absorption capacity of Municipalities
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> • Upgraded municipal infrastructure that improve the public service delivery. • All Municipalities are able to present bids to the Steering committee. • Organization of Steering committee and evaluation panels. • Design of works and preparation of all necessary works contract documents • To ensure, through competent supervision, completion of construction works in accordance with tender documents, the design drawings and technical specifications of the Work Contracts and in compliance with all requirements of these 	<ul style="list-style-type: none"> • Running Contracts (with schemes included in the Contracts) • Schemes Completed • Progress meetings with contractors and Consultant • Site visits • Infrastructure projects completed. 	<ul style="list-style-type: none"> • Project Implementation reports • Steering committee approval records • Site Visit reports • Minutes of meeting • Provisional acceptance certificate • Final Acceptance Certificate of schemes • Signed Contracts 	<ul style="list-style-type: none"> • The support of Local Government. • The participating Municipalities to be prepared to strengthen their capacity. • A sufficient number of Municipal proposals to be available to meet the selection criteria. • The stability of the area covered by the Works contracts to be maintained throughout the duration of the programme. • The financial and technical capacity of local Contractors to be adequate to undertake these Works. • Sufficient understanding between parties as to their

<p>Terms of Reference, to the satisfaction of the Contracting Authority and in full cooperation with the beneficiary.</p> <ul style="list-style-type: none"> • Provision of all reports • Preparation and completion of all certificates 			<p>respective roles and the extent of their authority</p> <ul style="list-style-type: none"> • Adequate cooperation between the Municipalities and the Utilities to provide essential information. • Land Acquisition would be properly dealt with by the Municipalities before submitting their proposals.
Activities	Means	Costs	Assumptions
<ul style="list-style-type: none"> • Design review , detail design and supervision of projects • Construction works for implementation of the projects 	<ul style="list-style-type: none"> • One Service Contracts is envisaged to supervise the construction of the projects identified by municipalities in accordance the criteria set in Activity 1 and approved by the steering committee. • Up to ten works contracts are envisaged to implement the actions for this activity. <u>Parallel co-funding is expected form municipalities for similar projects.</u> 	<p>EC EUR 1.4 million</p> <p>EC EUR 19.563 million</p> <p>Additional co-financing contribution of EUR 1.4 million from municipalities/MLGA</p>	<ul style="list-style-type: none"> • Contract signed after a successful tendering procedure and the implementation starts according the indicative implementation schedule • The ownership and organisational structure of the beneficiary institution, where the project will be based is strong enough for implementation

Pre conditions:

- The implementation of infrastructure actions require prior agreements with the relevant municipalities for maintenance, relevant training and evidence that the EC works to be undertaken are reflected in the development plans of the municipality.
- Endorsement by all key stakeholders of the Terms or Reference and Call for Proposals, as well as the individual contracts to be engaged.
- Organisation, selection and appointment of members of working groups, steering and coordination committees,
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan.
- Beneficiary partners demonstrate strong ownership attitude towards the project.

ANNEX II: Indicative planning of the amounts (in EUR million) contracted and disbursed by quarter for the project (cumulated)

	2009				2010				2011				2012				2013			
Contracted	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contract 1 (service contract)			1.4																	
Contract 2.1 (up to seven works)					12.6															
Contract 2.1 (up to 2-3 additional works contract)											6.963									
Cumulated Total			1.4	1.4	14.0	14.0	14.0	14.0	14.0	14.0	20.963									
Disbursed	Q1	Q2	Q3	Q4	Q1	Q2	Q4	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contract 1 (service contract)				0.28			0.30			0.30			0.38			0.14				
Contract 2.1 (up to seven works)					0.6	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	0.8				
Contract 2.1 (up to 2-3 additional works contract)																1.009	1.009	1.009	2.927	1.009
Cumulated Total				0.28	0.88	2.00	3.42	4.54	5.66	7.08	8.20	9.32	10.82	11.94	13.06	15.009	16.018	17.027	19.954	20.963

ANNEX III Description of Institutional Framework

Kosovo came under the administration of the United Nations under the auspices of UNMIK in June 1999. After initial delays, UNMIK Civil Administrators were appointed in all 30 municipalities and local Municipal Councils were restructured and endorsed by UNMIK on a case-by-case basis.

Kosovo has held four elections since the Kosovo Conflict -- municipal elections in 2000 and 2003, and Kosovo-wide elections to the Assembly in 2001, 2004 and 2007.

Within its territory, each municipality among others is responsible for the following activities, within the laws regulating each activity:

1. Service provision in relation to local public utilities and infrastructure including water supply, sewers and drains, sewage treatment, waste management, local roads, local transport and local heating schemes;
2. Public services including fire and emergency services;
3. Pre-primary, primary and secondary education;
4. Primary health care;
5. Social services and housing;
6. Consumer protection and public health;

The Government of Kosovo is giving highest priority to supporting decentralization and developing an effective and democratic system of local governance to significantly impact on regional and local development. As a result on 22 March 2005 the Kosovo Government adopted its Decentralization Plan, based on the local reform framework document approved in July 2004.

The Association of Kosovo Municipalities was established on 30 June 2001. Members of the Association of Kosovo Municipalities are the local authorities. Municipalities of Kosovo become members of the Association of Kosovo Municipalities with the decision of the Municipal Assembly.

The establishment of the Association of Kosovo Municipalities is based on Article 10 of the European Charter of Local Autonomy of the Council of Europe (the right to association), and is based on many weaknesses manifested as a result of the conflict of competencies in different levels of governance between the Centre and Municipalities.

ANNEX IV: Reference to laws, regulations and strategic documents

Reference list of relevant laws and regulations

- REGULATION NO. 2007/30 AMENDING UNMIK REGULATION NO. 2000/45 ON SELFGOVERNMENT OF MUNICIPALITIES IN KOSOVO
- LAW No. 2004 / 15 ON CONSTRUCTION
- Law No. 2002/8 on Environmental Protection
- Law No. 2003/11 on Roads
- Law No. 02/L-30 THE WASTE LAW
- LAW Nr.2004/ 24 LAW ON WATER REGULATION NO. 2003/9 ON THE PROMULGATION OF THE LAW ADOPTED BY THE ASSEMBLY OF KOSOVO ON ENVIRONMENTAL PROTECTION
- *ADMINISTRATIV INSTRUCTION ,MMPH ,*
 - ▣ FOR CONSTRUCTION BUILDINGS TECHNICAL TERMS OF ACCESSIBILITY TO DISABLED PERSONS
- *ADMINISTRATIVE INSTRUCTION No.06/07-MMPH , date 08/06/2007*
 - ▣ CONTENT OF WATER INFRASTRUCTURE
- *ADMINISTRATIVE INSTRUCTION No.07/04-MMPH , January 2006*
 - ▣ ENVIRONMENTAL IMPACT ASSESSMENT
- *ADMINISTRATIV INSTRUCTION No.05/05,date, 19 April 2005*
 - ▣ ON CRITERIAS AND PROCEDURES FOR ISSUING LICENCES, FOR EXERCISING THE ACTIVITIES ON THE FIELD OF PROJECTING, CONSTRUCTING AND PROFESIONAL SUPERVISION AND REVIEWING
- *ADMINISTRATIVE INSTRUCTION No.06/07-MMPH , date 08/06/2007*
 - ▣ CONTENT OF WATER INFRASTRUCTURE
- *ADMINISTRATIV INSTRUCTION No.03/06-MMPH , date 16 June 2006*
 - ▣ LIST OF THE BUILDINGS NOT REQUIRING CONSTRUCTION PERMIT

Reference to AP /NPAA / EP / SAA

- Kosovo Action Plan For The Implementation Of European Partnership 2006
- The Government's *European Partnership Action Plan* (EPAP) stresses the imperative of ensuring clear linkages with the *Medium Term Expenditure Framework* and the *Kosovo Development and Strategy Plan*. It sets out Central and Municipal obligations that underline the necessity for extensive coordination and consistent implementation.
- In March 2007, a new structure of sectoral meetings for the STM was established in the areas of good governance, economy, internal market, innovation and infrastructure.

Reference to MIPD

The project links to MIPD priorities and objectives identified for socio-economic requirements for improving good governance, institutional capacity building, and municipal infrastructure development. The *Medium Term Expenditure Framework 2006-2008* lists numerous projects developed by municipalities to enhance the social and economic aspects of their locality.

Reference to National Development Plan

The draft '*Action Plan for the Implementation of Decentralisation*' prepared by the MLGA sets out detail actions required under the proposed Kosovo Status Settlement including legislative reform and the establishment of new municipalities; a 3-year process is envisaged commencing with the adoption of the Status Settlement.

Kosovo Environmental Action Plan 2006-2010 identifies:

- Rehabilitation and construction of infrastructure (water supply and sewage network, and wastewater treatment facilities) in order to protect the environment and to satisfy the needs of the population and economy
- Flexible transport system is essential for a sound economy and improved quality of life.

Reference to national / sectoral investment plans

The project links to the following sectoral strategies and plans:

- Strategy Implementation programme 2006-2008
- *Strategy for Public Administration Reform* (approved in March 2007)
- The draft '*Action Plan for the Implementation of Decentralisation*' prepared by the MLGA

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

Activity 1: Detailed Design, review and supervision of projects (Service Contract)

Tasks in this activity to be performed by the Technical Assistance include:

- a) Prepare the eligibility criteria for municipalities to apply for funding*.

** The municipalities will be required to bid for projects against criteria related to the reform and capacity building of local self-government in the context of the ongoing decentralisation process*

Those criteria will be based on the following:

- *Benefits to population (total numbers that will benefit, relation to ethnic minorities and numbers that will benefit, particular benefits to women and numbers that will benefit)*
 - *Benefits to Environment*
 - *Project Cost*
 - *Operating Costs*
 - *Maintenance programme, description of how the project will be maintained after completion.*
 - *Revenue Payments*
 - *If the project provides infrastructure services the beneficiary must show that the service charge will be paid (e.g. water, electricity etc).*
- b) Review and finalization of the detailed design of the design projects identified and prepared by municipalities
- c) Prepare relevant tender dossier for approved municipal infrastructure works.
- d) Support steering committee
- e) Undertake Supervision of works projects
- f) Undertake the provisional and final acceptance of works project

Contracting arrangements

- One service contract is envisaged to implement the actions described under this Activity.
- A call for proposals (using suspensive or provisional clauses, as necessary) will be launched following the IPA Committee decision covering this project. The proposals will be subsequently evaluated according to appropriate EC procedures.
- The contract value will be approximately EUR 1.4 million
- The duration of the contracts will be for a period of 36 months, depending on the budget and beneficiary requirements.
- The successful tenderer will start deployment one month after contract signatory; the expected deployment date is November 2009.

Activity 2: Implementation of construction works (Works Contract)

- This activity includes the construction of the infrastructure projects identified by municipalities in accordance the criteria set in Activity 1 and approved by the steering committee.
- The main sectors of interventions:

- *Socio – economic development* as education buildings/schools, kindergartens, Health services, Sports and youth facilities, and pedestrian sidewalks.
 - *Infrastructure* as Municipal building rehabilitation, Roads rehabilitation
 - *Environment* as Water supply systems and Sewerage system
- Inter-municipal projects, jointly proposed by two or more municipalities, will also be considered
- **Co financing** 10% of the total estimated budget or EUR1.4 million excluding VAT
- **Ownership**
 The owners of schemes are all current municipalities and new ones of Kosovo.

Contracting arrangements

- Up to ten works contracts are envisaged to implement the actions described under this Activity.
- A call for proposals (using suspensive or provisional clauses, as necessary) will be launched following the IPA Committee decision covering this project. The proposals will be subsequently evaluated according to appropriate EC procedures.
- The contract value will be approximately EUR 1.5 to 2.0 million each.
- The duration of the contracts will be for a period of 12 - 18 months, depending on the budget and beneficiary requirements.

The successful tenderers will start deployment one month after contract signatory; the expected deployment date is June 2010 and afterwards.