



This action is funded by the European Union

**ANNEX 4**

of the Commission Implementing Decision on the Annual Action Programme 2017 in favour of Republic of Moldova

**Action Document for Water Supply and Sanitation and Solid Waste Management Investments in the Region of Cahul**

<b>1. Title/basic act/ CRIS number</b>	Water Supply and Sanitation and Solid Waste Management Investments in the Region of Cahul CRIS number: ENI/2017/040-487  financed under European Neighbourhood Instrument
<b>2. Zone benefiting from the action/location</b>	Republic of Moldova. The action shall be carried out at the following location: the Region of Cahul in the South of the Republic of Moldova.
<b>3. Programming document</b>	Single Support Framework for EU support to the Republic of Moldova (2017-2020)
<b>4. Sector of concentration/ thematic area</b>	Water Supply and Sanitation Waste Management
<b>5. Amounts concerned</b>	Total estimated cost: EUR 29 000 000  This includes the foreseen EU contribution through the Neighbourhood Investment Facility (NIF) and its expected co-financing from European Finance Institutions (EFIs), which is subject to a separate financing Decision.  Total amount of EU Budget contribution EUR 17 000 000  A part of the EU contribution (EUR 6 million) will be channelled through the NIF for implementing the Solid Waste component of this action. This NIF component will be jointly co-financed by the Lead Financial Institution with loans in an expected amount of EUR 12 000 000  The remaining part of the EU contribution (EUR 11 million) will be dedicated to the implementation of the Water Supply and Sanitation component.

<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality: Direct management – procurement of services Indirect management with Kreditanstalt für Wiederaufbau (KfW) for the Water Supply and Sanitation Investment Indirect management with European Financial Institutions for the implementation of the NIF funding			
<b>7. DAC code(s)</b>	Main DAC code – 14020 Water Supply and Sanitation – 14050 Waste management / disposal			
<b>8. Markers (from CRIS 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	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	X	<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	X	<input type="checkbox"/>	<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"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Environment and climate change			

## SUMMARY

The action is focusing on extension of Water Supply and Sanitation Services as well as improvement of the Solid Waste management services in the region of Cahul in the South of the Republic of Moldova<sup>1</sup>. This action will bring direct tangible results to the population of the region of Cahul.

This action will support the implementation of the EU-Moldova Association Agreement through promotion of regional development and contribution to preservation, protection, improvement of the quality of the environment in the areas of water quality as well as waste and resource management. The proposed action will build on the implementation of national priorities identified in the relevant national strategies and their corresponding Action Plans.

The Solid Waste management component is to be implemented through the Neighbourhood Investment Facility (NIF).

<sup>1</sup> Hereinafter referred to as Moldova.

## 1 CONTEXT

### 1.1 Sector/Country/Regional Context/Thematic area.

The Republic of Moldova (further on referred to as Moldova) is a lower middle income country with a GDP per capita (PPP) of EUR 1.682 in 2015. Moldova ranked 107th out of 188 countries on the Human Development Index (HDI-0.698). A period of sustained economic growth and reforms to the social protection system helped to reduce poverty levels. Nevertheless, in 2014, approximately 11.4% of the population were estimated as living below the absolute poverty line. Absolute and relative poverty is particularly acute amongst the rural population, the elderly living alone and larger (5+) households in the urban areas. The GINI coefficient stands at 26.8. Moldova scored 1.003 on the Gender Development Index, and while there is little appreciable difference between men and women on the majority of indicators, there is a substantial difference in share of gross national income.

The rayon Cahul is situated in the South of Moldova. It has about 120,000 inhabitants. The economy of the rayon Cahul is in recession since 2011, since then there has been a 9% decline of commercial activities per year. Based on historical data, a population reduction of 0,5% per year is observed. The population especially emigrates to Southern Europe (Italy, Portugal, Spain, etc.). Accordingly, the social structure of the population has undergone significant changes over the last years: there is a significant decrease in the number of actively employed persons, and a significant increase in the number of pensioners. Cahul town is the rayon capital. With a population of ca. 36.000, it is the biggest city in the southern part of Moldova and the sixth biggest city in the entire country.

Against this background, the Social and Economic Development Strategy for rayon Cahul aims at the improvement of economic development. Both Water Supply and Sanitation (WSS) development and reinforcement of Solid Waste management are considered as priorities within the framework of this Strategy. They indeed have a key role to play in the increase of living standards and limitation of health risks for the local populations which are to stimulate economic development for the region.

In the region of Cahul, the existing water and wastewater network is in poor condition and the level of non-revenue water is very high, water related diseases occur 30 times more often in this region than in EU average. In the region, 75,000 people do have access to water whereas 42,000 people have no access to water. When it comes to sewerage services, only 20 000 inhabitants have access to these services whereas 97,000 need sewer services.

When it comes to Solid Waste management services, in the Waste Management Region 1 (composed of the region of Cahul, Cantemir, Taraclia, Ceadir-Lunga and Vulcanesti in the Southern part of Moldova), only approximately 31 % of the population receives waste collection of which 74 % in urban areas and 10 % in rural areas. Recyclable waste is only collected daily in Cahul town. The collected wastes are being taken to non-compliant

landfills. If some of them are authorised, none of them are compliant with any environmental requirement.

The objectives are to increase the number of people benefiting from quality water and sewerage services as well as improved access to water and sewerage services for public authorities. Concerning the Waste Sector, a specific Integrated Solid Waste Management Strategy for Development Region South was developed with a central objective to increase the area covered by waste management services to 100% in order to avoid the current situation where most of the municipal solid wastes are disposed in small-to-medium sized dumpsites mostly illegal which are having very negative environmental impact (groundwater contaminated, adjacent areas polluted by windblown litter...). This strategy is fully in line with the national Waste Management Strategy for the Republic of Moldova 2013-2027 which includes the regionalisation of waste management into 8 waste management regions (WMR), the region of Cahul, Cantemir and Taraclia, Ceadir-Lunga and Vulcanesti, with six cities and 140 villages representing the WMR 1.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

The Government of Moldova initiated a national reform program for the Water and Sanitation Sector (WSS). Its main national strategy document is the Strategy on Water Supply and Sanitation for 2014 – 2018, with the general objective to ensure gradual access to safe water and adequate sanitation for all Moldovan localities and population, thus contributing to improving health, dignity and quality of life and economic development of the country. The overall policies in Moldova related to the WSS are:

- Local public authorities should have exclusive competences to establish, organise, coordinate and control public services, as decentralisation of the services and increasing the responsibility of local authorities will improve service quality. This is in line with the EU-MD Association Agreement wherein the Government of Moldova commits itself to the establishment of efficient and effective public institutions according to the subsidiarity principle;
- Improvement of the operational and financial performance of WSS service providers is required to enhance safety and quality of services;
- Extension/ regionalisation of WSS systems and the provision of access to WSS services will improve living conditions of the population. Centralised/ regionalised water supply systems and connections of nearby localities should be developed.

Within the Waste Management Sector, to address current shortcomings and pave the way for towards implementation of EU standards, the Ministry of Environment, in the context of the EU project “Waste Governance – ENPI East”, prepared the Waste Management Strategy for the Republic of Moldova 2013-2027. This Strategy will allow Moldova to already implement parts of the directives 2008/98/EC on Waste and 1999/31/EC on the Landfill of Waste as proposed in the EU-MD Association Agreement. The Strategy includes the regionalisation of waste management into 8 waste management regions (WMR) and proposes the construction of 2 mechanical biological treatment plants (MBT) in Balti and Chisinau and regional sanitary landfills as replacement of the dumpsites in all WMRs. The cost to implement the first investment phase of the strategy has been estimated to be about EUR 200 million. The

Government's strategy also comprises a new Law on Waste<sup>2</sup>, which transposes the Directive 2008/98/CE of 19 November 2008 and was adopted on 23 December 2016. Secondary legislation will be developed in the course of 2017.

The implementation of the government's Waste Management Strategy has already started in all regions. The National Waste Management Strategy sets the following general objectives for the period 2013-2027 which derive from the government's commitment to the relevant provisions of the EU-Moldova Association agreement. This includes the application of the relevant EU legislation (Directive 2008/98/EC on Waste, Directive 1999/31/EC on the Landfill of Waste):

- Development of integrated municipal waste management systems by harmonising the legal, institutional and regulatory framework with the EU standards based on regional approach (geographical location, economic development, existing access roads, soil and hydrogeological conditions, size of population, etc.), and territorial division of the country into eight waste management regions;
- Regional infrastructure development for solid household waste landfill and transfer stations;
- Development of collection systems and treatment of specific waste flows (packaging, Waste Electrical & Electronic Equipment (WEEE), tires, batteries, etc.) by promoting and implementing the principle of "producer responsibility". One collection point at regional level shall be developed for hazardous waste (medical waste, waste oils, etc.).

## **Stakeholder analysis**

The key target groups relevant to this Action are the citizens living in the region of Cahul and the employees of the public utilities in charge of WSS and Waste Management services.

The current local water utility 'Apa-Canal Cahul' which is a financial autonomous municipal enterprise founded and fully owned by the town council of Cahul. Today, the enterprise does not operate in an efficient way. It has a very high number of staff and staff cost as share of operation cost achieves a high level with over 50%. The staff is also overaged with 75% of employees being above 50. Even with high collection efficiency the financial situation is severe as tariffs are far too low. The utility operates from an administrative center at the outskirts of Cahul town, with very congested office and workshop space. These premises are considered not appropriate. 'Apa-Canal Cahul' is in the process of being reorganized as a JSC. The objective is to develop into a regional utility that supplies the population of Cahul rayon, following a stepwise process. In line with the implementation of future rehabilitation projects in the different defined clusters, the municipalities in the respective clusters would be offered shares of Water utility Cahul JSC.

The current utilities in charge of waste management in the region of Cahul are marked by lack of investments these last 10 years. Today, 15 Local Public Authorities (LPAs) of Waste Management Region 1 (WMR 1) have an organised waste management service. Only eight of these fifteen LPAs also have household waste collection vessels. The existing collection vessels are either containers or bins. In the other seven public local authorities, household waste collection is carried out using plastic bags, or vessels improvised by the population.

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<sup>2</sup> Law on Waste no 209 of 29 July 2016.

Currently in WMR 1, waste is disposed only in dumpsites. There would be currently 117 dumpsites in the area (including 51 in Cahul Rayon). It is envisaged that implementation and management of the new facilities will not rely on the existing operators. This will instead be the under the responsibility of a new inter-municipal entity, that could either operate the facilities or delegate this to contractors. The existing waste management companies will likely continue to have a role in collection of waste and recyclable material up to the transfer station. This facility and the transport to the regional facilities will be the responsibility of the inter-municipal company.

Citizens and Civil society active in the areas of intervention will be associated to the action, including through a separate action funded by the EU (Action Fiche on "Action Document for Citizens' Empowerment in the Republic of Moldova"). They will play an active role in monitoring the project implementation, supporting the analysis of tariff impact and in proposing ways to mitigate the impact on the most vulnerable households. They will also play a key role in communicating and promoting change behaviour in the use of these improved services.

The relevant Ministries, the Regional Development Agency South and other key institutions at both national and local level will also be engaged in the implementation of the action. An Inter-municipal entity will be created to implement projects, to hold assets and to operate and manage the established waste management system. This will be complemented by a Waste Management Association (WMA), as foreseen in the Law on Waste. Such associations would be a forum where strategic orientations and cooperation agreements would be discussed and agreed among participating LPAs. The investments supported will indeed be correlated to the policy reforms in the WSS and Waste Management Sectors and will be used as promoters of new standards within the sectors.

### ***1.1.2 Priority areas for support/problem analysis***

#### **Priority Area 1 : Improvement of WSS in the region of Cahul.**

The water and sanitation infrastructures of the cities and villages of Moldova date from the Soviet era and are insufficient in terms of quality and quantity. For decades, not only rehabilitation or extension investments, but also important maintenance works have been neglected. According to Moldovan Ministry of Environment, in 2014 only about 77% of households were connected to the municipal water systems (36% in rural areas) as only 50% of urban households were connected to sewage systems (almost non-existent in rural areas). Moldova is the only country in Europe which missed the Millennium Development Goal of halving the proportion of people without access to water supply and sanitation services (UNICEF / WHO 2015).

This situation results in inadequate living standards and increased health risks for the Moldovan population as well as insufficient economic development and contributes amongst others to emigration.

In the region of Cahul, which is situated in the Southwest of Moldova, the existing water and wastewater network is in poor condition. When it comes to the local water utility, it does not

operate in an efficient way yet. It has a very high number of staff and staff cost as share of operation cost achieves a high level with over 50%. The staff is also overaged, 75% are above 50 years. Even with high collection efficiency the financial situation is severe as tariffs are far too low. The utility operates from an administrative centre at the outskirts of Cahul town, with very congested office and workshop space. These premises are considered not appropriate.

Against this background, infrastructure and network rehabilitation and extension in rayon Cahul, as well as support to the local water utility are of utmost importance.

#### Priority Area 2 : Improvement of Solid Waste Management services in the region of Cahul.

Waste management in Moldova is underdeveloped with many shortcomings. The majority of the 1 to 1.5 million tonnes of municipal solid waste produced annually by the ca. 3.6 million inhabitants is disposed on approximately 3,000 small-to-medium sized dumpsites of which most are illegal. The existing dumpsites often exceed their capacity and there is very limited separate collection of recyclable materials or bio-waste. Illegal dumping, which is associated with adverse impacts on environment, public health and climate, is widespread practice. The Law on Waste that has been approved in 2016 already foresees enforcement mechanisms and bodies in charge of controlling its application. A future Technical Assistance project will focus on institutional and regulatory reforms, it will also focus on strengthening some of the enforcement mechanisms. Waste collection coverage is limited in many areas (30% in rural and 70% in urban areas) and separate collection is restricted to primarily plastics in larger cities.

The current unsustainable state of waste management in Moldova poses serious threats to the environment, public health and climate. In fact, while some of the dumpsites are authorised, none of them are compliant with any environmental requirement. Since existing landfills are not compliant with EU standards surface and groundwater are prone to contamination. Pollution of areas adjacent to dumpsites by windblown litter is also an issue. It should also be noted that at the national level there are no hazardous waste treatment and disposal facilities.

The implementation of the government's Waste Management Strategy has already started in all regions and individual sub-projects are developed in each of the eight WMR and separate feasibility studies are currently being carried out. Project preparation is financed by GIZ in three regions, by the Czech Development Agency (CDA) in two regions, and in the remaining three regions by the Eastern Europe Technical Assistance Trust Fund (EPTATF) managed by EIB. Also the EBRD is actively involved on co-financing elements of the Waste Management Strategy.

When it comes to the region of Cahul, Waste Management is considered as a priority within the Social and Economic Development Strategy of the rayon as it has a key role to play in the increase of living standards and limitation of health risks for the local populations. The objectives for the region are to:

- Increase the area covered by waste management services,
- Reduce the environmental Impact produced by waste disposal,
- Increase the recycling rate of municipal waste,
- Increase the recovery/treatment of biodegradable municipal waste to ensure diversion from landfilling.

The Feasibility Study for a Waste Management Investment in the region is already finalised and this project is considered the most mature among all projects under consideration.

**2 Risks and Assumptions**

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Investments not implemented in line with the original designs, shortcomings in the public procurement system and vested interests and corruption hampering reforms	H	<p>Continuous policy dialogue at sectorial and political level as well as strengthened anti-corruption efforts preventing the prevalence of vested interests in policy making.</p> <p>Consultants will support the implementation of the projects to make sure that terms of reference reflect the original design. They will also support the public procurement and the implementation of the works.</p> <p>Civil Society will have the capacity to monitor the implementation of the projects through the action "Citizens' Empowerment in the Republic of Moldova" AAP2017</p>
ANRE is not approving on time the necessary tariffs for the sector	H	Continuous policy dialogue with the authorities and parallel technical support provided by donors to ANRE
Geo-political tensions, macro-economic shocks and/or internal political conflicts divert the Government's focus and resources away from its reform agenda and restrict the pace and direction of the public finance management reforms	H	Continuous policy dialogue with the Government on macroeconomic and public finance policy issues and improved performance monitoring of the implementation of the PFM reforms
Political turnover following 2018 National Elections diverts the Republic of Moldova from the Association Agreement implementation.	M	Intensified policy dialogue with the Government within the framework of the Association Agreement
Contextual and structural weaknesses/fragilities of the CSO sector undermines their capacity to develop its role	M	Technical support/assistance to remediate project management challenges as well as to develop their functions.



Financial situation of Cahul town is weak.	H	Important Policy Dialog with Authorities on sustainable development of the Water and Waste sector and involvement of the regulator ANRE in the dialog. Projects will be designed in a way so that the managing utilities become financially sustainable and do not depend on financing from LPAs. Consultants will be recruited to support the new utilities to become more efficient and cost-effective.
Affordability constraints within local populations to pay for the services provided	M	Mitigation measures included in both actions and separate action funded by the EU to support Civil Society in promoting change behaviour among consumers of the new services and developing tools to mitigate the tariff impact on the most vulnerable households.
Weak institutional set-ups limiting the capacity to implement the investment projects on time	M	Consultants to be provided for the Project Executing Agencies.
<b>Assumptions</b>		
<p>1. Continued commitment from line Ministries and key institutions in charge of the WSS and the Solid Waste Management sectors for the implementation of the Action.</p> <p>2. The partner institutions and structures are properly staffed and have the necessary capacities to pursue the implementation of the planned Action.</p> <p>Both assumptions are based on the current situation and will be underpinned by the EU Delegation through continuous policy dialogue with institutions, stakeholders and civil society.</p>		

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

The lessons learnt from the evaluation and final reports of former infrastructure projects implemented through donor-funding in Moldova are the following:

- Infrastructure development requires associated technical assistance to build capacity and ensure sustainability.
- Tariff adjustments to cost-recovery level are necessary in order to make sure that the investments will be sustainable.
- Mitigating measures need to be considered for the most vulnerable parts of the population.

- Civil Society needs to be involved in the monitoring of investments and must play a key role in communicating and promoting change behaviour in the use of improved services.
- Implementing agencies have to play a key role in policy dialog in the respective sectors of intervention.
- Monitoring the public procurement process is essential to limit possibilities for corruption in public works.
- Steering Committee Meetings involving all relevant actors have to be organised on a regular basis for each project.
- Each new action should use to the best the capacities which are/were built in the framework of parallel actions in the sector.
- Finally, a general lesson learned is that low enforcement record of laws is often due to the poor law-making processes. Therefore, assistance will ensure consistency with national procedures related to fiscal/ regulatory impact assessments, public consultations, inter-ministerial coordination; fast-track adoption shall be avoided.

### **3.2 Complementarity, synergy and donor coordination**

There is a number of very relevant EU related and donor supported interventions focused on WSS and Solid Waste management in Moldova, which the current Action is linked to. Complementarity with other actions will be ensured when preparing the individual relevant projects in the context of the current Action.

The current High Level Advisor's 2016-2018 Mission includes HLAs for the implementation of the AA (under Parliament), Aid Coordination (under the State Chancellery), Environment (ENV), Regional development (MRDC), Economic Development (MoE) as well as 22 Advisors in an additional sectors. Their recommendations and advice will be taken into account during the individual preparation of projects.

The Action will establish synergy with other projects in the Water sector among which the Moldova North Water project and the Chisinau Water Development programme also supported by the EU, the EBRD and the EIB. Synergy will be also established with the Modernisation of Local Public Services (MLPS) project implemented by GIZ and supported by the EU, the Government of Germany, the Swiss federal Department of Foreign Affairs, the Government of Sweden and the and the Government of Romania. Synergy will also be established with the actions to be implemented by GIZ with EU Support (through AAP2016) for strengthening social and technical infrastructures in rural areas. This action will focus among others on the connection of other communities in the Cahul rayon.

Direct coordination will be established with two other actions to be implemented by KFW (for a total of 22 M Euros) and to be funded by the German Government (BMZ). One of them will cover priority measures for rehabilitation of the water supply system (raw water intake, transmission main, reduction of non-revenue water, water treatment plan improvements) as well as of the wastewater treatment plant in Cahul town. The second one will cover a wide extension of the sewerage network of Cahul town in order to provide sewerage services to areas already covered by water supply services. Finally, an implementation consultancy will be funded by BMZ to support the implementation of all the WSS programs in the region of Cahul including the component supported by this action, it will also focus on providing capacity building to the local water utility company and transferring best practice in operation and maintenance.

Synergies and donor coordination should be ensured by the coordinating structures in place (State Chancellery) as well as within the framework of Sectoral Councils among which the "Sector Coordination Council for external assistance "Environment, Water Supply and Sanitation"

The EU Delegation is active in all donor groups and supports the development of aid coordination as a whole.

The actions here described are also to be seen in conjunction and synergy with the Action in support of Citizens' empowerment in Moldova (Action Fiche on "Action Document for Citizens' Empowerment in the Republic of Moldova"). This action will be focused on fostering the participation of citizens and CSOs in local and regional governance in order to improve the use of investments related to water and sanitation, solid waste management, and energy efficiency.

### **3.3 Cross-cutting issues**

The present action will help adapting to climate change by reducing groundwater pollution and providing centralised drinking water service, which is more reliable during extended drought periods.

The action on Solid Waste management will also have a significant impact on greenhouse gas emissions in the country. Based on 2013 figures, greenhouse gas emissions from waste currently represent about 12% of Moldova's nationwide emissions. The Solid Waste Management action will therefore contribute to the achievements of the country's National Determined Contribution in which the reduction target has been set to 15% by 2020 for the solid waste sector.

All necessary Environmental and Social Impact Assessments will be realised in the framework of the preparation of the projects to be supported through this action.

Women are actively dealing with water supply and solid waste disposal in many Moldovan households, to this extent they will largely benefit from the proposed investments. A Social and Gender Action plan was prepared in the framework of the preparation of the Solid Waste Management project.

Civil Society will be strongly involved in the implementation of the current Action. Direct coordination will be established with the action "Citizens' Empowerment in the Republic of Moldova" AAP2017 which will provide Civil Society with the capacity to accompany and monitor the investments foreseen in this Action.

Coordination will be established with the media with a view to promote the results of the actions. Particular coordination will be sought with the specific action Strategic communication and media support in AAP 2017. This specific action will ensure strategic and horizontal communication on all EU funded actions in the Republic of Moldova and will ensure a relevant and coordinated visibility for the investments envisaged under this action.

## 4 DESCRIPTION OF THE ACTION

### 4.1 Objectives/results

The **overall objective** of the action is to contribute to improved living conditions of the population through the minimisation of health risks, and to improved environmental protection and smarter use of natural resources.

The Solid Waste Management component will be implemented through the Neighbourhood Investment Facility (NIF).

The **specific objectives of the WSS component (SO 1)** are:

- a) To improve the water supply and sanitation situation of the population in Cahul town and its neighbouring villages (Cotihana, Crihana Veche, Pascani and Manta)
- b) To reduce the water pollution and preserve the groundwater in the South of Moldova

The **specific objectives of the Solid Waste Management component (SO 2)** are :

- a) To increase the area covered by waste management services in both urban and rural areas and reduce the environmental impact produced by waste disposal in the Southern region
- b) To increase the recycling rate of municipal waste and increase the recovery/treatment of biodegradable municipal waste to ensure diversion from landfilling

**The expected outcomes are:**

The **WSS component** will provide the following tangible results:

- Reduction of the risk of waterborne diseases such as intestinal infections, hepatitis A, Escherichia coli in Cahul town and the neighbouring villages,
- Water production and wastewater treatment capacities established in the region,
- Non-revenue waters reduced
- Improved groundwater quality in the rayon and thus smarter management of natural resources for better adaptation to climate change
- Improved operation and maintenance of the water infrastructures in the region

The **Solid Waste Management component** will provide the following tangible results:

- Expanded coverage and increased efficiency of waste collection operations, including separate collection of recyclable materials and bio-waste for households in a zone covering Cahul and neighbouring localities
- Reduced adverse impacts on environment, public health from uncollected waste and from the many existing sub-standard local dumpsites
- Positive contribution to Climate Change mitigation due to reduced waste related emissions

### 4.2 Main activities

The main activities of the **WSS component** will be:

- Cotihana water and sewerage network extension including house connections and connection to Cahul
- Cahul town water and sewerage network extension including house connections and rehabilitation of pumping stations

- Establishment of sewer systems, including sewerage network, house connections and waste water pumping stations for municipalities of Crihana Veche, Pascani and Manta
- Investments in operation and maintenance, non-revenue water reduction (leak detection equipment, repair equipment...)
- Activities aimed at identifying social schemes targeting vulnerable populations.

The main activities of the **Solid Waste Management component** will be described in the NIF application form.

### **4.3 Intervention logic**

In order to contribute to the creation of synergies between WSS, Solid Waste Management and regional development and in view of improving the quality of life in the region of Cahul, this Action will intervene in the following four dimensions.

- The first dimension focuses its activities on the creation and/or development of infrastructures that will be supporting the implementation of the relevant strategies in the sector and which aim to become examples for future replication in other regions of the country. Important focus will be put on establishing or rehabilitating the responsible public utilities with a view to give them the capacity to manage the new services in a sustainable manner.
- The second dimension is related to the strong involvement of citizens and civil society which will be supported through a parallel action funded by the EU which will aim to have citizen and civil society monitoring the implementation of the action and promoting change behaviour among consumers of the new services.
- The third dimension is that actions will be fully correlated to policy reforms in the sector and will be used as engines of change to promote the implementation of the relevant sectoral reforms included in the EU-MD Association agreement.
- The fourth dimension is that the action will pay particular attention to the affordability constraints of the most vulnerable parts of the population and will be active in developing mitigating measures. Activities will be planned between the EU, the Implementing Partners, Citizens and relevant authorities in order to prepare measures targeting the most vulnerable populations.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such

amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **5.3 Implementation modalities**

#### **5.3.1 Indirect management with Member State agency Kreditanstalt für Wiederaufbau (KfW)**

A part of this action may be implemented in indirect management with KfW in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails entrusting KfW with the implementation of the action on Water Supply and Sanitation investment in the region of Cahul.

This implementation modality is justified because of the significant expertise of KfW in the sector coupled with the unique opportunity to create synergy with other activities implemented by KfW in the Water sector in the Cahul Region (capacity building, complementary investments in the water sector). KfW also has worldwide experience in the WSS, this sector being one of its core sectors. With roughly 460 ongoing projects in the WSS, current KfW projects implemented by KfW in the sector are reaching out to nearly 180 million people who benefit from improved access to drinking water and sanitary facilities.

A Project Executing Agency (PEA) would be established by KfW within the Municipality of Cahul or potentially the Regional Development Agency South (RDA). The core task of the implementation consultancy shall consist in assisting PEA regarding the implementation of the infrastructure (design, tendering, contracting, construction supervision).

The entrusted entity KfW would carry out the following budget-implementation tasks: review and no-objection to the procurements, disbursement management and payment to contractors.

Procurement of works and services will be in line with KfW procurement guidelines, using standard bidding documents. The exact contract packages will have to be determined by PEA under the supervision of KfW in a procurement plan for the Project.

#### **5.3.2 Contribution to the Neighbourhood Investment Facility (NIF)**

The Solid Waste Management component will be channelled and implemented through the NIF procedures.

#### **5.3.3 Procurement (direct management)**

Two contracts for evaluation services shall be concluded for the two components foreseen under this action. One contract for audit services shall also be concluded.

<i>Subject</i>	<i>Type</i>	<i>Indicative number of contracts</i>	<i>Indicative trimester of launch of the procedure</i>
5.8 - Evaluation	services	2	2 <sup>nd</sup> semester 2020
5.9 - Audit	services	1	2 <sup>nd</sup> semester 2021

#### 5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Budget [Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

#### 5.5 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution (amount in EUR)</b>
Objective/Result 1 – To improve the water supply and sanitation situation in the region of Cahul	<b>10 900 000</b>	N.A.
5.9. and 5.10 Evaluation and Audit	<b>100 000</b>	N.A.
<b>Totals</b>	<b>11 000 000</b>	N.A.

<b><i>NIF</i></b>		
	<b><i>EU contribution (in EUR)</i></b>	<b><i>Indicative third party contribution (in EUR)</i></b>
<i>Objective/Result 2 – Solid Waste Management Component</i>	<b><i>6 000 000</i></b>	<b><i>12 000 000</i></b>
<b><i>Overall total (AAP + NIF)</i></b>	<b><i>17 000 000</i></b>	<b><i>12 000 000</i></b>

#### 5.6 Organisational set-up and responsibilities

For the activities of the Action a multi-stakeholder approach will be followed in the context of the relevant Project Steering Committees in order to ensure wider range of consensus.

The main counterparts of this action will be the Ministry of Environment, the Ministry of Regional Development and Construction, the State Chancellery, the Ministry of Finance, the the National Energy Regulatory Agency (ANRE), the Municipality of Cahul, the Rayon of Cahul, the Regional Development Agency (RDA) South, Apele Moldova, the local Waste management entity.

The Delegation of the European Union to Moldova will co-chair all Project Steering Committees with the Ministry of Environment and the relevant local authorities. Civil Society representatives will be invited to participate.

A Steering Committee will be created for each of the two projects components to supervise the implementation of the action. The Steering Committees shall review and guide the work of the action and shall supervise its overall implementation. The Steering Committee shall indicatively meet at least twice a year or more frequently if needed. Back-to-back Steering Committees should be organised wherever possible.

### **5.7 Performance monitoring and reporting**

EU Delegation will execute regular monitoring tasks as per its monitoring plan, using standard procedures and tools.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

### **5.8 Evaluation**

Having regard to the nature of the action, an ex-post evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least two months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services (one per component) shall be concluded under a framework contracts, indicatively in the second quarter of 2020.



## **5.9 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract following the end of activities of the relevant actions, indicatively in the second quarter of 2021.

## **5.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The beneficiary, namely the relevant Moldovan institutions and authorities, shall report on its visibility and communication actions in the report submitted to the ENI monitoring committee and the sectoral monitoring committees. As part of the Financing Agreement, the Moldovan government, as well as KfW undertake to fully ensure the visibility of the EU contribution. For the component implemented through NIF, the organisation implementing the action will guarantee the visibility of EU NIF contribution.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives. Actions shall be aimed at strengthening general public awareness of interventions financed by EU 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. Visibility actions should also promote transparency and accountability on the use of funds.

In the framework of AAP 2017, a specific action is planned for Strategic communication and media support. The component related to strategic and horizontal communication on all EU funded actions in Moldova will ensure a relevant and coordinated visibility for the activities envisaged under this action. Taking into account the need to limit fragmented and individual messages on EU communication, the role of the Coordination Unit envisaged in the project will be one of horizontal management of all actions related to EU visibility.

With regards to the Neighbourhood East, all EU-supported actions shall be aimed at increasing the awareness level of the target audiences on the connections, the outcome, and the final practical benefits for citizens of EU assistance provided in the framework of this action. Visibility actions should also promote transparency and accountability on the use of funds.

Outreaching/awareness raising activities will play a crucial part in the implementation of the action, in the case of budget support the national government shall ensure that the visibility of the EU contribution is given appropriate media coverage. The implementation of the communication activities shall be the responsibility of the implementing organisations, and 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 Commission (European Neighbourhood Policy and Enlargement Negotiations) will be strictly adhered to.

Where relevant, the provisions of the Financial and Administrative Framework Agreement concluded between the European Union and the selected international organisations shall apply.

It is the responsibility of the implementing organisation to keep the EU Delegations and, where relevant, DG NEAR, fully informed of the planning and implementation of the appropriate milestones specific visibility and communication activities.

The implementing organisation shall report on its visibility and communication actions, as well as the results of the overall action to the relevant monitoring committees.

This action will be communicated externally as part of a wider context of EU support to the country, and where relevant to the Eastern Partnership region in order to enhance the effectiveness of communication activities and to reduce fragmentation in the area of EU communication.

The implementing organisation shall coordinate all communication activities with EU Delegations as well as regional communication initiatives funded by the European Commission to the extent possible. All communication strategies developed as part of this action shall ensure they are in line with the priorities and objectives of regional communication initiatives supported by the European Commission and in line with the relevant EU Delegation's communication strategy under the "EU4Country" umbrella initiative.

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	<i>Results chain</i>	<i>Indicators</i>	<i>Baselines (incl. reference year)</i>	<i>Targets (incl. reference year)</i>	<i>Sources and means of verification</i>	<i>Assumptions</i>
<i>Overall objective: Impact</i>	The overall objective of the action is to contribute to improved living conditions of the population through the minimisation of health risks, and to improved environmental protection and smarter use of natural resources.	Number of water related diseases in Cahul area	4.3 cases per 1,000 persons (2015)	3.5 cases per 1,000 persons (2022)	Reports of Health Center, City Plan, Regional development strategy.	Political and economic stability in Moldova.
<i>Specific objective 1 A) : Outcome (s)</i>	To improve the water supply and sanitation situation of the population in Cahul town and its neighbouring villages (Cotihana, Crihana Veche, Pascani and Manta)	Additional population supplied.	0 (2017)	14,000 (2022)	Project-related statistics from Project Executive Agency (PEA), statistics from other donors and regulated authorities.	Population trend is in line with forecast. Tariffs are not prohibitive.

<i>Specific objective 1 B) : Outcome (s)</i>	To reduce the water pollution and preserve the groundwater in the South of Moldova	Pollution removed in the Waste Water Treatment Plant	7600t/a (2019)	8360 (2022)	Project-related statistics from PEA	Pollution per Population Equivalents load as estimated in Feasibility Study
<i>Specific objective 2 A) : Outcome (s)</i>	To increase the area covered by waste management services in both urban and rural areas and reduce the environmental impact produced by waste disposal in the Southern region	<p>Amount of residual waste collected (t/yr)</p> <p>Population benefitting from new waste collection system (households)</p> <p>Amount of waste disposed on new sanitary landfill (t/yr)</p> <p>Population served by new sanitary landfill (households)</p> <p>Greenhouse gas emissions originating from waste in Moldova's nationwide emissions</p>	<p>67,000 (2017)</p> <p>0 (2017)</p> <p>0 (2017)</p> <p>0 (2017)</p> <p>12% (2013)</p>	<p>60,170 (2022)</p> <p>121,900 (2022)</p> <p>60,170 (2022)</p> <p>121,900 (2022)</p> <p>15% (2020) (Project contributing to this objective)</p>	<p>National statistics</p> <p>National statistics</p> <p>National statistics</p> <p>National statistics</p> <p>National statistics</p>	
<i>Specific objective 2 B) : Outcome (s)</i>	To increase the recycling rate of municipal waste and increase the recovery/treatment of biodegradable municipal waste to ensure diversion from landfilling	<p>Amount of recyclables/bio-waste collected separately (t/yr)</p> <p>Amount of waste treated in new or rehabilitated waste treatment facility (t/yr)</p> <p>Population served by new waste treatment facility</p>	<p>0 (2017)</p> <p>0 (2017)</p> <p>0 (2017)</p>	<p>6,830 (2022)</p> <p>6,830 (2022)</p> <p>121,900 (2022)</p>	<p>National statistics</p> <p>National statistics</p> <p>National statistics</p>	

		(households)				
<i>Output 1</i>	Rehabilitated and extended water and sewage network in Cahul town and its neighbouring villages. Improved operation and maintenance of the water infrastructures.	56 km of distribution network and 4300 household connections supplied.	0 % (2017)	100% (2022)	Project-related statistics from PEA.	Budget is not exceeded.
<i>Output 2</i>	Expanded coverage and increased efficiency of waste collection operations in the Southern region	Modern Waste collection system in the region of Cahul	0 (no facilities exist at the moment)	2 transfer Stations 2 sorting facilities recyclable waste 3 composting facilities for biological treatment of waste  New Landfill and closure of Cahul dumpsite	Implementation reports.	Delays in formation of the inter-municipal entity.  Lack of political will to raise tariffs to affordable levels.  Lack of grants to ensure financial sustainability of projects