Water Negotiations and Investment Planning Support

Water NIPS

Project Proposal

Final

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Project Proposal

Sector: Water

Main Activities: Strategic Planning, EU Negotiations Preparation, Capacity Building

Budget: SEK 20m / € 1.87m

Duration: 36 months (including procurement)

Main Beneficiary: Ministry of Infrastructure and Energy

Other key beneficiaries: National Agency for Water Supply and Sewerage and Waste Infrastructure (AKUM)

Water Resource Management Agency (AMBU)

Ministry of Tourism and Environment

 Long-term planning in the Water Sector is essential to achieve national objectives, make the most effective use of the funds available and attract further funding. EU standards, transposed into national law, provide clear standards to be met and resources to help achieve improvements.

Drinking water and wastewater treatment together can constitute more than 60% of the public investment requirements for the whole Environmental Sector. Albania’s water situation suggests that the country faces similar challenges to other EU Candidate Countries and can also achieve the same success or better.

The proposed project will support the Ministry of Infrastructure and Energy (MIE) to develop long-term plans, based on meeting EU standards. From the full lists of measures to achieve compliance, shorter-term investment programmes can be created which will provide a consistent basis for capacity building and financing.

## Strategic planning in the Water Sector

Albania’s national planning foresees four main categories for the proper planning of water use:

* **Water for People** which involves the drinking water, wastewater treatment and related pipe networks;
* **Water for Food** for the use of water in agriculture;
* **Water for Industry** where water is used for hydro energy, recreation and industry (including tourism);
* **Water for Environment** related to climate change, ecosystem and water quality and quantity.

The EU’s environmental and climate policy aims to promote sustainable development, low-carbon economy, and efficient resource management and the protection of the environment for future generations. For countries like Albania, undergoing the EU integration / accession process the environmental and climate policies are comprised under Chapter 27 legislation or *acquis*. Implementation Chapter 27 is considered as one of the most expensive negotiation EU chapter which is mostly due to the water sector infrastructure, in particular wastewater collection system and treatment that requires significant environmental infrastructure development. Project identification, development and implementation takes a very long time and require concerted efforts from various institutions. In order to establish efficient investment management process in Albania, long term planning is needed.

The Ministry of Infrastructure and Energy’s (MIE’s) priorities are set out in the national sector strategy, national sector masterplan and also on the governmental program priorities.

The National Water Supply and Sewerage Services Sector Strategy, 2019-2030 (v20Mar19), strategic objectives are shown below:



For mid-term planning, the quantifiable indicators for the main priorities are:

* 24 hours supply with drinking water for coastal touristic areas.
* 24 hours supply with drinking water for main urban populated areas.

Water NIPS, due to its contribution to investment planning and financing for water supply and wastewater, will be able to contribute significantly to these strategic goals.

The main, relevant, donor-funded activities for this project are the:

GIZ Water and Sanitation Services projects “Customer and Performance Oriented Drinking Water and Waste Water Services” and “Support to Water Management (IPA2016), Component 2” related to their work on legislation drafting, national-local level contracts, local ownership and utilities performance and gender promotion in the sector.

ADA Water Resources, EU IPA16 “Support to Water Management (IPA2016), Component 1” related to the Water Framework Directive Implementation and River Basin Management.

KFW’s projects: EU-IPA13 “Rural Water Supply III” particularly related to equitable access to water and affordability issues and practical experience in implementation and IPA18 “Municipal Infrastructure V/ Water sector Performance and Investment Programme” as well as the Water Master Plan management and data.

Sida’s projects: “SANE27 EU Accession support project” and “Support to the Establishment of the Water Resources Management Agency” projects relating to the preparation of Albania’s Chapter 27 negotiating position and AMBU establishment.

In terms of general co-ordination, the Donor Coordination Group is working effectively to keep track of new projects or wider changes. MIE is both the leader of that donor group and the project leader for Water NIPS making coordination easier.

At the same time, the level of detail necessary for the development of the documents under this project will require specific meetings with the technical teams of each of the main projects and others as they become apparent. The existing links should make co-ordination and sharing information possible. This project’s management team at AKUM is also the key partner of most of the KFW and GIZ projects, the Swedish Embassy is coordinating SANE and AMBU projects.

**EU compliance-based planning**: Under the EU approximation / integration process, Albania will need to present actions on how to implement the requirements laid down in the relevant EU legislation, including also water management. The most challenging Directives are the heavy investment directives such as Urban Waste Water Treatment Directive and Drinking Water Directive which require a longer period of implementation and big funding for achieving fully implementation. Therefore, Albania will require additional time for implementation after the EU negotiations process is completed.

A set of specific planning documents is required in order to be prepared for negotiating the requirements / provisions of Urban Waste Water Treatment Directive (UWWTD) and Drinking Water Directive (DWD) - being a precondition for requesting transitional periods for their implementation. In this case, Directive Specific Implementation Plans should be prepared with clearly identified actions, investment needs and proposed financing mechanisms respectively for their implementation.

### The Urban Waste Water Directive (91/271/EEC)

The UWWTD requires the identification of agglomerations - areas where the population and/or economic activities are sufficiently concentrated for urban wastewater to be collected and conducted to an urban wastewater treatment plant or to a final discharge point.

The level of wastewater treatment in agglomerations will depend on designation of sensitive areas. The UWWT Directive requires identifying sensitive areas based on specific criteria for the water bodies under eutrophic conditions or tending to become eutrophic in the future. In addition, it prescribes the requirements regarding the load and the method of treatment of urban waste waters discharging into the sensitive areas. These areas are to be listed, among others, as protected areas in accordance with the EU Water Framework Directive. Costs of infrastructure and identification of priorities for collection and treatment of urban wastewater depend of the size of the agglomeration and the sensitivity of the area. Currently these two very important aspects for implementation of EU requirements – identification of agglomerations and sensitive areas – are not yet conducted in Albania.

### The Drinking Water Directive (98/83/EC)

Following a similar approach to waste water treatment, the water supply systems shall be identified and needed infrastructure for public water supply assessed at two levels:

* drinking water distribution areas, which are related to the water supply source (water zones);
* agglomeration/ utilities level, which is more related to responsibilities for water supply service, investment projects planning and implementation, establishment of tariff systems, etc.

Distribution areas will be designated predominantly on the basis of technical analysis of the existing situation and development plans for future water supply.

### Sludge management requirements

Increasing the level of wastewater treatment in Albania will reduce water pollution that is currently being caused by the discharge of untreated sewage. Increased wastewater treatment levels will produce significant quantities of sewage sludge, which must be appropriately treated.

The analysis of the current situation has showed that only 13% of the waste water is treated however there is a plan for construction of several WWTPs in the near future that will generate sludge. Considering the very limited existing facilities for sludge treatment and disposal there is a risk that this new quantity will be sent to inadequate dumpsites.

The Decision of the Council of Ministers (2015) defining the requirements for use of sludge in agriculture would represent one potential option for disposal but does not address the overall issue. Disposal of sludge into landfills is not likely to be accepted into new regional landfills after they are constructed.

There is an urgent need to update sludge management policy in Albania in parallel with the intensive development of the wastewater treatment services.

### Organisational Establishment

The Ministry of Infrastructure and Energy (MIE) and National Agency for Water Supply and Sewerage and Waste Infrastructure (AKUM) have key roles in water infrastructure planning in Albania.

MIE has responsibility for the development of policy for the Water For People pillar. The responsibilities throughout the public institutions are as follows:

**Institutional Responsibilities (Water):**

***1. The Council of Ministers*** is the highest decision-making body of the government on all fundamental issues related to the water sector.

***2. The Strategic Planning Committee (SPC)*** approves the core priorities/directions of the country's development strategy, national, sectoral and crosscutting strategies, defines and approves the MTBP framework, takes strategic decisions on budgetary ceilings, programs and major public investment projects in based on government priorities, realizes strategic coordination of foreign aid with the donor community, monitors and evaluates the progress in implementing priorities, programs, key investments and their reprogramming.

***3. The National Water Council (NWC)*** is the central decision-making body responsible for water resource management.

***4. Water Resources Management Agency*** is a public, budgetary institution, subordinated to the Prime Minister, established by a special law (No. 6/2018). WRMA is the main central institution responsible for the integrated management of water resources.

***5. Line Ministries (MARD, MET, MEI, MHSP, MI)*** are responsible for drafting and implementing policies and strategies in the area where their scope of ​​responsibility overlaps/intersects with water sector and water resources management.

***6. Commissions / Committees*** for specific water bodies responsible for designing and implementing policies in their area of ​​responsibility.

***7. Water Basin Councils (WBC)*** are the local bodies responsible for the management of water resources in the respective basins focusing on the approval of permits/authorizations and river basin management plans.

***8. The Water Basin Administration Offices (WBAOs)*** are regional branches/directorates of WRMA responsible for drafting inventories of water resources use in quantity and quality, managing applications for water permits/authorizations, monitoring water use, producing periodic reports for the WBC.

***9. Prefects*** have the main role at local level for civil emergency planning and crisis management within their administrative boundaries.

***10. The Regional Drainage Directorates (Lezha, Fier, Durrës, Korça***) are responsible for the use and maintenance of the irrigation and drainage system and any flood protection works/measures within their area of ​​operation in order to remove excess water, prevent water accumulation and flooding.

***11. Authority for Geospatial Information (ASIG)*** is responsible to administer geo-information and coordinate the work between various stakeholders that have responsibilities in relation to the collection, generation, processing and update of geo-information including themes related to water resources such as hydrography and hydrology, in order to ensure geospatial information is complete, correct, updated and easily accessible to all stakeholders.

***12. The State Inspectorate for Environment, Forests, Water & Tourism (SIEFWT)*** is responsible for inspection in the field of water, in compliance with water legislation and the legal framework on inspection.

*Sources: AMBU (2018)*

Water Sector, institutional establishment and responsibilities, from the National Water Strategy, 2019:

The water sector is organized as a two-tier system, with national government being responsible for sector strategies and policy development, and local governments for service provision. The Central Government has the primary role of channelling donor and treasury funds for capital improvements, based on needs assessment through National Master Plans and needs expression by local governments. It also provides sovereign guarantees on loans from international financial institutions and operating subsidies to water utilities to cover their energy costs. The Government of Albania has also developed a long-term Financing Strategy for the Water Supply and Sewerage Sector in Albania, which includes setting National Sector Policy Objectives and Targets.



Figure 1: Key Institutional Stakeholders (Source: National Water Strategy, Mar2019).

**Ministry of Infrastructure and Energy**

Ministry of Infrastructure and Energy is the line Ministry responsible for the Water Sector in Albania. MIE is responsible to set the main priorities of the water sector such as: Development and implementation of the Water Sector Reform; Ensuring technical assistance in support of water supply and sewerage companies in the context of changes as a result of territorial reform, Certification of Operational Managing Staff (for managing staff up to medium managing level) etc.

**National Agency of Water Supply, Sewerage and Waste Infrastructure (AKUM)**[[1]](#footnote-1) is a legal, individual and budgetary unit under the MIE. This National Agency represents the only specialized Government technical institution in the water supply and sewerage sector. Its principal duties and responsibilities include the analysis, identification and drafting of water supply, sewerage, and solid waste management policies, strategies and action plans.

**Water Regulatory Authority (WRA)**

The WRA is a public independent institution that regulates the water supply and sewerage sector to ensure protection of the public interest and to create a transparent regulatory framework. The main functions of the WRA following represent the main functions of the WRA:

* + license all natural and legal persons delivering water and/or wastewater services to the public,
	+ ensure that service providers deliver good quality and efficient services at a reasonable price,
	+ regulate service tariffs in a way that ensures service providers’ financial sustainability as well as affordability for customers,

**National Water Council** is a central decision-making authority in the field of water resource administration in the Republic of Albania. National Water Council (NWC) is the main inter-institutional body chaired by the Prime Minister of Albania, Vice Prime Minister and line ministers responsible for drafting policies and plans for integrated water resource management.

**Water Resources Management Agency [[2]](#footnote-2)** is the executive authority of NWC recently established in the Prime-Ministry responsible for the development and implementation of policies and strategies related to integrated water resources in Albania, ensuring effective functioning and monitoring of the total integrated water system in the country. The agency plays also the role of Technical Secretariat of National Water Council.

**River Basin Councils** are set up under the DCM No 342, dated 4.05.2016 “On approval of territorial and hydrographic boundaries of river basins in the Republic of Albania and centre and composition of their council”, while River Basin Management Offices (4) [[3]](#footnote-3) are set up under the National Agency of Water Resources Management. The chairman of the RBC is the region's largest prefecture where the water basin is located, the vice-chairman of the RBC is elected by the River Basin Council. The Secretary of the RBC is the Head of the River Basin Management Office. Albania, in terms of water resources management, is divided into six river basins, as follows: Drin-Buna River Basin; Mat River Basin; Ishëm-Erzen Water Basin; Shkumbin River Basin; Seman River Basin and Vjosa River Basin.

**Ministry of Finance and Economy**

Ministry of Finance based on the priorities of the government, is responsible for the allocation of financial resources for the water sector for meeting the needs of the society. The Minister of Finance is a member of the National Water Council.

**Ministry of Tourism and Environment**

The Ministry Tourism and Environment (MTE) have the responsibility for ensuring that all environmental aspects of EU main Water and other Directives are transposed, coordinated and implemented in Albania. Two institutions of this ministry, such as the National Environmental Agency and National Inspectorate on Forestry and Environment have important role on water issues.

**Ministry of Health and Social Protection**

The Ministry of Health and Social Protection is responsible to develop and implement policies and strategies in the healthcare sector. Based on the current legal framework in force, the Ministry is responsible for inspecting and monitoring of drinking water quality through its institutions like the Regional Public Health Structures, the Health State Inspectorate and Institute of Public Health.

**Local Government Units**

The Albanian Government successfully developed and implemented the Territorial Administrative Reform (TAR) by re-organizing local government into 61 municipalities. The TAR has established larger units of local governments, administering a larger, reorganized and consolidated territory.

Local governments, as the owners of the existing water supply and sewerage companies within their administrative boundaries, as all as all other public asset water supply and sewerage infrastructure in prior communes that have been amalgamated into the newly defined LGU’s, are today challenged to deliver water supply and sewer services to their expanded territories following the enactment of Territory Administrative Reform (TAR). In 2016, Municipalities were required to restructure their water supply and sewerage operations in response to the new realities of TAR and the growing demand for services.

### Capacity improvements in implementation of EU water related requirements and infrastructure planning

Implementation of the requirements of the UWWTD and DWD demands administration with strong capacity and capabilities at the national and local level. In the first place, the national administration will need to establish conditions necessary for directives’ implementation. Then, they will need to guide local governments to perform their own obligations. The main investment planning and control of strategic financing is controlled at the national level but the main responsibility for delivering water supply and wastewater collection and treatment services lies with municipalities.

Over the next few years municipalities will need to address a number of important tasks: planning of water infrastructure, identification of potential projects, development of technical documentation, implementation and supervision of investment projects. This requires wide range of knowledge, skills and experience, which are presently not readily available in all municipalities.

The process of development of the DSIPs and investment programme will clarify the number and range of measures (‘hard’ infrastructure and ‘soft’ reforms) that are required. From these the capacity and capability requirements of the project’s institutional partners can be defined and a development plan created. The procedures defining the relationship between the national government responsibility and resources, and the local government requirements and capacity will be essential to the functioning of the system.

### Ongoing Technical Assistance:

Water is a high priority sector for Albania. A diverse range of water users, from drinking water to tourism, and a lack of substantial development of water resource management has resulted in a long list of needs for change. The Albanian institutions and their international partners are increasing their activities but much remains to be done.

In water policy development the EU-funded TA is supporting integrated water management through the Austrian Development Agency, wastewater services through GIZ and project investment through KFW. Sweden is supporting the establishment of AMBU and EU Negotiations Support (SANE27).

While close coordination with these international support efforts is essential, EU compliance-based planning for drinking water and wastewater is not being supported by any other technical assistance. This will also be the only water sectoral assistance to prepare for negotiations (in cooperation with SANE27) and sludge planning.

## Overall Objective:

*‘To develop strategic planning capabilities in the Water Sector for the implementation of EU standards.’*

**Result 1.** Prepared Report on Identified Agglomerations for Waste Water and Water Supply Zones and Sensitive Areas

An analysis, consultation and proposal for Agglomerations, Sensitive Areas and Water Supply Zones in accordance to the UWWTD, DWD and where necessary the WFD requirements will be prepared. This information will provide the basis for further development of the planning documents.

**Result 2**: Developed Directive Specific Implementation Plans for the UWWTD and DWD

The Directive Specific Implementation Plans (DSIPs) will consist of all measures required to deliver compliance with the UWWTD and DWD within the context of the WFD. They will present the gap between the standards necessary and the existing situation, define the hard (infrastructure) and soft (technical assistance) to close the gap, propose an affordable and achievable implementation approach, the schedule for investments and conclude with an estimation of the transition period that Albania will need to apply for in accession negotiations.

The DSIPs are intended to serve the following purposes:

* Support to the planning for the implementation of heavy investments *acquis*. The DSIPs will define the standards to be achieved over the long-term and so provide a consistent point of reference for planning. A clear understanding of the needs and timing of investments can reduce the overall cost of meeting the necessary standards.
* Justify funding applications. It is the stated intention of many donors/IFIs to support Albania’s wish to join the EU. Investments defined and prioritised within agreed DSIPs can be supported with some confidence. Clear investment justification can attract additional funding.
* To support the EU Accession Chapter 27 negotiations process. Experience of EU candidate countries and new member states shows that long-term, realistic planning is essential to providing a credible negotiations position.

**Result 3:** Developed Sludge Management Strategy

Sludge, from urban wastewater treatment plants, is a major factor for investment planning and the affordability of new infrastructure[[4]](#footnote-4). The intention is that this investment planning leads to an increase in the number of wastewater projects which will, very soon, start generating large quantities of sludge. The problems and additional costs have been very large where sludge has been overlooked or postponed in EU countries.

The Sludge Management Strategy developed under this project will provide a strategic direction and action plan for the integration of sludge management planning into the wastewater development process. The strategy will define the technical, financial, legislative and administrational requirements to enable practical application of the new approach.

There are significant benefits from integrating the DSIP UWWTD and Sludge strategy within the same project both technically (for the first time the DSIP will enable Albania to know how much sludge and of what quality will be generated in which periods), economically (planning sludge facilities at the same time as wastewater plants should save medium and long term operational and capital costs) and financially (the TA cost will be cheaper than done separately).

**Result 4**: Developed Programme for Water Supply and Waste Water Collection and Treatment 2021-2027 and 2028-2034.

The DSIPs prepared under this project will generate a Long List of measures required for Albania to be compliance with the relevant directives.

From this Long List a Short List will be prepared to identify the first programme of projects, 2021-2027, in line with EU multi-annual financial planning periods. This programme will be developed in detail to enable financial planning. A second programme 2028-2034 will also be prepared in less detail but enough to define the technical assistance for project preparation required in the first period.

The programme will be supported by procedures for prioritisation and updating the Short List to ensure it remains realistic and coherent in the context of the wider DSIP. Based on previous experience of EU accession, it might be expected that the longest transition period (and so the most affordable) that Albania could negotiate for the most challenging UWWTD articles would be to approximately 2042.

**Result 5:** Drafted legislation to enable the completion of the transposition of Drinking Water Directive (DWD) and Urban Waste Water Treatment Directive (UWWTD).

The compliance-based approach and planning documents developed through this project will require development of new legislation (laws or secondary legislation) and amendments to existing national legal documents. For example, identification of sensitive areas and agglomerations in national legislation.

This project will identify what remains to be transposed in the areas of DWD and UWWTD and draft new documents as necessary.

**Result 6:** A Capacity Development Plan to support the implementation of the DSIPs.

Meeting the standards set out in Albanian and EU strategic objectives will require a large increase in the capacity (the quantity of projects) and capability (the range of different technical skills) of the Albanian administrative institutions. The Water Sector requires the largest amount of public investment within EU Chapter 27, the largest chapter of *aquis*, of EU law.

The Capacity Development Plan will assess the needs for implementation against the existing institutional structure, propose development measures and deliver modules of fixed trainings, on-the-job mentoring, tools and templates. The development work will be focus on the principal partner institution, MIE, but also provide support to other national and local institutions directly involved in delivering improved water management standards.

The likely skills, knowledge and expertise required from the MIE and AKUM for the delivery of the first investment period will be defined by the respective institutional roles. For example:

Ministry: With the completion of the main strategic documents in these subsectors (Wastewater and Water Supply) the ministry’s role will focus on converting the strategies into realistic, bankable programmes, quality control, strategy revision and reporting. Typical development support / trainings might include:

* Senior-level mentoring in EU accession;
* Environmental programme financing;
* Programme cycle management;
* Monitoring and Evaluation methodologies and systems;
* Reporting.

AKUM: In its role as an implementing agency AKUM will need to develop the capability to support the ministry’s programming process and then deliver the procurement, contracting and implementation of EU-standard projects based on blended financing of which the largest portion will be EU IPA funds. It is recognised that the future project management capabilities will be able to build on the existing approaches but also expand to encompass a wider range of sources of financing. Typical trainings might include:

* EU Feasibility Studies;
* EU Cost Benefit Analysis development;
* Quality control approaches to project preparation;
* EU Decentralised Management Systems (EU DIS);
* Project Management training and certification.
* Environmental Management Systems for projects.

Local Authorities: Training and certification for the local authorities is due to be defined under the new law (introduction of a Certification Board). Development support under this project would look to support such a quality control system. It is likely that the trainings would include:

* Planning of modern water management systems;
* Project Management training;
* Development of technical documentation;
* Operations and maintenance of water assets.

## Assumptions, Risks and Mitigation analysis

The assumptions upon which this project is based are as follow:

* **Data:** Public utility companies, central government and relevant ongoing projects are ready to cooperate and share all available technical, administrative and institutional information regarding waste water and drinking water infrastructure;
* **Partners:** The main partners dedicate sufficient time of staff, at all levels, to participate and benefit from the project;
* **Participation:** The wider stakeholders, such as municipalities, technical assistance projects, professional bodies, academia, industry representatives and civil society organisations will participate and engage constructively with the issues providing communication has been properly organised.
* **Decision-making**: The development of policy will require decision-making from the national institutions. This planning assumes that project-level decisions can be made in a timely fashion to enable implementation to continue.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Risk | Likelihood | Impact | Total | Mitigation  |
| Data is not sufficient to define plans.  | 2 | 5 | 10 | Coordination in the pre-project planning process has established significant data held by institutions such as AKUM. Time and resources have been included to research agglomerations and sensitive areas as a separate activity. |
| Lack of decision-making due to unclear or changing responsibilities.  | 4 | 3 | 12 | This is a known issue but MIE has a clear mandate for water policy. Investment planning will be more difficult. Engagement with other institutions from the beginning is essential. |
| Political change at a national or institutional level. | 4 | 2 | 8 | Government restructuring is a normal part of development projects. Water is likely to remain high priority for any government even if EU accession does not. Political changes are out of the control of the project but the 27-month implementation period should provide enough time to overcome temporary delays. |
| Loss of key institutional partners. \* | 4 | 3 | 12 | A small number of key personnel can make a major difference at this important time in policy development. Change of personnel cannot be prevented but clear project documentation, procedures and capacity building tools and templates can reduce the impact of individual changes.  |
| Financial risk | 3 | 3 | 9 | The donation is in SEK, the working currency in Albania is normally EUR or ALL. This is a period of big currency fluctuations. Methods to manage significant currency changes will be introduced into the main service contract.  |

Table 1: Risk Matrix. Scores: 1 (low) – 5 (high)

**Staff Turnover.** The EU Accession process is long and the approximation period (time required to meet the standards) is even longer. Staff turnover over this period is inevitable and to some extent the EU institutions rely on attracting some of the best national staff from new member states for the ‘Brussels-end’ to function. At an increasing rate the market forces from the private sector will be providing alternatives for experienced public sector staff, especially those who understand the major Water Sector investment planning. At the same time, civil servants are more likely to value public service and in return want to see opportunities for career development.

Water NIPS will be vulnerable to the loss of key partners in the same way as other projects and must plan for it. The mitigating actions the project can take are:

* Provide opportunities for partners to build unique, career-defining experience. Albania will (most likely!) only have one EU-negotiation and Water is probably the largest single sub-sector across all chapters. The work done by the MIE/AKUM with the support of Sweden and this project should be worth staying for. To build a committed team this opportunity needs to be communicated and understood, particularly by the ministry leadership. Water NIPS should have senior management active involvement from the beginning.
* Plan and deliver clear procedures for development, consultation and decision-making. With limited resources and considerable pressure faced by most public-sector institutions it is important to make this added task (EU Accession is not considered business-as-usual) as manageable as possible. A clear plan for what is required of the different units and when decisions have to be made will reduce the pressure. This will be an obligation of the project consultant during the Inception Phase.
* Established procedures and supporting documents will also help mitigate the impact from a change of staff. Training new staff and transferring responsibilities becomes more effective if the process is clearly defined, templates and check-lists are established.
* Provide technical support. The key stakeholders will be required to review, comment and eventually accept major, complex documents (DSIPs) with long-term implications. These documents or their key findings will be scrutinised by the public and other countries. Technical support to the Contracting Authority senior management in the form of a monitoring and advisory support would assist national leadership.

### Technical Inputs

* Project Development: Technical assistance to prepare the project for financing and support to the procurement of the main service contract, Procured via the Embassy of Sweden in Albania.
* Main Service Contract: Technical assistance to develop the stated results in the areas of Water, EU Accession and Strategic Planning to be contracted through the MIE.
* Implementation Support: Technical assistance for implementation monitoring and quality control.

## Stakeholder Management and Communications:

Principle partner: MIE

Secondary partners:

* AKUM, as a key partner, both from a procurement point of view and a major end-user of the documents produced under this project.
* Public institutions and their technical assistance programmes involved in the development of national policy, legislation, delivery of water services and regulatory bodies.
* Other interested groups including Academia, Civil Society Organisations and the Commercial Sector.
* International donors and financing organisations.

Tertiary partners: The general public.

A communication approach will be developed from the beginning to ensure that the interests of all interested and influential stakeholders are taken into account during the development of these key documents. The stakeholder analysis will integrate Sida’s Human Rights Based Approach to ensure the identification and engagement of vulnerable populations within the stakeholder groups. A published consultation schedule will transparently set out the goals of the planning documentation and describe how and when the documents are to be discussed. Costs and time for effective communications will be included within the project budget.

**Communications with local authorities:** The local authorities are responsible under the law to provide local water services. The local administrations, through the 58 Water Supply and Sewerage Utilities, own and operate the water supply and wastewater management systems. The EU accession and approximation process is, by its strategic nature, a national process. The state of Albania must define targets for meeting EU standards and will allocate the majority of financial and technical resources donated (or loaned) to the country.

Therefore, the development of the negotiating position and directive specific plans is a process requiring extensive consultation both vertically between the national and local level, as well as horizontally to include other stakeholders like academia, civil society, business and international partners.

During the Inception Period the Consultant will undertake the stakeholder analysis, develop the communication approach, a schedule and resources for the extensive communications necessary. Engaging with municipalities and utility companies is often enabled through local government associations. A budget has been allocated within ‘Reimbursables’ budget line for multiple consultations during the Inception Period then under each of the projects results.

**Coordination with AMBU:** MIE and AMBU have an established, regular consultation for the IPA2016 project joint steering committee for water as a resource. It takes place once every 6 months. Co-ordination between the lead institutions would use and extend this existing structure as necessary rather than create new forums with the same people.

At a technical level, there will be more detailed discussions on the integration of Water Framework Directive issues between the technical teams. Consultations would take place at least each 6 months as part of interim report and work plan preparation.

## Procurement

Procurement for the main, fee-based, service contract will be carried out under Albanian Procurement law using EU PRAG procedures adapted to AKUM as the Contracting Authority and managed the Project Implementation Unit (PIU) within AKUM. Evaluation will be carried out by a separate Evaluation Commission established by the General Director of AKUM.

The procedure for engaging the main service contract is expected to be Restricted, Open International Single Stage (two envelope) procurement with pre-qualification, as defined in PRAG.

The procurement approach will be set out in a Procurement Plan, agreed by the Project Board in advance. The Board will also be requested for a ‘No Objection’ at the following points:

* Tender Dossier;
* Pre-Qualification Report;
* Final Evaluation Report.

## Project Management

**Project governance:** The Project Board will be formerly established by the Minister of Infrastructure and Energy. It will be led by MIE (consisting of MIE, Sweden, AKUM). The Board will meet at least every 6 months and make key decisions, like accepting outputs and authorizing work plans.

The Project Implementation Unit led by AKUM (consisting of AKUM, the project consultant and others as required). The PIU will meet at least each month, prepare decisions for the Board and manage the day-to-day operations of the project.

The project consultant will provide the ‘Secretary to the PIU’ to manage the administration. Additional participants may be included into each forum upon the agreement of the core members.

**Structure for the Project**



Figure 2: Organisational Structure of AKUM (new establishment, 2019)

AKUM has been restructured and is in the process of establishing new procedures. The new structure is to have 50 employees. Existing staff remain (30 relatively senior staff) plus new staff will be junior (new generation). AKUM is presently leading the large EU water project with 4-5 permanent specialists.

Key staff in AKUM related to this project, in the Unit for Implementation of International Projects (project coordination) and the Directorate of Economy and Supportive Services (procurement) are trained on PRAG. A system review for AKUM’s procurement capacity has not been conducted and will be done for the first time as part of this project with Swedish support.

AKUM will need to provide coordination, administration and financial management for the contract. The agency responsibilities will include but not be limited to:

* + Co-ordination in support of MIE. AKUM will ensure the day-to-day management of the project processes, from procurement to closure. The coordinator will be providing clear direction to the Consultant for all issues that do not need to go to the project board.
	+ Procurement is planned, tender dossier and contract documents are developed, procurement is advertised, short-listing process is complete, technical offers are requested and received, evaluated, decisions made, any appeal process managed and contracting takes place.
	+ Contract management will require that reports are reviewed (potentially with support from technical support), coordinated with institutional stakeholders and decisions recorded.
	+ Financial management including that disbursements are calculated and requested, payments are made, records are kept, and audits are managed.

AKUM will identify a senior coordinator, a project officer and financial officer for this project. It is not expected that these will be full time roles. The project will provide financial support to AKUM in order to increase the institution’s capacity to manage and administrate the Water NIPS project. The funding will support the recruitment of new staff and would, therefore, contribute to AKUM’s overall capacity enabling more experienced team members to work on the project.

**Project monitoring and advisory support:** Water NIPS is a complex, multi-sector project. The combination of EU Accession issues, technical water issues, financial planning and capacity building make it challenging to monitor and ensure the quality of the outputs and good value for money.

Monitoring and advisory support is needed to guarantee the successful implementation of the project. Technical assistance could cover:

* Review of planned activities and outputs from Results 1-6. The project consultant will be presenting outputs approximately twice a year over the project period. Most of the outputs are on the ‘critical path’ meaning the following activities cannot start until the previous ones are approved. The technical range of the work to be developed ranges from water supply and wastewater specialisation to sludge management to legislation to financing and investment planning to horizontal issues and capacity building. The monitoring and advisory support would provide experts to support MIE/AKUM in a review of the results and planning of resources for the next period.
* Overall project management support for issues like proposed contract amendments and ToR changes. Almost all major projects will have requests for changes at some stage either from the Contracting Authority side or from the Contractor. Amendments may be technical and/or of high financial value. The monitoring and advisory support would provide assistance for contract management and ToR issues as required.

**Reporting:** Periodic reporting based on the project objectives, activities and indicators as defined in the Terms of Reference will be required. The reporting will be aligned with payment terms in the contract. At a minimum the following reports will be required:

* Inception Report will provide an assessment of the situation on the ground at the start of the project related to what was foreseen in the Terms of Reference. It will describe the actions taken during the Inception Period, the analysis conducted and propose the work plan for the first activity period. Any changes to the terms of reference are to be justified. Actions related to horizontal issues must also be further developed and described.
* Interim Reports will be required every six months and will include a summary of the previous period activities and results and a proposed work plan for the following period.
* Final Report will cover all activities, financial reports and outputs in a single report. The first draft of the Final Report is due no later than 2 months before the project closure date to allow time for review and revisions.

## Horizontal issues

**Anti-corruption:** these issues will be important for two areas of project activity: The procurement of the main service contract and the benefits of a transparent investment programme.

* The procurement approach for the main contract, the procedures, responsible institutions and reporting will be defined from the beginning with No-Objection milestones included within the process.
* The long-term impact of the DSIPs and investment programme should be positive in terms of ensuring that future investments are defined clearly by what they contribute to achieving national objectives, what should be prioritised and when the investments are needed. Where policy direction is unclear there is room for unnecessary or unsustainable costs to be introduced.

**Gender Equality:** Albania became a state party to the [*Convention on the Elimination of All Forms of Discrimination against Women* (CEDAW)](http://www.un.org/womenwatch/daw/cedaw/cedaw.htm) via accession on May 11, 1994. The CEDAW stipulates, amongst various rights, equal pay for equal work equality in work possibilities, equality in positions and access to private and public decision-making.

The Albanian gender equality law (2008) stipulates that gender mainstreaming shall be the approach to ensure gender equality in society, by reflecting the perspectives of all genders into the law-making, policymaking, planning, implementing and monitoring processes. The law also covers discrimination and harassment and provides for special temporary measures for guaranteeing at least 30% representation of the under-represented gender in political and public decision-making position and administration. Furthermore, the Gender equality law makes generation of gender-based statistics by State bodies compulsory.

In 2017, the Global Gender Gap Index overall ranked Albania 38th out of 144 countries, 70th on economic participation and opportunity, and 120th on health. Work force participation rate is 47.5% for women and 70.4% for men and women are estimated to earn 53% of what men earn. Legislators, senior officials and managers are made up of 22,5% women and 77,5% men. These overall Albanian figures translates also into the water sector, and women are under-represented in decision making positions related to water resources management.

Implementation of this project will carry out activities, record and report in line with good practice in gender-mainstreaming.

*“Gender mainstreaming is the (re)organisation, improvement, development and evaluation of policy processes, so that a gender equality per­spective is incorporated in all policies at all levels and at all stages, by the actors normally involved in policymaking.”*

(Council of Europe 1998: 12)

Examples of good practice[[5]](#footnote-5) that may be applicable to this project include:

-          Requiring a gender equality advisor to participate in the project planning, recording and reporting process.

-          Establishing and recording a baseline of gender equality issues at the start of the project activities (‘Gender analysis’).  For example, the gender balance in key partner institutions and relevant policies or measures in place.

-          Actively promoting representation of women’s CSOs in the consultation process for the development of the DSIPs and allocating the resources specifically to do so.  This has an important technical aspect because a key part of managing operational costs of modern wastewater management systems or water efficiency in water supply management is citizen engagement and participation.  At a household level it can probably be assumed that the women will have the greatest influence in behaviour change. (‘Integrating Gender Equality’).  The visibility aspect of this approach will be important to start the communication process that citizens have a role in keeping costs down for public services in the future.

-          Promoting and recording participation in the project’s capacity-building activities.

**Environmental Issues:** While this project is based on providing better environmental performance, the way in which future implementation takes place can have a major impact on climate change. Consideration of climate change issues and overall water resources management needs to be taken into account.

To do that, this project will integrate Water Framework Directive, WFD, (2000/60/EC) requirements into the DSIP and investment programming. To do this the planning for these specific directives will take into account River Basin Management, reducing climate change impact, adaption to climate change and water efficiency issues.

The project consultant will be required to develop an environmental management system for the project (or apply one if their organisation already has a recognisable system in place) and present it in the Inception Report. Targets and indicators of environmental performance will need to be approved.

A simplified EIA, in line with the Sida Green Toolbox has been conducted and can be found at Annex 1.

**Poverty and Vulnerable Populations**: Changes in the environment and the climate have the greatest impact on the people living in poverty, people whose resilience to such changes is very weak[[6]](#footnote-6). One of Sida’s main tasks is to contribute to a fair and environmentally sustainable development. The Human Rights Based Approach, HRBA, (called the rights perspective in Swedish policy) provides a legal ground and principles that guide Sweden’s work for people living in poverty.

Sida’s application of the HRBA entails a focus on both whathuman rights to achieve and how to do it in a way that is based on and leads to the four human rights principles of:

* non-discrimination
* participation
* transparency
* accountability

This proposal has analysed and integrated the rights perspective into the planning process. Water NIPS offers an opportunity for vulnerable populations to have a stake in the improved environmental public services in Albania. There will be 4 stages when the interests of these groups can be integrated:

1. Preparation of the project. This proposal and the detailed Terms of Reference for the procurement and contracting establish the standards for the technical documents the project will produce. This will be based upon existing EU and Albanian legislation but will also take into account where standards are becoming more progressive. For example, the EU Drinking Water Directive (Council Directive 98/83/EC) is in the process of being updated to reflect, among other issues, to ensure access to water for vulnerable and marginalized groups. These changes are also in line with Agenda 2030 and UN Sustainable Development Goal 6.
2. Consultation. Extensive non-discriminatory consultation and participation is foreseen in the project activities and has been allocated both time and budget within the planning process[[7]](#footnote-7). Specific emphasis is placed on identifying and involving vulnerable groups within the stakeholder analysis and consultation schedule with reference to Sida’s HRBA.
3. Prioritisation of investments. It is already a stated objective of the Albanian Government to address the needs of the whole population of Albania:

*‘Provide safe, reliable, sufficient and proper quality of water supply services for the entire population of Albania, in full compliance with the legal and regulatory framework.’*

And the Sector Guiding Principle of Equity:

*‘Equitable access to water, adequate in terms both of quantity and of quality, are provided for all members of the population, especially those who suffer a disadvantage or social exclusion.*’

Water Supply and Sewerage Sector Mission, National Strategy, 20th March 2019.

This mission to include poorer areas is already being put into action through the Albanian Development Fund rural projects.

1. Affordability analysis. This is also addressed under the Sector Strategy, under the Principle of Affordability.

*‘Provide water supply and sewerage services to consumers at an affordable price.’*

There will be challenges for the development of the investment planning for this sector. It is expected that, in line with other EU member states, the majority of water financing will come from EU sources, particularly grants and prioritisation is generally given to the greatest impact for each investment and full cost recovery is required. This normally means prioritisation for directive implementation is given to the largest agglomerations. Water NIPS financing and investment planning will balance this existing approach with the likely changes in the future and recommend how the rights-based perspective can be reflected in the development of bankable projects.

**Anti-Corruption:** The institution of the National Coordinator for Anti-corruption was established to coordinate the anti-corruption activities of the Government and independent institutions at the central and local level. A network of focal points was established in all line ministries and independent institutions, which monitor and guide the relevant officials in the implementation of the Anti-Corruption Strategy and report to the National Anti-Corruption Coordinator.The main preventive anti-corruption bodies in Albania are the Anti-Corruption Task Force and the High Inspectorate of Declaration and Audit of Assets and Conflict of Interests.The National Committee on Anti-Corruption, chaired by Ministry of Justice. Each institution has a coordinator in each ministry. Point of contact in MIE is Deputy Minister, Hantin Bonati.

The Code of Conduct for Public Servants, approved by Council of Ministers, can be found here (Albanian): <https://www.drejtesia.gov.al/trego-fytyren-e-korrupsionit-2-2/>.

## Budget

The proposed budget is SEK 20m / EUR 1.87m. The planning budget proposes approximately Eur 1.44m of fees and Eur 0.24m of reimbursable costs, as well as audit and a 5% contingency for currency exchange fluctuations for use only with Sida’s no objection.

The reimbursable budget line breakdown is as follows (estimated):

|  |  |  |  |
| --- | --- | --- | --- |
| Reimbursables  | Units | Unit cost | Total |
| Technical investigations including out-of-country laboratory testing for sludge and water quality. | 1 | € 15,000 | € 15,000 |
| Consultation events - 3 for results 1,3,4,5. Inception 3, Results 2 and 6 (DSIPs and Capacity Building) 4. Average event 30 persons.  | 23 | € 1,500 | € 34,500 |
| Capacity building external trainings including certification and travel. 1 training per year for 10 staff members = 2 trainings each. International qualifications targeted for sustainability.  | 20 | € 5,000 | € 100,000 |
| Study trips. 15 members travelling.  | 30 | € 1,500 | € 45,000 |
| External expert services not foreseen in ToR and financial offer. | 1 | € 20,000 | € 20,000 |
| Miscellaneous: Translation of documents, interpretation, per diems for ministry staff on project activities where not covered by national funds.  | 1 | € 25,000 | € 25,000 |
| Total |   |   | € 239,500 |

## Schedule

The project implementation period is estimated to take 27 months, starting in 2020.

An approximate time schedule is shown in Figure 1 below. Timings include delivery of all data collection, initial drafts, consultations, updates and final drafts.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2019** | **2020** | **2021** | **2022** |
|
| **Q1** | **Q2** | **Q3** | **Q4** | **Q1** | **Q2** | **Q3** | **Q4** | **Q1** | **Q2** | **Q3** | **Q4** | **Q1** | **Q2** | **Q3** | **Q4** |
| **Procurement** - development, advertising, evaluation and contracting |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Inception phase** - mobilisation, appraising data, defining work plan, establishing management structures.  |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Result 1:** Agglomerations, sensitive areas, water zones |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Result 2:** DSIPs |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Result 3:** Sludge Strategy |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Result 4:** Investment Programme. |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Result 5:** Legislation  |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Result 6:** Capacity Building |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Project closing** |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

Figure 3: Indicative project time schedule.

## Logical Framework

Planning for activities, resources and monitoring has followed the logical framework approach:

|  |  | Main Activities | Inputs (min.) | Indicators and verification | Sources of Verification |
| --- | --- | --- | --- | --- | --- |
| Overall Objective | The overall objective of the project is to develop strategic planning capabilities in the Water Sector for the implementation of EU standards. | Strategic Planning (long-term)Negotiations SupportInvestment Planning (medium-term)Capacity building.  | Project Budget. | Impact indicator: Drinking water and wastewater project investments increase with direct reference to EU compliance.Albania receives appropriate and achievable transition period for UWWTD and DWD following accession negotiations. | Ex-Post Evaluation |
| Result 1 | Prepared Report on Identified Agglomerations for Waste Water and Water Supply Zones and Sensitive Areas | * Defining methodology;
* Identification of Agglomerations;
* Identifying Sensitive Ares;
* Identifying Coastal Estuary Limits.
* Identification of Water Supply Zones.
 | * Water sector expert.
* Coastal water management expertise.
 | Output indicators: * Drafts of report delivered on time.
* Consultation meetings held.
* Acceptance of report by MIE.

Outcome: * Feedback from DSIP on the use of report.
 |  Progress on the DSIP based on Result 1 report. |
| Result 2  | Developed Directive Specific Implementation Plans for the UWWTD and | * Defining methodology;
* GAP Analysis;
* Strategic Approach;
* Measures identified;
* Cost analysis;
* Investment approach;
* Long List of hard and soft measures.
* Transition periods proposed.
 | * EU Accession and Approximation experience.
* Waste Framework Directive knowledge.
* Drinking water and wastewater sub-sector expert.
* Economic and financial specialist.
 | Outputs: * Drafts of DSIPs delivered on time.
* Consultation meetings held.
* Acceptance of DSIP by MIE.

Outcomes:* Comments from EC (long term).
 | Feedback from the MIE, Ministry of European Integration, Ministry of Finance, EU Delegation.Reports on EU Accession progress  |
| Result 3 | Developed Sludge Strategy | * Defining methodology;
* GAP Analysis;
* Strategic Approach;
* Measures identified;
* Cost analysis;
* Long List of hard and soft measures.
 | * Sludge management strategic planning experience.
* Practical sludge management expert.
* Potentially laboratory analysis for soil / sludge samples.
 | Output indicators: * Drafts of document delivered on time.
* Consultation meetings held.
* Acceptance of report by MIE.

Outcome: * Feedback from practical application of approach in project investments.
 |  Feedback from technical teams developing projects. |
| Result 4 | Developed Programme for Water Supply and Waste Water Collection and Treatment 2021-2027 and 2028-2034 | * Co-ordination with Water Master Plan.
* Financial policy and planning.
* Prioritisation.
* Establishment of procedures.
 | * Drinking water and wastewater infrastructure planning expertise.
* Financial planning specialist.
 | Outputs:* Drafts of document delivered on time.
* Consultation meetings held.
* Acceptance of report by MIE.

Outcomes: * Acceptance of programme by other institutions like AKUM.
* Evidence of the practical use of se of programming. E.g.: IPA planning.
 | EU/IFI investment planning.List of projects in development. |
| Result 5 | Drafted legislation to enable the completion of the transposition of Drinking Water Directive (DWD) and Urban Waste Water Treatment Directive (UWWTD). | * Gap analysis.
* Drafting legislation and sub-legislation.
* Consultation.
* Provision of final drafts.
 | * EU legislation expert.
* Albanian legal expert.
 | Outputs:Delivery of drafts and acceptance of final report.Outcomes: Legislation passed by parliament / DCM.  | Acceptance of legislation in parliament/DCM. |
| Result 6 | A Capacity Development Plan to support the implementation of the DSIPs.  | * Definition of skills, knowledge and experience required.
* Baseline established.
* Gap analysis.
* Proposal of measures.
* Development of action plan.
* Implementation of support to key partners.
 | * Institutional expert.
* Project management process expert.

Incidental budget for: * External trainings and certification.
* Small-scale equipment.
* Study trips.
 | Outputs: * Development plan drafts delivered and accepted.
* Plan delivered in the form of trainings, study trips, equipment.

Outcomes:* Capacity (number of investments) increased.
* Capability (range of functions) increased.
 | Progress interviews with principle stakeholders. |

# Annex 1: Water NIPS EIA

## Annex 1: Water NIPS, Environmental Impact Assessment (Simplified)

**May 2019**

## Context:

The following EIA reviews the Water Negotiations and Investment Planning Support (Water NIPS) project for Albania. The EIA was conducted in May 2019 as part of the project proposal development process through dialogue between the principal beneficiary of the project, the Ministry of Infrastructure and Energy (MIE), the Embassy of Sweden in Albania and the technical assistance consultant, Brooks Hannas & Partners.

The present situation in Albania is that 78% of the population[[8]](#footnote-8) have water supply coverage (but not necessarily to EU quality or reliability standards) and 54% are covered by sewerage networks of which 11% is treated to a recognisable standard. National population growth is not high (less than 1% annually since 1995[[9]](#footnote-9)) but urban populations are growing faster (from 42% in 1995 to over 53% in 2019). Water usage is very high, one of the highest in Europe with 8,700m³ per capita per year in 2017 due to a large extent to inefficiencies and losses in the water management system.

There is significant need to address the water supply and wastewater management standards to contribute to Albania’s environmental sustainability.

## Standards:

In 2015 the Swedish Government decided that Sida operations will be based around five perspectives, one of which is the integrated climate change and environment perspective.

This EIA was conducted according to the Sida Green Tool box documents and particularly Guidelines for a Simplified Environmental Impact Assessment (August 2017) as well as general good international practice for EIAs.

A separate but related Strategic Environmental Assessment will be conducted as part of the finalisation of the Water and Wastewater Services Master Plan.

## Project Activities

Water NIPS will primarily consist of a service contract to provide technical assistance to the MIE over approximately 3 years.

The *direct project activities* for assessment include:

* Transport of experts and ministry participants to meetings, field trips and study trips. A proportion of this will be international air travel, the remainder will be by car.
* Office maintenance for a team of approximately 4 persons at any one time. The office will be rented space with normal utilities.

*Indirect activities*:

* Water NIPS will support MIE and other relevant institutions to develop strategic planning documents for the Water Sector. The national goals are to approximate to EU environmental standards which are higher standards of water management than are presently employed.

## Environmental Impact

Positive Contributions

* The principal project activity (Development of DSIPs) is expected to enhance environmental standards by introducing a structured approach to investment planning that will significantly increase financing and implementation of higher standards.
* The impact of the overall Water NIPS project would be reduced water resources pollution, better quality drinking water, reduced emissions of Green House Gases[[10]](#footnote-10) (GHG) and improved environmental awareness within the population.
* The environmentally sustainable benefits of this project can be enhanced by including the Water Framework Directive perspective into the planning process. In this way climate change and public awareness issues are also considered in the development of the Wastewater and Drinking Water investment planning.
* Water NIPS has been prioritised for development because it has such a wide-ranging impact on communities within Albania. For example, each settlement above 2000 population equivalent will require wastewater treatment under EU standards. This level of detailed, long-term planning is not available elsewhere.

Negative Impacts

* The project is based on a service contract and therefore the principal negative impacts will be related to the direct activities of the expert team. These include transport, meetings and maintenance of an office.
* Office maintenance: Normal, small office operations will use energy, natural resources and generate waste. There is no option to buy energy from renewal sources from the electricity grid. Office space in Tirana varies significantly in terms of energy efficiency. Waste management services are public and standard for all.
* Event management. The project will include extensive consultation with key partners and stakeholders. Similar to office management, the venues vary considerably and environmental impact from the supplies of refreshments may also vary.
* Transport (local): Most of the project transport is expected to be within Tirana. There will also be some need to conduct field trips to review environmental infrastructure in different parts of the country. Within Tirana there is a well-established public transport network including electrically powered taxis. Outside Tirana the options are much more limited.
* Transport (international): The project will need to use experts with international experience and is likely to support study trip(s) as part of the capacity and capability building activities. Aviation generates a high proportion of GHG[[11]](#footnote-11) in the EU and globally but as a form of transport measured per person per km it is not necessarily worse than cars[[12]](#footnote-12).

Table 1: Quantification of risk for Water NIPS.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. | Risk +/- | Likelihood | Impact | Score | Enhancing / mitigating actions |
| 1 | Achieving project objectives: key investment planning contributions. (+) | 5 | 5 | 25 | Integrate Water Framework Directive into preparation of other directive plans. |
| 2 | Office maintenance. (-) | 5 | 2 | 10 | Require consultant to create Environmental Policy including office management. Include review of policy progress in monitoring and evaluation of the project.  |
| 3 | Event management. (-) | 3 | 2 | 6 | As part of Env. Policy all events managed or financed through the project must consider env. Issues. E.g.: Reducing use of single-use plastic, requesting env. standards from venues.  |
| 3 | Transport – local. (-) | 5 | 3 | 15 | As part of Env. Policy set requirement for lower impact project transport. Promote use of public/shared transport, low emissions vehicles.  |
| 4 | Transport – international. (-) | 4 | 3 | 12 | Include as part of Env. Policy. E.g.: Consider use of carbon-offsetting.  |

Notes on the risk table:

Risks: positive and negative impact.

Score: 1-5, lowest to highest.

## Managing Environmental Standards

Enhancing and mitigating actions to be taken by the project need to be further defined in terms of the project’s environmental policy, the processes put in place to deliver that policy and the measurement and reporting of the environmental performance. These steps should be planned and delivered in a structured, transparent manner.

A well-planned approach to environmental standards is recommended by the Sida Green Toolbox. The consultant’s requirement will be policy and implementation measures to cover all project activities. Water NIPS could also, potentially, introduce the project partners to a way of approaching environmental standards that can be applied across future projects for all donors/IFIs.

The project consultant’s structured approach will be part of the Inception Report. This will define a baseline and indicators of environmental sustainability for Sida No-Objection and future evaluators. If this approach is extended beyond the project to other institutions offers an opportunity to enhance the positive benefits as below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 5 | Managing Environmental Project Standards. (+) | 4 | 4 | 16 | The introduction of policy, processes and performance measures for this project as part of capacity building for wider stakeholders could encourage wider use of good practice. Appropriate staff/budget is to be allocated to enable proper application. |

## Conclusions

Water NIPS is an opportunity to make a major step forward in environmental sustainability in Albania. The project’s contributions can significantly reduce water pollution and GHG emissions.

At the same time, the benefits can be enhanced. Integrating approaches from the EU Water Framework Directive (WFD), not originally foreseen in the proposal, could reduce the climate change impact for a generation of environmental infrastructure projects. The high levels of consultation required by the WFD would also be in line with the Sida integrated climate change and environment perspective.

Project activities will have some negative impact on the environment. This EIA has outline ways to mitigate the risk. The use of a project environmental standards will provide a structured approach to setting policy, establishing processes and measuring performance.

1. (DCM no. 431, date 11.7.2018 “On the establishment, organization and functioning of the National Water Supply, Sewerage and Waste Infrastructure” [↑](#footnote-ref-1)
2. DCM No. 221, date 26.4.2018 “On the Organization and Functioning of the Water Resources Management Agency” [↑](#footnote-ref-2)
3. Prime Minister Order, No. 1.10. 2018 “on the Water Resource Management Agency structure approval” [↑](#footnote-ref-3)
4. Sludge management costs may be as much as 50% of the whole wastewater system operations and maintenance costs. [↑](#footnote-ref-4)
5. Using Sida’s Gender Mainstreaming Tool, 2015. [↑](#footnote-ref-5)
6. Sida Poverty Tool Box (2017) and Environment and Climate Change Brief (2015). [↑](#footnote-ref-6)
7. The Water Framework Directive also provides guidance on consultation of key documents. [↑](#footnote-ref-7)
8. Source: National Water Supply and Sewerage Services, Sector Strategy 2019-2030, Ministry of Infrastructure and Energy, GIZ and KFW, 2019. [↑](#footnote-ref-8)
9. Source: UN 2019. [↑](#footnote-ref-9)
10. GHG reduction: Principally through the controlled aerobic and anaerobic treatment of wastewater and collection of biogas from sludge lines. [↑](#footnote-ref-10)
11. 3% of EU GHG emissions but 12% of all transport but growing faster than other forms of transport. Source:<https://ec.europa.eu/clima/policies/transport/aviation_en.> [↑](#footnote-ref-11)
12. The calculation depends on factors like number of persons per vehicle, topography of driving routes and vehicle used. [↑](#footnote-ref-12)