

**2010 Annual Programme — Project Fiche 10**  
**Environment**

**1. Basic information**

- 1.1 CRIS Number: 2010/022-452  
 1.2 Title: Environment  
 1.3 ELARG Statistical code: 03.27  
 1.4 Location: Kosovo\*

**Implementing arrangements:**

- 1.5 Contracting Authority (EC): European Commission Liaison Office to Kosovo  
 1.6 Implementing Agency: n/a  
 1.7 Beneficiary:

<b>Project activity/component</b>	<b>Beneficiary institution</b>	<b>Contact point responsible for project/activity coordination</b>
1. Institutional support to the Ministry of Environment and Spatial Planning (MESP)	Ministry of Environment and Spatial Planning	Arben Çitaku, Permanent Secretary in the MESP <a href="mailto:Arben.Citaku@ks-gov.net">Arben.Citaku@ks-gov.net</a>
2. Support for the Ministry of Environment and Spatial Planning (MESP) in water management and monitoring of water resources	Ministry of Environment and Spatial Planning	Arben Çitaku, Permanent Secretary in the MESP <a href="mailto:Arben.Citaku@ks-gov.net">Arben.Citaku@ks-gov.net</a> Naser Bajraktari
3. Construction of Water Treatment Plant for regional water company 'Prishtina'	Regional Water Company Pristina J.s.c. (Project Implementing Agency); Ministry of Economy and Finance (MEF) as owner of the Regional Water Company Pristina Municipality of Pristina, Fushe Kosove, Obiliq, Podujevo, Graçanica	Arben Çitaku, Permanent Secretary in the MESP <a href="mailto:Arben.Citaku@ks-gov.net">Arben.Citaku@ks-gov.net</a>
4. Support for the National Institute for Public Health in Kosovo with the supply of laboratory equipment	National Institute for Public Health in Kosovo	Burbuqe Nushi-Latifi <a href="mailto:buqen@yahoo.com">buqen@yahoo.com</a>

- 1.8 Overall cost (VAT excluded): EUR 38.9 million  
 1.9 EU contribution: EUR 8.5 million  
 1.10 Final date for contracting: 2 years after the signature of the financing agreement  
 1.11 Final date for execution of contracts: 2 years after the final date for contracting  
 1.12 Final date for disbursements: 1 year after the final date for the execution of contracts

\* Under UNSCR 1244/1999.

## **2. Overall objective and project purpose**

### **2.1 Overall objective:**

Improving the state of the environment including water, waste and management of urban settlements in accordance with the EU environmental *acquis* and with EU best practice to provide better health and living conditions for the citizens of Kosovo.

### **2.2 Project purpose:**

The purposes of this programme, under the Instrument for Pre-accession Assistance (IPA), are as follows:

- Strengthening the capacity of the Environment Ministry and stakeholders in completing and enforcing the implementation of secondary legislation on water and river basin management, management of water infrastructure including dams, waste management, spatial and urban planning management, and nature protection and biodiversity.
- Supporting the Environment Ministry in drafting a water strategy and an action plan including preliminary and preparatory work such as data collection, studies, and analyses of water resources in Kosovo.
- Providing a sustainable supply of reliable and safe drinking water to the population of Pristina, through the improvement of laboratory analyses and adoption of advanced water treatment processes.

### **2.3 Link with European Partnership/Stabilisation and Association Process Dialogue/Progress Reports**

The human and financial resources and **administrative capacity** of the Environment Ministry and related institutions (both at national and local level) are still largely insufficient to address Kosovo's environmental challenges. Coordination between institutions is insufficient to address environmental issues. Investment in environmental infrastructure will need to be substantially increased to address the challenges ahead.

The European Partnership priorities provide a basic framework for Kosovo's efforts to approximate its environmental legislation with that of the EU. Kosovo has made important advances. However, there has been limited progress with other European standards in the field of the environment. In those areas where there is some approximation, attention needs to focus on implementation and enforcement, which should be substantially strengthened, in particular by defining and adopting implementing strategies and plans, building institutional capacity and substantially increasing funding.

Improvement of the water ecosystem and infrastructure is included in the 2008 Kosovo Environmental Action Plan for European Partnership and the Mid-Term Expenditure Framework (MTEF) 2009-2011. This is to be done by devising water management policies and strategies and enhancing planning capacity at all levels.

### **2.4 Link with the Multiannual Indicative Planning Document (MIPD)**

While Kosovo has made progress on adopting legislation and policies, more work is needed to create an administrative environment that will ensure further approximation to European standards. According to the MIPD (Axis 3), capacity to develop and implement sector strategies is weak. The environment remains one of the priority sectors and an adequate increase in support to ensure steady progress in this sector is recommended.

Beside specific action in the sector, environmental considerations will be duly reflected in all IPA-financed activities, in particular as concerns environmental impact assessments. This is particularly

relevant where there is potentially a high environmental impact, such as co-financing of investment, new legislation, etc.

## **2.5 Link with the National Development Plan**

Key environmental areas in the MTEF include:

- Limited water reserves and depleted river basins
- River beds that have been damaged and polluted and hence dangerous for public health
- Water infrastructure to improve the water supply for all Kosovo citizens, and
- Improved spatial planning capacity at all levels of Kosovo government.

## **2.6 Link with national/sectoral investment plans**

The main objectives of the Strategy for the Environment Sector in Kosovo are as follows:

- Completion of the legislation and implementation of existing legislation on environmental protection
- The integration of environmental protection into all sectors dealing with or affecting the environment, so that environmental protection becomes part of the sector development policies, plans and programmes
- Integration into European structures for environmental protection.

## **3. Description of project**

### **3.1 Background and justification**

Kosovo is facing very serious environmental issues in a broader sense, in particular concerning water, waste and land management. The situation is rather difficult in urban areas due to changed demographics and the pressure of migration from rural areas. This is reflected in unplanned construction, a poorly managed urban environment and inefficient public services such as waste collection and treatment.

Anthropogenic pressure on the environment is increasing continuously, specifically with regard to the discharge of waste water, insufficient control and management of the use of water and uncontrolled extraction of gravel from river beds. Most of the urban population has access to the sewerage system but the lack of wastewater treatment facilities means that untreated sewage is discharged directly into rivers. There is no monitoring of the quantities or the quality of the discharged wastewater. In villages and other small settlements, wastewater is disposed of into open earth channels which contaminate surface and groundwater, resulting in poor-quality drinking water from wells. Neither is industrial wastewater treated; the effluent is discharged directly into rivers. The problem is graver in areas around mining-waste dump sites, where there are indications of pollution of ground and surface waters with heavy metals.

### **Component 1. Institutional support for the Ministry of Environment and Spatial Planning**

Departments responsible for the environment continue to suffer from a lack of resources. The secondary legislation is not complete and institutions dealing with the water sector, waste collection and processing, and environmental improvement in urban areas need further capacity-building support to manage the growing problems.

Under the law, the competent authority for water management, protection and planning is the Ministry of Environment and Spatial Planning. The Water Law states that the competent authorities on water administration are: the Government, the Kosovo Water Council, the Environment Ministry, the River Basin District Authorities, and Municipalities. Nevertheless, neither the Kosovo Water Council nor the River Basin Authorities have been set up yet. The reasons differ but relate to their financing, organisational structure, human resources, etc. Water resources remain unprotected

for lack of appropriate legislation to define protection zones and implementing arrangements. The ownership and management of water supply infrastructure including dams and other assets is not covered in the current legislation. This has a bearing on the safety of large infrastructure, such as dams, dykes and water intakes.

The legislation on waste management does not cover all the issues, such as natural or legal persons empowered to manage waste. Further issues such as rationalising the collection, sorting and treatment of waste are beyond the management capacity of the current administrative structures.

Population drift toward urban areas and current demography puts a heavy burden on the Environment Ministry and requires appropriate legislation and effective structures to regulate issues such as town planning and management, physical structure, infrastructure, construction and other activities.

**Component 2.** Support for the Ministry of Environment and Spatial Planning in water management and monitoring of water resources.

With environment legislation incomplete, Kosovo does not have an appropriate policy for development of the water sector. The Water Strategy Plan (2007-2013) drafted by the technical inter-sectoral government group specified investment targets in terms of percentage of connection to the water supply, percentage of connection to the sewerage system, technical losses, fee collection, and surface water quality. Due to political changes in the Government of Kosovo the strategy was never approved by parliament and never became official policy.

Increasing demands on Kosovo's water resources — for drinking water, irrigation of agricultural fields, delivery of bulk water to power plants and industry, better management of water quality and management of risks from extreme phenomena such as floods and droughts — make it imperative to develop a fair, implementable longer-term water strategy. Development of the National Strategy is acknowledged by the Government of Kosovo as a priority of the highest order, given the long-term development needs of the country.

The project should provide institutional support to the water department in the Environment Ministry and other relevant institutions to draft a strategy and action plan for the water sector based on preparatory work such as data collection, studies and analyses of the water resources in Kosovo. The action plan should be based on a detailed assessment of the needs of the sector and should provide concrete implementable plans and priority projects with a realistic cost estimates.

**Component 3.** Construction of Water Treatment Plant for regional water company 'Prishtina'

The Regional Water Company Pristina (RWCP) is the largest of seven incorporated Regional Water Companies in Kosovo owned by the Ministry of Economy and Finance. It provides water supply and sewerage services to more than of one third of Kosovo's population.

Ongoing projects in Pristina, Peja and Prizren focus on reducing technical water losses, increasing connection to water supply services and first measures in sewerage — in the case of Pristina, the main transmissions, the existing network and the Badovc water treatment plant will be rehabilitated.

The project in Pristina also addresses water demand management via measures to improve metering, pricing and awareness building. Institutional support is being provided to improve billing and collection efficiency in order to stabilise the income of the water companies, and thereby ensure that investment is sustainable.

Nevertheless, more investment in the RWCP water supply system is needed. Urban population growth in Kosovo is outrunning the existing infrastructure — particularly in Pristina, where urban migration is very noticeable from the extensive construction sites in the city. Currently only 95 % of the population in the capital and 77% of the surrounding municipalities are supplied with piped water and households face severe rationing, e.g. in terms of service hours. Of the population not connected to piped supplies, most obtain water from shallow wells or boreholes, which have been

shown to be highly vulnerable to pollution. A feasibility study funded under the Infrastructure Project Facility Western Balkans and carried out by consultants WYG pointed out that existing resources (Battlava lake, Badovc lake and Kroni wellfield) are too small to meet future water demands and therefore proposed the construction of a new water treatment plant.

In short, the new water treatment plant would help to cover present and future water demand and to secure a reliable and safe drinking water supply to the population of Pristina, Obiliq, Drenas, Lipjan, Shtime, Podujeva and Fusha Kosove (in total more than 600 000 inhabitants, forecast to rise to 1 200 000 by 2030).

#### **Component 4. Support to NIPHK in supply of laboratory equipment**

The EU-funded feasibility study of drinking water revealed a number of shortcomings in the quality of drinking water. The acute problem is the technical capacity and equipment of the National Institute for Public Health in Kosovo (NIPHK) to control drinking water quality and check compliance with the requirements of the Drinking Water Directive (98/83/EC).

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

The project will have a positive impact through strengthening the capacity of Kosovo's institutions, particularly the Environment, Water, Spatial Planning and Housing Department of the Environment Ministry, including the NIPHK.

The project will have a positive impact on overall environmental conditions, especially water supply and management of water resources. Strengthening this sector is a catalyst for socioeconomic development and will accelerate the implementation of European standards and improve the quality of life for all citizens.

The impact should also be visible in terms of better managed waste water and solid waste. Furthermore, urban areas in Kosovo should benefit and the impact will be visible in improved, regulated construction and better planning.

### **3.3 Results and measurable indicators**

#### **Component 1. Institutional support to the Ministry of Environment and Spatial Planning (MESP)**

##### **Results:**

1. Secondary legislation is adopted in accordance with EU directives and licensing, permit and control procedures are defined in the following fields:
  - Water quality, water resource management
  - Waste management
  - Spatial urban planning, housing and construction
  - Nature protection and biodiversity.
2. Institutional framework for monitoring and controlling water quality and water resource management is up and running, including river basin management plans; roles and institutional responsibilities for water infrastructure such as dams and water reservoirs are laid down;
3. Institutional framework for effective waste management and control in central government is working;
4. Administrative capacity of the Environment Ministry and Institute for Spatial Planning is strengthened so they perform their duties and responsibilities efficiently with regard to spatial and urban planning, prevention of illegal construction and regularisation of informal settlements.

**Objectively verifiable indicators:**

- Secondary legislation and regulations on water, waste, urban management and nature protection approved by the end of the project.
- River basin management institutions set up in accordance with the Water Framework Directive.
- Established administrative procedures and legal acts concerning ownership and management of water infrastructure.
- Methodology devised for protection of water resources, zoning and measures.
- Responsibilities for dam management clearly allocated.
- Responsibilities for waste management and services clearly allocated and institutional coordination between the Environment Ministry and municipalities enhanced.
- Revised Spatial Plans and legal acts and norms drafted for urban planning and management, construction standards, informal settlements.
- Municipal institutions in charge of construction activity up and running.

**Component 2. Support to the Ministry of Environment and Spatial Planning (MESp) in water management and monitoring of water resources.****Results:**

1. Relevant data on water resources including precipitation, surface and ground water are acquired and incorporated into the existing water information system.
2. Draft Water Strategy drafted and accepted by the Environment Ministry and other relevant institutions.
3. Action plan identifying priority projects for water infrastructure including water and waste water treatment plants, rehabilitation/construction of water reservoirs, intakes and dykes, and rehabilitation of water pipelines has been drafted.

**Objectively verifiable indicators:**

- Water management information system upgraded, including relevant data on surface and ground water for the entire Kosovo territory.
- Water strategy document available.
- Action plan with details and cost estimates for specific investment projects available.

**Component 3. Construction of Water Treatment Plant for regional water company 'Pristina'.****Results:**

1. Operational water treatment plant in Pristina, pumping station, main transmission line and installed reservoir.

**Objectively verifiable indicators:**

Available and functioning adequate infrastructure and equipment at the water treatment plant in Pristina.

**Component 4. Support to NIPHK in supply of laboratory equipment**

**Results:** Improvement of the NIPHK's regulatory functions regarding drinking water quality in Kosovo.

**Objectively verifiable indicators:** Available and functioning equipment in the NIPHK laboratory.

**3.4 Activities****Component 1. Institutional support to the Ministry of Environment and Spatial Planning (MESP).**

1. Review the existing legal framework, including support for drafting secondary legislation and regulations in accordance with EU directives, and draft implementation, licensing, permit, and control procedures in the following fields:
  - water quality, water resource management;
  - waste management;
  - spatial urban planning and housing and construction;
  - nature protection and biodiversity.
2. Support the Environment Ministry with developing structures for monitoring and controlling water quality and water resource management, including river basin management plans, definition of water resource protection zones, definition of roles and institutional responsibilities regarding water infrastructure such as dams and water reservoirs.
3. Support the Environment Ministry with building institutional capacity and defining roles and responsibilities of central government in waste management and the control of services in urban and rural areas.
4. Support administrative capacity building in the Environment Ministry and Institute for Spatial Planning so they can perform their duties and responsibilities efficiently with regard to spatial and urban planning, prevention of illegal construction and regularisation of informal settlements.

Support should be provided, in the following areas, among others:

- Preparation of procedures and guidelines on drafting urban spatial plans and in issuing permits (construction, environmental);
- Definition nature-protected zones;
- Preparation of construction standards and codes in accordance with EU best practice.

**Component 2. Support to the Ministry of Environment and Spatial Planning (MESP) in water management and monitoring of water resources.**

1. Conduct a study and analyses to collect relevant data on water resources including precipitation, surface and ground water and incorporate them into the information management system.
2. Support the Environment Ministry and other relevant institutions in drafting a water strategy in accordance with current EU requirements and directives.
3. Draft the action plan to implement the water strategy and assist the Environment Ministry with defining the short-term/long-term priorities with concrete project concepts to be presented to international financial institutions through the IPF.

### **Component 3. Construction of Water Treatment Plant for regional water company 'Prishtina'.**

**Activity 1:** Construct water treatment plant in Pristina:

- preparation of design (including an environmental impact assessment) and technical specification,
- preparation of tender documents,
- tendering and contract award,
- execution of construction works (water treatment plant, reservoir, pumping station, main transmission line),
- supervision of construction works by the selected consultant.

### **Component 4. Support to NIPHK in supply of laboratory equipment.**

Activity 1. Prepare tender dossier and procurement of water quality control equipment for the NIPHK. Train NIPHK staff in the use of the equipment.

#### ***Contracting arrangements***

Component 1 – 1 twinning contract;  
Component 2 – 1 service contract;  
Component 3 – 1 delegation agreement (with KfW); and  
Component 4 – 1 supply contract.

#### ***Project management and administration***

The European Commission Liaison Office (ECLO) in Pristina will manage procurement, implementation, quality control, reporting and coordination with other donors of development assistance and of financial and technical cooperation related to components 1.2 and 4 of the project, taking remedial actions as needed. The ECLO is responsible for drafting the project terms of reference and all other relevant tender documents.

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

Component 3 will be implemented through delegation agreement between the European Commission Liaison Office to Kosovo and KfW. KfW is the only IFI (International Financial Institution) operating in Kosovo which is able to perform this kind of activity. Furthermore they have been working on the water sector for a long time now and have ongoing projects with the Pristina Regional Water Company. KfW will subsequently conclude a grant agreement for the IPA funds with the Government of Kosovo, represented by the Ministry and Economy and Finance and the Regional Water Company Pristina J.s.cm which will act as implementing agency. A management board will be established for the purpose of steering the implementation of the project and will comprise of Commission Office, KfW and the MEF.

Component 4 is a supply contract.

### **3.5 Conditionality and sequencing**

It is very important that the following activities are completed before a project commences:

- Sufficient resources are made available by the Government to all beneficiary institutions;
- Beneficiaries demonstrate an attitude of ownership of the project.
- Working groups, steering and coordination committees have been organised, and members selected and appointed, and training activities, seminars and study visits have been held by the beneficiaries, in line with the project work plan.

- The Government is dedicated to the devolution of power, to the development of professionalism in the administration and to its commitment to the process of European integration.

The delegation agreement (component 3) is subject to the following conditionalities:

- Co-funding of the project by the Kosovo Government (EUR 5.0 million) and by the Municipality of Pristina (EUR 5.0 million).
- Approval of the KfW loan of up to EUR 20 million by KfW's board and by the German Government.
- Further information on the following issues, which will be covered by an ongoing study funded by German special grant fund:
  - capacity of water extraction from the Gazivoda Lake;
  - ownership of proposed locations for pumping stations and the treatment plant;
  - agreement on alternative models for the design of the treatment plant;
  - analysis of raw water quality;
  - alignment of transmission lines from the water treatment plant to the reservoir;
  - agreement on integrated water resource management: commitment of all key stakeholders to increase source capacity for drinking water in order to prevent conflicts between different users;
  - legal clarification of prioritised water user rights.
- Prior agreement on infrastructure measures with the relevant operator for maintenance of the canal.

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

### 3.6 Linked activities

Previous assistance includes EU-funded capacity-building for Environment Ministry support of publicly owned water and wastewater utilities and the waste regulatory office and projects supporting infrastructure improvements in both the water and wastewater sectors. A new wastewater treatment facility (the first in Kosovo) is being constructed in Skenderaj/Srbica. The most relevant projects financed by European Commission are as follows:

Institutional support for environmental management for the Ministry of Environment and Spatial Planning, Kosovo	(Oct. 2003-March 2005),	The overall objective of the project was to lay a strong foundation for Environment Ministry in particular, and for the government of Kosovo in general, to implement the EU environmental <i>acquis</i> . The project provided institutional support to outline and establish the strategies, policies, concepts, procedures and capacities required for managing, implementing, and enforcing environmental policy in Kosovo. This included strengthening environmental management and training officials and key staff, as well as supplying equipment and logistical support for targeted sectors such as environmental monitoring and data management.
Institutional strengthening and capacity building of all departments of MESP	ended in Sept. 2007	This project provided practical assistance to the Water Resources Management Department mainly and focused on assisting drafting subsidiary laws, river basin management issues, flood management, and drinking water protection. One of the main outputs is provision of practical tools (GIS and hydraulic models) which will be compatible with the existing Information Management Systems (IMS) already installed in the Environment Ministry and KEPA.
Institutional support to the Ministry of Environment and Spatial Planning,	ended Sept. 2007	The objective of this project was to broaden and deepen the environmental management capacity of the Environment Ministry mainly on the issues of permitting and pollution control at municipal level, nature conservation and environmental protection in the Ministry, and spatial planning for the Ministry. Under this project the capacity of

Kosovo		local authorities will also be assessed, in terms of implementing environmental legislation. The assessment will identify those that can serve as pilots for the reinforcement of local control systems to be extended to all 30 in due course.
Further support to the Association of Kosovo Municipalities	May 2006 — July 2008	The scope of this project was to further strengthen the institutional capacity of the Association of Kosovo Municipalities as an effective forum to enhance inter-municipal cooperation and dialogue with central government in areas of municipal competence and the local government reform process.
European Commission through the EAR has financed a project to rehabilitate the hydrometric network in Kosovo (EUR 200 000).	2001 – 2003	River gauging stations were rebuilt and some meteorological stations were also restored. Part of the project was capacity building at Hydromet, including staff recruitment, upgrading the facilities and providing training. The rehabilitation of the hydrometric network included 22 river gauging stations. Unfortunately, today only eight gauging stations are still operating due to interference by unauthorised persons.
The European Commission has funded the ‘Support Kosovo municipalities and MESP for the implementation of environmental Laws at municipal level’	Jan 2008 — April 2009	The purpose of this project was to strengthen the institutional capacity of Kosovo’s municipalities and the Environment Ministry and to improve enforcement of environmental laws and regulations and to ensure better communication and cooperation between the central and local government (five regional offices/inspectors, municipalities, local councils, mayors’ offices).
‘Support MESP for the water resources management in Drini river basin	Jan 2008 — Jan 2010	The project aimed to establish water monitoring programs, integrated databases and associated Geographical Information System (GIS) applications for the management and control of water resources, in Drini River Basin. The project also provided support for strengthening the institutional capacity of the Water Resources Management Department of the Environment Ministry, particularly for water resources management, and assisted development of River Basin Authorities.

In addition, a number of international donors provide assistance in the water sector. KfW supports the operation, consolidation and incorporation of water utilities in the Prizren and Peje regions and has carried out studies regarding sewage disposal at Prizren and is in the process to carry out sewage disposal studies for Peja and Gjakova. Some of the initial institutional assistance has been carried out with the support of GTZ. Austria funds better water supplies in villages.. The most important projects related to this programme are:

- **A water management preparatory project in Kosovo financed by the Ministry of Foreign Affairs of Finland (2004)**, the main objective of which was to provide the Environment Ministry, wastewater utilities and major industries with a province-based wastewater treatment strategy to guide licensing, spatial planning and relative investment.
- **An Italian government-financed central laboratory for testing water, air and soil, at the KEPA.** The analytical equipment ensured the accessibility of key environmental data, which will help to initiate further development of the environmental information system in Kosovo. To ensure effective use of these instruments, some staff were sent abroad for training. However, the laboratory is not operating as the Environment Ministry has not provided connections to public utilities (electricity and sewage).
- **Development of south and south-eastern water resources, financed by the Swiss Development Agency** (ends 2007) with co-financing from Austria, which is mainly involved with river basin management (surface and groundwater) in the south-eastern part of Kosovo, and establishing a water information system and database. The project also deals with groundwater monitoring issues in the area and provides technical support to the Water Directorate (River Basin Division).

There are strong links between KfW's engagement in the project 'Water Supply and Sewage Programme in the City of Pristina (Phase I)' and that of the EU (EAR), which funded a main transmission line. The costs of the first phase amounted to EUR 8.5 million, of which EUR 8 million was financed by KfW grants including infrastructure investments and accompanying measures and the remaining EUR 0.5 million is a contribution of the Kosovo Government. This project is currently under implementation.

The second phase 'Water Supply and Sewerage Programme in the City of Pristina (Phase II)' amounts to some EUR 17 million. This amount consists of EUR 6 million in soft loans under German Financial Cooperation and an EUR 11 million grant ('Financial Contribution') from the European Commission provided under the Infrastructure Project Facility (IPF). The loan, financing and project agreements will be signed within the first half of 2010.

Both projects aim to improve the water supply service for Pristina and to protect natural water resources. The projects comprise measures to reduce technical water losses by rehabilitating main transmission lines and parts of the supply network and to reduce administrative losses by renewing house connections and water meters. The existing treatment plant and a pumping station will also be rehabilitated to improve water quality and be able to expand the service area. First measures on sewerage will include cleaning the main sewers. Through accompanying measures the Regional Water Company Pristina will be strengthened in its management and administration skills and in its capacity to counteract the prevailing waste of water through better demand management.

The project will be an extension of the ongoing projects.

### **3.7 Lessons learned**

Although the impact made with the previous assistance is satisfactory overall, a number of challenges remain:

- *Staffing*: Often project implementation is hampered by either a lack of staff and resources or a lack of funds in the budget to allow appropriate implementation of the mandate. Therefore, it is of crucial importance that relevant institutions sign internship and employment contracts with students before their departure.
- *Cross-cutting issues*: There is more need to institute formal checks that cross cutting themes are respected in all dimensions of project activities to enhance relevance and impact.
- *Flexibility*: Recurring reference is made to the importance of flexibility in planning and projects to accommodate needs at the time; and the importance of avoiding duplication.
- *Coordination*: Close consultation among the many stakeholders involved in the project and a collaborative approach are essential to ensure that all these stakeholders are fully informed and are supportive of the project to be carried out.

#### 4. Indicative budget (amounts in EUR million)

			TOTAL EXP.	SOURCES OF FUNDING								
				IPA EU CONTRIBUTION		BENEFICIARY CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1: Support to MESP			2.0	1.8	90	0.2	10	0.2				
Contract - Twinning	X		2.0	1.8	90	0.2	10	0.2				
Activity 2: Support to MESP in water management			1.4	1.2	86	0.2	14	0.2				
Contract - Service	X		1.4	1.2	86	0.2	14	0.2				
Activity 3: Pristina Water Treatment Plan			35.0	5.0	14	30	86	5	5	20		
Contract - Delegation agreement with KfW		X	35.0	5.0	14	30	86	5	5	20		
Activity 4: Support to NIPHK in supply of laboratory equipment			0.5	0.5	100							
Contract - Supply		X	0.5	0.5	100							
TOTAL IB			3.4	3.0	88	0.4	12	0.4				
TOTAL INV			35.5	5.5	15	30.0	75	10		20		
<b>TOTAL PROJECT</b>			<b>38.9</b>	<b>8.5</b>	<b>22</b>	<b>30.4</b>	<b>78</b>	<b>10.4</b>		<b>20</b>		

NOTE: Amounts net of VAT

(1) In the Activities column use 'X' to identify whether institution building (IB) or investment (INV).

(2) Expressed in % of the **total** expenditure (EXP) (column (a))

## 5. Indicative Implementation Schedule (by quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1 - Twinning	Q1 2011	Q3 2011	Q3 2013
Contract 2 - Service	Q1 2011	Q1 2011	Q1 2013
Contract 3 - Grant	n/a	Q3 2011	Q2 2014
Contract 4 - Supply	Q2 2011	Q3 2011	Q3 2012

## 6. Cross cutting issues

### 6.1 Equal opportunity (gender mainstreaming)

The project will promote the participation of women in environmental protection issues and awareness raising for the public. Promoting a more diverse workplace (in terms of gender and ethnicity) will be a strong element in strengthening the capacity of the target institution. The project will ensure mainstreaming of gender and minority issues both (i) within the target institution and (ii) in outputs (services provided by the institution) by:

- addressing the barriers in the workplace that prevent gender equality and ethnic diversity; creating a workplace culture supportive of gender equality and ethnic diversity to improve gender/ethnic balance within the organisation. Opening up new opportunities for minorities as well as opportunities for women to work in non-traditional areas will, in turn, contribute to changing the policy, business and customer focus of these institutions.
- introducing concepts of equality and diversity in strategic planning and management, including the business case for equality and diversity, so as to make the workforce more representative of and responsive to the Kosovo customer base. A work culture that is respectful and accommodating of diversity will in turn contribute to the creation of an environment sector at the service of a multi-ethnic Kosovo.

The terms of reference will state the project's intended effects, impact, and opportunities on or for women and minorities. Data systematically disaggregated by sex and ethnicity will be produced to set a baseline and measure progress. Team of experts must possess relevant skills to ensure effective mainstreaming of gender equality and minority inclusion/participation.

### 6.2 Environment

Given that the main objective is to improve the state of the environment in Kosovo, the results of all projects are expected to have an environmental impact. The project will be consistent with environmental legislation and the Environment Protection Strategy.

### 6.3 Minorities

The project will promote the participation of minority communities in all its activities. The terms of reference will explicitly identify the project's intended effects, impact, and opportunities on and for minorities.

## **ANNEXES**

- Annex I- Log frame in standard format
- Annex II- Amounts contracted and disbursed per quarter over the full duration of the programme
- Annex III- Description of institutional framework
- Annex IV - Reference to laws, regulations and strategic documents
- Annex V- Details per EU-funded contract

**ANNEX I: Logical framework matrix in standard format**

Project: Support for the improvement of environmental conditions in Kosovo		Programme name: IPA 2010	
		Total budget: <b>EUR 38.9 million</b>	IPA budget: <b>EUR 8.5 million</b>
<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
Improvement of the state of environment including water, waste and management of urban settlements in line with the EU environmental <i>acquis</i> and in accordance with the EU best practices to provide for better health and living conditions of Kosovo citizens.	Statistics on the availability of quality drinking water, irrigation, and industry consumption in Kosovo.	European Commission progress report. KEPA annual report. WWRO annual report	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
The purposes of this IPA programme are as follows: <ul style="list-style-type: none"> <li>▪ Strengthening the capacity of the Environment Ministry (MESP) and stakeholders to complete and enforce the implementation of secondary legislation on water and river basin management, management of water infrastructure, including dams, waste management, spatial and urban planning management, nature protection and biodiversity.</li> <li>▪ To support the MESP in drafting a water strategy and action plan including preliminary and preparatory work such as data collection, studies and analyses of water resources in Kosovo.</li> <li>▪ Sustainable supply of reliable and safe drinking water to the population of the Pristina region, and improved water quality, meeting EU standards, through improved laboratory analyses and adoption of advanced water treatment processes.</li> </ul>	Secondary legislation covering water, waste and biodiversity is completed. Secondary legislation covering the planning, construction and other urban management issues completed. Water Strategy available in the MESP and approved by the Parliament of Kosovo. Action plan for the water sector identifying the priority projects completed.	The official MESP documents confirming approval of the secondary acts and administrative instructions. Kosovo Parliament documents confirming approval of the water strategy. Action plan adopted by the MESP and project concepts submitted to IPF.	The Government of Kosovo makes improving performance of the corresponding departments a priority item on its agenda and recognises the need for the aforementioned investments and programs. The Government of Kosovo carries out initiatives to boost transparency in issuing permits and licenses. Sufficient technical capacities in the beneficiary institutions to fulfil their commitments.
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
Component 1 1. Secondary legislation is adopted in accordance with the EC directives and licensing, permit and control procedures are defined in the following fields: <ol style="list-style-type: none"> <li>a. water resource management</li> <li>b. waste management;</li> <li>c. spatial/urban planning and housing and construction;</li> <li>d. Nature protection and biodiversity.</li> </ol> 2. Institutional framework for monitoring and controlling water quality and water resource management is established and functional including river basin management plans and definition of roles and institutional responsibilities regarding water infrastructure such as dams and water reservoirs; 3. Institutional framework for effective waste management and control in central government is functional; 4. Administrative capacities in the MESP and Institute for Spatial Planning strengthened to perform efficiently their duties and responsibilities in regard spatial and urban planning, prevention of illegal construction and regularisation of informal settlements.	Number of legal acts and administrative instructions covering water, waste and biodiversity, planning, construction and other urban management issues completed. Licensing and permit procedures defined for all sectors in the MESP. Elaborated Methodology for protection of the water resources, zoning and measures. Legal acts defining the responsibility of water infrastructure management and protection. Legal acts defining the responsibilities of institutions in the central and local level in management of waste. Revised spatial plans and defined procedures for permits and licensing in construction sector.	The official documents in the MESP. Plans and documents available in the Institute for Spatial Planning.	Availability and sufficient capacity of key stakeholders to actively and effectively participate in the project; Defined and developed structure, framework, for management of needs identification, prioritisation of investment; Defined responsibilities of relevant government entities; Coordination of key stakeholders and timely information.

<p>Component 2</p> <ol style="list-style-type: none"> <li>1. Relevant data concerning water resources including precipitation, surface and ground water are acquired and incorporated in the existing water information system;</li> <li>2. Draft Water Strategy prepared and accepted by the MESP;</li> <li>3. Action plan is drafted identifying priority projects for water infrastructure including water and waste water treatment plants, rehabilitation or construction of water reservoirs, intakes, and dykes and rehabilitation of water pipelines.</li> </ol> <p>Component 3</p> <p>Sustainable supply of reliable and safe drinking water and rational use of water for the population in Pristina region.</p> <p>Component 4</p> <p>Awareness raised and improved quality standards for drinking water in Kosovo.</p>	<p>Water management information system upgraded including relevant data on surface and ground water for the entire Kosovo territory.</p> <p>Upgraded information database in the Water Department in MESP to include accurate data on water resources in Kosovo.</p> <p>Strategy document available.</p> <p>Action plan available.</p> <p>Reduced water cuts in the Pristina region.</p> <p>Annual documents on drinking water quality produced by the NIPHK.</p>	<p>MESP Water Department information system database and modelling tools.</p> <p>The Ministry cabinet in MESP and the office of the permanent secretary.</p> <p>Pristina water factory.</p> <p>NIPHK laboratory.</p>	<p>The Municipality of Pristina provides sufficient land resources and all necessary permits and licences for construction and use of the facilities.</p> <p>The NIPHK provides technically competent staff.</p>
Activities	Means	Costs	Assumptions
<ol style="list-style-type: none"> <li>1. Institutional support for the Ministry of Environment and Spatial Planning (MESP)</li> <li>2. Support for the Ministry of Environment and Spatial Planning (MESP) in water management and monitoring of water resources</li> <li>3. Water Treatment Plant Pumping Station Main transmission line Reservoirs</li> <li>4. Support for the NIPHK for the supply of laboratory equipment</li> </ol>	<p><b>Twinning Contract</b></p> <p><b>Service Contract</b></p> <p><b>Delegation Agreement with KFW</b></p> <p><b>Supply Contract</b></p>	<p>EUR 1.8 million for twinning and EUR 0.2 million national co-financing</p> <p>EUR 1.2 million for technical assistance and EUR 0.2 million national co-financing</p> <p>EUR 5 million from IPA fund National co-financing EUR 10 million EUR 20 million – delegation agreement with KFW</p> <p>EUR 0.5 million - EU contribution</p>	<p>Sufficient political will in the Kosovo government to support regulatory acts concerning water quality, water resource management and protection, waste management, spatial urban planning and housing and construction, nature protection and biodiversity.</p> <p>Appropriate legal expertise available from the EU.</p> <p>Sufficient means allocated to implementing the regulations.</p> <p>The MESP undertakes the surface and ground water studies at larger scale to cover the entire Kosovo territory.</p> <p>The Water Department professional and human capacity adequate to undertake the project tasks.</p> <p>The Municipality of Pristina provides sufficient land resources and all necessary permits and licences for construction and use of the facilities.</p> <p>The NIPHK provides technically competent staff.</p>

Pre-conditions:

- Sufficient resources are made available by the Government to all beneficiary institutions before the start of the project.
- Beneficiaries demonstrate strong attitude of ownership of the project.
- Working groups, steering and coordination committees are organised and members selected and appointed, training activities, seminars and study visits held by the beneficiaries in line with the project work plan.
- The Government is dedicated to the devolution of powers, to the development of professionalism in the administration and to its commitment to the process of European integration.

If conditionalities are not met, suspension or cancellation of the project or specific activities may be considered.

**ANNEX II: Amounts (in EUR million) contracted and disbursed by quarter for the project**

<b>Contracted</b>	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
Contract 1 Twinning				1.8									
Contract 2 Service		1.2											
Contract 3 Grant				5.0									
Contract 4 Supply				0.5									
<b>Cumulated</b>		<b>1.2</b>	<b>1.2</b>	<b>8.5</b>									
<b>Disbursed</b>													
Contract 1 Twining					0.6				0.7		0.5		
Contract 2 Service		0.2				0.5			0.3		0.2		
Contract 3 Grant				2.5		2.5							
Contract 4 Supply					0.3				0.2				
<b>Cumulated</b>		<b>0.2</b>	<b>0.2</b>	<b>2.7</b>	<b>3.6</b>	<b>6.6</b>	<b>6.6</b>	<b>6.6</b>	<b>7.8</b>	<b>7.8</b>	<b>8.5</b>		

### **ANNEX III: Description of institutional framework**

**The Ministry of Environment and Spatial Planning** continued its activities immediately after the creation of the Kosovo Government, and after its separation from the Ministry of Health, (regulation 2002/5, 3/1/2003). The role of the Ministry is to develop, coordinate, monitor and oversee the sector encompassing environmental protection, water resource management and spatial planning. The Environment Ministry has a Minister and Cabinet, the Office of Permanent Secretary, and five departments:

- Environment Protection,
- Spatial Planning,
- Housing and Construction,
- Water Resources Management,
- Administration and Professional Services.

The Ministry is responsible for the Kosovo Agency for the Protection of the Environment (KEPA), which includes the Hydro-meteorological Institute and the Institute for Nature Protection (INEP), the Inspectorate, and other units such as the International Office and the Information Office which are linked directly under the highest Ministry bodies.

The mission of the **Water Resources Management Department** within the Ministry is to ensure sufficient quality and quantity of water for the citizenry and ecology of Kosovo. Its Strategy Plan (2007-2013) specified investment targets in terms of percentage of connection to water supply, percentage of connection to the sewerage system, technical losses, fee collection, and surface water quality. The Water Department is struggling to fulfil its mandate under tight budgetary constraints and marginalisation within the Ministry. The Water Department has four divisions:

- The **General Water Policy** Division carries out analysis and strategic planning of the use, exploitation, and protection of waters (it includes the Analysis and Strategic Planning Unit, the Projects, Investments and Budget Unit, and the Information System Unit).
- The **Water Resources Management** Division is responsible for regulating the use and protection of water. The Division grants permits and licences for the use of water. The Division is divided into four units: the Unit for water protection from negative impacts, the Unit for the Protection and Control of Water Quality, the Licences Unit, and the Water Flow Management Unit.
- The Division for **River Basin Coordination** collects data, establishes and organises databases on river basins, collects information on monitoring, cooperates with other relevant institutions in Kosovo, maintains evidence of water property, governs water resources at river basin level including planning and compensation for using and polluting waters, and carries out environmental impact assessments during the development of spatial and urban plans. This Division is divided into two units paralleling the two River Basin Management Districts that have been established: for the Drini I Bardhe Basin and the Iber, Morava e Binces and Lepenc Basin.
- The **Water Inspection** Division, which was recently absorbed by the Inspectorate, includes inspectors from the DoE and DWRM. It carries out inspections and supervision of the implementation of the law on water management, water use and water resources, water protection, regulation of water flows and other types of waters, and water protection from negative effects. It supervises the implementation of flood protection plans and the status of water bodies, as well as plans for water protection. The unit also supervises management of large dams and controls the application of measures for protection in water-protected zones. The Division consists of three units: the Water Use and Capital Water Infrastructure Unit, the Unit for Protection from Waters, and the Water Protection Unit.

#### **ANNEX IV: Reference to laws, regulations and strategic documents**

The current legislative situation is presented below:

Law for Environmental Protection	The 2003 law has been amended, and is in the process of being approved by the assembly
Law for Air Protection	Approved by the assembly in 2004, and planned to be amended in 2009. Draft prepared by the MESP.
Law for Water	Approved by the assembly in 2004 and planned to be amended in 2009.
Nature Protection Law	Approved by the assembly in 2006 and planned to be amended in 2009.
Law for Waste Management and Disposal	Approved by the assembly in 2006.
Law for chemicals	Approved by the assembly in 2007.
Law for Environmental Impact Assessment	The law is in the process of being approved by the assembly.
Draft law on Integrated Prevention Pollution Control	Draft is in the process of being approved by the Government
Law for protection from noise	Approved by the assembly in 2007
Law on Protection from Non-Ionised, Ionised Radiation and Nuclear Security	Approved by the assembly in February 2010 and promulgated in March 2010
Law on IPPC	The law is in the process of being approved by the assembly
Law on Strategic Environmental Impact Assessment	The law is in the process of being approved by the assembly
Administrative Directive on regulation and standards for emissions from stationary sources	The law was approved by the government in 2007
Administrative Directive on regulation and standards for emissions from mobile sources	The draft is in the process of being approved by the Government
Following the adoption of Regulation 2004/49 on the Activities of Water, Waste Water and Waste Services Providers, the Water and Waste Water Regulatory Office adopted regulations in 2005 to implement it.	
<b>Other administrative directives are being drafted (water, waste, nature, air).</b>	

#### **Reference to National Development Plan**

The existing Kosovo Environmental Strategy (KES) adopted in July 2004 is a document produced by the Government of Kosovo to define the process of improving the state of the environment, approximating legislation and integrating with the EU. The Strategy identifies key environmental problems and sets out strategic guidelines based on the State of Environment Report 2003.

The main priorities are as follows:

- Completion of environmental protection legislation in harmony with existing conditions in Kosovo; gradual fulfilment of EU standards, and efficient implementation of existing legislation;
- Establishment of competent and capable institutions equipped with appropriate human capacities and equipment for implementing environmental policies.
- Gradual increase in access to clean drinking water, sewage systems, waste treatment systems, and support to programmes for recycling sewage water and waste.

The Kosovo Environmental Action Plan 2006–2010 (KEAP) produced in April 2006 follows the operational part of the KES, which was an obligation derived from the existing Law on Environment Protection. The KEAP is addressing the strategic obligations deriving from EU laws and other international agreements on environment protection. Like the strategy, the KEAP is to be used in developing a process for improving the current state of the environment. It is an open document which will be subject to continuous updating and revision as it is acted upon.

Environmental progress in Kosovo is mainly legislative. Significant efforts are still required in most sectors to transpose, implement and enforce the legislation, despite a lack of human and financial resources both nationally and locally. Appropriate coordination mechanisms between all institutions dealing with environmental protection also need to be put in place.

## **ANNEX V: Details by EU-funded contract**

### **Component 1** Institutional support for the Ministry of Environment and Spatial Planning

Standard twinning instrument and procedures will be used to implement this component. The Resident Twinning Advisor (RTA) is expected to be a senior civil servant from a similar institution in a member state (preferably Ministry of Environment). The RTA will be assisted by EU member state short- and medium-term experts. The twinning partners will mainly:

1. review the existing legal framework including support for drafting the relevant secondary legislation and regulations and draft implementation procedures including licensing and permit procedures in the following fields:
  - water quality and water resource management;
  - waste management;
  - spatial urban planning and housing and construction;
  - nature protection and biodiversity.
2. support the Environment Ministry in developing institutional structures for monitoring and controlling water quality and water resource management including river basin management plans, definition of water resource protection zones, and definition of roles and institutional responsibilities regarding water infrastructure such as dams and water reservoirs;
3. support the Ministry with institutional capacity building and defining the roles and responsibilities of central government in waste management and control of services in urban and rural areas;
4. provide support for administrative capacity building in the Ministry and Institute for Spatial Planning so they can perform their duties and responsibilities efficiently with regard to spatial and urban planning, prevention of illegal construction and regularisation of informal settlements.

### **Component 2** Support for the Ministry of Environment and Spatial Planning in water management and monitoring of water resources.

A service contract will be used to implement this component. A technical assistance team will support the Water Department in the Ministry with implementing the following activities:

1. collecting information and conducting field studies of water resources including precipitation, surface and ground water, and updating the water balance information management system;
2. drafting the Water Strategy in accordance with current EU requirements and directives;
3. drafting the action plan for the water strategy and assisting the Ministry with defining short-term/long-term priorities with concrete project concepts to be presented to international financial institutions through the IPF.

### **Component 3** Construction of Water Treatment Plant for regional water company 'Prishtina'

IPA funds will be implemented on the basis of indirect centralised management. Use of indirect centralised management is chosen since it has been proven to be successful, for instance in the implementation of several IPF (Infrastructure Project Facility) projects. Therefore, a delegation agreement will be concluded between the European Commission Liaison Office to Kosovo and KfW. KfW will subsequently conclude a grant agreement with the Government of Kosovo, represented by the Ministry and Economy and Finance and the Regional Water Company Prishtina J.s.cm which will act as Implementing Agency.

**Component 4. Support to NIPHK in supply of laboratory equipment.**

A supply contract will be used to implement this component.