

**2008 Project Fiche Kosovo
IPA centralised programme**

1. Basic information

1.1 CRIS Number:

1.2 Title: Further support to water and environment sector in Kosovo

1.3 ELARG Statistical Code: 02.27 - Water and Environment

1.4 Location: Kosovo

Implementing arrangements:

1.5 Contracting Authority: The European Commission Liaison Office to Kosovo

1.6 Implementing Agency: The European Commission Liaison Office to Kosovo

1.7 Beneficiaries

The main institutions expected to benefit from the project include:

Project activity/component	Beneficiary institution	Contact point responsible for project/activity coordination
Water Treatments	The Ministry of Environment and Spatial Planning and The Kosovo Trust Agency as custodian of Regional Water Company of Prishtinë /Pristina, Regional Water Company of Mitrovicë /Mitrovica, Regional Waste Collection Companies, Kosovo Landfill Management Company	Permanent Secretary, MESP, KTA Head of Water, Waste and Irrigation sector
Closing of dumpsites and improvements in landfills	Municipalities of Kaçanik /Kacanik, Fushë-Kosovë /Kosovo-Polje, Prishtinë /Pristina, Klinë /Klina, Gjakovë /Djakovica, Podujevë / Podujevo, Ferizaj /Urosevac and Lipjan /Lipljan	Permanent Secretary, MESP, Municipal Assembly Presidents

1.8 Overall cost €24.0 million

1.9 EU contribution €18.0 million

1.10 Final date for contracting

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

1.11 Final date for execution of contracts

Two years after the final date for contracting.

1.12 Final date for disbursements

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

2. Overall Objective and Project Purpose

2.1 Overall Objective

The continued and sustainable improvement of environmental and public health conditions in Kosovo.

2.2 Project purpose

1. Improvement of supply with sufficient potable drinking water for around 500,000 inhabitants (including Serb, Roma, Bosnian and Turk minorities) in Prishtinë /Pristina and Mitrovicë /Mitrovica region
2. Closing the remaining dumpsites and supporting operational improvement, maximizing the use of the sanitary landfills, minimizing environmental pollution and increasing public health safety.

2.3 Link with: European Partnership; Stabilisation and Association process; Proposal for the Kosovo Status Settlement

The *European Partnership* for Kosovo as adopted by the European Council in January 2006 includes a number of key priorities that will be addressed by this project:

- Ensure democratic governance of, and delivery of public services to, all people of Kosovo establishing a professional, accountable, accessible, representative and transparent public administration free from political interference.
- Improve quality and availability of basic public services to all communities, including the allocation of appropriate budgetary resources and increase administrative capacity to reduce the demand for services provided by parallel structures.
- Complete the incorporation of publicly-owned enterprises, namely the electricity utility, railways, district heating and water and waste services. Implement further restructuring steps to improve their governance, efficiency and financial sustainability. Further strengthen the regulatory framework for public utilities and enhance the administrative capacity of the independent regulators.

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

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

Political Requirements:

- A **well functioning public administration** to foster democratic governance and extend public service access to all people in Kosovo. Improving the performance of Kosovo's public administration will be a priority of EC assistance.

Socio-Economic Requirements

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

European Standards

- **Supporting the development of sectoral strategies and policies compatible with European standards** in order to build up a sustainable Kosovo with a clear European perspective. The priority sectors for support are internal market, statistics, financial sector regulation and public procurement; data protection and protection of intellectual property rights as well as food safety, veterinary and phytosanitary standards, transport, energy and environment.

2.5 Link with National Development Plan

The Medium Term Expenditure Framework 2008-2010 lists numerous projects developed by ministry for closing the dumpsites including the closure of dumpsites in: Gjakovë /Djakovica, Ferizaj /Urosevac and Lipjan /Lipljan.

2.6 Link with national/ sectoral investment plans

The *Strategy for the water sector (2007 -2013)* has as one of its main objectives coverage of inhabitants with reliable public water supply systems and decrease of technical losses in the systems.

The *Strategy for the environment sector (2007 -2013)* has as one of its main objectives prevention, reduction and as much as possible elimination of environmental pollution.

3. Description of project

3.1 Background and justification

The programme will improve water supply in Mitrovicë /Mitrovica region through construction of a new water treatment plant in Vushtrri /Vucitrn and extension of the existing treatment plant at Mitrovicë /Mitrovica. These projects will help secure improved supplies and will help reduce inter community tensions caused by restricted supplies. The programme will also improve environmental condition through closure of existing unsanitary dumpsites. In Kosovo only 65-70% of inhabitants are connected to the public water supply systems. A considerable number of water supply networks during the dry season can not fulfil the required needs of the consumers. The water consumption exceeds the needs and hence there are significant water supply restrictions. Doubling the capacity production will secure 24h water supply for Mitrovicë /Mitrovica (including northern part), Skenderaj/Srbica, Zveçan /Zvecan and Zubin Potok /Zubin Potok, while Vushtrri /Vucitrn is separated from this network and a separate water treatment plant is constructed for this town.

Regional water Company Prishtinë /Pristina offers services in the central part of Kosovo including 7 municipalities with around 550,000 inhabitants. Due to old water pipes the company has high water losses of up to 50%. The replacements of old pipes are necessary for reducing water losses and ensuring security of water supply to customers.

Disposal of municipal waste after the conflict has been in uncontrolled dumpsites, with no water or groundwater protection measures, whilst many sites have been situated near streams and residential areas. The dumpsites have lacked cover and compaction; they have minimal environmental protection and threaten ground water, local air quality, and the health and safety of waste management workers. A lot of waste is burned at the dumpsites. For a number of municipalities, dumpsites have been closed but several dumpsites have continued to be used and should now be closed: Kaçanik /Kacanik, Fushë-Kosovë /Kosovo-Polje, Prishtinë /Pristina, Klinë /Klina, Gjakovë /Djakovica, Podujevë / Podujevo, Ferizaj /Urosevac and Lipjan /Lipljan.

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

The project will deliver a positive impact through improving the environment and improving water supply to the citizens.

The impacts of the project's infrastructure are expected to be significant because of the substantial improvements in supply with sufficient water quantity and water of good quality. Closing the dumpsites in several municipalities is very important for the citizens of these municipalities as the risk from pollution from them is eliminated. By closing them, the public health will improve, rivers and groundwater will be protected and air quality will improve.

All projects are designed to be sustainable because they will be valuable assets for the public utilities. Regional Water Companies will operate the works and thus will improve the reliability of services to their customers, who then will be encouraged to pay their bills and therefore improve the sustainability of public companies.

The quality of life for all communities will increase as a result of the implementation of these projects.

3.3 Results and measurable indicators

Expected Results:

- Overall improvement in water supply for the citizens of Prishtinë /Pristina and Mitrovicë /Mitrovica region,
- Improved security of supply to customers and improved water quality
- Construction of treatment plant in Vushtrri /Vucitrn
- Construction of an extension to the treatment plant in Mitrovicë /Mitrovica
- Installed new water pipe, valves and flow water meters in Prishtinë /Pristina
- Reduced water losses on the system
- Increase in the water revenue collection
- Closure of eight unsanitary dumpsites: Kaçanik /Kacanik, Fushë-Kosovë /Kosovo-Polje, Prishtinë /Pristina, Klinë /Klina, Gjakovë /Djakovica, Podujevë / Podujevo, Ferizaj /Urosevac and Lipjan /Lipljan.
- Improvements of waste disposal in the licensed landfills managed by the KLMC

Measurable indicators:

- Design working drawings, technical specification, BoQ for all works of the project timely completed
- Timely Approvals of designs, of works as per Contracts
- Provisional and final acceptance certificates in due time
- Treatment plants in Mitrovicë /Mitrovica and Vushtrri /Vucitrn completed
- Pipe: "Arberia" reservoir – "Park" Pumping Station installed
- Dumpsites: Kaçanik /Kacanik, Fushë-Kosovë /Kosovo-Polje, Prishtinë /Pristina, Klinë /Klina, Gjakovë /Djakovica, Podujevë / Podujevo, Ferizaj /Urosevac and Lipjan /Lipljan. closed
- Availability of water to 500.000 Consumers , average supply 18 hours/day
- Water losses reduced for 20-30l/s; Utilities reports of measurement of water losses
- Water utilities report on revenue collection
- KLMC reports for disposed waste at sanitary landfills

3.4 Activities

Activity 1: Construction of treatment plant in Vushtrri /Vucitrn

This activity comprises of preparation of design, technical specification and drawings followed by construction of the treatment plant.

Contracting arrangements

- Two service contracts are envisaged to prepare the design, technical specification and drawings for the works contract and for supervision of the works.
- One works contract is envisaged to execute the works.
- The service contracts value will be approximately €0.2 million each.
- The works contract value will be approximately €2.6 million
- The duration of the contracts will be for a period of 24 months.
- The successful tenderer will start deployment one month after contract signatory; the expected deployment date is November 2009.

Activity 2: Construction of treatment plant in Mitrovicë /Mitrovica

This activity comprises supervision and construction of the treatment plant.

Contracting arrangements

- One service contract is envisaged for supervision of the works.
- One works contract is envisaged to execute the works.
- The service contracts value for supervision will be approximately €1.0 million
- The works contract value will be approximately €14.0 million
- The duration of the contracts will be for a period of 36 months.
- The successful tenderer will start deployment one month after contract signatory; the expected deployment date is November 2009.

For better coordination of project activities and timely implementation it is recommended that the project is implemented under a single Works Contract managed by the ECLO as the Contracting Authority. The Ministry of Economy and Finance (MEF) is required to create a separate trust account which will pay the invoices submitted by the project implementer (the Contractor) after the approval of ECLO.

Activity 3: Network improvements in Prishtinë /Pristina

This activity comprises of preparation of design, technical specification and drawings followed by construction works.

Contracting arrangements

- Two service contracts are envisaged to prepare the design, technical specification and drawings for the works contract and for supervision of the works.
- One works contract is envisaged to execute the works.
- The service contracts for design and supervision value will be approximately €0.2 million each.
- The works contract value will be approximately €1.6 million
- The duration of the contracts will be for a period of 24 months.
- The successful tenderer will start deployment one month after contract signatory; the expected deployment date is November 2009.

Activity 4: Closing of dumpsites and improvements in landfills

This activity comprises of preparation of design, technical specification and drawings followed by construction works.

Contracting arrangements

- Two service contracts are envisaged to prepare the design, technical specification and drawings for the works contract and for supervision of the works.
 - One works contract is envisaged to execute the works.
 - The service contracts for design and supervision value will be approximately €0.2 million each.
 - The works contract value will be approximately €3.6 million
 - The duration of the contracts will be for a period of 36 months.
- The successful tenderer will start deployment one month after contract signatory; the expected deployment date is November 2009.

Project management and administration

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

The Contractors and Team Leaders engaged through the contracts for this project will have the authority to run the project activities on a day-to-day basis under the supervision of the Commission Task Manager. His/her primary responsibility shall be to ensure that the project produces the required outputs, to the required standards of quality and within the specified constraints of time and cost. He/she shall develop project plans, direct the project team (including a combination of long-term and short-term experts), produce inception, progress and final reports, manage risks, initiate corrective actions where necessary and administer the contract. The team leader and other will also address cross-cutting issues. A detailed description of the duties of the team leader and key experts will be elaborated in the Terms of Reference, in line with this project fiche. For service contracts, experts are required to produce reports at inception, interim and final phases, in order to show progress against the targets identified in the relevant terms of reference.

The European Commission Task Managers responsible for this project shall advise on, and manage, under the supervision of the Head of Section, the implementation of the development assistance and of the financial and technical cooperation related to the project. Where required, Task Managers shall assist the Head of Section in coordinating the sub-section's activities. In particular, they shall: contribute to all aspects of the procurement process and quality control including the monitoring and evaluation of projects; attend management and monitoring meetings; co-ordinate activities with other donors; draft progress reports; and propose remedial actions if and when needed.

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

3.5 Conditionality and sequencing

The project includes the following conditionalities:

- Co funding of projects or similar works by Kosovo Government.

- Endorsement by all key stakeholders of the Terms or Reference, Technical Specification, as well as the individual contracts to be engaged.
- Participation by the beneficiary in the tender process as per EU regulations.
- Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars and study visits by the beneficiaries as per the project work plan.
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan.
- The implementation of infrastructure actions require prior agreements with the relevant municipalities for maintenance, relevant training and evidence that the EC works to be undertaken are reflected in the development plans of the municipality.

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

3.6 Linked activities

This activity builds-on previous EC assistance to support the water and waste sector, particularly the following projects funded under the CARDS instrument.

Name of project (Amount € million)	Start End	Activities/Results
Institutional Support to Water Utility Companies €1.4 mil.	Oct. 2005 – May 2007	Finalizing the consolidation and incorporation process, Improving the capacity building strengthen billing & collection, collection and cost recovery, Establishing contact between Water Companies in Kosovo and European Water Companies, Establishing cooperation with Water and Waste Regulatory Office (WWRO)
Institutional Support to Waste Utility Companies €0.9mil.	Oct. 2005 – Oct. 2007	Finalizing the consolidation and incorporation process, Improving the capacity building for establishing sustainable measures for cost recovery, Develop a management tool that will make it easier to compare activities, budgets and cost for waste handling across Kosovo, Establishing cooperation with Water and Waste Regulatory Office (WWRO)
Programme for Improvement waste sector €20.0mil.	2001 - 2006	Construction of six sanitary landfills, Construction of transfer station in Ferizaj/Urosevac Supply of trucks, machinery, waste bins
Preparation of design for WTP in Mitrovica €1.0mil.	2008	Preparation of technical specification, drawings, bill of quantities for construction of water treatment plant extension in Mitrovica

The project will be closely coordinated with all the stakeholders of the sector: Ministry of Environment and Spatial Planning, Water and Waste Regulatory Office, the respective

municipalities, Association of Water Utilities in Kosovo (SHUKOS), PAMKOS, donors working in the area of water and environment sector like KfW, SDC.

3.7 Lessons learned

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

- Ownership of the public utilities – particularly the transfer of ownership required under the Ahtisari proposal.
- Problems with public property: Experience of previous project at a few occasions' shows that Land Acquisition should be properly dealt with by the beneficiary before the project start.
- 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.
- Power supply restrictions: Overall problems with energy supply in Kosovo can cause the problems with well functioning of the project, example where the pumps are used for water supply.
- The Ministry of Environment and Spatial Planning and KTA must ensure use of sanitary landfills instead of unauthorised dumpsites.

4. Indicative Budget (amounts in EUR million)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL 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		x	3.0	3.0	100	0	0					
contract 1.1				0.2	100							
contract 1.2				0.2	100							
Contract 1.3				2.6	100							
Activity 2		x	15.0	10.0	67	5.0	33	5.0				
Contract 2.1				1.0	100							
Contract 2.2			14.0	9.0	64	5.0	36	5.0				
Activity 3		x	2.0	2.0	100	0	0					
contract 3.1				0.2								
contract 3.2				0.2								
Contract 3.3				1.6								
Activity 4		x	4.0	3.0	75	1.0	25	1.0				
Contract 4.1				0.2	100							
Contract 4.2				0.2	100							
Contract 4.3			3.6	2.6	100	1.0	100	1.0				
TOTAL IB												
TOTAL INV			24.0	18.0	75	6.0	25	6.0				
TOTAL PROJECT			24.0	18.0	75	6.0	25	6.0				

*for more details for contract 4.4 please refer to ANNEX V: Details per EU funded contract

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

5. Indicative Implementation Schedule

Contracts	Start of Tendering/negotiating	Signature of contract	Project Completion
Activity 1: Construction of treatment plant in Vushtrri /Vucitrn			
Sub activity 1.1 (Design Service Contract)	Q4 2008	Q4 2008	Q1 2009
Sub activity 1.3 (Construction Contract)	Q2 2009	Q4 2009	Q4 2011
Sub activity 1.2 (Supervision Service Contract)	Q2 2009	Q4 2009	Q4 2011
Activity 2: Construction of treatment plant in Mitrovicë /Mitrovica			
Sub activity 2.2 (Construction Contract)	Q2 2009	Q4 2009	Q4 2012
Sub activity 2.1 (Supervision Service Contract)	Q2 2009	Q4 2009	Q4 2012
Activity 3: Network improvements in Prishtinë /Pristina			
Sub activity 3.1 (Design Service Contract)	Q4 2008	Q4 2008	Q1 2009
Sub activity 3.3 (Construction Contract)	Q2 2009	Q4 2009	Q4 2011
Sub activity 3.2 (Supervision Service Contract)	Q2 2009	Q4 2009	Q4 2011
Activity 4: Closing of dumpsites and improvements in landfills			
Sub activity 4.1 (Design Service Contract)	Q4 2008	Q4 2008	Q1 2009
Sub activity 4.3 (Construction Contract)	Q2 2009	Q4 2009	Q4 2012
Sub activity 4.2 (Supervision Service Contract)	Q2 2009	Q4 2009	Q4 2012

Q = quarter

6. Cross cutting issues

6.1 Equal Opportunity (gender mainstreaming)

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

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

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

6.2 Environment

The Project's infrastructure component will be consistent with Environmental implications as set out in relevant Regulations consistent with the Law on Environmental Protection. When appropriate environmental impact assessment will be carried out.

The environment improvement is overall target of these projects.

6.3 Minorities

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

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

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

The projects will improve public health and sanitation in Mitrovicë /Mitrovica, Vushtrri /Vucitrn and Prishtinë /Pristina, which will support minority communities. The development of the water supply will have a mayor impact on supplies of Northern Mitrovicë /Mitrovica, Zveçan /Zvecan a predominantly Serb area.

ANNEXES

ANNEX I: Log frame in Standard Format

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

ANNEX III: Description of Institutional Framework

ANNEX IV: Reference to laws, regulations and strategic documents

ANNEX V: Details per EU funded contract

ANNEX I: Logical framework matrix in standard format

Title: Further support to water and environment sector in Kosovo		Programme name and number	
Sector: Water and Environment		Contracting period: (see section 1.10)	
		Total budget : €4.0 Million	Disbursement period : (see section 1.12) IPA budget: €8.0 Million
Overall objective	Objectively verifiable indicators	Sources of Verification	
The continued and sustainable improvement of environmental and public health conditions in Kosovo	<ul style="list-style-type: none"> - Services from public utilities are improved - Better environment in the municipalities 	<ul style="list-style-type: none"> - Project implementation reports, indicators 	
Project purposes	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> - Improvement of supply with sufficient potable drinking water for around 500,000 inhabitants (including Serb, Roma, Bosnian and Turk minorities) in Prishtinë /Pristina and Mitrovicë /Mitrovica region - Closing the remaining dumpsites and supporting operational improvement, maximizing the use of the sanitary landfills, minimizing environmental pollution and increasing public health safety. 	<ul style="list-style-type: none"> - Water in sufficient quantity and of good quality - Improved environment - Improved public health - Training and other means of staff support and guidance 	<ul style="list-style-type: none"> - Project implementation reports, indicators - Data form utilities for: per capita and duration of supply per day - Reports from public health institute 	<ul style="list-style-type: none"> - Support and commitment of MESP - Support and commitment of public owned utilities - Stability in the project areas so that security concerns do not hamper the implementation of the programme - Absorption capacity of utilities
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> - Overall improvement in water supply for the citizens of Prishtinë /Pristina and Mitrovicë /Mitrovica region, - Improved security of supply to customers and improved water quality - Construction of treatment plant in Vushtrri /Vucitrn - Construction of treatment plant in Mitrovicë /Mitrovica - Installed new water pipe, valves and flow water meters in Prishtinë /Pristina - Eliminated the water losses on the system - Increase in the water revenue collection - Closure of eight unsanitary dumpsites - Implement waste disposal in the licensed landfills managed by the KLMC 	<ul style="list-style-type: none"> - Running Contracts - Projects Completed - Progress meetings with contractors and Consultants - Site visits - Water revenue collection increased - Water losses reduced on the system for 20-30l/s - Waste disposed at sanitary landfills 	<ul style="list-style-type: none"> - Project Implementation reports - Site Visit reports - Minutes of meeting - Provisional acceptance certificate - Final Acceptance Certificate of schemes - Signed Contracts - Water utilities report on revenue collection - Measurement report form utilities on water losses - KLMC reports for disposed waste at sanitary landfills 	<ul style="list-style-type: none"> - The support of MESP - The support of respective municipalities - The support and commitment of public utilities - The stability of the area covered by the Works contracts to be maintained throughout the duration of the programme. - The financial and technical capacity of Contractors to be adequate to undertake these Works. - Sufficient understanding between parties as to their respective roles and the extent of their authority - Adequate cooperation between the Municipalities and the Utilities to provide essential information. - Land Acquisition would be properly dealt with by the Municipalities before project start

Activities	Means	Costs	Assumptions
<ul style="list-style-type: none"> - Construction of treatment plant in Vushtri /Vucitrn - Construction of treatment plant in Mitrovicë /Mitrovica - Network improvements in Prishtinë /Pristina - Closing of dumpsites and improvements in landfills 	<ul style="list-style-type: none"> - Service Contracts to prepare designs, technical specification, BoQ's, remediation measures, supervision - Works Contracts to implement the activities. Joint and Parallel co-funding is expected. 	<ul style="list-style-type: none"> - EC €18 M - Additional co-financing contribution of €6 M 	<ul style="list-style-type: none"> - Contracts signed after a successful tendering procedures and the implementation starts according the indicative implementation schedule - The ownership and organisational structure of the beneficiary institution, where the project will be based is strong enough for implementation

Pre conditions:

- Appointing the relevant staff by the beneficiaries to participate in all project activities as per work plan.
- Government's commitment to co-finance 33.3% of the budget for Activity 2 in 2009 and the required amount for tax
- MEF creates a trust account for co-funding that will pay the invoices for 33.3% of the bill of quantities/works under Activity 2
- Co funding of projects under Activity 4 by Kosovo Government (MESP).

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

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

	2008	2009				2010				2011				2012	
Contracted	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Construction of treatment plant in Vushtrri /Vucitrn		0.2			2.8										
Construction of treatment plant in Mitrovicë /Mitrovica					15										
Network improvements in Prishtinë /Pristina		0.2		1.8											
Closing of dumpsites and improvements in landfills		0.2		3.8											
Cumulated Total		0.6		6.2	24.0										
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Disbursed															
Construction of treatment plant in Vushtrri /Vucitrn		0.1	0.1		0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.2		0.3
Construction of treatment plant in Mitrovicë /Mitrovica					1	1.5	2	1.5	1.5	1.5	1.5	1.5	1.5		1.5
Network improvements in Prishtinë /Pristina		0.1	0.1		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1		0.2
Closing of dumpsites and improvements in landfills		0.1	0.1		0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3		0.4
Cumulated Total		0.3	0.6		2.5	4.9	7.8	10.1	12.5	14.9	17.3	19.5	21.6		24.0

ANNEX III: Description of Institutional Framework

Kosovo's institutional set up is governed by the United Nations Security Council Resolution 1244 of 1999 establishing an interim international civilian administration, the United Nations Mission in Kosovo (UNMIK) with the Special Representative of the Secretary General (SRSG) as ultimate responsible. The Constitutional Framework for Provisional Self-government of Kosovo (Regulation 2001/9) divided responsibilities between UNMIK and the Provisional Institutions of Self-Government (PISG) for the purposes of developing a meaningful self-government in Kosovo.

Kosovo's Provisional Institutions of Self-Government (PISG) comprise the Assembly, the President of Kosovo, the Government, the Courts and other bodies and institutions as set forth in the Constitutional Framework for Provisional Self-Government in Kosovo. The government is responsible for certain policy areas, including environment. Other powers are reserved by UNMIK and managed through institutions such as the Kosovo Trust agency (KTA), whose responsibility in the environment sector includes the oversight of the water and waste companies.

Kosovo is composed of municipalities (30 municipalities), which are the basic territorial units of local self-government with responsibilities as set forth in UNMIK legislation. Local administration is the responsibility of the 30 municipalities.

To this end, the body of applicable laws in Kosovo can be divided into three parts. First, are the regulations issued by the Special Representative of the Secretary-General. Second, are the laws passed by the Kosovo Assembly and promulgated by the Special Representative under the transferred powers. Finally, based on UNMIK/REG/1999/24, there are the laws applicable in the territory of Kosovo prior to 22 March 1989.

The means currently keeping Kosovo firmly attached to the EU policy for the Western Balkans is the Stabilisation and Association Process Tracking Mechanism (STM), which was established in November 2002 aiming to assist Kosovo authorities to benefit fully from the core elements of the Stabilisation and Association Process, policy advice, monitoring of EU standards and trade concessions. This is reflected in the adoption of the European Partnership published in June 2004 which formulates – as overarching recommendation – the implementation of the Standards. Kosovo adopted its Action Plan for the implementation of the European Partnership Priorities on in January 2005 and provided the Commission with updates on its progress in implementing the Action Plan. The Commission encourages Kosovo's participation in existing environmental regional initiatives such as the Regional Environmental Reconstruction Program for South East Europe (REReP) and the Environmental Compliance and Enforcement Network for Accession (ECENA). As such, the association with the EU is a government high priority and with it, the harmonisation of legislation. Kosovo tries to align itself with EU environmental legislation, institutions and standards and make progress in several areas.

The Ministry of Environment and Spatial Planning (MESP) 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 MESP is to develop, coordinate, monitor and oversee the sector of environmental protection, water resources management and spatial planning. MESP has a Minister and its Cabinet, the Office of Permanent Secretary, and five departments (the Environment Protection Dept., the Spatial Planning Dept., the Housing and Construction Dept., the Water Resources Management Dept., and the Dept. of Administration and Professional services). Under the auspices of the MESP is 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, as well as other units, such as the International Office, the Information Office which are linked directly under the highest Ministry's entities.

Water and Wastewater Companies Before the war there were 30+ public utility companies, one for each municipality, owned by municipalities. Today, the Kosovo Trust Agency (KTA) by UNMIK Regulation 2002/12 administers publicly-owned and socially owned enterprises and their related assets. According to this regulation the role of the municipalities in relation to public utilities has been transferred to KTA. KTA decided to consolidate them into 7 regional utilities in order to make them more efficient and cost-effective. These regional companies are responsible for water supply and sewage, incorporating more than one municipality each and are: Prizren, Peje, Gjakove, Ferizaj, Gjilan, Prishtine, and Mitrovice. The regional companies today are governed by a Supervisory Board which decides and approves financial statements. All assets of the regional companies are temporarily at KTA hands, who are acting as trustees.

The Water and Waste Regulatory Office (WWRO) has been established in November 2004 by UNMIK Regulation 2004/49 as an independent body responsible for regulating the activities of Publicly Owned Enterprises (POEs) and Socially Owned Enterprises (SOEs) that provide water and waste services, bulk water supply, solid waste collection services, and solid waste disposal services. WWRO regulatory responsibilities include: (i) licensing of service providers, (ii) setting tariffs, (iii) setting and enforcing minimum service standards, and (iv) regulating relationships between licensed companies and their customers.

ANNEX IV: Reference to laws, regulations and strategic documents

- Kosovo action plan for the implementation of European Partnership 2006
- Multi-Annual Indicative Planning Document (2007-09) for Kosovo (MIPD)
- Strategy for the water sector (2007 -2013)
- Strategy for the environment sector (2007 -2013)
- Kosovo Environmental Action Plan 2006 – 2010
- Water framework directive
- The Water Law
- The Waste Law
- The Environmental Protection Law
- The Construction Law
- The Administrative Instruction n9/2004 concerning Environmental Impact Assessment

ANNEX V: Details per EU funded contract

Activity 1: Construction of treatment plant in Vushtrri /Vucitrn

This activity comprises of three contracts: two service contracts and one works contract. First service contract will prepare design, technical specification and drawings. Second service contract will be supervising the works, assuring quality and undertake the provisional and final acceptance of works project. The service contracts value will be approximately €0.2 million each.

The works contract will perform the works as per technical specification. The works contract value will be approximately €2.6 million.

The duration of the contracts will be for a period of 24 months.

The successful tenderer will start deployment one month after contract signatory; the expected deployment date is November 2009.

Co financing: no co financing is foreseen under this activity.

Ownership: the owners of scheme are municipality of Vushtrri /Vucitrn and Regional Water Company of Mitrovicë /Mitrovica.

Activity 2: Construction of treatment plant in Mitrovicë /Mitrovica

This activity comprises of two contracts: one service contract and one works contract.

The service contract will be supervising the works, assuring quality and undertake the provisional and final acceptance of works project. The service contract value will be approximately €1.0 million.

The works contract will perform the works as per technical specification. The works contract value will be approximately €14.0 million.

The duration of the contracts will be for a period of 36 months.

The successful tenderer will start deployment one month after contract signatory; the expected deployment date is November 2009.

Co financing: 33.3% of the total estimated budget or €5.0 million.

Ownership: the owners of scheme are municipality of Mitrovicë /Mitrovica and Regional Water Company of Mitrovicë /Mitrovica.

Activity 3: Network improvements in Prishtinë /Pristina

This activity comprises of three contracts: two service contracts and one works contract.

First service contract will prepare design, technical specification and drawings. Second service contract will be supervising the works, assuring quality and undertake the provisional and final acceptance of works project. The service contracts value will be approximately €0.2 million each.

The works contract will perform the works as per technical specification. The works contract value will be approximately €1.6 million.

The duration of the contracts will be for a period of 24 months.

The successful tenderer will start deployment one month after contract signatory; the expected deployment date is November 2009.

Co financing: no co financing is foreseen under this activity.

Ownership: the owners of scheme are municipality of Prishtinë /Pristina and Regional Water Company of Prishtinë /Pristina.

Activity 4: Closing of dumpsites and improvements in landfills

This activity comprises of three contracts: two service contracts and one works contract.

First service contract will prepare design, technical specification, drawings and remediation measures. Second service contract will be supervising the works, assuring quality and undertake the provisional and final acceptance of works project. The service contracts value will be approximately €0.2 million each.

The works contract will perform the works as per technical specification. The works contract value will be approximately €3.6 million.

The duration of the contracts will be for a period of 36 months.

The successful tenderer will start deployment one month after contract signatory; the expected deployment date is November 2009.

Co financing: 25 % of the total estimated budget or €1.0 million.

The Medium Term Expenditure Framework of MESP 2008-2010 has foreseen budget of €1.0 million for closing the dumpsites in: Gjakovë /Djakovica, Ferizaj /Urosevac and Lipjan /Lipljan. This will be separated contracts managed from MESP.

Ownership: the owners of scheme are municipalities: Kaçanik /Kacanik, Fushë-Kosovë /Kosovo-Polje, Prishtinë /Pristina, Klinë /Klina, Gjakovë /Djakovica, Podujevë / Podujevo, Ferizaj /Urosevac and Lipjan /Lipljan.