

# Albania National Water Supply and Sanitation Sector Modernization Program

## Environmental and Social Systems Assessment

January 2022

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## Acronyms

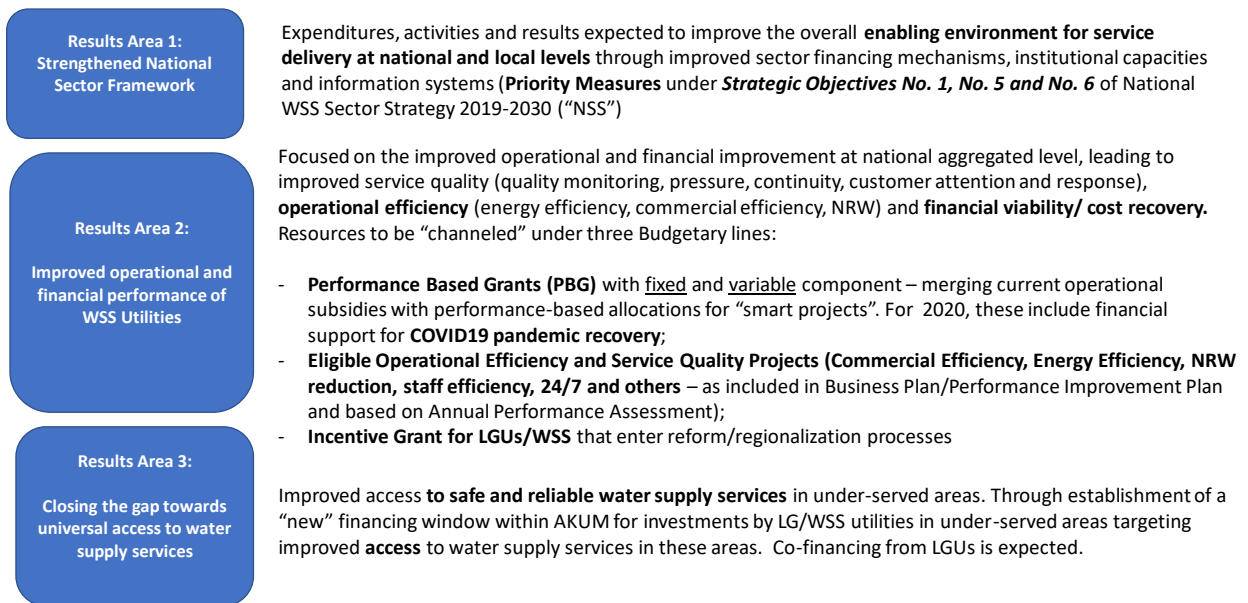
AKUM	National Agency for Water Supply Wastewater and Waste Infrastructure
AP	Affected People
AKPT	National Agency for Territorial Planning
DLI	Disbursement Linked Indicator
E&S	Environmental and Social
ESSA	Environmental and Social Systems Assessment
ERRU	Albanian Water Regulatory Authority
EU	European Union
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GOA	Government of Albania
GRM	Grievance Redress Mechanism
KFW	Kreditanstalt für Wiederaufbau
KKT	National Council for Territory Adjustment
LAR	Land Acquisition and Resettlement
MoFE	Ministry of Finance and Economy
MoIE	Ministry of Infrastructure and Energy
MoTE	Ministry of Tourism and Environment
NEA	National Environmental Agency
NRW	Nonrevenue Water
NWSSSMP	National Water Supply and Sanitation Sector Modernization Program
PDO	Program Development Objective
PforR	Program-for-Results
PIU	Project Implementation Unit
PA	Protected Area
RA	Results Area
RDCH	Regional Directory of Cultural Heritage
SEA	Strategic Environmental Assessment
SHUKALB	Water Supply and Sewerage Association of Albania

SOP	Standard Operating Procedures
US\$	United States Dollar
WBG	World Bank Group
WSIP	Water Sector Investment Project
WSS	Water Supply and Sanitation
WSU	Water Supply Utility
WWTP	Waste Water Treatment Plant

## Executive Summary

1. The Program Development Objective (PDO) of the Albania National Water Supply and Sanitation Sector Modernization Program (P170891) are to improve operational and financial performance of WSS utilities and increase access to safely managed water services in Albania.
2. The operation consists of a World Bank (WB) Program-for-Results Financing component and an Investment Project Financing component. The PforR Financing instrument was introduced by the World Bank in 2012 to enhance development effectiveness, with the goals of strengthening the focus of development finance on results; helping to build client systems; and building alignment around country platforms. PforR operations support government programs of expenditures (sector/sub-sector, national/sub-national) with defined objectives and results that can be new or ongoing. PforR Financing links disbursements to the achievement of results indicators that are tangible, transparent, and verifiable, known as Disbursement Linked Indicators (DLIs). PforR Financing excludes activities that are judged to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people. I.e the current operation will exclude sub-projects that as an impact will have physical or economic displacement.
3. This Environmental and Social Systems Assessment (ESSA) has been prepared by the World Bank Group for this operation in accordance with Bank Policy and Bank Directive Program-for-Results Financing. As part of the ESSA, the WB task team assesses the PforR Program Systems for managing environmental and social effects, considering, among other things, the capacity to plan, implement, monitor, and report on the environmental and social mitigation measures, the scope for improvements, and the risks and related mitigation measures.
4. The PforR Program is national in geographic scope, supporting selected strategic objectives of the Government of Albania's National WSS Strategy. The PforR Program will focus on three Results Areas and underlying activities that will contribute to the achievement of the PDO:
  - a. **Results Area 1 (RA1) – Strengthened National Framework**
  - b. **Results Area 2 (RA2) – Improved Operational and Financial Performance of WSS Utilities**
  - c. **Results Area 3 (RA3): Closing the gap towards universal access to water supply services.** The disbursements of financing are via DLIs. DLIs are structured around four Results areas and serve as milestones in achieving the development objectives of the PforR Program.

**Figure 1. Milestones**



5. The ESSA preparation process entails consultation with stakeholders. The main findings emphasized from Stakeholders include:

- a. Numerous dialogues with government and line ministries MoFE and MoIE
- b. Consultation with government agencies at the national, regional and local level that approach the WSS sector;
- c. Consultations with potential beneficiary units, including Municipalities, Water Supply and Sewerage Utilities and Water Supply Directorate Boards and their representatives;
- d. Consultations with National Agency of Water Supply, Sewerage and Waste Management (AKUM)
- e. Meetings with Water Regulatory Authority of Albania (ERRU);
- f. Consultation with active institutions or organizations
- g. Communication and meetings with other national and international donors working in the WSS sector (SECO, EU, ADF, GIZ, KFW, etc.).

6. This is a draft version of the ESSA that does not include comments from disclosure and dissemination of final draft, but includes comments and feedback from all the consultations undertaken during preparation, and that this semi-final draft is being made publicly available and disseminated with stakeholders for any further questions, comments or feedback from them or the general public

7. **Environmental Benefits, Risks and Impacts:** Environmental benefits include potential preservation and sustainable development of water environment, improvement of aquatic ecosystems, or compliance with national, regional and / or local environmental or planning objectives. One point of concern is that portions of the water supply network may have been constructed out of asbestos-cement pipes and that these need special provisions on their handling and management. The rehabilitation of the distribution network of water supply will be

associated with improvement of potable water service. This will encourage the economic development and may support the development of local businesses. MoIE and AKUM have expressed interest in strengthening outreach and communication about social protection program that subsidizes the cost of water supply connections and meters. This activity will be supported by the Investment Project Financing (IPF) component.

8. The main social impacts and risks are related to service provision activities under results areas 2 and 3. Improving access, quality and efficiency of WSS service delivery as activities are envisaged to deliver results which include increased community participation and investments in new and rehabilitation of existing infrastructure. Although rehabilitation is unlikely to generate adverse large-scale social impacts, the investment in extension of water supply networks might require small scale linear permanent or temporary land acquisition or access. The impacts per sub-project are not expected to affect not more than 100 individuals. It is not expected that land acquisition if any would cause livelihood interference to affected people. Although works are typically carried out along roads that are under municipal domain, there is potential for permanent land acquisition during the extension of the main water connections and construction of new water supply facilities. The track record of municipalities on land acquisition regarding notification and adequate compensation has been mixed. Furthermore, the water code para 3.6 on Costs and Tariff for the Water Supply System Works on the Private Property, for laying of the distribution water supply network on a private property mentions that one seeking connection to the water supply public system is obliged to pay relevant expenses. Similarly, in section 3.7 for the re-connection to the pipe, the consumer shall pay the tariff calculated for the cost of used materials, including expenses for location of pipes, adopters, water meter etc. The cost of these activities ranges from 1,200 euro -2,600 euro<sup>1</sup> may be prohibitive for low-income households. In addition, under results area 2, though the aggregation of WSS utilities is likely to achieve performance improvements that would have societal benefits, potential risks relate to stakeholder incentives and conflicting priorities.

9. **Assessment of Existing Environmental Risk Management Systems:** The water supply companies/utilities do not have environmental specialists in their staff composition. WSUs do tend to have a health and safety person but usually this position is covered by the chief engineer or sometimes. In cases where the WSU have the funds, a specialized company is contracted (e.g. Durres WSU). As per the law, the engineer/contracted company is required to train and to give instruction regarding health and safety issues at least once a year and this process has to be documented. The prerequisite for a construction permit is an environmental consent, and there has been a rise in the adequate environmental consent issuance in the last two years based on the administrative changes that took place. As such, there is a certain level of environmental due diligence that is being done. A major gap is the fact that national legislation requires only rehabilitation plans at the end of a project but no Environmental and Social Management Plan (ESMP). The identification of risks and significance of impacts according to national standards is another area where improvement is needed. National legislation has a defined set of parameters to be monitored but the process still requires the updating of documentation and inclusion of baseline data analysis. Integrated water resources management is not regularly respected. In terms of asbestos pipe management, WSUs typically do not have protocols in place for the safe handling of asbestos pipes during construction works and the disposal of these pipes. MoIE also lacks a protocol for screening investments that may include

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<sup>1</sup> Internal protocol developed by ERRU , applied by WSSU. The costs are approximate

asbestos pipes and data regarding the distribution of pipes in the water networks across the country is not easily attainable.

10. In terms of monitoring water quality, national legislation requires that the public health institution conducts water quality checks and that water utilities also conduct water quality testing. Both public health institutions and water utilities face human resource constraints in fulfilling these mandates.

11. Due to the fact that there are a lot of non-revenue water losses in old water supply networks, caused by leaks in the main high-pressured pipelines, as well as possible illegal connections, in most of cases WSU are obligated to produce more water than the programed quantity to cover the losses on the network. This puts the sustainability of water resource at risk. In line with the World Bank Guidance on ESSA, some strengthening is required for the associated construction works and improved management of associated environmental impacts. For rural water supply networks that are part of the Program, additional strengthening should be undertaken in order to ensure minimal impacts to the natural areas, possible natural habitats, forests or other areas that may be sensitive, and at this stage, undeveloped. As a result of the risks and capacity aspects discussed above, the overall environmental risk associated with the Program is rated as Substantial.

12. **Assessment of Existing Social Risk Management Systems.** The systems for managing social risks related to the development of new regulations such as the tariff methodology are well established. There is a practice of holding public hearings for new laws. There are also grievance mechanisms at the WSS utility and national level, MOIE, and ERRU. With the support of GIZ, a complaints system has been included in the Customer Service Portal which is in the process of being rolled out to WSS Utilities. When land acquisition is required for construction works, social risk management is provided by the project implementing entity normally based on the guidelines from the entity providing the financing. Regarding the projects financed from the Albanian government funds, the procedure of expropriation is described in the Albanian Law for expropriation Amended by Law no. 20/2016, dated 10.3.2016. This law regulates the state's right to expropriate or take for temporary use in the public interest assets of natural persons or private entities, as well as protecting the rights and interests of their respective legal owners.

13. The Law recognizes the right for compensation only for affected people (AP) who have formal legal rights. In addition, Albanian legislation does not recognize loss of livelihoods associated with land acquisition. In cases where AP have been identified but they are not legal owners, it is up to the municipality's willingness and capacity to offer a temporary solution or agreement. The Albanian law on expropriation does not provide compensation in kind and therefore the provision of adequate housing with security of tenure is not required. Compensation is provided based on monetary value and the prices are published on DCM 89 date 03/02/2016 on the approval of the land value map in the Republic of Albania, the presented unit prices of expropriations result to be generally below trade value. As the prices are from 2016, they are not necessarily sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses. Apart from notification of the AP, there is no requirement to consult and disclose the documentation publicly. The Albanian legislation on expropriation provides the right to the AP to bring actions before the courts for seeking higher compensation from that defined in the decision on expropriation enacted by the decision of the Council of Ministers, but the AP cannot challenge the expropriation process. Claims do not cause



suspension of the expropriation process, though it may result in a higher compensation to be paid if so, decided by the competent court. The law has been amended in March 2020. The amendment explicitly specifies that Project Affected Persons will be compensated as per international agreement ratified by law.

14. Investments in rural areas are currently being conducted primarily by the Albania Development Fund following the E&S guidelines of KFW. Shifting to rural water extension will be a new activity for AKUM and at present AKUM does not have E&S staff or procedures to monitor these types of activities. As a result, the overall social risk associated with the Program has been rated as Substantial.

15. **Recommendations and mitigation measures to address the identified potential key environmental and social risks.** Regarding the removal and final disposal of asbestos pipes, a key recommendation is that a protocol be developed for WSUs to cover the detection, removal and disposal of asbestos pipes and training by qualified entities in this area should be delivered. For projects submitted for financing under RA 2 and RA3 from the performance grants, WSUs should indicate whether asbestos materials are present and if so, also submit an asbestos remediation plan to AKUM for evaluation.

16. **With regard to rehabilitation works under RA 2 and RA 3,** while the EIA according to national standards and legislation has a list of parameters to be monitored, it requires upgrading in documentation and also in depth of relevant baseline data analysis. Management processes and definition for inclusion of ESMPs should be included as part of the environmental and social assessment process. The existing legal framework including the labor and environmental inspectorate of Albanian authority provides the foundation and alignment with World Bank operational policies on labor and working conditions, pollution prevention and biodiversity risk management. Elements related to managing community health and safety risks should be integrated within ESMPs and EIAs. Elements need to be defined and documented in the project's social management plan. Regarding biodiversity conservation and sustainable management, although impacts generated by the project on biodiversity may be considered as negligible, a proper baseline study should be prepared within each ESMP/EIA indicating any protected area in the vicinity, presence of sensitive habitat, and terrestrial biodiversity ecosystem etc. This will enable the impacts and identify relevant mitigation measures. Regarding cultural heritage, existing approval and permit from Albanian authorities provide the foundation of assurance.

17. The environmental impacts mitigation on infrastructure elements of water supply projects must be strengthened. Potential negative impacts should be identified in relation to design, location, construction and operation of the improved infrastructure. Mitigation measures should be developed to reduce all negative impacts to acceptable levels.

18. Mitigation measures addressed to reduce the risk of the potential environmental and social impacts during construction and operation. Main components exposed to risk are air, noise, landscape, soil, solid waste, water and biodiversity.

- a. Inclusion of water laboratory and disinfection facility to avoid public health risk due to delivery of unsafe water into distribution system
- b. Management plans to avoid storage of domestic wastewater in septic tanks in houses above the water sources
- c. Discharge of domestic wastewater in adjacent gully to prevent microbiological pollution of the source

- d. Strengthening of the environmental and social requirements especially in the land acquisition and landowner verification, identification of sensitive or environmental protected areas.
- e. Reduction of the non-revenue water to provide the sustainable development of the water sources. Improved management of water sources, to avoid the overuse and drainage taking in consideration also the negative impacts of the climate changes on flow reduction.
- f. Compensation measures for trees to be cut at transmission mains
- g. Construction works in the forest, have to be agreed with the Forest Administration and the Nature Conservation Authority. Positioning of the noise sources in a concealed area with respect to acoustic receptors, consistent with the needs of the construction site.
- h. To prevent soil contamination by oil/grease spills, leakages or releases, all manipulations of oil derivatives in the process of construction and provision of the fuel to the machines should be performed with optimum care;
- i. All types of waste generated during the construction phase should be sorted into waste streams with the mitigation hierarchy principles applied;
- j. Provision of appropriate training on EHS issues for all construction workers, including initial induction and regular refresher training;
- k. Implementation of public safety measures at critical work areas such as safety barriers and warning signs.

19. Appropriate avoidances/mitigation/enhancement measures have been suggested for the likely impacts that are identified. Appropriate monitoring measures to guarantee the long term and sustainable operation and management of the water supply are presented in a monitoring plan.

20. During the construction phase, possible impacts are expected to arise from generation of dust from soil excavation and refilling; Soil contamination from accidental spills and disturbance to residents, traffic by the construction work Noise from engines of construction machinery and other equipment, Health and safety hazards/accidents during and post construction, disturbance/damage/degradation to known and undiscovered sites that may be important due to lack of baseline knowledge.

21. These are possible impacts associated with the construction processes, and there are well developed methods for their mitigation. Various measures are suggested including:

- a. Measures to reduce/control dust generation (cover/damp down by water spray; consolidation of topsoil, cover during transport etc.)
- b. Providing prior public information and planning the work in consultation
- c. Careful siting and/or design of plant provide noise barriers e.g. embankments of waste soil
- d. Use appropriate construction methods and equipment
- e. Appoint experienced contractors. Incorporate safety and environmental requirements in contract documents.
- f. Undertake chance finds procedure, consisting of an action plan aligned with Albanian legislation/regulation and international good practices to describe the step by step procedures and responsible entities
- g. Maximise/ prioritise employment opportunities for local people

h. Consider provision of "information centre" to inform public of progress of development.

22. To help build capacity in AKUM, E&S staff should be part of the project proposals review team composition. This capacity should be trained prior to reviewing investments that would be considered eligible for disbursement under the PforR Program.

23. AKUM should develop E&S Standard Operating Procedure (SOP) for all investments laying out the review and acceptance criteria and indicators to monitor performance during implementation. Only investments that have been reviewed according to this process should be eligible for support under the PforR Program.

24. As part of investment proposal documentation for works under Results areas 2 and 3:

- Screening will include formal cadastral documents, physical eye inspection and public hearing as relevant, mostly for the extensions. The public will be informed of pipeline alignment and placement.
- Utilities/municipalities should indicate if investments will impact assets/land use of non-landowners, provide compensation, and document the compensation provided for assets affected.
- Utilities/municipalities should indicate if investments will require temporary land acquisition. If so, written agreement with the landowner should be included in the proposal.

**Table 1. Proposed Program Action Plan.**

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement
Qualified Environmental and Social (E&S) Specialists hired in AKUM project proposal review team and an adequate budget to strengthen the coordination of environmental and social management.	Environmental and Social Systems		MoIE and AKUM	Other	By Effectiveness	AKUM has E&S staff in review unit with budget allocated for new functions.
Strengthen the AKUM GRM and establish WSU level GRM. The GRM results to be able to be disseminated. Possibility to accept also SEA/SH complaints	Environmental and Social Systems		AKUM, Investment Loan TA	Other	During first six month after effectiveness	The results from the GRM to be disseminated annually.

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement
E&S SOP for all investments laying out the review and acceptance criteria and indicators to monitor performance during implementation.	Environmental and Social Systems		AKUM	Other	By Effectiveness	SOP to include the templates for screening and ESMPs, guidelines for land acquisition in form of RPF including entitlement matrix. E&S SOP approved by the Bank. Indicators reported every 6 months
Training on environmental and social considerations provided to Water Utilities reflecting requirements of SOP.	Environmental and Social Systems		SHUKALB E&S officers of AKUM	Other	During the first six months after the effectiveness and afterwards at least once a year.	Training on the environment and social risks screening. Implementation and monitoring of ESMP implementation. Training provided to Water Utilities
Develop operating procedures that address the management of asbestos pipes in the water infrastructure including the disposal of asbestos pipes.	Environmental and Social Systems		AKUM	Other	Prior to roll out of grant scheme for water investments.	

## Section I. Program Description

25. The Program of Expenditures totals US\$135 million for specific activities, expenditures and results identified under the proposed Results Areas supporting the achievement of the NSS strategic objectives, selected from the overall government expenditure program for the sector. The PforR for the National Modernization Program will be co-financed by the Bank (US\$75 million) and the GoA (US\$60 million)

### **Results Area 1 – Strengthened National Framework**

26. This RA includes activities, expenditures and results covering policies on public investment in the sector, regulatory instruments, information systems, and capacity building schemes at the central level (whereas their adoption and implementation at the local level is

covered under RA No. 2)<sup>2</sup>. Results Area 1 covers too the institutional strengthening of the three main central level sector institutions (MoIE, AKUM and ERRU). Key results are geared at improving the overall sector governance framework for improved steering, monitoring and oversight of WSS service delivery by the central level institutions, and for improved performance and compliance from local level (municipalities and WSS utilities). Results include key policy decisions and instruments, such as: the linking of public investment and operational subsidy allocation to performance and alignment with prioritized actions (such as improved operational and financial performance by WSS Utilities); the granting of incentives to influence specific decisions (i.e. regionalization); the guidelines for financing investments for new access to water supply; the final design and operation of a national WSS services and utility performance information and benchmarking system/platform<sup>3</sup>; or the further development of the National Certification Program for water sector professionals, with a planned requirement WSS utilities to employ only certified staff for key positions. The National Certification Program builds on efforts to secure the offer of capacity building in the country through different initiatives, including ongoing collaboration with regional donor programs (Danube Water Program and RCDN). Better governance of the WSS sector and incentive-based funding will make it easier for the WSS utilities to take the steps necessary to improve their operational efficiency and financial sustainability, thereby also making the sector more resilient to the climate change–related droughts and floods foreseen for the future. Results expected can be grouped in two broad areas which are reflected as key milestones under DLI No. 1:

- (i) **sector financing instruments and incentives for improved performance adopted:** with key milestones being the approval of new policy guidelines with eligibility criteria and performance-based methodology<sup>4</sup> for allocation of state budget subsidies for: a) COVID19 impacts and operational expenditures; b) capital investments; c) WSU regionalization/ restructuring; d) new access to water supply in unserved areas.

### ***Results Area 2 – Improved Operational and Financial Performance of WSS Utilities (US\$50 million)***

27. This RA will reward the implementation of measures, processes and systems improving the performance of the municipal water utilities, including modern business tools, commercial systems, bulk and household metering, non-revenue-water reduction, energy efficiency, increased hours of service and quality of services, improved governance and capacity building of the workforce, improved utility financial performance, and increased community awareness and engagement in the sector, including optimized use of existing social support plan for poor and/or vulnerable households. Almost all these measures, but especially the NRW reduction, the introduction of metering, the application of modern business tools, and better financial and operational management (including better maintenance of water supply infrastructure) will increase the volume and quality of available water. The latter will strengthen the water supply sector’s resilience to possible future shortages brought about by climate change as well as

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<sup>2</sup> This Results Area builds on the recommendation from the Water for People Sector Financing Policy, 2016 endorsed by the Government ( prepared through a working group led by the National Water Council including high level representatives from Ministry of Finance and Ministry of Transport and Infrastructure at the time responsible for WSS services in the country, with support from the World Bank and consultants COWI and VALU Ad during 2015-2016)

<sup>3</sup> AKUM is about to launch a new data management & online communication system developed by the Albanian company Horizon which will include a KPI monitoring /benchmarking module for WSS utilities. Training to WSS Utilities for adequately reporting to this module might be necessary.

<sup>4</sup> Based on annual performance assessments of WSS Utilities by AKUM

possibility of treating larger volumes of wastewater, and better operations and maintenance of wastewater infrastructure will reduce the contamination of water bodies and thereby also the potential impact of a flood. The choice of results to be supported/rewarded will be linked to the operational, coverage and financial targets established in the Performance Contracts of local governments and WSS utilities with MoE/AKUM, which will be monitored and reviewed on an annual basis. This RA will support three types of activities through of compliance with requirements and achievement of specific results at the local level:

(i) **Support for COVID19 and Performance Based Grants (PBG):** For the year 2020, the grants will cover subsidies for operational expenditures to be delivered to the WSS utilities as part of the emergency response to the COVID19 situation, allocated as per the relevant 2020 ministerial guideline establishing the rules to access such financial support. Future support to utilities for operational expenditures will be guided by a new guideline to be adopted under Results Area No.1 and will be conditioned to the utilities meeting certain requirements regarding corporate governance arrangements and meeting the targets set in their performance agreements.

(ii) **Efficiency and Performance Improvement Projects**, including technical assistance and capital expenditures leading to the improvement of operational efficiency and financial viability/cost recovery as well as improvement in the levels of service. This include: a) **Water Supply Infrastructure for 24/7, DMA (District Measurement Area) set-up, NRW reduction, metering and other improvements** in urban areas and rural areas with high density of population or under strategic focus of GoA in Tourism, included in GoA's program "100 Villages"; b) **Energy efficiency investments** in the utilities with largest energy consumption has been identified as a priority for the Program investments. Specific energy efficiency interventions have been already identified for Durres, Vlora, Elbasan and Belsh (see attached appendix 2)<sup>5</sup> and further detailed energy audits will be conducted through the IPF component to identify further measures in these utilities and others; c) **Other utility turnaround measures identified in the utilities' business plans/performance improvement plans** to be prepared following the guidelines to be established by AKUM in close coordination with ERRU. The criteria and methodology for allocation will be developed under Results Area No.1.

(iii) **Incentive packages for utility regionalization processes** undertaken by utilities/municipalities through the **creation** of regional entities. This RA will reward the implementation of utility aggregation processes on a voluntary basis, based on existing studies on the topic in Albania and the recent TA by SECO on the matter. Utility aggregation is expected to be incentivized through financial packages offered to local governments and WSS utilities to enable the "champions" to come forward and commit to allocating all efforts to a successful process. Feasibility studies will be funded from the IPF component. The financial incentives will be financed from the PforR, whereas the expected service improvements in these municipalities (in quality, access and efficiency) will be rewarded under Results Area 2. As highlighted earlier, the process of utility

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<sup>5</sup> Based on the preliminary assessment at the four sites (that represent 40% of connected load and annual consumption), preliminary savings of around US\$3.6 million a year (within these 4 utilities) were identified, with payback period of investments of less than 6 years.

aggregation will entail economies of scale and the creation of stronger, regional utilities marked by higher levels of performance and cost recovery. These will in turn boost the sector's overall financial sustainability and operational efficiency, thus allowing it to extend its service coverage and improve the quality of its services. Expanded, higher-quality services will reduce the potential impact of future climate change-induced droughts and floods.

28. Specific results expected in this results area are:

(i) *Annual allocation of state budget capex and grants based on annual performance assessment*, with key milestones being: a) Final guidelines and allocation of PBG to eligible utilities/municipalities; b) Identification and multi-year allocation of state budget to eligible Efficiency and Performance Projects under Mid-term Budget Plan, following APA process;

(ii) Improvement on *national* aggregated score for overall performance and direct cost coverage (from baseline);

(iii) *Utility Regionalization Processes launched*: With key milestones being the allocation of incentive package and payment to the relevant local governments following formal agreements by local governments/utilities against WSS utilities fulfilling requirements by central government to support regionalization processes as per policy guidelines to be developed under Results Area No.1.

**Results Area 3 (RA3): Closing the gap towards universal access to water supply services (US\$20 million).**

29. This RA will support the construction, rehabilitation and operation of water supply connections in unserved areas (including rural areas). It is expected that the Program can provide financing for around 10,000-12,000 new household connections (benefiting around 40,000-50,000 people), which would mean closing the existing coverage gap by around 3%. The key expected results are 12,500 new *safe and reliable* functioning water supply household connections in targeted areas during the program implementation period; and iv) new guidelines issued by AKUM regarding on-site sanitation facilities in compliance with EU's Urban Wastewater Treatment Directive (UWTD).

## Section II. Description of Expected Program Environmental and Social Effects

### Likely E&S Effects

#### E&S Benefits

30. **Results Area 1, Results Area 2, Results Area 3:** The Program has the potential to expand water supply access to currently underserved rural and urban areas. New water meters to accurately measure water consumption and curb water wastage will be implemented. Social benefits may include more targeted service provision for underserved populations, higher quality

service provisions, greater citizen participation in the development of water sector initiatives. The regulation and removal of illegal water connections has potential to promote water conservation as users are less likely to waste water for which they are charged. Economic benefits will increase the added value of cash flow in local and national economy for the duration of the investment through increased agricultural production, improved services for communities and citizens, creation of new jobs, etc. Development of centralized reporting will provide the MoIE and AKUM with capability for more efficient and responsive resource allocation based on data from across the country.

## E&S Adverse Impacts

31. Potential adverse environmental impacts will mainly take place during the construction and implementation phase under results area 2. These include construction works impacts on ground water, surface water and soil at the contractor's yard. Impact can also result from excavation and generation of surplus soil, erosion due to excavation/refilling, impacts due to construction at source, impacts on ambient air quality due to dust generation and impacts on air quality due to emission from vehicles. Removal of vegetation/trees for construction and impacts due to presence of open trenches. Contamination of surrounding environment and OHS impacts from asbestos from old pipeline infrastructure made with asbestos during water connections maintenance are also likely adverse impacts of the project.

32. Potential adverse social impacts under results areas 2 and 3 include temporary or permanent land acquisition during the expansion of water connections and construction of new water supply facilities. There might be temporary disturbance of the neighborhoods as a result of maintenance activities of the water pipes, detection and repair of leaks, cleaning, and water pipeline inspection as needed. Repairs are typically conducted in essentially the same way as the pipes were laid. Trenches will be dug to reveal the leaking area and the faulty connection will be re-fitted, or the pipe will be removed and replaced if necessary.

33. Prior to construction, resettlement impacts due to renovation of pumping stations (substitutions of old pumps with new more energy efficient) in the old reservoirs and laying of water pipe through private properties have to be taken into consideration. Generation of dust, noise, air and water pollution from construction activities and disruption to water supply services for extended periods of time that may impact residential and business activities and socio-cultural resources. Disturbance, nuisance, and noise due to construction activity including haulage of material and waste.

34. Construction activities could also result in uncovering historical and archeological resources.

35. During operation, potential negative impacts could include contamination of water sources and the risk of delivery of unsafe water to consumers.

36. Water supply tariffs may increase for some as a result of the revised methodology planned by the regulator though this will not be part of the program. The removal of illegal water connections will impact the water access of households and business that have illegal connections. Those with illegal connections will have the opportunity to purchase meters and have higher quality service. Poorer households who have had free access to water through "self-



service” mechanisms, will lose that access as a result of the Program. This can be mitigated through the application of social protection instrument that provides a subsidy for vulnerable households<sup>6</sup>. Through the IPF there will be TA activities to strengthen outreach and communication about the referenced program that subsidizes the cost of water supply and meters for vulnerable households.

37. Possibility of loss of jobs due to regionalization efforts for the WSU. For the efficiency purposes due to the economies of scale certain administrative jobs might be cut because of the merger of the WSU. This can be mitigated by offering of the redundancy programs and other re-employment possibility programs or in case where employees are close to retirement the issue can be addressed with the early retirement.

### Contextual Risk Factors

38. An initial risk considered in the scope of the ESSA was whether water supply investments will outpace wastewater treatment (WWTP) investments, resulting in the exacerbation of water quality issues. Based on KFW guidelines that apply to WWTP works planned in Albania in the next few years, new WWTP shall be designed for phased implementation considering the following proposed design horizon’ and treatment capacities, as long there is a known the fact that 100 percent of coverage still has not been achieved. The engineers responsible for the detailed design of the WWTP investments calculate the population of the area, and the potential flow that will be generated in the case of achievement of 100 percent coverage of the area. Therefore, the risk of this potential impact is low in the assessment teams’ point of view.

**Table 2. KFW Guidelines on Design Horizon and WWTP Capacities**

Phase	Year	Design Capacity	Remarks
Phase 1	2020	Actual connections and calculations	3-4 yrs. for design, completion and commissioning.
Phase 2	2040	100 percent coverage	Completion of sewer network extension and rehabilitation provided.

*(Source : WWTP conception, Municipal Infrastructure Programme III – Albania 2016)*

39. There is a possibility of increased raise of complaints to WB, given the trust to institution by Albanian public opinion, regarding works financed under the Program. As based on the experience through a recently closed IPF operation in Durres with the same implementing agency (AKUM) there were reported grievances regarding restoration of roads after water pipes were installed. Grievances were also reported to the WB Facebook page as a strategy of the community to pose additional pressure to implementing agency. Although the complaint was handled satisfactorily by AKUM’s PIU, it took additional careful work with the community by the PIU to

<sup>6</sup> Council of Minister’s Decision nr.18, dated 12.01.2018. The decree allows water utilities to be reimbursed by the central government for the cost of connecting and installing the meter for households which fall under this vulnerable category

manage the community's expectations as their request was for PIU to fix all the section of the road and not only the section pertaining the supply pipe lining related with the works.

40. Sensitivities around Water Utility Aggregation. The long-term plan is to reduce the number of utilities from 58 utilities that cover 61 municipalities to a lesser number of stronger and financially viable utilities. Some utilities have vested interest in maintaining power while some acknowledge they do not have the capacity, or it does not make economic sense to operate as a separate utility.

41. Many water networks were built in the 1960s. AKUM does not have official data regarding the age of pipelines and utilities may have this information. Although some areas report substantial coverage, outdated and inefficient systems pose environmental and social risks such as the potential supply of water not meeting the quality standards.

### Institutional Capacity and Complexity Risks

42. The national scope of the Program poses institutional complexity risks given the Program is open to 61 municipalities and 58 utilities. While the legislation that governs the municipalities and water utilities is national in scope, the execution of E&S related legislation and procedures may vary.

43. There is a risk that during the utility aggregation process, roles and responsibilities may not be clearly defined for utility staff which may result in a disruption of service if handover procedures are not clearly defined. During initial meetings on the scope of the PforR Program, AKUM acknowledged some utilities do not have the capacity to manage WWTPs. There are also concerns that increasing water connections will be associated by increasing the water consumption and will generate more wastewater discharges which may outpace WWTP capacity that is already lacking.

44. There are several development partners providing technical assistance and financing to the water and sanitation sector in Albania, including Austrian Development Agency (ADA), the EU, Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), *Kreditanstalt für Wiederaufbau* (KfW), State Secretariat for Economic Affairs (SECO), Swedish International Development Cooperation Agency (SIDA), and United States Agency for International Development (USAID). While the development partners tend to share information about the activities that are being supported, and AKUM and MoIE play a coordinating role in managing resources, ensuring coordination on the approach to strengthening various aspects is key to align capacity building efforts. Albania Development Fund works in rural areas and there is no clear the distinction regarding the mandate between the fund and AKUM. The German Financial Cooperation through KfW is providing funding for capacity building and investment projects in urban areas covering water supply and sewerage under a new Municipal Infrastructure Program (MIP V). The MIP V is focused on the prioritized investments of the water sector Master Plan in up to ten water utilities of Albania. These include: Berat, Elbasan, Fier, Gjirokastra, Kamza Kucova, Lezha, Lushnja, Saranda, Shkodra, and Vlora. For projects financed by KfW, the implementing units must follow the KfW guidelines and they are well oriented on E&S Issues. To ensure that all the mitigation measures as suggested are implemented, a program for environmental monitoring is prepared. Provided the mitigation and enhancement measures are implemented in full, there should be no significant negative environmental impacts as a result of the subproject. There should in fact be positive benefits through major improvements in quality of life and individual and public health once the scheme is in operation.

## Reputational and Political Risks

45. In terms of reputational and political risks, there are risks around aggregation related to vested interests within smaller utility companies that may be absorbed by larger utility companies. These risks can be mitigated through the development of the methodology for aggregation that is participatory and inclusive as well as the implementation of a communication strategy around the aggregation process that will be supported by the IPF TA component. There is a public perception the process for determining who pays for the replacement of damaged meters is not fully transparent. This aspect can also be mitigated through greater clarification of procedures and enhanced communication with beneficiaries about the new water law (currently draft) that addresses some of these concerns. Another risk relates to previous experience in country regarding land acquisition. Given that the PforR instrument works through country program systems, there is a concern regarding the ability to monitor and ensure that any permanent land acquisition that takes place will be executed in a manner consistent with the PforR Policy and Directive given that the location of activities and number of people that may be impacted is currently unknown. Recommendations to address these risks are detailed in the subsequent sections of the ESSA report.

## Section III. Assessment of Borrower's Environmental and Social Management Systems relevant to the Program

46. The system for E&S management of the PforR Program is defined by the relevant laws, procedures and entities described below. The Albania national legal framework is largely harmonized with EU legislation. The Albanian legal framework regarding environmental and socioeconomic issues is based on the Constitution of the Republic of Albania and consists of laws and regulatory acts, such as Decisions of the Council of Ministers (DCM), ministerial acts, regulations, guidelines and standards. The National Water Council and its technical Secretariat, the Ministry of Infrastructure and Energy (sub thematic group water for people), the Ministry of Environment / National Agency of Environment and the Ministry of health / Institute of Public Health (water quality monitoring), as well as the Water Regulatory Authority, are the main stakeholders concerned with water supply and sewerage services at central level. At the local level, the Municipalities, the water and sewerage utilities, as well as the civil society are the key stakeholders.

### Environmental Management System

47. In addition to the legislation specifically pertaining to the need for an Environmental Impact Assessment (EIA), there are national policies, laws, and regulations applicable to the proposed PforR Program and its environmental and social aspects. Furthermore, Albania has developed environmental standards that are mainly based on the European Commission Directives. Existing standards include protection of the biodiversity; cultural heritage, air emissions; noise levels; water quality and discharge, and waste management.

48. Law No. 91/2013 on Environmental Strategic Assessment (ESA) explains the category of projects that need to go through the ESA procedure and how the procedure has to be followed step by step. The ESA procedure is a legal requirement for plans and programs at the national level in different sectors, or when the project or project impacts intersect with the boundary of another country.

49. Law No. 10440, dated 07/07/2011 on "Environmental Impact Assessment", amended by Law No.12 / 2015 determines the responsibility of respective authorities on the process of EIA and makes a general classification of project that go under requirements of type A or B. Projects that are subject to EIA are listed in the Annexes to the EIA Law (Annex I and Annex II). Based on the Law, the Developer that has planned to undertake a new project, during the first stages of feasibility study must refer to the law classification and also direct an official request to NEA to classify the type of project. Cases evaluated as lower risk, are considered category A and only a preliminary EIA is required. A profound EIA procedure is required for category B.

50. Decision of Ministerial Council (DCM) No.686 (29.07.2015) "Approval of rules, responsibilities and timeframe of the environmental impact assessment procedure". The act sets specific and detailed rules for the procedure, framework of EIA report and appendices, timeframe of the procedure, application for approval, final decision and impact monitoring and reporting during the project execution. The EIA report must be prepared in accordance with this DCM.

51. Based on law 111/2012 on “Integrated Water Sources Management” and DCM 416 dated 13/05/2012 on “Approval of general and special conditions, accompanying documents, validity Application forms for authorization and permit, decision-making review procedures and authorization formats for water resource use permit” any existing well that is actually in use from the water supply utility have to be equipped with an permit of use and new well planned to be opened, have to go through the procedure explained on the above mentioned legislation framework to receive permit for opening and for use of the well. After the official approval for water use, the water supply utilities must respect the agreement explained on the DCM that include even the installation of bulk water meter to monitor the quantity of water used.

52. DMC No. 247 (30.04.2014) “Rules for public information and involvement in the environmental decision-making procedure”. Stakeholders should be engaged/consulted throughout the EIA process; a Stakeholder Engagement Plan (SEP) must be developed and implemented. Based on information received from the head of ERRU, in various processes and decision-making procedures that have a direct impact on the consumer, such as tariff increases, the protocol of notification opens a call invitation for participation of the interested groups, and the procedure is applicable and transparent. Public hearing procedure is well documented, and it contains all the AP concerns and suggestion, but in the end, feedback is not necessarily taken into consideration on the final decision. The hearing process is considered more a procedure of public information and transparency than an involvement of public in decision making. Also, DCM No. 379, dated 25.5.2016 approval of regulation on “Drinking water quality” article 26 Customer information, requires transparency and publication of the monitored results. Public notification is a legal requirement in the cases that the potable water results contaminated based on the regular monitoring made from the competent authority of Public Health Institution. The procedure is an interior protocol that must be followed up by the water supply utility and respective regional public health directory.

53. Law No. 162 (04.12.2014 enforced by the January 2018) “On protection of ambient air quality”, fully transposes Directive 2008/50/EC on ambient air quality and cleaner air for Europe, as well as Directive 2004/107/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air. This Law entered in force in 1 January 2018 and provides the institutional framework, regulations, roles, penalties to ensure compliance. The law stipulates that natural and legal persons, public or private, native or foreign, have a duty to keep the air clean and protect it from pollution caused by the activities they conduct in the territory of the Republic of Albania.

54. DCM No. 177 dated (31.3.2005) “On Polluted Water Discharge Norms” provides for the protection water resources. All liquid effluents must comply with Albanian standards and regulations for quality, temperature and odor before being discharged to the environment. It shall be noted that there are no norms for small wastewater discharge facilities and current norms consider only community discharge norms after treatment in a specific plant. Currently, there are no specific norms for discharges of small agglomerates (as might be the camps with less than 200 workers). In the absence of such emission norms for the project, an international norm or regulation can be applied but this shall be agreed with authorities through a clarification procedure for (potential) field camps installations and management.

55. Law No.10237 dated 18/02/2010 on “Security and Health on Work” and DCM No.312 dated 05/05/2010 on the approval of regulation of “Security on the construction site” are the basis

of the legal framework that explains and indicates the main guidance on health and safety issues during the construction of water infrastructure projects.

56. DCM No. 379, dated 25.5.2016 approval of regulation on “Drinking water quality” is the base of national legislation that requires the WSU to meet the criteria presented on the annexes of the DCM. “The regulation of drinking water”. Its objective is to protect human health from adverse effects of any contamination of water intended for human consumption by ensuring that it is wholesome and clean. Regulates several issues related with testing of drinking waters and protection zones around water well or community ground water deposit. The regulation sets three protection zones (buffer zones) from ground water well or water deposit places on the ground. The immediate zone of protection ranges from 15 to 100 m from the axe of the well or the deposit. The precise distance is set based on the evaluation of the geological formations by the hydrogeological expert. The second and third buffer zone are circling the first one, for those zones the regulation do not set any distance criteria but restricts the activities that can impact the water quality such as disposal or burial of waste, mining etc.

### *Institutions*

57. **Ministry of Infrastructure and Energy (MoIE)**. This is the Government agency responsible for national climate policy and international cooperation on climate change, energy issues, meteorology and national geological surveys, electricity, water, wastewater services and industry in Albania. MoIE houses the NSS Directorate that is responsible for shaping the water utility aggregation methodology, tariff methodology and other studies which influence the water sector. They also delegate budget to AKUM for investment programs that are carried out by the Water utilities.

58. **AKUM**. The National Water Supply Sewerage and Waste management Agency (AKUM) is the only state body specializing in the field of drinking water supply, sewage and wastewater sewerage and their treatment (water infrastructure). It technically supports the policies of the Ministry of Infrastructure and Energy, in accordance with the legislation and policies of the Government set out in the sectoral strategies. Through its legal and technical authority, AKUM is responsible for the coordination and monitoring of water supply, sewage treatment and treatment activities for the entire population of the country, in cooperation with local governments and bodies of water infrastructure management. To accomplish its mission in support of the overall framework of the Ministry's activity, AKUM evaluates technical aspects on infrastructure projects proposed for funding and decides how funds are allocated. AKUM provides financing through the Ministry of Infrastructure and Energy, local cost, customs and VAT refunds, approved contracts funded by foreign donors. AKUM monitors utility and municipality performance agreements. AKUM also monitors the WSUs performance between benchmarking. The procedure is required every 3 months, and water supply utilities have to present their benchmarked performance indicators. ERRU is also allowed to monitor WSU performance related to Tariffs, based on their reports and benchmark format. The format is different from AKUM and is applicable every 6 months. Project screening procedure is the responsibility of Technical Control Director, and the Director of Investment and planning, both part of AKUM. The main requirements on the screening procedure, are approved by the order of the Minister of MoIE, Nr.18 dated 31/12/2008. This document, based on the experiences and other lessons learned, was updated with more requirements for documents, and was presented with the last related DCM 354 dated 26.05.2016.

59. **Municipalities.** Municipalities have an important role on land acquisition procedure in the cases when the plot/parcel planned for a construction (reservoir, plant, pumping station, WWTP etc.) is owned by a private person or private entity and therefore the expropriation is necessary. The Public Enterprise Agency through the Municipality applies for the land expropriation to the MoE, this institution shall secure the funding to compensate the owner. The price of the plot is obtained from the latest registry of prices as approved by Albania parliament. The expropriation procedure is approved as well by the Council of Ministers. Municipalities also provide construction permits to WSS in certain cases (rehabilitation projects).

60. **KKT** The authorized institution charged to issue the construction permit is the KKT (National Council for Territory Adjustment), headed by the Prime Minister or his Deputy. KKT provides construction permits for new infrastructure whereby for rehabilitation projects such as water supply and sewer projects, construction permissions will be obtained from the Municipality.

61. Law No. 8752/2001 on "Establishment and functioning of the structures for land administration and protection", amended by Law No. 10257/2010 that regulates land uses issues, and their compatibility with Regional Planning. The land administration department of each municipality is responsible for land management and leasing of state-owned land. This authority will be responsible for the coordination of the implementing procedures and execution of the payments during the project implementation. Municipalities conduct procurement for the WSUs that lack the capacity. When the municipality conducts the procurement procedure, the municipality is responsible for setting criteria that can ensure and guarantee that the preselected contractor has the capacity to fulfill the standards and requirements, including environmental management and health and safety.

62. **Water Supply and Sanitation Utilities** In addition to service provision have the legal authority to issue fines and disruption of water supply if they are faced with the cases mentioned.

- (i) Interference with the water supply network shall be considered where the user of the drinking water makes an addition to the supply lines which results in water consumption, without first obtaining permission from the WSU.
- (ii) Any type of manoeuvre in the water supply network is prohibited by persons not authorized by WSU. Offenders are fined according to the laws in force. Reference to Law no. 7697, dated 07.04.1993 "On minor offenses administrative "with changes, as well as DCM No. 96, dated 22.02.2007, "On the management of water supply for household and non-household users" with amendments, point 5.
- (iii) Interference with the water supply network as well as connections not approved by WSU shall be prohibited.
- (iv) It is prohibited to interfere with the meters and damage the seal on the water meter.
- (v) The construction of facilities on drinking water pipes is strictly prohibited.
- (vi) The use of potable water for washing, irrigation of agricultural land, pavement and road wetlands, technological needs not previously foreseen in projects and previously not approved by WSU is strictly prohibited.

### **WSUs also have legal power to issue Interruption:**

63. Supply interrupts in very special cases to prevent any imminent danger to the safety of persons or the water supply network, as well as to eliminate disturbances in the supply of water to other customers, or to the disruption of drinking water quality. WSU has the right to discontinue the water supply in the following cases:

- (a) In case of default, of the financial obligations, within the legal time frame, as a result of the water supply contract;
- (b) If the customer interferes illegally with the water supply system or manipulating the water meter;
- (c) In case the customer makes unauthorized connections to the anonymous water and sewerage company and damages of any kind to the water supply system;
- (d) In the case of unusual situations, such as droughts, etc. where the consumer is obliged not to exceed consumption above the rate that WSU makes public in the media; and
- (e) The Customer with Social Assistance shall be supplied by the WSU 20l / person per day, free of charge, and the company will install the water meter with intended to pay for water consumption beyond this rate. List of the favoured customer will be formally received by the municipality / commune of the service area of the company.

### **Offenses and criminal offenses**

64. Water system interference, WSU unapproved connections, damages to any type of water supply system are punishable as administrative offenses with a fine of up to 10,000 ALL (approx. 95 Euro) for household customers, and up to 50,000 ALL (Approx.450 Euro) for non-household customers, as well as with interruption of water supply. The offenders are also obliged to pay the necessary expenses for bringing the damaged part to its previous state. For reference V.K.M. No. 96, dated 22.02.2007, "On the management of water supply for household and non-household users" with amendments, article 5. An appeal against the sentence can be appealed to the WSU Director. within 15 days of its notification. The decision of the Director is final. He can appeal against it to the District Court.

65. Reference to Article 159 of the Criminal Code, "Destruction of the water supply network" "Deliberately destroying or damaging the water supply network is punishable by a fine or up to three years of imprisonment. The connection, as well as any other illegal interference with the water supply network, is a criminal offense and is punishable by a fine or up to two years of imprisonment.

66. **Contracted Companies:** After the procurement procedure is concluded with success, and the winner contractor has started the project implementation, WSU is free of charge of any legal responsibility as long as the supervision company that will be contracted by procurement has the duty to supervise and to ensure contractors operate according to occupational health and safety regulations and environmental laws. But due to the fact that the WSU will be the beneficiary of the investment, sometimes during construction they double check contractor activities, to ensure that everything is being checked and monitored properly.

67. **Ministry of Tourism and Environment (MoTE).** MoTE is responsible for natural resources conservation and management in Albania, including the protection of the environment, forest resources, biodiversity, pastures and watercourses. Biodiversity within Albania is protected



by specific legislation and practical means as establishment as a system of Protected Areas (PAs). The central government is currently restructuring and decentralizing the administration and management system of nature conservation focused mainly in the forest resources and pastures. The aim is to strengthen the existing policy and regulatory framework; create a more effective PAs administration; enable participation and active involvement of local governments in the management of PAs, Forest Areas and pasturelands; facilitate appropriate training of administration staff; and provide financial support and technical assistance for PAs management and biodiversity conservation. Also, MoTE in collaboration with the environmental engineering department of the polytechnic University of Tirana, once a year make an open call for the procedure of certification on Environmental Impact Assessment Specialists. MoTE is responsible for the classification of the applicants based on the fulfillments of the criteria expressed in DCM 268 dated 24/04/2030 on " Certification of specialists in environmental Impact Assessment and Environmental Audit" , and then the applicants that pass the first screening from MoTE go under a test procedure that is managed and directed from the academic staff of the Environmental Engineering Department. The applicants that pass the test will get the certification on Environmental Impact Assessment and Audit. In 2017, this procedure has been stopped and MoTE is working on the improvement of the system of certification

68. **Ministry of Agriculture and Rural Development** has an important role on the water source management and rules on the organization and functioning of Water Resources Management Agency. The Water Resource Management Agency's mission is the good governance of water resources in order to meet all vital needs, keeping in mind the sustainability of ecosystems, promoting the competitiveness of uses and the advantages towards economic profitability. The agency has several responsibilities and duties on water sector management, it:

- plans, executes, controls work and ensures that products or services are delivered on time, within budget, in the quantity and quality required. Integrates the requirements for delivering an optimal product, in line with international standards, consistent and safe.
- Analyzes progress, assesses deviations from objectives, standards and management plan, and manages needed changes in program and resources.
- Drafts and monitors the implementation of all management plans required by law, through water basin management offices, in co-operation with state structures responsible under applicable legislation, as well as other stakeholders.
- Manages and coordinates the process of programming, implementing and monitoring water resource management initiatives / projects / programs in collaboration with line ministries, central and local institutions, donors and other development partners.
- Performs the overall management according to the law of water resources management bodies, local government units, responsible bodies and structures of ministries, state institutions and relevant actors for taking measures and implementing water sector legislation.

69. National Environmental Agency (NEA). NEA was created as a restructuring of the Environment and Forestry Agency in support of Law No.10431, dated 09.06.2011 "On Environmental Protection" and DCM No. 47, dated 29.01.2014 "On Determination of the Rules on the Organization and Functioning of the National Environment Agency and Regional Environmental Agencies ". NEA is a central public institution subordinate to the line Minister,

which exercises its jurisdiction throughout the territory of the Republic of Albania. The National Environment Agency is financed by the State Budget and its own resources and has independence in the decision-making and performance of its functions provided by law. NEA is the responsible unit that screens and approve all the environmental applications regarding EIA and environmental permit procedure

70. At the local level, the Municipalities, the water and sewerage utilities, residents, businesses, as well as the civil society are the key stakeholders. The WSUs were recently decentralized and municipality-owned but are not able yet to cover their operational costs. In most cases, the lack of capacity at the utility level, of ownership at local level, and of adequate support at national level resulted in the failure to ensure a normal degree of operation and performance of the installations built. The most affected stakeholders are the citizens (households) due to weak service coverage (water supply and sewerage) offered to them.

## Social Management System

71. Law No. 8561, dated 22.12.1999 on “Expropriation and temporary use of private property for public interest” regulates the right of the state to expropriate or temporarily take over for public interest the assets of private natural or legal persons, as well as the protection of the rights and interests of their respective owners. The requests for expropriation are submitted to the responsible ministry that covers the relevant activity, while the proposal to the Council of Ministers for approval of the request for expropriation is made by the relevant minister. Upon the submission of the request for expropriation in the public interest, the competent minister shall order the establishment of a special commission to monitor and execute the expropriation procedures. The members of the committees must be independent clerks or experts, with special experience and qualifications in the field of law, economics and engineering, who, in any event, should not have any relationship with the expropriated, or interests of any kind type with expropriation stakeholders. The rules on the composition and working procedures of the special committee on expropriations shall be prescribed by a normative act of the Council of Ministers. Compensation is provided based on monetary value and the prices are published on DCM 89 date 03/02/2016 on the approval of the land value map in the Republic of Albania, the presented unit prices of expropriations result to be generally below trade value. As the prices are from 2016, they are not necessarily sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses.

72. Law on notification of consumer for water services, DCM no. 379, dated 25.5.2016 on the approval of the Regulation “Drinking Water Quality”, This regulation sets out the quality requirements of drinking water in order to protect public health from the adverse effects of its pollution, ensuring that the water is healthy and clean. Article 26 declare that the Information provided to users shall be reliable, appropriate, sufficient and up-to-date in every aspect described in this regulation, through any possible means of communication from any competent authority involved and from administrators.

73. Water Service contracts stipulate responsibilities between the utilities and the household.

74. **ERRU**. The mandate of ERRU is to protect customer interests and ERRU is a member of the European Association of Economic Regulation. ERRU has revised the public consultation policy and drafted the procedure on how to organize public hearings the water utilities must follow.

In terms of public outreach and consultation, this is embodied in several aspects of the borrower system. ERRU requires that water utilities hold public hearings for tariffs and sends observers to public hearings and minutes. ERRU produces a performance report which is published in Albanian and features analysis by the size of the utility. Annual reports are prepared and submitted every January to report on the progress of water utilities to parliament in a plenary session. ERRU also has a customer claims system. One person is the focal point. Each claim is submitted to a commission that is the Board of ERRU and the director of ERRU is the head of the commission. While claims may be filed via email or through the website, the director of ERRU noted customers prefer to file claims in person. Most claims are resolved and ERRU plays an intermediary role. Approximately 30 percent are resolved in the customer's favor. If customers do not agree with the recommendations, then they have the right to go to court for redress. Complaints are mostly related to problems with meters, inaccurate readings, overbilling, and utilities changing meters without prior announcement.

75. **General National Complaint System.** There is also a National Complaints management system named the co-governance platform established within the Prime Minister office. This is an online application with national scope. Citizens can file complaints regarding corruption, bad services or other grievances related to public institutions, including water utilities. Complaints are sent to the central directory of administration in the prime ministry and then are delegated to the respective directory responsible for providing the service. The respective directory, the recipient, must respond to the person who filed the claim with a professional answer or argument in maximum of 10 days and the National complaints system administrator monitors the response. The response rate to the complaints is almost 100% because of the monitoring from the National complaints system administrator.

76. **Water Utilities also have their own complaints mechanisms** that are administered in different ways. For example, in Elbasan citizens may file complaints at three client service centers and at ten collection points where bill payments are made. Complaints may be sent via email and Facebook. Complaints must be addressed within 10 days of receipt. The Water utility prepares monthly reports which includes information on the number of inquiries received, resolved or pending. Most issues relate to water bill invoices, damage to water lines and water meters. As of January 2020, with the support of GIZ a national Customer Service Portal, <https://www.shuk.al/>, is being rolled out in municipalities that includes a complaints filing feature where citizens can file complaints about services, water supply or the sewer network. By March 2020 it is anticipated that an additional 18 municipalities will join the platform. The complaint form also provides a contact email address, phone number, and a link to the water utility's Facebook page. See Annex B for sample page

#### *Investment Project Processing Workflow*

77. The project processing proposals is based on a screening hierarchy that starts from the local to the central level: Municipality/Water Supply Utility → AKUM → Directory of technical control (part of AKUM) → Directory of Investment and planification (part of AKUM) → MoIE → MoFE → Municipality/Water supply utilities.

- a. Utilities/Municipalities present an official request for investment in water and sewerage infrastructure to AKUM with the detailed project design calculation and requirements of the check list format below.

**Table 3. Requirements of the Checklist Format**

No	Documents Required
1	Design task designed by a specialist in the field with the relevant license and approved by the head of the institution
2	Technical report drawn up and signed by the designer with the relevant license along with hydraulic and construction calculations for the operation of water storage, piping, pumping station
3	Full project drafting and financial calculation prepared by licensed specialists with relevant categories for the designed project. The project should be accompanied by a notarized copy of the designer license
4	Layout of the area where the facility is located along with the existing water supply lines
5	Existing hydraulic scheme of the project
6	Chorography in scale 1:25000 in format A0
7	Layouts of main pipelines and layout of water storage captures, etc.
8	Longitudinal profiles scale 1:2000 associated with hydraulic data
9	The piezometric lines on the main supply and delivery lines
10	Hydraulic scheme of water supply
11	Updates of existing engineering networks and possible intersection with the project path as electrical, telephone, fiber optic etc.
12	Technical specifications developed by the designer
13	Electrical project designed by a licensed electrical engineer
14	Approval of the power connection point from the responsible institution
15	The financial calculation has to be based on DCM no. 2 dated 08/02/2003
16	Hydrology study of water source or well drilling
17	Full chemical and bacteriological water analyses
18	Geological study of the track which will pass the water supply pipelines
19	Certificate from the municipality for expropriations

- b. AKUM sends the proposal to the directory of technical control (part of AKUM), responsible to check all the applied documents and to screen the proposals based on the requirements of the control checklist approved by the order of Minister Nr.18 dated 31/12/2008.
- c. After the applicant has fulfilled all the requirements, the directory of technical control releases a technical approval. At this stage, the technical approved project goes for further screening to the directory of Investment and Planification (part of AKUM). Based on the priorities and national politics and strategies, also regarding the budgeted plan that is approved for this type of investments by the government, a secondary screening of the technical approved projects is carried out. Just the preselected as approved in compliance with national strategy on the sector, proceed further with the financing procedure with the line ministry and MOFE. The list of projects delegated to the line ministry MoIE are already approved from AKUM.
- d. The MoIE sends the approved list of approved projects with their total cost, that do not exceed the planed budged for this sector, to the MoFE. After the formal procedure of transfer from the line ministry to the ministry of MoFE, the approval to the implementation unit to proceed further with the tendering procedure is obtained.

- e. The agreements are signed with the Mayor of the municipality.
- f. Municipality/Water Supply utility implement the procurement from approved budget. Contractors must fulfill standards of the contract and should respect all the mitigation measures expressed on the EIA document.
- g. Municipality develops annual plan to support project preparation and supervision cost.
- h. Supervision cost includes procurement procedure where a third-party monitors compliance with contract deliverables, including any environmental and social aspects.

78. In situations where land acquisition is not required, based on the screening criteria the developer is required to check with the respective directory of the municipality and to present an official document that declare the project implementation doesn't require any land expropriation. In cases where there is a verified legal owner and their property intersects with the project track, and no other alternative is available, the developer must present the legal documents of the land owner and also prepare a expropriation dossier based on the requirements of article 10 of Law No. 8561 dated 22.12.1999 (Amended by Law No. 20/2016, dated 10.3.2016) On "Expropriations and Temporary land acquisition of Private Property for a Public Interest". The total sum of expropriation will be part of the total investment and will be realized as part of the project implementation. For the P4R program. Screening will note also illegal properties and those PAPs will be considered legitimate for compensation. those will be included in the land acquisition plan/ resettlement action plan in addition to legal owners

79. The EU Albania Progress Report, (2018), discusses the fact that large investments are often delayed by lengthy land expropriation procedures, which in most cases require a proper registration of the rightful owners first. Albanian public investment, amount to 4-5 % of Gross Domestic Product (GDP) in recent years and often is been hampered by weaknesses in public investment management. Also, regarding property rights, the report states that, "progress has yet to be made towards improving the legal framework for registration, expropriation and compensation". The P4R program will finance water supply rehabilitation works and water supply extensions thus there is a possibility for need for land acquisition. This is the reason that the P4R program from the social point of view is classified as substantial risk. The national procedures as described bellow

- i. The developer (Municipality/WSU) send the expropriation dossier to AKUM, who follows up and applies for the land expropriation to the line ministry MoIE, which secure the funds to compensate the affected landowners. The price of the plot is obtained from the latest registry of prices as approved by Albania parliament as a law. The expropriation procedure is approved as well by the Council of Ministers. Law No. 8752/2001 amended several times on "Establishment and functioning of the structures for land administration and protection", amended by Law No. 10257/2010 that regulates land uses issues, and their compatibility with Regional Planning. The land administration department of each municipality is responsible for land management and leasing of state-owned land. This authority will be responsible for the coordination of the implementing procedures and execution of the compensation during the project

implementation. Immovable Property Registration Office for each District in the Program area, under the authority of the Central Registration Office, which are responsible for identifying and verifying property boundaries and ownership.

80. The review of compensation and payment of compensation is regulated by the court in case the AP challenges the compensation rate, in case long there is no land acquisition related grievance mechanism. The valuations are usually undertaken from a licensed real state evaluator. The compensation rate is based on the DCM No.89 date 3.2.2016.

**Table 4. Expropriation Process.**

Step	Institution	Activity
1	Interested Institution, i.e. Municipality/Water Utility represent the expropriation dossier to AKUM who follows up the compensation procedure with the Ministry of Infrastructure and Energy (MoIE)	<ul style="list-style-type: none"> <li>Request for expropriation for public interest</li> <li>Expropriation Dossier</li> </ul>
2	MoIE	<ul style="list-style-type: none"> <li>Commission for expropriation at MoIE examines the request and documents</li> <li>If the legal criteria are fulfilled, MoIE starts the expropriation procedures</li> <li>If not, the request will be rejected</li> </ul>
3	MoIE	<ul style="list-style-type: none"> <li>Agreement with the expropriation beneficiary about the expropriation</li> <li>Publication of the notice for the expropriation</li> <li>Examine the suggestions and the complaints of persons affected by the process</li> <li>Prepare the draft decision for the Council of Ministers</li> </ul>
4	Council of Ministers	<ul style="list-style-type: none"> <li>Approve the decision of the expropriation for public interest or reject the proposal from MoIE with the suggestion to review, if it is not in conformity with the law.</li> </ul>
5	MoIE	<ul style="list-style-type: none"> <li>Pay the compensation to persons affected by the expropriation, before the civil works begin</li> </ul>

81. Grievance Procedure: APs by the expropriation have the right to complain to the Expropriation Commission of the MoIE within 15 days from the end of the term of the public notice. In addition, at the Council of Ministers stage, the affected owners have the right of complaint to the Court within 30 days from the notification of the Decision in the official journal. If they do not follow this procedure, the decision of the Council of Ministers will be an executive title. Negotiated settlements are encouraged by Art. 6 of the expropriation Law, which provides that when the owner agrees to transfer his/her property to the state, under conditions offered by the ministry,

expropriation is considered completed. The owner has to inform the competent ministry within 15 days from being notified whether accepts the offer (art 16). If an agreement is not reached, after a decision on expropriation is passed by the council of ministers, the affected owners has the right to appeal to the court regarding the amount of compensation (Art.24) Regarding the compensation value and timing, the compensation value has to be based on assessment of affected properties by the expropriation committee and confirmed by COM decision. This provision explicitly states that depreciation of structures and assets is to be taken into account. If agreement on compensation is reached, transfer of property and payment of compensation to take place within 15 days from notification by affected owner that he/she accepts the offer (art.16). If not, compensation is provided based on a decision on Expropriation of the council of ministers, within a period of three months, or after the court decision (art.23). The AP are contacted in the very process of expropriation, but there is no public discussion.

## Summary of Assessment of the Capacity of Program Institutions to Implement Program's E&S Management System

82. ERRU. ERRU has enough staff to observe public hearings on tariffs and manage their workload related to their complaints system and prepare reports. However, ERRU has indicated they would appreciate help with updating the Water Supply and Sewerage Code and perhaps digitization of their grievance recording system. It has been agreed that the customer service platform will be part of ERRU and will replace their existing customer complaint platform, as long they are the unit responsible for managing and collecting the customer claims for the services obtained from WSU.

83. MoIE. In terms of conducting a participatory process around the development of new policies and laws, MoIE has prior working experience with other entities for support in complying with regulations around this process. GIZ provided support to MoIE on the Strategy that defines the government program and GIZ financed the Strategic Environmental Assessment. The Public hearing occurrence notice was posted on the website of the MoIE and MoET. Mayors of municipalities were invited by official request. The Strategic Environmental Assessment is being finalized by January 2020 and then the report has been evaluated and approved by the Ministry of Tourism and Environment on February 2020. Experience suggests they would be able to conduct public hearings for the support of development partners on the Aggregation process

84. AKUM. Investments under results area 2 requires that development unit (Municipality/WSU) contracts E&S functions out to E&S consultants. AKUM does not have staff with environment or social management backgrounds to conduct reviews of investment proposals or follow up implementation monitoring. Regarding activities on the expansion of rural access, AKUM currently does not conduct investments in rural areas, and this has mostly been under the competency of ADF. ADF has its own E&S staff that monitor investments and has largely been supported by KFW and applies KFW's E&S guidelines.

85. AKUM is able to report on complaints received and has filed a request and answers register on their website for 2017, 2018 and 2019, which shows the index number from the complaints coordinator, the date the request was registered, the subject, date of response, how the response was made (email or mail), status of the request and whether there was a fee.

86. Water Utilities. Water utility engineers are not familiar with the E&S regulations. Water Utility engineers do not monitor environmental and social aspects of construction activities. There are rarely of E&S staff and here are no written protocols and procedures that describes role and responsibilities of the water utility engineer related/monitoring E&S aspects.

87. Water Utilities have contracts with Public Health Institutions. In practice, Public Health Institutions sometimes lack the capacity to test/ monitor water quality in the water supply system, particularly in rural areas. Monitoring free chlorine and e-coli. Health inspectorate is expected to test daily in urban areas and once a week in rural areas. Health inspectorate sends a monthly report and if something is wrong, they call the water supply utility immediately. In the end it the responsibility of the water supply utility is to ensure good water quality. Water supply utilities do manual chlorination. In some cases, they forget or are not putting as much as they should.

88. The Strategic Environmental Assessment (SEA) conducted for the government program highlights the following general recommendations on capacity:

89. The need to strengthen co-operation and coordination between the relevant authorities of the water management sectors with the environmental and health authorities, especially when planning new water supply and sewerage infrastructure.

- The need for further integration on the implementation of the strategy of water supply and sewer sector with local plans to achieve measures, implementation and the foreseen procedures from SEA and the specific EIA.

90. While the assessment highlights areas where capacity should be strengthened, in general the capacity of the program institutions to implement the Program's E&S systems is adequate. It is recommended that E&S staff be established in AKUM to support the proposal review process and monitoring of investments during implementation.

### Assessment of extent to which applicable systems are consistent with core principles and key planning elements

91. **PforR Core Principles.** Paragraph 9 of Bank Policy Program for Results Financing stipulates, the environmental and social systems assessment considers, as may be applicable or relevant in a particular country, sector, or PforR Program circumstances, to what degree the PforR Program Systems:

- a. promote environmental and social sustainability in the PforR Program design; avoid, minimize, or mitigate adverse impacts, and promote informed decision-making relating to the PforR Program's environmental and social impacts;
- b. avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the PforR Program;
- c. protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the PforR Program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the PforR Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards;



- d. manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards;
- e. give due consideration to the cultural appropriateness of, and equitable access to, PforR Program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups; and
- f. avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.<sup>7</sup>

92. The following section summarizes the extent to which the systems are consistent with the core principles

93. **Core Principle a.** The PforR Program Systems operate within a robust legal framework which is modeled on EU standards.

94. Independent oversight is present in some respects. ERRU provides independent oversight regarding regulations and the National Environment Agency (NEA) provides oversight regarding the evaluation of environmental permits and content of EIAs. The NEA has integrated the environment inspectorate directory which conducts inspections on the site and force the subject to comply with the Albanian environmental law and standards required. ERRU is an independent unit.

95. MOIE with support from GIZ prepared a Strategic Environmental Assessment (SEA) for the National Strategy of the Water Supply and Sewage Sector 2020-2030. The assessment evaluated the environmental impacts, including cumulative impacts of the strategy's priorities in relation to specific environmental themes such as Biodiversity; Population and Human Health; Water; Climate Change; Land (sustainable management, land use and exploitation of natural resources); Cultural Heritage; and Landscape and set out guidelines and mitigation measures to ensure the achievement of environmental objectives. The SEA concluded that in general, developing detail projects is according to the best practices and taking in consideration all mitigations measures. In general, most of the negative impacts are related to the implementation. This is case also for projects such as rehabilitation or construction of Water Supply and Sewerage structures or systems. Potential for adverse environmental impacts are properly identified and addressed into Environmental Impact Assessment and Technical Assessment process of the proposed development.

96. The SEA provided recommendations from the perspective of cumulative impacts including any project that may affect a "Natura 2000" site to be subject to appropriate assessment requirements. With regard to protected areas, apart from the implementation of environmental legislation and the best practices, when projects create significant impacts on protected areas and moreover when they are located within them, priority should be given to legislation on protected areas. This is relevant for the PforR core principle b.

97. On the WSU structure, there is generally adequate staff in the main administrative unit but there are opportunities to strengthen their knowledge on basic sectoral issues related to the WSU. Budgetary constraints are noted to be the key reason for lack of appointment of internal qualified

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<sup>7</sup> Bank Policy Program-for-Results Financing OPS5.04-POL.107 Issued/Effective November 10, 2017

staff to cover possible environmental and social issues. The typical approach has been for developers to contract such specialists when there is an obligated mandate based on signed contracts from the third party entities providing financing such as KFW, the World Bank, or AKUM. This practice suggests having specialists as part of its staff is not considered as an essential function.

98. The WSUs has access to contingency funds for unexpected impacts. This category of funds is typically used when unexpected defects on the network happens, and are classified as high risk for water pollution, or in cases when the pump stations have a defect and there is no other standby pump to produce water for the customers. These cases once classified as contingency allows the WSU to proceed further with the utilization of this contingency funds. The SEA recommends that the completion of environmental standards should also be accompanied by increased financial portfolio and investment in environmental management and protection.

99. Based on DCM no. 379, dated 25.5.2016, Sanitary protection zones are specifically designated for each source in accordance with the requirements of Articles 34 and 57 of Law no. 111/2012, "On Integrated Water Resources Management". For the water resources related to the water supply system there are 3 sanitary protection zones: a) immediate or strict protection zone sanitary; b) nearby sanitary protection zone; c) remote sanitary protection zone. As long as hygienic and sanitary requirements for sanitary protection areas and obligations have to be respected by water supply managers, they must strength the security and to fulfill the requirements of the DCM. This can be achieved by training the responsible employers, for the resection of the activities allowed near the wells or water sources, and by routine controls.

100. With regard to responsiveness and accountability through stakeholder consultation, timely dissemination of information and responsive grievance mechanisms, the Program systems are considered adequate with room for improvement.

101. Various entities under the Program have accessible grievance mechanisms with established procedures for submitting grievances. For example, ERRU has established routines and standards for responding to grievances received. The ERRU procedure involves the receipt of complaint, discussion in committee. In calendar year 2019, as of 11.4.2019, ERRU had received 50 complaints and supported customers in a mediatory role with water utilities regarding the tariffs. While ERRU keeps records for each complaint in a separate file, complaints are not digitized. Complaints are summarized in their annual reporting.

102. AKUM has a complaint form on their website that references Law no. 119/2014 "On the Right to Information. While logs are on their website, the GRM 2017 log reflects one complaint, 2018 reflects seven (one of which was about the expropriation process), and the 2019 document downloaded on December 12, 2019 documents two. The dearth of complaints may suggest lack of awareness about the process, barriers to access, or perhaps interested parties register complaints elsewhere. Standards for responding to grievances are not published.

103. Consolidated Customer Service Portal, <https://www.shuk.al/>, is established as of January 2020 and it is operational as of March 2020. GIZ in collaboration with ERRU aims to unify the page to standardize it for all customer claims referring to water supply and sewerage services. The web page is set for each . WSS utilities are obliged to designate a person who will be responsible to manage the web page from the WSU side, and to address the claims in the respective directories. All the complaints uploaded on the webpage go directly to the respective

WSU. The web page is organized to register the complaint in the responsible directory and is separate for water supply utility and sewerage service. The customer is notified after the claim is uploaded successfully on the portal. At the end the response is dependent on how accountable WSU towards the customers is. The objective of the system is to rank the WSUs according to responses towards customer complaints GIZ is providing TA in customer responsiveness

104. The Customer Service Portal requires customers to present their ID to make the webpage more formal and credible. The Association plans are to establish system to collect all the complaints from other sources and enter them in this platform to unify the standard. In the future the system can be used as a variable of performance for the WSU utility.

105. **Core Principle b related to** avoiding, minimizing and mitigating adverse impacts on natural habitats and physical cultural resource, for the PforR Program assesses the E&S management systems as adequate The type of activities supported under the PforR Program are not anticipated to involve significant conversion or degradation of critical natural habitats or critical physical cultural heritage.

106. In addition to the legislation specifically pertaining to the need for an EIA, other environment related legislation are compliant with the European Commission Directives. Existing standards include protection of the biodiversity; cultural heritage, air emissions; noise levels; water quality and discharge; and waste management. The 2002 Law on Environmental Protection established environmental protection requirements, including the requirement to conduct an Environmental Impact Assessment (EIA) and to obtain an environmental statement before initiating a project. It establishes monitoring requirements to identify project impacts during operations and rehabilitation requirements during the project closure phase. The law was amended in /2011 to address European Union Directives (including the EU Directive 2011/92/EU) and best practice towards environment management. The 2011 Law on Environmental Protection establishes the environmental protection framework, institutional framework and competencies, environmental impact assessment principles and environmental permitting. It defines activities affecting the environment as “any economic and social activity that uses the environment or part of it, or that discharges materials and energy by changing its characteristics”. All projects with potential impact on the environment shall undertake an Environmental Impact Assessment prior to starting the implementation. The EIA report and other necessary documents will be submitted to the Ministry of Tourism and Environment who will transfer the project files to National Environmental Agency (NEA) for review. The project shall be approved with Environmental Decision/Declaration of the National Environmental Agency. The procedure of EIA is detailed in DCM No.686 dated 29.07.2015 “Approval of rules, responsibilities and timeframe of the environmental impact assessment procedure”.

107. Under the government program on Biodiversity it is recommended that early consultation is organized with the Ministry of Tourism and the Environment (MoTE) and its environmental and protected areas agency as a general guideline. This is especially important when planning new structures and eliminating practices that have in the past resulted in irreversible impacts on protected areas and violations of legislation. In order to permanently preserve the natural environment and biodiversity, the following measures are practiced:

- Utilization of the existing infrastructure has precedence over construction of a new supply infrastructure Water and Sanitation;

- Activities in protected areas, areas of environmental importance and areas with valuable natural features should be avoided;
- Priority should be given to the least impacted variants on wildlife migration routes (variants which pass more through tunnels and variants which intersect with less migration routes); and
- Passages suitable for wildlife should be provided, which is in line with European best practice. Before planning any new construction, a study should be carried out or the results of existing studies should be summarized, this would facilitate the appropriate integration of a given structure into a site (the shape, size, and arrangement of the object and its surroundings). Projects should also provide passages for small animals (amphibians, small mammals, reptiles) based on existing studies or, if necessary, additional research.

108. In terms of impacts on natural resources, the SEA found that construction activities in general (reconstructions or new) are the source of large quantities of waste production and also create pressures on the use of natural resources. The waste is generated not only temporarily during the construction phase, but also continuously during the operational phase, as well as for the effect of the maintenance processes of the structures. The impact from generation of construction waste is permanent and, in many cases, irreversible with respect to the impact on natural resources. Therefore, the negative impact on the environment should be reduced by measures for waste management. Considering the way they are generated and the type of structure, the amounts of waste generated by infrastructure developments at the local level are expected to be more localized and more easily manageable. To ensure the sustainable use of natural resources, the SEA recommends Water Supply and Sewerage projects will need to be supplemented with guidelines to promote the recycling and reuse of construction waste in the construction and reconstruction of new infrastructure, and most importantly, the use of certified construction materials, produced by recycling post-products or waste from other sectors.

109. Law No. 10119/09 which entered into force on 30/11/2011, aims to provide sustainable development of the territory through the rational use of land and natural resources. This law includes the concepts of natural and cultural heritage protection and of the community's health and safety protection. The law and its by-laws require declaration for any construction. The project implementation schedule; protection of natural and cultural heritage, and community's health and safety to be included in the EIA mitigation measures. Law 27/2018 (17.05.2018) All matters relating to cultural heritage in Albania are governed by this law. The law defines the preservation and chance finds procedures (archaeological objects or items of cultural heritage value which are discovered by chance) to be used during Project implementation. Cultural monuments have to be identified on nearby of the project area. Article 146 of the law requires and obliges any persons who discover or excavate objects of cultural heritage value by chance during construction works to suspend work immediately and inform the relevant local authorities within three days.

110. The relevant local authorities consist of the local government office (municipality), the Police Department and the Regional Directory of Cultural Heritage (RDCH) The RDCH verifies the situation/findings and reports to the Institute of Cultural Monuments (IoCM). These institutions are responsible for assessing the archaeological value of the objects found and determining whether work may continue or whether work must remain suspended until further ground investigations have been undertaken. A chance finds procedure must be developed and

implemented during construction and in the event of a chance of finding, the authorities must be notified as required. The local authorities responsible for the preservation, restoration, and management of cultural monuments are the RDCH under the authority of Ministry of Culture.

111. In terms of cultural heritage, the SEA notes the development of Water Supply and Sewerage infrastructure can affect cultural units and areas, particularly in terms of the degradation of landscape features of the surroundings of cultural heritage units, damage to cultural heritage sites, and destruction of archaeological remains during the construction of structures which may cause damage to cultural heritage sites. To avoid these impacts, the SEA proposes the following consideration:

- Priority is not to put new infrastructure (including connecting roads) in cultural heritage areas. In particular, the integrity and features of cultural landscapes, architectural heritage sites and archaeological remains should be preserved.
- In the context of the preservation of archaeological remains and / or cultural heritage sites, activities in the environment are considered destructive acts (e.g. excavation). Numerous preliminary investigations will have to be carried out, the results of which will have to be taken into account when determining the placement of the proposed Water Supply and Sewerage infrastructure. Measures to preserve archaeological remains and / or cultural heritage sites will also need to be implemented.
- The findings of great importance may require changing the preparatory works (project) for a specific task. In the event of the discovery of archaeological finds or remains, the relevant authority shall be notified immediately. The area will then be studied and possibly surrounded; preventing any further development in the zone until the issue is resolved according to established procedure.
- All construction work will be limited within the works corridor. If needed more space or activity related to the construction work outside the corridor, the relevant authorities will be informed in advance.

112. Law 9048 (“Cultural Heritage Act”) approved on April 7th, 2003 (as amended by Law No. 9592, dated 27.07.2006; Law No. 9882, dated 28.02.2008) is the primary legal framework governing the management of tangible and intangible cultural heritage in Albania. Law 9048 represents the first effort to extend legal protection to material within the field of intangible cultural heritage. Its contents include: Categories of Albanian cultural heritage to be protected (i.e. tangible, intangible, movable, immovable); Definitions and examples of tangible and intangible heritage; Responsibilities of relevant institutions and government bodies; Penalties for those who damage cultural heritage; and Mitigation procedures. Article 4 lists the tangible, immovable values that are to be protected, which include, but are not limited to: Archaeological sites; Historic structures (including places of worship); Historic towns and neighborhoods; Cemeteries and graves; and Historic landscapes. Law 9048 was amended by Law 9592 dated 27.07.2006. Amendments included 1) the introduction of the National Committee of National Heritage as an advisory body and 2) the creation of the National Committee for Intangible Heritage (NCIH). Law 9048 was amended again by Law No. 9882, dated 28.02.2008. The 2008 amendments incorporated articles reconstructing the network of specialized cultural heritage institutions and articles dealing with the creation of the National Council of Archaeology and specialized institutions such as the Albanian Archaeological Service. According to this law, if anything unusual

is found during any excavation process, the contractor has to stop the works immediately, inform the local authorities, the Institute of Cultural Monuments and also the Ministry of Culture. They will send archaeologists and field specialists in order to check and evaluate the supposed archaeological objects and the works will restart only after the official permit is given by the Institute of Cultural Monuments.

113. For the international funded projects, based on contract agreements, the developer has also to respect the international obligations provided under international conventions and agreements ratified by Albania in the framework of cultural heritage. These include:

- (a) Law no. 9490, "On the Ratification of the Convention for the Safeguarding of the Intangible Cultural Heritage", Paris 2003, ratified by Albania in 2006.
- (b) Law no.9806, On the Ratification of the European Convention "On Protection of the Archaeological Heritage" Ratified by Albania in 2007.
- (c) Law No. 10 027, "On accession of the Republic of Albania to the Convention on the Protection of Underwater Cultural Heritage", Paris 2001, ratified by Albania in 2008. Water utility staff interviewed were able to cite applicable laws and procedures related to avoiding, minimizing or mitigating effects on physical cultural property. In Elbasan and Gjirokastra, water utility engineers noted that the most commonly encountered cultural artifacts. related to the disturbance of cobblestones in older parts of the city. The Minister of Culture can declare areas of monumental importance. Upon encountering chance finds, staff stop the project and call the director responsible and ask for guidance (would be ideal to have an example from Elbasan or Gjirokastra where they actually did this)

114. There is a lack of regulation regarding the septic tanks and leach pits. Also, the water supply utilities do not have an adequate system to collect and to manage the waste water collected in the septic tanks. There is a risk regarding potential investments to support households in implementing these activities. If the Program decides to support subsidy for these types of activities, a mechanism to ensure quality and perhaps a maintenance agreement/ inspection process should be established.

115. **Core Principle c.** Regarding protecting public and worker safety. Albanian legislation provides foundation for basic considerations. The approach needs to be defined and integrated into the EIA and ESMP must be required. Existing legal framework and Labor Inspectorate of Albanian Authorities has ratified 53 ILO conventions and 48 are in force. Regarding occupational Health and Safety may be affected by possible impacts from hazards/accidents during and post construction and diseases from hazardous construction materials wastes. Regarding Community Health and Safety may be affected by possible Impacts as Accidents and injuries to public near to site, and Potential noise and light pollution in specific areas of construction. To minimize the risks, experienced contractors must be engaged .and safety and environmental requirements have to be Incorporate in contract documents. The purpose of the Code of Conduct is to provide guidance to all employees (including those of sub-contractors) on how the Company expects them to behave in the workplace, and how they should conduct themselves with Project stakeholders (employees, customers, suppliers and members of the public). The scope of the Code of Conduct will outline the Company management commitments, values and core operating principles. The Code shall refer to other relevant management plans (e.g. Public Health and Safety).

116. Regarding protecting public and worker safety, Law No. 10237/2010 “On safety and health at work” ensures the security and protection of health through prevention of work-related risks, eliminating the factors that constitute risk and accident, inform, advice, balanced participation in accordance with the law.

117. Implementation of the WSS projects may have temporary and localized adverse effects on human health. Adverse effects may include in particular the concerns of noise and air quality impacts are generated for example from the movement of work tools and heavy machinery. While the potential for adverse effects on human health will depend on the severity and type of future proposals, as well as on their location (in terms of distance from sensitive populations and current environmental e.g. Air quality) works will be of rehabilitation nature and will be temporary and impacts will likely managed / mitigated, based on environmental protection best practices. Negative effects are not expected to be significant.

118. Each year, the WSU performs a formal training on the technical safety regulations. This procedure usually is followed up from the chief engineer of the WSU and is a legal requirement that has to be documented.

119. Based on the test samples of drinking water monitoring reports conducted regularly by the Institute of Public Health, some network points (especially in rural areas), results indicate that free chlorine does not conform with the allowed values based on the DCM on the “Drinking water Quality”. These parameter disturbances may be caused due to a number of factors related to manual measurement from staff with limited training. The best solution for avoiding such cases would be the installation of automatic chlorination pumping system.

120. **Core Principle d.** Regarding the management on land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement and assists affected people in improving, or at the minimum restoring, their livelihoods and living standards, the PforR Program systems were found to be moderately adequate. Under the Program it is anticipated that permanent land acquisition may be required for the extension of new water pipes and temporary land acquisition may be needed as well, designs usually are done to avoid as much as possible land acquisition. In the majority of investments, planned under the operation, related to the rehabilitation of pipes, it is anticipated that there will be no need for land acquisition.

121. When land acquisition is required for construction works, social risk management is provided by the project implementing entity based on the guidelines from the entity providing the financing. Regarding the projects financed from the Albanian government funds, the procedure of expropriation is described in the Albanian Law for expropriation Amended by Law no. 20/2016, dated 10.3.2016 and the amendments in February 2020, whereby the amendments clarify the use of IFI procedures if the financing is provided by IFIs. This law regulates the state’s right to expropriate or take for temporary use in the public interest assets of natural persons or private entities, as well as protecting the rights and interests of their respective legal owners.

122. The Law recognizes the right for compensation only for affected people (AP) who have formal legal rights. In cases where AP have been identified but they are not legal owners, it is up to the municipality’s willingness and capacity to offer a temporary solution or agreement. The Albanian law on expropriation does not include compensation in kind and therefore the provision of adequate housing with security of tenure is not required. Compensation is provided based on monetary value and the prices are published on DCM 89 date 03/02/2016 on the approval of the

land value map of the Republic of Albania Since the prices are from 2016, they may not reflect the current land value or replacement cost. In March 2020, amendments and additions to law No.8561, dated 22.12.1999, "On expropriation and temporary land acquisition of private property, for public interest", have been introduced that land acquisition process should comply with the international agreement for investments financed by IFIs. In the P4R program it will be proposed that ESS5 standards for the compensation of the PAP are applied as per article 17 of the Law on Expropriation and temporary land acquisition of private property.

123. Information disclosure and public information regarding the Albanian Expropriation Law obligates the line ministry to notify AP directly and to publish the application for expropriation in the official journal for an entire week as well as in national and local newspapers. Within 15 days after the last date of publication, the AP should inform the ministry about their claims related to the properties related to the expropriation. Apart from notification of affected people there is no requirement to consult and disclose the documentation publicly. The Albanian legislation on expropriation provides the right to the AP to bring actions before the courts for seeking higher compensation from that defined in the decision on expropriation enacted by the decision of the Council of Ministers, but AP cannot challenge the expropriation process. Claims do not cause suspension of the expropriation process, though it may result in a higher compensation to be paid if so, decided by the competent court. While there is no requirement in Albanian law to establish an extra-judicial grievance mechanism, this does not contradict the process outlined in Albanian Law as long as AP can exercise their constitutional right to address any claim to the competent court as they see fit. There is no particular Albanian law to provide additional assistance to AP.

124. During project preparation, the water utility does screen the project site to determine whether involuntary taking of land and relocation of residences or businesses is required. Cadastral documents are required as part of the expropriation process. The law does not require compensation of people who may lack full legal rights to resources they use or occupy. Nor does it require the provision of compensation sufficient to purchase replacement assets of equal value and to meet any necessary transitional expenses of people who may lack legal rights to assets and land they occupy. For example, in Elbasan, the formalization of an informal zone did require the acquisition of land that was inhabited by persons without title. It was explained that in these cases rent in apartments can be subsidized for a few months or inhabitants can be supported to have legal claim to the land, but this is on a case by case basis. In the P4R program improvement screening procedure will be proposed. The screening will not be done only to the cadastral documents but also physical observation of all assets, legal and non-legal plus public consultation during the screening.

125. There are also cases of slippage in the screening process. AKUM have informed about cases whereby during the approval of the process it has been concluded that there is no need for land acquisition as per municipal/WSU application and afterwards the ownership status of land has been changed or that the land has been informally used by users which situations have caused delays in the implementation. In the cases where during the approval process it is specified that there is no need for land acquisition, compensation funds are not secured. Any need for land acquisition during the implementation causes delays in the project implementation. Physical, terrain screening accompanying consultation in the site will minimize risk of unpredictability of ex ante land acquisition needs assessment

126. There have also been instances where public land has not been restored after works were completed. For example, the Case of Durres in IPF operation highlights non-compliance Bank



requirements under Investment Project Financing where a road was not fully restored after the pipes had been fixed. The public will be informed about the obligation of restoring the sites into original condition. This would increase the pressure to restoration to original condition after the works, in case the restoration is not done

127. **Core Principle e.** Rehabilitation of the water supply system would install meters and legalize non formal connections. In the cases where non formal users are families under the social assistance / below the poverty lines eligible for social assistance the users will be eligible for free of charge connection as well as a quantity of 20 liters per person per day. The possibilities are provided by the municipalities as per the water code. .

## Section IV. Recommendations and Actions

### Inputs to the Program Action Plan (PAP)

128. Based on the analysis above, the section below summarizes key systems and performance gaps and proposes the following actions and measures as PforR Program PAP actions to improve system performance.

### Key Systems and Performance Gaps

129. With regard to environmental systems and performance gaps, the ESSA identified weaknesses and compliance gaps in the WSS utilities regarding their obligation to undertake water quality monitoring. According to the legal framework DCM No. 379, dated 25.5.2016 approval of regulation on “Drinking water quality” is the base of national legislation that requires the WSU to meet the criteria presented on the annexes of the DCM. Under this DCM or other legislation, water utilities have a legal requirement to test drinking water. However most do not have the in-house ability to do so. This is a gap between the law and their performance that should be addressed. Options to meet this regulation may range from contracting to a registered lab to building that in-house capacity as part of improving overall performance as a water utility. Water quality will need to be verified for the new connections that are being made under the Program against which DLI 5, new functional water supply household connections is disbursing.

130. While parties consulted during the ESSA preparation process mentioned potential risks associated with the presence of asbestos cement pipes in some of the water supply systems, the WB was not able to acquire quantitative data on the presence and locations of asbestos pipes in the water infrastructure from AKUM or WSUs to confirm the presence of asbestos in the pipes. From a risk management and worker safety perspective, this information should be available.

131. In terms of social risks management performance and systems gaps, during discussions held with the head of the technical control Directory, AKUM staff explained that main possible risk during the project screening are the social issues regarding identification of expropriations. In relation to land acquisition, the key systems gaps are that non-land owners are not recognized, and for the legal owners the compensation is done based on the referential lists for compensation that are not updated which is performance gap, Albanian legislation apart the notification of the AP there is no requirement in Albanian law to consult and to disclose documentation publicly and

also does not take account of transaction cost, and provides that depreciation is to be taken in account if facilities are acquired/displaced, which does not meet the “standard replacements value” requirement.

132. AKUM currently does not have staff with E&S experience to review infrastructure proposals or conduct monitoring and evaluation systematically. As this is a new activity for AKUM, the staff and an SOP should be in place before investments begin. The SOP will have templates for environmental and social screening and the ESMP and ESMP checklist templates to guide preparation of the ESMP. The SOP will also have a guidance for land acquisition in case needed. The guidance for land acquisition will be in a form of Resettlement Policy Framework with abbreviated RAP templates. The procedures for screening of the sub-projects for the E&S risks as a part of the SOP will be adopted by the participating WSU. The SOP will be prepared and the draft will be ready by one month from the negotiations and the final SOP acceptable by the bank will be completed as effectiveness condition.

133. National legislation only recognizes affected persons who have formal legal rights. Loss of livelihoods is not recognized with land acquisition or loss of physical access to national resources not addressed explicitly. The guidelines in the form of the RPF as annex of the SOP will include entitlement matrix compliant to the Environmental and Social Standard 5 (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement).

134. Gaps in the screening for and verification of potential landowners: Based on AKUM experience regarding land expropriation, there are cases where the municipalities have released an official document where the project track does not require any expropriation, and after the project has started, the legal owners have been identified that were affected by the project implementation. This issue was also mentioned in meetings with WSUs. For example, Durres Utility was sued in court for an expropriation case. After the implementation of the project, that involved the construction of a water tank in Fushe Kruje, (Project funded and managed from AKUM), the landowner was not identified/expropriated in the early phase of the project. Two years after project implementation, the WSU is going through a legal process with the legal owner of the property. Based on this experience, the directory on technical control suggests that the screening criteria has to be updated and to strengthen the responsibilities of respective authorities to carefully verify the environmental and social issues. The screening of the land acquisition process will not only be through formal screening of the ownership data from the cadaster office but also physical screening and consultation of the communities regarding potential claims.

135. In the applied project screening checklist from AKUM, there is no requirement for an EIA study during the screening of project proposals, however the municipality prior to the construction permit requires the EIA report and EIA statement. To ensure that the project has gone through EIA procedure, and to strength the environmental protection policy it is recommended to add the requirement for EIA procedure as part of the screening criteria, as long as Law 10440 dated 07/07/2011 on EIA procedure and requirements, requires the developer to prepare an EIA study at the early stage of the project, during feasibility study.

### Recommended PAP Actions

136. To help build capacity in AKUM, E&S staff should be part of the project proposal review team composition and in the unit that monitors the investment implementation process. The staff should be trained to review investments that would be considered eligible for disbursement, and they will be provided with training by the WB regarding PforR Program policies and strategies to

be more familiar with the nature of the project as part of implementation support. The estimated workload of approximately 15-25 investments per year is considered manageable by two E&S staff. A sample position description has been provided in Annex C.

137. While AKUM will be responsible for E/S screening and monitoring, the WSUs will be responsible for implementation. The professional staff on the ground are mainly engineers whose main duties include inspecting pipes for illegal hookups, identifying needed repairs, monitoring water quality, etc. and are sometimes involved in land expropriation as well. The existing staff will need training in order to carry out some parts of their responsibilities such as implementing/following an ESMP. The training of the WSU on implementing/following sub-project related ESMPs will be financed by the investment loan , the TA component

138. To strengthen management of risks related to asbestos pipe removal, as part of the investment proposal submitted by the water utility. The Environmental Health & Safety Standard Operating Procedure (SOP) for asbestos to be developed by AKUM in accordance with the (Regulation needed for avoidance and mitigation of pollution from asbestos, Regulation approved in 2016 and regulation in force in 2018). The SOP, acceptable to WB, is intended to be prepared and reviewed by WB at an earlier stage, even if a final version is only required prior to effectiveness. The AKUM will prepare and adopt this SOP, supported by staff of the water utilities (WSUs). Therefore, the WSU's will have input in the preparation of the SOP, and there will need to be a mechanism whereby they also adopt the relevant parts of the SOP as an integral part of their institutional/operational systems. The integral part of the SOP will be also the Environmental and Social Management Plan (ESMP) with detail measures to be taken during the implementation and operation of a project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and the actions needed to implement these measures.

139. All employees who will be responsible for managing, overseeing or coordinating work that may disturb asbestos-containing material shall receive appropriate training and education in keeping with the level of asbestos work they may be involved with. All AKUM and WSU employees who work around and who may disturb asbestos containing material shall receive training and education commensurate with their degree and risk of exposure. SOP will include the provision for full-day training on asbestos management, designed to provide information on the uses, locations and hazards of asbestos, discuss the different impacts of friable and non-friable asbestos materials, specific training on asbestos identification, handling and disposal. Likewise, the SOP will plan for strengthening the capacity of WSU-s to carry out the ESMP activities.

140. The water utility must indicate whether the investment involves replacement of asbestos pipes and submit a worker public safety plan for removing the asbestos as well as the procedures for replacement set up in SOP and in compliance with the (Regulation needed for avoidance and mitigation of pollution from asbestos, Regulation approved in 2016 and regulation in force in 2018).

141. AKUM should develop E&S SOP for all investments laying out the review and acceptance criteria and indicators to monitor performance during implementation. This should also be in place and followed by the E&S staff in AKUM. Parts of the SOP will be adopted by the WSU. The SOP should include:

- a. An updated version of the check list on AKUM's screening procedure should be reviewed and include an EIA requirement and also to guaranty that the obtained official declaration on land expropriation, released from the municipality is verified carefully.
- b. Screening should include: screening of the cadastral documents, physical terrain screening, and whether a public consultation was held in order to check the use of the land needed for the investment.
- c. As part of investment proposal documentation:
  - i. Screening will include formal cadastral documents, physical eye inspection and public hearing. People will be informed were the pipe is going to pass through.
  - ii. Utilities/municipalities should indicate if investments will impact assets/land use of non-formal landowners, provide compensation, and document the compensation provided for assets affected.
  - iii. Utilities/municipalities should indicate if investments will require temporary land acquisition. If so, written agreement with the landowner should be included in the proposal.

**Table 5. Program Action Plan**

Action Description	Source	DLI#	Responsibility	Timing	Completion Measurement
Qualified Environmental and Social (E&S) Specialists hired in AKUM project proposal review team and an adequate budget to strengthen the coordination of environmental and social management.	ESSA		MoIE AKUM	By Effectiveness	AKUM has E&S staff in review unit with budget allocated for new functions.
E&S SOP for all investments laying out the review and acceptance criteria and indicators to monitor performance during implementation	ESSA		AKUM	By Effectiveness	SOP to include the templates for screening and ESMPs, guidelines for land acquisition in form of RPF including entitlement matrix  E&S SOP approved. Indicators reported every 6 months
Training on environmental and social considerations provided to Water Utilities reflecting requirements of SOP.	ESSA		SHUKAL B E&S officers of AKUM	During the first six months after the effectiveness and afterwards at least once a year.	Training on the environment and social risks screening. Implementation and monitoring of ESMP implementation  Training provided to Water Utilities
Strengthen the AKUM GRM and establish WSU level GRM. The GRM results to be able to be disseminated. Possibility to accept also SEA/SH	ESSA		AKUM, Investment Loan TA	During first six month after effectiveness	The results from the GRM to be disseminated annually.

complaints					
Develop operating procedures that address the management of asbestos pipes in the water infrastructure including the disposal of asbestos pipes.	ESSA		AKUM	Prior to roll out of grant scheme for water investments	

### Other Proposed elements to address risk

142. The IPF will finance TA as support to P4R program. The TA should be developed with advice from E&S specialists to ensure that potential downstream E&S impacts are considered such as protection of natural resources, land acquisition and working with vulnerable and disadvantaged groups, amongst others. The IPF component will also support communication and public outreach around these activities and this TA shall be delivered in accordance with planned Environmental and Social Commitment plan (ESCP), Labor management Plan (LMP) and Stakeholder Engagement Plan (SEP)

143. To complement the monitoring of progress and beneficiary satisfaction regarding activities financed under results areas 2 and 3, citizen engagement indicators should be developed. For example, utilities could conduct customer satisfaction surveys after an investment has been made and report on the results as part of their service provision standards. There should also be a closing of the feedback loop after survey results have been received by the utility.

144. As part of Implementation and investment verification/ DLI verification protocol for DLIs with potential impacts, verification criteria should be established (reference to POM expected to be prepared by Client). Suggested process: Specialist from AKUM should carry out on-site inspection of compliance of project land acquisition and prepare an inspection report (this should be reflected in their SOP accordingly). Inspection reports should be provided to DLI verification entity. The inspection items include: i) whether there is project land expansion inconsistent with the investment project proposal/expropriation dossier; ii) whether the settlement method complies with agreed procedures; and iii) whether there are problems in the demolition. Where it is found that land acquisition compensation is not made according to land regulations or there is a sudden occurrence of social problems in the sub-project, AKUM should work with the relevant WSS utility/municipality to ensure resolution of the problem as soon as possible. Investments with such issues are not eligible for PforR financing.

**Table 6. Recommendation to strengthen the Expropriation Process**

Topic	Measure to improve system performance
Involuntary resettlement – Physical and economic displacement	Conducting site specific RAP - PAP informal owners of building will receive cash compensation at replacement costs with additional moving and transitional allowances
Planning process	RAPs, Census Survey and Socioeconomic impact assessments shall be prepared in addition to national requirements
Public Consultations	Promoter shall consult publicly on every individual resettlement instrument
Cut-off Date	Promoter shall consult publicly on this topic and explain its importance.
Negotiated settlements	Covered in Albanian legislation. Owner has 15 days to inform competent ministry of decision.
Compensation value and timing	Project promoter shall calculate the transaction cost in the total budget
Provision of adequate housing /shelter with security of tenure	Physical displacement of PAPs is not anticipated, and this is unlikely to apply. However, for each individual RAP, any foreseen displacement will be taken into consideration and dealt with.
Vulnerable groups	Project promoter shall provide legal and resettlement assistance
Eligibility of compensation resettlement and entitlements in case of physical displacement	Specific measures to be devised in RAPs
Grievance mechanism	Project promoter shall set up a grievance mechanism for two tiers, including internal one and external, before PAPs resort to Justice, the last resort of the grievance mechanism.
Additional assistance to PAPs	Support during construction and after expropriation
Information disclosure to the public	Such consultation and disclosure is not prohibited and can or should be accommodated as a specific measure.

## Inputs to Program Implementation Support Plan

145. Adherence to the core principles is monitored as part of Bank implementation support throughout the operational life cycle. The Bank task team monitors PforR Program performance and the implementation of the borrower's E&S systems that apply to the PforR Program,

especially regarding any specific systems or capacity strengthening measures agreed with the borrower.

146. Task Team Skills Mix requirements for Implementation Support for duration of the PforR Program.

**Table 7. Skills Mix Requirements**

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Social Development	28	14	Staff from HQ will support local consultant
Environment	28	14	

147. MoIE/AKUM will share complaint reports from the Portali Kombëtar i Konsumatorëve (National Customer Portal) platform, and their own grievance platform and ERRU will also share reports on any complaints received under the Program.

148. AKUM will also share documentation of land acquired as a result of the investments made under the Program and instances where individuals that did not have rights to land but build structures that were removed as a result of Program activities have been adequately compensated.



# Section V. Supporting Annexes and Reference Document

## Update Annex A: Stakeholder Mapping

**Table 8. Results Area 1: Strengthened national Framework, which would focus on the national sector framework and national policies and programs.**

<b>Name</b>	<b>Ability to influence</b>	<b>Contacted person</b>	<b>Method of contact/outreach</b>
MOIE	national sector framework and national policies and programs	Lindita Sotiri , Head of Directorate of Development Programs in the field of Water Supply and Sewage	Meetings in person and virtual, emails and phone calls
AKUM	WSU policies and programs	Alqi Bllako Head of AKUM	Meetings in person and virtual, emails and phone calls
ERRU	WSU and Customers	Ndricim Shani Head of ERRU	Meetings in person and virtual, emails and phone calls
KFW	national sector framework and national policies and programs	Representative for water sector	Meetings in person and virtual, emails and phone calls
GIZ	national sector framework and national policies and programs	Representative for water sector	Meetings in person and virtual, emails and phone calls
Albanian Development Fund	national sector framework and national policies and programs	Representative for water sector	Meetings in person and virtual, emails and phone calls
SHUKALB	Advancement of management in water utilities and waste water utilities	Petrit Tare, President	Meetings in person and virtual, emails and phone calls
MOFE	National sector framework and national policies and programs through budget allocations	Gentjan Opre, Director, Directorate for analysis and budget	Meetings in person and virtual, emails and phone calls
SECO	National sector framework and national policies and programs	Representative for water sector	Meetings in person and virtual, emails and phone calls
EU	National sector framework and national policies and programs	Representative for water sector	Meetings in person and virtual, emails and phone calls

**Table 9. Results Area 2: Improved Efficiency and Financial Sustainability of WSS Utilities**

<b>Name</b>	<b>Ability to influence</b>	<b>Contact person</b>	<b>Method of contact/outreach</b>
MoIE	Transfer of operational subsidies linked to performance indicators with incentives for specific targets	Lindita Sotiri , Head of Directorate of Development Programs in the field of Water Supply and Sewage	Meetings in person and virtual, emails and phone calls
ERRU	Examine utility performance while identifying opportunities for improvement	Ndrim Shani, Head of ERRU	Meetings in person and virtual, emails and phone calls
MoFE	Linking budget allocations to MoIE with performance indicators	Gentian Opre, Director, Directorate for Analysis and budget	Meetings in person and virtual, emails and phone calls
NEA	Adopting legislation requiring fulfillment of standards in water quality	Head of Agency, heads of different departments like Department for environmental performance, department for licensing, department for control and monitoring	Meetings in person and virtual, emails and phone calls
Local Government (Mayors office)	Incentivizing improved financial performance	Respective mayor for the municipality and Head of general and public services	Meetings in person and virtual, emails and phone calls
Water Utilities (Engineers, customer service staff)	Improve financial performance of the company through Increased efficiency in terms of better water management	Technical director	Meetings in person and virtual, emails and phone calls
Households that do not have water	Requesting to become eligible clients of water service providers	Any representative selected by them	Meetings in person and virtual, emails and phone calls
Beneficiaries	Regular payment and asking for improved services	Any representative selected by them	Meetings in person and virtual, emails and phone calls
Roma Minority?	Seek continuation of the dialogue because in every public hearing the topic of water supply is discussed mostly	Any representative selected by them	Meetings in person and virtual, emails and phone calls


Egyptian Minority?	Seek continuation of the dialogue because in every public hearing the topic of water supply is discussed mostly	Any representative selected by them	Meetings in person and virtual, emails and phone calls
Women Groups			Meetings in person and virtual, emails and phone calls
YWP (Young Water Professionals)	Offering/suggesting sustainable solutions on improved management based on new approaches and improved technologies	Their representative	Meetings in person and virtual, emails and phone calls
NGO on water sector (SHUKAL)	Suggest improved approach and management also by comparison to countries in the region that had similar challenges in the past	Head of SHUKAL	Meetings in person and virtual, emails and phone calls

**Table 10. Results Area 3: Improved Access to Water Supply Services in Rural Areas**

<b>Name</b>	<b>Ability to influence</b>		
MOIE	Provide incentives for increased water supply coverage in rural areas	Lindita Sotiri , Head of Directorate of Development Programs in the field of Water Supply and Sewage	Meetings in person and virtual, emails and phone calls
Local Government	Support water utilities to extend their services in rural areas	Respective mayor of each municipality	Meetings in person and virtual, emails and phone calls
Water Utilities	Extend and improve services	Head of technical team	Meetings in person and virtual, emails and phone calls
Households without water connections	Applying to become a regular customer once the service is provided and signing a service contract	Selected representative	Meetings in person and virtual, emails and phone calls

Beneficiaries	Regular payment for services and asking accountability from service providers	Selected representative	Meetings in person and virtual, emails and phone calls
Roma Minority?	Seek extension of services in rural areas	Selected representative	Meetings in person and virtual, emails and phone calls
Egyptian Minority?	Seek extension of services in rural areas	Selected representative	Meetings in person and virtual, emails and phone calls
Women Groups	Become more vocal to support the vulnerable people without water services	Selected representative	Meetings in person and virtual, emails and phone calls
Youth?	Become more vocal to support the vulnerable people without water services	Selected representative	Meetings in person and virtual, emails and phone calls
NGO on water sector (SHUKALB)	Support water utilities to extend and improve services through shared experiences	Head of SHUKALB	Meetings in person and virtual, emails and phone calls

# Annex B: National Customer Portal Complaint Form Example

Sh. e Ujësjetës Kanalizime Himarë

KREU RRETH NESH PUNA JONË SHËRBIME NA KONTAKTONI

## Ankesa

Faqja është duke u përditësuar. Format e kontaktit do të jenë shumë shpejt funksionale. Ju falenderojmë për mirëkuptimin.

Nuk jeni të kënaqur me shërbimet tona? Keni ankesa për furnizimin me ujë apo rrjetin e kanalizimeve? Ju lutemi te plotësoni formën më poshtë që të informohemi se çfarë nuk shkon mirë në mënyrë që të ndërhyjmë. Për ne është shumë e rëndësishme që abonenti të jetë i kënaqur. Do ta trajtojmë ankesën tuaj sapo të mundemi dhe do t'ju njoftojmë përkatësisht.

Nr. i Kontratës \*

M  F

Emri \*

Mbiemri \*

Rruga

Qyteti

Telefon \*

E-mail \*

Problem me: \*

- Select -

Ankesa Juaj \*

Përshkruaj problem në fjale...

Ngarko Foto

No file chosen

One file only.  
10 MB limit.  
Allowed types: gif jpg png.

### Si funksionon?

Kur të klikoni butonin 'Dërgo', ky formular anekese ruhet në serverin tonë dhe njoftohemi nëpërmjet email. Ju gjithashtu do të merrni një email konfirmues. Ne do ta trajtojmë ankesën tuaj me prioritet dhe do t'ju njoftojmë për çdo veprim që do të ndërmarim nëpërmjet email, telefonit apo kontaktit në terren.

### Na kontaktoni

Telefon: 0692521907  
E-mail: [ujesjetesi.himare@gmail.com](mailto:ujesjetesi.himare@gmail.com)  
Facebook



# Complaint

The site is being updated. Contact forms will be operational soon. Thank you for your understanding.

Not satisfied with our services? Have complaints about water supply or sewer network? Please fill out the form below to find out what is wrong with us to intervene. For us it is very important that the subscriber is satisfied. We will handle your complaint as soon as we can and let you know accordingly.

Nr. of the Contract \*

M  F

Name \*

Surname \*

Street

town

Telephone \*

Email \*

Problem me. \*

Your complaint \*

Pëshkruaj problem në fjale...

Upload Photo

No file chosen

One file only.

10 MB limit.

Allowed types: gif jpg png.

## How it works?

When you click the 'Submit' button, this complaint form is stored on our server and we are notified by email. You will also receive a confirmation email. We will treat your complaint as a priority and notify you of any action we will take by email, phone or on-site contact.

## Contact us

Phone: 0692521907

E-mail: [ujesjellesihimare@gmail.com](mailto:ujesjellesihimare@gmail.com)

Facebook

## Annex C: Proposed E&S Staffing for AKUM Implementation Unit Position Description

### Proposed E&S Staffing for AKUM Implementation Unit

#### 1. **Two (2) Environment and social specialists to carry out the following across municipalities:**

- Carry out awareness raising with the municipalities and water utilities on the updated project screening form, review process, and the importance of E&S risk management;
- Facilitate workshops with municipalities that receive the Performance Based Grants on identifying environmental and social risks and strengthening the project preparation process at the municipal level, to ensure comprehensive screening and mitigation of E&S risks.
- Conduct field visits to mentor and support water utility at the municipal level.
- Conduct field visits to spot check investments for compliance with eligibility requirements
- Help organize and facilitate E&S risk management trainings for water utility staff, including engineers and customer service staff.
- Develop tools such as standard Terms of Reference for the preparation of EIAs for municipal investments.
- Advise on the inclusion of E&S risk management in the water sector strategies, policies and other documents.
- Any other assigned tasks by the unit leader related to environmental and social risk management necessary for the successful delivery of AKUM's mandate.

#### 2. **Proposal review and oversight:**

- Ensure that proposals have been properly screened for EIA and land acquisition/expropriation requirements and the appropriate E&S risk management instruments prepared.
- Ensure that capacity building plans are reviewed and ensure that requests for capacity building support in E&S risk management are provided in an efficient way, ensuring quality and practical application.
- Support the further elaboration and refinement of the E&S risk management system.
- Engage with other agencies on strengthening the framework for E&S risk management.
- Provide regular and timely progress reports in line with work plan and reporting requirements.
- For the better risk management, not only formal screening of the cadastral documents will take place) but also physical terrain screening and public consultation must be performed.

#### 3. **Minimum Qualification and experience**

- A master's degree in social science, community development, anthropology or a related field and/or advanced degree (Master's or PhD) in environmental engineering, environmental science, or natural resources management.
- Minimum of five years of relevant professional experience, including applied private sector experience in E&S risk management, investment and sustainable investment policies; and designing and delivering training and knowledge products on good practice in E&S risk management and/or assurance.
- At least five years' experience of social risk management including: inclusion e.g. traditional minority groups, people living with disabilities, gender inclusion, conflict



mitigation and peacebuilding, resettlement and/or compensation for involuntary land acquisition.

- Familiarity with E&S policies of international institutions including the World Bank, GIZ and KfW.
- Knowledge of social development including community development projects.
- Have excellent report writing and verbal communication skills.
- Strong communication skills and persuasiveness in presenting, negotiating and resolving highly complex issues.
- Strong interpersonal skills and orientation as a team member.
- Have knowledge of grievance handling mechanisms and public participation frameworks and county government.

## Annex D: Water Utility and Municipality Screening Questionnaire

### QUESTIONNAIRE for Water Supply Utilities “Albanian Water PforR “ Programme

Kindly complete the questionnaire for the Albanian Mission – Environmental and Social.

Water Supply Utility: \_\_\_\_\_

	QUESTION	ANSWER
<b>1</b>	<b>Land Acquisition and Resettlement</b>	
1.1	Does screening consider impacts on various property regimes, including common property resources, customary or traditional rights to land or resource use, those who lack title or any recognizable claim, and Historically Underserved Traditional Local Communities, rights?	
1.2	Do processes require identification and mitigation of all significant impacts affecting informal users or occupiers of land (or other resources)? Please provide examples of where plans have been modified to avoid significant impacts.	
1.3	Is part of WSU structure a unit or any employed person responsible to follow up possible social issues for land acquisitions?	
1.4	Is applicable any agreement procedure between land-owner and WSU in cases when the assets are built in private land as for example employment-land acquisition or rental contracts? Are these documented or are developed in informal level?	
1.5	Is there a grievance mechanism for those whose assets are being acquired? If so, please describe. What are the most common issues raised? Access points (telephone, email, website?) Are grievances aggregated from the various intake points? Are reports documenting grievances during a certain timeframe prepared? Is there a timeline in terms of response that is communicated to affected	

	QUESTION	ANSWER
	people? Is there a Dedicated unit or staff for this function? Is there budget for this function? If so, what is the budget and is budget sufficient?	
1.6	Does the WSU have legal ownership of the protection areas required based on DCM No. 379 dated (25.5.2016)? Any issues with private land owners on the ray or private activities that can present possible negative impact?	
<b>2</b>	<b>Water sources and water supply network</b>	
2.1	How many water sources are being used? Please specify if ground water or surface water. Also specify the nearest water body by name and distance.	
2.2	DCM No. 379 dated (25.5.2016) among others regulates protection zones around water well The regulation sets three protection zones (buffer zones) from ground water well or water deposit places on the ground. Are the zoning criteria respected? Does the WSU have legal ownership of the area required based on DCM? Any issues with private land owners on the ray or private activities that can present possible negative impact?	
2.3	Are the water sources equipped with a permit from basin river agency referring on law 111/2012 on "Integrated Water Sources Management" and DCM 416 dated 13/05/2012 on "Approval of general and special conditions, accompanying documents, validity Application forms for authorization and permit, decision-making review procedures and authorization formats for water resource use permit?	
2.4	Types of chemicals used for treatment and/or disinfection of the water prior to supply.	
2.5	How often is the quality measured by which laboratory?	

	<b>QUESTION</b>	<b>ANSWER</b>
2.6	<p>Type of pipes used and to what percentage in the existing water supply system</p> <ul style="list-style-type: none"> <li>a. Concrete</li> <li>b. Asbestos concrete</li> <li>c. Cast iron</li> <li>d. PE / plastic</li> <li>e. Other</li> </ul>	
<b>3</b>	<b>Environment Health and Safety</b>	
3.1	<p>Is there a legal framework that addresses and promotes workplace safety? Please describe and provide documents if possible. How does the WSU implement in practice the requirements and directives of the laws on H&amp;S.</p>	
3.2	<p>Are there mandatory measures that compel contractors and facility operators to operate equipment and facilities in a manner that protects individuals and communities?</p>	
3.3	<p>Are there measures to protect people and the environment from the effects of hazardous or toxic materials that are used in construction and production processes, or wastes that are generated as a byproduct of construction or facilities operations? Where are these listed? How are these communicated to utilities?</p>	
3.4	<p>Are there measures to help protect individuals and/or communities from violence, intimidation, harassment, criminal activity, or other negative interactions with contractors, laborers, operators, or other workers associated with a project activity? Where are these listed? How are these communicated to utilities?</p>	
3.5	<p>Are there measures to help protect individuals and/or communities from violence, intimidation, harassment, criminal activity, or other negative interactions with contractors, laborers, operators, or other workers associated with a project activity? Where are these listed? How are these communicated to utilities?</p>	

	QUESTION	ANSWER
3.6	Is there a grievance mechanism for workers? If so, please describe the process for grievance resolution. What are the most common issues raised? Access points (telephone, email, website?) Are reports prepared that document grievances on a regular basis? Are grievances aggregated from the various intake points? Timeline in terms of response clear for workers? This there a dedicated unit or staff for this function? Is there budget for this function? If so, what is the budget and is budget sufficient?	
3.7	Are there considerations of expanding the existing network, if so: Are there any protected areas, forests or natural areas that may be impacted with the extension of the water supply network?	
<b>4</b>	<b>Social Approach</b>	
4.1	In case of identifications of defects on the water supply network, classified as potential risk for water pollution or interruption of water supply service, are the affected customers informed? How is the public notification procedure fulfilled?	
4.2	Is there a grievance/complaints mechanism for customers or the general public? If so, please describe. What are the most common issues raised? Access points (telephone, email, website?) Are grievances aggregated from the various intake points? Are reports prepared that document grievances on a regular basis? Please describe the process for grievance resolution including the timeframe in which steps take place. Is there a dedicated unit or staff for this function? Is there budget for this function? If so, what is the budget and is budget sufficient?	
4.3	Are there any social groups that would be considered vulnerable in the context of	

	QUESTION	ANSWER
	access to water services or payment of water bills?	
4.4	Are there applicable relieving policies for the social categories that cannot afford the water bills? If yes, how is this regulated? Is there any legal framework that protects this group of interest?	
4.5	If chance finds or items of cultural heritage are encountered during an investment project, what procedures are followed? Please provide an example of a recent situation.	
4.6	Are there any differences in the type of jobs conducted by men and women in the water utility? What do you think might be the issues, if any, within the water utility and/or country with regard to employing women in technical roles in the water sector?	
4.7	Do you think there are any environmental and/or risks associated removing illegal water connections, replacing meters, or expanding water service in rural areas?	
4.8	Is there anything else you would like to share with us?	

The questionnaire is fulfilled from:

Name Surname	Position in the WSU

## Annex E: Parties Consulted during ESSA Preparation

Name	Date/Place	Position	Name of Stakeholder
<i>Lindita Sotiri</i>	08/11/2019 13/12/2019 17/12/2019 Tirane, Albania	Head of Directorate of Development Programs in the field of Water Supply and Sewage	MoIE
<i>Ndririm Shani</i>	04/11/2019 Tirane, Albania	Head of ERRU	ERRU
<i>Aferdita Mamaj</i>	21/11/2019 Tirane, Albania	Head of Technical Control Directory	AKUM
<i>Valdete Ballhysa</i>	19/11/2019 Tirane, Albania	Member of Technical Control Directory	AKUM
<i>Nadire Cenga</i>	20/11/2019 Tirane, Albania	Head of the coordination of statistics and information	AKUM
<i>Athanas Karaj</i>	17/12/2019 15/01/2020 Tirane, Albania	General Director of Regulatory and Compliance with Tourism and Environment	MoTE
<i>Evis Melanoshi</i>	20/12/2019 Tirane, Albania	Chef of Environmental Impact Assessment directory	NEA
<i>Kleant Semema</i>	20/12/2019 Tirane, Albania	Environmental Permits expert	NEA
<i>Luan Dervishi</i>	06/11/2019 Elbasan, Albania	Head of WSU Elbasan	Elbasan WSU
<i>Irlan Sina</i>	06/11/2019 Elbasan, Albania	Deputy Major	Elbasan Municipality
<i>Lulzime Dama</i>	06/11/2019 Elbasan, Albania	Chief Engineer	Elbasan WSU
<i>Migena Paja</i>	06/11/2019 Elbasan, Albania	Human Resource	Elbasan WSU
<i>Rovena Halili</i>	06/11/2019 Elbasan, Albania	Project coordinator	Elbasan WSU
<i>Arjola Memetaj</i>	06/11/2019 Elbasan, Albania	Head of Commercial Directory	Elbasan WSU
<i>Alketa Saraci</i>	06/11/2019 Elbasan, Albania	Complaint and Claim Coordinator	Elbasan WSU
<i>Jorida Muho</i>	07/11/2019 Gjirokaster, Albania	Deputy Major	Gjirokastra Municipality
<i>Nelson Sejdo</i>	07/11/2019 Gjirokaster, Albania	Chief Engineer	Gjirokastra WSU
<i>Iverta Muho</i>	07/11/2019 Gjirokaster, Albania	Head of Commercial Directory	Gjirokastra WSU
<i>Gabriele Lame</i>	15/01/2020 Tirane, Albania	Head of Customer and Performance Oriented Drinking Water and sanitation	GIZ offices, Tirana

<i>Monika Vejseli</i>	15/01/2020 Tirane, Albania	Specialist of Customer and Performance Oriented Drinking Water and sanitation	GIZ offices, Tirana
<i>Kasem Bejko</i>	11/02/2020 Durrës, Albania	Deputy Director	WSU Durrës
<i>Florian Mustafaraj</i>	11/02/2020 Durrës, Albania	PIU Director	AKUM
<i>Lorenc Faça</i>	11/02/2020 Durrës, Albania	Technical Director	WSU Durrës
<i>Olsen Cavalli</i>	11/02/2020 Durrës, Albania	Electric Engineer	WSU Durrës
<i>Danjela Novo</i>	11/02/2020 Durrës, Albania	Project Coordinator	WSU Durrës
<i>Gentian Kullolli</i>	12/02/2020, Belsh Albania	Technical Director	WSU Belsh
<i>Marenglen Bali</i>	12/02/2020, Belsh Albania	Deputy Major	WSU Belsh
<i>Endri Pepa</i>	12/02/2020, Belsh Albania	General Director	WSU Belsh



## Annex F: ESSA Consultation Summaries

Will be completed after ESSA disclosure and consultations are held.