



**Ministry of Regional
Development and Constructions**



**Ministry of
Environment**

**CONCEPT NOTE
FOR DEVELOPING
A WATER SUPPLY AND SANITATION PLAN
FOR THE ENTIRE TERRITORY
OF THE REPUBLIC OF MOLDOVA**

13.02.2017

Developed by: Apele Moldovei Agency with the support of Apasan Project

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INTRODUCTION

- This document is the result of a number of meetings between the Ministry of Environment (MoEn), „Apele Moldovei” Agency, Ministry of Regional Development and Constructions (MRDC), „Strengthening the Institutional Framework in Water Resources Area in the Republic of Moldova” Project, and the Water and Sanitation in Moldova (ApaSan) Project. The goal of the meetings was to develop a common perception and approach to strategic water and sanitation infrastructure planning in the Republic of Moldova
- This document provides a brief description of the project to develop a Water Supply and Sanitation Plan for the entire territory of the Republic of Moldova (hereinafter referred to as WSSP).
- It is important that the Government and donors agree upon the process of developing the WSSP and supporting its implementation and completion. The document will be presented during the next Sector Council meetings (of the MoEn, and MRDC) which are to be held in March 2017. If all the stakeholders in the water supply and sanitation (WSS) sector reach a consensus regarding the need for developing a WSSP for the entire territory of Moldova, detailed Terms of Reference will be developed and adjusted by submitting a request for funding to the Government of the Republic of Moldova and donor organizations.
- Feedback on this document can be provided to „Apele Moldovei” Agency at the following e-mail addresses: agentia_am@apele.gov.md / radu.cazacu@apele.gov.md.

1. Current situation regarding strategic planning in the water supply and sanitation sector

The strategic planning of infrastructure in the Republic Moldova is provided for in the sector related legislation, and supported by recently developed planning tools and specific approaches to planning at district, regional, and river basin levels.

- Strategic planning in the legislation of the Republic of Moldova:
The Association Agreement between the Republic of Moldova and European Union, the Environmental Strategy for 2014-2023, the Water Supply and Sanitation Strategy for 2014-2028, and the National Regional Development Strategy for 2016-2020 highlight the importance of developing water sector strategies, as well as financing strategies for investments in infrastructure.
- Planning approach and tools developed:
The Water Supply and Sanitation Strategy provides a two-phase approach:
 - a) development of a Water Supply and Sanitation Plan (WSSP);
 - b) preparation of Feasibility Studies.The planning tools for these two phases have been developed, including:
 - Guidelines for developing the WSSP, approved through MoEn Order No.33 of 18.04.2014;
 - Methodology for prioritizing infrastructure projects in the WSS sector, approved through the MoEn Order No. 81 of 03.09.2015.
- Specific outcomes and approaches to infrastructure planning in the Republic of Moldova have been developed at different levels and by different actors:
At national level:
 - Updating the Water Supply and Sanitation Chapter of the Social and Economic Development Strategy for Cahul, Rîșcani (2012), and Leova (2014);
 - General Water Supply and Sanitation Plan (GWSSP) for Ialoveni District, part 1 – Water Supply (2015).

At regional level:

- Regional Water Supply and Sewerage Sector Program for the Northern, Central, and Southern Development Regions (2014) with the objective of developing a pipeline of viable projects which will be financed in the midterm (2020).

At river basin level:

- River Basin Management Plan for the Nistru, Danube – Prut and Black Sea.

Despite all the positive developments mentioned above, the improvements in the allocation of resources based on adequate plans are not yet visible. Investments in the water supply and sanitation sector are currently done focusing on specific locations only, with little integration of the surrounding context or a long-term planning framework. Due to unclear roles, functions and responsibilities at central level, competences of different authorities are overlapping, while in some cases there are legislative and regulatory gaps. The lack of coherence in sector investments leads to unsatisfactory investment efficiency and to sector needs that are not met.

A coordinated approach with all the stakeholders at both Government, and Donor's level is required for a coherent strategic planning that would ensure cost efficiency and strategic prioritization of investments.

2. Objectives and goal of the Project

2.1 Why is a WSSP needed for the entire territory of the Republic of Moldova?

The need for qualitative water supply and sanitation services in urban areas, and particularly in rural areas of the Republic of Moldova is still urgent. Compared to neighboring countries, there is still limited access to such services in Moldova. The access to tap water in rural areas constitutes approximately 37%, versus approximately 89% in urban areas. Water resources are polluted and scarce, increasing the risk of competition between different uses and users. Current investments are insufficient and streamlined to localities that are already covered with infrastructure. In such context, where the need for water supply and sanitation services is so high, and water resources and financial resources are limited, investment planning and prioritization is essential.

The Water Supply and Sanitation Plan (WSSP) is an investment-planning document for long-term development of the water supply and sanitation infrastructure, which is to be developed in line with the Guideline for the development of WSSP, approved through MoEn No. 33 of 18.04.2014. Concretely, a WSSP identifies the best technical and economic options for water supply and sanitation in each locality, and determines the optimal solution for providing services in compliance with the national and EU legislation and standards.

The development of a WSSP represents the highest chances to influence the costs and avoid major planning errors. This is a strategic document aimed at insuring sustainable investment, and represents in itself an **important tool for attracting investments in the sector.**

Currently, there is no detailed evaluation of investment needs of the entire sector. Existing evaluations are considered outdated due to a significant change in costs and the country's situation over the last 10 years (OECD, 2007), or are based on simplified estimations having only an indicative value (World Bank, 2016). A disaggregation of investment needs at the level of regions and localities is required for a detailed planning in order to prioritize investments. Moreover, the relatively small size of the country allows a sector planning approach for the entire territory. This strategic approach at the national level is the most optimal one in economic and investment terms, which will permit **economies of scale.**

2.2 How will the WSSP be used?

The overall objective of a WSSP for the entire territory of the Republic of Moldova is improving the coordination of investments by providing a transparent and efficient tool for investment planning and prioritization. The WSSP will support the Government of the Republic of Moldova in defining a long-term National Investment Plan (for 30 years) with a priority investment program (for the next 5 years).

As a result of the development of the WSSP, water governance will be more improved. The WSSP will provide a strategic support to the Government in improving the efficiency of sector policy development and approval, which would have as a final effect the provision of sustainable water supply and sanitation services to consumers.

Specific objectives of the WSSP development include:

- Defining the obligations and responsibilities between each institution involved in the investment planning process and creating mechanisms for ensuring communication and interaction between all the stakeholders;
- Prioritizing the investments in water and sanitation infrastructure based on a detailed analysis of the situation, and of technical and institutional options;
- Developing a short, medium, and long-term phased investment plan for urban and rural water and sanitation infrastructure.

The expected outcome is that the Investment Plan presented in the WSSP becomes a reference document for both national and international funding. A number of measures are needed to ensure the compliance of planning decisions stated in the WSSP so that the rationale and efficiency of sector investments be visible. The WSSP could become mandatory if approved by the Government and integrated into a law. The WSSP could also gain a more flexible character, under which its observance would be ensured by changing the actual procedures of projects selection of national and international funds. The degree to which the WSSP will be binding will be discussed with WSS sector stakeholders in order to determine the legal framework required.

2.3 Responsible public authority

„Apele Moldovei” Agency or other pertinent institution will be the institution playing the main role in the WSSP development process. The latter will insure the monitoring and observance of project implementation.

3. Proposed Approach

3.1 WSSP methodology and content

The methodology proposed for the WSSP development is aimed at settling the deficiencies currently persisting in planning, with the following features:

- Covering the entire territory and addressing the technical and institutional solutions for all localities of the Republic of Moldova;
- Integrated analysis of technical and institutional options along with the strategic options which would ensure the most cost-efficient solutions;

- Integrated approach to water and sanitation in determining the implementation principle – concomitant implementation (water and sanitation at the same time) or consecutive implementation (water first, and sanitation next);
- Development of a long-term investment plan (for 30 years) with a priority investment program (for the next 5 years);
- Water cycle viewed as a whole;
- In line with sector policies;
- Compatibility with international standards and EU best practices.

The WSSP for the entire territory of Moldova will be developed based on the Guideline for Water Supply and Sanitation Plan Development in the Republic of Moldova, approved through Order of the Minister of Environment No.33 of 18.04.2014.

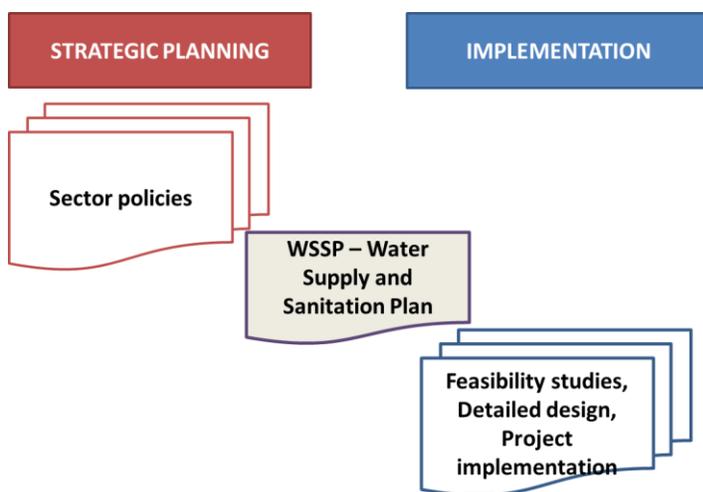
The main WSSP chapters are as follows:

- Analysis of the current situation;
- Short, Medium, and Long-Term projections;
- National, Regional, and District objectives;
- Analysis of Options;
- Development Program (short-term);
- Long-Term Investment Plan, including Priority Investment Program.

At each phase of the WSSP development, all the relevant sector planning related documents will be taken into consideration (see item 7 with the list of planning programs and initiatives in the sector).

WSSP is a tool situated midway between strategic planning and implementation of sector policies (see Table 2). This tool will not substitute the current sector policies and feasibility studies. For instance, the key elements of the WSSP will be reflected in the National Spatial Development Plan, and Regional Spatial Development Plans. While the WSSP will be developed based on the current sector policies and will include preliminary designing aspects needed to calculate investment and operating costs, to carry out projects identified in the WSSP, and before construction works, it will be necessary to develop the following phases: developing feasibility studies (if such are missing), preparing the Terms of Reference, and tendering the services.

Table 2: Role of WSSP in planning



3.2 Coverage area

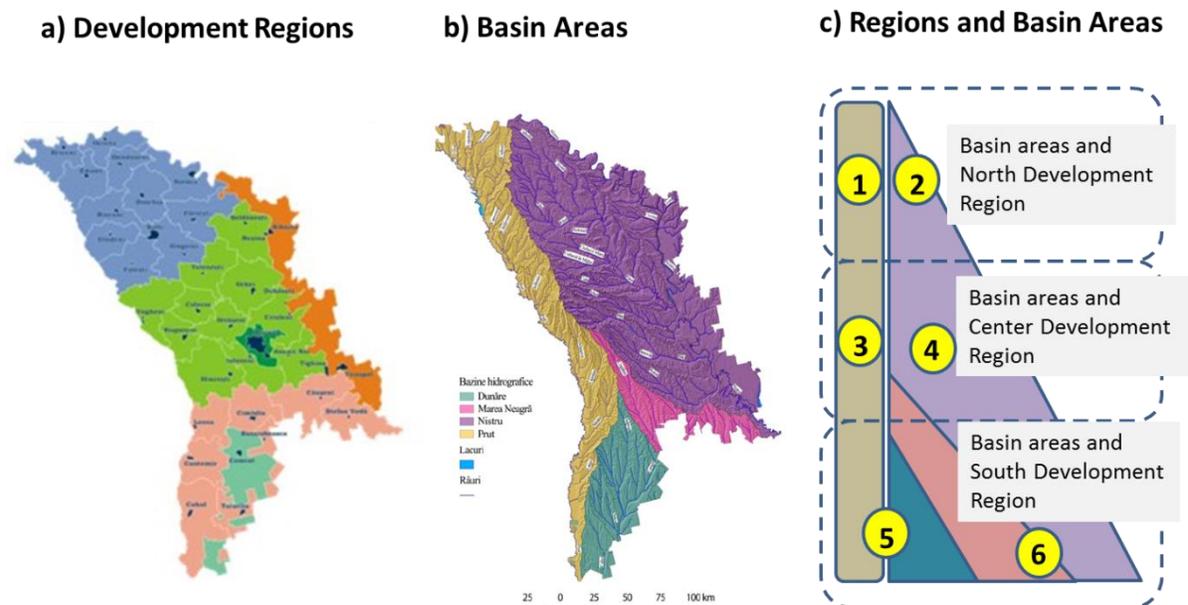
The WSSP in the Republic of Moldova should cover the entire territory of the country. The WSSP coverage area will not be limited to administrative borders so that technical, geographical, and environmental characteristics are taken into consideration and ensure a higher economy of scale.

The options selected for WSSP development include the following:

- at regional level (3-6 WSSPs)
- at river basin level (2-4 WSSPs)
- a combination of the two levels (6 WSSPs)

Options of areas will be analyzed and presented by the Consortiums submitting technical offers.

Table 1: Options of areas for WSSP development



4. Project Management

4.1 Institutions and organizations involved

The following institutions and organizations will be involved in the Project implementation and contract execution for the WSSP development process:

- Contracting Authority (4.2)
- Consortium selected by observing legal procedures for public procurement (4.3)
- Contract Manager (4.4)
- National Task Force (4.5)
- Steering Committee (4.6)

4.2 Contracting authority

“Apele Moldovei” Agency or other pertinent institution will be the institution contracting the Consortium for the WSSP development.

Assistance for strengthening institutional and executive capacities will be provided to all national institutions involved in this project. Assistance will be particularly provided to “Apele Moldovei” Agency or other pertinent institution, which will be the responsible authority for insuring a proper performance of operational duties in its function of contracting authority. The representatives of international projects will propose a set of actions for strengthening capacities combined with technical assistance.

4.3 Procurement of services

The WSSP development will be subject to public procurement tendering process by observing the requirements of international and national legislation, and specific requirements of donor/financing institution/s. Once the present Concept Note is approved, Terms of Reference will be developed during March-April 2017, including a detailed description of the activity, implementation requirements and instructions for bidders.

Keeping in mind the complexity of the task to develop the WSSP and the limited capacities and experience in strategic planning at both central and local levels, international experience in working with similar projects will be a key requirement. To ensure both international and local expertise, only consortiums of international and local companies will be considered eligible for this project.

4.4 Contract Manager

“Apele Moldovei” Agency or other pertinent institution will be the Contract Manager for the project. The role of the Contract Manager will be to insure day-by-day project management (communication with the Consortium, administrative and logistic issues) on the one hand, and to monitor the performance recorded by the Consortium and comment on reports submitted by the Consortium, on the other hand. To perform this role, it will be important to have experts with experience in project management (contractual aspects) and technical experience in water resource management, water supply and sanitation, and preparation of strategic planning documents (for checking the information submitted by the Consortium). Following an analysis of available skills, and upon request of the Contract Manager, support will be provided for improving capacities and providing technical assistance.

4.5 National Taskforce

To ensure a participatory process, a National Taskforce will be established. The Taskforce will be comprised of representatives from the Ministry of Environment, Ministry of Regional Development and Constructions, “Apele Moldovei” Agency, and donor organizations involved in the WSS sector.

The role of National Taskforce will be to:

- Comment on the results of each set of working documents submitted by the Consortium;
- Assure liaison with third parties (stakeholders) and to assure political and institutional support at national level;
- Assure the compliance of the WSSP results with the national targets and strategies.

4.6 Steering Committee

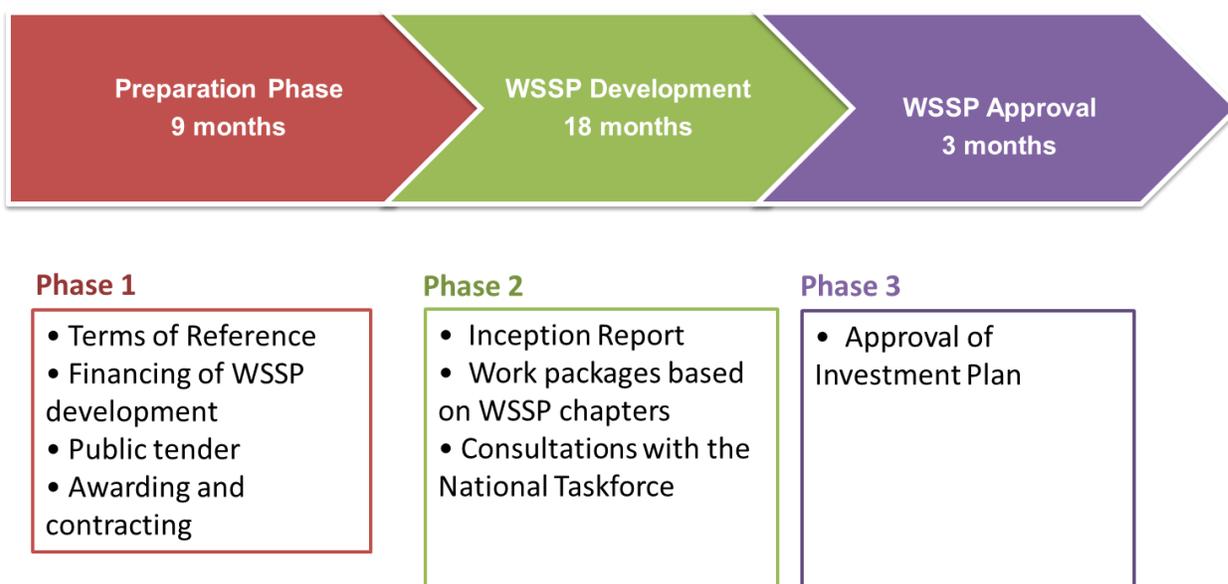
The Steering Committee will be comprised of delegated members from institutions directly involved in the Project implementation, and representatives of financing organizations. The Committee will serve as Project decision-making body and shall:

- Approve important decisions related to Contract management;
- Approve the reports submitted by the Consortium ;
- Approve the Final (WSSP) Report submitted by the Consortium.

5. Estimated Budget and Calendar for WSSP Development

WSSP development period has been estimated at approximately two years, including the preparation, drafting, and approval phases.

Table 2: Estimated Calendar for WSSP Development



The budget was estimated by taking into consideration other reference projects in the region (Romania, Bulgaria, and Albania). The cost of the WSSP development has been estimated between two (2) and four (4) million EUR, depending on the detailing degree of the analysis. The calendar and budget will be related in details in the Terms of Reference.

The preparation phase will start upon reaching a consensus between all the stakeholders in the WSS sector regarding the need for developing such WSSP for the entire territory of the Republic of Moldova.

6. Risk Assessment

The table below provides the main contextual and institutional risks identified, as well as potential actions for their mitigation. The risks have been identified at both WSSP development level (A) and at its implementation level (B).

Table 3: Main risks, their impact and mitigation measures

Main risks identified	Impact	Mitigation measures
<i>A. WSSP development phase</i>		
Consensus among all stakeholders in the WSS sector regarding the need for developing a WSSP for the entire territory of the Republic of Moldova not achieved Lack of funding for WSSP development	WSSP would not be developed. Investments in the sector would be further made in a non-coordinated and inefficient manner.	Involving all the WSS sector stakeholders from the very beginning of the project (a series of consultations with donors and other stakeholders)
Public authority responsible does not demonstrate sufficient leadership spirit and active interest in the development, monitoring, and observance of the WSSP implementation	Low Project sustainability	A set of actions for strengthening capacities combined with technical assistance will be included in the project
Weak capacities of local companies for WSSP development	WSSP development would not be in line with the Guideline (approved by Minister of Environment Order No.33)	Only consortiums constituted out of international and local companies will be considered eligible for submitting WSSP development offers
Overlapping or non-compliance with existing initiatives	Ineffective use of resources	Involving all WSS sector stakeholders from the very beginning of the project (a series of consultations with donors and other stakeholders), as well as during project implementation (National Taskforce, Steering Committee)
Lack of interest on behalf of LPAs (levels 1 and 2) and the population	Low participation of LPAs and population Results and investment plan included in the WSSP would not be accepted	The Terms of Reference will provide for communication and capacity building activity for LPAs
Data for WSSP development not available, insufficient or unreliable	Conclusions and proposed investments would not be valid	The Terms of Reference for contracting the Consortium responsible for WSSP development shall specify that in the event official data available are considered insufficient or

		unreliable, the Consortium shall collect data by carrying out field studies and measurement campaigns.
<i>B. WSSP implementation phase</i>		
Non-existing or limited funds for WSSP implementation	Improvement of resource allocation based on the WSSP would not be visible	Supporting the WSS sector authorities in obtaining funding from other donors concurrently with the WSSP development. Lobbying through interested donors
Investment actions included in the WSSP not observed	Improvement of resource allocation based on the WSSP would not be visible	In parallel with the WSSP development, establishment of a legal framework ensuring the execution of planning decisions stated in the WSSP so as to make the rationale for and efficiency of investments in the sector visible. Changing the selection procedures for national and international funds

7. Planning Programs and Initiatives in the Sector

The following initiatives related to sector planning should be taken into consideration and/or be considered as a reference in the WSSP development process:

- National Spatial and Urban Development Plan and Regional Spatial and Urban Development Plans (their development has not started yet)
- River Basin District Management Plan for the Nistru River. 2016;
- River Basin District Management Plan for the Danube and Prut Rivers and Black Sea, Cycle I, 2017-2022, developed by the Ecology and Geography Institute of the Academy of Science of Moldova. 2016;
- River Basin District Management Plan for the Prut River, 2016-2021, developed by the Ecology and Geography Institute of the Academy of Science of Moldova, 2015;
- Flood Prevention and Protection Plan, 2016-2036, 2017;
- General Water Supply and Sanitation Plan (GWSSP) for Ialoveni District, 2014-2028, Final Report, Part I : Water Supply. Developed by „Romair Consulting – Steinbacher Consult- Ingineria Apelor”, 2015;
- Regional Water Supply and Sanitation Sector Programs: Development Regions North, Center, and South, 2014;
- Strategy for Social and Economic Development of Leova District for 2012-2017, Component „Water Supply and Sewerage Services”, 2014;
- Strategy for Social and Economic Development of Cahul District for 2012-2017, Component „Water Supply and Sewerage Services”, 2012;
- Strategy for Social and Economic Development of Rîșcani District for 2012-2017, Component „Water Supply and Sewerage Services”, 2012.