

Government of the Republic of Albania

**Albania National Water Supply and Sanitation
Sector Modernization Program**

**Stakeholder Engagement Plan
Draft**

May 2020

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Acronyms

AKUM	National Agency for Water Supply Wastewater and Waste Infrastructure
AP	Affected People
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
IPF	Investment Project Financing
KFW	Kreditanstalt für Wiederaufbau
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
NWSSMP	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

SHUKALB	Water Supply and Sewerage Association of Albania
SOP	Standard Operating Procedures
TA	Technical Assistance
US\$	United States Dollar
WBG	World Bank Group
WRA	Water Regulatory Agency
WSU	Water Supply Utility

1. Introduction

1. The World Bank (WB) as a trusted partner aims to provide financing to the Government of Albania (GoA) for the implementation of the Operation the Albania National Water Supply and Sanitation Sector Modernization Program (the “Operation”). The Operation consists of a Program-for-Results Financing (PforR) component (the “Program”) and an Investment Project Financing (IPF) component (the “Project”). The proposed Program Development Objective (PDO) is to strengthen incentives and institutional capacities at the national and local level to improve and sustain water and sanitation services delivery.
2. The proposed IPF Project, part of the Operation, will provide financing for the Albania National Water Supply and Sanitation Sector Modernization Program’s **implementation arrangements** (strengthened capacities within MoIE and AKUM and coordination arrangements) and some of the **technical assistance needs identified in the National WSS Strategy** during the period 2019-2025, allowing the GoA access to predictable financing to support the achievement of Program’s results and contribute to the attainment of the NSS strategic objectives. This component is expected to address the existing capacity constraints whereby WB loan resources and/or donor grant funding will be used to finance specific implementation arrangements (Program Management), technical assistance and capacity-building activities which are additional and complementary to the activities/results to be undertaken/achieved by the implementing agencies under the PforR, and which will support and strengthen the achievement of the Program’s objectives. In order to achieve this, the proposed Project will finance implementation activities and specific Technical Assistance (TA) and capacity building. The Project is also expected to finance DLI verification and M&E activities. The list of activities to be financed by the TA component, include: strengthening the strategy implementation unit, designing the National Information Platform and Annual Performance Assessment (APA) system, conducting regionalization/aggregation feasibility studies, contributing to National Certification Program design, conducting studies and developing policies to address gender imbalance and social inclusion policies in the water sector, developing guidelines on adequate technologies for rural sanitation, communication and outreach activities on modernization program & national strategy initiatives, preparation of Business Plans (BP), Performance Improvement Plans (PIP)s for utilities, citizens feedback and satisfaction surveys and other citizen engagement activities at local level and capacity building and professional development programs for program relevant national and local level institutions.
3. The Environmental and Social Framework (ESF) of the World Bank was launched on October 1, 2018 and enables the World Bank and Borrowers to better manage environmental and social risks of projects and to improve development outcomes. The ESF applies to all new World Bank projects using Investment Project Financing (IPF) instrument. The ESF offers broad and systematic coverage of environmental and social risks. It makes important advances in areas such as transparency, non-discrimination, public participation, and accountability—including expanded roles for grievance mechanisms. It also brings the World Bank’s environmental and social protections into closer harmony with those of other development institutions. The present Stakeholder Engagement Plan has been prepared to match the requirements under the ESF regarding [Environmental and Social Standards](#) (ESS) which apply to Borrowers, under Investment Project Financing which in this case applies to the Project, the TA component.

1.1 Purpose of the SEP

4. The purpose of the present Stakeholder Engagement Plan (SEP) is to outline the target groups and methods of stakeholder engagement and the responsibilities in the implementation of stakeholder engagement activities. The intention of the SEP is to activate the engagement of stakeholders in a timely manner during project preparation and implementation. Specifically, SEP serves the following purposes: i) stakeholder identification and analysis; (ii) planning engagement modalities and effective communication tools for consultations and disclosure; (iii) defining role and responsibilities of different actors in implementing the SEP; (iv) defining the Project's Grievance Mechanism (GM) and (v) providing feedback to stakeholders; (vi) monitoring and reporting of the SEP.

1.2 Project Description

5. **The proposed operation (P4R program plus IPF project) builds on GoA's own successful efforts to reform the water supply and sanitation (WSS) services sector and the longstanding support provided by the World Bank and other development partners in Albania and comprises a PforR Program and an IPF Project to support its implementation.** The Project activities will take place nationwide, however, at this stage of preparation, the specific program and project locations have not yet been identified. The IPF technical assistance activities will not support implementation of civil works but can include preparatory studies to prepare or supervise civil works financed under the PforR, as well as planning and strategic documents. Hence, all studies to be produced under the IPF component will integrate adequate environmental and social provisions (as governed by the object and nature of the study).
6. **The PforR Program** is designed to support the introduction of a programmatic, results-based, sector-wide approach for the Bank's (and other development partners in the future) engagement in the financing of the development of the WSS sector in Albania. The Program will strengthen and reinforce the government's own systems for oversight and delivery of WSS services by the local government units and their municipally owned WSS sector utilities, building on sound technical, fiduciary and environmental and social management practices, focusing on the improvement of the operational and financial performance of WSS utilities and on increasing the access to water supply services in rural areas which are currently lagging behind. It is expected that the Program would also support the GoA's approach to transition the sector to a model of regional WSS utilities to promote greater financial and technical sustainability of the sector and the achievement of the National WSS Sector Strategy (NSS) objectives. The Program will, among others, finance improvement of their operational practices, preparation and implementation of nonrevenue water and losses reduction action plans, including the replacement of pipes within utilities with high water losses, energy efficiency audits and implementation of identified measures, and establishment of the realistic cost recovery levels— thus complementing to achieve objective of the Project. Additional precautions need to be made for the potential management, storage and handling of chemicals that would be used for water treatment or replacement of the asbestos pipes.

7. **The IPF The Project:** The operation includes an IPF Project whereby the World Bank will support the provision of technical assistance and capacity-building activities to support the achievement of the Program's objectives. The Project will allow the use of Bank guidelines for the procurement of highly specialized TA which design would benefit from close involvement by the Bank team and international expertise (and for which using national procedures might become problematic and cause delays) and secure predictable financing to address existing capacity gaps to support the implementation arrangements of the Program, in the context of currently limited institutional capacity within national level institutions, which will require strengthening and building of know-how for the effective fulfilment of their functions.

Results Area 1 – Strengthened National Framework

This RA will support the achievement of key results at national level by incentivizing policy decisions and regulatory and institutional measures necessary to improve the governance framework and to strengthen the oversight and monitoring functions of central government institutions to steer, support and monitor the delivery of WSS services by local governments and WSS utilities, including overseeing the voluntary and incentivized utility regionalization processes, and the overall strengthening of the capacities of the WSS sector workforce through the roll-out of the National Training and Certification system. Results are expected in 2 different areas:

- i. **Key sector financing instruments institutionalized:** with key milestones being: design and roll-out of an improved methodology for annual performance assessment (APA) of utility performance by AKUM, linking the allocation of public investments from state budget to performance and to compliance with revised prioritization and eligibility criteria in alignment with national sector policies;
- ii. **Improved institutional capacities and information systems:** with key milestones being:
 - i) roll-out of the National Training and Test-Based Certification Program for staff of WSS utilities;
 - ii) roll-out of the national information system (currently under development by third party contractor for AKUM) focused on improving reliability of utility performance/benchmarking data and enabling monitoring of utility KPIs, building on and further strengthening existing management and information systems;

Results Area 2 – Improved Operational and Financial Performance of WSS Utilities

This RA will support the achievement of results at local level supporting three types of activities:

- a) **A revised Performance Based Grant System (PBG)** for financial sustainability, including the approval of a revised subsidy scheme to transform the current subsidies into a performance-based-grant (PBG system) which will replace the current subsidies for operational expenditures to WSS utilities, based on a formula with selected KPIs reflecting service quality and other key selected indicators on service delivery conditions at local level. It is envisaged that the annual grants to eligible utilities will be comprised of a fixed grant component as an incentive for local governments and utilities to meet policy and regulatory requirements (preparation of performance improvement plans and Performance Agreements with AKUM and tariff proposals according to methodology approved by WRA, training and certification of utility staff following the National Training and Certification

Program, timely reporting of KPIs in National Information Systems, and others); and ii) a variable grant component based on achievement of targets set in the Performance Agreements to be signed with AKUM (as an incentive for meeting the targets). This system will also now include a Government initiative to provide subsidies for operational expenditures for WSS utilities in 2020 (and potentially in 2021) as part of the emergency response to the COVID19 situation, through the relevant ministerial guidelines establishing the rules to access such financial support.

- b) **Efficiency and Performance Improvement Projects**, including TA and capital expenditures leading to the improvement of operational efficiency and financial viability/cost recovery as well as improvement in levels of service. These are expected to include:
- i) **Water Supply Infrastructure for 24/7, DMA 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";
 - ii) **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)¹ and detailed energy audits will be conducted through the IPF component to identify further measures in these utilities and others.
 - iii) **Other utility turnaround measures identified in the utilities' business plans/performance improvement plans** to be prepared following the guidelines to be established under tariff setting methodology and Annual Performance Assessment – APA – System.
- c) **Incentive packages for utility regionalization processes** undertaken by utilities/municipalities through the creation of regional entities.

Specific results expected in this results area are:

- i. *Annual allocation of state budget capex and grants based on APA system*, with key milestones being: i) Final guidelines and allocation of PBG to eligible utilities/municipalities; ii) Identification and multi-year allocation of budget to eligible Efficiency and Performance Projects under Mid-term Budget Plan, following APA process; iii) Minimum improvement on national aggregated score for overall performance (from baseline)
- ii. *Utility Regionalization Processes launched*: With key milestones being: i) adoption of legal basis/decision by central government to support regionalization processes; and ii) allocation of incentive package and payment to the relevant local governments following formal agreements by local governments/utilities.

¹ 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.

Results Area 3 (RA3): Improved access to WSS Services in under-serviced areas

35. This RA will support the establishment of a new financing window within AKUM for investments by WSS utilities to increase and improve access to water supply services in under-served areas (including rural areas). It is expected that the Program can provide financing for around 12,500 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: the i) Design and approval of operational rules of financing window for universal access; ii) 12,500 new *safe and reliable* water supply household connections installed during the program implementation period; iii) At least 7,500 new *safe and reliable* functioning water supply household connections in targeted areas during the program implementation period.

1.3 Scope and Structure of the SEP

The SEP shall be applicable to all activities planned under the Project, the TA component of the operation, though the activities will be relevant also for the Program, P4R component. The engagement will be an integral part of the Project's environmental and social performance and project design and implementation. SEP is a "living document" and it will need to be progressively updated as the Albania National Water Supply and Sanitation Sector Modernization Program progresses from stage to stage. At this early stage of the preparatory phase, only the main stakeholders have been contacted and consulted. During the following month of this preparatory phase more meetings and consultations will be held with stakeholders and main actors in the process.

The document comprises 10 chapters. The first chapter serves as an Introduction. Chapter 2 lists the regulatory legal framework of Albania; Chapter 3 covers consultations on the proposed Albania National Water Supply and Sanitation Sector Modernization operation held so far. In Chapter 4, Stakeholder Identification, Mapping and Analysis is described. In Chapter 5, institutional analysis is provided. In Chapter 6, the Stakeholder Engagement Plan is presented. In Chapter 7, Implementation Arrangements for Stakeholder Engagement are presented. In Chapter 8, is a detailed Description of the Project's Grievance Mechanism (GM). In Chapter 9, a close overview of the process of monitoring, documentation and reporting is presented. Chapter 10 summarizes the disclosure and consultation requirements for SEP implementation.

2. REGULATORY LEGAL FRAMEWORK

This chapter provides a summary of the relevant aligned policies and conventions from relevant policies, laws, regulations, and review processes in Albania, specifically involving public consultation and disclosure regarding environment and land acquisition / compensation, the two common concerns from the public.

2.1 Main National Legislative Framework on Public Consultation

Environmental information and public participation in environmental decision-making are covered by the Law on Environmental Protection No. 10431/2011, which makes provisions to give the right to information

without having or showing a specific interest (public information). The Law on Environmental Permits No. 10448/2011 obliges the NEA to manage the system of environmental information with information on installations holding type A and B permits. Additionally, the Law on Environmental Impact Assessment No. 10440/2011 refers to the parties that need to be involved and refers to access to public information throughout an EIA; it also details public hearing procedures and provides for the complaint's procedure. The following laws and Decision of Council of Ministers (DCM) are directly relevant to Public Consultation, namely:

- Law No. 8672, dated 26.10.2000, "On the Aarhus Convention Ratification on public right to information, to participate in decision-making and to have access to justice in environmental matters";
- DCM No. 994, dated 02.07.2008, "Public Participation in Environmental Decision Making";
- DCM No. 16, dated 04.01.2012, "On Public Access to Environmental Information";
- DCM No. 247, dated 30.04.2014, "On the Determination of the Rules and Requirements of the Procedures for Information and Involvement of the Public in Environmental Decision Making";

Since 2011, two further general laws were adopted that are relevant to environmental information and public participation as follows:

- Law No 119/2014, dated 18.09.2014, "On the Right to Information";
- Law No 146/2014 – On Notification and Public Consultation" – regulates the process of notifying the public on drafting legislative work and other strategic national and local documents; furthermore it
 - Establishes the Commissioner for the right of Information: to address all complaints if public right to information and consultation has been infringed by the public authority;
 - Transparency Programs for all public institutions made obligatory;
 - Public Consultation Coordinator in every public institution;
 - New unique electronic register, yearly public reports on all planned acts, number of planned public hearings;
 - Yearly public reporting on all approved acts, number of public hearings, number of adopted recommendations and refused ones.

Moreover, there have been two DCMs related to and strengthening access to environmental information and public participation:

- DCM No. 247 dated 30.04.2014 "On the determination of rules and requirements of procedures for public information and involvement of the public in environmental decision making"; and
- DCM No. 219 dated 11.03.2015 "On rules and procedures for consultation with stakeholders and the public and public hearings during the strategic environmental assessment process".

3. Consultations held on proposed Albania National Water Supply and Sanitation Sector Modernization Program activities

The nature of the Project required a broad engagement with various project stakeholders and is ongoing since September 2019. The specific stakeholder engagement activities that have taken place during Project preparation include:

- Numerous dialogues with government and line ministries MoFE and MoIE
- Consultation with government agencies at the national, regional and local level that approach the WSS sector;

- Consultations with potential beneficiary units, including Municipalities, Water Supply Utilities and Water Supply directorate boards and their representatives;
- Consultations with National Agency of Water Supply and Waste Management (AKUM)
- Meetings with Water Regulatory Authority of Albania (ERRU);
- Consultation with active institutions or organizations
- Communication and meetings with other national and international donors working in the WSS sector (ADF, GIZ, KFW, BE projects in Albania etc.)

3.1 Key meetings/consultations with stakeholders during Project preparation

In the course of Project development, several meetings and consultations were held with government agencies, international donor organizations and NGOs. The meetings served to better understand the nature of existing situation of the WSS, identify sector needs and gaps. An overview of consultations/meetings is presented in the table below.

Table 1. Stakeholder engagement activities conducted during Project 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>Ndricim 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	Chief 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>Irland 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	Project coordinator	Elbasan WSU

	Elbasan, Albania		
<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 Facja</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

Consultation with Water Regulatory Authority of Albania (ERRU)

On November 4th 2019, the bank team met with the director of ERRU. The discussion related to the tariff regulation process, consultation practices, the ERRU complaints management procedure, performance reporting, and issues around affordability. One area of concern raised by customers related to individual water meters, for which the initial cost is covered by the customer. This responsibility is also represented in the contract signed between the consumer and water supply utility, once they apply to get a household connection. The format of the contract is unified and is drafted from ERRU, presented in the document of

Water Code, and is applicable in all water supply utilities as a protocol. It is the customer's responsibility to pay for the water meter and based on their opinion it is a high price (US\$30-40) for the standard of living. ERRU indicated the Water Code needs to be updated and they need assistance to improve.

Consultation with Municipalities and Water Supply Utilities

Part of the bank team met with water utility employees and the deputy mayors of Elbasan and Girokastra on November 6th and November 7th 2019, respectively. In both municipalities, the discussion related to describing past infrastructure projects, formalization of informal areas, land acquisition procedures, protecting cultural heritage, complaints and payment process, existing water pipe systems, gender composition of water utilities, safety of potable water produced, monitoring procedure, EIA requirements, health and safety applicable issues. In addition, water utility staff interviewed were able to cite applicable laws and procedures related to avoiding, minimizing or mitigating effects on physical cultural property. Water utility engineers noted that the most commonly encountered cultural artifacts related to the disturbance of cobblestones in older parts of the city. Upon encountering chance finds, staff reported they stop the project and call director responsible and ask for guidance. From a social perspective, key takeaways included the existence of multiple avenues for customers to file complaints and pay for services, that the more common complaints relate to water bill disputes and broken water meters (damage due to weather and determining who pays for it vs customer inflicted damage), illegal connections are made by individuals from a range of socio economic statuses and a perception that removing connections would not adversely impact a particular group, and the approach to land acquisition for non-land owners compensation is on an ad hoc case by case basis.

MoIE ongoing consultations with stakeholders

On November 8th 2019, a meeting was held with Head of Directorate of Development Programs in the field of Water Supply and Sewage of MoIE where the task team provided an overview of the meetings held with ERRU and the water utilities in Elbasan and Girokastra. Topics discussed included the ESSA assessment methodology, ESSA consultations, access and affordability of water services, particularly water meters, land acquisition, grievance redress mechanisms, asbestos pipes, and the presence of laboratory accreditation. Regarding grievance redress, a few different systems including a national one promoted by the Prime Minister and one in each water utility exist. The task team learned that GIZ has been supporting the development of a new online portal for water utilities where citizens can leave comments and file complaints. It is currently in a pilot phase with 6 utilities however there are plans to scale up. The team agreed to further clarify the grievance reporting mechanism as part of implementation support and this GIZ system may be considered the information source if all utilities in the PforR Program will be using this.

Regarding concerns about affordability, the team also learned that MoIE has drafted a law with amendments that clarifies some of the issues mentioned about the water code and the cost of the water meter will be financed as part of the new investments. MOIE clarified that there is a procedure in place (that the World Bank Social Protection group helped develop) to identify people in need and perhaps further awareness raising in the Municipalities is needed.

Regarding land acquisition, the Bank team discussed that investments related to extending the water network under Results Area 2 may involve the need for permanent land acquisition. According to Albanian law, there is no requirement to compensate individuals without legal rights to land but in practice sometimes there is compensation or there are municipal programs to support needs as the team learned in Elbasan. The PforR Bank Directive looks at the extent to which compensation is sufficient to purchase

replacement assets, that compensation is provided before land is taken/ access is restricted and that this is documented. Also, measures should be in place for land acquisition and related activities to be planned and implemented with appropriate disclosure, consultation and informed participation of those affected.

4. Stakeholder Identification, Mapping and Analysis

The stakeholder engagement process is focused on identifying key stakeholders and informants who can further identify the full range of affected parties in the project area of influence.

ESS 10 recognizes two broad categories of stakeholders: 1) Project Affected Parties and 2) Other Interested parties. **Project-affected parties** includes those likely to be affected by the project because of actual impacts (positive and negative) or potential risks to their physical environment, health, security, cultural practices, well-being, or livelihoods. These stakeholders may include individuals or groups, including direct project beneficiaries and local communities. They are the individuals or households most likely to observe/feel changes from environmental and social impacts of the project. The term “**Other interested parties**” (OIPs) refers to: individuals, groups, or organizations with an interest in the project, which may be because of the project location, its characteristics, its impacts, or matters related to public interest. For example, these parties may include regulators, government officials, the private sector, the scientific community, academics, unions, women’s organizations, other civil society organizations, and cultural groups.

4.1 Stakeholder Identification and Mapping

The stakeholders for this Project I, though these are the same stakeholders also for the Program, include Ministry of Finance and Economy, MoIE, AKUM, ERRU, Local Governments Municipalities, WSU, SHUKALB, Regional Structures of Public Health or State Health Inspectorate, and citizens at all levels in Albania. Directly affected groups includes municipalities, WSU, and households receiving water services. Also important stakeholders would be NGOs o with relevance and influence to Water Sector. Stakeholders that can influence and/or affect the project and those who can be influenced and/or affected by the project were predetermined based on their roles and pertinence to the project, nature of the proposed project activities, discussions with the Client and the Consultant's experience from Albanian and the wider Balkan region. The stakeholder mapping like the SEP overall is likely to be an evolving throughout the project as more stakeholders are included as the project enters the design, construction and operation phases.

Stakeholder mapping is done vertically (across the administrative space) and horizontally (within an individual space). The first step involves universal mapping. Each stakeholder group is rated for their relative importance and influence - starting from rating from 1 to 5, the weighting derived from cross-referencing interest and power of the stakeholders. The stakeholders of high (5*) and substantial significance (4*) are stakeholders to be included into all engagement activities and require continuous and undisrupted engagement. This helps in assigning importance for further analysis. The universal mapping, interest and the relative importance are presented below.

4.2 Vulnerable groups

Also, part of the stakeholders, are the beneficiaries of the project implementation. Between the main beneficiaries as Households and clients of the water supply utilities are included the vulnerable groups

as well. The classification of the potential vulnerable group that may be affected from the project are identifies and analyzed based on their exposure to risk and their inability to cope:

vulnerability = exposure to risk + inability to cope

Apart the overall Improvement of water quality services and water availability; an increase tariffs of supply services may be applied from WSU.

Based on the inability to cope, different vulnerable groups in society have been identified

- Households with low income,
- young families,
- groups of minorities, settled in informal areas Roma, Egyptian and Greek minorities.
- single elderly people.

Apart the preliminary evaluation of potential vulnerable groups, the mapping of this category, is likely to be evolving throughout the project phases.

The WSS utilities will be required to prepare 5-year business plans and comprise measures to improve performance across the main utility business areas. The business plans will have A social inclusion strategy to improve access and protect vulnerable citizens (in coordination with LGU) as well as Citizen engagement measures, including consultation and dissemination on corporate decisions for improved transparency, ensuring that customer feedback and utility responses are guaranteed through on-line platform, reporting on satisfaction of beneficiaries with engagement activities.

The PIU set at central level will make sure that this is part of the business plans of the WSS utilities.

Table 2. Stakeholder Segmentation by their Areas of Influence

National / Country Level*****		
Stakeholders	Area of Influence	Significance *****
Ministry of Finance and Economy	Loan Agreement oversight	*****
Ministry of Energy and Infrastructure	Main counterpart of the WB for Project implementation,	*****

National Agency for Water Supply Wastewater and Waste Infrastructure	Project management and implementation, oversight, reporting, implementation of matching grant program, environmental and social risk management, grievance management, SEP implementation and coordination	*****
Albanian Water Regulatory Authority	Assistance to the potential Project beneficiaries.	****
Water Supply Utilities	Performs tasks related to DLI, IPF instrument and targets approved by the program.	*****
Inspections (Regional Public Health directory)	Performs tasks related to inspectorial supervision, water quality monitoring.	**
Technical Assistance providers (SHUKALB, private sector and NGOs)	Support the capacity building process. Also support facilitate the outreach to citizens and actual community engagement and capacity building for community engagement	***
National media (Radio, TV, Newspaper)	Enables wide and regular dissemination of information related to the Project, ensures its visibility and facilitates stakeholder engagement	****
Social media (Twitter, Facebook etc)	Enables wide and regular dissemination of information related to the Project, ensures its visibility and facilitates stakeholder engagement	****
Local and Community Level		
Water Supply Utilities	Potential technical assistance and matching-grant beneficiaries, targeted by project outreach and capacity building. Performs tasks related to DLI, IPF instrument and targets approved by the program.	*****
Customers	Potential beneficiaries, beneficiaries of needs for improved service of water supply.	*****
Local Governments: Municipalities (including line departments: land management, economic development, environment etc.)	Helps to disseminate grant related materials, arrange public meetings and consultations, liaison between targeted groups. Assist the achievement of the main tasks of the project from the water supply utilities.	*****

Local media (radio, TV, Newspaper)	Enable wide and regular dissemination of information related to the Project to ensure its visibility, facilitate stakeholder engagement on the local level, regional and national level	*****
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5. Institutional Analysis

The engaged existing institutions have been analyzed in the table below. The institutions to be recruited or to be established are not covered by the below analysis.

Table 3. Stakeholder Analysis by the Level of Engagement

Group/ Agency	Current Status	Concerns and issues	Expectations
National			
Ministry of Finance and Economy (MoFE)	The Borrower would be the Republic of Albania, represented by the Ministry of Finance (MoFE). State budget financial management, inclusion of state guarantees, authorized persons for disbursement.	Potential disbursement cap	Maintain the state guarantees, and execute the Loan Agreement as per condition of the finance contract. To provide timely co-financing for the project in accordance with the Loan Agreement, and to ensure that the line Ministry and implementing agency, carries out its responsibilities in accordance with the terms of the Loan Agreement
Ministry of Infrastructure and Energy (MoIE)	The MoIE is responsible for overall implementation of the project. Implementation responsibilities will be delegated to a Project Implementation Unit (PIU), with the Project Director reporting directly to the Minister. The existing PIU will have primary	Insufficient number of competent staff to manage large-scale projects and subprojects with the program.	Improve institutional capacity in implementing World Bank funded project in the Water sector, hiring competent staff to manage the project at all levels

	responsibility for overseeing all aspects of project implementation including fiduciary aspects, with financial management of loan proceeds and procurement of goods, works and services for the project.		
AKUM	Has experience in WB projects as implementing agency, but has limited resources and qualified staff in managing the implementation of the WB ESF	Insufficient number of competent staff to manage large-scale projects and subprojects with ESF.	Improve institutional capacity in implementing World Bank funded project in the Water sector, hiring competent staff to manage the project at all levels
ERRU	Has a regulation role on the operation of WSU and customers. Authorized to follow up and approve tariff methodologies and to manage and address complains regarding the billing.	Insufficient number of competent staff.	Contribution to the process of tariff setting methodology, including issuing business plans guidelines.
Local			
Local governments and line departments	Advisories, knowledge and skill transfer role, implementation of outreach and engagement activities.	Potentially insufficient qualified staff and technical capacity (i.e. vehicles, technology etc.)	Strengthen capacity by enhancing their mobility and in-field response

WSU	WSU will play an important technical role in the project and contribute to the technical oversight of the project.	Potentially insufficient qualified staff and technical capacity (i.e. vehicles, technology etc.)	Strengthen capacity by enhancing their mobility and in-field response
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6 Stakeholder Engagement Plan

Various stakeholder engagement activities are proposed to ensure awareness and meaningful consultations about Project activities. Based on the organization of work related to water sector, the awareness campaign, outreach and stakeholder engagement will be season and gender appropriate.

The Project will develop a communication strategy for inclusive awareness raising about project scope, eligibility and selection criteria and critical milestones. The MoIE, in close collaboration with the Extension Services and Municipalities, will agree on an action list to identify appropriate communication channels and tools across the different regions of the country.

The table below presents roles and responsibilities of key actors in the proposed stakeholder engagement activities to be conducted under the project.

Table 4. Overview of planned communication and stakeholder engagement activities

Target stakeholders	Topic(s) of engagement	Method(s) used	Location/frequency	Responsibilities
Project wide				
Potential Project beneficiaries as well as non-targeted groups, wide range of regional and local stakeholders in the Water sector	Project progress, grant disbursement figures and beneficiary/applicant survey results	Regional workshops, in-person feedback	Annual	MoIE/AKUM/ERRU facilitated by Local Governments/
Activity level - Tariff Setting Methodology				
Water users, municipalities, WSUs	Tariff setting methodology, affordability	Meetings, information sessions, public hearings	During design of revised tariff setting methodology and follow up during implementation	ERRU
Activity level - Utility Regionalization				
Municipalities, WSUs, private sector stakeholders, local governments	Governance and improved capacity, regionalization process	Meetings, information sessions	During design of regionalization process and follow up	MoIE/AKUM

			during implementation	
Activity level - Strengthening water sector development services				
Municipality/WSU	Support outreach and implementation of matching grants program	Meetings, field visits and information sessions	Ahead of performance based grant calls, during business plan implementation	Local Governments
Activity level - Facilitating access to finance for productive investments				
Performance based grants program applicants and successful grantees, Extension Services	Collect feedback on support/advisory services and grant implementation support	Sample-based beneficiary survey)	6 months after grant disbursement	MoIE/AKUM/ERRU
Activity level - Open data platform				
Potential Project beneficiaries as well as non-targeted groups, institutional and commercial stakeholders in the water sector	Important production and market information, including water quality, prices, etc.	Data platform integrates feedback space to ensure continuous information and service adaptability	Continuous maintenance of relevant content after the open data platform becomes public	MoIE/AKUM/ERRU

7. Implementation Arrangements for Stakeholder Engagement

7.1 Roles and Responsibilities

Stakeholder engagement will be coordinated and led by the MoIE and AKUM. ERRU will also be involved in stakeholder engagement. Their respective implementation units will closely coordinate with other key stakeholders –Local Governments (line departments included), Extension Services, and local NGOs. The roles and responsibilities of these actors/stakeholders are summarized in the Table below.

Table 5. Responsibilities of key actors/stakeholders in SEP Implementation

Actor/Stakeholder	Responsibilities
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MoIE/AKUM/ERRU	<ul style="list-style-type: none"> • Plan, implement and monitor SEP activities; <p>Lead and coordinate stakeholder engagement activities;</p> <ul style="list-style-type: none"> • Collect stakeholder feedback through regional workshops, satisfaction surveys and bilateral meetings, • Manage the grievance mechanism at Project level, communicate grievances regularly through monitoring reports, • Build capacity of implementing partners – Local Governments Extension Services and GM on ESF stakeholder engagement standard and its implications; • Manage national GM database and submit quarterly reports on the substance and quantity of grievances; and • Supervise/monitor grant programs and engage with grant receipts.
Local Governments	<ul style="list-style-type: none"> • Lead stakeholder engagement activities at the municipal and community level; • Coordinate with Ministry, province, Municipal Extension Services and NGOs to implement outreach activities; • Local focal point for questions on grant eligibility and application procedure requirements • Discloses all documents, distributes outreach material as needed • Facilitate the organization of regional stakeholder workshops to present project progress and collect feedback about project services • Facilitate information requests and grievances by transfer to the PIU
Line departments in Municipalities	<ul style="list-style-type: none"> • Update spatial plans and issue permits (as required) • Respond to E&S risk management requests • Facilitate information requests and grievances by transfer to the PIU • Discloses all documents, distributes outreach material as needed

7.2. Stakeholder Engagement Methods

- *Performance Based Grant program outreach methods*

Prior to the launch of performance based grant calls, AKUM staff with support by Local Governments will conduct outreach and orientation meetings to ensure potential grant applicants can engage meaningfully in the Project. Local Governments will assist with community outreach to disseminate the grant program guidelines. The Project will stimulate the inclusion of targeted groups as minorities, women, youth in different areas. In rural areas, additional support may be considered to ensure that potential beneficiaries receive timely information and support in the application process. Awareness raising sessions will be conducted in municipal centers to ensure higher participation of targeted population.

Mass and social media, electronic communication through Ministry website, press releases/conferences and regional road shows will be some of the communication channels used to disseminate information about the project.

- *Regional stakeholder workshops*

MoIE/AKUM/ERRU together with Local Governments and WSS utilities will organize annual stakeholder regional workshops in which the Ministry will present the Project progress, grant disbursements figures for the region, and other progress data checked against plans to ensure transparency.

8. Grievance Mechanism

To ensure GM access, potential beneficiaries, communities and other stakeholders may submit grievances through Local Governments and numerous Ministry channels as outlined below. The GM will provide the opportunity for continued feedback on the grant scheme and resolution of individual grievances during implementation. Procedures related to complaints handling will be included in the Program Operational Manual and posted on the MoIE and AKUM's website to ensure full transparency.

The GM shall serve as both Project level information center and grievance mechanism, available to those affected by implementation of all Project sub-components and be applicable to all Project activities and relevant to all local communities affected by project activities. The GM shall be responsible for receiving and responding to grievances and comments of the following two groups:

- i. A person/legal entity directly affected by the project, potential beneficiaries of the Project,
- ii. Stakeholders - people with interest in the project, and
- ii. Residents/communities interested in and/or affected by project activities.

The GM shall be effective no later than a month after the effectiveness or earlier. It will manage and appropriately answer complaints during its different phases. It will be authorized to receive questions/complaints in respect to the marching grant scheme, including the eligibility criteria, adequacy of support to women, adequacy of stakeholder engagement and the Environmental and Social performance. In addition to the GM, legal remedies available under the national legislation are also available (courts, inspections, administrative authorities etc.)

MoIE is responsible for establishing a functioning GM and informing stakeholders about the GM role and function, the contact persons and the procedures to submit a complaint in the affected areas.

Information on the GM will be available:

- on the website of the MoIE (<https://www.infrastruktura.gov.al>)
- on the project website
- on the notice boards and websites of Municipalities.
- through the Ministry's social media account <https://twitter.com/energjiagova> and <https://www.facebook.com/ministriaeinfrastrukturesdheenergjise>

8.1 Raising grievances

Effective grievance administration strongly relies on a set fundamental principle designed to promote the fairness of the process and its outcomes. The grievance procedure shall be designed to be accessible, effective, easy, understandable and without costs to the complainant. Any grievance can be brought to the attention of the GM personally or by telephone or in writing by filling in the grievance form by phone, e-mail, post, fax or personal delivery to the addresses/numbers to be determined. The access points and details on local entry points shall be publicized and shall be part of the awareness building once the micro locations of the Project are known.

8.2 Grievances administration

Any grievance shall follow the path of the following mandatory steps: receive, assess and assign, acknowledge, investigate, respond, follow up and close out.

Once logged, the GM shall conduct a rapid assessment to verify the nature of grievances and determine on the severity. Within 3 days from logging it will acknowledge that the case is registered and provide the grievant with the basic next step information. It will then investigate by trying to understand the issue from the perspective of the complainant and understand what action he/she requires. The GM will investigate the facts and circumstances and articulate an answer. The final agreement should be issued and grievant be informed about the final decision not later than 30 days after the logging of the grievance. Closing out the grievance occurs after the implementation of the resolution has been verified. Even when an agreement is not reached, or the grievance was rejected, the results will be documented, actions and effort put into the resolution. If the grievance could not be resolved in amicable endeavor, the grievant can resort to the formal judicial procedures, as made available under the Albanian national legal framework. Logging a grievance with the GM does not preclude or prevent seeking resolution from an official authority, judicial or other at any time (including during the grievance process) provided by the Albanian legal framework.

In case of anonymous grievance, after acknowledgment of the grievance within three days from logging, the GM will investigate the grievance and within 30 days from logging the grievance, issue the final decision that will be disclosed on the respective website. Table 6 below shows the grievance/feedback chain.

The GM shall keep a grievance register log, which will include grievances received through all admission channels, containing all necessary elements to disaggregate the grievance by gender of the person logging it as well as by type of grievance. However, the personal data of each Grievant shall be protected under the Law no. 9887, dated 10.03.2008, amended by law no. 120/2014 “ON THE PROTECTION OF PERSONAL DATA”. Each grievance will be recorded in the register with the following information at minimum:

- description of grievance,
- date of receipt acknowledgement returned to the complainant,
- description of actions taken (investigation, corrective measures),
- date of resolution / provision of feedback to the complainant,
- verification of implementation, and
- closure.

8.3 Grievance and beneficiary feedback reporting

The role of the GM, in addition to addressing grievances, shall be to keep and store comments/grievances received and keep the Central grievance log administered by the MoIE. In order to allow full knowledge of this tool and its results, quarterly updates from the GM shall be available on the MoIE website. The updates shall be disaggregated by gender, type of grievances /complaints and presented at annual workshops which will be used as a feedback generator platform.

8.4 Constitution of GM

MoIE will add the role of GM for this Project to the official website of MoIE, by the time public consultations on this SEP have been completed. This will allow any potential grievance to be addressed even at the planning stage. The Info Centre will be responsible for GM administration, take any action necessary to address the grievance and inform the complainant about the outcome of the process, and maintain a data base of stakeholders, their responsible persons and representatives.

Table 6: Grievance Mechanism

	Grievance Mechanism (GM)
Level	At the level of MoIE/AKUM/ERRU (Info Centre & Open Data Platform)
Role	Project information center and grievance mechanism for matching grant mechanism, Environmental and Social Performance of the Project, information sharing and Extension Services
Focus	All components of the Project
Responsibility	Addressing concerns and grievances from potential beneficiaries of the Project and other interested parties
Methods for raising grievances	Grievances can be logged in writing, by e-mail or phone at the GM or at the Local designated Grievance admission points at local Municipalities
Registry of Grievances	GM Registration Log
	Grievance Log administered by MoIE/AKUM/ERRU
	Local Grievance Logs at local entry points (Local Governments)
Administration of Grievances	The GM shall, within three days after the day of receipt, acknowledge such receipt and take overall 30 days to decide on the grievance or to inform the complainant why the grievance cannot be resolved within the given time. Within 25 days the implementation of remedy shall be verified
Reporting	GM shall keep and store all grievances in a Central Grievance Log, and publish quarterly reports on the official of MoIE website

Grievances may arise from members of communities who are dissatisfied with eligibility criteria use and actual implementation.

The existence of a GM should not prevent citizens or communities from pursuing their rights and interests by seeking redress through the courts, administrative law procedures, or other formal dispute resolution mechanisms available.

8.5 Grievance Log

The MoIE and AKUM implementation units should maintain grievance log to ensure that each complaint has an individual reference number and is appropriately tracked and recorded actions are completed.

When receiving feedback, including grievances, the following is defined:

- Type,
- Category,
- Deadline for resolving the appeal, and
- Agreed action plan.

Each complaint should be assigned with an individual reference number and is appropriately tracked and recorded actions are completed. The log should contain the following information:

- Name of the grievant, location and details of the grievance.
- Date of submission.
- Date when the Grievance Log was uploaded onto the project database.
- Details of corrective action proposed,
- Date when the proposed corrective action was sent to the complainant (if appropriate).
- Date when the grievance was closed out.
- Date when the response was sent to the grievant.

8.6 World Bank Grievance Redress System

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

9. Monitoring and Reporting of the SEP

The results of the stakeholder engagement process will be included in the Project Monitoring Reports. These will be provided at a frequency as indicated in the ESCP. The monitoring reports will include the following information:

- Venue, time and date of any public consultation meetings that have been undertaken;
- Issues and concerns raised during the consultative meetings;
- A list of the number and types of grievances raised in the reporting period and the number of resolved and/or outstanding grievances; and
- Information on how the issues raised during the meetings and through grievances were/will be taken into consideration during the Project implementation (construction) Phase.

The Reports will also include a summary of implemented corrective measures meant to address the grievances.

a. Formal Meetings

All formal meetings, which are scheduled through the stakeholder engagement team will be documented and minutes taken. Minutes will be captured in English and Albanian by team members engaged. Attendance registers / form will be maintained in appropriate formats.

b. Attendance Register / Form

A Stakeholders registers / form will be used to track the Consultation and Disclosure process. Specific stakeholder engagement actions will then be tracked in the registers / form, which contains the list of all stakeholders identified, under what category they fall, their importance to the project in terms of how they can influence or be influenced by the Project.

c. Record Keeping

A master database will be maintained by MoIE to record and track management of all comments and grievances, and independently audited. This will serve to help monitor and improve performance of the Comment Response and, Grievance Mechanism. This database will be continued throughout all phases of the Project.

10. Disclosure and Consultation requirements

Following a 14 days two-week disclosure window once endorsed by MoIE and the WB, the draft SEP, shall be subject to Public consultations. The SEP will be disclosed in Albanian and English at the website of the MoIE together with invitations to the Public Consultations. Given the importance of Project, its scale and geographical spread the Public invitation shall be announced in a reputable printed media with national coverage to allow a wide range of Stakeholders to be included in the Consultation process. This will provide the Stakeholders with opportunities to express their views on project risks, impacts, and mitigation measures and allow MoIE to consider and respond to them.

The Invitation shall indicate how the document to be consulted on may be accessed, the Project details, date, time and venue of the consultations, and contact information details for feedback and /or questions.

Once the Consultations have been completed, Minutes of the Meeting shall be prepared and annexed to the SEP. The Minutes shall reflect on the feedback received, questions raised and how these were

incorporated into the final document. The attendance of Stakeholders shall be verified through a signed attendance log, preferable with contact details of the attendees and photographs with permission to disclose.

Appendix 1: Grievance form

Reference No:
Full Name
<i>Note: you can remain anonymous if you prefer, or request not to disclose your identity to the third parties without your consent. In case of anonymous grievances, the decision will be disclosed at the Projects website</i>
First name _____
Last name _____
<input type="checkbox"/> I wish to raise my grievance anonymously
<input type="checkbox"/> I request not to disclose my identity without my consent Contact Information Please mark how you wish to be contacted (mail, telephone, e-mail).
<input type="checkbox"/> By Post: Please provide mailing address:

<input type="checkbox"/> By Telephone: _____
<input type="checkbox"/> By E-mail _____
<input type="checkbox"/> I will follow up the resolution at the website as I want to remain anonymous
Preferred Language for communication <input type="checkbox"/> Albanian <input type="checkbox"/> Other (<i>indicate</i>)
Description of Incident or Grievance (<i>What happened? Where did it happen? Who did it happen to? What is the result of the problem? Date of Incident/ Grievance</i>)

<input type="checkbox"/> One-time incident/grievance (date _____)
<input type="checkbox"/> Happened more than once (how many times? _____)

On-going (currently experiencing problem) What would you like to see happen to resolve the problem?

Signature: _____ Date: _____

Please return this form to: The Ministry of Infrastructure and Energy.