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b-solutions

FINAL REPORT BY THE EXPERT

Advice Case: Development of a Transborder Water Supply Network

Advised Entity: Kalvarija municipality administration (LT)

Expert: Gintaras Skamaročius

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I. Description of the Obstacle

At the request of Kalvarija Municipality Administration, Advice case (feasibility study) is being carried out for the possibility to develop drinking water network / supply to the residents in the Lithuanian- Polish border region and enterprises.

The research is funded by the EU financial instrument b-solutions, which is administered by AEBR. The state border is curved, so the border zone is considered up to 3 km from both sides of the border line.

9 administrative units are included into this zone - part of the territory of the border municipalities.

3 district type municipalities on the Lithuanian side: Kalvarija, Lazdijai district and Vilkaviškis district, from Polish side - 6 commune type municipalities: Giby, Punsk, Rutka-Tartak, Sejny, Szypliszki, Wizajny. They and the neighboring municipalities (counties) are part of the area referred to in this case as border region.

National systems of both countries are representative of their respective countries, so the focus will be on Kalvarija municipality, the initiator of the project and its neighboring municipalities Punsk, Rutka- Tartak and Szypliszki.

Current situation in Kalvarija municipality:

Current systemic and regional policy failures result that only about 55% of inhabitants of Kalvarija municipality are connected to centralized drinking water networks by 30 September 2019, some of them- to the networks, several times higher hygiene standards.

Part of the population still uses the old "Soviet collective farms" (about 35-50 years old)drinking water networks (e.g. in Asava, Mockai, Reketija, Senoji Radiškė and other villages).

They are not owned by the municipality or its enterprise. This is often the case, when drinking water networks with pumping stations are owned by circles of people or legally are no one's property.

There is only one village (out of 32 existing) in Sangrūda eldership, which has drinking water network owned by the municipality. There are only 125 homesteads / flats / enterprises in Sangrūda and at the same time in the whole eldership that are connected to this network. The drinking water supplier has no data how many villagers in Sangrūda use the water from this network. Investments are planned and added according to 2017-07-01 statistical calculation (2,2 people / dwelling).

This method shows 125 units as a population of 275 inhabitants. According to the data of the administration of the eldership, the population in Sangrūda village is 360-370 people, which have declared their place of living, but some of them have gone to study or work, or have moved to other

locations, so accurate data is not available. In any case, out of 1443 inhabitants, who had declared their living place in the eldership, only about 19-25% receive drinking water supply.

Only for the residents of Sangrūda and Liubavas, connected to the drinking water network (neighboring Liubavas eldership, 74 dwellings) the quality of supply will be improved, while implementing the project "Construction of Water Treatment Facilities in the Municipalities of Kalvarija, Liubavas and Sangrūda villages " (without upgrading networks) in 2019-2020.

It is partially (50 + 50) funded by the EU 2014-2020 program measure no. 05.3.2-APVA-R-014 and the Kalvarija Municipality.

Drinking water networks and other devices are not inventoried. They do not have cadastral measurement files and accordingly legal registrations as buildings.

Only part of the bareholes of the drinking water networks, owned by the municipal JSC "Kalvarijos Komunalininkas", located in Liubavas, Pagraužiai, Salaperaugis, Aistiškės, Akmenynai, Sangrūda and other settlements have been inventoried.

The construction of a new drinking water network requires the simultaneous construction of sewage networks, which makes the investment almost twice as expensive. The villages in the border area have small population, which has declared their living place, e.g. Senieji Alksnėnai (9 inhabitants), Reketija (26 inhabitants), Miklausė (53 inhabitants). Kalvarija municipality received only 91.300 Eur support for the investments in drinking water networks in the border elderships from the EU 2014-2020 centralized programs.

Current situation on the Polish side:

Drinking water supply and / or wastewater treatment is usually done separately and partly by individual service providers – that partly determines the current situation. For example, in Rutka-Tartak commune, only 3 villages have centralized wastewater management networks. They practically do not exist in other settlements / rural areas of this commune. The situation shows that in this country the municipalities can allocate a proportionately larger amount of money to the development of drinking water supply infrastructure. Approximately 97-98 percent of the declared population is connected to it in this border area.

Drinking water networks e.g. in Szypliszki commune is from 16 to over 30 years old. The administration of the commune declared, that drinking water networks in 3 border villages - Kupowo-Folwark (12

residents), Majdan (17 residents) and Budzisko (7 residents) are in poor condition and need to be upgraded.

Other communes in the border region have not confirmed the need to invest into the network in the nearest future, although in Punsk commune they are about 25-30 years old.

With significantly different funding needs to develop these investments in both countries, it would be difficult to present a balanced project of the budget to the CBC program, which usually requires indicators and costs across the borders. It can be physically difficult for Lithuanian partners to find partners across the border - in Poland

II. Indication of the Legal / Administrative Dispositions causing the Obstacle

The development of drinking water networks and other infrastructure in the province, as well as in smaller settlements, including on both sides of the border, are nearly stopped or, more precisely, "bureaucratically allowed" by the law and provisions of the EU programs in these countries.

Legal regulation in Lithuania.

In Lithuania, drinking water supply services are provided according to the Law on Drinking Water Supply and Wastewater Management (13 of July, 2006 No X- 764). Water supply is a public service under the responsibility of the state / municipality.

It should be noted that:

1.The law provides that municipality councils shall:

- appoint public suppliers of drinking water and assign them to provide drinking water supply; determines the prices of drinking water supply and waste water treatment in accordance with the methodology of the National Control of Prices and Energy control commission.

- fulfill the rights and obligations of the owner of the drinking water supply infrastructure or the rights and obligations of the municipally owned enterprises, which own this infrastructure.

They are allowed to merge with other municipalities in Lithuania to provide these services. It might be presumed that this provision also applies to the supply of water from the neighboring country for the Lithuanian consumers, however, not directly, but only through a company controlled by the municipality, which matches and has drinking water supply and waste water management license, issued by the National Control of Prices and Energy control commission.

2.Driking water supply infrastructure in the municipal area (up to the consumer's site boundary) must be

owned by the municipality council or a company under its control. The law does not provide that subscriber / water buyer could be a foreign private person or an agency or branch of a legal entity not registered in Lithuania, however, in the opinion of the specialists of the National Control of Prices and Energy control commission it is not prohibited being a subscriber.

Essentially, bordering municipalities could mutually agree to buy drinking water from each other (and

/ or through companies controlled by them) according to the counters and continue to supply drinking water to the residents / enterprises in their service area.

3. Municipality councils should change their water supply infrastructure development plans in the municipality area, as well as the boundaries of public water supply areas (in general or special spatial planning documents).

4. One of the provisions of the Law says, that the territory might be included into the municipal public water supply area if it meets at least one of the following criteria:

a) at least 50 persons declaring their place of residence in the area are supplied with drinking water.

b) a municipal infrastructure is suitable for the supply of drinking water.

There are practically no settlements (territories) of at least 50 residents in the border area, also there is no above mentioned municipal infrastructure. Typical problem without a solution – which is first.

In the border regions, municipalities usually have low financial capacities – they have insufficient local budget and financial resources for the infrastructure development is not under priority, especially in less populated areas.

EU support programs 2007-2013 and 2014-2020 also mostly financed projects in Lithuania only in larger settlements.

For example, the EU Fund Investment Action Program (so-called "014" measure) in 2014-2020 partly financed the development of drinking water networks in the settlements with more than 200 inhabitants. The total amount of investments in the area could not be higher than 868 Eur / person.

If the projects fail to reach indicators, because of aging of the society, changes in the number of population, the financial support might be reduced, or even you can expect a fine.

So, even with help of the EU programs, but with that existing bureaucratic system, it was risky to plan projects even close in size settlements.

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Legal regulation in Poland.

In this country, the supply of drinking water is regulated by the Law on general water supply and sewage disposal (June 7, 2001). It states that the supply of water is the task of the commune. Communes might fulfill this function either individually or through the association or by mutual agreement. If the communes jointly perform this task, rights and duties of the commune enterprises specified by law are performed by commune association or commune itself, as specified in their agreement.

The directions of the development of water networks in the commune is determined by the Commune Spatial Development and Direction Study and in the Local area development plan.

The supply of drinking water in Poland can be provided by the commune administration itself (e.g. cases of Punsk and Wizajny communes) or another company chosen by the commune (e.g. with the permission of the head of the commune drinking water supply in Szypliszki, is done by a private company).

To become a water supplier, a company must:

1. have their headquarters and address, branch or agency in the territory of Poland.

2) have the funds or documents required for the proper supply of the water, with acknowledgment of receipt thereof;

3) have technical capabilities.

Drinking water networks and drilling rigs in Poland are the property of the commune administrations up to individual boundaries of the consumer's plot.

Only communes may authorize the construction of new wells and the exploitation of subterranean resources, with the permission of the district (powiat) administration, after coordination with the Polish State Enterprise of Poland waters (Gospodarki wodnej). Drinking water supply prices for a 3- year period, by the proposal of the commune is also determined by this company.

The quality of the drinking water and the control of the service are provided by the water supplier.

It should be noted that Punsk commune by mutual agreement supplies drinking water to one village of Szypliszki commune and Wizajny commune - to 4 villages in Rutka-Tartak commune.

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III. Description of a possible Solution

Border municipalities (districts and communes) should sign bilateral agreements and, after evaluation the balance between territorial and economic principles, to develop territorial infrastructure, including providing permits for a neighboring municipality to develop licensed activities in its territory, including drinking water supply.

The service will never pay off in the border region, and it is necessary to look for the greater EU program, national budgets and municipal support to improve quality of life and reduce the existing differences with economic centers.

The requirements of future EU programs, especially in Lithuania, should be more flexible and allow more than 868 Eur / per person investment and / or no limitations for settlements to receive support. Drinking water supply is a vital response to social human needs and should be supported not less than 80%. It could decrease as the population of the village increases.

Throughout the border, neighboring municipalities (directly or through controlled companies) could physically build / connect their drinking water supply networks in dozens of places. Water through the border would enter one crossing point for each cross-border route, from which water supplier from another country would sell it to his existing consumers. There would only be centralized payment between countries, i.e. the supplier with recipient-supplier in another country. The distance from the Polish water supply networks to the potential first consumers on the Lithuanian side is about 0.9 km.

The costs of infrastructure design and construction with inventory varies across the region, but proportions are similar. In Poland, prices are about 40-60% lower. Construction works in Punsk costed: 1 borehole installation (67 m deep, pump 65 m3 / h capacity) costed about 62.930 EUR, the price for the construction of drinking water network was 81.90 EUR / m. I.e. the cost of 1 borehole equals about 768 m of network cost. The landscape and soils in the border zone (2 types predominate) are relatively similar, therefore appropriate assumptions on the prices of the works can be made on this basis. If the network branch to another village would cost more than the sum of the prices of the new local borehole and the local networks in that village, so the construction of such branches within and between countries would be less profitable economically. It would do better in case of reserve, i.e. in case of higher seasonal water consumption and / or less water extraction.

There would be greater economic benefits if the drinking water supply investments was not only developed across the border, but wider than the border area alone, creating a denser network of local networks (with local wells). Solutions can range from centralized networks to individual wells.

Poland has a need for smaller funds and smaller infrastructure compared with Lithuania, therefore the program should make provision that some drinking water projects can be allowed to be implemented not necessarily with partner across the border.

"Collective farm" networks in Lithuanian settlements urgently need to be taken over (redeemed) as a municipal property or plans to build new ones have to be made, in order to have the right to develop the infrastructure of the municipal water supply network with the help of EU programs.

Taking into account price differences between the two countries and the impact of duration and seasonality of works on prices, it is appropriate to make provision for the ECBM projects in public procurement tenders for equipment and works to invite at least 3 potential suppliers / contractors from each country and make it possible to have longer contract, because of the seasonality.

The support provided by the ECBM could be administered (and assisted for border municipalities) by the structural institutions of Union of Cross Border regions „Euroregion Nemunas-Niemen" in Lithuania and Poland.

In Lithuania – it's Public Institution Nemunas euroregion Marijampolė Bureau; in Polish side – Polish Association „Euroregion Niemen". Their founders and stakeholders are border municipalities from both sides. Both institutions have more as 20 years experience in CB cooperation, management of Small project funds and projects of CBC programmes.

IV. Pre-Assessment of whether the Case could be solved with the European Cross-Border Mechanism

The border area in question is industrially unaffected and ecological farming, animal growing, recreational and similar activities should be developed there, so for them, and for those living here, visitors, tourists necessary social security infrastructure, including drinking water must be provided.

Support from the ECBM would make it possible to resolve the problem raised, i.e. development of the drinking water infrastructures capable of crossing national borders and / or borders of communes / districts, as well as by establishing a denser network of local nets (with local wells) in the border region. It makes sense to plan partial financing for individual (private) investments. Such investments in the case of a small village, would be much cheaper for the municipality to fulfill its obligation to the population through a centralized public water supply network.

The identified problem could be solved by about 4,14 million EUR support for the development of

drinking water supply infrastructure in the border region of Lithuania (about 27 pcs x75.000 EUR x80% = 1.62 million EUR for wells; 27 km x100.000 EUR x80% = 2.16 million Eur for networks; 240 individual wells/housing x 1500 EUR partial support = 0.36 million EUR) and total about 1 million EUR for the Polish side.

In the view of the environmental provisions of the EU and the Member States, it is advisable to propose that ECBM at this border region would finance not only drinking water, but also wastewater management infrastructure.

V. Other Relevant Aspects to this Case

After World War II, the Soviet Union from the present border area on the Lithuanian side (about 1.5 km wide) evicted residents and physically demolished all homesteads. For nearly 45 years it was forbidden not only to live there, but also to visit or perform economic activities. This area was transferred to the State forest land fund. Current restoration of settlements and farmsteads and related infrastructure require significantly more funds than their gradual renewal.

On the Polish side, only Szypliszki commune has confirmed that there is a need for renewal of drinking water networks in 3 border villages, but having in mind the duration of ECBM measures programming, approval and documentation preparation procedures, it is likely that in a few years other Polish communes would also seek support from this measure.

A similar situation was encountered at the Polish-German border.

There, 2 neighboring communes/municipalities have connected their own water supply networks. When crossing the border, the water gets into one point, from which the water supplier in the other country sells it to his consumers.

Parties pay to each other only centrally, i.e. the supplier pays to a supplier in another country.

It is currently under consideration in Lithuania, for smaller municipalities, such as Kalvarija to merge water supply companies into larger ones. In the case of a merger, the liabilities of the smaller companies would be taken over by the bigger ones and it is planned that the municipalities will control them through JSC shares.

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VII. References and Appendix/Appendices if any

Gintaras Skamaročius