1. **Basic Information**

1.1. **Désirée Number**: 2002/000-579.07.02

   **Twinning**: EE02-IB-EN-02


1.3. **Sector**: Environment

1.4. **Location**: Estonia

2. **Objectives**

2.1. **Overall objective(s):**

   To ensure that Estonia fully complies with the requirements of Drinking Water Directive (80/778/EEC), Urban Waste Water Treatment Directive (91/271/EEC), Directive on discharge of Dangerous Substances to the Aquatic Environment, (76/464/EEC) and relevant Daughter Directives (82/176; 83/513, 86/280, 88/347 and 90/415) respecting the deadlines agreed during the negotiations on Estonia's accession to the EU.

2.2. **Project purpose:**

   To strengthen the administrative capacity in the competent authorities - in particular at regional (environmental departments) and local levels (water companies, local authorities) - in order to ensure efficient and cost-effective implementation of the Drinking Water Directive and Urban Waste Water Treatment Directive Implementation Program for 2003-2013, Directive on discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives and the Plan for Meeting the EU Limit Values for Microbiological Parameters (of the Drinking Water Directive), including preparation of cost-effective investment projects and training of staff in the competent authorities.

2.3. **Accession Partnership and NPAA priority:**

   The project will fall under the environmental priorities of the 2001 **Accession Partnership**.

   The priorities relevant to the current project are mentioned under Chapter 4 – Priorities and intermediate objectives; Environment of the AP:

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1 See Estonian Information note to the Conference on Accession to the European Union, LISA 5/22/12-04-2002
– Complete transposition of the acquis, with particular emphasis on water quality and waste management.
– Continue implementation of the acquis, in particular as regards discharge of dangerous substances in the aquatic environment (establish pollution reduction programmes and ensure monitoring) and strengthen efforts to meet microbiological parameters for water intended for human consumption.
– Continue strengthening administrative capacity, in particular at regional and local level.

An updated version of Estonian **National Programme for the Adoption of the Acquis** (NPAA) was completed in February 2002. The NPAA priorities (NPAA 2002 part III, chapter 22 Environment 22.4 Water Protection) based on the Accession Partnership which are relevant to the current project:

- Amendments to the Water Act and its implementing legislation must improve the permit system and get citizen closer to Water Policy Making;
- There is needed to train several level public officers to implement EU Directives;
- The implementation of the Urban Wastewater Treatment Directive – designating sensitive areas, agglomerations and establishing monitoring system;
- The implementation of the Drinking Water Directive – upgrading of drinking water supply systems, information exchange between responsible authorities on drinking water quality, establishing the drinking water quality monitoring system.

2.4. Contribution to National Development Plan 2001-2004

National Development Plan (NDP) is designed in line with priorities set up by National Environmental Strategy and National Environmental Action Plan. According to the NDP, the water sector is one of the five main sub-sectors to be given priority during the 2001-2004 period (chapter 4.3.3.2 – Water Supply and Wastewater Treatment). There are priorities relevant to the current project:

- to achieve on time implementation of EU directives;
- to train civil servants (water managers and local and regional authorities).

2.5 Estonian Implementation Plan for Meeting the Micro-biological Parameters of the Drinking Water Directive was composed in 2001 and was approved by the minister of Social Affairs in the beginning 2002. Plan will be implemented in 2002 to achieve compliance with drinking water microbiological parameters.

3. Description

3.1. Background and justification:

**Background**
There is a need in Estonia to achieve more efficient Drinking Water Directive, Urban Waste Water Treatment Directive and Directive on discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives implementation, *inter alia* to provide more efficient instruments for above mentioned directives implementation.

**Urban Waste Water Treatment Directive**

The main legal act, which regulates wastewater treatment, including requirements for collection, is the Water Act. Requirements on wastewater discharges (e.g. for agglomerations of 2000 – 100000 pe or more BOD7 – 15 mg/l, COD - 125 mg, SS – 15 mg/l, P – 1.5 mg/l, N – 15 mg/l) are on line with the Urban Wastewater Directive or even stricter because Estonia has signed the Estonian-Finnish Agreement on water protection and ratified the HELCOM Convention. Estonian territory is sensitive according to the Urban Waste Treatment Directive. All Estonian agglomerations (2000 pe or more) must remove phosphorus at least 1.5 mg/l. All agglomerations with pollution load 10000 pe or more are committed to remove nitrogen. Not all requirements of the Urban Wastewater Directive are transposed.

In Estonia 61 agglomerations with pollution load of 2000 or more pe have been identified. There are 3 agglomerations with the pollution load of 10000 – 15000 pe. There are 12 agglomerations with the pollution load 15000 – 150000 and 1 agglomeration with the pollution load of more than 150000 pe. There is more than 3000 km of sewerage, which needs to be partly renovated.

SS (suspended solids) and BOD (biological oxygen demand) reduction from waste water was achieved almost in all agglomerations (except some small agglomerations Võhma and Paldiski). Phosphorus reduction was achieved in 50 % of committed agglomerations and nitrogen reduction was achieved in 60 % of agglomerations according to the Urban Waste Water Treatment Directive.

There is wastewater collection system in every Estonian agglomeration, but there is a need to renovate and enlarge these systems in different agglomerations. Major cost of Urban Waste Water Directive implementation is connected with collection systems construction or renovation to avoid large-scale wastewater leakages into soil and ground water. Some areas can develop independent wastewater treatment systems, but in some areas it is needed to develop collection system in the agglomerations territories. There is a need to work out criteria to establish the cost effective and environmentally reasonable borders of collection systems in agglomerations territories.

The Urban Waste Water Directive Implementation Plan is composed, but this requires amendment to the project level. There is a need to include to the plan number of measures to achieve more efficient implementation of the directive. For instance there is a need to create good legal bases on water companies development. There are more than 250 water companies (population about 1.4 million people) in Estonia. Water companies reform is necessary for achievement on time of the directive implementation. There is a need to integrate private sector money to the implementation of the directive. Also there is a need to look over pollution minimization requirements (effective water permitting, pollution charges etc).
The implementation of the Urban Waste Water Directive requires decrease of 1420 tons of nitrogen and 80 tons of phosphorus from 2003 to 2010, which is needed to achieve most cost-effective way.

**Drinking Water Directive**

There are 745 central drinking water supply systems in Estonia, 19 of these (2.6%) have failures to meet the requirements of microbiological parameters according to the Drinking Water Directive. In Estonia there are no drinking water supply systems, in which water constantly has not met the requirements of microbiological parameters. There are 313 drinking water supply systems that do not meet the requirements of indicator parameters according to the Drinking Water Directive.

The regulation of the Ministry of Social Affairs on drinking water quality and monitoring requirements, which is based on the Drinking Water Directive, will be enforced on the 1 of June 2002.

Above mentioned regulation must be implemented in years 2002-2013 and after 2013 drinking water must be with accordance of Drinking Water Directive requirements. The current project aims at ensuring a fast, efficient and cost-effective implementation of the Drinking Water Directive in Estonia.

There is an implementation program to implement drinking water directive. This program contains municipal level project proposals to implement drinking water directive in the settlements with population more than 300 peoples. There is a need to include different measures (water permitting, abstraction charges etc) to achieve on time and cost effective directive implementation.

**Directive on discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives**

Inventory of dangerous substances is finished. Dangerous substances daughter directives give to specific industries the emission limit values that must be established. As there are no such industries in Estonia, the inventory covered other pollution sources and enterprises, not regulated by the daughter directives. The attention was paid also to the enterprises connected to the public sewerage as well as to the outlets of storm water and wastewater treatment plants. The analyses were made in Estonian Environmental Research Center and parallel in Analytic Laboratories in Breda, Netherlands.

The inventory gives a clear picture of dangerous substances problems in Estonia. Main problems (mainly excessive phenols discharges) are with North-East oil shale industries. There are problems also with polluted industrial territories and also discharges from these territories. There is information about industrial dangerous substances discharges.

Also there are small problems with storm water heavy metals discharges in large towns (Tallinn, towns in North-East region etc).
Estonia will solve dangerous substances problems with effective water permitting, which gives to the industries dangerous substances minimization and monitoring requirements. There is a plan to start to compose dangerous substances minimization programs, which will also be implemented with the water permit system, which was renewed in 2002. The new water permitting system involves:
- quality objectives for recipient water bodies;
- monitoring requirements;
- pollution minimization requirements;
- requirement to use BAT;
- requirement to collect dangerous substances information;
- end of pipe waste water treatment requirements etc.

EU expert is needed to guide the elaboration of dangerous substances minimization programs for selected industries to avoid excessive quantity of dangerous substances from public waste water treatment system and from recipients.

**Problem description**

In negotiations on the environment concluded in June 2001, four transition periods were agreed: for volatile organic compounds (2006), for landfills (2009), for waste water (2010) and for drinking water (2013). These transition periods relate to the directives that are difficult to implement for reasons of cost. The Drinking Water Directive and the Urban Wastewater Directive necessitate heavy investment and involve a significant increase in the cost of the service paid by the consumer, if the polluter pays and user pays principles are applied. Estonia has real water problems to address arising from historic ignorance and abuse by the previous regime. There are pollution issues relating to industrial and agricultural sites, areas of former military occupancy and specific matters of underground pollution from oil shale mining in the North Eastern region and a Russian built coal fired power plant.

There are 247 Local Authorities each with a water company, which gives rise to duplication of resources and poor co-ordination. For institutional strengthening and establishing the new water management system, the costs for the administrative rearrangements are estimated to be about 1 million EUR within the Estonian river basin district. This project covers a part of the costs (mainly proposals and recommendations of institutional strengthening reorganization, training) of administrative rearrangements. The major part of administrative re-arrangements costs will be covered from state and local budgets. This project will give a good basis for such administrative re-arrangements and provide a good material for decision-makers.

It is anticipated that the project will lead to approximately ten coordinating or managing water companies, more or less in line with the nine sub districts. This will be confirmed by the expert analysis of requirement.

The system for water management established by the Water Act is complex and involves not only the MoE, but also other ministries: the Ministry of Agriculture, Ministry of Social Affairs, Ministry of Transport, Ministry of Economic Affairs and the Ministry of Finance. The complexity of the system affects both the higher levels of public management and the vertical hierarchy inside each ministry.
During the preliminary assessments it has been revealed that general financing needed for implementation of the water related acquis amounts to 760 million EUR. This covers the general costs needed for the implementation of Drinking Water Directive, Urban Wastewater Directive, Nitrates Directive and Water Framework Directive. The cost of Urban Wastewater Directive and Drinking Water Directive implementation is 585 million EUR.

Phare involvement is essential as member states already have experience and practice in implementing Water Directives. External expertise is needed to assist in the re-organization of the management structure for water management in Estonia, cost/charging methodology, co-ordination of local authorities and knowledge of the optimum location and means of water service delivery. Working in isolation Estonian ‘experts’ could spend time and money and not arrive at the best solutions of implementation of above mentioned directives. The project aims at helping the Estonian authorities prepare projects - including investments-projects - to implement the existing Drinking Water Directive and Urban Waste Water Treatment Directive Implementation Programme for 2003-2013 and the special Implementation Plan for ensuring compliance with the micro-biological parameters of the Drinking Water Directive, see above.

Justification

Environmental management and activities in Estonia are based on the National Environmental Strategy (NES) approved on 12 March 1997 by the Estonian parliament. The National Environmental Strategy defines the general objectives and duties for water protection and use. The National Environmental Strategy states that the majority of drinking water quality standards are in compliance with EU requirements, but in some regions (e.g. South and West Estonia and on the islands) the quality of drinking water does not meet these requirements due to the natural characteristics of the ground water.

Estonia has also recognized that special measures are necessary to ensure that drinking water everywhere is free from micro-biological pollution, see footnote 1 above.

The NES states also that in Estonia there is still continuing pollution of water bodies due to insufficient treatment of waste water which is not in compliance with EU requirements.

The project is needed in order to strengthen regional (environment departments) and local level (water companies and local authorities) capacity to implement urban waste water treatment, drinking water and dangerous substances directives on time and cost efficiently. The project will give Terms of References for all projects (combination with small municipalities projects) to implement the above mentioned directives and guidelines for feasibility studies in order to prevent costly solutions. During the project period special institutional instruments (reform of water companies) will be added to the existing directives implementation programs. The project also includes the composition of a dangerous substances minimization program and when putting together such a programs it is very helpful to use EU countries experiences. The project will also provide training especially for regional and local level in order to achieve correct and on time implementation of above mentioned directives.
The project will help to implement NES to minimize pollution loads and to avoid such drinking water supply that is dangerous for human health.

**Project Description**

The current project proposes assistance via twinning activities to improve the engineering, technical and practical skills of Estonian specialists and to ensure timely implementation of Drinking Water Directive, Urban Waste Water Treatment Directive and Directive on discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives implementation. The project foresees the following components:

- Proposals and recommendations to ensure efficient practical implementation of the Directives and – if necessary – to reform existing institutions and companies to achieve good project preparation, implementation and good operation and maintenance of implemented investments projects (waste water treatment plants, drinking water treatment plants etc).
- Training of Estonian civil servants and relevant experts (especially from regional and local level), in areas such as issuing water permits, supervision, public participation, best available technologies, best practice of project preparation and implementation, water and pollution charges, dangerous substances minimization programs etc.
- Terms of References of investment projects to implement directives and guidelines for feasibility studies to avoid not cost efficient project solutions.

The project for administrative strengthening must establish at least:
- The critical minimal number of civil servants needed to achieve implementation of above mentioned directives;
- Water management instruments and proposed tasks and actions to achieve the most cost-effective way to implement directives (private sector involvement to make investments to minimize pollution and to provide people good quality drinking water, optimal level of penalties and pollution charges to minimize dangerous substances discharges).
- To develop guidelines about feasibility studies as a part of projects preparation to develop drinking water and urban wastewater treatment systems and to implement most cost effectively above mentioned directives. These guidelines shall indicate specific criteria for the screening of alternative project proposals in relation to different project-categories, e.g. for small and large settlements, drinking water supply projects, waste water treatment plants etc., on the background of the Estonian water management situation.
- To develop the terms of reference for priority investment projects or programmes to achieve on time Drinking Water Directive and Urban Waste Water Treatment Directive implementation (e.g. small treatment facilities for drinking water, provision of pipeline infrastructure at local household level, priority by geographic area) in line with the existing programme(s) for the implementation of the directives on Urban Waste Water Treatment and Drinking Water Directive.

In conclusion, the project should provide the most cost effective and optimal instruments, tasks (or actions) to implement above mentioned directives on time, based
on the existing programs for implementation using the principles and practices for the implementation of similar programs in Member States.

3.2. Linked activities:

The current application is generally linked to the EU Phare water twinning project (ES9805) between EU (Sweden, France) and Estonia, which has been completed June 2001. In the frames of this project the EU water related directives (Urban Waste Water Treatment Directive, Drinking Water Directive, Nitrates Directive (91/676/EEC) etc) were transposed in the Water Act. In addition, during this project training needs of Estonian civil servants were analyzed and EU water related directives implementation schemes were offered. During this twinning project it has been found out that Estonian Water Act and the whole water related legislation is in line with EU water related legislation. The project team has detected that:

- a specific training is needed for central, regional and local level civil servants to be successful by the implementation of water related directives;
- it is needed to continue to work with many legal acts and regulations (Public Sewerage and Water Supply Act etc).

The current project proposal is focused more to the implementation of the transposed above mentioned directives via different measures including development of water management legislation, which contains different directives implementation instruments (water permitting, pollution and abstraction charges, physical planning, water companies development etc).

Currently, a project entitled “Viru-Peipsi Catchment Area Management Plan (LIFE00/ENV/EE/000925; duration 2002-2004) is being initiated. The target of this project is to draft a Viru and Peipsi sub-river basin districts management plan. Also, this project assists implementing EU directives in the above mentioned river basin sub-districts. However, the project area covers only 2 sub-districts, while there is one river basin district in Estonia, which consists of 9 sub-districts.

The objectives of the National Environmental Strategy can be achieved only in cooperation with other Ministries; consensus has to be reached in decision making and cooperation in the activities related to environmental protection within their areas of jurisdiction. It is essential to prevent overlapping or unregulated spheres of activities.

During past years, successful projects in this field have been carried out. The previous Phare twinning project on Water Accession had, as its general purpose, facilitating the transposition of the relevant obligation from the European water related legislation into Estonian law. The input of the experts from the member states helped the national authorities to harmonize the legislation.

3.3. Results:

[2] For results and indicators see also Annex 1 Logical Framework Matrix. The indicators are confirmed to be quantified and measurable.
The purpose of current project is to address the informational, administrative and institutional problems of the complex system.

**Contract 1 (Twinning)**

1.1. Effective institutional Water Management instruments are established.
1.2. Public officials and relevant experts are trained.
1.3. Water Management instruments, tasks and actions proposed and developed.
1.4. Terms of references for priority investment projects drawn up.
1.5. Feasibility study guidelines for investment projects are done.
1.7. Measures including dangerous substances minimization programs, to implement Directive on Discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives are done.

3.4. **Activities:**

**3.4.1. Contract 1. Twinning for directives implementation preparation and establishment of directives implementation monitoring system (Phare 622 000 EUR)**

3.4.1.1. **Pre-Accession Adviser - PAA (12 working months):**

**Tasks:**

- a) analyzing Estonian and EU water management instruments;
- b) making written proposals to amend and change laws and regulations related to water management instruments and institutional strengthening regional and local level directives implementing institutions and expert; This does not cover transposition of EU directives.
- c) assisting the Water Department of the Ministry of the Environment to draft proposals and measures for the institutional strengthening local and regional level institutions related on Drinking Water Directive and Urban Waste Water Treatment Directive Implementation Program 2003-2013 and Directive on discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives implementation;
- d) coordinating arrangements for study tours and trainings for the project;
- e) writing project reports;
- f) coordinating project management and information exchanges between the responsible people working on the different contracts.
PAA profile:
• will have experience of water management instruments, water protection and use legislation and project management;
• will have excellent computer skills (Word, Excel);
• will have excellent English (oral and written);
• will possess a good knowledge of EU water related directives transposition and implementation;
• will have good communication and Program preparation skills;
• have at least 10 years of professional experience in his/her field of expertise and possess a full university degree.

3.4.1.2. PAA assistant (12 working-month):

Tasks:
 a) assisting the PAA;
 b) translating from English to Estonian and from Estonian to English;
 c) organizing PAA work in Estonia;
 d) assisting with project implementation.

Profile of the PAA assistant:
• will have excellent computer skills (Word, Excel)
• will have good English (oral and written);
• will have a good knowledge of EU water related directives transposition and implementation;
• will have good communication and project management skills;
• will be a good organizer.

3.4.1.3. Member State (MS) Project Leader (12 working months; 3 working days per month over 2-3 months)

Tasks:
 a) Overall co-ordination of the project;
 b) Leading the project activities.

Profile of MS Project Leader:
• will be a long-term civil servant from an EU Member State water section administration;
• will be educated and experienced in the field of management and organisation of water management programs, with specialist skills in implementing necessary changes in public administration and management.
• will have excellent English (oral and written);
• will have at least 10 years working experience in a leading management position in the water section.
3.4.1.4. Three short-term twinning experts: Water Management Instruments (10 working months in total)

Tasks of expert 1 (3 working months):
- to make recommendations for the amendment of water management financial and administrative instruments to achieve cost-effective water management.

Profile of expert 1:
- will have experience of water management financial instruments;
- will have good computer skills (Word, Excel);
- will have good English (oral and written);
- will have a good knowledge of EU water related directives transposition and implementation;
- will have good communication and program preparation skills;
- will be a good organizer with at least 5 years of professional experience in his/her field of expertise;
- will have a full university degree.

Tasks of expert 2 (4 working months):
- to make proposals for the amendment of Public Water Supply and Sewerage Act and/or other related legal acts and regulations.

Profile of expert 2:
- will have experience of water management instruments and legislation.
- will have good computer skills (Word, Excel);
- will have good English (oral and written);
- will have a good knowledge of EU water related directives transposition and implementation;
- will have good communication and program preparation skills;
- will be a good organizer with at least 5 years of professional experience in his/her field of expertise;
- will have a full university degree.

Tasks of expert 3 (3 working months):
- preparation of proposals for water management supervision instruments, based on EU Member States practice and experience.

Profile of expert 3:
- will have experience of water management supervision instruments and legislation;
- will have good computer skills (Word, Excel);
- will have good English (oral and written);
- will have a good knowledge of EU water related directives transposition and implementation;
- will have good communication and programme preparation skills;
- will be a good organizer with at least 5 years of professional experience in his/her field of expertise;
- will have a full university degree.
3.4.1.5. Short-term twinning expert: Water management training expert (8 working months in total)

Tasks of training expert (8 working months):

a) Preparation of a study tour on water permits, supervision and public participation (1 week for 6 persons).
b) Preparation of a study tour on EU water related directives implementation and programs management (1 week for 6 persons).
c) Preparation of a study tour on water company related legislation and instruments to achieve water related directives implementation (1 week for 6 persons).
d) Preparation of a seminar on long term water management planning (2 days for 30 persons).
e) Preparation of a seminar on economical water management instruments (pollution charges, water use charges etc, 2 days for 30 persons)
f) Preparation of a seminar on water related directives monitoring (2 days for 20 persons).
g) Preparation of seminars on Drinking Water Directive and Urban Waste Water Treatment Directive Implementation Programme 2003-2013 implementation measures (including institutional strengthening) and Directive on Discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives implementation measures (three, two- day seminars for 60 persons in total)
f) Composing future training plan.

Profile of training expert:
• will have experience and knowledge of water management and related legislation;
• will have good computer skills (Word, Excel);
• will have good English (oral and written);
• will have experience of organizing and conducting study tours on water related issues.


Tasks of expert (8 working months):

a) collecting and analyzing materials and data about Estonian water management (1 month)
b) analyzing water management strategies and programs in EU countries (1 month);
c) adding special implementation measures to the Drinking Water Directive Implementation Program (1.5 month);
d) adding special implementation measures to the Urban Waste Water Treatment Directive Implementation Program
(1.5 month);
e) Directive on discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives implementation measures preparation (1 months);
f) Preparation ToR-s to the priority investment projects and feasibility studies guidelines (2 month) in line with the established programme for implementation and with technological methods foreseen.

Profile of Program and projects expert:

• will have experience drafting a Drinking Water Directive and Urban Waste Water Treatment Directive Implementation Program or of this type programs;
• will have good computer skills (Word, Excel);
• will have excellent English (oral and written);
• will have a good knowledge of EU water related directives transposition and implementation;
• will have good communication and program preparation skills;
• will be good organizer;
• will be a qualified expert with very good water engineering/technical experience in the relevant sector with at least 10 years professional experience in his/her field of expertise;
• will have a full university degree.

3.5. Lessons learned:
The MoEs’ experience from previous Phare projects implementation (considering the lessons learned) has shown that the most important is to compile a logical project proposal (identifying the problems, set realistic objectives, results, activities, management organisation, objectively verifiable indicators, monitoring). To speed up the programming process it is necessary to have all the feasibility studies before the project can actually start. After the proposal has been considered acceptable the tendering should be as smooth as possible. In conclusion the project implementation process should not be hindered anyway. Therefore the preparatory works (as drafting tender documents) should be done on time. Next important step is to ensure the qualitative project monitoring at the beginning of the project to solve the possible problems on time.

The conclusions and recommendations of previous Interim Evaluations (such as setting quantifiable and measurable indicators; necessary training for preparing Monitoring Report; realistic implementation and management plans) have been considered and incorporated into project design. Lessons learned have been incorporated in project management, implementation arrangement and monitoring. The incorporation of lessons learned has been executed as follows:

• training arrangement for the MoE in the preparation of Monitoring Reports;
• measurable indicators have been identified that allow proper evaluation of project’s progress in achieving objectives;
• project implementation and management has been arranged according to the requirements (all the necessary institutions are involved in project implementation).
4. Institutional Framework

As water management in Estonia is co-ordinated by the Ministry of the Environment, the responsible unit for ensuring that the project will be carried out in the most effective manner, is the Water Department inside the ministry. The main responsibilities of the Water Department are:

- preparation of water protection and use related legislation;
- water policy preparation and coordination of policy implementation;
- issuing of marine water permits;
- water protection and use related strategies, and co-ordination of programme preparation and implementation; transposing and implementing water related directives.

The Investment Department of the MoE is responsible for co-ordination of Phare and ISPA project preparation and implementation in the Ministry of Environment.

Also controlled by the Ministry of Environment are the Environmental Inspectorate and the County Environment Departments.

The main task of the Environmental Inspectorate is to carry out environmental supervision. It is the authority that has to monitor and exercise control to ensure that all the requirements of laws and regulations are complied with and that the intended benefits are achieved. The Environmental Inspectorate is divided into regional departments. Currently, the main fields of action for the inspectorate are forest protection and water protection where the most problematic conditions currently appertain.

The County Environment Departments are the part of the Ministry of Environment responsible for rural affairs. Their executive authority is empowered by law. The main duty of the County Environmental Departments service is to implement state policy, programs and action plans on environmental matters, nature protection, forestry and fisheries policy at a county level.

The Estonian Environment Investments Centre (EIC) is responsible for EU water related directives projects financing, ISPA and IFI project financing.

Water Companies and Local Authorities (ca 247) are responsible for above mentioned directives implementation. Industries must implement dangerous substances directives. There are 20 problematic industries in Estonia.

In summary, the Water Department prepares legislation for Government approval, formulates policy and coordinates implementation of both legislation and policy via the Environment Inspectorate, County Environment Departments, Investment Department and the Estonian Environment Investment Centre.

The main beneficiary of the proposed project will be the Water Department of the MoE. Co-beneficiaries will be the County Environment Departments, the Investment Department, Water Companies and Local Authorities.
For more detailed information about current project organization see also annex 4.

5. Detailed Budget

<table>
<thead>
<tr>
<th>Phare Support (EUR)</th>
<th>National Co-financing*</th>
<th>IFI</th>
<th>TOTAL</th>
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<tbody>
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<td>Investment Support</td>
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**National co-financing***

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<th>2003</th>
<th>Total</th>
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<td>Local municipality</td>
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<td>International Financing Institutions</td>
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<tr>
<td>Other – EERC loan</td>
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<tr>
<td><strong>Total national co-financing</strong></td>
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<td><strong>55 000</strong></td>
</tr>
</tbody>
</table>

National co-financing of 55 000 EUR is planned from the state budget for:

- co-financing of PAA and other experts room rent
- office administrative expenditures such as phone, fax, post, stationery
- study tours and training seminars
- collecting and analyzing necessary data by local experts (collecting and analyzing materials and data about Estonian environmental investment needs).

6. Implementation Arrangements
6.1. Implementing Agency

The Implementing Agency is the CFCU. The CFCU will be responsible for tendering and contracting. The responsibility for project preparation, implementation and control will remain in the recipient institution.

The Programming Authorizing Officer/PAO is:
Renaldo Mändmets
Deputy Secretary General of the Minister of Finance
Tel: (+372) 6 113 545
Fax: (+372) 6 966 810
e-mail: renaldo.mandmets@fin.ee

The Programme Officer/PO is:
Marko Tuurmann.
Tel: (+372)62 62 856
Fax: (+372) 62 62 869
e-mail: marko.tuurmann@ekm.envir.ee

The Estonian Project Manager is:
Rene Reisner
Tel: (+372)62 62 855
Fax: (+372) 62 62 869
e-mail: rene.reisner@ekm.envir.ee

The Estonian Project Manager will assist the PAA and other experts to fulfill the project objectives

A Steering Committee will be set up to oversee project implementation. The Steering Committee will meet once per quarter and it will include the representatives of the twinning Member State, the Ministry of Environment, the EC Delegation in Tallinn, the Ministry of Finance, the Ministry of Social Affairs, the Ministry of Economy, the Ministry of Agriculture, Estonian Water Companies Union and Local Authorities Union representative.

6.2. Twinning

- Project beneficiary is Ministry of Environment Water Department and the Estonian contact person is the water department Program coordinator Rene Reisner (contact data given in p. 6.1.).

6.3. Non-standard aspects

- No no-standard aspects are foreseen. The DIS Manual and PRAG manual will strictly followed.
- The cost of twinning covenant is 510 000 EUR.

6.4. Contracts

The following contract is planned:

7. Implementation Schedule

7.1. Start of tendering/call for proposals
   • October 2002.

7.2. Start of project activity
   • Project will start in March 2003

7.3. Project Completion
   • Project will be completed in March 2004

8. Equal Opportunity

   Equal opportunity for men and women to participate in the project will be guaranteed and measured by recording the experts and consultants employed. Equal opportunity will be ensured by the Steering Committee during the implementation of the project. The Estonian laws and regulations and ratified international conventions concerning the equal opportunities for women, men and minorities will strictly be followed.

9. Environment

   The project has an exclusively positive impact to the environment.

10. Rates of return

   Not applicable.

11. Investment criteria

11.1 Catalytic effect:

   The Phare support catalyses a prior accession driven action in the field of EU water related directives on time implementation.
11.2 Co-financing:

The co-financing amount from Estonian state budget is 55,000 EUR.

11.3 Additionality:

Phare grants do not displace other financiers.

11.4 Sustainability:

The project is a natural follow up to the Phare project on twinning water related directives transposition. Without it, it will be very difficult to implement the directives already transposed.

The system will generate data that will become more and more comprehensive and useful as time goes on and its efficacy will lead to on-going cost savings in water management.

Operating and maintenance costs of the system will be covered by the state budget.

11.5 Compliance with state aids provisions:

All investments respect the state aids provisions of the Europe Agreement.

11.6 Contribution to National Development Plan

The project will assist with implementation of the National Development Plan, Environmental Strategy and Environmental Action Plan.

12. Sequencing

Sequencing

• Elaboration of Water management instruments’ tasks and actions;
• Establishment of legal Water Management instruments;
• Training of public officials and relevant experts;
• Preparation of Terms of References for priority investment projects;
• Elaboration of guidelines for carrying out feasibility studies for investment projects;
• Making active implementation measures for Drinking Water Directive and Urban Wastewater Treatment Directive implementation programs;
• Making active for Directive on Discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives implementation measures;

ANNEXES TO PROJECT FICHE
1. Logical framework matrix in standard format ANNEX 1
2. Detailed implementation chart ANNEX 2
3. Contracting and disbursement schedule by quarter for full duration of program ANNEX 3 A, B
### Water Protection

**Accession:** Drinking Water Directive, Urban Waste Water Treatment Directive, Directive on Discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives Implementation

**To ensure that** Estonia fully complies with the requirements of Drinking Water Directive (80/778/EEC) Urban Waste Water Treatment Directive (91/271/EEC), Directive on discharge of Dangerous Substances to the Aquatic Environment, (76/464/EEC) and relevant Daughter Directives (82/176; 83/513, 86/280, 88/347 and 90/415) respecting the deadlines agreed during the negotiations on Estonia's accession to the EU.

After urban waste water directive implementation will be achieved a decrease of 1420 tons of nitrogen and 80 tons of phosphorus for 2003 to 2010, representing a total saving in the release of nitrogen/phosphorous over the seven year period and an 80% target reduction achievement on the year 2000 base.

After drinking water directive implementation will be achieved a good quality drinking water, as defined in accordance with the parameters set by the Drinking Water Directive, for public water supply consumers (1.1 million people)

---

3 2 years after the signature of the Financing Memorandum.
4 3 years after the signature of the Financing Memorandum.
<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract</strong>&lt;br&gt;1.1. Effective instruments for Water Management Institutions established.</td>
<td><strong>Contract</strong>&lt;br&gt;1.1 Draft regulations on effective water management instruments established by the end of the project.</td>
<td>1.1. Draft regulations on water management instruments (Public Water Supply and Sewerage Act, Pollution Charges Act, Water Permits Issuing and Cancellation Regulation etc) documented.</td>
<td>1. Government have a political willingness to change regulations.</td>
</tr>
<tr>
<td>1.2. Public officials and relevant experts (especially in the regional and local level) trained.</td>
<td>1.2. ca. 100 public officials and relevant experts trained during 6 seminars and 3 study visits by September 2003.</td>
<td>1.2. Attendance list and certificates of attendance issued and recorded for trainees completing the seminars/study visits.</td>
<td>2. Other ministries and institutions have a willingness to assist</td>
</tr>
<tr>
<td>1.3.</td>
<td>Water Management instruments, tasks and actions proposed and documented.</td>
<td>1.4. Priority investments projects ToR-s prepared and in use by October 2003.</td>
<td></td>
</tr>
<tr>
<td>1.4.</td>
<td>Terms of references for priority investment projects drawn up.</td>
<td>1.5. A guideline is in use by October 2003.</td>
<td></td>
</tr>
<tr>
<td>1.7.</td>
<td>Special implementation measures of Directive on Discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives implementation are formulated.</td>
<td>All relevant supporting information displayed on the homepage of the Ministry of the Environment <a href="http://www.envir.ee">http://www.envir.ee</a>.</td>
<td></td>
</tr>
</tbody>
</table>

1.3. – 1.7. Monitoring, by the project steering committee, of physical evidence of an operating system, project reports. Monitoring reports produced by the project steering committee. Formal documented approval of the Water Directive and Urban Waste Water Treatment Directive Implementation Program amendment by the Minister of Environment.
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Costs</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract – Twinning for directives implementation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.1.1. PAA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) analyzing Estonian and EU water management instruments;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) making written proposals to amend and change regulations related to water management instruments;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) assisting the Water Department to draft proposals for the composing special implementation measures for Drinking Water Directive and Urban Waste Water Treatment Implementation Program 2003-2013 and Directive on Discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives implementation;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) coordinating arrangements for study tours for the project;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) writing project reports;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) coordinating project management and information exchanges between the responsible people working on the different contracts.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.1.2 PAA assistant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) assisting the PAA;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.1.1. Pre-Accession Adviser (PAA) for 12 months;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Twinning</td>
<td>PHARE 455 000</td>
<td>ESTONIA 55 000</td>
<td>Public officials attend training seminars (1)</td>
</tr>
<tr>
<td></td>
<td>150 000</td>
<td>10 000</td>
<td></td>
</tr>
</tbody>
</table>
b) translating from English to Estonian and from Estonian to English;
c) organizing PAA work in Estonia;
d) assisting with project implementation.

### 3.4.1.3. MS Project Leader

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Overall co-ordination of the project;</td>
</tr>
<tr>
<td>b)</td>
<td>leading the project activities.</td>
</tr>
</tbody>
</table>

### 3.4.1.4. Water Management Instruments

<table>
<thead>
<tr>
<th>Expert (1)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>to make recommendations for the amendment of water management financial and administrative instruments to achieve cost-effective water.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expert (2)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>to make proposals for the amendment of Public Water Supply and Sewerage, or other related laws and regulations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expert (3)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Preparation of proposals for water management supervision</td>
</tr>
</tbody>
</table>

### 3.4.1.3. MS Project Leader for 12 months.

<table>
<thead>
<tr>
<th>Expert (1)</th>
<th>Duration</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term twinning expert for 3 months</td>
<td>25 000</td>
<td></td>
</tr>
</tbody>
</table>

### 3.4.1.4.

<table>
<thead>
<tr>
<th>Expert (1)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term twinning expert for 4 months</td>
<td>15 000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expert (2)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term twinning expert for 3 months</td>
<td>20 000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expert (3)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term twinning expert for 3 months</td>
<td>15 000</td>
</tr>
</tbody>
</table>
instruments, based on EU Member States practice and experience.

3.4.1.5. Water management training:

a) Preparation of a study tour on water permits, supervision and public participation (1 week for 6 persons);
b) preparation of a study tour on EU water related directives implementation and Programs management (1 week for 6 persons);
c) preparation of a study tour on water company related legislation and instruments to achieve water related directives implementation (1 week for 6 persons).
d) Preparation of a seminar on long term water management planning (2 days for 30 persons);
e) preparation of a seminar on economical water management instruments (pollution charges, water use charges etc, 2 days for 30 persons);
d) preparation of a seminar on water related directives implementation programs monitoring (2 days for 20 persons);
f) preparation of seminars on special measures to accelerate Drinking

| 3.4.1.5. Training expert for 8 months | 40000 | 5 000 |
| Water Directive and Urban Waste Water Treatment Implementation Program 2003-2013 and Directive on Discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives Implementation (three, two day seminars for 60 persons in total); g) preparation of future training plan |
| 3.4.1.6. Programme and projects Expert |
| a) collecting and analyzing materials and data about Estonian water management (1 month); |
| b) analyzing water management strategies and Programs in EU countries (1 month); |
| c) adding special implementation measures to the Drinking Water Directive Implementation Program (1.5 month); |
| d) adding special implementation measures to the Urban Waste Water Directive Implementation Program (1.5 month); |
| e) Directive on Discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives Implementation measures composition (1 month); |
| f) Preparation ToR-s for the priority |
| 3.4.1.6. Program and Projects Expert for 12 months |

<table>
<thead>
<tr>
<th>110 000</th>
<th>15 000</th>
</tr>
</thead>
</table>

**Total: 455 000**  
**Total: 55 000**
investments projects (2 month);
g) Preparation of feasibility studies
guidelines.

ANNEX 2

TIME IMPLEMENTATION CHART
Project No:
Project Title: Drinking Water Directive, Urban Waste Water Treatment Directive, Directive on Discharge of Dangerous Substances to the
Aquatic Environment and relevant Daughter Directives Implementation

<table>
<thead>
<tr>
<th>E.g.</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract – Twinning for directives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>implementation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAA for 12 months</td>
<td></td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>PAA assistant</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>MS Project Leader</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>Training materials</td>
<td></td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>Study tours and training seminars</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>Programme and project expert</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
</tbody>
</table>
CUMULATIVE CONTRACTING SCHEDULE

Project No:  

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.03</td>
<td>30.06</td>
<td>30.09</td>
</tr>
<tr>
<td>Contract Twinning for directives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# CUMULATIVE DISBURSEMENT SCHEDULE

Project No: 
Project Title: *Drinking Water Directive, Urban Waste Water Treatment Directive, Directive on Discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives Implementation*

<table>
<thead>
<tr>
<th>Contract Twinning for directives</th>
<th>2002</th>
<th></th>
<th></th>
<th></th>
<th>2003</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>2004</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.03</td>
<td>30.06</td>
<td>30.09</td>
<td>31.12</td>
<td>31.03</td>
<td>30.06</td>
<td>30.09</td>
<td>31.12</td>
<td>31.03</td>
<td>31.03</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100 000</td>
<td>250 000</td>
<td>300 000</td>
<td>455 000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ANNEX 4


Project Organization

EU Delegation in Estonia

Steering Committee

Ministry of the Environment Water Department

County Environmental Departments

Experts, organizing:

a) recommendations for the amendment of water management financial and administrative instruments to achieve cost-effective water;

b) proposals for water management institutional instruments regulations;

c) proposals for water management supervision instruments, based on EU Member States practice and experience;

d) study tour on water permits, supervision and public participation;

e) study tour on EU water related directives implementation and programs management;

f) study tour on water company related legislation and instruments to achieve water related directives implementation;

g) seminar on long term water management planning;

h) seminar on economical water management instruments (pollution charges, water use charges etc);

i) seminar on water related directives implementation programs monitoring;

MS Project Leader

a) Overall co-ordination of the project;

b) leading the project activities.

PAA

a) analyzing Estonian and EU water management instruments;

b) making written proposals to change regulations related to water management institutional instruments;

c) assisting the Water Department to draft proposals for the implementation Drinking Water Directive and Urban Waste Water Treatment Implementation Program 2003-2013 and Directive on Discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives Implementation measures composition;

c) compiling the training plan and making arrangements for study tours for the project;

d) writing project reports;

e) coordinating project management and information exchanges between the responsible people working on the different contracts.

PAA assistant

a) assisting the PAA;

b) translating from English to Estonian and from Estonian to English;

c) organizing PAA work in Estonia;

d) assisting with project implementation.

Experts within the Ministry

Experts hired by the Ministry

Programme and project expert

a) collecting and analyzing materials and data about Estonian water management ;

b) analyzing water management strategies and Programs in EU countries;

c) implementing measures for Drinking Water Directive Implementation Program;

d) implementing measures for Water Directive Implementation Program;

e) Directive on Discharge of Dangerous Substances to the Aquatic Environment and relevant Daughter Directives Implementation measures composition;

f) Preparation ToR-s for the priority investments projects and feasibility study guideline preparation.

g) Analysis of and recommendations for improvements to the existing system (2 month);