

MUNICIPAL INFRASTRUCTURE DEVELOPMENT PROJECT

Approved : November 24, 2009

Effective: April 30, 2010

Closing: December 31, 2015

Financing in million US Dollars*:

<i>Financier</i>	<i>Financing</i>	<i>Disbursed</i>	<i>Undisbursed</i>
IBRD Loan	118.7	1.1	114.9
Government of Bulgaria	29.6		
Total Project Cost	148.3		

*** As of August 4, 2011**

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.



As an EU member since January 1, 2007, rehabilitation and construction of water supply and sewerage networks to improve service delivery and reduce health risks, as well as waste water treatment in line with the EU directives, are Government priorities. During preparation for EU accession to meet requirements for the EU Directive on Environment, the Government of Bulgaria had prepared and endorsed the Strategy for Water Supply and Sewerage Management and Development (March 2004). Cost estimates for rehabilitating the sector and meeting EU directives by the end of the compliance period in 2014 are about €6.9 billion, which includes €2.8 billion for rehabilitation. To help Bulgaria comply with sector legislative requirements and support municipal investments, the EU will provide grants through the Cohesion Fund and European Regional Development Fund (ERDF), expected to be around €3.3 billion.

The Project Development Objective:

The objectives of the Project are to: (a) improve the reliability and quality of water provision to the communities in selected settlements in the project area; and (b) assist municipalities to improve investment-planning capacity. These objectives are in line with Bulgaria's National Strategy on Environment (2005-2014) which has a goal to "provide good quality and sufficient quantity of water for various purposes".

Key Expected Results and Current Achievements:

There are three components to the project: (i) preparation of regional master plans for water supply and sewerage systems (ViK systems) to cover the territory of Bulgaria, except the territory of Sofia; (ii) completion and rehabilitation of water supply dams will include completion of Luda Yana, Neikovtsi, and Plovdivtsi dams and rehabilitation of the Studena dam that is currently operational and supplies water to the town of Pernik; and (iii) project implementation support to carry out activities under component three of the project and consultant services associated with project implementation – this component will also support the completion of water treatment plants' preparation work included in the dam investments.

It is anticipated that the preparation of Master Plans will lead to investments (funded by the EU and other sources) that will help Bulgaria meet EU directives in the water and wastewater sector and facilitate Bulgaria's economic and social integration with the EU. Thus, the Project will significantly assist Bulgaria in meeting its commitments made under the *aquis* on environment.

Key International Partners:

Close collaboration with EC and EIB, EBRD, Jaspers.