Early Warning System

WB-P512709

Montenegro Water Security and Climate Adaptation Phase 1 Project

Quick Facts

Countries	Montenegro
Financial Institutions	World Bank (WB)
Status	Proposed
Bank Risk Rating	B
Voting Date	2026-11-30
Borrower	Montenegro
Sectors	Climate and Environment, Water and Sanitation
Investment Type(s)	Grant, Loan
Investment Amount (USD)	$ 63.03 million
Loan Amount (USD)	$ 39.84 million
Grant Amount (USD)	$ 23.20 million
Project Cost (USD)	$ 55.00 million

Project Description

According to bank's website, the proposed project is the first phase under the Montenegro Water Services and Climate Resilience Multiphase Programmatic Approach (MPA), a two-phase engagement designed to support the long-term transformation of the water sector in Montenegro. The total estimated program cost is approximately EUR 200 million, with a proposed IBRD financing envelope of approximately USD 90 million -- USD 35 million for Phase 1 and USD 55 million for Phase 2 - complemented by contributions from other development partners including the OPEC Fund for International Development and, from Phase 2 onwards, EU funds and contributions from other development partners.Phase 1 (late 2026-2031) will focus on priority water supply and wastewater investments in municipalities across Montenegro, emergency and near-term measures to secure coastal water supply, technical assistance to identify long-term solutions for Moraca River basin management and Bolje Sestre spring discharge stabilization, and foundational governance and regulatory reforms. Phase 2 (~2029/2030-2035), becoming effective in parallel with the later stages of Phase 1 and triggered by the completion of key analytical and reform milestones and Montenegro's EU accession, will implement the long-term coastal water security solution, scale up water supply and wastewater infrastructure investments in support of EU water directives compliance, and support water service development strategy implementation.Phase 1 is organized into four components:Component 1 -- Strategic Investments in Water Services Infrastructure and Resilience aims to rehabilitate, modernize, and expand water services infrastructure across priority municipalities. Activities focus on: rehabilitation and expansion of centralized water supply systems to reduce water losses, construction of sewer networks connecting households to existing wastewater treatment plants; and modernization of decentralized water services infrastructure to serve rural populations in remote areas.Component 2 -- Integrated Approaches for Coastal Water Security addresses the growing risk to coastal water supply posed by the declining discharge of the Bolje Sestre spring, linked to extensive gravel extraction from the Moraca River. It includes: expansion of Lake Skadar water abstraction and treatment capacity by 250 liters per second to address near-term supply shortfalls during peak summer seasons; and comprehensive hydromorphological and sediment assessments, monitoring, and modeling of the Moraca River to identify and design a long-term solution for spring discharge stabilization, to be implemented under Phase 2.Component 3 -- Strengthening the Enabling Environment for Effective Water Sector Governance and Management finances the policy, regulatory, and capacity reforms essential to making water sector investments sustainable and effective. Activities are organized around three clusters: policy and legislative support, including the Techno-Economic Analysis and National Strategy for Water Services Development mandated by the new Law on Water Services; regulatory support, including revision of REGAGEN's tariff methodology and development of a national digital platform for utility performance data collection and benchmarking; and capacity building for utilities and local governments focused on multi-annual business planning, NRW management, and performance data reporting.Component 4 -- Project Management supports effective coordination and oversight of all project activities through the PIU within PROCON, with fiduciary functions handled by the Technical Services Unit within the Ministry of Finance.

Early Warning System Project Analysis

Environmental and Social Risk: S

Investment Description

- World Bank (WB)

Total Project Cost: US$ 55.00 million

Commitment Amount: US$ 63.03 million

IBRD Commitment: US$ 39.84 million

OPEC FUND: US$ 23.20 million

Contact Information

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Bank Documents

- Concept Environmental and Social Review Summary - ESRS (English)
- Concept Project Information Document - PID (English)
- Environmental and Social Management Framework - ESMF (English)
- Labour Management Plan - LMP (English)
- Resettlement Policy Framework - RPF (English)