



The GEF Strategic Partnership for the Danube/Black Sea

A Partnership for Moving from Planning to Action

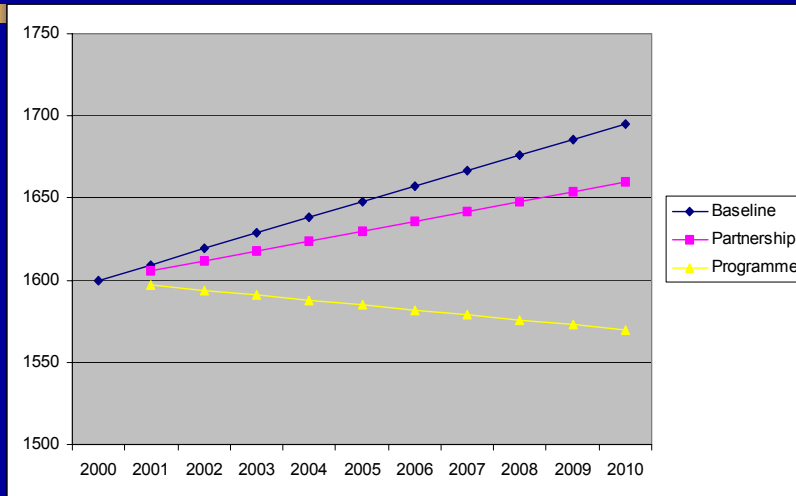
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The World Bank
Bucharest, February 2007



Key Issues (1999)

- Danube and Black Sea facing ecological disaster:
 - ten-fold drop in fish catch;
 - anchovy catch down 80% (400,000 tons/year);
 - destruction of ecological balance in 10,000 square kilometers.
- Revenue impact: decline of \$300m/year in fish revenues since 1980
- Tourism impact: loss of \$400 m/year in revenues
- Health impact: over 20,000 cases of water-related illnesses per year.

Expected Nutrient Discharges



3

Reasons for Inaction

- Ad hoc country-specific actions, little coordination, loss of synergy
- Lack of financial incentives for addressing regional environmental problems in countries and in the IFIs
- Lack of influence on high level decision makers ("MinFins")

4



The Challenge

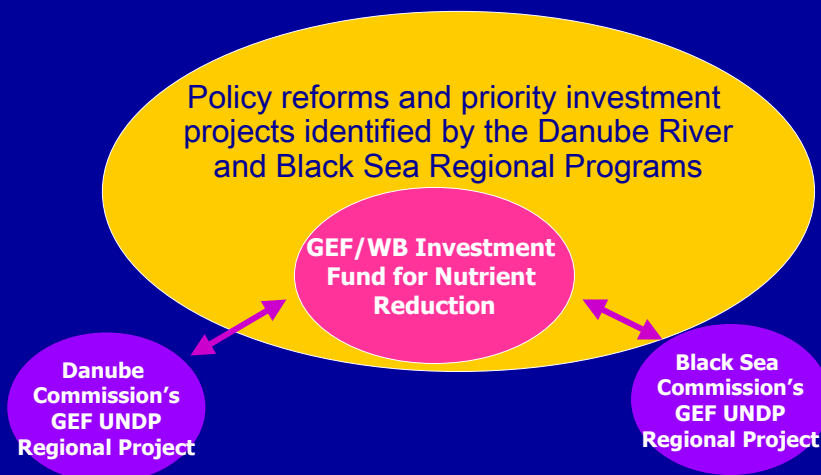
Translate Regional Priorities into National Investment Plans and Mobilize Investment Funds

- Investments with mainly Trans-boundary Benefits (ie. improved fisheries or reduced water pollution in international waters). These would be mostly externally funded by grants
- Investments with mainly National Benefits (ie. better access to services, reduction of health risks or tourism) that also have regional benefits. Partially financed by grants, they leverage loans, private sector involvement or national funds

5



The GEF Partnership Model



6



Partnership Objectives

Implementation of urgent control measures to reduce discharges of N & P to 1997 levels

- Legal, regulatory and policy reforms for nutrient reduction
- Investments in nutrient reduction
- Sustainable multi-country institutions
 - development of indicators
 - incorporate nutrient and toxic reductions into conventions' programs
- Mainstream nutrient reductions in IFI's programs
- Sub-basin integrated land and water management

7



Characteristics of the Partnership

- Predictable and easy access by countries to a pre-approved envelope of \$95 M GEF grant funds
- Grant funds used to attract co-financing
- Simple eligibility criteria responding to regional priorities
- Streamlined processing by GEF
- Catalyst for investments and policy measures basin-wide → replication

8



How does the Partnership function?

- EU provides political leadership
- UNDP/UNEP provide support to the 2 Commissions
- The World Bank:
 - Provides leadership in assessing investment priorities and supporting policy reforms as part of its country dialogue.
 - Directly finances high priority investments.
 - Convenes regional actors
 - Attracts and leverages other sources of financing.
- GEF provides Grant funds and administration budget
- Basin countries commit to introducing nutrient reduction policies and measures

9



Impact of Declaring a Partnership

- Sends signal to governments that grant money is available
- GEF/Bank Investment Fund will help steer co-financing by others to nutrient reduction objectives of the Partnership
- Would catalyze private sector interest and action
- A model arrangement with GEF; other Bank regions may follow

10



Why does the WB support it?

- Fit with World Bank Strategy. More effective to reduce poverty, protect the environment, improve public sector management and PSP
- Supra-national "selling label" draws support for actions (national and regional) AND opens up opportunities for IBRD lending at national level
- Attract support from donors and pool resources improving feasibility (GEF Partnership, EU)
- Allow for a regional analysis of problems and improved selection of priorities
- Also address "externalities" in international waters
- Synergies with other regional initiatives, ie. SEE Stability Pact

11



WB-GEF Investment Fund for Nutrient Reduction

- \$70 million GEF grants (2001-2003)
- 14 eligible countries
- Supports individual country investments and policy reforms that respond to SAP priorities and are part of the WB CAS
- Focused on nutrient reduction from municipal and industrial waste waters, agricultural sources and wetland restoration
- First-come first-served
- Leverage minimum 1:3 cofinancing

12

Inv. Fund Project Portfolio

Project Title	Funding (US\$ million)		Co-financing ratio (GEF:Other)	Estimated N+P Annual Reduction (tons) (**)	
	GEF Grant	Co-Financing (*)		N	P
Under Implementation					
Romania Agricultural Pollution Control	5.15	5.65	1:1	200	25
Bulgaria Wetlands Restoration and Nutrient Reduction	7.50	5.78	1:1	218-813	23.4-37.4
Moldova Agricultural Pollution Control (part. blended IDA/GEF)	4.95	5.79	1:1	280	70
Turkey Watershed Rehabilitation and APC (blended IBRD/GEF)	7.00	38.00	1:5	200	25
Serbia Danube River Enterprise Pollution Reduction	9.02	13.12	1:1	430	70
Bosnia Water Quality Protection (part. blended IDA/GEF)	4.25	11.4	1:3	31	5
Hungary Nutrient Reduction (part. blended IBRD/GEF)	12.50	80.00	1:5	4108	181
	50.37	159.74	1:3		
Under Preparation					
Romania Environmental Management (blended IBRD/GEF)	5.50	87.5	1:16	tbd	tbd
Croatia Agricultural Pollution Control (part. blended IBRD-GEF)	5.00	10.00	1:2	tbd	tbd
Moldova Environmental Infrastructure (part. blended IBRD-GEF)	4.50	3.50	1:1	tbd	tbd
Ukraine Odessa Nutrient Reduction	4.6	100	1:22	tbd	tbd
	70.00	360.74	1:5		

Inv. Fund Project Portfolio (2)

- 11 projects in 9 countries, 7 projects under implementation
- 1 wetland restoration, 1 agro-industry, 5 agricultural pollution control, 4 municipal waste waters
- \$350 million co-financing leveraged
- <6,000 t/yr of N and <400 t/yr P reduced



Turkey Watershed rehabilitation and agricultural pollution control

- Bank loan supporting participatory approach for land degradation management in upper watersheds and cooperation among rural services agencies.
- GEF funds used to:
 - Demo manure management practices
 - Build capacity of communities and institutions
 - Bring in environmental agencies
 - Extend integrated microcatchment management approach to lower watersheds in the Black Sea region

15



Hungary and Moldova waste water nutrient reduction

- Hungary: upgrade of Budapest WWT plant, expensive but very effective, requires significant co-financing, includes management of wetlands and close collaboration between water utility and Min. Env.
- Moldova: low-tech, low cost treatment (constructed wetland), significant replication potential within country (several towns with no treatment, most WWTP do not meet standards)

16

Romania Integrated Nutrient Reduction Program (1 & 2)


- APCP (\$11 M) – demo project in Calarasi county:
 - Household and village manure storage facilities (36% of households)
 - Arable land under environmentally friendly agricultural practices (24% of land)
 - Afforestation of erosion-prone areas (75% of areas)
- INPCP (\$93 M) – scale up project to cover 11 counties:
 - Livestock and household waste storage facilities
 - Afforestation and pasture rehabilitation
 - Water and sanitation (latrines and small scale sewage treat.
 - Institutional strengthening for Min Env and Water Authority
 - Public awareness

17

IF contribution to the Partnership objectives

- All IF projects support policy reforms and institutional and regulatory changes promoting nutrient reduction (Transposition of EU Nitrate Directive, Code of Good Agricultural Practices, etc.)
- All IF projects are included in WB CASs and CASs refer to water pollution control measures and implementation of regional agreements as priority

18



IF contribution to the Partnership objectives (2)

- IF catalytic contribution to overall nutrient reduction: 20% for N and 10% for P
- IF concentrates on non-EU countries and new EU members
- IF focus on less well addressed nutrient control measures (agriculture, wetland restoration, tertiary)

19



Overall Results (2007)

- Project identification and preparation has been difficult at time and achievement of objectives still preliminary
- Coordination among actors has been spotty
- Little if any private sector funding has been mobilized under the program

But

- A model has been developed for replication in other regions
- The public/media recognized the issues and,
- ... the issues got MinFin's attention
- A new generation of projects is coming forward
- Significant complementary financing became available from other sources (EU support, National Budgets)

20



The Situation has also Changed

- Several countries joined the EU
- Water Framework Directive was adopted
- Economic situation has improved remarkably (ie. EU accession countries and Russia)
- ICPDR has consolidated position as regional institution and coordinating agency (Black Sea?)
- Financing institutions more easily accept “regional projects”, although processing can be difficult remain because of the country focus
- New challenges emerge (security, mining, lakes)

21



Conclusions and Next Steps

- To a great extent the objective of jumpstarting the process has been achieved. With problems, the model functioned
- Other actors and funding sources are now available. What is the role of GEF and what should its financing be focused on?
- How do we foster scaling up? Borrowing, PSP and EU support should take over in the financing of the effort in the Danube (Black Sea?)

22



Conclusions and Next Steps (2)

- The experience in this region should be shared with other similar efforts (ie. Parana). Transition from knowledge “recipient” to “donor” region
- Not everything is done. Monitoring should receive special attention and objectives/priorities reassessed on the basis of new data
- How do we extend the successes to the Black Sea?