

Apart from the activities themselves the sub-contractor carrying out this work , made it clear that involvement of local people in this activity is a prerequisite for success . Keeping this in mind , financial support has been given to local people for improvement of tourism infrastructure (WWF funds) .

6.5 SOCIAL ANALYSIS OF POLLUTION IN THE DANUBE RIVER BASIN

A report on the above mentioned subject written by Reinhard Wanninger (dated March 1999)was available to the evaluators . It covers the topics mentioned in the project document .

The information given in chapter 4 (Population potentially affected by unsanitary conditions in the Danube River Basin) is very general and doesnot cover hygienic risks adequately . However this topic was very poorly described in the project document (point 57 , page 18 : “ There is no indication of the extent to which transboundary pollution may contribute to the incidence of these diseases . The project document should have mentioned several outbreaks of waterborne gastro intestinal diseases which have occurred in several Danube countries (e.g.Romania) and which are very relevant in this context .

6.6 CALCULATION OF NATIONAL BASELINES FOR POLLUTION REDUCTION

All details for cost analysis , including baseline and incremental costs can be found in the Pollution Reduction Programme Report (section 7.2.4) .

6.7 PROJECT CONCEPT AND DESIGN

The concept and design of the project were appropriate at the time when the project was approved and fit in different UNDP areas of concentration : environmental problems , national resources management , management development and technical cooperation between the countries in the Danube River Basin .

The first UNDP project tied up very well with the EU PHARE project (1992 - 1996) . For the second phase , cooperation between both programmes is less evident .

The project document clearly states the problems which the project intended to solve . Political risks especially linked to the situation in Croatia , Bosnia Herzegovina and the Former Republic of Yugoslavia were recognised .

The framework of the project document clearly stated the objectives and outputs . The phasing of the project activities is realistic given sufficient input (water quality data) is available . However , this was not the case .

The project document strongly stresses the effects of wetlands and floodplains in terms of nutrient reduction , while nutrient reduction in this context should be considered as a beneficial side effect .

The project's actions and outcomes are in line with GEF guidelines related to quality of transboundary waters , habitat degradation , excessive exploitation of resources and the GEF role as a catalyst for eco-system based approach , assisting groups of countries to understand the environmental concerns of their international waters and implementation measures adresssing transboundary concerns . The focus of the project on control of land based sources of pollution and prevention of degradation of critical habitats agree with GEF's focuses .

6.8 PROJECT IMPLEMENTATION

A work plan was developed from the beginning . The project took off several months after the start date mentioned in the project document .

All activities mentioned in the project document have been implemented . Some of them (e.g. the transboundary analysis) were implemented in a less effective way due to lack of water quality data .

The involvement of national staff occurred mainly through the input of local consultants (e.g. the drafting of national reviews and the study related to wetlands and floodplains) .

At least two countries (Bosnia Herzegovina and the Former Republic of Yugoslavia) were in a war situation or were emerging from it , as a consequence their capacity to supply inputs to the project was very limited .

The administrative management of the project was excellent , without cost overruns hindering implementation .

A major problem affecting successful implementation was the lack of sufficient and reliable imission water quality data which were needed for the transboundary analysis and for the validation of the Danube Water Quality Model .

This shortage could not be overcome within the duration of the project .

6.9 PROJECT RESULTS

The results obtained are relevant in the current context and the programme was efficiently managed .

The project produced all the reports required (some of them in draft form at the time of the evaluation mission) . Most of the reports produced have a high quality , nevertheless some reports carry the burden of the insufficient amount of data on which they had to build (transboundary analysis) , others demonstrate elegant approaches to solve this basic problem (Report on the Danube Water Quality Model)

Overall there was a good achievement of the immediate objectives of the project , which can make a contribution to the development of the region .

Effectiveness and efficiency could have been improved by describing the information needs more precisely before the start of the project .

Sustainability can be secured by transferring the results of the project to th International Commission for the Protection of the Danube River .

7. CONCLUSIONS

1. All updated national reviews have been produced . The reports on Bosnia Herzegovina and the Former Republic of Yugoslavia report only a limited number of water quality data due to their particular political situation .
2. All national reviews contain lists of municipal , industrial and agricultural hot spots made up by a common methodology , information on national policies with focus on N and P reduction .
3. Based on these data , national baselines are available in the pollution reduction programme report .
4. A mathematical model (DWQM) has been developed which should be used in the evaluation of transboundary pollution and implementation of the pollution reduction programme . Although the model as such is very valuable , its application is greatly hindered by a lack of sufficient and reliable emission and imission data .
5. The lack of reliable imission data and the low frequency of measurements render the calculation of loads necessary for transboundary analysis (TDA) very difficult . It was impossible to generate the data necessary for TDA and application of the DWQM within the project duration .
6. The assessment of the priority for wetlands and flood plain restoration has been carried out in a very satisfactory way .
7. One of the most obvious achievements of this project is the fact that countries in the Danube region have learned to cooperate in spite of enormous differences in their economic and political situations .

8. RECOMMENDATIONS

With regard to the future planning of similar projects , it should be kept in mind that sufficient , reliable water quality data should be available for vital parts of the project . If not , monitoring experiments should be carried out which can supply these data .

Knowledge transfer from this project to the ICPDR should occur in order to use the information generated for water quality management by the commission and further development of those elements in the project which could not be fully implemented by lack of data .

In order to use and further develop the information produced in this project , international funding should be made available to the ICPDR . This is considered the only way to secure sustainability of the project impact and results .

During the last years , the load of some priority pollutant , especially P , from the Danube towards the Black Sea has decreased . At the same time a reversal of trends in algal blooms and its negative consequences has been observed in the Black Sea . As far as the input of P is concerned , the poor economic situation in many Danube countries has certainly contributed in this trend .

It should be strongly advised that under a future improvement of economic activities , stringent policies are implemented which limit the input of nutrients in the Black Sea to at least present day levels .

In order to evaluate the input of pollutants in the Black Sea , a common methodology covering adequately the inputs in the Black Sea should be developed . This should be accompanied by the introduction of quality assurance schemes in the laboratories performing the analytical and sampling activities .

9. LESSONS LEARNED

A major positive lesson is certainly that through this project countries in the Danube River Basin have learnt to cooperate better in management of the Danube waters .

Another positive element is the input of local consultants and NGO's in different parts of the project (e.g. updating national reviews , wetlands and floodplain study).

A negative lesson to be kept in mind is the lack of communication between different important actors (GEF - UNDP , EU PHARE and the World Bank) . The refusal of the World Bank to fund transboundary projects is experienced as negative for effective cooperation among Danube countries .

In the same context , the change in PHARE rules (from multicountry to single country approach) and the take over of former PHARE projects by TACIS did not improve effectiveness nor efficiency .

Another lesson is that before engaging in pollution loads and mathematical modelling sufficient and reliable imission data should be available before the start of these activities . Generating these data in an ongoing project is impossible .

10. ANNEXES**ITINERARY AND SITE VISITS**

Sunday , June 13 : Travel from Brussels to Vienna . Arrival in Vienna 15.00 . Meeting with Stanislaw Manikowski , team leader , Esther Park and Roger Aertgeerts , UNOPS portfolio manager : introductory discussion on the tasks of the mission .

Monday , June 14 : Meeting with Joachim Bendow , Programme Manager , Stanislaw Manikowski , team leader , Andy Garner , Esther Park and Roger Aertgeerts , UNOPS portfolio manager , Fritz Schwaiger at the Vienna international Center. Discussion on the methodology to be followed during evaluation .

Afternoon : Discussion of the points to be adressed and where the information can be found . This meeting was attended was attended by the same persons as the morning session , except Mr. Schwaiger .

Evening : evaluation of the national reports of several countries

Tuesday , June 15 : Meeting with Mr. Teun Botterweg , EU/PHARE Programme and Mr. F.Schwaiger, Vienna International Centre on the activities of the PHARE and TACIS in the Danube region

Further evaluation of the national reports of several countries

Afternoon : Meeting with Mr. Andy Garner , environment specialist and Mr. F.Schwaiger on different aspects of the project , Vienna International Centre

Evening : evaluation of the national reports of several countries

Wednesday , June 16 : Meeting with Mr. Helmuth Fleckseder , Technical and Scientific Director of the ICPDR and Mr. F.Schwaiger, Vienna International Centre on the strategies of nitrogen and phosphate reduction .

Evaluation of the national report on the Republic of Yugoslavia

Afternoon : Meeting with Mr. Phil Weller WWF Danube - Carpathian Programme Director on different aspects of wetlands and floodplains at the WWF office Ottakringer Strasse 114 - 116, Vienna .

Meeting with Mr. Wolfgang Stalzer , Director at the Ministerium of Landwirtschaft and President of the ICPRD on the activities of the ICPRD with Stanislaw Manikowski , team leader , Esther Park and Fritz Schwaiger .

Thursday , June 17 : Meeting with Mr. Stanislaw Manikowski , team leader on the preliminary conclusions of the mission at the Vienna International Centre .

Flight from Vienna to Brussels , arrival in Brussels 21.30

Friday , June , 18 : Travel from Hove to Delft . Meeting with Mr. J. van Gils at Delft Hydraulics .

Return to Hove

Saturday , June 19 : Report writing

Sunday , June 20 : Report writing

ANNEX VIII

Esther PARK

3. Public awareness, public participation, information exchange

3.1 Project Design

The public awareness component of the project was designed to increase public participation and awareness not only in the individual countries, but also on a regional level. Central and Eastern European countries (including NIS countries) in transition were the main targets, assuming that Austria and Germany already had effective third sector development. The rationale for this output is that it will lead to sustainable policies in the Danube Basin.

This aspect of the project had a threefold objective, which was only partially effective due to an inattention to structural considerations, which will be expounded on in section 3.4. The project's effectiveness with regard to public awareness was limited because the "public" was not well defined. It was not clear to whom exactly the awareness campaign should reach. If the target group was non-governmental organizations (NGOs) and governments, then the project was mostly effective. If the target group was the wider public, then the effectiveness of the project is a bit more ambiguous. It is difficult to measure the impact of the project on the wider public without doing a large-scale study. Additionally, the final outcome of the small grants that were given to awareness raising projects is still pending.

The project was more effective in the arena of public participation. NGOs were effectively brought into the process of SAP planning/revising and their input noted. Considering the scope of the project, most major NGOs in each country were brought into the decision-making process. Perhaps the biggest drawback was that of the Danube Environmental Forum (DEF). The project overestimated the potential effectiveness of this organization and its force within the objective was minimal.

Overall, this component contributed well to the development objective, but the most constraining factor on all the elements was timing. From a structural point of view, transitioning governments are dealing with various pushes and pulls, and thus are not always able to be in the ideological position that the project already assumes. For this reason, it would be difficult to implement public participation in countries that were not ready for it. Additionally, the strict time frame of the project caused many components, which could and should have contributed to one another, to overlap.

The project greatly relies on the DEF for its sustainability in this component. At this point, the DEF is weak and unable to take on this burden. The ICPDR is willing to support public participation, but does not necessarily identify DEF as the agency through which it should happen.

Cooperation with the Black Sea NGOs has been somewhat unrealistic. The NGOs in the Danube River Basin must have some history of cooperation among themselves before attempting cooperative efforts with the Black Sea NGO Forum.

3.2 Project Implementation

The project was implemented by the PCU in an excellent fashion with regard to timeliness. Though the design of the project itself was constrained by time, the PCU made the best effort that it could to allow the different components and stakeholders to interact. The PCU also considered the expansion and contraction of various objectives as they deemed relevant to prevailing circumstances.

The bulk of this component of the project was contracted out to the Regional Environmental Center for Central and Eastern Europe (REC), which was in an excellent position to provide this kind of specialized support for the PCU. The REC is a long-standing organization dedicated to the support of environmental NGOs and administers grant programs from governments and other international donors. While headquartered in Szentendre, Hungary, the REC has local offices in every country in which they work. These local offices have formed good relationships with the governments and the NGO communities, respectively; and they know the specific needs of each country. Thus, the REC was an ideal candidate for the work of the project. Because they are established as an organization, there was little reinventing of the wheel and the implementation of the Small Grants Program was relatively smooth. Timeliness of this program was an issue because of the lack of effective communication between the REC and the PCU.

Given the time limits of the project, the REC was probably the best option as subcontractor. However, as a trade-off, the PCU was two steps removed from the NGOs. There was little direct interaction between the two, which may have reflected poorly on the CPCs' level of cooperation with the NGOs.

The "Danube Watch" was also subcontracted out to an independent editor and publisher. Three copies of the Watch were published, but along the way it became clear that the editor was unreliable and the PCU lost control of the content of the publication. At this point in time, the editing and publishing of the Watch has changed hands. Phare has been actively involved in the process and was instrumental in finding a new editor/publisher.

The PCU began work on the Danube Information System (DANIS) and found that it would be more effective in the big picture to incorporate DANIS into the system being created by the ICPDR, "DANUBIS." This project is being co-funded by a combination of Phare, Austrian Trust Fund, and the Austrian Ministry of Agriculture and Industry. To date, the web site is not yet functional, but is expected to be fully operational by the fall of 1999. In the meantime, Phare has published a Danube home page connected to that of REC, from which all activity will be forwarded to DANUBIS once it is functional.

3.3 Project Impact

The PCU did not produce materials or hold events to raise public awareness as outlined in the project document. Instead, the PCU felt that they would be better served by holding a regional training workshop called "Target Oriented Program Planning" (TOPP), in which one NGO representative and one government representative from each country were trained in public participation philosophy and methodology.

These representatives then became facilitators in the National NGO Workshops, arranged and facilitated by the REC, where national priorities were discussed and identified. These priorities were consequently introduced in the National SAP Planning Workshops where the results from the National Reviews (technical) and the National NGO Workshops were brought together to result in a revised SAP and the Pollution Reduction Program.

Further, the results of the National NGO Workshops were brought to a Regional NGO Consultation Meeting, in which NGO representatives from all 13 countries came together to discuss regional priorities and to re-establish or revitalize the DEF. The DEF has been weak and unable to participate effectively in the implementation of this project. Instead, the REC has taken the responsibility for the National NGO meetings. For similar reasons, the DEF was unable to hold a joint workshop with the Black Sea Basin NGO Forum. Cooperation with the Black Sea project has been slow as a whole. So far there has been only a joint technical working group with the Black Sea.

It should be noted that the past failures of the DEF have alienated some NGOs from participating, most noticeably those in Hungary. As a group, a number of Hungarian NGOs refused to participate in the National NGO meeting and sent a letter of protest stating that they would not have anything to do with the DEF. Currently, the DEF is in the rather precarious position of not being legally registered as an entity. As with many NGOs, the organization has little know-how with regard to legality, financial viability, and general management. However, they have made good progress in information sharing. The members have created an email network, which acts essentially as a list serve, and so far there has been good participation.

The Small Grants Program was carried out by the REC, working together with the PCU to develop guidelines and publicize the program. Because of a delay in actually disseminating the grants, the impact and results of the program have not yet been revealed.

The “Danube Watch” has been published in three issues, with two more special editions forthcoming. Four thousand issues were being disseminated, and now it has increased to 8000. Future plans have it being published on the DANUBIS site, as well as a condensed version inserted into another existing environmental publication (in Austria). Unfortunately, the former editor at some point stopped following the developments of the Danube program. After Phare funding stops in October 1999, sustainability of the publication will be in the hands of the new publisher. There is the possibility of inserting advertisements into the journal by which it might be self-sustaining.

The establishment of the Danube program home page has been facilitated by Phare, as mentioned above. This home page is being hosted by the REC web site and has the appropriate links to maps, legislation, donors, and other relevant information. A counter was put into the system, from which it can be assumed that up to 1000 people have visited the site.

Instead of updating DANIS as the project document outlined, the PCU felt it would be better to create a new system with a wider scope, and thus created a working group to create “DANUBIS” in March 1998. Existing components of DANIS, as well as the program home page, will be integrated into the new system.

3.4 Theory (Project Design revisited)

When considering the design of a project, it is important to analyze how it affects societal structure as well as how the project is designed internally. First, looking at societal structure, the decision making process is the focal point. Individual actors bring their own self-interest and ideologies to the table and make decisions based on those interests. Each of these actions comes together to create a collective action, the output from which affects the environment in some way. When the environment is altered, the individual’s perception of reality changes. And so the cycle continues. Between each of these stages, there is an imperfect flow of information and communication. Disjunctures among individuals’ worldviews can create greater disparity in the outcome of the collective action (if there be any outcome at all), and thus will maintain or intensify the differences among worldviews. If the point is to alter the outcome, the set of notions with which each person comes to the decision-making table must also be altered. Simply introducing a new set of actors will not necessarily bring about the desired outcome.

With regard to the design of a project, factors such as principal-agent problems must be addressed. A hierarchy arises such that the donors and the project staff form one relationship, and the project staff and the sub-contractors form another. Increasing levels of hierarchy widens the opportunity for miscommunication and information gaps. Thus any organization has it within its best interest to minimize its hierarchical levels. Additionally, the number of decision points through which any action must go through is directly related to the cohesiveness and efficiency of that action. The decision to sub-contract usually comes out of the necessity to have specialized services as well as a low level of uncertainty. Also, special effort must be made to assure that processes are linked to goals.

3.5 Conclusions and Recommendations

Overall, the project did what it needed to into order to fulfill the objectives of the project. The full impact of many of these efforts has yet to be seen, as timing is a factor. And still, as in the case of any development project, this is just one step in the process.

In all, the project design hampered the intentions and the goal of the public participation component of the project. While NGOs were effectively drawn into the decision-making process, the government side was less prepared for cooperation on this level. Because many of the countries in the Danube river basin are still in a transitional phase from an authoritarian to democratic rule, government authorities have yet to fully understand

the importance of accountability to the public. With this disparity in social framework, the collective action will also suffer either from a lack of action at all or some of the participants dropping out of the process.

The decision to contract out a large part of the public participation component was probably the best decision to make, though there were trade-offs involved. The project had to its advantage that the REC was a large and well-established organization with a history in many of the countries in the Danube river basin. However, this also necessitated that the contact with NGOs had to go through the REC's bureaucratic structure in addition to that of the project, which at times conflicted. Also, the fact that the REC did not work in all the countries in the basin contributed to a somewhat patchwork approach to NGO involvement as a whole. The nature of subcontracting similarly caused somewhat of a rift between process and goals. The result was that the process was adequately executed, though somewhat in isolation from the other processes in the project. This disconnectedness may also contribute to an undesirable collective action in the implementation stage of the SAP or Pollution Reduction Program.

The past weakness of the DEF and its current unresolved status is a critical factor for the future sustainability of public participation and cooperation in the Danube region. NGOs in Hungary have already collectively decided not to participate in the DEF. If the legal status of the organization is not adequately established from the beginning, its capacity to attract funding will be greatly diminished. Currently, the representatives of the DEF are unaware as to how to most effectively establish the organization.

In light of the above, recommendations are as follows:

1. Support should be given to the Commission to find or implement third sector awareness programs on the governmental level, especially for developing countries. EU requirements for free press have been instrumental in ascension countries thus far, but training programs are still needed. There has to be some kind of history of intra-sectoral cooperation before real changes in decision-making can take place.
2. The Commission should support the DEF through management skills in legality and financial liability, and work consistently to facilitate communication between the DEF and government officials.
3. Should the DEF fail to establish itself, personnel support should be given to the Commission to maintain a network among NGOs regionally until another means of regional cooperation should become apparent.
4. The Commission should update and maintain the DANUBIS system until it can be sustainably given to the work of the DEF or a like organization.

3.6 Mission Timeline

Saturday, June 12:	arrival in Vienna
Sunday, June 13:	meeting with team leader
Monday, June 14:	briefing with project leader, Joachim Bendow project delineation, Joachim Bendow, Andy Garner
Tuesday, June 15:	meeting with Entela Pinguli, REC in Budapest
Wednesday, June 16:	meeting with Teun Botterweg, Phare meeting with Wolfgang Stalzer, ICPDR
Thursday, June 17:	meeting with Christine Margraf, DEF rep in Munich
Friday, June 18:	depart from Munich

ANNEX IX

PROJECT NUMBER: RER/96/G31/A/1G/31

PROJECT TITLE: DEVELOPING THE DANUBE RIVER BASIN POLLUTION
REDUCTION PROGRAMME

Author: FRIEDRICH SCHWAIGER

Title of Report: EVALUATION REPORT ON OBJECTIVE 4
– DEVELOP THE FINANCING OF THE POLLUTION REDUCTION
PROGRAMME WITHIN THE DANUBE STRATEGIC ACTION PLAN

Duration of Contract: 12th – 22nd June 1999 (9 Working days)

Contract Number: CFS-99-1720

Project: RER/97/RG1

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ANNEX Schedule of Meetings

1. Executive Summary

This is the end of project evaluation report, covering objective 4 of the project, the financing of the pollution reduction programme.

A team of four experts carried out a mission to the Project Co-ordination Unit at Vienna. The financial expert was there from 14th to 18th June 1999 with the exception of a visit to KfW Frankfurt, who did the feasibility study for the proposed Danube Environmental Fund.

Some sections of the project document were designed rather optimistically. It practically assumed that an environmental fund will be feasible and that implementation of investment projects could start quickly. In some cases it is very specific and did not cover "what to do if ... not". However, the project management applied a very practical approach and so compensated above fact.

The project was implemented within the extended time frame (agreed at the beginning of the project) with the exception of getting the revised SAP endorsed by the Ministerial conference.

The project work was well organised and strictly managed.

The project management applied the logical framework method (ZOPP) and involved to a high extent national experts, which is found good.

Some 400 hot spot projects have been identified with a total investment portfolio of USD 5.5 billion, the majority of projects being municipal waste water projects.

Costs have been split into baseline cost and incremental cost, according to GEF funding criteria. No reliable operation and maintenance cost could be obtained, so the ranking of projects was done on the basis of investment cost effectiveness.

Existing financing strategies in each country have been studied and general financing strategies were presented.

KfW did the feasibility study on the establishment of a Danube Environmental Fund and came to a negative conclusion. The result is found correct. The proposed alternative of establishing a grant facility fund was turned down by the ICPDR, as it would require a modification of the International Convention.

It is now proposed to install under the directive of the ICPDR a PIF (Project Implementation Facility) and a PAG (Project Appraisal Group). The PIF will support ICPDR with regard to investment programs and all regional activities, project preparation and identification. The PAG is a group of national experts who approve investment projects confirming by their seal to a potential donor that a) the project is of quality as defined by ICPDR and b) that it is a priority project.

A comprehensive SAP has been prepared which is not any more a revision but practically a new document. Some more editing is recommended to shorten it and make it easier to read. The document is scheduled to be approved at the Ministerial conference in Romania on 11th November 1999.

The project management does not consider a special donor pledging conference necessary since practically all interested donors are represented in the PMTF which meets 2 to 3 times annually anyway.

Revenues from water supply waste water services is a primary source of finance of waste water projects. A project should be executed aiming at improving the revenue collection efficiency.

Financing of investment projects will be done on a bilateral basis. There are good prospects for substantial WB/GEF funds for financing primarily incremental cost. Addition financing by UNDP/GEF to ICPDR, their bodies and activities is essential for maintaining the integrative element and financing of regional projects. The cost for running the PIF are about USD 2.5 million for a period of 3 to 4 years.

The Multi Country Programme of the EU ends by October 2000. Future assistance will be given only at the country level and primarily to EU accession countries. This also stresses the need to extend further GEF support to ICPDR.

2. Introduction

2.1 Project Background

A first phase of the Danube Programme was carried out from 1992-96, concentrating on building regional co-operation in the water sector in the Danube river basin. The main output of this phase was the Strategic Action Plan (SAP) 1994.

A Phase II project was designed and named “Developing the Danube River Basin Pollution Reduction Programme” – being the project subject to this evaluation.

The main purpose of this project is to prepare prioritised pollution reduction projects for co-financing by national and international sources within the strategic policy framework for the Danube river basin and Black Sea.

The project comprises of the following objectives:

- Objective 1: Complete the knowledge base for priority-setting
- Objective 2: Review policy for protection (especially nature protection) of the Danube River Basin and the Black Sea
- Objective 3: Increase public awareness and participation
- Objective 4: Develop the financing of the pollution reduction programme within the Danube Strategic Action Plan (SAP)

2.2 Evaluation Mission

UNOPS contracted the end of project evaluation of referenced project to a team of individual consultants. Every team member worked on particular objective. The team consisted of:

Dr. Stanislaw Manikowski	Team Leader, Policy and Institutional Expert
Dr. Francois Van Hoof	Technical Specialist
Esther Park	Specialist on Public Awareness
Fritz Schwaiger	Financial Specialist

The team carried out a field mission to Vienna with individual trips to Budapest, Frankfurt and Delft in calendar week 24/99. The Financial Specialist stayed in Vienna from 14th to 18th June 1999 with the exception of a one day mission to KfW Frankfurt on 17th June 1999.

In accordance with the TOR the team members prepared individual mission reports covering their tasks and discussed their findings with the Team Leader who prepares an integral final report.

Consequently this financial report should be read in conjunction with the other reports.

3. Acknowledgements

Special thanks is herewith extended to:

- all PCU-GEF Project Team headed by the Project Manager Mr. Joachim Bendow at the UNDP office in the VIC (Vienna International Centre) for all administrative and logistic support extended to the evaluation team
- the KfW (Kreditanstalt für Wiederaufbau) for the lively discussions in their offices and sparing sufficient time.
- Mr. Rainhard Wanninger, Financial Consultant to the PCU
- the Team Leader and all other members of the evaluation team for the fruitful discussions during project evaluation.

4. Objectives

This is the final evaluation of the project and should consider the impact, effectiveness and efficiency of the project and its chances for sustainability. The scope of the evaluation shall cover the:

- Project design
- Project implementation
- Project impact

5. Sources of Information

This evaluation report is based on information and documents received during the evaluation mission to Vienna. A schedule of meetings held and documents received is attached in Annex 1.

6. Report of Findings

6.1 Project Design

6.1.1 The Scope of Works as per the Project Document

Objective 4 consists of four sub-objectives and each sub-objective consists of several activities and tasks. They are briefly summarised below.

Sub-objective 4.1: Development of project portfolio and financing strategies

Activity 1: Develop financing strategies.

National and international financing strategies should be developed for each country for the two different types of projects (i.e. capacity building / demonstration projects and investment projects) by:

- a) preparing a model structure for each Danube country
- b) preparing national financing strategies including confirmation of national contributions
- c) holding a workshop to review basin-wide financing strategy.

Activity 2: Portfolio of hot-spot projects

Brief project documents should be prepared for priority hot-spot projects. Cost estimates should distinguish between incremental cost and base line cost. O&M cost should be considered carefully. This to be achieved by:

- a) preparing a model structure for project documents
- b) preparing project documents for individual projects
- c) agreement on implementation strategies for each project

Activity 3: Prepare wetland, floodplain and demonstration projects

This types of projects would not create any revenue stream and should therefore be grant financed. Cost estimates should distinguish between incremental cost and base line cost. O&M cost should be considered carefully. To be achieved by:

- a) making a model structure for project documents
- b) preparing project documents for individual projects
- c) the agreement on implementation strategies for each project

Sub-objective 4.2: Mechanisms to provide sustainable financing (Danube Environmental Fund)Activity 1: Feasibility study on establishing an environmental fund

In order to promote and finance transboundary pollution projects, the establishment of an international (or a series of national) Danube Environmental Funds (Trust Fund) should be studied. This should be achieved by:

- a) preparation of a feasibility study of options to establish an international fund and possibly merge with the upcoming Transnational Danube Recovery Fund
- b) Hold a workshop to agree on the approach
- c) Hold consultations with the international community

Activity 2: Prepare structures, rules and mechanisms for the environmental fund

The legal basis, organisational structure, rules of procedure, financing sources etc should be prepared for the fund by:

- a) preparation of basic documents for establishing the fund
- b) completion of administrative procedures to establish legal basis
- c) setting-up the required organisations to manage the fund

Sub-objective 4.3: Finalise, agree and adopt a revised SAPActivity 1: Integrate portfolio of investment and capacity building projects and the financing mechanisms into the SAP

The existing SAP shall be refined and augmented with the elements described above, leading to a single document. This shall be achieved by:

- a) discussion of the results of the financing strategies and proposed projects with the group responsible for updating the SAP.
- b) Preparation of an updated version of the SAP.

Activity 2: Adopt updated SAP at Ministerial Conference

The original SAP, being adopted by the member countries through the Minister Conference in 1994 states that it will be updated after 3 years. A Ministerial Conference should therefore be organised covering the following:

- a) organisation of a consultation meeting with the Country Programme Co-ordinators and representatives of the International Commission
- b) provide support to logistic organisation of the conference
- c) prepare wide spread publication of the SAP including the Ministerial declaration

Activity 3: Preparation of a donor pledging conference (or PPC meeting)

Careful preparation and intensive consultations with bilateral and multilateral donors and IFIs should be done to ensure a successful conference.

- a) Finalisation of project documents
- b) Hold a series of consultations with potential financiers
- c) Hold a donor pledging conference
- d) Publicise widely the achievements and settled financing

6.1.2 Comments on the Project Design**General**

Generally the project document is well prepared, well structured, easy to understand and to read.

The project was designed at the end of Phase I. It is set up in a way to ensure a smooth change from Phase I to Phase II and a rapid progress in the next step in the project cycle, leading finally towards actual project implementation and investments.

The project document reflects much optimism. It is commonly agreed that national as well international financing contributions should be combined. It seems that the establishment of a Danube Environmental Fund (trust fund) has actually been decided.

Due to this "clear vision" where the project will go to, not much room has been given to thoughts about alternatives if things do not develop as programmed.

It is understood that project documents need to be formulated in an optimistic way and with objectives set rather high, in order to achieve all the project settings. Criticism mentioned above needs to be seen in this respect.

Sub-objective 4.1

specifies the development of financing strategies / financing models for each Danube country and the confirmation of expected national contributions. Due to the economic problems these countries are facing at the moment, it is very unlikely that any commitments can be achieved for these projects.

Sub-objective 4.2

comprises the preparation of a feasibility study on a Danube Environmental Fund and the associated legal requirements and rules and structures for operating such fund. It actually recommends to merge with the upcoming Danube Recovery Fund lead by Germany and does not deal with the possibility of a negative result of the study.

The feasibility turned out to be negative. The project team (and their consultant) could have stopped working on this issue then. Nevertheless, they continued looking for alternative solutions.

Sub-objective 4.3

is again specified with much optimism but generally considered correct.

6.2 Project Implementation

6.2.1 Time Schedule

The project was originally set up for a period of 16 months. This is unrealistically short.

When the project team (manager) started to work and made its work planning, a project period of 24 months was agreed. This is still considered very short.

The project has been executed within the specified 24 months. All outputs have been produced as specified with the exception of the conference for high level endorsement of the revised SAP and the donor pledging conference.

Endorsement of the revised SAP is scheduled for the conference of Ministers in Romania on 11th November 1999.

A special donor pledging conference has not be organised since donors meet anyway regularly in the PMTF (Project Management Task Force). So the Project Manager does not expect any benefit from organising a special conference.

6.2.2 Project Management

The project was well managed and strictly controlled. High priority was put on keeping the time schedule.

The contacts already established in Phase I of the project helped to quickly have efficient communication with the Country Co-ordinators and Experts. Workshops and clear guidelines how to collect and present data and information substantially contributed to the efficient information flow. All 13 Danube countries submitted the National Review Reports, without exception.

Concern has been raised that the strict time keeping and the time pressure may have affected the quality of input data, work and output. Regarding objective 4 this can not be confirmed. According to the project team and their Financial Consultant, the quality of the input data would not have improved significantly if more time was available.

KfW (Kreditanstalt fuer Wiederaufbau) of Frankfurt was commissioned to carry out the feasibility study for the establishment of a Danube Environmental Fund. KfW is the state owned bank in Germany in charge of export financing and bilateral and multilateral economic co-operation. This fact and the fact that Germany is the most potential Danube river riparian country may have made KfW the consultant of choice for doing the study. KfW usually does not provide consulting services but accepted this request since it was channelled through the German Ministry of Co-operation. The output of the study is satisfying. It has to be seen in the future whether or not such an involvement of a bank will additionally benefit project work (e.g. selling of projects to IFIs easier).

6.2.3 Project Approach

The project was organised and executed such that the involvement of national experts was given priority to the execution of the works by international experts. They were only used to co-ordinate the national experts and summarise the results. This approach is considered correct.

Generally the logical framework method of (ZOPP) target oriented project planning was applied. National experts were trained in this method which helped considerably to create a uniform structure of all inputs and reports. Nevertheless, also this approach has its limits of application and should not be reflected in reports to an extent which makes them difficult to read (see revised SAP report).

6.3 Project Impact

Sub-objective 4.1: Development of project portfolio and financing strategies

Financing strategies

The report “Analysis of Financing Mechanisms “ issued in March 1999 deals with the requested model for a financing strategy of pollution reduction projects. In a summarised form the essence of this report is contained also in the revised SAP report.

The report describes well the existing financing mechanisms and environmental funds in each of the Danube countries. It outlines the big differences of national financing capacity and in parallel the decreasing efficiency of water / waste water revenue collection systems in each country with a clear falling gradient following the Danube river in flow direction.

The study does not present individual model structures for financing strategies for each country (as per ToR) but gives a general recommendation for all countries. In short this is

- a) to improve and to use to a maximum the national resources (mainly water revenues and public funds) and
- b) only then to use international financing
- c) to promote private sector participation.

This requires that the revenue collection systems for water and waste water services are significantly improved in most countries in order to change the situation that the governments / municipalities have to raise the financing.

The approach is considered correct and absolutely essential for the financing of such projects.

A confirmation of expected national contributions to the projects – as specified in the ToR – has not been received.

Financing mechanisms were discussed at each of the National Planning Workshops. Preliminary results of the study were presented in the Transboundary Analysis workshop in Baden in January 1999 and finally in the workshop on Development of a Financing Facility in Baden in February 1999.

Portfolio of hot spot and wetland & floodplain projects

The “Danube River Basin Pollution Reduction Programme Report” of June 1999 contains a portfolio of 421 projects. In total 513 hot spots were identified with 246 of them being actually based on existing improvement projects. A summary of the key figures is contained also in the revised SAP.

The grand sums are:

Total investment cost	USD 5.5 billion
Thereof	
municipal projects	USD 3.5 billion
wetlands	USD 1.1 billion
others	USD 0.9 billion
Thereof	
baseline cost	USD 3.5 billion
incremental cost	USD 2.0 billion

The projects were identified and cost estimates provided by national experts. They were trained in a workshop on how to collect and verify the information and a model structure of a project document (data sheet) was handed over to them.

The PCU team managed to get from all Danube countries – without exception – information in return and managed to compile country reviews. The quality of work certainly varies from country to country.

The PCU team checked the so collected information for plausibility. A source of error is seen in the conversion of cost estimates from local currency to USD. Generally the official exchange rates were applied.

The careful assessment of operation & maintenance cost is specified in the ToR but no reliable information could be obtained.

As per GEF funding regulations, water projects need to have a transboundary effect and only this element is eligible for GEF funding. It is generally accepted that the annual nutrition load (nitrogen and phosphorus) is the main cause of eutrophication of the Black Sea. The river Danube is one of the main contributors. The general approach was that measures aiming at P and N removal are incremental cost and all other cost are baseline cost.

Regarding waste water treatment plants the incremental cost represent the tertiary treatment. The removal of carbon and other elements are considered as baseline cost. Regarding wetland and floodplain projects, the provision of land is considered as baseline cost and the cost for restoration as incremental cost.

The cost effectiveness method was used as a parameter for ranking of projects. Due to the vague O&M cost information, a ranking of projects was done according to investment cost needed per unit of removed BOD, COD, P and N.

The method using the present value approach was presented in the Pollution Reduction Programme in Hernstein in May 1999 to the country experts and it was agreed that the project data need to be completed and updated to be able to apply such method.

Concern has been raised about the quality of data, also in relation to the short project period. PCU staff explained that the quality of financial data (cost estimates) would not have improved with and extension of time. Data are based mainly on cost estimates on projects of former years and an improvement of the data quality could only be obtained if individual (feasibility) studies are carried out for each project.

The PCU staff confirms that the identified projects include all major hot spots. Some medium size projects may still be missing and smaller projects are not included. However, the data bank established needs to be regularly updated and projects be included step by step. The ranking of the top series of projects should not be affected as experience shows a good positive correlation between project size and priority ranking.

Regarding the argument of possible deficiencies in cost data and the incompleteness of projects, the big gap between projects identified with associated investment cost and the realistic investments to take place in the next years has to be seen. In addition each project will be checked again before investments actually take place.

The ToR also specify the need to agree on implementation strategies for each of the pollution reduction programme rather vague. If this term refers to eligibility of GEF funding and the ranking of projects by cost effectiveness than this task has been covered.

The ToR further require the definition of revenues achieved by the projects. Most of the projects are waste water treatment projects which do not generate any revenues. Only in exceptional cases they have an effect of reduction of alternative treatment cost.

Sub-objective 4.2: Mechanisms to provide sustainable financing (Danube Environmental Fund)

Feasibility study on establishing a Danube Environmental Fund

PMU contracted this task to KfW who published their work in the report: “Financing Pollution Reduction Measures in the Danube River Basin: Present Situation and Suggestions for new Instruments” in April 1999. After careful analysis they came to the conclusion that such fund is not feasible due to the following:

- The wealthier countries have not interest in a compensation mechanism (wealthy countries contribute to the fund, less well off countries receive from fund,
- International taxes and pollution charges as source of finance is not accepted by all countries
- The amount of available donor and IFI money would not increase by such fund; why to carry administration cost for such fund?
- EU extends sizeable concessional money to potential accession countries but not to a fund
- PMTF can take over a possible brokerage function of the fund and assistance in project preparation.

Very similar was the outcome of a study from a different consultant regarding a Black Sea Environmental Fund.

KfW then investigated into alternative solutions and recommended a Danube Environmental Facility Fund (DEFF). This fund would not be an intermediary for IFIs but would concentrate on providing grant money for:

- Technical assistance for project identification
- Grants for investment projects (which can not be financed by loans)
- Packaging of projects for financing by IFIs.

KfW provided details who such fund should function and be administered. The DEFF was supposed to be placed under the ICPDR. However, this would require an addendum to the International Convention to set the legal basis. In view of the difficulties and the time needed to implement and ratify such addendum, the idea to establish an DEFF was dropped in the June 1999 Steering Committee Meeting of the ICPDR.

The KfW study then recommended the establishment of a Project Appraisal Group (PAG) and a Project Implementation Facility (PIF), both of them under the ICPDR.

The PAG would be an expert group for project appraisal. By this, less attractive projects could be sold better to donors. Secondly the PAG would approve and authorise projects from individual countries, confirming that the project is up to the standard defined by the ICPDR and an ICPDR priority project. The President of the ICPDR thinks that the PAG facility will be necessary for a some period of time, until national experts have gained experience in this work.

The role of the PIF would be

- To support the work of ICPDR regarding regional investment programs
- Assist member countries in project preparation (acceptable for IFIs and GEF)
- Monitoring of results

ICPDR has welcomed this idea and hopes that the required financial support is provided by UNDP/GEF. An exit strategy could be that finally PPC takes over this role or the PMTF is charged with additional competencies, similar to the METAP model.

The cost of the FIP for a 3 to 4 year period are USD 2.5 million.

Preparation of structures, rules etc. for the Environmental Fund

The project document was set up with the assumption that the fund will be certainly established. It also mentions, that the proposed fund should be merged with the upcoming transnational Danube Recovery Fund, lead by Germany. Such fund has not materialised.

As outlined above, the feasibility of the Danube Environmental Fund was negative and so there is no need to prepare structures and rules for the fund. Nevertheless, KfW has outlined such structures and rules for the proposed DEFF.

Sub-objective 4.3: Finalise, agree and adopt a revised SAP

Preparation of a revised SAP

The ToR specify the revision of the original SAP by refining the existing content and integrating the portfolio of projects and the regional financing mechanisms.

The PMU prepared practically a new SAP. The main reason for it was, that the SAP should be a strategic paper containing policy and strategy issues and no actions and projects. They were put into the "Pollution Reduction Programme" report. These major changes are not very much appreciated by country experts who were strongly involved in the preparation of the first SAP.

The revised SAP is a comprehensive and substantial document with inputs from the national reviews, the results from the workshops and from international experts. The document has recently been sent out for the final review by the national experts.

The document strictly follows the target oriented project planning method which is principally appreciated. But, the document is overloaded with information and contains repetitions. The report should be streamlined, restricted to the essential information, well structured and made easy to read.

The previous SAP document was considered the "bible" for the ICPDR. As long as the International Convention was not signed and ratified, it was the only document binding ICPDR together. The revised SAP should be finalised with the same expectations.

Ministerial endorsement of the revised SAP

The PMU does not expect major changes and comments to come back from the national experts on the SAP, so the endorsement of the final version of the revised SAP by the Ministers of the Danube countries is expected to take place at the Ministerial conference in Romania, scheduled for 11th November 1999.

Donor pledging conference

A donor pledging conference or a PPC meeting has not been held yet.

The project management informs that the regular meetings of the PMTF (2 to 3 times a year) which are usually combined with the Steering Committee meetings actually substitute such a meeting. At these meetings all major IFIs and donors are present and a special donor conference would not attract additional financiers.

7. General Remarks

7.1 Activities of Other Organisations in the Sector and Region

EU Phare and Tacis

This project co-operated well with EU Phare in Phase I. Phare and also Tacis complemented the Phase II programme of UNDP/GEF covering the early warning model, financing pilot projects, some of the working groups and activities of ICPDR, the PMTF etc.

The fact that some countries fall under Phare and others under Tacis makes administration for their Project Manager rather difficult. It also does not support the crucial aspect of integrating all countries into the programme.

The project operates under the Multi Country Programme which was terminated by the EU. Approximately ECU 5 million are still available under the ongoing project and have to be earmarked until October 1999. The project will end by October 2000.

It is planned that Phare and Tacis will then continue their assistance in this sector and region at the country level. Special technical assistance and financial support (ISPA funds etc.) is expected to be given to the EU accession candidate countries which have to improve the environmental situation before becoming EU member country.

This aspect obviously does not contribute to the integrative aspect of all Danube countries.

Private Sector Participation

In view of the budgetary constraints of the down stream Danube river countries, private sector participation may play an important role in achieving the set goals. French water companies are already established in the region.

The Austrian company FGG – Finanzierungsgarantiesgesellschaft is an organisation of the Ministry of Finance extending guarantees to Austrian companies for foreign investments. FGG has recently established in Budapest with an Hungarian state bank the joint venture company Duna Development Ltd. This organisation identifies and formulates projects in the environment and energy sectors and promotes them to private industries.

KfW is in the process of establishing credit lines through local banks among others also in the Danube river countries. They aim at projects in the range of DM 5 to 10 million by financing up to 2/3 of the total project cost.

7.2 Remarks on the General impact

The project has been working mainly with national experts which is good. These experts are the people who are already convinced about the need for investments in improving the environment. The dissemination of this understanding still needs to go on in horizontal and vertical direction in the governments and administrations, but this needs time.

The involvement of the private sector was not part of this project, but should be promoted.

Project implementation will mainly be going on at the country level. Donors and IFIs will negotiate on a bilateral basis. There are expectations that WB/GEF could make available a USD 70 million WB/GEF grant portfolio for investment projects for the Danube and Black Sea region. These funds could cover incremental cost and WB will offer (might tie) complementary loan financing for meeting the base line investment cost.

In addition to above, the integrative element of the ICPDR is very important. Further assistance should be extended by UNDP/GEF to the ICPDR and its activities. Some of the projects do not qualify for loan financing and have regional character, so need to be promoted through ICPDR. Continued UNDP/GEF assistance in parallel to incremental financing of WB/GEF is essential.

ICPDR needs continued financial assistance to ensure sustainability of the integrative role of ICPDR.

8 Conclusions

- 1) All substantial elements of the project have been completed within the (modified) project period.
- 2) All outputs in form of reports and workshops have been delivered.
- 3) A portfolio of some 400 projects (hot spot and wetland) has been prepared.
- 4) A priority ranking of the projects has been done on the basis of investment cost effectiveness as no reliable operation & maintenance cost could be gathered. Cross checking of the data is advised but can be done on a project to project case when picked up by a potential financier.
- 5) Projects still need to be hooked on to national / international financiers.
- 6) The establishment of a “big” Danube Environmental Fund is not feasible.
- 7) The alternatively proposed Danube Environmental Financing Facility (a grant fund facility) can not be realised as well.
- 8) The revised SAP is actually a new report and not only a revision. Some more editing would improve easy reading and quality of the document.
- 9) Ministerial endorsement of the revised SAP is expected to be obtained on 11th November 1999.
- 10) The primary source of finance for this type of investment projects is revenues collected from water and waste water services plus other national financing plus international grants. Only then international loans should be used.
- 11) The project management does not consider a special donor pledging conference necessary since practically all interested donors are represented in the PMTF which meets regularly.
- 12) Financing of investment projects will (and should) be done on a country level. GEF funds for financing incremental cost (here nutrition removal) is needed for the proposed projects but should not be tied to international loan financing.
- 13) Private sector participation could play an important role and should be promoted.
- 14) EU accession countries are faced with the requirement of the EU, to improve their environmental situation. Significant financial assistance from the EU is expected towards these countries. It can be expected that this is the main driving force for investments in the environmental sector in these countries.
- 15) The main driving force for the other (non EU accession) countries is a) the will to improve the environmental situation, b) to reduce pollution load to the Black Sea. Both incentives are weaker than the EU accession arguments. An increase of the existing disparity in the environmental situation between the Danube countries can be expected.
- 16) The ICPDR is an integrative element. It needs to be given the power and financial capacity to maintain its role in particular in view of above prospects.
- 17) Any future non-national (regional) activities / projects must be placed under the umbrella of the ICPDR.
- 18) ICPDR’s activities should be on the policy and strategy level. However, regional activities which are of no significant interest to individual countries need to be taken up by ICPDR. Special bodies under ICPDR like PIF, PAG etc. should be charged with these activities.

9 Recommendations

- 1) Further editing of the revised SAP to make it a smart policy and a strategy document.
- 2) Get Ministerial endorsement for the SAP
- 3) Co-ordination of all future regional activities by the ICPDR.
- 4) Any future body established (PCU, PIU, PIF, GAP etc.) on a regional level must be under the directive of ICPDR.
- 5) Continued UNDP/GEF support to the ICPDR, their activities and bodies is needed in order to maintain the integrative element and to implement regional projects which are of low priority to individual countries.
- 6) ICPDR should operate on the policy and strategy level and get involved in activities only for regional aspects which would not be taken up by individual Danube countries.
- 7) Project implementation and investment financing will go on at the country level. Each country will negotiate its own terms. ICPDR should assist the national experts in preparing bankable projects.
- 8) An essential financial source for financing waste water projects is the revenues from water sales. A project should be formulated covering each individual country to improve revenue collection efficiency with the following scope of work:
 - a) analysis of the current revenue collection system (technical legal and practical aspects)
 - b) define the socially acceptable tariffs
 - c) calculate the revenue potential country wide
 - d) defines the necessary legal modifications to improve the situation
 - e) define the necessary technical and administrative modifications to improve the situation
 - f) formulate the investment package (water meters, computer systems etc)
 - g) formulate training requirements of water company staff
 - h) define an project with budget for public awareness building
 - i) make realistic projections for increased income from water sales
- 9) GEF financing of incremental cost is needed but should not be tied to international loan financing.
- 10) Private sector participation should be included in future activities.

ANNEX 1

RER/96/G31/A/1G/31

DEVELOPING THE DANUBE RIVER BASIN POLLUTION REDUCTION PROGRAMME

FINANCIAL ANALYST

SCHEDULE OF MEETINGS

Date/ Time	Location / Participants	Subject / Documents received
Mo. 14.06.99 08:30	<u>Arrival in Vienna</u>	
Mo. 14.06.99 09:00 – 11:00	<u>VIC</u> Mr. Joachim Bendow, Project Manager Mr. Roger Aertgeerts, UNOPS Mr. Stanislaw Manikowski, Team Leader Mr. Francois van Hoof, Technical Specialist Ms. Ester Park, Public Awareness Specialist Mr. Fritz Schwaiger, Financial Specialist	Introduction to the team members and to the project by the Project Manager <u>Documents received:</u> List of documents. All documents (output) produced by the project.
Mo. 14.06.99 11:00 – 13:00	<u>VIC</u> Mr. Roger Aertgeerts, UNOPS Mr. Stanislaw Manikowski Mr. Francois van Hoof Ms. Ester Park Mr. Fritz Schwaiger	Introduction by the Team Leader to proposed approach and discussion of individual tasks. <u>Documents received:</u> Checklist for drafting the evaluation report.
Mo. 14.06.99 13:30 – 15:00	<u>FGG-Finanzierungs Garantie Gesellschaft</u> Dr. Wilhelm Hantsch-Linhart, Infrastructure Financing Specialist Mr. Fritz Schwaiger	Introduction to their approach to stimulate private sector investments in Hungary and other CEECs by establishing a Project Development Company in the recipient country. <u>Documents received:</u> FGG Brochure Description of Duna Development Ltd.
Tu. 15.06.99 09:00 – 10:30	<u>EU Phare</u> Mr. Teun Botterweg, Team Leader Mr. Francois van Hoof Mr. Fritz Schwaiger	The Phare Environmental Programme for the Danube river. <u>Documents received:</u> 1996 Annual Report Danube Strategic Action Plan Implementation Programme 1996-99
Tu. 15.06.99 10:30 – 11:30	<u>VIC</u> Mr. Stanislaw Manikowski Mr. Francois van Hoof Mr. Fritz Schwaiger	Internal; Relevant Documents
Tu. 15.06.99 13:30 – 15:00	<u>VIC</u> Mr. Andy Garner, PCU, Environmental Engineer Mr. Francois van Hoof Mr. Fritz Schwaiger	Organisations involved in the Programme
Tu. 15.06.99 15:00 – 16:30	<u>VIC</u> Mr. Joachim Bendow, PCU Project Manager Mr. Fritz Schwaiger	Time schedule, comments on outputs, and organisations involved in the Programme
Tu. 15.06.99 16:30 – 17:30	<u>VIC</u> Mr. Stanislaw Manikowski Mr. Fritz Schwaiger	Social elements in the project
We. 16.06.99 09:00	<u>VIC</u> Mr. Stanislaw Manikowski	<u>Documents received:</u>

Date/ Time	Location / Participants	Subject / Documents received
	Mr. Fritz Schwaiger	Revised and agreed project time schedule (07/97-06/99)
We. 16.06.99 10:30 – 11:30	<u>ICPDR office, VIC</u> Mr. Hellmut Fleckseder, Technical & Scientific Director, Mr. Francois van Hoof Mr. Fritz Schwaiger	Status of the Danube river and the Black Sea; monitoring; <u>Documents received:</u> Eutrophication in the Black Sea: causes and effects
We. 16.06.99 13:30 – 15:30	<u>VIC</u> Mr. Reinhard Wanninger, Financial Consultant to the PCU Mr. Fritz Schwaiger	Objective 4 of the project; data collection, calculations, conclusions
We. 16.06.99 16:00 – 17:00	<u>Ministry of Agriculture and Forestry, Vienna</u> Mr. Wolfgang Stalzer, ICPDR President Mr. Stanislaw Manikowski Mr. Francois van Hoof Ms. Ester Park Mr. Fritz Schwaiger	Performance and benefits of the project to ICPDR, future activities needed.
We. 16.06.99 18:00 – 19:00	<u>Vienna</u> Mr. Wilhelm Kittinger, past President of ICPDR Mr. Francois van Hoof Mr. Fritz Schwaiger	Performance and benefits of the project to ICPDR, future activities needed.
Th. 17.06.99 10:00 – 15:00	<u>KfW, Frankfurt</u> Mr. Jürgen H. Lottmann, Chief of the Environment and Public Health Division, Mr. Dieter Schulze-Vornhagen, Senior Project Manager, Promotional Banks Mr. Fritz Schwaiger	Feasibility Study on the Danube Environmental Fund.
Fr. 18.06.99 10:00 – 11:00	<u>VIC</u> Mr. Joachim Bendow Mr. Fritz Schwaiger	Clarification of questions, future input needed from UNDP/GEF <u>Documents received:</u>
Fr. 18.06.99 10:00 – 11:00	<u>VIC</u> Mr. Stanislaw Manikowski Mr. Fritz Schwaiger	Debriefing of the Team Leader

Developing the Danube River Basin Pollution Reduction Programme

TERMINAL REPORT

Sept. 10, 1999

Basic programme/project information :

Programme/Project number and title: RER/96/G31/A/1G/31
Developing the Danube River Basin Pollution Reduction Programme

Designated institution: _____

Project starting date: Sept. 1, 1997

Originally planned: _____

Actual: _____

Project completion date: _____

Originally planned: Dec. 31, 1998

New: Sept. 30, 1999

Total budget (\$): _____

Original: 3,900,000 US Dollars

Latest signed revision: 3,900,000 US Dollars

Period covered by the report: Sept. 1, 1997 to Sept. 30, 1999

PART I: NUMERICAL RATING

Rate the relevance and performance of the programme or project using the following scale:

- | | |
|---|--------------------|
| 1 - Highly satisfactory | 4 - Unsatisfactory |
| 2 - Satisfactory | X - Not applicable |
| 3 - Unsatisfactory, with some positive elements | |

Place your answers in the column that corresponds to your role in the programme or project.

SUBSTANTIVE FOCUS	Rating by Project Manager	Comments - Project Manager
A. RELEVANCE		
1. How relevant is the programme or project to the development priorities of the country?	1	The project is highly relevant to efforts to build regional cooperation, improve water quality as well as to prepare most Danubian countries for entry into the European Union. It fits well into regional and national plans of DRB countries.
2. How relevant is the programme or project to the promotion of sustainable human development? Indicate your rating on the thematic focus which the programme or project was designed to address. (a) Poverty eradication and sustainable livelihoods (b) Protection and regeneration of the environment (c) Gender in development (d) Promoting an enabling environment for SHD, including governance	1 a) X b) 1 c) X d) 2	The programme is very relevant to the promotion of SHD, via capacity building, use of national experts, development of cooperation with national counterparts etc. b) Project contributed via activities leading to nutrient reduction to the Black Sea, and positive impacts on water quality in the DRB. d) Achieved positive result due to use of participatory approach, NGO involvement and activities to strengthen NGOs in the Danube.
3. To what extent are appropriate beneficiary groups being targeted by the programme or project, based on the following considerations? (a) Gender (b) Socio-economic factors (c) Geographic location	a) X b) X c) 1	c) All Danube Countries participated actively in the project with a particular emphasis on integrating Bosnia-Herzegovina. NGOs and the civil society were involved as well as national focal points from the respective governments
4. Given the objectives of the programme or project, are the appropriate institutions being assisted?	1	The appropriate institutions have been involved with a particular focus on the ICPDR, focal points at the national level and NGOs.

SUBSTANTIVE FOCUS	Rating by Project Manager	Comments - Project Manager
B. PERFORMANCE		
<p>1. Using the following indicators, rate the contribution of the outputs to the achievement of the immediate objectives:^{a/}</p> <p>(Indicator 1) Completion of knowledge base for priority setting</p> <p>(Indicator 2) Policy review for protection of the Danube River Basin and the Black Sea</p> <p>(Indicator 3) Increase in Public Awareness and Public Participation</p> <p>(Indicator 4) Development of financing for a Pollution Reduction Programme within the Danube SAP</p>	<p>1</p> <p>2</p> <p>1</p> <p>1</p>	<p>Knowledge base for priority setting significantly improved and expanded. The Pollution Reduction Programme represents a large step forward in the knowledge of priority pollutants (emphasis on N and P) as well as hot spots and identification of priority projects and measures. The new level of information, has been placed in a databank which the ICPDR will now be updating and improving regularly.</p> <p>National and Regional policies for protection and improvement of the Danube River Basin/Black Sea reviewed and recommendations for improvements prepared. National policies were reviewed and recommendations for improvement were developed in the frame of National Review reports and inter-sectoral National Planning Workshops including national stakeholder representatives. The Strategic Action Plan was also developed by reviewing National outputs in a regional context. The SAP was finalized in a regional participatory workshop. Further joint technical working group Danube-Black Sea provided the base for development of basin-wide policies.</p> <p>Public Awareness and Public Participation increased. NGOs were included in important elements of the project including national NGO consultation workshops, National Planning Workshops etc.</p> <p>Financing for the Pollution Reduction Programme developed. Financing mechanisms of all DRB countries reviewed. Regional mechanisms in the frame of Danube Environment Financing Facility developed. Investment portfolio prepared and donors meeting planned.</p>
<p>2. Rate the production of target outputs.</p>	<p>1</p>	<p>Outputs expected from Project document largely achieved within the constraint of very tight time limits.</p>
<p>3. Are the management arrangements of the programme or project appropriate?</p>	<p>1</p>	<p>Management arrangements of the programme functioned very well with excellent cooperation with the ICPDR, DRB countries, PHARE/TACIS Danube programme, World Bank etc.</p>

^{a/} The programme or project manager must list the indicators as reflected in the programme support document or project document or agreed on by the stakeholders.

SUBSTANTIVE FOCUS	Rating by Project Manager	Comments - Project Manager
4. Are programme or project resources (financial, physical and manpower) adequate in terms of: a. financial resources b. physical resources c. manpower (a) quantity? (b) quality?	1 1 2 1	adequate for tasks required equipment, office space etc. met project needs Project support (i.e. secretary) missing at project start Project team worked well as a team and identified and cooperated well with large team of international and national experts
5. Are programme or project resources being used efficiently to produce planned results?	1	Project resources were allocated efficiently with an emphasis on utilizing national expertise where possible which was also more cost effective
6. Is the programme or project cost-effective compared to similar interventions?	1	The GEF Danube Pollution Reduction Programme has been very cost effective particularly in comparison to the previous GEF intervention in the Danube.
7. Based on its work plan, how would you rate the timeliness of the programme or project in terms of: (a) Production of outputs and initial results? (b) Inputs delivery?	1 2	Outputs were timely with all major outputs completed by June 1999. Mainly satisfactory however there were some difficulties with UNOPS concerning contracts and services

Please indicate your overall rating of the programme or project using the following numbers:

- 1 - Highly satisfactory
- 2 - Satisfactory
- 3 - Unsatisfactory, with some positive elements
- 4 - Unsatisfactory
- 5 - Not applicable

	Rating by Project Manager	Comments - Project Manager
OVERALL RATING OF THE PROJECT	1	The Project Objectives were significantly achieved. The results have been well received by the ICPDR as well as Danube River Basin Countries assuring the sustainability of results. The results provide an excellent basis for implementing pollution reduction measures in the future.

Explain the basis of your rating, which need not be limited to, or which may be different from, the relevance and performance criteria rated above. For the last year of the programme or project, the overall rating should include an assessment of the potential success of the programme or project as well as its relevance and performance.

PART II: TEXTUAL ASSESSMENT

1. What are the major achievements of the programme or project vis-à-vis the expected results? Please explain them in detail in terms of potential impact, sustainability of results and contribution to capacity development.

Table: Major Achievements vis a vis Expected Results

Expected Results (per Project Document)	Major Achievements	Potential Impact	Sustainability of Results	Contribution to Capacity Development
1. National and basin-wide pollution reduction programmes for substances causing eutrophication (especially nitrogen and phosphorus) coming from municipalities, industry and agriculture;	<p>a) <i>National Reviews</i> completed, hot spots of pollution (N and P) identified and projects planned; <i>National Planning Workshops</i> held to develop national strategies and programme for pollution reduction resulting in an agreed national approach for reduction of nutrients;</p> <p>b) <i>Pollution Reduction Programme</i> developed containing 421 projects for reducing N and P and quantifying reduction</p>	<p>a) Impact expected to significantly focus and stimulate implementation at the national level;</p> <p>b) Expected to lead to greater implementation of pollution reduction projects in the Danube Basin. Allows a basis for monitoring results (project database) and to quantify achievements.</p>	<p>a) Results should be sustainable and long lasting. Use of participatory approach ensures "ownership of results".</p> <p>b) Project Database developed to allow for countries to constantly improve information about projects in the Pollution Reduction Programme, as well as allows for projects to be added and subtracted based on implementation and consistent review at both the national and regional levels.</p>	<p>a) National capacities were strengthened given the project's approach of primarily using national expertise to collect and analyze data and information at the national level under guidance of international experts.</p> <p>b) Consistent use of methodology for data collection and analysis in each country harmonized approach. Regional workshop to develop PRP integrated and strengthened national capacities throughout the basin.</p>
2. Revised Danube River Basin Strategic Action Plan (SAP) which includes a policy direction for the Danube River Basin;	<p>a) The Strategic Action Plan for the Danube River Basin was revised based on a participatory approach based on input from all DRB stakeholders. The national policies and strategies for pollution reduction developed in a consistent approach at the National Planning Workshops were integrated and placed in a regional context.</p>	<p>a) The revised SAP is expected to serve as the guiding policy document for the implementation of the Danube River Protection Convention by the ICPDR.</p>	<p>a) The SAP should be a living document and reflect the current environmental, socio-economic and political situation in the Danube River Basin. Thus it is expected that revisions are to be done periodically to "revise" the SAP to new circumstances. The SAP revision 1999 reflects the current policy and strategic needs in the Danube River Basin and should serve as the guiding policy instrument until the next revision in 2003.</p>	<p>a) Only experts from the Danube River Basin were involved in developing the SAP as well as the national plans that form the basis of the 1999 revision. This unique cooperation using a logical framework approach, strengthened national capacities in developing coherent, logical, target oriented policies and strategies.</p>

Expected Results (per Project Document)	Major Achievements	Potential Impact	Sustainability of Results	Contribution to Capacity Development
3. National and basin-wide pollution reduction and ecological rehabilitation programmes for priority wetlands, floodplains, and adjacent groundwater resources, and demonstration projects in cooperation with the European Union's Phare and Tacis Programmes	a) Danube River Basin Wetland Inventory completed and a Basin-wide Wetland and Floodplain Rehabilitation Programme was developed. Programme was developed in close cooperation with the EU's PHARE and TACIS programmes which have initiated demonstration projects in wetland rehabilitation.	a) This relatively small component of the GEF Programme will have a very important impact in stimulating wetland rehabilitation activities in the Danube River Basin. It provides concrete rehabilitation projects that can be supported by national governments, NGOs as well as be presented to interested donors.	a) Given the direct involvement of national and regional NGOs in developing the programme, the activities in wetland rehabilitation should not only be sustainable but also expanded in the future. Efforts to develop a Lower Danube Green Corridor are currently underway to rehabilitate wetlands in Bulgaria, Romania, Moldova and the Ukraine with significant donor interest and involvement.	a) National wetland focal points were utilized to collect and verify data and information at the national level using a consistent methodology. The project results were strengthened capacities of national governments to appropriately integrate wetland rehabilitation and protection projects and measures into national pollution reduction programmes.
4. Transboundary Analysis of actual water pollution and its effects from country to country and to the Black Sea;	a) Transboundary Analysis (TDA) of Water Pollution in the Danube River Basin was completed. b) Danube Water Quality Model (DWQM) greatly improved as a tool to analyze transboundary pollution (from country to country) as well as to evaluate potential rehabilitation measures.	a) The TDA provides the first comprehensive basin wide analysis of transboundary pollution problems in the Danube and lays the technical basis for identifying remedial and preventative measures; b) The DWQM is a tool that improves the ability to identify, quantify and to evaluate transboundary pollution.	a) This first TDA provides a comprehensive framework for collecting and analyzing transboundary water pollution. It is expected that this will continuously be improved and updated in the future as better more consistent water quality data is collected in the DRB.	a) National experts were used to collect and analyze data and information working in multidisciplinary teams. Experts participated in a regional target oriented planning workshop to finalized the Danube Transboundary Analysis.
5. Increased public awareness and participation in pollution reduction activities related to the SAP and improved information accessibility and transparency;	a) National NGO Workshops held in 11 Danube Countries; b) National Planning Workshops held in 11 Danube Countries; c) 5 issues of Danube Watch published (including special editions on the Transboundary Analysis and the SAP/Pollution Reduction Programme respectively); d) ICPDR Information System (DANUBIS) developed in part to disseminate results.	a) Both NGO and National Planning Workshops ensured broad participation from all stakeholders as well as provided a vehicle to build public awareness at the national level. b) same as above c) Used to inform the interested public about Danube Pollution Reduction Programme activities. d) A primary goal of the new ICPDR Information System	a) The activities developed a framework for bringing NGOs together at the national level which should be utilized again in the future. b) National Planning Workshops sets the basis for multidisciplinary, inter-sectoral planning in the future. c) Successfully started using the sale of advertisements to reduce the cost of producing the Danube Watch with the ultimate goal of self-sufficiency.	a) Experience in conducting and participating in target oriented planning workshops provided to national NGOs. b) Experience in conducting and participating in multidisciplinary, inter-sectoral target oriented planning workshops provided to Danube Stakeholders. c) Experts and journalists from the Danube River Basin provided input to Danube Watch. d) Danube River Basin experts

Expected Results (per Project Document)	Major Achievements	Potential Impact	Sustainability of Results	Contribution to Capacity Development
<p>6. Strengthened capacity of environmental non-governmental organizations (NGOs) involved in Danube and Black Sea issues;</p>	<p>a) National NGO Workshops held in 11 Danube Countries; b) NGOs participated in National Planning Workshops in 11 Danube Countries; c) Danube Environmental Forum was re-established and framework developed for sustainable operation;</p>	<p>being developed in the frame of GEF assistance, is to significantly increase the ability of the public to access information produced in the PRP as well as to provide a better way for building public awareness and support for the PRP.</p> <p>a) Both NGO and National Planning Workshops ensured broad participation from all stakeholders as well as provided a vehicle to build public awareness at the national level. b) same as above c) National representatives to the DEF were chosen at the National NGO Workshops. Two regional DEF meetings were held. DEF representatives participated in the regional workshops.</p>	<p>d) The information system will be owned and operated by the ICPDR, a permanent institution funded by member countries assuring the further operation of the information system.</p> <p>a) The activities developed a framework for bringing NGOs together at the national level which should be utilized again in the future. b) National Planning Workshops sets the basis for multidisciplinary, inter-sectoral planning in the future. c) Slovakian NGO supporting DEF Secretariat. DEF developed statutes and then established itself as a legal entity in Slovakia. Proposal developed and presented to donors for the further development of DEF.</p>	<p>responsible for developing ICPDR information system. Training to be provided to primary users within the ICPDR.</p> <p>a) Experience in conducting and participating in target oriented planning workshops provided to national NGOs. b) Experience in participating in multidisciplinary, inter-sectoral target oriented planning workshops provided to Danube Stakeholders as well as representing civil-society interests. c) Strengthened ability of Danube River Basin NGOs to organize themselves at the regional level.</p>
<p>7. Improved international cooperation in the sustainable management of the Danube river Basin and Black Sea, including the integration of Bosnia-Herzegovina and the Federal Republic of Yugoslavia in international management of the Danube River Basin.</p>	<p>a) GEF programme supported the ratification process of the ICPDR; b) Both Bosnia-Herzegovina and the Federal Republic of Yugoslavia were successfully integrated into all GEF Pollution Reduction Programme activities.</p>	<p>a) DRPC ratified, ICPDR established with a permanent secretariat which will strengthen regional cooperation. b) Valuable cooperation as well as much needed technical information gained from B-H and Yugoslavia's participation providing comprehensive information needed for the Transboundary Analysis, SAP revision and the completion of the PRP.</p>	<p>a) Permanent Secretariat of the ICPDR established financed by member country contributions assuring continued regional cooperation in the DRB; b) Strong institutional contacts as well as contacts at the expert level established providing the basis for further cooperation in the future despite the conflict in the region. The functioning of this network in the FRY after the war indicates the sustainability of the cooperation established.</p>	<p>a) Improved ability to cooperate with donor organizations; b) Provided national experts with experience with cooperating at the regional level as well as with working with international organizations. Experience in target oriented planning workshops provided as noted above.</p>

Expected Results (per Project Document)	Major Achievements	Potential Impact	Sustainability of Results	Contribution to Capacity Development
<p>8. Prepared project documents and financing packages for a series of priority pollution reduction projects, and mechanisms for attracting additional international support;</p>	<p>a) Pollution Programme developed consisting of 421 priority projects as well as important policy measures that will lead to the reduction of priority pollutants in the Danube River Basin.</p> <p>b) Danube Partnership Programme, a portfolio of 60 priority investment projects, prepared for presentation to donors;</p> <p>c) National review of financing mechanisms conducted and a detailed proposal for the development of a Danube Environmental Financing Facility (DEFF) was completed and presented to donors.</p>	<p>a) Expected to lead to greater implementation of pollution reduction projects in the Danube Basin. Allows a basis for monitoring results (project database) and to quantify achievements;</p> <p>b) Provides basis for presenting prepared projects to interested international institutions (IFIs) and donors;</p> <p>c) Provided clear understanding of what are the strengths and weaknesses of existing national financing mechanisms. Reviewed possible regional financing mechanisms resulting in a proposal for the DEFF.</p>	<p>a) Project Database developed to allow for countries to constantly improve information about projects in the Pollution Reduction Programme, as well as allows for projects to be added and subtracted based on implementation and consistent review at both the national and regional levels.</p> <p>b) Donor conference scheduled to assure implementation of part of investment portfolio;</p> <p>c) Sound analysis of what options would be sustainable in the future.</p>	<p>a) Consistent use of methodology for data collection and analysis in each country harmonized approach. Regional workshop to develop PRP integrated and strengthened national capacities throughout the basin;</p> <p>b) Provided experience to national experts in preparing investment projects with sufficient documentation and level of detail for presentation to IFIs and donors;</p> <p>c) Strengthened the ability to identify the strengths and weaknesses of existing and proposed financing mechanisms.</p>

2. What factors affected the achievement of programme or project results?

While we rate the project overall to be a very good success, the achievements were affected by the following:

- *Data gaps as well as inconsistency and the lack of good quality, verifiable data from country to country.* This made it difficult at times to compare.
- *Lack of information on diffuse sources of pollution.* Due to the negligible level of information on diffuse sources, it was generally not possible to adequately include concrete measures to address diffuse sources of pollution in the final Danube Pollution Reduction Programme.
- *Short project time frame.* The project had a very tight implementation period (initially 16 months) that even after extension was perhaps too tight. The results might have been even stronger given more time.

3. What lessons (both positive and negative) can be drawn from the experience of the programme or project?

We saw the need to develop national review databases consisting of 5 individual databases: Emissions, Water Quality, Socio-Economic data, financial information as well as a Project database. These databases will respond to the need for:

- a) periodically updating national information and to fill data gaps,
- b) an incentive for countries to improve data provided or to provide data in the future where currently it does not exist and
- c) tools to monitor implementation.

This will help to insure the sustainability of the Pollution Reduction Programme.

4. What are the views of the target groups with regard to the programme or project? Please note any significant gender-based differences in their views.

The main target groups of the UNDP/GEF assistance were the participating countries particularly as represented by the ICPDR. They have indicated satisfaction with the results and feel that it has strengthened cooperation between countries as well as within the framework of the ICPDR itself. It should also be said that the main beneficiaries i.e. the countries, were also primary contributors to the programme. Thus the ICPDR and the participating countries are also “owners” of the successful outputs of the Pollution Reduction Programme.

5. If the programme or project has been evaluated, what is the implementation status of the recommendations made by the evaluators?


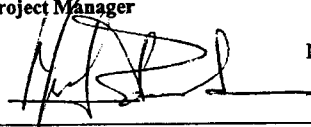
As we have just received the project evaluation, we have not yet had time to respond to the recommendations.

6. What activities or steps do you recommend as follow-up to the project?

Follow-up activities to the GEF Danube River Basin Pollution Reduction Programme should focus on primarily the support the further development of the ICPDR and include activities to stimulate implementation of the PRP with a particular focus on facilitating the necessary policy changes in DRB countries for nutrient reduction.

7. Provide any other information that may further support or clarify your assessment of the programme or project. You may include annexes as you deem necessary.

Please see the project evaluation report.

For target group (ICPDR):	
Name:	GERMAY, VERCOVSKY
Title:	Executive Secretary
Signature:	 Date: 10.09.99
For the project manager:	
Name:	Joachim Bendow
Title:	Project Manager
Signature:	 Date: August 30, 1999