



**GEF**

## **PROJECT EXECUTIVE SUMMARY**

### **REQUEST FOR Council Work Program Inclusion**

### **UNDER THE GEF Trust Fund**

**GEFSEC PROJECT ID:** P084605  
**IA/ExA PROJECT ID:** 2133  
**COUNTRY:** Regional:Albania and Montenegro  
**PROJECT TITLE:** Lake Skadar-Shkodra Integrated Ecosystem Management  
**GEF IA/ExA:** WB  
**OTHER PROJECT EXECUTING AGENCY(IES):**

**DURATION:** 4 years  
**GEF FOCAL AREA:** International Waters  
**GEF STRATEGIC OBJECTIVES:** SP-3; IWrev-1; IWrev-2  
**GEF OPERATIONAL PROGRAM:** OP 9  
**PIPELINE ENTRY DATE:** June 16, 2003  
**EXPECTED STARTING DATE:** JANUARY 2008  
**EXPECTED CEO ENDORSEMENT:** DECEMBER 2008  
**IA/ExA FEE:** \$450,000

<b>FINANCING PLAN (\$)</b>		
	PPG	Project*
<b>GEF Total</b>	450,000	4,550,000
<b>Co-financing</b>	<small>(provide details in Section b: Co-financing)</small>	
GEF IA/ExA		
Government		10,700,000
Others		460,000
<b>Co-financing Total</b>		11,160,000
<b>Total</b>		15,710,000
Financing for Associated Activities If Any: 30,942,000		

\*\* For multi-focal projects, indicate agreed split between focal area allocations

<b>FOR JOINT PARTNERSHIP**</b>		
<b>GEF PROJECT/COMPONENT (\$)</b>		
(Agency Name)	(Share)	(Fee)
(Agency Name)	(Share)	(Fee)
(Agency Name)	(Share)	(Fee)

\* Projects that are jointly implemented by more than one IA or ExA

#### **CONTRIBUTION TO KEY INDICATORS IDENTIFIED IN THE FOCAL AREA STRATEGIES:**

The project will add a new regional/basin Agreement (bilateral Agreement prepared with PDF-B assistance) and will put in place the institutions required to implement it. The project will also support the implementation of national IWRM and water resource policies and legislation, as both Governments are in the process of approving new Water Laws which are harmonized with the EU Water Framework Directive and this project will support application of those principles to the Lake Skadar-Shkoder basin

Approved on behalf of the *World Bank*. This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the GEF Project Review Criteria for work program inclusion.

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## **1. PROJECT SUMMARY**

### **a) PROJECT RATIONALE, OBJECTIVES, OUTCOMES/OUTPUTS, AND ACTIVITIES.**

#### **Objectives and Rationale**

The objective of the project is to enhance transboundary cooperation for managing the sources and impacts of potentially conflicting development objectives and activities affecting the waters of the Lake Skadar-Shkoder basin. This will be achieved through direct interventions to reduce sources of pollution and by building political commitment and capacity at transboundary, national and local levels for maintaining the lake as a healthy and productive natural ecosystem.

Lake Skadar-Shkoder, the largest lake on the Balkan peninsula, is located on the border between Montenegro and Albania, south of the Dinaric Alps. It is a particularly vulnerable water body due to its shallowness and the karstic geology of its basin: the lake's water quality and ecology are highly sensitive to the quality and volume of inflow from numerous rivers/streams and groundwater. Therefore, any upstream or nearby abstraction or pollution of surface or ground waters represents a direct threat to the lake's ecology and productivity. On the other hand, the lake has a frequent flushing cycle (up to three times a year), so water quality can improve quickly if the pollution sources are eliminated. The lake has its outlet to the Adriatic Sea through the Buna-Bojana River. Due to the flat topography and shallowness of both lake and river, when the river is particularly high as a result of heavy rains the flow reverses temporarily and it becomes an inlet rather than outlet of the lake. Numerous springs located around the periphery of the lake and hydrologically connected to it are used for drinking water and irrigation in surrounding areas

A severe economic decline in both countries during the 1990s included the collapse of many industries and large agricultural enterprises within the Lake Skadar-Shkoder watershed. While creating hardships for the population, this has had a positive impact on the lake ecology through decreased pollution, as demonstrated by a comparison of water quality monitoring data from the 1970's/1980's and the early 2000's. There are, however, some pollution "hotspots" at the mouths of inflowing rivers and near lakeside settlements and enterprises. Furthermore, ongoing economic recovery in both countries, including efforts to revive both industrial and large-scale agricultural enterprises creates the possibility of a return to higher pollution levels unless measures are put in place to monitor and prevent it. Both countries have identified Lake Skadar-Shkoder as a priority area for tourism development. This can provide a positive incentive for maintaining it in a positive natural state, but at present ongoing tourism development is largely unplanned and unregulated and is having a negative rather than positive impact.

There is at present an important window of opportunity to put in place strategic, coordinated planning for the Lake Skadar-Shkoder basin. Both Governments have indicated their commitment to the protection and sustainable development of the lake and its resources on a sustainable basis, and to strengthen transboundary cooperation for

this purpose. For example, both halves of the lake (and immediately surrounding areas) have been established as Protected Areas and designated as RAMSAR sites. The respective Environment Ministries signed an Memorandum of Understanding in 2003 and the two Governments are now in the final stages of approving a bilateral Agreement which will serve as the legal instrument for formal cooperation for environmental protection and sustainable management of the lake.

A Transboundary Diagnostic Analysis (TDA) carried out in 2006-2007, indicated that:

- Prior to the 1990's the lake water had excessive levels of numerous pollutants, including heavy metals, PCBs, nitrates, etc., but today these levels have fallen to acceptable or even undetectable levels in the lake as a whole. Unacceptable levels of some pollutants are still found at some locations near pollution sources, including the mouth of the Moraca River, which collects groundwater from the KAP aluminum plant);
- Economic development proposals in both countries which involve alternative uses of the waters of the lake basin present major potential threats to the lake ecosystem. These include proposals for hydropower development in Montenegro and for dredging the Buna-Bojana River to increase its navigability. Such developments could seriously affect the lake level and hydrology, including its characteristic rapid flushing, and undermine its ecological integrity and functionality
- Some of Lake Skadar-Shkoder's historically rich fish and bird populations appear to be declining, perhaps due to a combination of over-exploitation and ecological degradation at key sites. This represents an important threat to the long-term economic and ecological value of the lake.
- There is as yet little practical cooperation between the two countries in relation to lake management or information exchange, despite the intentions reflected in the 2003 MOU.

The TDA concluded that priorities for Lake Skadar-Shkoder are preventive action to counteract the potential impacts of expected economic development in the lake basin, including the prospects for hydropower expansion and river dredging, as well as improving the sustainable management of its biological resources.

A Strategic Action Plan (SAP) based on the TDA has been approved by both Governments following a long consultative process. It identifies five strategic goals:

- (i) reduction and prevention of the lake water, and pollution control systems to maintain EU water quality standards;
- (ii) establish a joint monitoring system covering all elements of the ecosystem;
- (iii) establish effective systems for sustainable management and local use of natural and cultural resources, by strengthening the two Protected Areas;
- (iv) promote sustainable and joint tourism development;
- (v) strengthen the legal and institutional framework for environmental protection, sustainable natural resource management and transboundary cooperation and exchange.

The SAP includes ongoing and proposed activities funded by both Governments and by a number of donors, mainly for national level spatial planning, ecological research and monitoring, management of the two Protected Areas which together comprise the entire lake and its surrounding areas, sustainable tourism development, wastewater treatment for large urban areas (Shkoder, Podgorica, etc.) and solid waste management. The proposed GEF project aims to fill gaps, particularly in relation to strengthening transboundary cooperation and joint action.

### **Project Description: Outcomes/Outputs and Activities**

The project aims to deal with current and imminent threats to the lake's water and ecosystem in two key ways: first, by building political commitment for sustainable management at national and local levels, and second, through direct interventions to reduce pollution from point and non-point sources. In both cases, the project will build upon and supplement existing initiatives of the two governments and other donors, primarily by strengthening the transboundary dimension.

The long-term quality and sustainability of the Lake Skadar-Shkoder ecosystem ultimately depends on there being sufficient interest and commitment at both national and local levels to invest in protective measures and to counter-act pressures for incompatible development. In order to build this commitment, the environmental services provided by a healthy lake ecosystem must be well understood and must be seen to generate concrete and meaningful benefits for local and national stakeholders. It is also important for the lake to be recognized as a bilateral and regional asset, whose status and management are issues that supercede local and national interests, making decision-makers accountable to a wider constituency. In order for the commitment to be translated into effective action, institutional mechanisms must be put in place to enable the diverse water users/stakeholders in both countries to coordinate and cooperate to manage the water resources in the most widely beneficial and sustainable way. Finally, direct investment is needed to reduce existing and expected sources of pollution and other ecological degradation.

These considerations are reflected in the project design, which is based on four pillars:

- Better information and understanding of the lake's ecosystem and of the current and potential impacts of developments in the lake basin which can affect the quality and quantity of inflowing ground and surface waters;
- Strengthening institutional mechanisms for coordination and cooperation among all stakeholders/water users, particularly for transboundary linkages;
- Reducing existing pollution sources through direct investment, by providing demonstrations and incentives and by strengthening regulation; and

- Promoting sustainable use of the lake and its natural resources, as a preferred alternative to existing non-sustainable practices and to potential incompatible development.

The project is based upon the joint Strategic Action Plan (SAP) for Lake Skadar-Shkoder, which represents a long-term program of ongoing and proposed activities financed by the two governments and by external donors.

**Component 1: Understanding and Managing the Lake Skadar Ecosystem (Total: US\$ 3.36; GEF: US\$ 2.04 million)**

This component will support:

(i) institutional strengthening for implementation of the bilateral Agreement, specifically the high level Bilateral Lake Management Committee and its Secretariat/technical support units and bilateral/multi-stakeholder Working Groups which will be responsible for coordinating activities in priority areas such as planning, coordinated monitoring and data management, tourism development, communications and outreach, etc;

(ii) targeted research and monitoring, focused on understanding the existing and likely impacts of changing water conditions (quality and quantity) on the Lake Skadar ecosystem and its environmental and economic values; and

(iii) implementation of selected joint activities identified in the SAP (studies, planning, communications, etc.) under the supervision of the BLMC and Working Groups.

GEF funding will be incremental to existing activities which are carried out by the two Governments, such as routine water quality monitoring. Some key outputs from this component include: a predictive hydrological model of the lake basin (to be used to analyze the likely impacts of development proposals and policies), a jointly managed and publicly accessible database a jointly approved lake-wide management plan which will be integrated into the relevant national level plans which form the legal basis for regulating land and water use (e.g. detailed urban plans, Protected Area Management Plans, Municipal Development Plans, etc.). Indicators for this component relate to the establishment, operation and sustainability of the transboundary institutions, implementation of joint activities and adoption of resulting plans and programs.

**Component 2: Enhancing Sustainable Use of the Lake Ecosystem (Total: US\$ 5.14; GEF US\$ 0.86 million)**

This component aims to promote the adoption of more sustainable approaches to economic development of the lake and its natural resources, to counteract current, non-sustainable trends. It focuses on two aspects (tourism and fishing) where there is significant potential for sustainable development, but where current unsustainable practices represent a threat to the lake's ecological integrity and long-term economic value. Ensuring the economic viability of environmentally sustainable uses of the lake is

essential to counterbalance pressure for incompatible development in the lake basin and watershed

(i) sustainable tourism development: Governments and local residents in both countries look towards tourism as the main engine for economic development of the Lake Skadar-Shkoder area, and national strategies identify it as a priority for nature, culture, and recreation-based tourism development. This is a positive factor as such tourism depends on environmental quality as a key part of the tourism “product.” Properly planned and regulated tourism can therefore be both economically rewarding and environmentally sustainable, having much lower impacts on the lake ecosystem than many alternative economic activities. At present, however, tourism is growing rapidly in the Lake Skadar-Shkoder area in an unplanned and unregulated way which makes it an increasingly serious threat to the lake, through inappropriate construction, untreated wastewater, poor solid waste management, etc. The project will support development of more environmentally and socially sustainable tourism by: improving nature- and culture-based facilities and attractions (e.g. hiking trails, cultural sites); public awareness-raising and providing information and Technical Assistance to local residents to help them engage in appropriate tourism enterprises; and strengthening regulatory capacity to stop illegal construction and other negative practices. Investments under this sub-component will be guided by joint tourism development planning coordinated by the Working Groups on Planning and Tourism. The GEF funds will complement substantial Government and other donor-funded programs in both countries, by emphasizing support for transboundary coordination and joint action.

(ii) sustainable natural resource management: focusing particularly on fish, which are very important in the local economies, are currently threatened by over-exploitation and habitat degradation, and are mobile and therefore requiring transboundary coordination for sustainable management. Both Governments have institutions and personnel in place to regulate fishing, but there is a lack of information, mechanisms and capacity to manage the fisheries on a lake-wide basis. The GEF funds will address these gaps through: support for joint studies and research; providing support and incentives for illegal fishermen to become licensed and join local associations; and strengthening regulatory and enforcement capacity to stop unlicensed boats and the use of illegal fishing methods. Long term objectives include increases in local incomes from tourism and stabilization of fish populations, but it is unrealistic to expect measurable changes in such parameters over the short time-frame of the project. Therefore, indicators for this component include increase in the number of local community members engaged in sustainable tourism activities, decrease in illegal construction and decrease in numbers of unlicensed fishermen and use of illegal fishing equipment.

**Component 3: Investments to Protect Water Quality (Total: US\$ 7.21 million ; GEF: US\$ 1.65 million)**

This component will support on-the-ground investments to target current sources of pollution which were identified in the TDA. GEF funds will complement investments by

the two governments and other donors, and will focus on transboundary issues and innovative approaches, in three areas:

(i): Governments and local stakeholders in both countries identified a stockpile of hazardous wastes at the KAP aluminum plant in Montenegro (heavy metals, PCBs, PAHs, etc. leaching into the groundwater and then to the Moraca River) as among the most serious and urgent sources of pollution of the lake. The KAP was privatized in 2005, under a contract which splits responsibility for dealing with this and environmental issues between the Government and the purchaser. The agreement commits both parties to making very substantial investments over the next five years. The project would help the Government to fulfill its responsibility to stop toxic materials accumulated from past materials from contaminating surrounding areas, including Lake Skadar-Shkoder. GEF funds would support a categorization and inventory of the waste in the stockpile and a feasibility study to explore options including converting the existing dumpsite into an EU-standard hazardous waste landfill. The feasibility study would also identify specific investments for which additional GEF funds (approximately \$400,000) could be used in order to have the greatest impact on stopping these materials from entering the lake. Monitoring wells will be installed to track impacts in the form of groundwater from KAP entering the Moraca River. However, given the technical complexities involved and the time-frame of the project, the measurable outcomes are likely to be in the form of completing the protective investments.

Subcomponent (ii): Sewage represents another important source of pollution of Lake Skadar-Shkoder. Other donors (e.g. EU, German and Austrian Governments) are assisting the Governments to provide better sewage collection and wastewater treatment for the larger urban areas whose wastes currently contaminate the lake (e.g. Podgorica, Shkodra), but smaller villages and individual homes and tourism facilities (e.g. restaurants) scattered along the lake's are also a problem. Appropriate solutions must be found for dealing these small but numerous "pollution point sources," in a context which presents a number of challenges (e.g., scattered facilities, highly permeable substrate; aged infrastructure; low income levels). The GEF project will support one pilot project on each side of the lake to demonstrate feasible and sustainable approaches. In Montenegro the priority that has been identified is a small scale communal collection and treatment system for the village of Vranjina on the northern shore of the lake; in Albania it is a program to assist private enterprises (mainly restaurants) to install individual units. The project will also support exchange visits and other dissemination activities to ensure that both pilot projects serve as demonstrations for stakeholders from countries, both from the Lake Skadar-Shkoder area and from other areas with similar problems (e.g. Lake Ohrid, shared between Albania and Macedonia). Indicators for this subcomponent include reduced nitrites/nitrates and Biological Oxygen Demand in lake water at the pilot project sites and, in future, replication of the demonstrated technologies at other sites.

Subcomponent (iii): Pilot buffer vegetation restoration: Excessive tree cutting, over-grazing and destructive construction practices have eroded the vegetative buffer (e.g. willow groves, marshes, stream bank cover) that helps to protect Lake Skadar-Shkoder from non-point-source pollution and siltation from adjacent and upstream agricultural

areas. Several areas have been identified for pilot ecological restoration activities, including (in Albania) erosion control measures on inflowing streams of Taraboshi Mountain and strips of wetland vegetation around key fish nursery sites in Kamic and Shiroke, and (in Montenegro) controlled grazing in lakeside grasslands around Virpazar. Again, because the time frame of the project is not sufficient to expect measurable changes in water quality, the indicators are in the form of areas of critical buffer areas replanted or restored.

b) KEY INDICATORS, ASSUMPTIONS, AND RISKS (FROM LOGFRAME)

**Key Indicators:**

- Bilateral Lake Management Committee and Working Groups are established and operating, with costs increasing met by Governments
- Predictive hydrological model of Lake Skadar-Shkoder is completed and being used by decision-makers in both countries to analyze likely impacts of policies and proposed investments;
- Coordinated monitoring underway, providing information into a publicly accessible database
- Successful completion/water quality impacts of priority interventions to reduce surface and groundwater sources of pollution in the lake (specifics to be confirmed at Appraisal)
- Four pilot projects for ecological restoration of lake buffer areas successfully completed
- At least a 20% increase in the number of project area residents earning \$ 1000 or more/year from lake-based tourism enterprises

The main **assumption** is that the two governments are committed to working together to preserve the lake ecosystem and to ensure sustainable management of its natural resources. The 2003 MoU, the bilateral preparation and approval of the SAP, and the advanced stage of bilateral Agreement are positive indicators, as is the fact that both governments have enlisted their portions of the lake as Ramsar sites and have initiated a transboundary annual "Day of the Lake" to spotlight and celebrate the importance and value of the lake. More broadly, both countries have demonstrated environmental awareness and commitment in various ways. For example, the constitution of Montenegro declares the country to be an ecological state, and Albania is investing considerable resources in large scale environmental protection measures including community-based natural resource management and integrated coastal zone management programs. Albania is also actively pursuing transboundary cooperation in the sustainable management of Lakes Ohrid and Prespa, and both Governments are signatories to the Athens Convention for the Protection of the Mediterranean Sea Against Pollution. Other key assumptions include continued baseline support by both governments for monitoring and PA protection and management activities, and a continuing positive environment for sustainable tourism development in the region (political security, continued improvements in infrastructure and services, favorable economic policies, improving enforcement of land use and other relevant regulations, etc.).



The main **risks** identified include:

(i) lack of governments' commitment to protecting the lake ecosystem in the face of pressure for non-compatible economic development, and/or to transboundary cooperation;

(ii) lack of tourism growth at national level, translating to the same at local level and therefore to reduced incentives for nature protection and sustainable natural resource use (or, alternatively rapid and environmentally unsustainable tourism growth with negative environmental impacts);

(iii) weak implementation capacity in both countries

Mitigating these risks are the following factors and actions:

(i) both governments have made national and international commitments to preservation of the lake and sustainable use of its natural resources, have demonstrated the willingness to apply EIA requirements even when this has conflicted with short-term economic interests, and have demonstrated interest in transboundary cooperation. The project itself will also elevate the national and international visibility of Lake Skadar-Shkoder and reinforce the accountability of the governments to maintain this resource

(ii) both governments have prioritized tourism development as an economic growth sector, and identified the Lake Skadar-Shkoder area as a priority for nature- and culture-based tourism;

(iii) the project mainly supports existing agencies and actors, providing them additional resources and incentives to bring a collaborative, transboundary element to their usual activities and responsibilities. The project will provide incremental operational support through the BLMC Secretariat and technical consultants, mainly for implementation of joint activities.

## **2. COUNTRY OWNERSHIP**

### **a) COUNTRY ELIGIBILITY**

Albania and Montenegro are both members of the GEF and the World Bank. Both countries are signatories to key international conventions relating to coordination and cooperation for protection and management of transboundary waterbodies and watersheds, including: the Barcelona Convention and its protocols and have developed programs within the framework of the Mediterranean Action Plan (relevant because Lake Skadar-Shkoder drains directly into the Adriatic Sea through the Buna-Bojana River) and the Espoo Convention on Environmental Impact Assessment in a Transboundary Context and the Helsinki Convention on the Protection and Use of Transboundary Watercourses and International Lakes. (Again, in the case of Montenegro, the signatory was the Union of Serbia and Montenegro). A 2003 Memorandum of

Understanding signed by the respective Ministries responsible for environmental protection provides a specific framework for cooperation for protection and sustainable development of Lake Skadar-Shkoder. The next step, finalization and approval of a formal bilateral Agreement is in process. A Transboundary Diagnostic Analysis (TDA) completed during project preparation identified objectives and high priority issues on a lake-wide basis, and a joint Strategic Action Plan based on the TDA has been approved by both Governments.

#### b) COUNTRY DRIVENNESS

Both countries have identified the Lake Skadar-Shkoder area as a priority for environmental protection, sustainable natural resource management and nature/culture-based tourism development, in a number of national and local strategies and plans (e.g. in Montenegro the Environmental Action Plan, the Strategy for Sustainable Development, the draft National Spatial Plan, the Master Plan for Tourism; in Albania the National Environmental Action Plan, the National Strategy for Socio-Economic Development (2003), the National Biodiversity Strategy and Action Plan, the Shkodra Region Area Based Development Program, and the Law on the Protection of Transboundary Lakes). They have also recognized the need for transboundary coordination to achieve these objectives, as reflected in the MOU signed in 2003, the SAP approved by both Governments in April, 2007, and the draft bilateral Agreement which is being finalized. The proposed project would support selected activities from the SAP, based on the agreement of both Governments that these are the priority activities for GEF support. Both sides of the lake have been designated by the respective governments as wetlands of international importance under the Ramsar Convention, and both countries are signatories to a number of relevant international agreements and conventions (see above). This project directly supports the realization of these national strategies and plans and fulfillment of these international obligations as well as implementation of the MoU. The project also contributes to the countries' common objective of harmonizing policy, legislation and practice with the European Union environmental acquis, particularly the Water Framework Directive, which calls for cooperation in managing transboundary water bodies and resources through a coordinated, integrated watershed level approach.

### **3. PROGRAM AND POLICY CONFORMITY**

#### a) FIT TO GEF FOCAL AREA STRATEGIC OBJECTIVES AND OPERATIONAL PROGRAM

The project is presented under OP9 to assist Albania and Montenegro in accelerating the implementation of the Strategic Action Program for the protection of Lake Shkodra, which the two countries have recently adopted. As such, the project is fully consistent with Strategic Objective 1 of the IW 2007-2010 Interim Strategy: to catalyze implementation of agreed reforms and on-the-ground stress reduction investments to address transboundary water concerns. The project can also be considered on the whole consistent with the draft IW Strategy for GEF 4, in particular with Strategic

Objective 2 (SO-2: To play a catalytic role in addressing transboundary water concerns by assisting countries to utilize the full range of technical assistance, economic, financial, regulatory and institutional reforms that are needed), and the IW Strategic Program 3 (Balancing over-use and conflicting uses of water resources in transboundary surface and groundwater basins). The project in fact attempts to introduce ecosystem-based approaches and Integrated Water Resources Management to help reconcile development needs (e.g.: increased tourism, hydropower) with ecosystem sustainability. Large freshwater lakes such as Lake Skadar-Shkoder deliver a large number of environmental services which are dependent upon sufficient “environmental flow” of water, in terms of both quality and quantity. Both excessive withdrawal and pollution of surface and groundwater sources which feed the lake represent conflicting uses of the water because they undermine the potential for delivering these environmental services. Lake Shkodra, because of its shallowness and of the karstic geology of its basin, is particularly vulnerable to the impacts of conflicting uses of the surrounding land (recharge areas of the karstic aquifers feeding the Lake), and of the waters flowing into the Lake.

b) SUSTAINABILITY (INCLUDING FINANCIAL SUSTAINABILITY)

Both countries have policies and recently adopted/enacted laws which directly support the objectives of this project, have national strategies and plans which identify environmental preservation and sustainable development as the primary management objectives for Lake Skadar-Shkoder, and have made related international commitments. The countries are also placing a high political priority on harmonizing their respective legal and institutional frameworks with the EU environmental acquis and Directives, including adoption of a coordinated, integrated watershed approach to managing transboundary water bodies. Finally, both countries are committing substantial budgetary resources and assistance from other donors for activities that directly support the project’s activities and objectives. Component 1 will help to establish institutional structures and mechanisms which are called for in a (soon to be adopted) formal bilateral Agreement, and will cover associated costs on a declining basis in order to enhance sustainability. One frequent issue for projects involving environmental protection and management is whether monitoring activities carried out under the project will continue over the longer term, when incremental project support ends. In this case, the project will support the inclusion of specific parameters which are particularly significant in a transboundary context, but the annual costs of carrying out monitoring will continue at approximately the current levels rather than being artificially increased for the life of the project. Component 2 aims to promote more sustainable tourism and natural resource use, in contrast to current unsustainable practices. Component 3 will help the Government of Montenegro to find a permanent solution for the problem of KAP legacy wastes, will demonstrate economically and environmentally sustainable small scale wastewater treatment approaches, and restore degraded buffer habitats which will then be self-sustaining. For all these reasons, the likelihood of project outputs and outcomes continuing beyond the life of the project is high.

#### c) REPLICABILITY

There are a growing number of examples around the world of international cooperation for managing transboundary water bodies and their watersheds. While each situation has its own particular features, there is a great deal of interest and value in testing new models and exchanging experiences. For example, Albania's experience with initiating cooperation with Macedonia for Lake Ohrid, ongoing initiatives to develop integrated management of the Adriatic coast, and a brief study tour during project preparation to Lake Neusiedl-Ferto (Austria/Hungary border) provided important lessons and ideas for this project. Lake Skadar-Shkoder in turn will provide useful lessons for other transboundary initiatives both for the participating countries and elsewhere in the region and in the world. Participation of involved agencies and stakeholders in the Petersberg Process on Transboundary Water Management in Southeastern Europe will be one important mechanism for disseminating experiences.

#### d) STAKEHOLDER INVOLVEMENT

An ongoing project of the Regional Environment Center initiated in 2000 (under the REC Program for Transboundary Cooperation through the Management of Shared Natural Resources) has contributed greatly to local public awareness regarding the reasons and means for improving protection and sustainable natural resource management of the lake, as well as facilitating communication and information exchange between lakeside communities and local organizations in Albania and Montenegro. REC has been a key partner in developing the proposed GEF project, which built upon the information, connections and relationships that have been built during that period. Preparation of the Transboundary Diagnostic Analysis, a Social Assessment and a Resource Access Restriction Process Framework in each country involved numerous public meetings and interviews with local residents and other stakeholders in most of the villages in the project area. These meetings identified both concerns and priorities of these communities, which have been important inputs for project preparation. The joint Strategic Action Plan (SAP) was prepared by large teams from both countries representing leading scientific and environmental organizations and went through a public review/consultation process. The project Environmental Impact Assessment also involved extensive stakeholder consultations and will be publicly disclosed in keeping with Government and World Bank requirements. For the implementation phase, one of the initial six Working Groups of the Bilateral Lake Management Committee will be devoted to developing and overseeing the implementation of a joint communication and outreach program, which will include both dissemination of educational and information materials through diverse media outlets and exchange visits and events to maximize the engagement of local stakeholders in the project's objectives and activities.

#### e) MONITORING AND EVALUATION

Monitoring of project implementation will be the responsibility of the Project Coordinators in MTEP and MEFWA and of the Secretariat for the bilateral Lake Management Committee (for joint activities under Component 1). Data collection on

water quality and other ecological parameters will largely be done by existing scientific institutions in each country which have ongoing monitoring programs and responsibilities and by the staff of agencies responsible for management of the lake and its resources. In some cases (e.g. groundwater entering Moraca River from KAP site; discharge sites for small-scale wastewater treatment pilots) measurable changes in chemical/physical parameters may be anticipated. However, significant changes at a lake-wide level would not be expected in this time frame. Therefore, most monitoring indicators focus on the establishment and activities of bilateral institutional structures and on progress in the completion of the various activities and investments.

A Monitoring and Evaluation Plan for the project, reflecting the above elements and the Results Framework, will be included in the Project Operational Manual. It will provide specific responsibilities, timeframes and reporting formats. Project supervision will monitor implementation of mitigation measures identified in the Environmental Assessment/Environmental Mitigation Plan

**4. FINANCING** (for all tables, expand or narrow table lines as necessary)

a) **PROJECT COSTS**

Project Components/Outcomes	Co-financing (\$)	GEF (\$)	Total (\$)
1. Understanding/Managing Lake Ecosystem	1,320,000	2,040,000	3,360,000
2. Enhancing Sustainable Development	4,280,000	860,000	5,140,000
3. Water Protection Investments	5,560,000	1,650,000	7,210,000
5. Project management budget/cost*	included in above components		
<b>Total project costs</b>	<b>11,150,000</b>	<b>4,550,000</b>	<b>15,700,000</b>

\* This item is an aggregate cost of project management; breakdown of this aggregate amount should be presented in the table b) below.

b) **PROJECT MANAGEMENT BUDGET/COST<sup>1</sup>**

Component	Estimated staff/weeks	GEF (\$)	Other sources (\$)	Project total (\$)
Locally recruited personnel*	430	80,000	50,000	130,000
Internationally recruited consultants*	30		70,000	70,000
Office facilities, equipment, vehicles and communications		50,000	80,000	130,000
Travel		20,000	20,000	40,000
Miscellaneous				
<b>Total</b>		<b>150,000</b>	<b>220,000</b>	<b>370,000</b>

\* Local and international consultants in this table are those who are hired for functions related to the management of project. For those consultants who are hired to do a special task, they would be referred to as consultants providing technical assistance. For these consultants, please provide details of their services in c) below:

<sup>1</sup> For all consultants hired to manage project or provide technical assistance, please attach a description in terms of their staff weeks, roles and functions in the project, and their position titles in the organization, such as project officer, supervisor, assistants or secretaries.

**c) CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:**

Component	Estimated staff/weeks	GEF (\$)	Other sources (\$)	Project total (\$)
Personnel				
Local consultants	3250	980,000	160,000	1,140,000
International consultants	185	490,000	20,000	510,000
Total		1,470,000	180,000	1,650,000

**d) CO-FINANCING SOURCES<sup>2</sup> (expand the table line items as necessary)**

Co-financing Sources				
Name of co-financier (source)	Classification	Type	Amount (\$)	Status*
Government of Montenegro	Nat'l Gov't	in kind	4,500,000	Estimated annual budget allocations over life of project
Government of Montenegro	Nat'l Gov't	in cash	5,162,500	Contractual and legal obligation; budgetary commitment
Government of Albania	Nat'l Gov't	in kind	918,000	Estimated annual budget allocations over life of project
Government of Albania	Nat'l Gov't	in cash	120,000	To be confirmed
Govt. of Netherlands (through SNV)	Nat'l Gov't	in cash	112,500	US\$41,000 approved and ongoing during preparation; remainder indicated but to be confirmed at appraisal
Other donors	Others (specify)	in cash	350,000	To be identified
Sub-total co-financing			11,163,000	

\* Reflect the status of discussion with co-financiers. If there are any letters with expressions of interest or commitment, please attach them.

## **5. INSTITUTIONAL COORDINATION AND SUPPORT**

### **a) CORE COMMITMENTS AND LINKAGES**

The project supports Country Assistance Strategies and ongoing programs of the World Bank in both countries. In Albania this includes: the Fishery Development project which supports improved fish management with local participation in both marine and lake ecosystems; the Natural Resources Development project, aims to reduce erosion in upper watershed areas to reduce downstream sedimentation and to enhance the sustainability and productivity of agriculture through participatory pasture and forest management; the Integrated Water and Ecosystems Management project, which is using constructed wetlands as one method to manage wastewater in coastal cities; and the Coastal Zone Management Project which is promoting an integrated ecosystem approach on the Adriatic coast. In Montenegro, ongoing activities and projects under preparation include solid waste management under the Environmentally Sustainable Tourist Areas project; the Tourism Development project, which will include wastewater management

<sup>2</sup> [Refer to the paper on Cofinancing, GEF/C.206/Rev. 1](#)

and protection of natural areas; the Tara and Lim River Basin Management project, which will introduce integrated watershed management; and ongoing capacity building for Strategic Environmental Assessment. There are particularly direct linkages to the Albania Coastal Zone Management and Montenegro Tourism Development projects both because of Lake Skadar-Shkoder's close connection to the Adriatic Sea through the Buna-Bojana River and because the lake is the source for the regional water supply component of the Tourism Development project. More generally, the Bank is actively supporting transboundary cooperation for nature protection, natural resource management and tourism development in numerous countries in the ECA Region and elsewhere in the world.

A number of other donors are also assisting the Governments of Montenegro and Albania (separately or jointly) to improve environmental management and sustainability of natural resource use in Lake Skadar-Shkoder. Only those which are being directly leveraged as co-financing for the GEF project are listed as co-financers in Section 4. At present this is limited to the two national governments and SNV, but discussions are ongoing with others (e.g. KFW, GTZ), which may be identified as additional co-financers at project Appraisal. The Government of Albania will provide \$718,000 in counterpart funding from government budget allocations for salaries and operating costs of ecological monitoring and of protecting and managing the Shkoder Lake Managed Natural Reserve. The Government of Montenegro will provide US\$ 1.375 million as counterpart funding for the same costs (monitoring, SLNP management) plus \$5.16 million for removal and safe disposal of legacy hazardous wastes at the KAP aluminum plant site. This is a legal obligation of government under a recent sale of the company, which must be met by 2010. GoM is allocating the necessary budgetary funds but will also seek assistance from other donors.

Other ongoing or already approved government and donor-financed activities which directly support GEF project activities and objectives are identified as "associated financing," (totalling about US \$34.3 million. These all address priorities identified in the Transboundary Diagnostic Analysis and the Strategic Action Plan for Lake Skadar-Shkoder. The major activities included in this total are:

- Government of Montenegro \$1.875: to build a border post, marina and other infrastructure at Virpazar to facilitate transboundary tourism;
- Germany (KFW) ca. US\$ 8.75 million, and Austria (ADA) ca. US\$ 20.0 m: for rehabilitation of water supply and wastewater treatment infrastructure for Shkodra city (reducing a major source of pollution into Lake Skadar-Shkoder);
- European Agency for Reconstruction \$200,000: for rehabilitation of existing Podgorica wastewater treatment plant, reducing pollution of the Moraca River and therefore Lake Skadar (GoM counterpart funding \$100,000);
- Regional Environment Center \$170,000: for ca. 30% of ongoing \$600,000 multi-faceted program to raise public awareness, improve cross-border communication and partnership and develop tourism opportunities at the local/community level (also includes small amount of equipment for SLNP) (percentage reflects estimate of funds to be spent during the project period);

- Germany (GTZ) \$ 850,000 for two projects concerning the lake and surrounding communities: Physical Planning and Transboundary Management, and Improving the Touristic Offer of SLNP;
- German (GTZ) and Austria (ADA) \$312,500: for project supporting small/medium tourism related infrastructure around Lake Skadar-Shkoder
- Italy and World Bank (IDA) \$350,000: for construction of a headquarters building for the Administration of SLMNR in Albania (the same projects also include funding for support for local fishermen's associations and improved fisheries management, which were not quantified and not included in the calculation of associated financing)
- Norwegian Research Council (NIVA) \$87,500: for a research program on nutrient inflows and sedimentation issues affecting the Lake Skadar-Shkoder ecosystem (a \$150,000 research program of the Heidelberg University on toxicity of contaminated sediments to fish was not counted as it is nearing completion)
- World Bank (IDA) \$ 310,000: 10% of planned expenditure under Montenegro Environmentally Sensitive Tourism Areas Project for construction of solid waste landfill for Bar and Ulcinje Municipalities (reflecting estimated 10% of total benefit will be in lakeshore areas) (GoM counterpart funding estim. \$20,000);
- USA (USAID) \$ 137,500: for community level grants in Lake Skadar area for bird conservation, ecotourism, etc. under Montenegro-wide Community Revitalization through Democratic Action (CRDA) program;
- UNDP \$113,750: representing estimated proportion of \$512,500 nation-wide GIS capacity building program which will contribute to monitoring in and around Lake Skadar-Shkoder

b) CONSULTATION, COORDINATION AND COLLABORATION BETWEEN IAS, AND IAS AND ExAs, IF APPROPRIATE.

No other IAs and ExAs are currently engaged in significant on-the-ground activities in the project area. However, the project directly supports the Framework for Sustainable Tourism Development in Northern and Central Montenegro, which was financed by UNDP. UNDP also has an ongoing program to build GIS systems and capacity across the country, which will contribute substantially to facilitating lake monitoring and management objectives.

c) PROJECT IMPLEMENTATION ARRANGEMENT

The Albanian Ministry of Environment, Forests and Water Administration (MEFWA) and the Montenegrin Ministry of Tourism and Environmental Protection (METP) will have overall responsibility for implementation of the project, in coordination with partners including sectoral Ministries, local governments and Universities. METP and MEFWA are the parent Ministries for the PAs which together comprise the entire project area, and are also responsible for most aspects of environmental protection, management and monitoring in their respective countries. In Montenegro, the implementing agency is expected to be the new Environmental Protection Agency (EPA) under METP, expected to be established in early 2007. METP and MEFWA will each establish offices or units within their existing structure to coordinate and administer the project. The project will finance consultants to provide



incremental support for these units as required (e.g. assistance with procurement). Depending on the specific activities, departments or responsible agencies under these Ministries will either implement them directly, provide other government units with resources to implement them on the basis of Memoranda of Understanding, or contract implementation to specialized institutes, NGOs or private companies. Both Ministries have experience with such contracting arrangements. (e.g., in Montenegro activities such as ecological monitoring and research are commonly implemented by local universities or institutes contracted by government). Most of these partners are already engaged in the activities which they will implement on a larger scale or with new approaches under the project. The aim of the project is to introduce the element of transboundary cooperation and to strengthen systems and capacity at the national level.

There will be separate GEF Grants to each country, and each of the two Ministries will coordinate implementation of activities financed by the respective grant. Funds to finance jointly implemented activities will be included in the Grant to whichever country hosts the Secretariat which will be established under Component A. A project Operational Manual, to be completed prior to project effectiveness, will provide details of implementation and reporting processes and responsibilities. This will include details regarding implementation and monitoring of project- and activity-level Environmental Management Plans and the Process Framework.

Component A: The bilateral Working Groups (WG) will design and provide technical oversight for joint programs (e.g. the lake-wide monitoring system, public education and outreach, etc.), while implementation of these programs will be carried out by national agencies under other project components. A joint Secretariat hosted by one of the countries will support the WGs and will also be responsible for implementing some joint activities (e.g. procurement of automatic monitoring stations to be used by both countries). Funds for the WGs and Secretariat will be channeled and accounted through the budget of the host Ministry, while technical oversight will be provided by both METP and MEFWA.

Component B: Implementation of the lake-wide joint monitoring program designed by the WG for Monitoring and Research will be the overall responsibility of the Shkodra District Regional Environment Agency under the MEFWA in Albania, and the Environmental Protection Agency in Montenegro. Data collection will largely be done by existing scientific institutions in each country, such as the Center for Ecotoxicological Research, the Republican Hydro-Meteorological Institute, Institute for Protection of Cultural Monuments, Nature Protection Institute and the University of Montenegro (Montenegro), and the Hydro-meteorological Institute, Natural Sciences Museum and Fishery Research Institute and University of Shkodra (Albania), among others.

Component C will be implemented in Montenegro by the Public Enterprise for National Parks (PENP), specifically by the staff of the LSNP under the direction of the LSNP Director. In Albania Component C will be implemented by the soon-to-be established Administration for SLMNR. Staffing for the SLMNR is expected to be drawn mainly

from the Fishery Inspectorate and from the Directorate of Forest Services. The project will provide technical assistance and material support to strengthen these PA administrations, particularly in areas in which they have limited experience such as community participation and tourism development. The PA Administrations will seek to collaborate with local community organizations and NGOs, particularly in areas such as preparation of zoning and management plans, public outreach and education, and tourism development.

Component D: Implementation responsibility will depend on the specific activities and sites selected for investments. For example, wastewater and solid waste management fall under the responsibility of local (municipal and commune) governments in both countries, although this responsibility is shared with the PA Administrations. Removal or containment of hazardous wastes in Montenegro is the responsibility of METP, and is expected to fall under the new EPA.

MEFWA and METP will also coordinate with a number of other institutions which will not have a direct role in implementation but are important actors and stakeholders. For example the Drin– Bunë River Basin Administration (chaired by the Prefect of Shkodra) covers the entire Lake Shkoder watershed in Albania, and under the new water law in Montenegro the Water Administration Agency will have a lead role in implementing integrated water management in line with the EU Water Framework Directive. The specific division of responsibilities among these various institutions will be clarified through an institutional analysis to be completed during project preparation.

## ANNEX A: INCREMENTAL COST ANALYSIS

### Project Development Objective and Baseline Scenario

1. The project development objective is to maintain and enhance the long-term economic value of Lake Skadar-Skhoder and its natural resources. The baseline funding in support of the project amounts to \$40.2 million. The baseline scenario and corresponding funding with regards to each project component are described below.

#### LAKE ECOSYSTEM MONITORING AND MANAGEMENT

2. In the past, both Montenegro and Albania have pursued lake management from a predominantly national perspective. Little transboundary environmental co-operation took place. There is no institutional structure for co-ordinating protection and management. As such, under a forward-looking baseline scenario, it would prove increasingly difficult for managers to address mounting challenges to lake sustainability during the planned project period.

3. This situation began to change with the creation of a project involving the two Governments together with the Regional Environment Center (REC) and with the move to develop a GEF project. Launched in 2000, the REC project has a total budget of \$600,000, of which \$170,000 will be spent during the project period. REC project activities include: (i) institutional capacity building to promote cross-border communication and collaboration (especially for communities and NGOs), (ii) public awareness activities, including preparation of promotional materials for ecotourism, (iii) a small amount of equipment for Skadar Lake NP.

4. While the REC project focuses on community/local communication, it does not support high-level government coordination, nor does it implement activities on the ground to make the cooperation concrete. Thus, while the REC project continues to be very valuable in instilling the idea of transboundary cooperation, it cannot fund its realization.

5. A fair amount of environmental quality monitoring within the lake basin currently takes place in both countries and will continue at a similar rate of expenditure under the baseline scenario. However, this scenario has the following shortcomings: (i) the same monitoring approaches and data collection methods are not being used by each country, which means that the data gathered are not inter-comparable; (ii) there is no common database with open and efficient exchange of information; (iii) data gathering and analysis is not necessarily being carried out based on priorities concerning the lake as a whole; (iv) the parameters measured are not necessarily those which will provide the greatest utility for underpinning lake-wide management decisions; (v) research is somewhat donor-driven, reflecting the priorities of the respective funders, (vi) data are not readily available within either country because data collection is done by semi-autonomous institutions which often charge high fees for it, and; (vi) technical capacities to analyze and interpret data are limited, particularly in the case of Albania.

6. As a result of the above, it is currently very difficult, if not impossible, to obtain accurate and up-to date information on the status and trends of key elements of the lake's ecosystem. However, such information is essential for effective management and to achieve both national and transboundary priorities. These drawbacks tend to limit both national and transboundary benefits from monitoring.

7. Estimated baseline spending for environmental monitoring in the lake area during the project period is \$675,000 in the case of Montenegro<sup>3</sup> and \$68,000 for Albania. The nature and purpose of some of this spending will be reoriented under the GEF Alternative in order to increase and capture transboundary benefits.

8. As part of baseline funding, data from a transformed programme of monitoring will be complemented by a transboundary research project funded by the Norwegian Research Council (NIVA). The three-year DRIMON project involves Montenegro, Albania and Macedonia and covers Lakes Skadar-Shkoder and Prespa. Total funding for Lake Skadar-Shkoder is estimated at \$237,500. Project activities include: (i) establishing nutrient budgets and addressing siltation challenges for the lake basins, (ii) assessing the status of the lakes through dose-response relationships between nutrients and sediment inputs and their effects; (iii) suggesting environmental goals for the lakes, based on information on their trophic status and evidence of their reference (or natural) conditions, in dialogue with stakeholders. This study will provide essential management-related data which would otherwise need to be obtained through GEF support, were it not being financed by NIVA.

9. In addition, GTZ will finance complementary activities under the “*Physical Planning and Transboundary Management*” project that covers both Montenegro and Albania. The project, which has been approved and is expected to begin shortly, will provide \$625,000 over 18 months for preparation of detailed urban plans for six pilot lakeside villages (needed to reduce illegal building, support well regulated residential and tourism development), some small ecotourism-related infrastructure.<sup>4</sup> The province of Pisa, Italy is also financing urban planning activities in cooperation with the Municipality of Shkodra for approximately \$612,000.

#### LAKE SKADAR-SKHODER WATER AND NATURAL RESOURCES MANAGEMENT

10. At present, there is no zoning or management plan in the areas surrounding the lake, with the result that most areas are legally accessible to tourists and fishermen. Local and commercial use of the lake natural resources is allowed everywhere, including fishing, hunting, recreation (boating, hiking, etc.). Ensuring that these resources are used sustainably and limiting their ecological impacts is an essential and challenging part of lake management. However, realization of these objectives is undermined by capacity constraints in both countries, as evidenced by problems such as high levels of illegal fishing and hunting and by pressure from alternative uses of the lake waters that promise localized short-term gains. Local authorities have limited experience with modern, integrated and participatory approaches to management of natural resources.

11. In the case of Montenegro, an estimated \$1,875,000 in baseline support will be provided during the full project period,<sup>5</sup> to cover the annual operational budget of the project implementation entity (the Lake Skadar National Park administration), awareness raising and government counterpart funding for USAID and Council of Europe (CoE) projects.

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<sup>3</sup> Based on an annual figure of 1.6 million Euro for country-wide environmental monitoring and an estimate that 10% of spending takes place within the lake basin and is therefore relevant to the lake’s environmental quality.

<sup>4</sup> An additional activity under this project is considered as incremental support and is presented below under the Alternative GEF Scenario.

<sup>5</sup> During the PDF-B Phase, \$225,000 was invested by GoM in PA infrastructure to rehabilitate the National Parks HQ and visitor center at Lake Skadar. This investment was made in conjunction with, the PDF-B Phase and is reflected as such in the attached incremental cost matrix.

12. In the case of Albania, the lake area received area status only in 2006, near the end of the project preparation period. The move to initiate transboundary co-operation, including the anticipation of international (GEF and others') support for this objective, has been an important impetus underlying the establishment of the PA and the creation of an associated budget. In the absence of GEF support, baseline spending by Albania under this component would have been zero.

13. The following donor support is being provided under the baseline scenario for natural resource management in the project area:

GTZ is working in Montenegro supporting the “*Improving Touristic Offer of LSNP*” project and is financing small tourism-related infrastructure such as signs, trails, promotional materials, etc. The total financing is estimated at \$225,000. GTZ, together with Austrian Aide (ADA), is providing \$340,000 to support small/medium infrastructure to make the area more tourist-friendly, e.g. rehabilitation of Virpazar market in Montenegro.

USAID, Council of Europe and Government of Montenegro: Together these donors are providing financing for various activities aimed at tourism development based on natural and cultural heritage, including bird watching tourism, a lake clean-up project, construction of thematic visitor centers at Bar and Cetinje, and activities supporting cultural heritage & local traditions, with special emphasis on promoting social inclusion. Total financing: \$340,000

UNDP: UNDP does not support on-the-ground activities at Lake Skadar, but does have a national project to develop GIS for natural resource management. A three-phase project totaling \$512,500, it is expected to provide \$50,000 of geographically relevant support during the project period.

#### WATER QUALITY PROTECTION INVESTMENTS

14. Important baseline investments are being made to control pollution within the lake watershed, much of which has hitherto been reaching the lake. These include hazardous wastes, solid wastes and wastewater.

15. In the area of *wastewater collection and treatment*, there remain up till now major challenges, particularly on the Albanian side where wastewater from the city of Shkodra flows largely untreated into the lake. Overall baseline financing includes the following:

- \$17 million from KfW and Austria to Albania to help provide Shkodra city with wastewater collection and treatment facilities
- \$200,000 from the European Agency for Reconstruction (EAR) to assist Montenegro with the rehabilitation of an existing wastewater treatment plant for Podgorica (presently a significant source of pollution through the Moraca River).
- \$100,000 from the government of Montenegro for piloting small-scale wastewater treatment along the side of the lake. Some of this financing will be re-directed towards innovative approaches under the GEF Alternative.

16. In the area of *hazardous wastes*, the contract for privatization of Montenegro's State-owned KAP aluminum plant was awarded to RUSAL, a private Russian company. This contract includes a requirement that “legacy” hazardous and non-hazardous waste on the KAP grounds

must either be removed or contained in EU-standard sanitary land fill by 2010. Under the agreement, RUSAL is responsible for non-hazardous wastes (with an estimated financing of \$10 million), while GoM is responsible for the hazardous waste component.

Hazardous waste from KAP presents a particular threat to Lake Skadar as it is contaminating groundwater which enters the lake, primarily through the Moraca River. Addressing the KAP hazardous waste issue will have important national and transboundary benefits by removing a significant threat to lake environmental quality. In conjunction with GEF support, the Government of Montenegro is providing baseline financing of \$100,000 for the feasibility study and \$5.16 million to clean up the site.<sup>6</sup>

17. Management of *solid waste* represents an important task for lake managers and local governments in both countries. Domestic solid waste is recognized as a serious and growing problem in many parts of the lake basin. Wastes from settlements and tourism facilities near the lake and in river basins are blown into the lake and collect at the mouths of rivers, where it interferes with ecological functions, have negative impacts on local health, and undermine tourism prospects by diminishing the aesthetic appeal of the area. Shkodra city has an established (though inadequate) waste collection system, but there are none in villages and communes on either side of the lake.

18. Baseline spending in this area includes the following:

- IDA-financed Montenegro Environmentally Sensitive Tourism Project (MESTAP) is funding two regional municipal solid waste landfills, one of which covers Bar municipality which borders the Lake, and is therefore significant for Lake Skadar. Relevant baseline costs at this site are estimated at \$300,000.<sup>7</sup>
- Baseline spending for the city of Shkodra in Albania is estimated based on an ongoing \$500,000 annual contract for solid waste collection and disposal. It is estimated that some 10% of that contract is collecting waste from areas in close proximity to the lake, and therefore reducing the risk of solid waste entering the lake. Thus, \$200,000 of baseline spending is estimated over the four-year life of the project.

### **Global Environmental Objective and Alternative Scenario**

19. The project global environmental objective is to enhance transboundary cooperation for managing the sources and impacts of potentially conflicting development objectives and activities affecting the waters of the Lake Skadar-Shkoder basin.

20. The total cost of the alternative scenario is \$46.6 million. This consists of \$ 40.2 million of baseline investments and \$6.5 million in incremental finance. The proposed project, with a total financing of \$15.7 million including a GEF contribution of \$5 million, covers all incremental activities as well as key baseline activities financed by the two governments. It addresses major gaps in baseline activities and is aimed at achieving a variety of global, transboundary and national benefits.

### **COMPONENT 1: UNDERSTANDING/MANAGING THE LAKE ECOSYSTEM**

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<sup>6</sup> The GEF incremental cost contribution of \$1.2 million to the KAP cleanup is described below in para. 35.

<sup>7</sup> This figure is based on an estimate that 10% of the total spending is relevant for the lake.

21. Under the alternative GEF scenario, \$2.8 million of incremental support will be provided to enhance and solidify a long-term programme of integrated environmental management of the lake. This represents a key step towards the establishment and operation of a permanent institutional structure for lake management. The additional support will support for the establishment of a Bilateral Lake Management Committee (BLMC) and several bilateral Working Groups to coordinate implementation of key actions called for in the Strategic Action Plan. Working Groups will be set up for:

- (i) coordinating legal and institutional frameworks;
- (ii) coordinated planning, including development of a lake-wide zoning and management plan (to be integrated into relevant national and local spatial and Protected Area plans);
- (iii) designing and overseeing a lake-wide research and water quality monitoring program;
- (iv) coordination and conflict resolution relating to water management issues;
- (v) developing and overseeing a joint public awareness-raising and education program; and
- (vi) preparing a coordinated strategy and plan to promote sustainable tourism development.

22. The project will also finance a small Secretariat to support the BLMC and Working Groups and to coordinate and facilitate implementation of joint project activities.<sup>8</sup>

23. Accurate and up-to date information on the status and trends of key elements of the lake's ecosystem is essential for effective protection and management. For a transboundary lake it is important that the same monitoring approaches and data collection methods are used by each country, that a common database is established with open and efficient exchange of information, and that analysis is carried out based on priorities concerning the lake as a whole.

24. Incremental support under this component leveraged by the GEF is as follows:

- (i) Government of Montenegro will provide \$160,000 for the BLMC and Working Groups; \$25,000 for public outreach and communication, and \$67,000 for monitoring
- (ii) Government of Albania will provide \$100,000 for the BLMC and Working Groups and \$7,000 for monitoring.
- (iii) SNV Netherlands, which is providing \$112,500 for institutional strengthening, stakeholder participation and co-operation between the two countries.
- (iv) GTZ will provide approximately \$20,000 in technical assistance to develop a framework strategy for preparation of the Lake-wide Management Plan.

25. In addition to the above, \$2,330,000 in incremental support is being requested from the GEF for the following elements:

- (i) Technical assistance, training, equipment and support for incremental operating costs (on a declining basis) will be provided to support the establishment of the BLMC and Working Groups to enable them to carry out their responsibilities. This includes the establishment of a small Secretariat for the BLMC and 1-person technical support units in each country, as well as the costs of regular meetings and communications.
- (ii) Technical assistance, equipment and support for incremental operating costs will be provided for implementation of joint activities designed and overseen by the Working Groups. These will mainly consist of studies, targeted research and monitoring, and

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<sup>8</sup> Implementation of the programs developed by the WGs will mainly be financed through other components.

preparation of spatial and development plans, as well as the development and implementation of a public outreach and education program. Lead responsibility for implementation of these joint activities will be assigned to either Montenegro or Albania, based on the capacity of their implementing agencies and their priorities. An important part of the monitoring program will be to establish and maintain a common, publicly accessible data base and networks for information exchange. .

#### COMPONENT 2: ENHANCING SUSTAINABLE USE OF THE LAKE SKADAR-SHKODER ECOSYSTEM

26. The total cost of the GEF Alternative under Component 2 is \$6.4 million. This total consists of \$4.9 million in baseline support and \$1.5 million in incremental support. Incremental support from GEF totalling \$1.025 million will include the following:

- Technical assistance, training, equipment and materials, and some incremental operating costs to strengthen the capacity of the local administrations responsible for management of the lake and its natural resources, including both improved communication and partnership with local governments and communities and more effective enforcement of regulations (e.g. against illegal construction and illegal fishing).
- Technical assistance, civil works and equipment and materials to support development of sustainable tourism as the best alternative for the use of the lake ecosystem. This includes small scale infrastructure such as hiking trails and signage, birdwatching platforms, rehabilitation of cultural heritage sites to enhance their touristic and educational value;
- Technical assistance and equipment and materials to build capacity and provide incentives for sustainable use of natural resources. This may include, for example, legal and technical assistance for local fishermen's and other resource users' associations, improved market facilities accessible to registered fishermen, training in handicrafts based on local resources, etc. .

27. An incremental budget of \$420,000 is leveraged from the government of Montenegro and \$60,000 from the government of Albania in support of this component.

#### COMPONENT 3: URGENT INVESTMENTS TO PROTECT WATER QUALITY

28. The total cost of the GEF Alternative under Component 3 is \$34.7 million. It includes \$32.5 million in baseline support and \$2.2 million in incremental support. The incremental support of GEF is estimated at \$1.6 million and will be directed towards addressing urgent pollution hot-spots, as follows:

- Hazardous waste: GEF will provide incremental support for addressing the hazardous waste problem at KAP. GEF funding of \$ 1 million is requested for: carrying out an initial inventory and categorization of the wastes; co-financing of a feasibility study; and on-ground investment -- either as co-financing for a secure landfill or to implement other measures to prevent movement of toxic materials through the groundwater and into the Moraca River (depending on the findings of the feasibility study). .
- Wastewater treatment: GEF support is being requested to help address the growing problem of untreated domestic wastewater flowing directly into the lake from lakeside



villages and communes, and private residences and touristic facilities (e.g. restaurants) which have been built on the lakeshore during the past few years. Specifically, based on the priorities identified in the SAP, GEF would contribute to the installation of a small scale, environmentally and economically sustainable wastewater collection and treatment system in one village on the Montenegro side and appropriate waste treatment of containment facilities for about 30 restaurants on the Albania side . The proposed GEF contribution to this effort is \$365,000

- Lake buffer vegetation restoration: GEF will finance TA and various investments (equipment, materials, labor) to restore tree groves, control stream bank erosion and fish nursery buffer vegetation at priority sites on both sides of the lake for an estimated cost of \$ 280,000.

29. An incremental budget of \$520,000 is leveraged from the government of Montenegro and \$20,000 from the government of Albania in support of this component.

### Incremental Cost Analysis Matrix

Component	Category	Amount USD	Domestic Benefits	Global Benefits
1. Understanding/ Managing the Lake Skadar Ecosystem	Baseline	2,743,200	Updated national and local environmental policies and laws and efforts to harmonize policies, legislation and practices with EU instruments, but little coordination for lake management 2003 MOU for cooperation is followed by a bilateral agreement but no concrete measures taken to implement agreements in MOU. Some ecological monitoring done in both countries separately but no mechanism in place to foster transboundary institutional and technical cooperation. Decisions concerning the future of the lake driven more by local short-term economic gain than basin-wide, long-term environmental and economic sustainability	-
	Alternative	5,545,000	Institutions responsible for lake basin planning and management are strengthened and their decisions are based on understanding the impacts of changing water conditions of the lake and their costs and benefits in the short- medium and long terms both for environmental sustainability and economic development. Monitoring plans and databases are managed with input from both countries and accessible to the public.	Governments coordinate and cooperate across the border to jointly address the lake's transboundary environmental and socioeconomic issues Systems for coordination and cooperation at basin level are operational and sustainable to secure an integrated approach to environment and water issues that takes into account long-term environmental benefits against short-term economic gains. Governments and scientific institutions recognize the importance and value in establishing and share information, allowing them to cooperatively develop and transboundary ecosystem-based lake management.
	Increment	2,801,800		

Component	Category	Amount USD	Domestic Benefits	Global Benefits
2. Enhancing Sustainable Use of the Lake Ecosystem	Baseline	4,895,500	Economic growth linked to tourism potential of the lake basin and watershed with limited public understanding and appreciation of the importance of environmentally sustainable management of the lake and its resources and of their role in achieving long-term environmental and economic sustainability.	
	Alternative	6,395,5000	Public education and public information increases awareness on sustainable use of the lake resources including tourism development that improves socio-economic conditions in the lake basin while maintaining ecological systems and quality	Environmentally sustainable tourism development and effective implementation of the zoning and resource management plans, including sustainable use of land and fish resources in the lake basin will reduce water quality degradation and improve the transboundary ecosystem health and value.
	Increment	1,499,500		
3. Investments to Protect Water Quality	Baseline	32,524,000	Some pollution ‘hotspots’ have been identified as existing or developing problems and both governments are making effort to remediate and mitigate the sources with donor support especially in sewage collection and waste water treatment and hazardous waste management	
	Alternative	34,705,000	Government and donor support is complemented and extended with innovative and low-cost environmentally-friendly solutions that address unsafe and unsightly localized conditions.	Interventions for water pollution control, chemicals and hazardous waste management and erosion control will reduce the environmental stress on the lake ecosystem and improve water quality
	Increment	2,181,000		

Component	Category	Amount USD	Domestic Benefits	Global Benefits
	Baseline Total	40,162,700		
	Increment Total	6,482,300		
	GEF Increment	4,550,000		
	Non-GEF Increment	1,932,300		
	Total Project	15,710,000		
	GEF financing	4,550,000		
	Co-financing	11,160,000	From Government of Montenegro and Albania, SNV, Others (tbd)	
	Associated financing	30,942,000	From REC, NIVA, GTZ, Italy-Pisa province, ADA, USAID, COE, GOM, WB, KFW, EAR, RUSAL, IDA	

## ANNEX B: RESULTS FRAMEWORK

PDO	Project Outcome Indicators	Use of Project Outcome Information
<p>To maintain and enhance the long-term economic value and environmental services of Lake Skadar-Shkoder and its natural resources</p>	<p>Lake water quality and ecological indicators are maintained or improve in the context of continued economic development</p>	<p>Data from national-level and joint lake monitoring will indicate whether project-financed and complimentary investments are on track to succeed in protecting lake waters and natural resources from contamination and over-utilization. Data and analyses will be presented to the bilateral Lake Management Committee, which will report to the respective Governments, and will be made publicly available through the Committee website. Indications of continuing decline in key parameters will trigger renewed efforts to identify causes and build commitment for resolving them.</p>
GO		
<p>To enhance transboundary cooperation for managing the sources and impacts of potentially conflicting development objectives and activities affecting the waters of the Lake Skadar-Shkoder basin.</p>	<p>Development and water use decisions and actions affecting Lake Skadar-Shkoder ecosystem are guided by bilateral objectives, agreements and institutional structures</p>	<p>The Joint Strategic Action Plan, Bilateral Agreement specifying Governments' responsibilities and Commitments, lake-wide management plans and other key documents will be available to the public through website and other media, increasing the accountability of decision makers to a wide range of stakeholders in both countries and internationally</p>
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
<p>Component 1: Bilateral Lake</p>	<p>Predictive hydrological model</p>	<p>The hydrological model of the</p>

<p>Management Committee and Working Groups are operational and implementing priority joint activities identified in SA).</p>	<p>of Lake Skadar-Shkoder completed</p> <p>Lake-wide monitoring data base established, operational and readily accessible to all stakeholders</p> <p>Lake-wide zoning and management plan approved by both Governments according to their respective laws Joint tourism development plan approved by both Governments</p>	<p>lake will be used to analyze the likely impacts of various proposed development projects and investments in the lake basin, making it possible to engage in informed debate about trade-offs at both national and transboundary/regional levels</p> <p>Publicly accessible monitoring data will enable all stakeholders to track progress and impacts of implementation of the Strategic Action Plan and to identify and raise issues. It will also indicate willingness on the part of the Governments and research/monitoring institutions to place transboundary cooperation above short-term commercial interests.</p> <p>Lake-wide zoning and management plan will provide the legal basis for controlling and regulating development, natural resource use and pollution sources in and around the lake; bilateral approval of the plan by local and national authorities will demonstrate their commitment to long-term protection and sustainable use.</p>
<p>Component 2. Infrastructure, regulatory capacity and community awareness in place to support sustainable tourism development and natural resource utilization</p>	<p>Targeted tourism infrastructure renovations and construction completed (visitor centers, cultural sites, trails, etc.)</p> <p>Reduction in new illegal</p>	<p>Data on numbers of new illegal construction sites will demonstrate whether public awareness/outreach activities and enhanced enforcement are succeeding in creating support for SAP objectives</p>

	<p>lakeside construction starts, and any new starts halted at early stage</p> <p>Reduction in numbers of unlicensed fishermen and use of illegal fishing methods</p> <p>Socio-economic/attitude surveys indicate increased local understanding of, and engagement in, sustainable tourism and natural resource management</p>	<p>and an enhanced “culture of compliance.”</p> <p>A good record in stopping illegal construction at an early stage, reduction in unlicensed and illegal fishing, and increased local participation in sustainable tourism development will be important indicators of the effectiveness of the capacity building element of the project. Failure to achieve these goals would highlight the need to re-assess the capacity building strategy.</p>
<p>Component 3: Decrease in toxic and non-toxic pollutants entering into Lake Skadar-Shkoder</p>	<p>Reduction in toxic substances in ground water at KAP site</p> <p>Reduction in BOD, NO2 and NO3 in water entering lake at pilot wastewater treatment sites</p> <p>Area of water protection/buffer vegetation restored in pilot areas</p>	<p>GEF-supported monitoring activities will be designed to determine whether project interventions are effective in improving quality of water entering the lake through surface and underground routes and in alleviating specific problems and “hotspots” identified in the SAP. If the problems persist despite implementation of Component 3 activities, it would indicate the need for further research to identify priority pollution sources.</p>

## **ANNEX C: RESPONSE TO PROJECT REVIEWS**

- a) Convention Secretariat comments and IA/ExA response
- b) STAP expert review and IA/ExA response
- c) GEF Secretariat and other Agencies' comments and IA/ExA response

### **b) STAP Expert Review and IA Response**

#### **STAP ROSTER TECHNICAL REVIEW OF THE PROPOSED GEF-IW PROJECT: "LAKE SKADAR-SHKODRA INTEGRATED ECOSYSTEM MANAGEMENT"**

(ALBANIA, MONTENEGRO)

by J. A. Thornton PhD PH CLM

Managing Director

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#### Introduction

This review responds to a request from The World Bank (WB) to provide a technical review of the proposed International Waters project entitled Lake Skadar-Shkodra Integrated Ecosystem Management.

I note that I am a designated expert on the STAP Roster of Experts with particular experience and knowledge concerning watershed management and land-ocean interactions. I have served as Government Hydrobiologist with the Zimbabwe Government, Chief Limnologist with the South African National Institute for Water Research, Head of Environmental Planning for the City of Cape Town (South Africa), and, most recently, as Principal Environmental Planner with the Southeastern Wisconsin Regional Planning Commission (USA), a position that I hold concurrent with my position as Managing Director of International Environmental Management Services Ltd, a not-for-profit corporation providing environmental education and planning services to governments worldwide. In each of these positions, I have had oversight of projects and programs designed to assess contaminant loads to aquatic ecosystems from land-based activities, and to develop appropriate and affordable mitigation measures to reduce such loads and minimize their impacts on the aquatic environment, both freshwater and marine.

This review is based upon a thorough review of the project document, consisting inter alia of the Project Document (22 pages plus Annexes 1, 3-5, 8 and 17); the Project Executive Summary and GEF Council Work Program Submission inclusive of Annex A; and, the (Draft) Lake Shkoder Transboundary Diagnostics Analysis (TDA). Other, relevant documents served as reference sources, including the GEF Operational Strategy, Agenda 21, and related materials establishing the necessity and priority of land-based activities to control marine pollution as set forth in the Global Program of Action for the Protection of the Marine Environment from Land-Based Activities.

#### Scope of the Review

This review addresses, seriatim, the issues identified in the Terms of Reference for Technical Review of Project Proposals.



## Key Issues

Key issue 1. Scientific and technical soundness of the project. Overall, the project appears to be scientifically and technically sound. The approach proposed, which includes an on-going diagnostic and demonstration project-based program, adequately addresses the needs to initiate actions to (1) create a binational mechanism to jointly manage the shared water resources of Lake Skadar-Shkodra, (2) quantify the risks associated with a legacy of historic water quality degradation and current threats to the biodiversity and ecology of the Lake, (3) strengthen the existing national mechanisms for management of land- and water-based activities within the drainage basin tributary to the Lake, and (4) encourage implementation of urgent environmental management actions through provision of incremental financing of remedial actions to address identified “hotspots”. The need for both a land- and water-based approach is documented in the Lake Shkoder Transboundary Diagnostics Analysis that was completed during the preparation of this project. The TDA also identified a number of priority interventions that could be considered as recipient activities under Component 4, targeting priority environmental concerns within the Lake Skadar-Shkodra Basin.

A review of the Components set forth in the project document suggests that the primary focus of this proposed project will be on capacity building and institutional strengthening; to wit, Component 1 focuses on the institutional and human resources necessary to manage and monitor the water resources of Lake Skadar-Shkoder at the binational level, Component 2 focuses on research and monitoring necessary to complete and refine the data available to substantiate the management measures employed, and Component 3 primarily focuses on the human resources necessary to undertake the management of the resource at the national level. In addition, Component 4 will provide important “on-the-ground” experience in problem solving. These needs are adequately documented in the TDA, especially for management actions at both the national and binational levels where the countries appear to have utilized a primarily passive and country-based management strategy, rather than a holistic approach to managing the shared resources of the Lake.

From a scientific standpoint, providing a framework within which the two countries can assemble a shared data base comprised of similar variables, measured in a consistent manner, and stored in an accessible form is an essential first step toward creating the baseline from which disturbances can be measured and assessed. Such a data base will also facilitate both individual and joint enforcement of regulations and standards by the countries within the shared basin. In addition, disseminating these data to interested parties, including citizens, nongovernmental organizations, and corporations, through an accessible data base will help to ensure timely action to correct problems, be they concerns regarding overexploitation of the living resources of the Lake, pollution from lakeshore development, or impacts related to human activities within the drainage basin tributary to the Lake.

With regard to creating an appropriate regulatory framework, an understanding of the current status of the Lake waters is also useful in determining whether or not conditions of impairment continue to exist, and in identifying emerging issues that could potentially adversely affect the Lake ecosystem. Appropriate data will permit a realistic evaluation of the standards likely to be applied by regulators at the country and local government levels. Further, the upgrading of the laboratories and enhancing of the institutional capacities to utilize shared methodologies,

implemented by trained and competent staff in the Basin countries, is a necessary element in the shared enforcement process. Joint action of this nature can overcome the possibility that operations could be shifted between Basin countries in order to avoid regulations at the country and local levels.

Key issue 2. Identification of global environmental benefits and/or drawbacks of the project, and consistency with the goals of the GEF. The proposed project establishes a framework within which to address the major causes of environmental stress within the aquatic environment of Lake Skadar-Shkodra; namely, the historic legacy of contamination, the current threat of overexploitation of aquatic resources, and the likely future risk of uncontrolled development in the drainage area, including the inputs of contaminants washed off the land surface and into the aquatic ecosystem.

The legacy of contamination stems from the presence of aluminium and steel plants in the drainage basin, as well as from ongoing discharges of wastewater from the human settlements in the Basin. While the data gathered during the TDA suggest that the legacy of the aluminium and steel processing plants has been mitigated by the rapid flushing rate of the Lake, the threat of ongoing degradation from wastewater discharges from urban and agricultural operations within the drainage basin remains. If unchecked, these discharges threaten the globally significant ecosystems of the Lake, including Ramsar sites in both countries, and downstream areas of the Adriatic Sea. These ecosystems, in addition to be transboundary aquatic systems in their own rights, are either directly or indirectly connected to the transboundary waters of the Mediterranean Large Marine Ecosystem (LME). Consequently, true global benefit is presumed as a result of the connection of the Mediterranean Sea with the North Atlantic Oceanic circulation.

The project is consistent with the goals and objectives of OP 8, contributing to the global effort to address environmental concerns arising from industry, agriculture, fishing, and exploitation of the natural environment for tourism and recreation insofar as it relates to Lake Skadar-Shkodra. A regional approach is essential, and provides the basis for GEF participation, given that each country may need to engage in an additional level of effort beyond that required under their current national legal framework.

In this regard, the participation of a broad cross-section of governmental, nongovernmental and civil organizations with interests in the Lake and its drainage basin would be an important element in ensuring the implementation of the project outcomes, even though the outcomes, in the global sense, are environmental in nature. Currently, this participation is provided through the relevant national agencies. Establishment of the various working groups and secretariat, and the stakeholder involvement, as proposed in the project document, will contribute to achieving this objective, and add the necessary community and transboundary dimensions to the management of this resource. Unfortunately, the civil society organizations are not listed in the project document, so it is not possible to gain a full understanding of the extent or nature of the proposed stakeholder involvement in the project.

This project is complementary to other GEF initiatives within the eastern Mediterranean region, including the Lake Ohrid project. Given the GEF aim of incrementally funding projects that contribute to sustainable economic development in a replicable manner, the current proposal and its companion proposal would seem to be well-suited to achieving such an aim.

Key issue 3. Regional context. The participation in this project of the two countries in the Lake Skadar-Shkodra Basin argues persuasively that adequate and appropriate consideration has been given to the regional context of the project. Notwithstanding, the project team noted that a Basin-wide approach to water resources management, which would have significantly increased the area of influence of the project, was discounted due to the size of this larger geographic unit and the fact that the available financial resources would be insufficient to bring about meaningful change in such a large area. It was noted, however, that one reason for discounting this larger project area was the fact that the Basin would be incorporated into the River Basin planning and management program mandated by the European Union (EU) Water Framework Directive. Further, this larger drainage basin was included in the TDA and resultant Strategic Action Program (SAP), which should ensure that actions undertaken within the Lake Skadar-Shkodra ecosystem management project are fully integrated into this larger Basin framework.

Actions proposed to better integrate the national regulatory initiatives into a regional program are fully consistent with the development of a sustainable regional approach to managing this waterway. These actions are supported within the proposed project by complementary actions to strengthen the national regulatory programs and institutions. To this end, however, this reviewer notes that the project funds are expected to be allocated to each country as well as to the regional working group. It would seem advantageous, however, to further strengthen the binational entity by channeling the funds to each country through the binational organization. This would provide greater surety that the projects undertaken are truly regional in scope, even if located within the national territory of one or other of the Basin countries. By so doing, this financial management mechanism also would create a more substantial role for the binational authority and potentially accelerate the creation of a permanent binational commission tasked with jointly managing the shared water and ecological resources of Lake Skadar-Shkodra.

The proposal clearly indicates an intention to disseminate information and results on a regional basis, both within the Basin and elsewhere in the region. Such a regional (European) effort has been initiated during the project development process through the exchange visits to Lake Geneva and Lake Constance, amongst others. In part, this dissemination process will utilize the proposed binational secretariat as a repository and focal point for information on the protection and conservation of the ecosystem. As suggested above with respect to the fiscal arrangements for the project, delegation of such responsibilities to the Secretariat should help to hasten and strengthen the process of formation of a truly binational commission for the management of the Lake.

Key issue 4. Replicability. The implementation of demonstration projects as a key feature of this project clearly contributes to the potential for replication of beneficial practices and techniques. Further, the inclusion of mechanisms for disseminating information and results achieved fosters replication of effective and successful measures throughout the region, and especially within the participating countries. As identified through the Global International Waters Assessment process and related initiatives such as the Lake Basin Management Initiative of the International Lake Environment Committee Foundation (ILEC), GEF International Waters projects are a primary means by which basin-scale management practices are being developed and implemented through the world. These initiatives have endorsed the development and implementation of information sharing mechanisms at both the regional and global scales—in part, through the global IW-LEARN initiative. This endorsement underlines the importance of

information sharing and dissemination between projects, a fact that is adequately and clearly identified within the project brief for this project. Nevertheless, it is recommended that this project seek to ensure the dissemination of lessons-learned in the broadest possible manner.

The project document suggests that the proposed activities will continue to embrace the concept of project twinning as one mechanism to enhance exchange of knowledge and experience. As recognized within the project brief for this project, there is considerable complementarity between this project and the projects currently being implemented in the eastern Mediterranean Basin. The inclusion within the Project Document of establishment of explicit linkages between projects is wholly consistent with this concept. Such communication will enhance the replicability of the project outputs and the results of the project, significantly contributing to the coordinated and comprehensive management of the Aegean Sea and Mediterranean Sea basins.

Key issue 5. Sustainability of the project. The project executive summary indicates that a significant element of the sustainability of the project supported interventions rests upon the implementation of the EU Water Framework Directive and related initiatives. In addition, country-level actions in support of the project are identified as indicative of a commitment to ongoing support of project actions and activities, beyond the immediate period of project implementation with GEF support. The project brief acknowledges a number of incentives for the participating countries to provide the necessary resources beyond the project period, including their participation as signatories to the Ramsar Convention. Further, the project proposes to address another key element in the provision of adequate resources to ensure the future sustainability of the project-supported interventions; that is, the availability of information, the development of a trained cadre of individuals, and the strengthening of appropriate institutions with the knowledge and ability to implement actions to protect the Lake environment. To this end, the project document sets forth an array of financial and other mechanisms, both in-hand and proposed, to ensure the sustainability of the land- and water-based elements proposed to be developed during the project. These mechanisms include various bilateral financing arrangements as well as grass roots activities designed to sustain the project actions beyond the period of application of GEF funds. To a great extent, the to-be-determined stakeholder participation element will be critical to the long-term sustainability of the project, particularly those relating to future environmental challenges and threats.

Key issue 6. Targeted Research Projects. Targeted technical demonstration and capacity building projects are key features envisioned within the GEF International Waters Waterbody-based Operational Program. These activities are clearly included as major elements of this proposed project, primarily under Component B which is focused on the use of targeted surveys as the means of determining and identifying appropriate and applicable management measures to quantify emerging issues (such as avian influenza that is in part spread by waterfowl), and Component C which is focused on improved environmental management.

There is also provision within the project brief for creating and implementing an on-demand small-grant program that would support creation of capacity and strengthening of academic and research institutions in the Basin. Implementation of these provisions is strongly recommended. The interventions, funded in part by the GEF, strive for sustainability and the continuation of successful interventions beyond the project period. For this reason, it is most important that the lake and watershed management measures identified by the project be internalized within the appropriate ministries such that they continue to be implemented over the longer term. Likewise,

it is equally important that the demonstration projects continue to be monitored, and the results reported using the information dissemination mechanisms previously identified, beyond the project period. Such continuity is totally consistent with the catalytic nature of the GEF, and an essential element to the sustainability of the project. Capacity building and trainer training, envisioned in the project brief, thus become the basic building blocks upon which this project will succeed or fail, both from the point of view of its sustainability and from its scientific and technical integrity.

### Secondary Issues

Secondary issue 1. Linkage to other focal areas. This project is formulated as an International Waters project under OP 8 of the GEF Operational Strategy. While no specific cross-cutting areas are identified, the project clearly has linkages to the cross-cutting area of land degradation in terms of its focus on land-based activities and to the protection of aquatic biodiversity in terms of its focus on fisheries.

Secondary issue 2. Linkages to other proposals. The project recognizes the complementarities between the management of Lake Skadar-Shkodra and other GEF-related initiatives in the region. Indeed, actual linkages were explored and strengthened during the period of project formulation. Specific linkages with these projects are proposed and identified in the project brief. Where such linkages are based upon project development initiatives, this reviewer recommends that the project team seek to maintain ongoing contacts with relevant sister institutions during the period of project implementation and beyond. As noted above, such linkages include contacts with the Lake Geneva and Lake Constance organizations, among others.

In addition, the project proposes to make use of IW-LEARN. Such an overt linkage provides a high degree of sustainability and connectivity to this project, and contributes to the likelihood that lessons learned can and will be transferred beyond the project boundaries to other, similar situations and locations within the Mediterranean region and beyond.

Secondary issue 3. Other beneficial or damaging environmental effects. The project has no known or obvious damaging environmental impacts associated with the activities proposed to be executed. The beneficial impacts of the project have been fully articulated above, and include the identification of alternative methods for achieving a high quality lake environment through targeted interventions that address both chronic land-based sources and catastrophic lake-based events that contribute to the degradation of the Lake and its resources. The provision of trained staff and institutional capacities needed to enforce and enhance existing environmental protection regulations, and the dissemination of successful management measures further contribute to the benefit of the Lake and its drainage basin. All of these benefits accrue not only within the project area, but, as a result of their wider dissemination using the electronic and other media provided, also to the wider river basin and beyond.

Secondary issue 4. Degree of involvement of stakeholders in the project. Component C of the project is geared toward the involvement of stakeholders. Involvement of the wider public is catered for through an information system established by the Regional Environment Center and other media. Active stakeholder participation is encouraged through the committee and working group structure to be created under Component A. Unfortunately, there are few additional details

as to the participants proposed to be included. That said, the project brief does allude to the participation of the relevant regulatory agencies and ministries in the execution and implementation of the project activities, and the project explicitly indicates support for capacity building and institutional strengthening with respect to these organizations. Such involvement is in addition to the current level of involvement of the country- and local-level institutions, and is critical to the sustainability of the project and its expansion into areas not specifically involved in the demonstration projects.

Secondary issue 5. Capacity building aspects. Components A through C are aimed in part at the acquisition and dissemination of information on the successful measures to protect the Lake environment through the creation of appropriate institutions (Component A), conduct of targeted research and monitoring (Component B), and the training of agency staff and strengthen institutions (Component C). In addition, Component A, in part, seeks to encourage dissemination of lessons learned with respect to lake and watershed management practices. These elements should be implemented in conjunction with complementary GEF International Waters initiatives, including the best practices data base being compiled by the United Nations Environment Programme (UNEP) and the IW-LEARN initiatives being executed by the United Nations Development Programme (UNDP). These efforts will enable wider dissemination of knowledge of practices that have positive effects. Such knowledge is an essential element in building capacity and strengthening institutions in the region.

In addition to the dissemination of knowledge and information, the proposed development of standard methods for analysis and impact assessment will benefit institutions and staff throughout the region. In this regard, Component B contains work elements that are likely to be aimed at establishing a certification process for laboratories, common standards, and reenforced institutional capacity within the region. Maintaining such standards and certification requires trained individuals, actively and conscientiously applying their knowledge and skills for the public good.

Secondary issue 6. Innovativeness. Development of appropriate management practices governing the protection of the Lake environment, within the context of an integrated land- and water-based management program, demonstrates a strong desire that the results and outputs of this project reflect the state-of-the-art with respect to the integration of lake management and economic development in transboundary inland lakes. By creating and strengthening the appropriate human resources, institutions, data acquisition and dissemination systems, and shared management mechanisms, the project team has clearly attempted to develop a management program that will be accepted by the basin governments and stakeholders. While many of the actions and approaches reflect state-of-the-art practice, their application in the Lake Skadar-Shkodra Basin will significantly advance current practice in that specific Basin as well as within the region as a whole. In this manner, the project promotes innovation and development of regionally applicable remedial practices and experiences.

### General Conclusion and Recommendations

Overall, it is the conclusion of this reviewer that the proposed project, with the goal of “Lake Skadar-Shkodra Integrated Ecosystem Management”, is wholly consistent with the GEF International Waters operational program, its broader philosophy, and funding criteria. Consequently, this project is recommended for funding.

In completing the Project Executive Summary and GEF Council Work Program Submission, the reviewer recommends that each of the Components be elaborated so as to clearly summarize the following elements of each activity; namely, (1) the objectives of the Component, (2) the results or outcomes that this Component is intended to achieve, (3) the outputs or deliverables to be generated by the activities carried out under the Component, (4) indicative activities to be conducted, (5) the costs broken out as GEF funds requested, local share provided, and total cost of the Component, and (6) an indication of the likely stakeholders targeted to be participants in executing the activities. This information, to the extent that it is presented, is currently scattered throughout the document or indicated as an expected outcome of the project Appraisal process. The likely participants are not clearly identified, and the activities and component costs are shown in some detail only in Annex A, the Incremental Cost Analysis.

In implementing this project, the GEF Implementing Agency is enjoined to give consideration to strengthening the role of the binational Secretariat by centering project management, including financial management, and monitoring within this Committee. Such strengthening could accelerate the ability of the countries to create a River Basin Authority, pursuant to the EU Water Framework Directive, and contribute to the creation of lasting working relationships between the binational entity and the national ministries having responsibilities for the management of Lake Skadar-Shkodra.

### **IA Response to STAP Review:**

1. The above STAP review relates to an earlier version of the project and some aspects are no longer directly relevant to the current project proposal. The following responses to the STAP review also pre-dated the redesign of the project.
2. The STAP Reviewer's main suggestion is that all GEF funds should be channeled through the binational Secretariat, rather than just the funds that will finance jointly implemented activities. The proposal is that this would strengthen the Secretariat and potentially accelerate the creation of a permanent transboundary institution. While the objective is good, the proposal to channel all funds through the Secretariat is not realistic. This Secretariat does not currently exist and it is not certain what legal standing it will have, particularly during the early part of the project. During project preparation it has been agreed that establishment of transboundary institutional structures needs to be done through a phased approach, giving them successively greater mandate and responsibilities as their specific roles are clarified, agreed and approved by the two Governments. It should also be borne in mind that the permanent institutional structure may be a formal coordination mechanism, rather than an implementing body. Finally, it is now Bank policy to mainstream project implementation responsibilities within regular government structures and to avoid the creation of independent "Project Implementation Units." We believe we can make a successful case for giving the bilateral Secretariat responsibility for implementing some activities in order to achieve coordination and efficiency (e.g. procurement of equipment which will be the same for both countries), but according to WB policy the bulk of national level activities should be implemented by the respective responsible government agencies.

3. The STAP Reviewer also noted that the PAD could include more information regarding civil society organizations and other stakeholders which will participate in the project. We have included some more information on this aspect in Sections 3B and 4D of the PAD, to reflect some of the information from the Social Assessments already carried out in both countries during preparation. These assessments provided a starting point by identifying some relevant formal and informal local organizations (e.g. fishermen's associations, religious organizations), and by raising awareness about the project through public meetings and focus group interviews. The PAD will be further strengthened based on the continued public discussions of the proposed project, which will take place prior to Appraisal.

4. We note that the "small grants program" referred to on p. 6 of the STAP Review is actually the competitive research grants program under Component B.

5. We have revised the Project Description section and the Results Framework to more clearly identify the objectives, outputs, deliverables, activities and financing (GEF vs. other) for each component, as indicated on p. 8 of the Review. However, we note that in keeping with WB procedures, the PAD includes a Results Framework rather than a LogFrame, and that the former does not call for a detailed breakdown of project activities. Detailed activity and cost breakdowns are not normally part of a WB PAD, but they have been prepared and were used as the basis for the more general descriptions and aggregate project cost tables presented in the PAD.

### **c) GEF Secretariat Comments and IA Response**

#### **GEFSEC Comments October 21, 2003 ("Expected at Work Program Inclusion"):**

GEFSEC Comments: The full project design, particularly Component 2, will take into account the priority actions agreed in the SAP. The two documents (TDA, SAP) will be attached to the brief.... The full project will implement actions to address the major transboundary concerns identified during PDF-B (TDA). These actions will be part of the SAP agreed upon by the countries also during PDF-B. The brief will clearly reflect this rationale, and include the TDA and SAP as annexes.

Response: The completed TDA is being provided together with the Project Brief (main text only; numerous detailed Annexes are available on request). The SAP is at an advanced stage of preparation, and should be completed within 4-6 weeks. The project has been designed directly to follow the priorities identified in the draft SAP (summary of strategic objectives and main elements of SAP are being provided with the Project Brief. Draft SAP available on request).

GEFSEC Comment: Full project will provide assurances of the sustainability of (i) the joint management institutional framework; (ii) the specific demonstrations (Component 2).

(1) Based on project preparation work it has been agreed that the creation of a joint management institutional framework should be a phased process, in order to ensure that it has wide support and is sustainable. As a first step, the project will support the establishment of bilateral Working



Groups (WGs) focusing on several key objectives identified in the SAP, and a joint Secretariat to support the WGs and the implementation of joint activities. One of the WGs will focus on developing and putting in place a permanent institutional structure for joint management of the lake basin. As indicated in the Results Framework and Monitoring Table, the two governments will take over financial responsibility for this institutional structure by the end of the project.

(2) The comment regarding Component 2 is no longer relevant. While project objectives have remained the same, there has been some evolution in the project design based on findings of the TDA and the strategic objectives defined through the SAP process, as well as the declaration of the Shkoder Lake Managed Natural Reserve in Albania to parallel the Skadar Lake National Park in Montenegro. The original Component 2 (“Enhanced Integrated Natural Resources Management and Biodiversity Conservation”) now forms the main element of Component C (“Protected Area and Natural Resources Management”), which focuses on improving effectiveness of planning and management of the two PAs and their biological resources, with participation of local communities and other stakeholders. Public awareness and information dissemination and exchange remain an important element as well, while ecological monitoring – essential for enhanced natural resources management and biodiversity conservation—has been established as a separate Component B to facilitate transboundary joint design and coordinated implementation. As explained in the Project Brief (Section 2 F), it is no longer proposed to achieve these objectives through competitive small grants for demonstration projects. Economic benefits for local communities will be supported through training and capacity building aimed at giving people the knowledge and skills they need to obtain employment or to start up enterprises relating to tourism and other sustainable use of the lake and its natural resources. A small grants program is still under consideration, but will be included only if sufficient co-financing can be identified prior to appraisal to bring the program up to a scale which would justify the expected administration costs.

GEFSEC Comments: The full project will include specific mechanisms, and resources, for the coordination with the other lake projects in the region (Ohrid, Prespa) and for the replication of the pilot demonstrations (Component 2)... Coordination and exchange mechanisms among the three Balkan Lakes GEF projects (Ohrid, Prespa, Shkoder) will be fully developed... Consultation and coordination with UNDP (Prespa) will be established... The full project will provide a better developed rationale for the whole "Balkan Lakes Program" highlighting the many synergies to be achieved, and providing assurances that overlaps and duplications will be avoided.

Coordination with other projects relating to transboundary lakes in the region is being achieved through the “Petersberg Process,” a joint initiative of the World Bank and the German Government launched in 1998. The objective of the Petersberg Process is to facilitate an open debate on the problems of transboundary water management and the development of an integrated approach to resolving them. Phase I supported a series of Round Tables. Phase II (launched in December 2005) will focus on cooperative operationally oriented activities, particularly focus on cooperative operationally oriented activities in smaller catchment basins of South Eastern Europe (see Section III A of the Project Brief). The Lake Skadar-Shkoder project clearly falls within this framework. Other relevant ongoing processes to coordinate and ensure exchange of experience among transboundary lake management initiatives in the region include the Athens Declaration, the Global Water Partnership - Mediterranean (GWP-MED) and the European Union Water Initiative/Mediterranean Component.

GEF comment: The project will adopt the IW indicators: process, stress reduction, Env. Status, and report on them periodically.

Response: This will be addressed through the lake-wide joint ecological monitoring program (Component B).

GEF comment: Full project will present a financing plan based on sound incremental reasoning. Given the major domestic benefits that will be derived from the project, co-financing will be substantially increased with respect to what indicated in the concept.

Financing plan and incremental cost analysis have been completed, although additional co-financing may still be identified prior to project Appraisal. US\$ 8.14 million of co-financing and over \$34 million of associated financing are being provided to achieve the important domestic benefits

#### **GEFSEC Comments April 24, 2007 ("Expected at Work Program Inclusion")**

GEFSec Comment: The project does not fall within the GEF 4 draft strategic programs of the IW focal area. Key indicators/outputs do not correspond to the draft strategic programs. There are a number of budget items and activities which are not eligible under the IW focal area

Response: The project rationale and design, including key indicators/outputs have been modified to better reflect the strategic objectives and focus of the revised IW strategy for GEF-4. The project aims to assist Albania and Montenegro in accelerating the implementation of the Strategic Action Program for the protection of Lake Shkodra, which the two countries have recently adopted. As such, the project is consistent with Strategic Objective 1 of the IW 2007-2010 Interim Strategy “to catalyze implementation of agreed reforms and on-the-ground stress reduction investments to address transboundary water concerns”. The project is also consistent with the Strategic Objective 2 of the draft IW Strategy for GEF 4 “SO-2: To play a catalytic role in addressing transboundary water concerns by assisting countries to utilize the full range of technical assistance, economic, financial, regulatory and institutional reforms that are needed”, and the IW Strategic Program 3 “Balancing over-use and conflicting uses of water resources in transboundary surface and groundwater basin”. . The project supports the introduction of ecosystem-based approaches and Integrated Water Resources Management to help reconcile development needs (e.g.: increased tourism, hydropower, navigation and agriculture expansion) with ecosystem sustainability. Excessive withdrawal and/or pollution of surface and groundwater sources which feed the lake caused by increased economic development represent conflicting uses of the water because they undermine the potential for delivering the lake environmental services. The project aims to deal with current and imminent threats to the lake’s water and ecosystem in two key ways: first, by building political commitment for sustainable management at national and local levels, and second, through direct interventions to reduce pollution from point and non-point sources. In both cases, the project will build upon and supplement existing initiatives of the two governments and other donors, primarily by strengthening the transboundary dimension. Specific budget items/activities which were identified in upstream meeting as not eligible under IW Focal Area have been removed from proposed GEF funding.

GEFSec Comment: The situation described in the TDA does not warrant placing a priority on this project now... There is little urgency for action expressed in the TDA and SAP (status of approval is unknown)... The potential competition seems to be off in the future and not substantiated as being urgent

Response: The TDA indicates that the water quality of the lake has improved over the last 15 years due in great part to the collapse of most industry and commercial agriculture in the lake basin during the economic and political transition period of early 1990s. However, the TDA also indicates that the rapid and uncontrolled growth in residential and tourism facilities on the lake shore and the revitalization and expansion of agriculture and industry of the recent years are quickly reverting the trend towards water quality degradation (with increasing nitrate heavy metals and other pollutants loads already reported from some locations). The TDA stresses the urgency of putting in place preventive measures to prevent degradation that is already emerging and is on the rise. Prevention is a valid strategy, is innovative, effective and efficient. The project supports an integrated strategy that combines prevention with urgent investments in hot spots to tackle both present and imminent threats.

The TDA also indicates that the greatest threats to the lake ecosystem come from proposed large-scale infrastructure development that are under consideration in both countries, for hydropower generation and navigation that would substantially and permanently lower the lake level and dry out large natural wetlands. Approving the project at this time will reinforce for decision makers the significance of the lake and the importance and value of maintaining its ecosystem. As both countries are seeking rapid economic development opportunities, competition for water in the form of pollution of inflowing waters and destruction of lakeside habitats is already going on and rapidly growing. The TDA does stress that it is urgent to intervene now to support the two countries in making choices for the use of the lake that maintain its environmental services in the long run.

GEFSec Comment: ...little commitment for joint action is expressed in the SAP – for example a joint basin institution or a treaty committing to joint action like in other IW operations.

Bank Response: Both governments have recently approved the SAP and are in the process of signing a Transboundary Agreement, which will be a legal instrument that commits both countries to establish a joint Lake Management Committee and associated joint Working Groups as a key implementation measure of the SAP. The proposed project will support the establishment and operations of these joint institutions.

GEFSec Comment: There still seems to be a focus on biodiversity aspects and preventive work in the project, with monitoring that is not normally funded by GEF unless there is some priority transboundary concern identified and a measure is undertaken to address that. The monitoring then becomes a case of monitoring the results of stress reduction.

Bank Response: The project has been designed to focus on the protection of the lake ecosystems from pollution and unsustainable use. Protected Areas are inevitably mentioned in the Project Brief because of the fact that the entire lake together with its shoreline areas is encompassed by two legally protected areas (one in Montenegro, one in Albania), which are also both Ramsar sites. This is clearly a positive factor as for sustainability of the project's impacts as it underlines

the commitment of both governments for protection and sustainable management of the lake. It also simplifies project implementation because the respective PA Management Units have the legal authority for planning, implementation and regulatory enforcement within the PA boundaries (in consultation and cooperation with others such as Municipal governments, Regional Environment Units, private landowners/residents, etc). The basic costs of PA management and biodiversity protection support activities are included as government contribution (mainly counted as baseline cost with a small percentage counted as project co-financing), not for GEF Funding. GEF funding will be used to enhance the capability of the lake's managers to carry out specific activities which are needed to counter identified threats to the lake's water and ecosystem, and to achieve the project's objectives.

Similarly, costs of routine monitoring are government contribution (mostly baseline; small percentage counted as project co-financing). GEF will support additional monitoring focused on measuring identified stress reduction indicators (nutrients and heavy metals) and providing mechanisms for transboundary coordination of monitoring and information exchange.

GEFSec Comment: The QER transmittal noted that there is less emphasis on the normal IW components (less action is now included by the WB on legal and institutional frameworks). Also... participatory protected area management at the village/community level is supported which suggests this proposal should be submitted in the Bodi focal area.

Bank Response: The Quality at Entry Review carried out by the Bank as part of project preparation suggested to shift some resources from capacity building towards direct investments in water resource management and protection to make the project more result-oriented. This was agreed with the governments and is reflected in the revised Project Brief. The project still supports a significant amount of legal and institutional strengthening for transboundary cooperation and we consider the shift towards on-ground investments a positive development in line with the GEF IW strategy and our comparative advantage as a GEF implementing agency. As indicated above, aspects related to biodiversity protection have not been included in the project.

#### **GEFSEC Comments April 30 2007 (Expected at Work Program Inclusion)**

GEFSec Comment: The project is recommended for work program inclusion provided that the proposal is resubmitted with a GEF allocation reduced to \$4.55 million in consideration of the fact that the notional allocation of \$5 million included the agency fee, and is presented in OP9.

Bank Response: The financing plan has been revised to show a GEF contribution of \$4.55 million.

The project is presented under OP9 to assist Albania and Montenegro in accelerating the implementation of the Strategic Action Program for the protection of Lake Shkodra, which the two countries have recently adopted.

#### **GEFSEC Comments April 30 2007 (Expected at Endorsement)**

GEFSec Comment: For appraisal consideration there should be greater emphasis on a joint institutional framework for management of the lake basin. Also an indicator should be

established for developing such an institutional arrangement... to ensure an organization will sustain joint management of the basin after GEF completes its work.

Bank Response: The joint management of the lake basin, including the joint institutional framework, is a core element of the project. Through Component 1 the project supports the establishment and operational functioning of a Bilateral Lake Management Committee (BLMC) and bilateral Working Groups, and the respective indicator is shown in the Results Framework and Monitoring Arrangements table. Key elements for the long-term sustainability of this body will be evaluated as part of project appraisal and incorporated in the project design as appropriate. This includes confirming the Governments' commitments to take on an increasing share of its operational costs over the life of the project.

GEFSec Comment: The final project design will include an activity/component aimed at establishing exchange and replication mechanisms among the three Balkan lakes GEF projects (Shkodra, Ohrid and Prespa) including relevant issues in the Drin Basin...funding to Albania to achieve coordination, replication and Drin basin management arrangements should be added and included with funding and indicators for success in the final logframe.

Bank Response: The project could support the participation of the bilateral Lake Skadar-Shkoder institutions in a Balkan Lakes network. Creation of the network itself and coverage of other Balkan lakes however would need to be considered under a separate project.

GEFSec Comment: Support for national inter-ministry committees should be included and an indicator regarding their effectiveness should be included as part of the new results management framework for GEF IW. Likewise, cooperation with IW:LEARN, resources for participation in IW:LEARN events and a website consistent with IW:LEARN guidance should be included in the final logframe and budget.

Bank Response: The project already foresees the support of inter-sectoral, bilateral Working Groups associated with the Bilateral Lake Management Committee, and this is reflected in an indicator. Linkages with IW-LEARN will also be ensured as suggested.

GEFSec Comment: Monitoring related only to parameters associated with demonstration interventions should be included to determine the water-related results of stress reduction measures included in the project... Stress reduction demos from joint fisheries management and toxics pollution reduction from a waste site are priorities according to the TDA and should be subject of interventions in the final project.

Bank Response: Agreed about the monitoring indicators relating to stress reduction, but the specific indicators and targets to be confirmed during appraisal. Interventions for fisheries management and reduction of toxic pollution from the KAP waste site are included in the project (under Components 2 and 3, respectively)