

**Project Fiche – IPA centralised programmes**  
**Horizontal Programme on Environment in the Western Balkans**

## 1. Basic information

- 1.1 CRIS Number:** 2007/019-285
- 1.2 Title:** Support for Investment preparation under the Danube-Black Sea (DABLAS) Task Force
- 1.3 ELARG Statistical code:** 06.27 - Environment
- 1.4 Location:** Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro and Serbia

### **Implementing arrangements:**

#### **1.5 Contracting Authority:**

European Community represented by the Commission of the European Communities for and on behalf of beneficiary countries. The European Commission, DG ENV will implement on sub-delegation from ELARG.

#### **1.6 Implementing Agency:**

N.A.

#### **1.7 Beneficiary:**

The main beneficiaries of the programme will be the national environmental administrations, in particular the water authorities and utilities from the beneficiary countries, which participate in the DABLAS Task Force<sup>1</sup>.

### **Financing:**

- 1.8 Overall cost:** €600.000
- 1.9 EU contribution:** €600.000
- 1.10 Final date for contracting:** 30/11/2008
- 1.11 Final date for execution of contracts:** 30/11/2010
- 1.12 Final date for disbursements:** 30/11/2011

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<sup>1</sup> The DABLAS Task Force comprises a number of representatives from the countries in the region, the [International Commission for the Protection of the River Danube \(ICPDR\)](#), the [Black Sea Commission](#), International Financing Institutions (IFIs), the EC, interested EU Member States, other bilateral donors and other regional/ international organisations with relevant functions. The European Commission DG Environment holds the Secretariat of the Task Force. The main function of the process is to encourage a more strategic focus to the use of available financing, and to ensure co-ordinated action between all financial instruments operating in the region.

## **2. Overall Objective and Project Purpose**

### **2.1 Overall Objective:**

The overall project's objectives aims to facilitate the approximation to the EU environmental acquis especially in the field of water through the identification of priority objectives common to the beneficiary countries as a whole and by encouraging a more strategic focus to the use of available financing and ensuring co-ordinated action between all financial instruments operating in the region.

### **2.2 Project purpose:**

- To improve investments in projects particularly related to the protection of the water and water related ecosystems in the Danube and the Black Sea.
- To facilitate the stakeholder dialogue in relation to project financing in the Danube – Black Sea region under the DABLAS Task Force.
- To prepare investment projects aimed at improving water quality in the four target beneficiary countries.
- To promote the reform and modernisation of water administrations/utilities in the beneficiary countries/provinces.
- To promote cooperation and networking within the regions covered by the programme.
- To increase in-country experience by all relevant stakeholders in structuring water investments from a technical, financial and legal (acquis alignment) point of view in preparation for future investment activities under Community funding schemes and with International Financing Institutions.

### **2.3 Link with AP/NPAA/EP/SAA:**

The current project will strengthen the administrative capacity to organise and prepare environmental projects to enhance and ensure effective implementation of the EU environmental acquis. On a more general level it will also strengthen strategic planning for the development of national strategies for alignment with the acquis.

### **2.4 Link with MIPD**

The Multi-beneficiary MIPD identifies tackling cross-border problems and coordination of the assistance provided by International Financing Institutions as two of the overarching objectives of community objectives in the IPA countries. The current project will seek to bring cohesion to the financing process, by identifying priority objectives common to the region as a whole and by encouraging a more strategic focus to the use of available financing and ensuring coordinated action between all financial instruments operating in the region.

The Multi-beneficiary MIPD also identifies development of infrastructure (section 2.2.2) as of vital importance for developing the economies of the beneficiaries. To that end this project will support the preparation of bankable investment projects aimed at improving water quality in the Danube and Black Sea in the four target countries.

Finally, environment is also identified in the MIPD in terms of exchange of best practices in the implementation of the transposed acquis. The present project will aim to facilitate the stakeholder dialogue in relation to environmental financing in the Danube-Black Sea region under the DABLAS Task Force process, which is chaired by the European Commission and comprises a number of representatives from the countries in the region, ICPDR, the Black Sea Commission,

IFIs, interested EU Member States, other bilateral donors and other regional/ international organisations with relevant functions.

### **3. Description of project**

#### **3.1 Background and justification:**

The DABLAS Task Force was set up by Environment Ministers of the Danube-Black Sea Region in November 2001 with the aim to provide a platform for co-operation for the protection the Danube and Black Sea.

In 2003 the DABLAS Task Force, starting from existing lists of potential investment projects developed by the International Commission for the Protection of the Danube River (ICPDR), the Danube and Black sea countries and the Black Sea Commission, developed a priority project pipeline using a combination of environmental and financial criteria. The resulting list of priority projects includes 30 water infrastructure investment projects which are considered by the DABLAS Task Force to be the main priority from a regional point of view. Since then, 14 projects in the water and waste water sector have received full funding and many others have moved forward substantially benefiting from project preparation activities facilitated via the Task Force. New projects have been added every year to reflect new priorities and opportunities for water infrastructure related investment in the region. There are currently 39 Projects in the pipeline, in various stages of preparation.

A number of project preparation facilities have been established, used partly or fully to advance the DABLAS priority projects to a stage where they are interesting for donors and IFIs. These facilities include the Danube Investment Support Facility (DISF), the Black Sea Investment Facility, the “Black Sea Project Broker” function working on developing the priority projects in the Black Sea Region, the Balkan Priority Project Investment Portfolio (PEIP) managed by the Regional Environment Centre (REC-CEE), as well as the Environmental Project Preparation Facility (EPPF) which will start operating soon. More facilities are planned for 2007.

In 2007, the Commission will also start implementing the Phare 2006 project aiming to support investment preparation under the DABLAS Task Force in 4 beneficiary countries (Bulgaria, Romania, Croatia and Turkey). The present project will complement and extend this DABLAS work to all the relevant IPA countries in the Danube and Black Sea basins.

A main challenge remains to move priority projects from identified problems and pollution hot-spots to bankable projects and to ensure that administrative structures in the beneficiary countries are enabling efficient structuring of the needed investments.

The present project will accomplish this by working with relevant existing institutions including National Development Banks, International Financing Institutions, National water authorities and water utilities. It will also take into consideration the different levels of experience in the countries and will aim at facilitating the approximation to the EU environment acquis especially in the field of water in the countries where this process is not yet so advanced.

#### **3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact:**

The DABLAS Task Force was set up with the aim to provide a platform for cross border co-operation for the protection of water and water-related ecosystems in the Danube and Black Sea Region. The Task Force aims at promoting investment priorities which are relevant to the entire Danube-Black Sea ecosystem, thus ensuring that positive environmental impacts of the investments in all Black Sea countries and in all Danube countries downstream of Croatia.

Some of the impacts of the project include strengthening of the institutional capacity in the region to structure environment infrastructure investments, approximation to the EU environmental acquis especially in the field of water and ultimately improvement of the environmental conditions and protection of water resources, of fresh and salt water ecosystems. In particular, by ensuring that the necessary strengthening of capacity is addressed (through training, development of best practices and assistance to water sector reform) this project will contribute to sustainability of operations.

Finally, by working closely with the main IFI's operating in the region, this project will help leverage present financial assistance by encouraging a more strategic focus to the use of available financing in the region, thus having a catalytic effect.

There are fairly strong indications that the investment support programmes provided by ISFs type of instruments like DABLAS have catalysed a substantial amount of IFI investments that fully justify provision of funds for the ISFs. In fact the development of new financing mechanisms in the water sector based upon a partnership between the EC and IFIs constitutes a part of the Annual Work Programme 2007 for the EECCA Component within the EU Water Initiative.

It is envisaged that such funding mechanisms in the Danube and Black sea region may: 1) facilitate an increase in investments by the IFIs in environmental projects in the regions; 2) provide (project preparation) funding to small scale projects below a certain threshold that are bankable even though transaction costs of the IFIs in dealing with these on an individual basis are prohibitive; and 3) promote a further development of local skills through engagement of local consultants.

Based on past evidence of DABLAS, where so far, a total of 7 projects have successfully moved off the pipeline and have now been approved for funding and most of the other projects are also moving up through the DABLAS pipeline, often assisted by a number of initiatives and projects that have become active in the region and are closely linked to the DABLAS process, we can assume that least 2 bankable projects per country will be prepared.

### **3.3 Results and measurable indicators:**

Results of this project include:

- 2-3 bankable investment projects per country;
- In-country experience by all relevant stakeholders in structuring water investments from a technical, financial and legal point of view in preparation for future investment activities under Community funding schemes and with international financing institutions has increased;
- DABLAS Task Force meetings and preparatory meetings and DABLAS process facilitated in cooperation with the DABLAS Task Force Secretariat;
- Stakeholder dialogue in the entire Danube-Black Sea region in relation to water related investments improved.

Progress will be assessed taking into account the following measurable indicators:

- Number of pre-feasibility/feasibility studies carried out;
- Number of projects which have been appraised positively by the IFIs;
- Number of projects included in DABLAS pipeline of projects;
- Number of Task Force meetings organised;
- Participation of IFIs and water administrations in DABLAS meetings;

- Number of national and regional authorities trained in preparing effective investment financing projects;

### **3.4 Activities:**

- Identification of projects with a significant environmental impact on the Danube and/or Black Sea.
- Identification of potential sources of financing: work with financing institutions including National Development Banks, International Financing Institutions and water utilities to identify and pool sources of funding.
- Legal, financial and technical structuring of projects allowing meeting the needs of International Financing Institutions and/or National Development Banks: a minimum of two to three representative pilot projects should be prepared per country.
- Facilitation of the DABLAS process by assisting in organising DABLAS Task Force meetings and preparing background material relevant to the beneficiaries of this IPA project; this project should assist the Secretariat of the DABLAS Task Force in terms of inter-alia preparation of meetings and background documents, coordination of activities, provision of information on projects and preparation and dissemination of information in the region.

The main aim of the technical assistance will be to bridge the current situation with the technical assistance available for project preparation under IPA investment facilities. As the biggest towns find it easier to receive financing for water supply and wastewater treatment from IFIs, the challenge will be to structure investment projects for smaller municipalities. This will imply grouping of several municipalities together under one investment project and will require assistance in terms of legal, technical and financial restructuring of the utilities.

In addition, institutional work is needed in order to consolidate the water sector. In order to be attractive, investments the selected pilot projects may need to take an integrated approach to implementation of the EU water and waste acquis (mainly Water Framework Directive, Urban Waste water Treatment Directive and Drinking Water Directive as well as the Waste Framework Directive), and to take into account emerging issues including adaptation to climate change.

A minimum of two to three representative pilot projects should be prepared per country in order to allow the countries to multiply the lessons learnt and implement advanced project preparation at a national scale.

### **3.5 Conditionality:**

This project will be implemented on the assumption that there will be continuous commitment and active participation by the countries to the DABLAS Task Force process. It is also assumed that:

- countries will assist in identifying priorities;
- co-financing sources can be identified;
- sufficient resources, including staff, are allocated in the countries to support implementation of this contract;
- a high level of involvement, cooperation and participation of all the stakeholders.

### **3.6 Linked activities**

This project will follow on from the 2005 Environment and Enlargement programme project on Developing Financing Strategies to cope with environmental investments, which represents a top-down approach to the needed planning process. It will also complement the recently launched 2006 PHARE project on investment preparation under the Danube-Black Sea Task

Force for Bulgaria, Croatia, Romania and Turkey. The present project will complement and extend this regional work, to encompass all relevant IPA countries.

The DABLAS Task Force will also achieve its objectives in cooperation with the Project Preparation Committee<sup>2</sup> and in coordination with other financing mechanisms and facilities. Results of the works of the DABLAS Task Force will be public and will be presented as decided by the DABLAS Task Force in its meetings to the relevant Ministers of the region being responsible for programming, planning, financing and implementation of water protection projects, thereby ensuring visibility and thus favouring that the strategic priorities are integrated into national priorities.

### 3.7 Lessons learned:

Since it was established in 2001, the DABLAS Task Force has been working to identify and advance towards implementation priority projects. The difficulties faced to move from problem identification to the preparation of donor-ready bankable projects is due to the many actors that need to be involved and the limited resources available to do so. For this reason, this project will take steps to involve all of the relevant institutions in each phase of the work.

Based on past experience on programming and design of technical assistance for infrastructure development, particular care will also be devoted to follow a strategic approach. Key sectoral accession priorities will be addressed through a combination of institution building and investment assistance.

Particular care will also be devoted to environmentally-related financial training and capacity building activities at regional and local (municipality/utilities) level in order to ensure sustainability. Decision making needs to be cascaded down to the local level, which is in essence, and often by law, competent for the provision of environmental services, including water, wastewater and waste management. Taking into account the respective beneficiary country's specific characteristics, targeted support will be given to local governments and municipalities in assistance management and investment preparation, with a view to ensure that the essential public administrative capacity is in place and to secure firm conditions in terms of absorption capacity of the beneficiary.

The success of the work presently being undertaken by the DABLAS project broker for the Black Sea countries will serve as a model for the present project.

## 4. Indicative Budget (amounts in EUR)

	TOTAL COST	SOURCES OF FUNDING											
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION					PRIVATE		
		Total	% *	IB	INV	Total	% *	Central	Regional	IFIs	Total	% *	
<b>TOTAL</b>	<b>600.000</b>	<b>600.000</b>	<b>100</b>	<b>600.000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Amounts net of VAT

\* expressed in % of the Total Cost

<sup>2</sup> The PPC is a networking mechanism established to strengthen the link between donors and international financial institutions in the preparation and financing of environmental and related investment projects.

## 5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1	Q4 2007	Q1 2008	Q1 2010

## 6. Cross cutting issues

### 6.1 Equal Opportunity:

The European Commission is fully committed to a policy of equal opportunity. In all activities during this project, but particularly in training, steps will be taken to ensure the equal participation of men and women.

### 6.2 Environment:

Target sector

### 6.3 Minorities:

In all activities during this project, but particularly in training, steps will be taken to ensure that the rights of minorities are taken into account.

## ANNEXES

- 1- Log frame in Standard Format
- 2- Indicative amounts contracted and disbursed by quarter for the project
- 3 - Reference to laws, regulations and strategic documents
- 4- Details per EU funded contract:

## ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR PROJECT FICHE	<b>Programme name and number</b>	Horizontal Programme on Environment in the Western Balkans
<b>SUPPORT FOR INVESTMENT PREPARATION UNDER THE DANUBE-BLACK SEA (DABLAS) TASK FORCE</b>	Contracting period expires: 30/11/2008	Disbursement period expires: 30/11/2011
	Total budget: <b>€600.000</b>	IPA budget: <b>€600.000</b>

Overall objective	Objectively verifiable indicators	Sources of Verification	
<ul style="list-style-type: none"> <li>To facilitate the approximation to the EU environmental acquis especially in the field of water through the identification of priority objectives common to the beneficiary countries as a whole and by encouraging a more strategic focus to the use of available financing and ensuring co-ordinated action between all financial instruments operating in the region.</li> </ul>	<ul style="list-style-type: none"> <li>Size of investment portfolio particularly in the water sector in the National Development Banks and IFIs</li> </ul>	<ul style="list-style-type: none"> <li>IFI project pipelines</li> <li>National development Banks portfolio</li> </ul>	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> <li>To improve investments in projects particularly related to the protection of the water and water related ecosystems in the Danube and the Black Sea.</li> <li>To facilitate the stakeholder dialogue in relation to project financing in the Danube – Black Sea region under the DABLAS Task Force.</li> <li>To prepare investment projects aimed at improving water quality in the four target beneficiary countries</li> <li>To promote the reform and modernisation of water administrations/utilities in the beneficiary countries/provinces</li> <li>To promote cooperation and networking within the regions covered by the</li> </ul>	<ul style="list-style-type: none"> <li>Size of investment portfolio in each beneficiary</li> <li>Inclusion of 2 to 3 projects per beneficiary countries in DABLAS Task Force project pipeline</li> <li>Involvement of beneficiary countries in DABLAS Task Force meetings</li> </ul>	<ul style="list-style-type: none"> <li>National development plans</li> <li>IFI project pipelines</li> <li>National development Banks portfolio</li> <li>DABLAS Task Force website</li> <li>DABLAS Task Force meeting minutes</li> <li>DABLAS Task Force project pipeline</li> </ul>	<ul style="list-style-type: none"> <li>Countries will assist in identifying priorities</li> <li>Co-financing sources can be identified</li> <li>Countries will participate actively in DABLAS Task Force activities</li> </ul>



<p>programme</p> <ul style="list-style-type: none"> <li>To increase in-country experience by all relevant stakeholders in structuring water investments from a technical, financial and legal (acquis alignment) point of view in preparation for future investment activities under Community funding schemes and with International Financing Institutions</li> </ul>			
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<ul style="list-style-type: none"> <li>2 to 3 investment projects prepared (including legal, technical and financial structuring) per country and presented for funding. Funding sources identified</li> <li>DABLAS Task Force meetings and DABLAS process facilitated in cooperation with the DABLAS Task Force Secretariat</li> </ul>	<ul style="list-style-type: none"> <li>2 to 3 Projects prepared</li> <li>Funding sources identified</li> </ul>	<ul style="list-style-type: none"> <li>Project fiches</li> <li>Pre-feasibility/feasibility studies</li> <li>Meeting minutes</li> <li>Web-site</li> </ul>	<ul style="list-style-type: none"> <li>Sufficient projects relevant to the Danube and Black Sea can be identified</li> <li>Co-financing sources can be identified</li> <li>Countries will participate actively in DABLAS Task Force activities</li> </ul>
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	<b>Assumptions</b>
<ul style="list-style-type: none"> <li>Identification of projects with a significant environmental impact on the Danube and/or Black Sea</li> <li>Identification of potential sources of financing</li> <li>Legal, financial and technical structuring of projects allowing to meet the needs of International Financing Institutions and/or National Development Banks</li> <li>Facilitation of the DABLAS process by assisting in organising DABLAS Task Force meetings and preparing background material</li> </ul>	<ul style="list-style-type: none"> <li>Contract to consultant with experience in preparation of environmental projects and knowledge of the relevant countries</li> <li>Number of pre-feasibility/feasibility studies carried out;</li> <li>Number of projects which have been appraised positively by the IFIs;</li> <li>Number of projects included in DABLAS pipeline of projects;</li> <li>Number of Task Force meetings organised;</li> <li>Participation of IFIs and water administrations in DABLAS meetings</li> <li>Number of national and regional authorities trained in preparing effective investment financing projects</li> </ul>	<p><b>€600.000</b></p>	<ul style="list-style-type: none"> <li>International Financing Institutions participation in DABLAS meetings</li> <li>Countries will participate actively in DABLAS Task Force activities</li> </ul>

**ANNEX 2: Indicative amounts (in €) contracted and disbursed by quarter for the project**

<b>Contracted</b>	<b>2<sup>nd</sup> 2008</b>	<b>3<sup>rd</sup> 2008</b>	<b>4<sup>th</sup> 2008</b>	<b>1<sup>st</sup> 2009</b>	<b>2<sup>nd</sup> 2009</b>	<b>3<sup>rd</sup> 2009</b>	<b>4<sup>th</sup> 2009</b>	<b>1<sup>st</sup> 2010</b>	<b>2<sup>nd</sup> 2010</b>
<b>Cumulated</b>	<b>600.000</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Disbursed</b>	<b>200.000</b>				<b>200.000</b>				<b>200.000</b>
<b>Cumulated</b>	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>	<b>400.000</b>	<b>400.000</b>	<b>400.000</b>	<b>400.000</b>	<b>600.000</b>

**Annex 3: Reference to laws, regulations and strategic documents:**

- Multi-Beneficiary Multi-annual Indicative Planning Document (2007/2009)
- Water Framework Directive
- Directive on Urban Waste Water Treatment,
- Proposal for Marine Directive
- Thematic Strategy on the Protection and Conservation of the Marine Environment
- Bucharest Convention
- EU Water Initiative – Eastern Europe, Caucasus and Central Asia component

Annex 4: Details per EU funded contract:

See point 3.4 of the Project fiche