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IMPLEMENTATION COMPLETION AND RESULTS REPORT
(TF-91937 TF-91939)

ON A
GRANT FROM THE GLOBAL ENVIRONMENT FACILITY TRUST FUND
IN THE AMOUNT OF \$1.99 MILLION
TO THE REPUBLIC OF ALBANIA
AND
IN THE AMOUNT OF \$2.56 MILLION
TO THE REPUBLIC OF MONTENEGRO
FOR A
LAKE SKADAR-SHKODER INTEGRATED ECOSYSTEM MANAGEMENT
PROJECT

June 26, 2013

Sustainable Development Department
West Balkans Country Unit
Europe and Central Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective 12/31/2012)

Currency Unit = Albanian lek (ALL)

1.00 = US\$ 0.0095

US\$ 1.00 = 105.611

Currency Unit = euro (EUR)

1.00 = US\$ 0.7584

US\$ 1.00 = 1.3185

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
EA	Environmental Assessment
EIA	Environmental Impact Assessment
EU	European Union
FMO	Fishermen Organization
GAC	Governance and Anti-Corruption
GEF	Global Environment Facility
GEO	Global Environmental Objective
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)
GoA	Government of Albania
GoM	Government of Montenegro
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report (of the Recipient)
IFC	International Finance Corporation
KAP	Kombinat Aluminijuma Podgorica: aluminum plant located on Moraca River
KFW	Kreditanstalt für Wiederaufbau (Reconstruction Credit Institute of Germany)
M&E	Monitoring and Evaluation
MoSDTM	Ministry of Sustainable Development and Tourism of Montenegro
MoEFWAA	Ministry of Environment, Forestry, and Water Administration of Albania
MoTEPM	Ministry of Tourism and Environment Protection of Montenegro
MoU	Memorandum of Understanding
MTR	Mid Term Review
NGO	Non-Governmental Organization

PAD	Project Appraisal Document
PAH	Poly-aromatic hydro carbonates
PCB	Poly-chlorinated biphenyls
PDO	Project Development Objective
PIU	Project Implementation Unit
REC	Regional Environmental Center
SLC	Skadar-Shkoder Lake Management Commission
SNV	Stichting Nederlandse Vrijwilligers (Foundation of Netherlands Volunteers)
TSU	Technical Services Unit
TDA	Transboundary Diagnostic Analysis
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USAID	United States Aide for International Development
WWTP	Waste Water Treatment Plant

<p>Vice President: Philippe Le Houerou Country Director: Ellen Goldstein Sector Manager: Kulsum Ahmed Project Team Leader: Ruxandra Floroiu ICR Team Leader: Darejan Kapanadze</p>
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REPUBLIC OF ALBANIA
REPUBLIC OF MONTENEGRO
Lake Skadar-Shkoder Integrated Ecosystem Management Project

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A. Basic Information			
Country:	South Eastern Europe and Balkans	Project Name:	ALBANIA / MONTENEGRO LAKE SKADAR-SHKODER INTEGRATED ECOSYSTEM MANAGEMENT
Project ID:	P084605	L/C/TF Number(s):	TF-91937,TF-91939
ICR Date:	06/10/2013	ICR Type:	Core ICR
Lending Instrument:	SIL	Recipient:	GOV. OF ALBANIA AND GOV. OF MONTENEGRO
Original Total Commitment:	USD 4.55M	Disbursed Amount:	USD 4.00M
Revised Amount:	USD 4.55M		
Environmental Category: B		Global Focal Area: I	
Implementing Agencies: Ministry of Sustainable Development and Tourism of Montenegro Ministry of Environment, Forestry and Water Administration of Albania			
Cofinanciers and Other External Partners: Government of Switzerland, KFW, GIZ, ADA, USAID, EU, UNDP, REC, SNV-Netherlands, Government of Italy			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	03/04/2004	Effectiveness:	07/30/2008	09/29/2008
Appraisal:	03/12/2008	Restructuring(s):		09/27/2012
Approval:	05/27/2008	Mid-term Review:	11/01/2010	11/15/2010
		Closing:	09/30/2012	12/31/2012

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Moderately Unsatisfactory
Risk to Global Environment Outcome	Substantial
Bank Performance:	Moderately Satisfactory
Borrower Performance:	Moderately Satisfactory

C.2 Detailed Ratings of Bank and Recipient Performance			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Moderately Satisfactory	Government:	Moderately Satisfactory
Quality of Supervision:	Moderately Satisfactory	Implementing Agency/Agencies:	Moderately Satisfactory
Overall Bank Performance:	Moderately Satisfactory	Overall Recipient Performance:	Moderately Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	None
GEO rating before Closing/Inactive status	Moderately Satisfactory		

D. Sector and Theme Codes		
	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	50	54
General agriculture, fishing and forestry sector	20	23
Other industry	20	23
Wastewater Treatment and Disposal	10	
Theme Code (as % of total Bank financing)		
Biodiversity	17	20
Environmental policies and institutions	33	35
Pollution management and environmental health	17	10
Water resource management	33	35

E. Bank Staff		
Positions	At ICR	At Approval
Vice President:	Philippe H. Le Houerou	Shigeo Katsu
Country Director:	Ellen A. Goldstein	Jane Armitage
Sector Manager:	Kulsum Ahmed	John V. Kellenberg
Project Team Leader:	Ruxandra Maria Floroiu	Karin Shepardson
ICR Team Leader:	Darejan Kapanadze	
ICR Primary Author:	Darejan Kapanadze	

F. Results Framework Analysis

Global Environment Objectives (GEO) and Key Indicators(as approved)

The Project Development Objective (PDO) is to help establish and strengthen institutional mechanisms for transboundary cooperation through joint efforts to improve sustainable management of Lake Skadar-Shkoder.

The Project Global Environmental Objective (GEO) is to maintain and enhance the long-term economic value and environmental services of Lake Skadar-Shkoder and its natural resources.

Revised Global Environment Objectives (as approved by original approving authority) and Key Indicators and reasons/justifications

(a) GEO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Status of key transboundary indicators of lake water and ecological quality maintained or improved.			
Value (quantitative or Qualitative)	Initial monitoring data baseline to be agreed (e.g. algal concentration, PAH, PCB, heavy metals in fish tissues, etc.)	At baseline or better		At baseline
Date achieved	09/29/2008	09/30/2012		12/31/2012
Comments (incl. % achievement)	Baseline agreed in 2009, numeric values provided in 2010, and all remained unchanged through the project close. Target fully achieved.			
Indicator 2 :	Immediate and longer term threats to lake water quality and ecological system are reduced on both sides of the border through direct investments, information exchange, bilateral planning and agreements.			
Value (quantitative or Qualitative)	Immediate threats: improperly stored hazardous waste at KAP site, hotspots from untreated sewerage and soil erosion. Long term threats: lack of institutional mechanisms, data, and analytic tools.	Immediate and longer term threats to lake water quality and ecological system reduced on both sides of the border through direct investments, information exchange, bilateral planning and agreements.		Immediate threats from KAP site fully reduced; threats from erosion partially reduced through an activity different from project design; threats from untreated sewage not reduced. Long term threats partially reduced.
Date achieved	09/29/2008	09/30/2012		12/31/2012

Comments (incl. % achievement)	About 50% complete. 1 immediate threat reduced fully, 1-partially, 1-not reduced. Long term threats reduced partially: institutions in place; Governments' support pledged for 2013; joint management plan produced but not adopted; data produced and analyzed; analytic tools developed.
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(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Operational costs of maintaining and participating in SLC, lake-wide database and Working Groups are included in Governments' budgets a year before project's close.			
Value (quantitative or Qualitative)	Operational costs of maintaining and participating in SLC, lake-wide database and Working Groups are not included in Governments' budgets.	Operational costs of maintaining and participating in SLC, lake-wide database, and Working Groups are included in the Governments' budgets a year before project close.		The 2013 allocations for SLC operational costs, lake-wide database, and Working Groups in the amount of at least €4,000 from each country made by the two Governments in the last month of the project life, after extension of the closing date.
Date achieved	09/29/2008	09/30/2011		12/31/2012
Comments (incl. % achievement)	Mostly achieved. Budget allocations for SLC, lake-wide database, and Working Groups made, but 10 days before project's close instead of a year before - as per indicator. Intention to continue funding beyond 2013 as part of annual national budget declared by the two Governments.			
Indicator 2 :	Predictive hydrological model of Lake Skadar-Shkoder completed and being used to analyze likely impacts of policies and proposed investments.			
Value (quantitative or Qualitative)	Predictive hydrological model does not exist.	Predictive hydrological model of lake completed and being used to analyze likely impacts of policies and proposed investments.		Predictive hydrological model completed, and bilateral agreement on its joint maintenance and use signed in December 2012. Model operational and to be used after project's close.
Date achieved	09/29/2008	09/30/2012		12/31/2012

Comments (incl. % achievement)	Mostly achieved. The predictive hydrological model completed, operational, and its joint use guaranteed through a bilateral agreement. The model is available for future use in the analysis of likely impacts of policies and proposed investments. Model was recently shared with IFC team to help them in assessment of viable energy investments in Montenegro			
Indicator 3 :	Lake-wide zoning and management plan approved by both Governments and being incorporated in spatial plan updates.			
Value (quantitative or Qualitative)	Lake-wide zoning and management plan does not exist.	Lake-wide zoning and management plan approved by both Governments and being incorporated into spatial plan updates.		Lake-wide zoning and management plan developed and under review by both Governments. Bilateral agreement for its adoption drafted, but not signed.
Date achieved	09/29/2008	09/30/2012		12/31/2012
Comments (incl. % achievement)	Partially achieved. Plan developed, but not yet approved. Remains under review by the two Governments. Expected to be incorporated in spatial plan updates once adopted.			
Indicator 4 :	Targeted tourism infrastructure renovations and construction completed and attracting visitors.			
Value (quantitative or Qualitative)	Targeted tourism infrastructure renovations and construction not yet started.	Targeted tourism infrastructure renovations and construction completed and attracting visitors.		Design for reconstruction of Besac Fortress developed and EU funding allocated for works; rehabilitation of selected building facades in Shkodra completed.
Date achieved	09/29/2008	09/30/2012		12/31/2012
Comments (incl. % achievement)	100% complete. Project aimed at designing Besac Fortress reconstruction, while works would be financed from another source. Design delivered and EU funds pledged for construction. Building facades renovated in Shkodra; attracting visitors and businesses.			
Indicator 5 :	Reduction in numbers of fishermen using illegal fishing methods.			
Value (quantitative or Qualitative)	Estimated 350 unlicensed fishermen (43% of total) and 814 cases of illegal methods observed during a 1 week survey.	Unlicensed fishermen not exceeding 20% of total. Not more than 100 cases of illegal methods observed during 1 week survey.		Illegal fishermen in Montenegro - 17.7% and in Albania - 27%. Cases of illegal methods in Montenegro - 103 during a year (2010) and in Albania - 8 during ban period and 30

				more during second half of 2011.
Date achieved	09/29/2008	09/30/2012		12/31/2011
Comments (incl. % achievement)	Reduction of illegal fishermen's number fully achieved in Montenegro and partially achieved in Albania. Decrease in illegal fishing methods fully achieved in Albania and likely achieved in Montenegro (monitoring method inadequate for precise measurement).			
Indicator 6 :	Socio-economic / attitude surveys indicate increased local understanding of, and engagement in, sustainable tourism and natural resource management.			
Value (quantitative or Qualitative)	Survey to be carried out in the first year of the project implementation.	Socio-economic/attitude surveys indicate increased local understanding and engagement in sustainable tourism and natural resources management.		Increased local awareness and positive behavioral change proven with proxy indicators, but not through socio-economic / attitude surveys.
Date achieved	09/29/2008	09/30/2012		12/31/2012
Comments (incl. % achievement)	Baseline socio-economic survey carried out, but no baseline values set to gauge progress against them, and no follow-up survey conducted. However, reduced occurrence of illegal fishing proves increased commitment to sustainable resource use. Local awareness and positive behavioral attitude towards Lake resources preservation increased significantly due to participation in public awareness campaigns, specific trainings and seminars, and other relevant activities.			
Indicator 7 :	Government of Montenegro and KAP agreement reached on preferred solution and joint action plan adopted for hazardous waste dump at KAP site.			
Value (quantitative or Qualitative)	Inadequate outdated information on nature and quantity of legacy waste and site conditions; no basis for analysis of options; no action plan or agreement on way forward.	Government of Montenegro and KAP agreement reached on preferred solution and joint action plan for hazardous waste dump at KAP site.		Feasibility Study for hazardous waste management completed and EIA carried out. Government of Montenegro borrowing from WB to address industrial waste management and disposal. KAP site included in the work plan of the new project.
Date achieved	09/29/2008	09/30/2012		12/31/2012
Comments (incl. % achievement)	100% complete. Agreement on preferred solution and financing tools achieved and expectations surpassed by Government application for follow-up WB financing.			
Indicator 8 :	Sewage collection and wastewater treatment system established at Vranjina			

	village.			
Value (quantitative or Qualitative)	Only sanitation in place is largely non-functional septic tanks. Visible pollution at outlets. TOR prepared for Feasibility Study.	Vranjina: Sewerage system constructed and used as a demonstration site.		Sewerage system not constructed. Activity cancelled and funds returned to GEF.
Date achieved	09/29/2008	09/30/2012		12/31/2012
Comments (incl. % achievement)	Target not achieved. Feasibility Study concluded that using the proposed constructed wetland technology for waste water treatment is economically unjustifiable.			
Indicator 9 :	Area of water buffer vegetation restored in pilot areas to reduce sedimentation and runoff into lake.			
Value (quantitative or Qualitative)	Two degraded sites for restoration identified; no data on vegetation cover.	Area of buffer vegetation restored in pilot areas to reduce sedimentation and runoff into lake.		45,000 trees planted and later mostly lost to fire. Re-planting deemed irrelevant. Initiation of community based lakeshore vegetation plan through 1ha pilot in Shiroka village found not feasible. Additional stream canal directly connected to Lake restored instead, to reduce runoff.
Date achieved	09/29/2008	09/30/2012		12/31/2012
Comments (incl. % achievement)	Restoration of buffer vegetation resulted in 10-15% survival of 45,000 planted seedlings and discontinued for the second proposed site after fire incident. Funds relocated to expand stream bank erosion control and reduce runoff and pollution into Lake.			

G. Ratings of Project Performance in ISRs

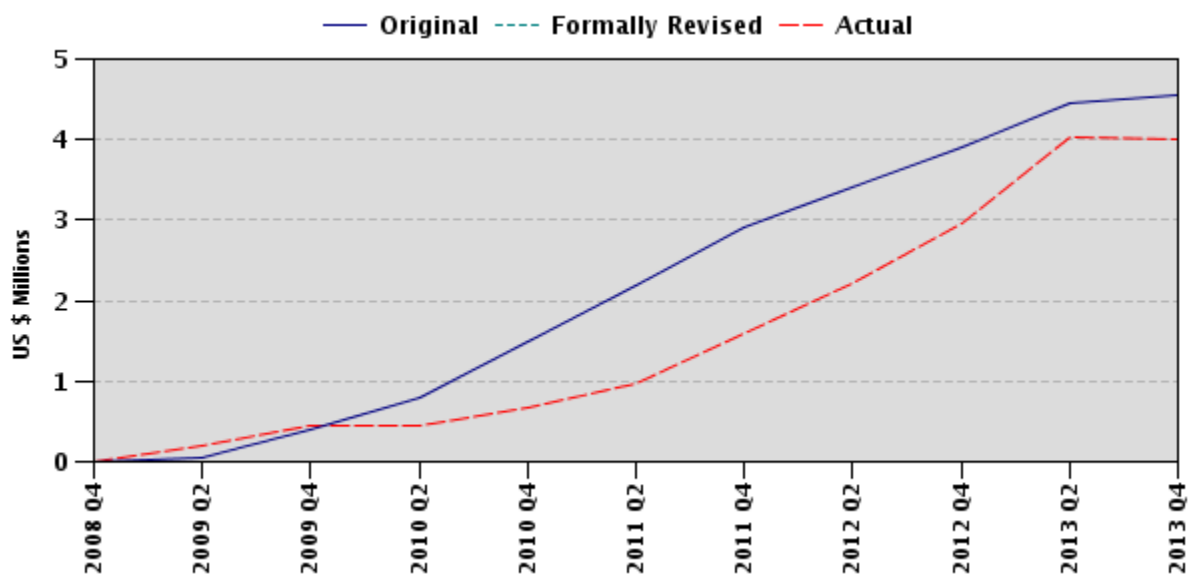
No.	Date ISR Archived	GEO	IP	Actual Disbursements (USD millions)
1	10/17/2008	Satisfactory	Satisfactory	0.00
2	01/23/2009	Moderately Satisfactory	Moderately Satisfactory	0.20
3	07/05/2009	Moderately Satisfactory	Moderately Satisfactory	0.45
4	01/25/2010	Moderately Satisfactory	Moderately Satisfactory	0.45
5	06/28/2010	Moderately Satisfactory	Moderately Satisfactory	0.67

6	01/02/2011	Moderately Satisfactory	Moderately Satisfactory	0.98
7	09/28/2011	Moderately Satisfactory	Moderately Satisfactory	1.81
8	03/11/2012	Moderately Satisfactory	Moderately Satisfactory	2.37
9	12/26/2012	Moderately Satisfactory	Moderately Satisfactory	3.97

H. Restructuring (if any)

Restructuring Date(s)	Board Approved GEO Change	ISR Ratings at Restructuring		Amount Disbursed at Restructuring in USD millions	Reason for Restructuring & Key Changes Made
		GEO	IP		
09/27/2012		MS	MS	3.43	Partial Extension of Closing Date from 09/30/2012 until 12/31/2012

I. Disbursement Profile



1. Project Context, Global Environment Objectives and Design

1.1 Context at Appraisal

1. **Ecosystem and country context.** Lake Skadar-Shkoder, the largest lake on the Balkan Peninsula in terms of water surface, is on the border between Montenegro and Albania in the Southern part of the Dinaric Alps. Its drainage area is about 5,500 km², and it drains to the southeast through the Buna-Bojana River to the Adriatic. The lake's freshwater ecosystem with associated wetlands, floodplains, and karstic features, provides valuable environmental benefits to surrounding communities, and comprises a national and regional economic and cultural asset. However, the same characteristics contribute to fragility of the lake's ecosystem.

2. During the 1990s, Albania and Montenegro experienced severe economic decline. This was bad for people's livelihoods but good for the lake, because it reduced sources of industrial pollution. Since then, both Governments strived for the revival of the economic base and attraction of private investments, but they faced several potentially conflicting development options, including water and nature-based tourism development, hydropower production, fish extraction, and industrial development. Furthermore, solid waste and wastewater management was generally weak in the residential areas around the lake. Also, Albania experienced rapid population growth accompanied by illegal construction in lakeside areas. However, many factors supported commitment for environmental protection. National and local governments and local residents in both countries saw tourism as the main engine for economic development of the Lake Skadar-Shkoder area, and national spatial and sectoral strategies had identified it as a special interest area to develop nature, culture, and recreational tourism, which depends heavily on the quality of environment. These current trends provided a window of opportunity for strategic, coordinated action to set Lake Skadar-Shkoder on a path of ecological and economic sustainability.

3. **Government strategy.** By the time of the project's conceptualization and preparation, the Governments of Albania and Montenegro sought to harmonize their policies, legislation, and practices with European Union (EU) Directives, including the EU Water Framework Directive, which sets standards for water quality and calls for integrated watershed management and transboundary cooperation. In 2003, the environment agencies of both countries signed a Memorandum of Understanding (MoU), which called for joint monitoring of air, water and soil quality, and pollution; cooperation in environmental impact assessment; common strategies to develop clean industries and energy; cooperation to protect the natural environment; creation of a joint regulation to control international commerce of endangered flora and fauna, industrial and toxic wastes, and other dangerous substances; joint educational and training activities; and creation of Working Groups and an Action Plan for implementation of the MoU. In 2008, a Bilateral Agreement was signed as the legal instrument for joint cooperation for protection and management of the lake, including the establishment of a Skadar-Shkoder Lake Commission (SLC).

4. **Rationale for Bank involvement.** The project built upon, and was designed to complement the World Bank supported programs in both countries, and was fine-tuned with the assistance provided by several bilateral partners to Albania and Montenegro for economic development and sustainable resource use. The Bank involvement in strengthening institutional mechanisms for transboundary cooperation of the two client countries was well justified given the Bank's experience in implementing transboundary waters, sustainable tourism development, and natural resource management projects and a well-recognized comparative advantage among GEF implementing agencies in downstream implementation phases of action plans. Another argument for the Bank's acting as an implementing agency was the proposed project's direct contribution to the implementation of the World Bank / German Government supported St. Petersburg Process, which facilitates debate on transboundary water management problems and integrated approaches to resolving them.

5. **Higher level objectives to which the project contributes.** National and local strategies and plans in both Montenegro and Albania identified the Lake Skadar-Shkoder area as a priority for environmental protection, sustainable natural resource management, and nature/culture-based tourism development. Both sides of the lake are designated as wetlands of international importance under the Ramsar Convention. Therefore, the proposed project was a useful tool for the provision of the direct support to the client countries in implementing their national plans, abiding by the concluded bilateral agreements, and meeting their international obligations.

1.2 Original Global Environment Objectives (GEO) and Key Indicators (as approved)

6. The Project Development Objective (PDO) was to help establish and strengthen institutional mechanisms for transboundary cooperation through joint efforts to improve sustainable management of Lake Skadar-Shkoder, and the GEO was to maintain and enhance the long-term economic value and environmental services of Lake Skadar-Shkoder and its natural resources. GEF Grant Agreements, concluded between the Bank and each of the two Recipient countries, did not refer to GEO and stipulated PDO only.

7. To track the progress towards achieving these objectives the following key outcome indicators¹ were proposed:

- Status of key transboundary indicators of lake water and ecological quality maintained or improved; and

¹ These are the outcome indicators according to the project results framework, as presented in Annex 3 of the PAD, and subsequently used in ISRs. *Section II Project Description* of the PAD carries an incorrect listing of the key outcome indicators. The four indicators provided in *Section II* are not the outcome indicators. They are picked from a larger set of the intermediate outcome indicators.

- Immediate and longer term threats to lake water quality and ecological system are reduced on both sides of the border through direct investments, information exchange, bilateral planning, and agreements.

1.3 Revised GEO (as approved by original approving authority) and Key Indicators, and reasons/justification

8. No revisions were made to the project objectives or key indicators.

1.4 Main Beneficiaries

9. The direct beneficiaries of the project were the communities residing within the project area, the local authorities, administrations of the protected areas of the lake, fishermen organizations, and research institutions leading studies related to the lake ecosystem. Tourist companies operating in the lake area, as well as the satellite small businesses (catering, handicrafts) were to benefit from the project implementation through the improved attractiveness of the natural and historic sites of the area. More broadly, the international community in general would gain from the project because of the global significance of Lake Skadar-Shkoder.

1.5 Original Components (as approved)

10. Component 1: Capacity Building for Improved Understanding and Joint Management of the Lake (Total: US\$3.43 million; GEF: US\$1.80 million)

This component would build capacity to establish and strengthen institutional cooperation to operationalize the SLC and its Secretariat. Four technical Working Groups of the Commission would be established to support priority activities of the Strategic Action Plan (SAP) including: Planning and Legal; Monitoring and Research; Communications / Outreach and Sustainable Tourism; and Water Management. The project would support specific tasks to: (a) create a predictive hydrological model of the lake basin; (b) research and monitor to better understand impacts of changes in inflowing water quantity and quality; and (c) harmonize monitoring on both sides of the lake through a publicly accessible joint database. This component would also support incremental project management costs in each country.

11. Component 2: Promoting Sustainable Use of the Lake (Total: US\$4.79 million; GEFUS\$1.06 million)

This component would promote adoption of sustainable approaches to economic development of the lake (and its natural resources) by focusing on tourism and fisheries. It would support environmentally and socially sustainable tourism by improving nature- and culture-based facilities and attractions; raising public awareness; and providing technical assistance to local residents considering tourism-based businesses. It would support sustainable fisheries management by helping to develop lake-wide stock assessment and fisheries management plans, and by integrating plan results and recommendations into national plans, regulations, and programs. The project would provide incentives for fishermen to cease illegal fishing methods and help strengthen regulatory and enforcement capacity for fisheries management.

12. **Component 3: Catalyze Pollution Reduction Investments (Total: US\$11.51 million; GEF: US\$1.69 million)**

This component would support selected investments to stimulate pollution reduction activities: educate and encourage people to replicate demonstration projects of village-level wastewater treatment and buffer vegetation restoration; and provide TA to catalyze remediation of the lake's largest-scale industrial pollution "hotspot." A demonstration pilot project for wastewater treatment, based on constructed wetlands, was proposed for the village of Vranjina in Montenegro, to facilitate education and promote replication. TA would be provided to the Government of Montenegro (GoM) to prepare a large-scale remediation investment addressing an industrial "hotspot" at the aluminum plant on Moraca River (KAP). This would include an inventory of on-site waste; feasibility study/preliminary design of options for remediation, recycling, and/or disposal; and EIA of the recommended actions. Restoration of lakeshore buffer vegetation to protect against siltation and chemical run-off would be demonstrated in Albania. This would include: (a) restoration of prioritized lakeside groves in erosion-prone areas; (b) implementation of stream bank erosion control at one site through combined re-vegetation, gabions, and other small infrastructure; and (c) support to community-driven vegetation and restoration sites.

1.6 Revised Components

13. No revisions were made to the project components.

1.7 Other significant changes

14. The project underwent one Level 2 restructuring, approved on September 27, 2012. This restructuring was for the extension of the project closing date by three months, from September 30, 2012 to December 31, 2012. The extension was necessary for completing the preparation and then signing of several bilateral agreements between the Governments of Albania and Montenegro on the joint financing, maintenance, and use of institutional and technical tools of transboundary management of the lake ecosystem and its resources. Concluding these agreements was important for the achievement of the PDO.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

15. **Soundness of background analysis.** During project preparation, a Trans-boundary Diagnostic Analysis (TDA) was carried out to identify major trends in the dynamics of lake ecology and its natural resources. The TDA produced information on the lake's water quality, some localized pollution hotspots, and condition of fisheries and avifauna of the lake. It provided inputs for the development of the Strategic Action Plan (SAP), on which the proposed project components and activities were based.

16. The project design benefited from the existing information on Lake Skadar-Shkoder water quality represented by a series of monitoring data. Since 1990, research institutions, predominantly in Albania, carried out fairly systematic monitoring of chemical and physical parameters of water in the lake. Starting from 2000, a multinational consortium of universities based in Albania, Montenegro, Switzerland, and Germany has been carrying out environmental studies within the framework of the Integrated Monitoring of Shkodra Lake project. Information on the lake's fisheries was more scarce. Data on fish population and distributions up to the late 1980s were considered reliable, but since then the information has been collected in limited and discontinuous manner.

17. **Reflection of lessons learned in the design.** The PAD mentions multiple sources of information used for learning lessons from the existing models of cooperative management of transboundary lakes and seas of Europe. Due to Albania's involvement, one of the most relevant examples explored was the GEF grant financed Macedonia/Albania Lake Ohrid Conservation Project. The main lessons from the implementation of this project include ensuring that a clear definition of ecological monitoring criteria is used for tracking achievement of a project's environmental objectives; conducting early and intensive public awareness interventions and education campaigns to achieve stronger stakeholder involvement and participation; creating an enabling environment for joint decision making by key stakeholders through continuous facilitation of dialogue, collaboration, and consensus-building; and supporting high visibility thematic events that are capable of leveraging donor support.

18. Project preparation was informed by the experiences of a number of other relevant projects and initiatives for joint management and sustainable use of transboundary water bodies, including the Baltic Sea, Caspian Sea, Lake Geneva, Lake Constance, and Danube River, as well as several natural resource management projects previously implemented in Albania. A study tour undertaken during project preparation to the transboundary Lake Neusiedl-Ferto helped to shape the project's design and to understand how cooperation can work between countries with substantial differences. However, adequate conclusions were not drawn from the failure to demonstrate and promote constructed wetlands under several projects implemented in the past.

19. **Government commitment.** Government commitment at appraisal was solid. Both Montenegro and Albania had adopted national and local strategies and plans which identified the Lake Skadar-Shkoder area as a priority for environmental protection, sustainable natural resource management, and nature/culture based tourism development. Furthermore, both countries recognized the need for transboundary coordination to achieve these objectives, as reflected in the 2003 MoU, and the 2008 Bilateral Agreement. Contributions of US\$0.74 million and US\$8.57 million were pledged by the two Governments and by local public institutions (National Parks, privatization proceeds, and municipalities) of Albania and Montenegro, respectively. Commitment was also demonstrated by the two Governments through their willingness to implement the project through the designated line ministries within which both countries had appointed a Project Director (Ministry core staff) and Project Coordinators (project-financed staff).

20. **Parallel Funding.** Several bilateral and multilateral donors played an important role in supporting achievement of the project's objectives by providing parallel funding. At the time of the project's appraisal, Austria was supporting tourist infrastructure development in the Lake Skadar-Shkoder region with the involvement of GIZ. Germany supported the Ministry of Tourism and Environmental Protection of Montenegro (MoTEPM) in formulating a concept for transboundary development of the lake. US\$112,500 provided by SNV Netherlands for institutional strengthening, stakeholder participation, and cooperation between the two countries was significant for facilitating the project implementation. Swiss Government-supported Skadar Lake Forum was a convenient medium for communication and public outreach. Other aid from the EU and the Governments of Germany, Switzerland, Austria, Italy, and the Netherlands covered regional and spatial planning, water and power supply, waste management, environmental hot spots, tourism promotion, cultural heritage, traditional agriculture, handicrafts, etc. - all contributing to the achievement of environmental and development objectives of the project.

21. **Risk Assessment.** Most of the risks associated with the project design were adequately identified and assessed in the preparation phase. Challenges of implementing a project in two countries and setting environmental objectives attainable with joint contribution were correctly assessed as significant. Weak institutional capacity of implementing agencies was also acknowledged and adequate mitigation measures built into the project design.

22. Out of the two most significant interventions, planned under the project for decreasing pollution stress to the lake, consensus-building on the clean-up of a hazardous waste dump site near an aluminum plant was assessed as a high risk activity, while construction of a wastewater collection system and a treatment lagoon was not considered a risk to the project design. This was one shortcoming in the risk assessment process, given that installation of waste water treatment facilities is usually controversial for local communities. Furthermore, constructed wetlands are not yet a conventional technology in many places that complicates their acceptance by local authorities and communities. Therefore, including this activity into the project did carry at least a moderate risk.

2.2 Implementation

23. Project implementation, as well as the progress towards achieving the GEO, has been moderately satisfactory since the second year of project implementation through its completion. Part of the planned activities progressed well, producing the expected outcomes on time, though implementation was not flawless. At the early stage of implementation, a moderately satisfactory rating was given due to delays in establishing the institutional capacity within the project implementation units in both countries. Later, technical issues emerged with two specific investments in Montenegro: construction of a waste water treatment facility and of a building with joint role of museum and administrative in the National Park. Issues remained unresolved and investments were not implemented. Finally, signing of several important bilateral agreements between Albania and Montenegro, including the one covering recurrent budgetary support to the operation

of the SLC, was delayed for about a year, requiring partial extension of the project, and in the end, occurred ten days prior to the newly established closing date. The lake-wide zoning and management plan was developed but not adopted during the project life, as there was no sufficient time remaining for expert review of the documents by the two Governments necessary for clearing the documents' signing.

24. **Development Objectives.** The Mid Term Review (MTR), held in November 2010, concluded that the GEO remained relevant and no significant changes of the project design were required. Despite slower than planned disbursement, the MTR found the project completion feasible by its closing date at the end of September 2012. Good progress in strengthening institutional mechanisms for transboundary cooperation was highlighted with signing of the MoU for the Cooperation in the Field of Environmental Protection and Sustainable Management of Natural Resources between the Ministry of Environment, Forestry, and Water Administration of Albania (MoEFWAA) and Ministry of Spatial Planning and Environment of Montenegro in June 2010. Also, by the MTR, the SLC had held three meetings making good progress in agreeing on the important transboundary aspects of the lake's management. Four joint Working Groups had been established, funded, and operational. Primary results were reported on stress reduction for the lake ecosystem: the survey of 2010 showed reduction both in the number of illegal fishermen, as well as in the overall number of illegal fishing methods used.

25. The MTR team noted one potential threat to the achievement of the targeted outcomes. In January-February 2010, Lake Skadar-Shkoder and the town of Shkodra were heavily affected by floods. Large amounts of silt and trash were introduced in the lake and its floodplains. Some 15,000 people from the project beneficiary lakeside communities were forced to leave their homes. The disastrous flood might have a negative impact on the lake ecosystem and could damage its reputation of a tourist destination. Subsequent monitoring data did not show a lasting damage to the lake water quality, and tourist visitation of the lake area was not tangibly affected either, however a need for improved flood management had been highlighted.

26. **Institutional arrangements.** The MoEFWAA and the MoTEPM were the project implementing entities at start-up. As a result of later institutional changes in the GoM, a newly reorganized Ministry of Sustainable Development and Tourism of Montenegro (MoSDTM) took over the project implementation in Montenegro. Procurement and financial management services for the project implementation in Montenegro were provided by a Technical Services Unit (TSU) located in the Ministry of Finance. Each country appointed Project Directors from the core ministerial staff, and the project-funded Coordinators. The Albanian Project Coordinator was based in the town of Shkodra, which proved to be a highly relevant arrangement. Creating and retaining adequate procurement capacity for the project implementation needs appeared challenging in both countries, the issue lasting longer in Montenegro. The set-up and operational rules of the Albanian treasury system hindered transactions from the Special Account at the earlier phase of the project implementation. The issue was considered resolved by the time of the MTR, but re-surfaced in the next year before it got finally settled through the expedition of transactions.

27. **Bilateral agreements on post-project joint activities.** Albania and Montenegro signed four bilateral agreements on the joint financing of the lake management institutions fostered by the project, and the shared use of the lake database, monitoring program, and the Predictive Hydrological Model. Signing of these documents provides foundation for sustainable functioning of the established bodies and mechanisms for joint management of the lake and its resources. One more critically important document on the establishment of a Shkoder Lake Trans-boundary Park and the adoption of the lake-wide zoning and management plan was prepared by the project end, but could not be adopted before project closure. Bilateral signing of this document requires rigorous legal review by the two Governments, especially because there are already existing national protected areas on each side of the lake, but differing in categories and regulations.

28. **Construction of the Waste Water Treatment Plant.** According to the initial procurement plan, construction of the waste water treatment plant (WWTP) in the Montenegrin village of Vranjina should have been commenced in 2009 and completed early in 2010. Consultant services for the Feasibility Study were commissioned by the GoM. At the time of MTR in November 2010, the Feasibility Study was still in draft and required considerable revision. Uncertainty related to the WWTP cost, construction materials, permitting, and other technical details persisted through 2011. Eventually the activity was not implemented, as the GoM found the proposed model of WWTP financially non-sustainable based on the calculation of the economic rate of return on the investment.

29. **Construction of the migratory bird monitoring station.** The Lake Skadar National Park of Montenegro requested construction of the combined ranger station and migratory bird monitoring facility. The construction was to be completed in 2010. Lack of co-financing allocation by the Park administration caused the initial delay of this activity and the next year amendments to the Law on Spatial and Urban Planning of Montenegro were passed, posing new technical requirements for the design. Later, the Park administration secured GIZ support for bird monitoring and asked to reallocate GEF resources for the construction of an administrative building, including space to host an ornithological museum. However, works still could not launch, because the official spatial plan of the area carried a technical error and parameters of the designed building did not fit into the plan. The error was revealed too late to allow construction before the project closing date.

30. **Reforestation.** Reforestation of Tarabosh Mountain near the Lake Skadar-Shkoder was planned to protect the lake ecosystem through arresting of slope erosion and decreasing lake's sedimentation. This activity progressed well with active participation of the District Forestry Service and 45,000 seedlings of the native pine species were planted on the slope. Preparation for cultivating 1 ha buffer plot near Shiroka village commenced meanwhile. However, a severe fire occurred in August 2011 and destroyed most of the young plantation. The Government of Albania (GoA) determined a high risk of similar fires in the future and decided to discontinue reforestation. Cultivation of a lakeshore buffer site in Shiroka was also found not feasible due to challenging maintenance needs. Upon agreement with the Bank, the balance remaining for this activity was used for

rehabilitating an additional number of streams in Shiroka village, also aimed at decreasing runoff and pollution of the lake.

31. **Risk.** The project was never at risk throughout its life cycle.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

32. **Design.** The project had a well-designed M&E system to track criteria selected for measuring the impact of the financed interventions. A socio-economic baseline survey was planned in the first year of the project implementation, to set a reference point for assessing change in the local understanding of, and engagement in, sustainable tourism and natural resource management. During project preparation, a one week survey was undertaken to estimate the number of unlicensed fishermen operating on the lake, and the frequency of illegal methods of fishing. Results of this survey were later used as a baseline to follow dynamics of the illegal fish extraction in the course of the project implementation. A set of basic chemical and physical indicators of the lake's water quality were to be chosen to track its dynamics in the first year of the project implementation. In addition, some specific indicators for evaluating ecological quality had been suggested at the appraisal stage, such as algal concentration, contents of poly-aromatic hydrocarbons (PAHs), poly-chlorinated biphenyls (PCBs), and heavy metals in fish tissues, etc. They were also to be agreed about in the early stage of the project life. However, it had been noted that the project interventions could not influence the lake water quality in general, and making measurements nearby individual investment sites was suggested. Two important intermediate outcome indicators appeared in differing formulation in two tables of Annex 3 of the PAD. This caused certain confusion at the project completion stage, because the Bank's ISRs and the present ICR Report used indicators as worded in the Results Framework (PAD, Annex 3, first table), while the Recipients picked different formulation of the same indicators from the Arrangements for Results Monitoring (PAD, Annex 3, second table)².

33. **Implementation.** M&E has been rated moderately satisfactory throughout the project life. The baseline socio-economic survey was carried out later than scheduled and, despite the recommendation made at the MTR, did not produce specific indicators of

² IOI No.1: "Operational costs of maintaining and participating in SLC, lake-wide database and Working Groups are included in Governments' budgets a year before project's close" Quoted from the Results Framework (PAD, Annex 3, first table).

IOI No.1: "SLC and Secretariat, lake-wide database and Working Groups are in place and operating; costs of continuing operation and participation are included in Governments' budgets at project's close" Quoted from the Arrangements for Results Monitoring (PAD, Annex 3, second table).

IOI No.3: "Lake-wide zoning and management plan approved by both Governments and being incorporated in spatial plan updates" Quoted from Results Framework (PAD, Annex 3, first table).

IOI No.3: "Lake management plan completed and actions taken to legally operationalize the plan" Quoted from the Arrangements for Results Monitoring (PAD, Annex 3, second table).

public attitude to be used for measuring progress. A follow up survey was scheduled for May 2012, but was not carried out. Recipients' ICRs use the information obtained from periodic illegal fishing surveys as a proxy for measuring local commitment to the sustainable management of the lake's resources. Two public surveys of the citizens of Shkodra were carried out in 2011 and 2012 to measure the level of public awareness of the project and of the joint institutions for lake management. Based on the survey outcomes, more respondents knew about the Lake Skadar-Shkoder Integrated Ecosystem Management Project in 2011 than in 2012 (90% and 70% respectively). This survey, however, is not adequate for measuring the project's contribution to local understanding of, and engagement in sustainable tourism and natural resource management, because it predominantly describes public awareness of the project, rather than commitment to sustainable resource use.

34. Changes in the illegal fishing volume were tracked with adequate frequency and the baseline data were available for measuring progress. The performed studies demonstrate decrease in the number of unlicensed fishermen in both countries and show the declining number of illegal fishing methods used. This is an impressive achievement of the project, because improved management of fisheries allows meeting community demand for the resource and sustaining fish populations at the same time. The monitoring plan had some methodological shortcomings. The targets were set for the lake in general, while progress towards their achievement was measured and results were reported by country. Also, there was inconsistency between the timing and duration of the baseline survey and the follow-up surveys.

35. Lake water quality monitoring parameters had been agreed in 2009, though the numeric baseline data were entered into the results framework in 2010. All parameters remained the same in 2011 and 2012³. The Recipient's ICR from Montenegro includes tables tracking dynamics of water quality tested at multiple points on the Montenegrin side of the lake. The data show slight improvement, especially in dropping nutrient pollution levels. However, attribution of these monitoring outcomes to the project interventions is almost impossible, as mentioned in the PAD. As for water quality monitoring in the vicinity of investments which might have a positive local impact - that did not work out. Out of the planned site-specific investments, construction of the Vranjina WWTP had the highest potential of impacting water quality, but that activity was not implemented. The other investment, with a likelihood of influence certain parameters of water quality, had been rehabilitation of streams in Shiroka village. But works for the stream rehabilitation were completed in the last year of the project life and no time was left for measuring their impact.

36. **Utilization.** The project enhanced lake monitoring capacity in both countries though the provision of laboratory equipment, training, and the establishment of the joint database and the lake monitoring program. Bilateral agreements are now signed for the

³ Temperature: 14.1-28.2°C; pH: 8.1-8.5; DO: 6.7-9.7 mg/l or 82.3 % - 111 %; conductivity: 215-232 µS/m; average NH₄-N: 0.025-0.05 mg/L; NO₃-N: 0.18-0.27 mg/L; average coli form: 101-102 cfu/100ml in Buna, Zogaj, and Livadhet during June, July, September and October.

joint implementation of the monitoring program, which is harmonized with the requirements of international agreements to which Albania and Montenegro are parties to, and with the EU acquis; and of the database, hosted at IW:LEARN until 2015 and to be taken over by the two Governments afterwards. All information on the state of the lake environment is publicly available for use in planning and decision-making by variety of authorities and stakeholders.

2.4 Safeguard and Fiduciary Compliance

37. The project's compliance with the Bank's **safeguard policies** was reviewed at entry to ensure that all potential issues had been taken into account in the project's design. All relevant safeguard policies were triggered, including: OP/BP 4.01 Environmental Assessment, OP/BP 4.04 Natural Habitats, OP/BP 4.11 Physical Cultural Resources, OP/BP 4.12 Involuntary Resettlement, and OP/BP 7.50 Projects on International Waterways. The project was rated **Environmental Category B** and a framework Environmental Impact Assessment (EIA) for the project was carried out and an EIA report produced. The framework document provided arrangements for performing Environmental Assessments (EAs) for specific activities under the project should they require such procedure, and provided guidance on screening of specific activities. The EIA report did not rule out financing of Category A activities under the project, although the project was classified as Category B, leaving the project prone to restructuring should a Category A activity be proposed and selected for implementation. Based on the project design and the procurement plan, likelihood of any Category A activities was low, and it would have been preferable to exclude them from the project financing. OP 4.12 was triggered to address potential social implications of reducing illegal fishing and imposing stronger regulations for sustaining fisheries of the lake. Process Frameworks were prepared by both countries to cover this issue. A clear statement was made in the project documents that its proceeds would not be used for supporting or undertaking demolition of the existing constructions in the lake area which might be part of the national plans of the two Governments, and the Process Frameworks did not cover this type of activity. There were no significant deviations or waivers from the Bank safeguard policies during the project life. Safeguard compliance was regularly tracked in the process of the project implementation and was always been rated Satisfactory.

38. Rating for **procurement** under the project varied between Satisfactory and Moderately Satisfactory. Downgrading in the earlier stage of project implementation was due to the delay in setting up the project implementation units in both countries. Deficiencies in procurement capacity lasted longer in Montenegro, where procurement and financial management services had been delivered by the TSU of the Ministry of Finance, i.e. outside of the project implementing entity. The issue with hiring a procurement specialist for the TSU lasted in Montenegro for almost two years. There were occasional shortfalls in procurement later as well, related to the quality of evaluation reports and conduct of contract negotiations. The rationale for Moderately Satisfactory rating in the last year of the project life was the failure to tender works for the construction of the waste water collection and treatment system and of the administrative building for the National Park in Montenegro, though the core causes for not carrying out these two activities were not confined to procurement problems.

39. **Financial management** ratings also fluctuated between Satisfactory and Moderately Satisfactory. Once the institutional capacity for financial management got established in Montenegro TSU, there were no issues encountered later on. A Designated Account for the project was opened in a sound commercial bank and was smoothly operated. Acceptable software was used for accounting and financial reporting. Annual financial statements were being audited by eligible auditors and the audit reports were being submitted within due dates. All of the issued auditor opinions were unqualified (clean). On the Albanian side, occasionally during project implementation, concerns had been raised about the flow of funds from the Designated Account to the Treasury Account, inadequate documentation of transactions, currency losses, minor ineligible expenditures, delays in processing payments and financial reporting. Towards the end of project implementation, all of these issues had been addressed and financial management remained satisfactory in the last year of the project implementation.

2.5 Post-completion Operation/Next Phase

40. **Operation of bilateral institutions.** The project provided support for the operation of the SLC, its Secretariat, and for the establishment and four thematic bilateral Working Groups. Also, the project facilitated signing of four bilateral agreements between the Republic of Albania and the Republic of Montenegro on the financing of these institutions, as well as on the shared use of the lake management tools produced under the project. These agreements laid the groundwork for continued funding and operational support to the created bilateral institutions in the future. However, sustainability of the bilateral institutions is not guaranteed at this stage, because members' participation in Working Group meetings was less than desirable, and no Working Group meeting was held in the last year of the project implementation⁴. Modest allocations by the two Governments for SLC operation are now pledged for 2013, while decisions beyond that time are to be taken in future.

41. **Lake monitoring.** The project helped to develop the joint Lake Skadar-Shkoder monitoring program and the joint database, to be used for tracking key parameters of the lake ecosystem and facilitating use of the monitoring data for informed decision making on various upcoming initiatives. Hosting of the database till 2015 is secured from IW:LEARN and consequent decisions are to be taken by the SLC. The project provided University of Shkodra with the required pieces of laboratory equipment needed for tracking key parameters indicative for the condition of the lake environment. As a result, the University has better capacity for regular monitoring and publishing data on the lake water quality, and for delivering hands-on training to young specialists of this field.

42. **Protected areas management.** The project financed preparation of the management plan for Shkodra Lake Managed Nature Reserve in Albania for the first time, to be used and periodically updated in future. A Geographic Information System (GIS)

⁴ Final Report, Milieukontakt Albania, January 2013

database was created for use by the administrations of the protected areas for planning and monitoring purposes. Boats and other equipment provided to these administrations will serve the needs of patrolling and biodiversity monitoring. A bilateral agreement was drafted for the creation of a transboundary Lake Skadar-Shkoder Park, and is being reviewed by the two Governments for the expected signing. Once enacted, the agreement will significantly strengthen the framework for sustaining viability of the lake ecosystem.

43. **Fishery management.** The Albania Fishermen Organization (FMO) and the newly established fishermen organization in Montenegro, now provided with information from the joint fish stock assessment, the fishery management plans, and equipment, are well set for sustainable use of the fish stock of the lake. Establishment of several more fishermen organizations is expected in Montenegro. A steadily declining trend in the number of unlicensed fishermen and of the cases illegal fish extraction techniques was established during the project life, which is an important outcome. However, efforts for further improvement of fisheries management shall continue beyond project's closure, because illegal fishing in Lake Skadar-Shkoder is still an issue, even in the banning season⁵.

44. **Clean-up of KAP site.** The feasibility study, EIA, and preliminary design for remediation of the KAP hazardous waste dump site, all produced with the project's support, have been discussed and agreed with stakeholders. The GoM and the KAP agreed on the course of action and financing arrangement for clean-up. The GoM requested an IBRD loan for the implementation of the Industrial Waste Management and Cleanup Project, which includes remediation of the KAP site. This project is currently in the pipeline.

45. **Reconstruction of Besac fortress.** The design for reconstruction of the fortress, produced under the project, was accepted by the GoM. Based on the agreement between the Ministry of Culture of Montenegro and the EU Delegation, EU funds in the amount of €0.48 million were allocated for reconstruction, the tender was announced in August 2012, and a Serbian company was contracted for the provision of works in March 2013.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

46. The project contributed to the Country Assistance Strategy (CAS) objectives in both countries by strengthening public institutions that protect and manage Lake Skadar-Shkoder, and provided an enabling environment for private sector development in the tourism sector. The project continued to be relevant in the context of 2011-2014 Country Partnership Strategies (CPS) of both countries. The Montenegro CPS calls for improving environmental management and reducing the cost of environmental problems. The

⁵ Final Report, Milieukontakt Albania, January 2013

Albania CPS aims at improving conservation, management, and efficient use of the country's water resources. The project responded to these priorities with its activities to strengthen regulation of water, land, and natural resource use that affected lake water quality and economic value, and contributed to improved environmental services. The project also contributed to a broader Bank effort to assist Albania and Montenegro in harmonization of their environmental and natural resource management regulations and practices with the EU environmental acquis.

47. The rationale for GEF intervention was well-justified and sound. The project was designed and implemented in consistency with the IW Strategy for GEF 4, in particular with Strategic Objective 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 Strategic Program 3 (Balancing over-use and conflicting uses of water resources in transboundary surface and groundwater basins). Albania and Montenegro are members of the GEF and the World Bank. Both countries are signatories to the Barcelona Convention for the Protection of Mediterranean Sea and its protocols and have developed programs within the framework of the Mediterranean Action Plan (Lake Skadar-Shkoder drains directly into the Adriatic Sea through the Buna-Bojana River). Albania and Montenegro are also signatories to 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.

3.2 Achievement of Global Environmental Objectives

48. The project contributed to maintaining and enhancing the long-term economic value and environmental services of Lake Skadar-Shkoder and its natural resources. To achieve this, the project helped the two countries with the establishment and strengthening of institutional mechanisms for transboundary cooperation through joint efforts to improve sustainable management of the lake.

49. **Institutional mechanisms for transboundary cooperation.** The project built and fostered institutional bodies for the joint management of the lake, including the SLC, its Secretariat, and four thematic Working Groups. Capacity of the SLC to perform mandated functions enhanced by the project funded study tours for sharing experience of the International Commission for the Protection of Lake Constance, the International Commission for the Protection of the Danube River, and the International Sava River Commission. However, sustainability of the bilateral institutions will depend on their lasting financial support by the two Governments. State budget allocations for the SLC a year prior to the project closing date was established as an indicator of the Governments' commitment. However, Albania and Montenegro signed a bilateral agreement for joint financing of the SLC just before the project closing date. Funding of the SLC beyond

2013 is subject to future agreement by the two Governments⁶. Working Groups did not convene over the last year of the project implementation, which raises concerns about their viability post-project.

50. **Technical tools for transboundary cooperation.** A number of public agencies and research institutions of Albania and Montenegro received hardware, software, and training for the creation, operation, and shared use of the joint monitoring program, and the joint database of the lake. Bilateral agreements were signed between the two countries in December 2012 on the maintenance, update, and use of these important tools for the lake's management. The lake-wide zoning and management plan was developed too, but not adopted during the project implementation. It will be incorporated in spatial plan updates once a bilateral agreement is signed on the establishment of Lake Skadar-Shkoder Transboundary Park and on the adoption of the lake-wide management plan. The project financed several surveys of the natural and cultural resources of the lake area, which produced valuable information for the joint management of the lake's protected areas and fisheries, and the promotion of cross-boundary tourism in the lake area.

51. **Investments in sustainable resource use.** Attractiveness of the Lake Skadar-Shkodra area for nature and culture based tourism increased through the renovation of the historic center of the picturesque town of Shkodra located near the lake. The project provided resources to support the ongoing process of rehabilitation of the town's cultural heritage, which has already boosted small business development in the target districts of the town. A reconstruction plan is developed for the Besac fortress on the Montenegrin bank of the lake. After completion of works with the secured EU funding, the fortress area will become another touristic attraction, adding value to the conservation of natural and aesthetic features of the lake area.

52. **Stress reduction.** Targets established in the PAD for the improvement of fishery management were mostly achieved. In both countries the numbers of unlicensed fishermen and the frequency of illegal fishing methods obviously decreased. This is a remarkable outcome of the project intervention, because it reduces risk of the depletion of fisheries of Lake Skadar-Shkoder, and also proves positive change in the communities' attitude towards the resource use. For the remediation of the KAP hazardous waste dump site, not only the preliminary studies and stakeholder consensus building are completed under the project, but the GoM has already applied for an IBRD loan to finance physical works for clean-up and waste management at several pollution hotspots in Montenegro, including the KAP. Demonstration of a pilot WWTP based on constructed wetlands failed due to the Government's disapproval of the associated costs derived through the preliminary studies. Plans for using buffer vegetation against the lake siltation and runoff were not implemented as designed. Additional number of storm water streams were rehabilitated instead, also aimed at decreasing lake pollution. However, re-forestation of the mountain slope and initiation of a community-driven program for cultivation of lake-

⁶ Actual allocations are to be made annually as part of the general budget planning process, based on the Governments' fiscal calendar cycle (in both countries fiscal years correspond to calendar years).

shore buffer area would have more significant and longer lasting positive impact on the lake's ecosystem than repair and maintenance works on the existing stream canals.

53. The following results were achieved as measured by **key indicators**:

54. The lake water and ecological quality were maintained at the baseline level, as by the project closure the key physical and chemical parameters of the water quality continued to be satisfactory by the national standards and according to the European Council Directives (75/440/EEC, and 78/659/EEC), and the eutrophication status remained between oligotrophic to mesotrophic.⁷

55. The objective of reducing immediate and longer term threats to lake water quality and ecological system on both sides of the border was achieved partially. The two Governments established joint lake management structures, the GoM reached agreement with the KAP on the course of action towards managing the legacy of the KAP hazardous waste dumpsite, and illegal fishing by lake-side communities of both countries started to decline.⁸ The intended establishment of the Lake Skadar-Shkoder Transboundary Park and adoption of the lake-wide zoning and management plan has not materialized during the project life, however the documents are drafted and await signing by the two Governments. The project's largest investment, aiming at the reduction of point source pollution of the lake and the demonstration of a good practice in wastewater treatment system, failed, leading to cancellation of about a quarter of the GEF allocation for pollution reduction investments. Foresting of the selected mountain slopes near Lake Skadar-Shkoder to reduce negative impacts of erosion on the aquatic life was initiated, but did not materialize due to severe forest fire. The Bank and the GoA agreed not to proceed with the planned community-driven vegetation and site restoration in the lakeshore zone due to excepted difficulty of maintenance⁹. The outstanding allocation for

⁷ A Pan-European Classification of the Skadar Lake According to Environmental Standards. Mijovic, Vukovic, Mazgalj, FACTA UNIVERSITATIS, Physics, Chemistry and Technology, Nol.4, N1, 2006; Preparation of the Management Plan for Shkodra Lake Managed Nature Reserve, Association for Protection of Aquatic Life in Albania in Partnership with GR Albania and Faculty of Natural Sciences, University of Shkodra, June 2012; Lake Skadar/Shkoder Monitoring Programme Development, ERICo Velenje Ecological Research & Industrial Co-operation Ltd., September 2011.

⁸ Actual achievements by the Project closure are 27% illegal fishermen in Albania and 17.7% illegal fishermen in Montenegro; 8+30 cases of illegal fishing methods registered in Albania during and beyond the prohibition period, and 103 cases registered over a year in Montenegro. This is a clear improvement as compared to 43% overall share of unlicensed fishermen and 814 cases of illegal method use over one week Lake-wide, but these data cannot be compared to the established end values of less than 20% of the overall number of fishermen and less than 100 cases of illegal fishing over one week, due to incompatibility of the measurement parameters used at the baseline and at the project completion.

⁹ Aide Memoire of the supervision mission, December 12-19, 2011

this activity was used to restore storm water drainage canals, also aimed at reducing pollution of the lake.

3.3 Efficiency

56. The project was financed with a grant from GEF in order to achieve a global public good; therefore, calculation of the direct economic rate of return was not attempted at the time of appraisal. However, economic benefits of the project would include enhanced sustainability in using natural resources and increased tourism, and increased tourist visitation to the lake and its surroundings. Also, the project has direct impact on the efficiency of the national expenditures on monitoring quality of the lake environment being incurred annually by the Governments of Albania and Montenegro. Both countries carry out environmental quality monitoring within the lake basin, however, prior to the project implementation their approaches to monitoring and data collection methods differed, no common database existed for open and easy exchange of information, and monitoring programs were not clearly focused on the parameters concerning the lake as a whole. With the establishment of the joint monitoring program, the Predictive Hydrological Model, and the joint database of the lake, the same inputs to the environmental monitoring are expected to produce higher quality outcomes, and the improved accessibility of the generated monitoring information will contribute to better informed, balanced, and economically sound planning and decision-making in both countries.

3.4 Justification of Overall Outcome Rating

Rating: Moderately Unsatisfactory

57. Throughout the project cycle the GEO and the PDO, project design, and implementation remained relevant for the national priorities of Albania and Montenegro, the Bank's CASs/CPSs for these countries, and the GEF's strategic objectives. One of the global and development targets of the project is fully achieved and the other is achieved partially, because status of key transboundary indicators of the lake water quality have been maintained at the project start-up level, and the identified immediate and longer term threats to lake water quality and ecological system have been partially reduced. More specifically, the institutional framework for the lake's joint management has been created, its basic financial support by the two Governments is guaranteed for 2013, and is subject to decision for the years beyond. The SLC preformed effectively and remained operational throughout the project life, while the newly established Working Groups experienced institutional weaknesses and failed to convene in the last year of the project implementation¹⁰. Technical tools for joint management of the lake were delivered late and, although operational, they are yet to be applied by the two Governments to the policy development and decision-making on investments. Extensive background work has been undertaken and documents prepared for the establishment of Lake Skadar-Shkoder Transboundary Park and adoption of its management plan for harmonization of the lake's management by the two countries. However, the delivery of draft documents

¹⁰ Final Report, Milieukontakt Albania, January 2013

was delayed till the last month of the project life and signing of the bilateral agreement on the Park and the management plan did not occur before the closing date. It is still pending half a year after the project closure due to complex procedures required for setting up a new trans-boundary Park covering the territory with the existing two national protected areas of differing categories. The project contributed to the lake's pollution reduction by preparing an investment into the clean-up of the hazardous industrial dump site in Montenegro and achieved measurable improvement in fisheries management. Construction of the pilot WWTP for the promotion of constructed wetlands, as a waste water treatment technology, did not materialize; and reduction of lake's pollution through planting in lakeshore buffer zone was not achieved. All of the above supports moderately unsatisfactory rating of the overall outcome.

3.5 Overarching Themes, Other Outcomes and Impacts

58. (a) Poverty Impacts, Gender Aspects, and Social Development

Social assessments and survey of fishing practices conducted in the lake area, as well as the Environmental Assessment of the project - to some extent, covered social aspects relevant for the project implementation. The pattern of demographic change is clear and is marked with a strong urbanization trend with shrinking and aging rural population. Integration with the native residents is not always easy for the newcomers to the urban settings, while ethnic differences usually do not cause conflicts among Montenegrin, Albanian, and Serb population of the Lake area. The PAD does not provide any gender segregated social data. The two potential social issues noted at the project appraisal stage were a need for fishing pressure reduction on the lake, which might impact livelihoods of the lake communities, and possibility of Government-led demolition of illegal constructions around the lake, which might be interpreted as the project supported or induced activity. Neither of these aspects were problematic in the project lifetime due to effective planning and application of mitigation measures, public inclusion and participation being the strongest element of this effort.

59. Alongside an intense public awareness campaign supported throughout the project cycle, a matching grant was obtained from the Bank Governance and Anti-Corruption (GAC) Trust Fund (TF) and its proceeds were used to hire an NGO (Milieukontakt Albania) which participated in the evaluation of joint project activities, consulted with local stakeholders, and facilitated reflection of their perspectives over the course of the project's implementation. The NGO was active and successful in making public voices heard by the SLC and the joint Working Groups and integrating interests of local stakeholders into the work of the lake's management institutions.

60. (b) Institutional Change/Strengthening

Institutional capacity building was a central activity under the project: the first component was dedicated entirely to capacity building for the improved understanding and joint management of the lake and elements of capacity building were supported under the other two components as well. Specifically, establishment and operation of the bilateral institutions for joint management of the Lake Skadar-Shkoder is the main outcome of the provided institutional support. These include the SLC, its Secretariat, and four thematic Working Groups. Furthermore, the Albania FMO and the newly established

fishermen organization in Montenegro became better organized, equipped, and dedicated to the sustainable fish extraction practices as a result of the TA provided under the project. Similarly, capacity of the administrations of the Lake Skadar-Shkoder protected areas (the National Park on Montenegro side and the Managed Nature Reserve on Albania side) to patrol the protected territories and to sustainably manage them enhanced upon delivery of boards and other equipment, training, and development of the management plan for the Nature Reserve. As a result of the project implementation, technical capacity of the Shkodra University for monitoring the lake ecosystem improved and availability of the acquired laboratory equipment for University students improved the quality of teaching.

61. **(c) Other Unintended Outcomes and Impacts** (*positive or negative, if any*)

The project provided technical assistance to support inventory, feasibility study, its environmental assessment, and preliminary design for remediating the hazardous waste dump site at KAP. These outputs were expected to lead to the preparation of an actual investment in remediation, and the project intended to achieve an agreement between the GoM and the KAP on the preferred solution and action plan for the site remediation. By the time of the project completion not only the background studies had been produced and general agreement reached on the further course of action, but the GoM formally approached the Bank with the request for an IBRD loan to implement the Industrial Waste Management and Cleanup Project, which would cover the KAP site among others. The project concept has been approved by the Bank and expected to go to the Board later this year. The Lake Skadar-Shkoder Integrated Ecosystem Management Project intended to facilitate stakeholder's agreement on the way forward in remediating the dump site, while its actual outcome exceeded this expectation and led to securing funds for actual remediation of the site.

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

62. The project stakeholder workshops were held in Albania in September and December 2012. Representatives of the national and local governing bodies, protected areas, NGOs, local communities, and academic circles of both countries spoke positively about the project's outcomes. Stakeholders expressed full awareness of the importance of setting up viable institutional arrangements for the joint maintenance and use of the lake's hydrological model, and the monitoring database. A need for producing detailed terms of reference for the SLC was also mentioned, along with securing its stable funding by the two Governments, as a prerequisite for its effective operation beyond the project completion.

4. Assessment of Risk to Development Outcome

Rating: Substantial

63. A number of risks were identified in the PAD. Risks of the Governments' commitment to the preservation of the lake ecosystem weakening under the pressure of conflicting economic interests, as well as the less than expected growth of tourism or its development in an unsustainable manner were ranked moderate. Substantial risks included: weak institutional capacity in both countries, interdependency of the two

Governments for joint activities, political constraints to the agreement on the KAP site's remediation, and possible demolition of constructions in the lake area being misinterpreted by the local population as a project-related activity.

64. Overall, the two Governments were supportive of the lake preservation efforts and no major compromises of sustainable development principles have been noted. Progress in preparing and agreeing to the investment in the KAP site's remediation is also fully satisfactory. However, the GoM opted to proceed with controversial plans of constructing hydro-power dams on the Moraca River, which might negatively affect the lake hydrology and the entire ecosystem. A tender for this construction failed due to the lack of expressions of interest. Although the Moraca River hydro power project did not come through this time, it illustrates the risk of existing competition between profitable investment ideas and certain limitations required for sustaining the lake ecosystem.

65. Institutional capacity of the project implementing agencies proved to be problematic, as foreseen, and caused slow start-up and periodically demonstrating weaknesses in financial management and procurement. Joint implementation of a project in two countries was associated with challenges of coordinating and fine tuning the majority of activities, as expected at appraisal. Continued funding from the two Governments in support to the SLC, its Secretariat, and the four Working Groups is seen as the decisive factor for viability and success of these institutions. No support was provided to the Working Groups in 2012 and they could not convene in this last year of the project implementation. The two Governments made formal commitment for the provision of modest funding in the amount of €4,000 each for this purpose in 2013, however, longer-term arrangements for financing are yet to be formalized, which is a risk to the sustainability of the created institutions.

66. Finally, establishment of the transboundary Lake Skadar-Shkoder Park and adoption of the lake-wide zoning and management plan is critically important for maintaining the long-term value of the lake ecosystem and enhancing its environmental services. The bilateral agreement for the Park establishment remains under review by the two Governments. Until the agreement is signed by parties, the future of the Park remains uncertain.

5. Assessment of Bank and Recipient Performance

5.1 Bank

(a) Bank Performance in Ensuring Quality at Entry

Rating: Moderately Satisfactory

67. The Bank team was well experienced and knowledgeable, applying successful global model to local conditions. Much effort went into analyzing available information and lessons from the establishment and operation of international bodies for joint management of water bodies elsewhere in Europe. The project was well designed, most of the associated risks correctly identified, and proper mitigation measures built into the project implementation arrangements. Only the risks to the quality of non-Bank financed

preparatory studies, and stakeholder consent on the placement and construction of the waste water treatment facility had been underestimated.

68. The moderately satisfactory rating is mostly due to some weaknesses of the project's results framework and arrangements for its monitoring. The PAD noted that the inputs planned under the project would not produce results to which the status of GEO indicator could be directly attributed¹¹. Therefore, the PAD suggested a narrower interpretation of the GEO indicator (tracking water quality in the specific investment sites rather than Lake-wide), however this had not been reflected in the results matrix. Furthermore, two important intermediate outcome indicators were formulated differently in the Results Framework and in the Arrangements for Results Monitoring (PAD, Annex 3). This inconsistency caused certain confusion at the project completion phase, because the set of indicators used by the Bank team in ISRs and in the present ICR Report (as formulated in the Results Framework) differs from the set of indicators used for the progress monitoring and the final reporting by the Recipients (as formulated in the Arrangements for Results Monitoring). Also, Section II and Annex 3 of the PAD carry inconsistent listing of the key outcome indicators of the project. Some inconsistencies are found in the project financing plans as presented in various sections of the PAD¹².

(b) Quality of Supervision

Rating: Moderately Satisfactory

69. The Bank provided adequate support to the project implementation throughout its life maintaining relevant skill mix and professionalism of the supervision team. The Aide Memoires provided accurate record of implementation dynamics, issues encountered, and agreements reached for addressing them. Implementation support covered all aspects of the project implementation, including fiduciary, procurement, and safeguard aspects. The Task Team consulted with the Country Manager as appropriate and made full use of the local expertise of the Country Office based staff. Good working relations were maintained with the Recipients throughout the project cycle. However, this did not prevent the preparatory studies and discussions on the construction of the WWTP lasting too long, resulting in unexpected findings and, eventually, rejecting this activity. The Bank team should have been more proactive in handling this matter. The Recipient insisted to keep the construction of the WWTP in the project's work plan till the closing date, and despite the involvement of the Bank team, and deadlines established that could have reduced the period of uncertainty, this did not materialize in re-allocation of the GEF grant resources and an earlier cancellation of the activity.

¹¹ "Standard water quality parameters will be tracked lake-wide... However, these data are not adequate to measure direct impacts of project interventions within the project timeframe" (PAD, *III Implementation, C. Monitoring and evaluation outcomes/results*)

¹² Financing Plan provided on the cover page of the PAD sets the total project financing at US\$19.79 million, while allocations by the project components amounts to US\$19.73 million. Annex 15 of PAD states that the total project financing is US\$ 15.7 million.

70. The Bank team could have more strongly influenced creation and maintenance of the institutional capacity in the project implementing entities, as well as the quality of monitoring and evaluation in the course of the project implementation, the latter being Moderately Satisfactory throughout the project life. Delays and some deficiencies in the Recipients' monitoring of the project progress had been noted and recommendations made, though the quality of M&E and recording of this outcomes did not improve. Also, the Bank team should have instructed Recipients on the importance of tracking provision of the pledged parallel financing against the appraisal estimates that had not been practiced in the course of the project implementation.

(c) Justification of Rating for Overall Bank Performance

Rating: Moderately Satisfactory

71. The moderately satisfactory rating is based on the Bank's moderately satisfactory performance in ensuring quality at entry as well as during the project implementation.

5.2 Recipient

(a) Government Performance

Rating: Moderately Satisfactory

72. The Governments of Albania and Montenegro supported the project and demonstrated good will for joining efforts in the Lake Skadar-Shkoder management. The signing of four important bilateral agreements on the joint financing of the LSC, its Secretariat, and the Working Groups, as well as on the shared use of the lake information systems is a high profile outcome of cooperation between the two countries. The GoA and the GoM created an enabling environment for participatory conduct of background studies for the project and for transboundary technical cooperation throughout its implementation - both unprecedented in the past.

73. A weaker point in the performance of the two Governments is the delayed adoption of the lake-wide zoning and management plan. Creating and maintaining adequate institutional capacity in the PIUs and the TSU of Montenegro was the Governments' overall responsibility. There were problems encountered in the provision of procurement and financial management services at various stages of project implementation due to insufficient staffing of the PIU and the TSU. Also, the two Governments provided less than pledged co-financing for the project. The reported joint cash co-financing amounts to US\$272,200, and the in-kind contribution by the two Governments is estimated at US\$170,000, for a total of US\$442,000. The appraisal estimate of Governments' co-financing was at least US\$740,000.¹³ At the same time, the two Governments were highly successful in donor coordination throughout the project

¹³ Incremental cost analysis provided in Annex 15 of the PAD suggests a higher amount of 1,379,000 USD.

life and managed to mobilize parallel financing in an amount exceeding US\$28 million instead of the initially estimated US\$5.9 million¹⁴.

(b) Implementing Agency or Agencies Performance

Rating: Moderately Satisfactory

74. Implementing agencies in both countries delayed creating adequate financial management and procurement capacity within the project implementation units, causing slow start-up of the project implementation. Placement of the Albania Project Coordinator in the town of Shkodra, and the Director in Tirana, was an excellent managerial decision, given that the SLC works from Shkodra and this town is within the immediate lake area. The two implementing agencies worked well together, which has been highly important for technical support and management of multiple joint activities on both sides of the border. A noted deficiency in the performance of implementing agencies is that they did not track provision of parallel financing against the appraisal estimates over the course of the project implementation, and provided rough cumulative estimates of the received parallel financing after project completion, upon request.

(c) Justification of Rating for Overall Recipient Performance

Rating: Moderately Satisfactory

75. The moderately satisfactory rating is based on the moderately satisfactory performance of the Recipients and the moderately satisfactory performance of the implementing agencies. The key factor affecting the overall rating is that the two Governments, although unable to formalize all bilateral agreements within the project life, clearly demonstrated good will for supporting technical cooperation across the border and enabled establishment of strong working relations between line ministries, protected areas, and academic circles of the two countries that were missing in the past, and are critically important for sustainable management of the lake.

6. Lessons Learned

76. The lessons learned were:

- *It is preferable to finalize a project's monitoring and evaluation arrangements at appraisal, including provision of the baseline data for benchmarking progress in the course of implementation.* In the initial stage of the project implementation efforts were concentrated on getting the key operational functions of the implementing entities flowing and organizing other start-up activities, while M&E got less attention. Expectations of the baseline monitoring data to be collected and organized in the early phase of the project implementation did not fully

¹⁴ Although the parallel financing had not been tracked and recorded in the course of the project implementation and was estimated after the project close, there is no doubt about parallel financing being higher than intended, because the actually provided amount (even if not fully precise) surpasses the expected amount by far.

materialize and negatively affected the quality of M&E throughout the project implementation.

- *In many of the Bank's client countries the governments and local communities have deficient information on the advantages and disadvantages of using constructed wetlands for waste water treatment, and lack trust in this technology.* Demonstration pilot investments in the construction wetlands had been considered or planned under a number of projects in Europe and Central Asia (ECA) region, but in a number of cases got rejected at the preparation or even at the implementation phase. The conclusion is that including establishment of a constructed wetland into a project design needs to be approached very carefully. Confidence in a true buy-in by the beneficiaries and stakeholders is critical, and so is the quality assurance of feasibility studies and designs. It is preferable that the latter are covered by the projects and are carried out with the support from the Bank's Task Teams rather than being produced externally, without advise and quality control from the Bank.
- *Tough decisions have to be made on time if a project activity significantly deviates from planned arrangements in terms of its substance or timeline.* At the project appraisal, completion of the construction of Vranjina WWTP was planned by end of September 2009. Challenges faced at the early stage of feasibility study and preliminary design hindered further progress of this activity and by the time of the MTR in November 2010, the decision on the construction of WWTP had not been taken. This status did not change through the end of 2011, though the activity remained in the project's action plan and was rescheduled to commence by May 2012 the latest. Less than a year to the project closing date, if not earlier, construction of WWTP should have been cancelled, with fair time left for re-allocation of the resources earmarked for it.
- *Stimulating participation of local communities and NGOs in the process of a project supervision, monitoring, and evaluation is advisable as long as the rendered support is neutral and does not influence stakeholder opinion.* The level of public mobilization and ability to make local voices heard is weak in many locations where projects are being implemented and may require catalyzing interventions. Recruiting a local NGO for enhancing public outreach and facilitating feedback on the project progress worked quite well in case of the Lake Skadar-Shkoder Integrated Ecosystem Management Project, helping to adjust project activities to the stakeholder needs in the course of a project implementation.
- *It is essential that arrangements for periodic monitoring of the planned support to the project from each of the expected sources of co-financing and parallel funding be integrated into the M&E design.* Reporting on the co-financing, parallel financing, and financing leveraged by GEF-supported projects is known to be a

challenging task¹⁵. This statement proved relevant for the Lake Skadar-Shkoder Integrated Ecosystem Management Project. The PAD carries separate co-financing estimates of the two Recipient countries and the local sources of the two Recipient countries, as well as the expected amounts of parallel funding from other donors. Provision of the Governments' cash contribution had been the item recorded in the course of the project implementation, while financing from other sources had not been tracked in monetary terms.

7. Comments on Issues Raised by Recipient/Implementing Agencies/Partners

77. (a) Recipient/implementing agencies

The GoM noted in the Recipient's ICR the denial of five requests for re-allocation of the project proceeds and for the extension of the project closing date for eight months that led to failure of the two investment activities planned under the project: construction of the WWTP and the facilities in the Lake Shkoder National Park. Feasibility study and design of the WWTP in Vranjina village, based on the constructed wetland technology, took much longer than expected. Eventually, the GoM found the proposed investment economically not justifiable based on calculation of the rate of return on the investment. The GoM turned down the proposed investment and requested a variety of alternatives, including water purifying "floating islands", multi-use amphibian machine (dredging, reed cutting, garbage collection, oil remediation and cultivation), garbage collection truck, or four additional vessels for the Park ranger service. Rationale for the Bank's refusal to pursuing any of these options was that the proposed technologies had either not been well proven, or would not directly contribute to the reduction of nutrient pollution of the lake. As for the request for the project extension for the purpose of constructing facilities in the National Park, an eight-month extension would not have been justified for this single small activity (estimated at US\$40,000).

78. (b) Co-financiers

Although the project enjoyed donor assistance from Germany, the Netherlands, Switzerland, Austria, the USA, the EU, the Regional Environmental Center, and the United Nations Development Programme, this support was provided through parallel financing and there were no co-financiers of the project.

79. (c) Other partners and stakeholders

No comments were received.

¹⁵ The Second Overall Performance Study of the GEF (OPS2)

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD Million equivalent)¹⁶

Components	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Capacity Building for Improved Understanding and Joint Management of Lake Skadar-Shkoder	3.43	1.92	56
Promoting Sustainable Use of Lake Skadar-Shkoder	4.79	14.64	306
Catalyzing Pollution Reduction Investments	11.51	36.46	317
Total Baseline Cost	19.73	53.02	269
Physical Contingencies	0.00	0.00	
Price Contingencies	0.00	0.00	
Total Project Costs	19.73	53.02	269
Project Preparation Facility (PPF)	0.00	0.00	
Front-end fee IBRD	0.00	0.00	
Total Financing Required	19.73	53.02	269

(b) Financing

Source of Funds	Type of Co-financing	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Recipient	State Budget	0.74	0.44	60
Global Environment Facility (GEF)	Grant	4.55	4.00	88
Local Sources of Borrowing Country (National Parks, privatization proceeds, local municipalities)	Parallel financing	8.57	19.9	232
Other donors (GIZ, REC, UNDP, USAID, NVA, KFW, Swiss)	Parallel financing	5.90	28.68	486

¹⁶ Appraisal estimates provided in these tables are copied from the similar tables of the PAD. There is inconsistency between the total estimated amounts of the project financing: the first table carries the amount of US\$19.73 million derived from the estimates by component, while the estimates by financiers provided in the second table amount to US\$19.76.

Annex 2. Outputs by Component

COMPONENT 1: CAPACITY BUILDING FOR IMPROVED UNDERSTANDING AND JOINT MANAGEMENT OF LAKE SKADAR-SHKODER

The main purpose of the capacity building component was to establish and strengthen institutional cooperation to operationalize the SLC and its Secretariat, as well as to establish the four technical Working Groups of the Commission. The SLC was formally established in February 2008 through a bilateral agreement between Albania and Montenegro. The project propelled SLC into an active operational mood and supported establishment of its Secretariat in the town of Shkodra. The thematic joint Working Groups, each comprising five members from each country, were also created. These included groups for: (i) Planning and Legal, (ii) Monitoring and Research, (iii) Communications/Outreach and Sustainable Tourism, and (iv) Water Management. The Working Groups were structured the way to facilitate implementation of the thematic activities of the Strategic Action Plan for the lake and actively functioned till 2012.

Under the lead of the SLC, several tools for the joint lake management were produced under this component, the most important of which are the Predictive Hydrological Model of the lake watershed, the lake monitoring program, and the joint database. Bilateral agreements for the shared maintenance and use of these systems were signed by the governments Albania and Montenegro in December 2012. Based on the study of legal frameworks regulating lake management in the two countries and ways for their harmonization, a bilateral agreement on the establishment of Lake Skadar-Shkoder Park and the adoption of lake-wide zoning and management plan was prepared for signing by the parties.

Several surveys were carried out which helped to improve understanding of the lake ecosystem and take informed decisions on the use of its resources. A joint fish stock assessment was conducted for the second time after twenty five years in Montenegro and for the first time in Albania, generating valuable data for developing and implementing fishery management plans. An inventory of the natural and cultural attractions around the lake pooled information for the promotion of the lake as a tourist destination nationally and internationally. An inventory of the polluted sites and sources of pollution around the lake was conducted to help local and national authorities in prioritization and planning of pollution abatement and clean-up actions, and raised public awareness of the environmental problems of the lake. A GIS database was created for the use by the administrations of the Lake Skadar-Shkoder protected areas for the purposes of management planning and monitoring.

This component also contributed to learning, information sharing, and capacity building of multiple stakeholders, such as the SLC, Lake Skadar-Shkoder protected areas administrations, fishermen organizations, University of Shkodra, NGOs, and communities around the lake.

COMPONENT 2: PROMOTING SUSTAINABLE USE OF LAKE SKADAR-SHKODER

The component for promoting sustainable use of the lake aimed to promote balanced approaches to its economic development and natural resource use, concentrating on tourism promotion and fisheries management.

Majority of expected outputs were successfully delivered under this component. An inventory of the natural and cultural attractions around the lake was conducted in both countries to promote the lake as a tourist attraction nationally and internationally. Site-specific investments, as well as public awareness events/campaigns were identified and supervised by the bilateral Working Groups on Planning and Legal, and Communications / Outreach and Sustainable Tourism. In Albania, the project contributed to the ongoing renovation of the historical center of the town Shkodra by rehabilitating facades of heritage buildings in the selected streets. In Montenegro, the general design was developed for reconstruction of the medieval fortress of Besac, located on the top of a hill above the lake. The design was based on the preliminary technical assessment produced under the EU&EC-supported Regional Programme for Cultural and Natural Heritage in South-East Europe, and the EU has agreed with the GoM to finance physical reconstruction works. Delays with approval of the developed design disallowed to construct an administrative building and a museum in the National Park Skadar Lake in Montenegro, while other elements of the technical assistance to the Park were delivered successfully.

Activities for promoting sustainable use of fish stock of the lake were largely based on the findings of the joint Fish Stock Assessment and the Fisheries Plans produced under the first component and turned out successful. The project considerably strengthened capacity of the FMO in Albania by helping in production of five year business plan and one year action plan to improve fisheries management, and in improving protection of fish spawning areas, as well as providing equipment to stimulate formalized fishing and fish marketing activities (boats, outboard motors, nets, IT equipment, refrigerator, and fuel). In Montenegro, two fishermen organizations were established with the project support and licensed fisherman received fishing nets as encouragement of practicing formally permitted fishing techniques. Capacity of the protected areas' rangers was enhanced in both countries by provision of equipment and operational support.

This component also supported a public awareness campaign, promotional materials, craft fairs, the Lake Day, and other events aimed at promotion of sustainable tourism and resource use.

COMPONENT 3: CATALYZING POLLUTION REDUCTION INVESTMENTS

The component for catalyzing pollution reduction investments was designed to implement three main activities: (i) educate and encourage people to replicate demonstration projects of village-level wastewater treatment and buffer vegetation restoration, (ii) restore water buffer vegetation to reduce sedimentation and runoff into

the lake and (iii) provide technical assistance to catalyze remediation of the lake's largest industrial pollution hotspot - the hazardous dump site near the aluminum plant (the KAP).

The component had only moderately achieved its objectives. The proposed demonstration pilot project for wastewater treatment, based on constructed wetland, for village Vranjina in Montenegro did not materialize. Although the general design for the construction of this waste water treatment facility was carried out, the GoM claimed the investment to be financially unsustainable and suggested replacement of the constructed wetland with one of the alternative technologies suggested by the GoM. This was not feasible due to inadequacy of some of the proposed solutions and little time remaining till the project closing date. Therefore, the activity was not implemented.

Re-vegetation of the Taraboshi Mountain slopes facing the Lake Skadar-Shkoder was undertaken in Albania. Some 45,000 native pine trees were planted on the slope prone to erosion and preparations were made for cultivating a lakeshore buffer plot near Shiroka village as well. However, severe fire occurred in August 2011 destroying most part of the young plantation. As a result, the afforestation was discontinued due to high risk of similar losses. Community-driven cultivation of the buffer zone was also found not feasible due to associated challenges of maintenance. Decision was made to use outstanding resources for rehabilitation of additional number of streams in Shiroka village, also planned under this component. Cleaning of littered and congested stream beds and restoring their small infrastructure was carried out successfully, benefitting villagers and decreasing lake pollution.

Technical assistance for the preparation of investment into the remediation of the KAP site fully achieved its objective. Preliminary design for the clean-up solutions was produced and its Environmental Impact Assessment was completed. The GoM and the KAP agreed on the action and plan and financing arrangement for clean-up. The Government requested an IBRD loan for the implementation of Industrial Waste Management and Cleanup Project, which includes remediation of the KAP site. This project is currently in the pipeline.

Annex 3. Economic and Financial Analysis

The project development objective was to maintain and enhance the long-term economic value and environmental services of Lake Skadar-Shkoder and its national resources. In the past, both Albania and Montenegro pursued lake management from a predominantly national perspective with little transboundary cooperation. A forward-looking baseline scenario, analyzed during the project preparation, showed that it would be increasingly difficult for the two countries to address mounting challenges to lake sustainability. The alternative scenario with the provision of the GEF grant funding to implement Lake Skadar-Shkoder Integrated Ecosystem Management Project would increase efficiency of the national expenditures on sustaining the lake ecosystem and its environmental services incurred annually by the GoA and GoM. With the establishment of the bilateral institutional framework and the development of advanced technical tools for the joint management of the lake, the same inputs by the two countries would produce higher quality outcomes, including better informed, balanced, and economically sound planning and decision making. These results would be attained in case of an alternative scenario with the provision of GEF grant funding and implementation of the lake Lake Skadar-Shkoder Integrated Ecosystem Management Project.

The total cost of the GEF alternative scenario was estimated at US\$46.6 million, comprising of US\$40.2 million for baseline investments and US\$6.5 million for incremental finance. The project was designed to cover all incremental activities and key baseline activities. The total project financing numbers do not match well in various sections of the PAD: the tables in the datasheet provide the amounts of US\$19.76 million and US\$19.73 million, while Annex 15 gives the amount of US\$15.7 million. The project was designed with the assumption that significant parallel financing would be provided by various donors already active in the Lake Skadar-Shkoder area at the time of appraisal (US\$5.90 million), as well as by the local sources of the Recipient countries, such as administrations of the protected areas and local municipalities (US\$8.57 million).

Parallel financing from various sources of funding had not been recorded during the project implementation and calculations made upon the project's closure should be considered as approximate. Despite concerns about the accuracy of reporting, it is evident that donor organizations as well as the administrations of local municipalities and institutions made considerable contributions exceeding the estimated amounts of parallel financing. It is not the case with the Government co-financing, through, which made 60% of the initially planned amount. It included cash financing and in-kind contribution.

Remarkably, the project outcomes leveraged financing for future activities aimed at sustainable use the lake's resources. EU funds in the amount of €0.48 million were allocated for the rehabilitation of Besac Fortress in Montenegro. Procurement of works is ongoing. IBRD loan in the amount of US\$66 million was requested for the Industrial Waste Management and Cleanup Project, which includes remediation of the hazardous dump at the KAP site based on the technical documentation developed under the Lake Skadar-Shkoder Integrated Ecosystem Management Project. Concept of the new project is approved by the Bank and it is currently under an advanced stage of preparation.

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending			
Agi Kiss	Regional Environmental and Safeguards Advisor	ECSEQ	TTL
Elmas Arisoy	Manager	EASRP	Procurement Specialist
Arcadii Capcelea	Sr. Environmental Specialist	ECSN	Environmental Specialist
Olav Rex Christensen	Sr. Public Finance Specialist	HDNED	Financial Specialist
Drite Dade	Sr. Projects Officer	ECSN	Projects officer
Joseph Paul Formoso	Sr. Finance Officer	CTRLA	Financial Specialist
Junko Funahashi	Sr. Counsel	LEGEN	Lawyer
Rohit R. Mehta	Sr. Finance Officer	CTRFC-HIS	Financial Specialist
Aleksandar Nacev	Consultant	ECSPF	Agriculture Specialist
Michael G. Nelson	Operations Officer	ECSO1	Operations Officer
Gennady Pilch	Sr. Counsel	LEGOP	Lawyer
Miroslav Ruzica	Consultant	ECSSD	Sociology
Karin Shepardson	Program Manager	ENVIA	TTL
Nikola Ille	Senior Environmental Specialist	ECSN	Environmental Specialist
Arben Maho	Procurement Specialist	ECSO2	Procurement Specialist
Kirsten Burghardt Propst	Counsel	LEGEM	Lawyer
Danielle Malek	Counsel	LEGEM	Lawyer
Paula Lytle	Sr. Social Development Specialist	ECSSD	Social Specialist
Konrad Buchauer	Consultant	TWIWA	Wastewater Specialist
Katelijan Van den Berg	Sr. Environmental Economist	ECSSD	Environmental Economist
Wolfhart Pohl	Adviser	AFTSG	Environmental Specialist
Supervision/ICR			
Aleksandar Crnomarkovic	Financial Management Specialist	ECSO3	Financial Specialist
Drite Dade	Senior Projects Officer	ECSN	Projects Officer
Karin Shepardson	Program Manager	ECSSD	TTL
Ruxandra Maria Floroiu	Senior Environmental Engineer	EASER	TTL
Elona Gjika	Financial Management Specialist	ECSEQ	Financial Specialist
Naima A. Hasci	Sr. Social Scientist	ECSSO	Social Specialist
Nikola Ille	Senior Environmental Specialist	ECSN	Environmental Specialist
Sanela Ljuca	Operations Analyst	ECCBM	Operations Analyst
Arben Maho	Procurement Specialist	ECSO2	Procurement Specialist
Daene Claude McKinney	Consultant	ECSSD	Water and Aquifers
Ida N. Muhoho	Sr. Financial Management Specialist	ECSO3	Financial Specialist
Ahmad Slaibi	Operations Officer	CSBCC	Operations Officer
Natasa Vetma	Sr. Operations Officer	ECSN	Operations Officer

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY04	10	65.81
FY05	16	56.63
FY06	97	73.43
FY07	28	154.67
FY08	28	155.00
Total:	179	505.54
Supervision/ICR		
FY08	-	-
FY09	24	114.25
FY10	27	137.43
FY11	33	145.22
FY12	30	118.21
Total:	114	515.11

Annex 5. Beneficiary Survey Results

Annex 6. Stakeholder Workshop Report and Results

Two project stakeholder workshops were held in Albania: one in September 2012 and the other in December 2012.

On September 20, 2012, the MoEFWAA hosted around table meeting of the project stakeholders to discuss results and next steps after the project completion. Representatives of national agencies for biodiversity, water, fisheries, forestry, protected areas management, University of Shkodra, fishermen organization, Institute of Energy, Environment and Waters, and Municipality of Shkodra, and NGOs were present in the meeting. They discussed project achievements and their sustainability. Participants noted that the establishment of thematic Working Groups has proven to be beneficial for enhancing linkages between the line agencies, for coordination of their work, and information exchange. Administrations of the Shkodra Lake Managed Nature Reserve, University of Shkodra, and Shkodra municipality spoke about benefits of the TA received from the project and the ways of using their institutional capacity for the joint management of the lake. Manager of the FMO explained how the project assistance helped to decrease illegal fishing practice and organize fishermen communities for sustainable extraction and marketing of fish. Several participants talked about the newly developed tools for joint lake monitoring and management, discussing details of their future administration and use. Securing sustainable funding for the bilateral institutions set up for the joint management of the lake was acknowledge to be the most critical element of the project sustainability and long term success.

On December 20, 2012, the project closing conference was held in the town of Shkodra, Albania. It was attended by a wide range of stakeholders from Albania and Montenegro. Participants acknowledged success of the Lake Skadar-Shkodra Integrated Ecosystem Management Project in boosting cooperation between the two countries sharing the lake, as well as in facilitating working relations between individual agencies involved in the lake management inside the countries and across the border. Representatives of the two Governments confirmed their commitment to the lake conservation and sustainable use. Albanian Government declared its intention to work towards including Shkodra Lake into the United Nations Educational, Scientific, and Cultural Organization's (UNESCO) list of the nature heritage sites. Participants agreed that the bilateral institutions for the lake management established with the project assistance would be instrumental in future decision-making on the strategic approaches to the lake management and on the investments for sustainable development of the lake area. Discussions covered the proposed status of the Transboundary Natural Park, and the operation of SLC and its secretariat post project. The conference closed with signing of four bilateral between MoEFWAA and the MoSPEM on the joint maintenance and use of the Predicative Hydrological Model, the lake monitoring program, and the lake database, as well as on the allocation of operational funds for the SLC and its secretariat.

Annex 7. Summary of Recipients' ICRs and/or Comments on Draft ICR

Summary of the recipient's ICR (Albania)



REPUBLIC OF ALBANIA
MINISTRY OF ENVIRONMENT, FORESTS AND WATERS ADMINISTRATION
Shkodra Integrated Ecosystem Management Project

Adresa: Rruga e Durrësit, Nr.27, Tiranë, Tel:00355 4 2270 621, Fax: 00355 4 2270 627, www.moe.gov.al

No. _____ Prot

Tirana, on 30.04 2013

Ref: Implementation Completion Report

To : **Ruxandra Maria Floroiu**
Senior Environmental Engineer
EASER, East Asia and Pacific Region

Dear Ruxandra,

Initially I wish to express my satisfaction to have had the opportunity working together for Shkodra Integrated Ecosystem Management project.

At the same time, I avail myself of this opportunity to express my gratitude for your personal commitment and evaluation in advocating the attempts of the Albanian Ministry of Environment, Forests and Waters Administration before the structures of EU Members States concerning the developments in environmental policies in Albania, for your suggestions and proposals to them.

Please find attached the Implementation Completion Report of this project for further evaluation.

Let me highlight once more my evaluation and readiness to continue with our contacts even in the future.

Fatos BUNDO

Project Director

Project Objective and Its Relevance

The GEO was to maintain and enhance the long-term economic value and environmental services of Lake Skadar-Shkoder (LS) and its natural resources, and the PDO was to help establish and strengthen institutional mechanisms for transboundary cooperation through joint efforts to improve sustainable management of LS. These objectives were well set, because LS as a shared water body can be managed only jointly through joint institutional structures and implementation of joint management documents and systems. The project objectives were well achieved through joint efforts of both countries represented by the MoEFWAA and the MoSDTM.

Project Design and Implementation Arrangements

Project activities were designed through a participatory process involving a lot of national, local, and transboundary stakeholders; in conformity with the legal framework of Albania; with consideration of all national and local plans on environmental protection and economic development; and respecting all treaties, conventions, Memoranda of Understanding, agreements etc. to which Albania is a signatory and the EU Directives to which Albania is an aspirator of accession in the short term future. The project implementation was a direct responsibility of the MoEFWAA and MoSDTM, through the Project Implementation Units (PIUs) established in each country, local governments, and local level institutions including protected areas administrations, scientific institutions, NGOs, fishery organizations, artisans associations, and local communities around the lake. In general the project implementation was characterized by an active national and transboundary participatory and involvement process.

Project Outcomes and Achievements

In general the project has achieved all its objectives in the transboundary and national level. The transboundary objectives included:

a) The establishment and strengthening of institutional mechanisms for transboundary cooperation to improve sustainable management of Lake Skadar-Shkoder.

Outcome: Skadar-Shkodra Lake Commission (SLC), Secretariat and technical Working Groups on Planning and Legal; Monitoring and Research; Communications/Outreach and Sustainable Tourism; and Water Management are established, are functional and operational.

b) Preparation of joint management and monitoring documents for Lake Skadar-Shkodra.

Outcome: Lake Management Strategy and Fisheries Plans, monitoring program, Predictive Hydrological Model, joint database are prepared, approved and committed for implementation by both countries.

c) Creation of synergies and avoiding overlapping of activities in Lake Skadar-Shkodra through organization of donor conferences.

Outcome: Two donor conferences were organized, synergies are created and overlapping of activities are avoided.

d) Promotion of Lake Skadar-Shkodra as a tourist destination

Outcome: Two joint public awareness campaigns have been implemented, rehabilitation of facades in the cultural heritage street in Shkodra has been done, and preparation of a joint inventory of natural and cultural attractions has been prepared.

The national level objectives were:

a) Planned management of the lake.

Outcome: Preparation of the Lake Management Plan and provision of equipment for law enforcement in support of this plan.

b) Promotion of pollution reduction.

Outcome: A public awareness campaign to protect water quality associated with cleaning activities and, rehabilitation of two streams near the lake as sources of pollution have caused reduction of pollution to the lake water.

c) Promotion of sustainable fisheries.

Outcome: Preparation of a business plan for the Fishermen Management Organization, provision of equipment and fuel to strengthen their management capacity, financing for the protection of spawning areas which resulted in a considerable decrease in illegal fishing.

Recipient and Partners Performance

Operational experience during the project life can be considered successful. The PIUs in both countries, stakeholders, and beneficiaries contributed to the smooth operation of the project at the national and transboundary levels. The two countries, represented by the implementing ministries - MoEFWAA and MoSDTM - managed to agree on all aspects of these activities from the beginning until finalization and approval of each joint activity. The Albania PIU was established at the very beginning of the project implementation. It was staffed with qualified professionals who have demonstrated high degree of dedication and commitment to achieve project objectives and timely implementation of the project activities. The PIU established and kept a very good cooperation and communication with the PIU in Montenegro and all other stakeholders. The MoEFWAA remained fully satisfied with the performance of PIU under it. Ministry of Finance of Albania ensured smooth and timely flow of the Project funds and facilitated financial audits of the GEF Grant books and accounts.

World Bank Performance

WB team made notable efforts and was highly committed to a successful outcome of this project working jointly with the Government and local stakeholders to implement the project activities and achieve the outcomes and objectives. The WB provided very good guidance and supervision of all project activities, and worked in close collaboration with other donors to coordinate activities, create synergies and avoid overlapping. Twice per year WB conducted supervision missions to evaluate the status of activities and put tasks for improvement of the ongoing activities and timely implementation of upcoming

activities. The WB did this in complete consultation with the stakeholder and beneficiaries, MoEFWAA, counterpart Montenegrin institutions and donors operating in Lake Shkodra directly or indirectly.

Arrangements for Post-Project Cooperation

The joint institutional structures like SLC, its Secretariat, and the thematic Working Groups, established with the project support, will continue operation based on the agreements signed between MoEFWAA and MoSDTM in 2008, 2010, and 2012. Detailed arrangements are in place for joint activities and information sharing with the use of Predictive Hydrological Model, the Lake Management Strategy and Fisheries Plan, monitoring program, and the joint database.

Summary of the Recipient's ICR (Montenegro)



MONTENEGRO

MINISTRY OF SUSTAINABLE DEVELOPMENT
AND TOURISM

Ref.no: *11-180/11*
Podgorica, May 27th, 2013

Ms Anabela Abreu,
Country Manager, Montenegro

Europe and Central Asia Region
The World Bank Group, MSN MC7-720
1818 H St., NW, Washington, DC 20433-0002

Subject: **Borrower's Implementation Completion Report for Lake Skadar-Shkoder Integrated Ecosystem Management Project -LSIEMP (TF091939 MOT)**

Dear Ms Abreu,

In accordance with the schedule (Section II-2) of Grant Agreement between International Bank for Reconstruction and Development ("World Bank") and Montenegro, dated July, 2008 (GEF Trust Fund Number TF091939 MOT) we are pleased to submit Implementation Completion Report for the: "Lake Skadar-Shkoder Integrated Ecosystem Management Project -LSIEMP" in attachment.

We are convinced that Project Development Objective (PDO): "to help establish and strengthen institutional mechanisms for transboundary cooperation through joint efforts to improve sustainable management of Lake Skadar-Shkodra" has been fully achieved through establishment of successful collaboration among involved parties and implementation of concrete actions towards integrated sustainable management of the Skadar-Shkodra trans-boundary Lake.

I will use this opportunity to express our sincere and highest appreciation and gratitude for the effort and assistance provided by World Bank through all phases of LSIEMP implementation.

Sincerely,

General Director
Siniša Stanković



IV Proleterske brigade broj 19, 81000 Podgorica
Tel: (+382) 20 446 314(+382) 20 446 339 ; Fax: (+382) 20 446-215
Web: www.mrt.gov.me

Achievement of Project Objectives

The GEO was to maintain and enhance the long-term value and environmental services of Lake Skadar/Shkodra and its natural resources, and the PDO was to help establish and strengthen institutional mechanisms for transboundary cooperation through joint efforts to improve sustainable management of Lake Skadar/Shkodra. Both objectives - the GEO and PDO - have been achieved: (i) Immediate and longer term threats to lake water quality and ecological system are reduced by finalization of site investigation, Feasibility Study, independent Environmental Impact Assessment for the remediation of improperly stored hazardous waste in KAP dumpsite, and developing various tools for future integrated management of the lake watershed area; (ii) Status of key transboundary indicators of Lake water quality and ecology are improved, as the majority of the basic water quality indicators have been recorder within Class 1A (or better class A) during project implementation, and monitoring data for years 2008-2011 indicate constant trend of improvement of water quality; and (iii) Bilateral Skadar-Shkodra Lake Commission and four Working Groups have been operational, and during period of project implementation they adopted development and water use decisions/actions that eventually led to the signing of four new bilateral Agreements in December 2012 contributing to the integrated management of shared resources.

Achievements by Project Components

Component A. Capacity building for Improved Understanding and Joint Management of the Lake:

- SLC comprised of 3+3 high-level members established and operational;
- Secretariat for SLC and Bilateral Working Groups established and operational. These Working Groups include: Planning and Legal; Monitoring and Research; Communications / Outreach and Sustainable Tourism; and Water Management and each member group is comprised of 5+5 members officially delegated from relevant Institutions;
- Working Groups monitored/improved and proposed more than 11 joint activities in the framework of the project;
- Financing for the future functioning of the joint bilateral bodies (SLC, SLC Secretariat and Working Groups) agreed among Governments;
- PHM for the Skadar-Shkoder Lake Basin Area completed and adopted;
- Hydrological model being used to predict possible impacts of the proposed four developments on the Lake: a) development of a new hydropower infrastructure on Moraca river, b) dredging of the Bojana/Buna River, c) pollution from land-based sources and d) extreme event analyses;
- Joint Lake Management Strategy, including National Fishery Management Plans for each country, completed and adopted;
- Joint Lake Skadar/Shkoder monitoring program prepared with special attention to the monitoring requirements from international agreements and respective EU acquis;
- Joint database, with the purpose of collecting and distributing all kind of data related to the Lake, created, operational, and publicly available online.

Component B. Promoting Sustainable Use of the Lake:

- General design for reconstruction of medieval Besac fortress on the Lake shore completed;
- Number of registered illegal fishermen on Montenegrin side of the Lake decreased from 58% (in 2009) to 21 % (in 2010) and 17 % (in 2011);
- Two joint public awareness campaigns conducted with over a dozen activities held;
- Capacity building on the National Park Skadar Lake conducted through one year support of one officer for tourism and one officer for local communities to the National park Skadar Lake administration. After year of financing from the Project, one officer has been permanently employed by the National park authorities.

Component C. Catalyze Pollution Reduction Investments:

- Technical assistance provided to the Government for implementing activities related to the remediation of KAP hazardous waste dump site and capacity of Environmental Protection Agency strengthened for implementation of Integrated Pollution and Prevention Control legislation;
- KAP Project Steering Committee established and 14 meetings held for discussing activities toward remediation of KAP site which resulted in an unanimous adoption of the proposal for remediation for KAP hazardous waste;
- KAP hazardous waste categorization study and options analysis conducted. Based on their outputs, a feasibility study/preliminary design for remediation of KAP hazardous waste dump site produced and adopted;
- Independent Environmental Impact Assessment on the feasibility study for KAP hazardous dump site conducted and the report adopted after two public consultations;
- GoM applied for IBRD financing for reducing environmental and public risks of five selected industrial waste disposal sites in country, including the KAP hazardous waste dump site.

Recipient and Partners Performance

The GoM closely collaborated with all stakeholders in order to achieve proper ownership of project and secure future sustainability of project results. MoSTDM, through the PIU under it, had the overall responsibility for project implementation. Montenegro Ministry of Finance, through the TSU, performed procurement and financial management functions. Low capacity of PIU and TSU in the early phase of the project implementation caused slow start-up, but was overcome in the second year of the project life. Change of the Project Coordinator at around the project mid term was also an issue that impacted project implementation, as a couple of months were spent on the selection and contracting of the new Coordinator. National Park Skadar Lake has established and kept very good cooperation with Montenegrin PIU from the very beginning of project implementation and contributed to the successfulness of some project activities. Cooperation with MoEFWAA, City of Shkodra, FMO, and other stakeholders from Albanian side, especially the Albania PIU, was smooth and fruitful. All of joint activities have been implemented without any constraints.

Bank Performance

The Bank team supported project activities with regular supervision, which is highly appreciated, and by providing valuable inputs, comments, guidelines and

recommendations that improved project outcomes as well as the capacity of project related country structures. The Bank team played crucial role in management of project risks and timely implementation of the original plan of activities. However, achievement of goals of the two activities which failed (construction of a waste water treatment facility in Vranjina village, and construction of the ornithological station in the National Park Skadar Lake) could have benefitted from the Bank's more adaptive management approach and more intensive dialogue with the Government/local stakeholders in the last year of project implementation.

Recommendations for the Project Follow-up

- Agree on a long term (at least 5 years) financing scheme and secure funds for smooth operation of the joint institutional structures (SLC, its Secretariat and Working Groups);
- Mainstream joint strategies and programs developed under the project into future national strategies and programs;
- Initiate creation of early warning system for natural disasters on the bilateral level using the Predictive Hydrological Model;
- Develop Lake Basin Management Plan in accordance with Water Framework Directive;
- Support establishment of additional fishermen organizations and their capacity building on the Montenegrin part of the Lake, and facilitate sustainable management of fishery by creating network of fisherman organizations in both sides of the Lake;
- Continue reconstruction and sustainable use of vast historical heritage around the Lake;
- Reduce household pollution on the Lake and pollution from Moraca and Drin rivers;
- Reduce discharge of untreated waste waters to the Lake;
- Invest in reduced industrial pollution of Skadar Lake, especially the red mud basin and hazardous dump site in KAP.

Annex 8. Comments of Co-financiers and Other Partners/Stakeholders

Annex 9. List of Supporting Documents

World Bank documentation:

Project Identification Document (March 15, 2004, Report No. AB474)
Project Brief (May 8, 2007, Report No. 40088)
Integrated Safeguards Data Sheet (May 6, 2008, Report No. AC2792)
Project Appraisal Document (April 30, 2008, Report No. 37630-ECA)
GEF TF Grant Agreement (July 1, 2008)
Albania Country Assistance Strategy (FY2006-2009) Progress Report (May 9, 2008)
Albania Country Partnership Strategy (FY2011-2014)
Montenegro Country Assistance Strategy (FY2007-2010) Completion Report (March 20, 2009)
Montenegro Country Partnership Strategy (FY2011-2014)
Aide Memoires (2008-2012)
Management Letters (2008-2012)
Implementation Status and Results Reports (2008-2012)
Restructuring Paper (September 26, 2012)

Project and background papers:

Environmental Impact Assessment (May 1, 2007)
Process Framework for the Lake Shkoder Integrated Ecosystems Management Project: Albania (February 8, 2007)
Process Framework for the Lake Skadar/Shkodra Integrated Ecosystems Management Project: Montenegro (February 8, 2007)
Procurement Plans (2008-2012)
Environmental Impact Assessment and Remediation of the Solid Waste Dumpsite at KAP (September 2012)
Final Report on the Public Awareness Campaign (Albania) (September 28, 2012)
Survey of Pollution Sites and Sources Around Skadar-Shkodra Lake in Albania and Montenegro (August 9, 2012)
Preparation of the Management Plan for Shkodra Lake managed Nature Reserve (June 2012)
Final Report, Milieukontakt Albania (January 2013)

ALBANIA AND MONTENEGRO
 LAKE SHKODER - SKADAR INTEGRATED ECOSYSTEM MANAGEMENT PROJECT

- LAKE SHKODER-SKADAR BASIN
- MAIN ROADS
- CITIES
- NATIONAL CAPITALS
- INTERNATIONAL BOUNDARIES

