



# Project Information Document (PID)

---

Concept Stage | Date Prepared/Updated: 12-Feb-2019 | Report No: PIDC25739

**BASIC INFORMATION****A. Basic Project Data**

Country Western Balkans	Project ID P168862	Parent Project ID (if any)	Project Name Sava and Drina River Corridors Integrated Development Program (P168862)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Sep 02, 2019	Estimated Board Date Jan 30, 2020	Practice Area (Lead) Water
Financing Instrument Investment Project Financing	Borrower(s) Republic of Serbia Ministry of Agriculture and Environment Protection, Bosnia and Herzegovina - Ministry of Foreign Trade and Economic Relations, Montenegro Ministry of Agriculture and Rural Development	Implementing Agency Bosnia and Herzegovina - Ministry of Foreign Trade and Economic Relations, Republic of Serbia Ministry of Agriculture and Environment Protection, Montenegro Ministry of Agriculture and Rural Development, Republic of Serbia Ministry of Construction, Transport and Infrastructure, Slovenia Ministry of Environment and Spatial Planning, Croatia Ministry of Environment and Energy	

**Proposed Development Objective(s)**

The Development Objective of the Sava-Drina River Corridor Integrated Development Project is to strengthen capacity for integrated river basin management and development through improved transport connectivity, flood protection, and landscape management in selected catchment areas of the Sava and Drina river corridors.

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	159.81
<b>Total Financing</b>	159.81



of which IBRD/IDA	94.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	94.00
--	-------

**Non-World Bank Group Financing**

Other Sources	65.81
EC: European Commission	65.81

Environmental and Social Risk Classification  
High

Concept Review Decision  
Track II-The review did authorize the preparation to continue

**B. Introduction and Context**

**Regional and Country Context**

**The Western Balkan countries—Slovenia, Croatia, Bosnia and Herzegovina (BiH), Serbia, Montenegro, Albania, FYR Macedonia, and Kosovo<sup>1</sup>—aspire to consolidate economic growth and enhance their prosperity.** After a protracted period of sluggish or negative economic growth since the onset of the 2008-2009 global economic crisis, over the past 2-3 years growth and poverty reduction in the region are gradually improving again. While Slovenia joined the European Union nearly 15 years ago, Croatia’s accession to the EU in July 2013 is relatively recent, and the country continues on a path of administrative, market, and economic reforms to solidify its development position within Europe. On their part, the Western Balkan countries outside of the EU—BiH, Serbia, Montenegro, Albania, FYR Macedonia, and Kosovo—are currently in various stages of EU accession; seek convergence with EU living standards and its market- and rules-based systems; and aim to become stable upper middle-income societies in the short term, on a path to high-income status in the long term. The Berlin Process, with its annual summits between the countries and the European Commission to discuss reform and investment programs, attests to the focus on this convergence. Economic and policy integration across the region remains a key instrument to enhance economic growth.

**The Sava and Drina river corridor forms the backbone of the region.** A pivotal feature of the Western Balkans region is the Sava River Basin, one of Europe’s largest transboundary basins. It covers over one third of the Western Balkans in

<sup>1</sup> This designation is without prejudice to position on status and is in line with UN Security Council Resolution 1244/99 and the International Court of Justice Opinion on the Kosovo declaration of independence.



area and population, and connects five of the eight Western Balkan countries (i.e., Slovenia, Croatia, Bosnia and Herzegovina [BiH], Serbia, and Montenegro<sup>2</sup>). The Drina is the Sava's largest tributary, draining a mountainous area half the size of Switzerland. The economy and jobs in the region depend heavily on these shared water resources, to transport goods, generate energy, grow food and fibers, sustain biodiversity, and provide for leisure and eco-tourism activities. The Sava and Drina have a proclivity for both dry spells and devastating floods—most recently occurring in 2010 and 2014. The trends and changes in mean values of precipitation, evapotranspiration, and discharges are well documented and clearly indicate that climate change is expected to cause more intense flood and drought episodes, greater both in scope and duration.<sup>3</sup> Current climate change projections for the Sava River Basin foresee a rise of flood peaks of up to 8 percent, while droughts are also anticipated to become more frequent, and the latter are especially unfavorable for navigation.<sup>4</sup> Floods and droughts create risks for livelihoods and impose constraints on trade, food security, and productive investment. Although the hydraulic infrastructure in the basin is extensive, it has been poorly maintained and not modernized since the Balkans War (1995), hampering regional economic integration and suppressing growth.

**The Sava River Basin has still untapped potential to enhance economic growth and create jobs.** Income per capita among the riparians ranges from US\$5,000-6,500 (Serbia, BiH, Montenegro) to US\$13,000 (Croatia) and US\$24,000 (Slovenia), a typical range for South Eastern Europe. The Sava basin generates 20.5% of employment in Serbia, 35.3% in Croatia, and 54.4% in Slovenia. As the Sava flows from west to east across Slovenia, Croatia, BiH, and ultimately reaching the Danube in Serbia (and, via the Danube, the Black Sea), the river opens the opportunity to regain some of its former position as an important transportation corridor that simultaneously will require no-regret interventions to manage floods and strengthen economic resilience. The Drina corridor has still significant potential for hydropower generation, food production, and tourism development, while the 2014 floods have shown the importance of improved management of its existing storage infrastructure.

## Sectoral and Institutional Context

**The case of water management among Sava-Drina riparian countries demonstrates the challenge of limited regional coordination and cooperation.** Since the Sava and Drina waterways mark the border between most of the riparian countries (Croatia, BiH, Serbia, and Montenegro), the integrated development of the rivers as economic corridors and shared economic assets has been hampered since the early 1990s. The breakup of Yugoslavia and related armed conflict also led to decay in infrastructure, which in turn reduced the economic impact of these waterway resources. Conventional investment planning that defines the scope of benefits and costs solely within national boundaries has prevented multi-purpose investments that can capture impacts across borders and sectors.

**Deeper integration of water management is necessary across national borders as well as across water-dependent sectors to lower investment costs, capture synergies and economies of scale, and minimize negative externalities.** The Sava-Drina River Corridor still possesses substantial rehabilitation and development potential that, with an integrated approach, could pave the way for further development in the water sector and beyond. In 2014, the leaders of six countries<sup>5</sup> initiated the Western Balkans Six (WB6) process, establishing a connectivity agenda for promoting regional development and deepening economic integration.

**A regional program on the Sava-Drina Corridor focused on integrated water resources development can facilitate a transition from fragmented, country-specific actions to joint decisions and concrete investments in infrastructure and complementary measures.** While the restoration of the navigability of the Sava river waterway will improve market access and reduce transport costs to/from lagging regions, the design of waterway infrastructure interventions (dredging, river training, etc.) can be adapted to simultaneously revitalize and protect floodplains, wetlands, and the development of new energy infrastructure. Together, these measures will boost sustainable tourism (including eco-



tourism), a sector with a large potential for job creation, and enable investments in other sectors such as hydropower and irrigated agriculture. Critically, all these measures can be designed to also enhance protection against floods and other climate-related risks. Similarly, along the Drina corridor water resources planning needs to integrate hydropower reservoir operation, flood and drought management, tourism development, agriculture and climate change adaptation. The GEF-SCCF<sup>6</sup> financed West Balkans Drina River Basin Management project which was launched in 2017 will develop plans, conduct studies, including designs, and finance pilot investments in climate change adaptation measures that will generate multi-purpose benefits and build resilience. The ESMAP financed technical assistance project that started late 2018, will explore investment options for existing and new hydropower development. Results from these two interventions will inform the preparation of Phase II sub-projects under the planned Sava-Drina Corridor program.

### Relationship to CPF

The concept of the Sava and Drina River Economic Corridor Integrated Development Program aligns with development priorities identified in each nation's Country Partnership Framework (CPF)<sup>7</sup>. Common development priorities stated in the CPF across Sava River Basin riparian countries include investment in economic infrastructure to enhance growth, improvement of coping capacity against environmental risks, and protection of natural resources to achieve sustainable growth. For example, the Country Partnership Framework for BiH states that the World Bank Group will support the improvement of natural resources management and reduction of flood damages through "integrated water resources management and effective cooperation with neighboring countries on water issues". All the CPFs also consider water resources management and environmental sustainability as a way to enhance access to economic opportunities and achieve the World Bank's twin goals, particularly through low-carbon and resilience-enhancing investments in lagging regions. The program also builds on lessons learnt from recent and ongoing activities at national and regional level in partnership with the European Union and stakeholders of the Sava and Drina River basins.

### C. Proposed Development Objective(s)

The Development Objective of the Sava-Drina River Corridor Integrated Development Project is to strengthen capacity for integrated river basin management and development through improved transport connectivity, flood protection, and landscape management in selected catchment areas of the Sava and Drina river corridors.

#### Key Results (From PCN)

<sup>2</sup> The three other countries all share water resources as well, but Albanian rivers drain predominantly into the Adriatic; while Kosovo rivers drain into Albania, to the Danube via Serbia, or to FYR Macedonia; and Macedonian rivers mostly into the Aegean via Greece. It is to be noted that a minor part of the headwaters of Drina river lies in an uninhabited mountain range in Albania.

<sup>3</sup> R. Milačić et al. (eds.) 2015. "The Sava River." *The Handbook of Environmental Chemistry* 31. DOI 10.1007/978-3-662-44034-6\_2. Springer-Verlag Berlin Heidelberg.

<sup>4</sup> Schwarz, U. 2016. *Sava White Book. The River Sava: Threats and Restoration Potential*. Radolfzell/Wien: EuroNatur/Riverwatch.

<sup>5</sup> Albania, Bosnia and Herzegovina, FYR Macedonia, Kosovo, Montenegro, and Serbia.

<sup>6</sup> Global Environment Facility, Special Climate Change Fund.

<sup>7</sup> CPF for Bosnia and Herzegovina, Report Number 99515-BA, 2015; CPF for Montenegro, Report Number 105039-ME, 2016; CPF for Serbia, Report Number 94687 – YF, 2015; Systematic Country Diagnostic for Croatia, Report Number 125443-HR, 2018



The PDO will be achieved through interventions aimed at expanding waterway transport access along selected sections of the Sava river; supporting the delivery of inland waterway transport services along the Sava corridor for logistics and tourism purposes; strengthening flood protection and landscape management in selected catchment areas of the Sava and Drina corridors; and more fully realizing the energy management potential of the Drina river. The impact of these interventions will be tracked through key results indicators that will include the following:

- Development and approval of integrated river basin plan
- Number of ports rehabilitated
- Kilometers of improved navigability
- Kilometers of dykes and/or river training constructed
- Flood monitoring and Early Warning stations established and operational
- Number of investment projects identified and prepared through GEF-SCCF Drina River Basin Management project and ESMAP Integrated Water and Hydropower Development Project
- Population benefiting from project interventions (number), number of which female (percent);
- Participants consulted in the planning and preparation of project interventions (number - disaggregated by gender).

#### D. Concept Description

This project will implement approximately 40 sub-projects with high relevance to the program objectives, high level of readiness (with detail designs and tender documents likely ready by Effectiveness) while simultaneously preparing subprojects that will be implemented during the second phase of the Regional Program. Sub-projects will be implemented at national level and will have cumulative regional benefits. Sub-projects related to environmental and flood management were prioritized based on potential for climate change adaptation. Prioritization of second phase sub-projects will follow similar criteria.

#### Component 1: Integrated Development of the Sava River Corridor

**Sub-component 1.1 Strengthening the Sava river basin planning and development system.** The ISRBC Secretariat will be receiving support focused on the preparation of the Second Sava River Basin Management Plan, completion of the Flood Risks Assessment and Management Plans and the expansion of the existing hydraulic simulation model (HEC-RAS 5). A study on the alluvial aquifers in the Sava Basin will improve the understanding of ground water resources and their environmental status.

**Sub-component 1.2 Enhancement of ports facilities, services and logistics.** The project will finance civil works and the acquisition of equipment for the rehabilitation and expansion of cargo and vessel handling infrastructure, port facilities, and associated supporting services, like power supply and water treatment, at the Sava river ports of Brčko (BiH, Brčko District), Sremska Mitrovica (Serbia), and Slavonski Brod (Croatia).

**Sub-component 1.3 Multi-purpose Waterway Improvements.** This Sub-component will fund civil works in selected sites to address impediments to navigation along the Sava between Belgrade (Serbia), where the Sava and the Danube meet, and Slavonski Brod (Croatia). The bottlenecks to be addressed include insufficient and/or unpredictable draft, sharp bends, narrow passages, unprotected banks, lack of navigational aids, and the presence of underwater debris, all of which at present limit the size of vessels that can safely navigate the corridor and contribute to inaccessibility of navigation—irrespective of vessel size—for much of the year (~150 days or more, depending on section). The corridor will be upgraded



from origin to destination to a standard commensurate with current and expected transport demand over the project's planning horizon (~25 years), taking into account the expected/potential operational efficiency of the target design vessel.

**Sub-component 1.4: Flood protection and forecasting.** The sub-component will enhance the region's climate change adaptation capacity through improvement of data collection and analytical capacity. It will finance the implementation of a second phase of the Flood Forecasting and Warning System operated by all hydromet organizations of the riparian countries and ISRBC Secretariat (financed by WB-WBIF project) and improvement of Sava GIS/HIS as a Data Exchange Platform.

**Sub-component 1.5: Environmental management and climate change adaptation.** This sub-component will focus on watershed management and enhance climate change adaptation potential through improvement of the region's carbon sink. The project will support nature-based solution to re-vitalize selected protected areas of ecological significance to the Western Balkans and belong to the European Natura2000 network and/or are Ramsar sites. In the same fashion, one of the largest oak forests in the region located in the border between Croatia and Serbia could be developed as a nature-based flood retention area.

## **Component 2: Sustainable Management of Environmental Assets and Cascade of Dams in Drina Corridor**

**Sub-component 2.1: Mitigate climate change impacts and risks while enhancing navigation, hydropower generation and agricultural productivity.** The on-going GEF-SCCF-financed Drina River Basin Management project is conducting studies that will specify flood protection, bank stabilization, drainage and river training works and optimization of hydropower generation and reservoir management in the Drina Corridor. The optimization of the operation of the cascade of dams in Drina river is being further supported by a TA program implemented jointly with the Energy GP (financed by ESMAP), which will review existing environmental assessment, social assessment, and feasibility assessment of candidate dams. This TA would then contribute to the identification of measures and investments to improve hydropower production through rehabilitation of existing dams and construction of new dams. This sub-project would finance measures and investments for dams that are not financed under other projects or undertakings.

**Sub-component 2.2: Protecting and managing environmental assets in Drina river corridor.** The sub-component will finance studies, surveys, consultations and preparation of detailed design of interventions related to the development and management of environmental assets, protected areas and natural sanctuaries along the Drina Corridor. It will improve Drina River watershed management and enhance this region's climate change adaptation potential.

## **Component 3: Enabling regional economic integration, institutional support and program management**

**Sub-component 3.1: Studies and policy dialogue to foster regional economic integration.** This Sub-component will finance policy dialogue, consultations, and the preparation of plans and studies to strengthen to nexus between water services, (environmental protection, flood risk reduction and improved connectivity), job creation, economic growth and the enhancement of economic integration through trade, investments and tourism along the Sava and Drina Corridor.

**Sub-component 3.2: Institutional support and program management.** The Sub-component will finance activities to increase institutional capacity and inter-sectoral coordination in the participating countries to ensure more efficient decision making and program management at regional level.

**Sub-component 3.3: Planning and development of tourism in the Sava -Drina Corridor.** Master Plans will be financed to define the strategy to attract cruise ships and strengthen eco-tourism and enhance access for tourists in Serbia, Bosnia and Herzegovina and Croatia. A cycling path along the Sava will be funded to support regional eco-tourism. Branding of the pristine Drina sections will be considered for tourism development. Pontoon network will also be setup for anchoring



touristic vessels along the Sava-Drina Corridor.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	Yes
Projects in Disputed Areas OP 7.60	TBD

#### Summary of Screening of Environmental and Social Risks and Impacts

The Program is rated with an overall High Risk. In respect to environmentally related risks and impacts, they are wide ranging in both the scope and nature, as Project related activities include many stakeholders and sectors, the most important being water transport, water supply and sanitation, irrigation, energy generation, municipal and tourism development, nature protection and development, agriculture production, floods and drought management etc. Additional complexities are brought by involvement of several countries with insufficient experience of horizontal, vertical and/or international institutional cooperation. Specific investments, if not well managed, may have high negative impacts on soil, air, protected areas and natural habitats, water quality and use, dam safety, energy use, cultural resources. The area of stakeholder engagement is a risk because the program is dependent on coordinated and efficient decision making, as many institutions still have to be set up and procedures for functioning need to be developed. The complexity of the investments can evoke resistance from civil society groups. Land acquisition will likely have some impacts, including physical relocation due to civil works and restricted access to economic resources for riverine communities due to changes in access and resource use. The civil works will need strong supervision of labour standards, including potential community health and safety impacts from worker influx. The issue of dam safety is important in the context of the cascade dams that include energy generation. It is recommended that flood protection investments be combined with training and community response plans and information. Without this element, the infrastructure solutions risk compromising their outcomes.

**Note** To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

#### CONTACT POINT

##### World Bank

Berina Uwimbabazi, Luis C. Blancas Mendivil, Rome Chavapricha  
Sr Water Resources Mgmt. Spec.

##### Borrower/Client/Recipient

Republic of Serbia Ministry of Agriculture and Environment Protection





Bosnia and Herzegovina - Ministry of Foreign Trade and Economic Relations

Montenegro Ministry of Agriculture and Rural Development

### **Implementing Agencies**

Bosnia and Herzegovina - Ministry of Foreign Trade and Economic Relations

Bosko Kenjic

Head, Water Resources Department

osko.kenjic@mvteo.gov.ba

Republic of Serbia Ministry of Agriculture and Environment Protection

Natasa Micic

Head of Water Directorate

office@minpolj.gov.rs

Montenegro Ministry of Agriculture and Rural Development

Momcilo Blagojević

General Director

momcilo.blagojevic@mpr.gov.me

Republic of Serbia Ministry of Construction, Transport and Infrastructure

Veljko Kovačević

Assistant Minister

veljko.kovacevic@mgsi.gov.rs

Slovenia Ministry of Environment and Spatial Planning

Mitja Bricelj Bricelj

State Secretary

dimitrij.kuzmic@gov.si

Croatia Ministry of Environment and Energy

Elizabeth Kos

Assistant Minister

tajnica.uvg@mzoe.hr



**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**APPROVAL**

Task Team Leader(s):	Berina Uwimbabazi, Luis C. Blancas Mendivil, Rome Chavapricha
----------------------	---

**Approved By**

Practice Manager/Manager:		
Country Director:		