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Report No: 32782

IMPLEMENTATION COMPLETION REPORT
(TF-20427 TF-20428 TF-28467)

ON A GEF GRANT

IN THE AMOUNT OF US\$ 2.25 MILLION

TO

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

AND

IN THE AMOUNT OF US\$ 1.84 MILLION

TO

THE REPUBLIC OF ALBANIA

FOR THE

LAKE OHRID CONSERVATION PROJECT

June 21, 2005

CURRENCY EQUIVALENTS

(Exchange Rate Effective JUNE 21, 2005)

Currency Unit = AL Lek, MK Denar
Al Lek / Mk Denar = US\$ 0.00982 / 0.0208
US\$ = 101.775 AL Lek / 47.85 Mk Denar

FISCAL YEAR

January 1 December 31

ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
EA	Environmental Assessment
EU	European Union
GEF	Global Environment Facility
GIS	Geographic Information System
HBI	Hydrobiological Institute, Ohrid, Macedonia
ICR	Implementation Completion Report
JICA	Japanese International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
LOCP	Lake Ohrid Conservation Project
LOMB	Lake Ohrid Management Board
MTF	Monitoring Task Force
NGO	Non-governmental Organization
PAD	Performance Appraisal Document
PIU	Project Implementation Unit
SECO	Swiss Development Corporation
SIDA	Swedish International Development Agency
SOER	State of the Environment Report
UNDP	United Nations Development Program
WMC	Watershed Management Committee

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**ALBANIA and MACEDONIA FYR
LAKE OHRID CNSRV AL/MK (GEF)**

CONTENTS

	Page No.
1. Project Data	1
2. Principal Performance Ratings	1
3. Assessment of Development Objective and Design, and of Quality at Entry	2
4. Achievement of Objective and Outputs	3
5. Major Factors Affecting Implementation and Outcome	8
6. Sustainability	9
7. Bank and Borrower Performance	11
8. Lessons Learned	13
9. Partner Comments	14
10. Additional Information	22
Annex 1. Key Performance Indicators/Log Frame Matrix	28
Annex 2. Project Costs and Financing	30
Annex 3. Economic Costs and Benefits	33
Annex 4. Bank Inputs	34
Annex 5. Ratings for Achievement of Objectives/Outputs of Components	36
Annex 6. Ratings of Bank and Borrower Performance	37
Annex 7. List of Supporting Documents	38

<i>Project ID:</i> P042042	<i>Project Name:</i> LAKE OHRID CNSRV AL/MK (GEF)
<i>Team Leader:</i> Aleksandar Nacev	<i>TL Unit:</i> ECSSD
<i>ICR Type:</i> Core ICR	<i>Report Date:</i> June 29, 2005

1. Project Data

Name: LAKE OHRID CNSRV AL/MK (GEF)

L/C/TF Number: TF-20427; TF-20428;
TF-28467

Country/Department: SOUTH EASTERN EUROPE AND BALKANS

Region: Europe and Central Asia
Region

Sector/subsector: Central government administration (65%); Other social services (32%); General education sector (3%)

Theme: Biodiversity (P); Water resource management (P); Pollution management and environmental health (P); Environmental policies and institutions (P); Participation and civic engagement (P)

KEY DATES

PCD: 05/10/1995
Appraisal: 02/23/1998
Approval: 06/11/1998

	<i>Original</i>	<i>Revised/Actual</i>
<i>Effective:</i>	12/03/1998	12/03/1998
<i>MTR:</i>	12/15/2000	12/20/2001
<i>Closing:</i>	06/30/2002	12/31/2004

Borrower/Implementing Agency: GOVTS OF ALBANIA & MACEDONIA FYR/MINISTRIES OF ENVIRONMENT

Other Partners:

STAFF	Current	At Appraisal
<i>Vice President:</i>	Shigeo Katsu	Johannes Linn
<i>Country Director:</i>	Orsalia Kalantzopoulos	A. Hartman (ECC02) A. Chhibber (ECC06)
<i>Sector Manager/Director:</i>	Marjory-Anne Bromhead	Kevin Cleaver
<i>Team Leader at ICR:</i>	Aleksandar Nacev	Emilia Battaglini
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2. Principal Performance Ratings

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)

Outcome: S
Sustainability: L
Institutional Development Impact: SU
Bank Performance: S
Borrower Performance: S

	QAG (if available)	ICR
<i>Quality at Entry:</i>		S
<i>Project at Risk at Any Time:</i>	No	

3. Assessment of Development Objective and Design, and of Quality at Entry

3.1 Original Objective:

The original project objective was to conserve and protect the natural resources and biodiversity of Lake Ohrid by developing and supporting an effective cooperation between Albania and Macedonia for the joint environmental management of the Lake Ohrid watershed.

3.2 Revised Objective:

No revisions were made to the project objectives.

3.3 Original Components:

The Lake Ohrid Conservation Project (LOCP) sought to provide a transboundary, comprehensive approach to the management of the Lake Ohrid watershed, combining restoration, conservation and protection of the lake with sustainable use of its natural resources. The LOCP had four components:

Component A - Developing the Institutional, Legal and Regulatory Framework for Environmental Management in the Lake Ohrid Watershed – this component focused on increasing the capacity of public officials in the Lake Ohrid watershed to enforce each country's environmental laws, regulations, standards and policies.

Component B – the Lake Ohrid Monitoring Program – this component focused on establishing a comprehensive bi-national monitoring program to inform the public and local officials about the condition of the lake and to provide the information necessary for effective decision-making.

Component C – the Participatory Watershed Management Component – this component focused on mobilizing citizen groups within the watershed to create a strategic action plan.

Component D – the Public Awareness and Participation Component – this component focused on creating public awareness and increasing community participation to ensure effective and sustainable implementation of the Lake Ohrid Conservation Project.

In 2003, Component D was terminated, and responsibilities for public involvement were transferred to the Watershed Management Committees established under Component C.

3.4 Revised Components:

No revisions were made to the project components.

3.5 Quality at Entry:

Quality at Entry was **moderately satisfactory**. The project met the environmental and cultural heritage objectives in both countries' CAS, emphasizing water resource management, tourism development, and environmental sustainability. As part of project preparation and with the assistance of the Swiss Development Corporation (SECO), a feasibility study was carried out to identify the priority transboundary environmental problems and to develop a strategic action plan to conserve the lake (Ernst Balsler and Partners 1995). This assessment provided a solid foundation for the project and laid the groundwork for a Donor's Conference held in Ohrid in October 1996. As a result of this conference, donors in Switzerland, Germany, and the European Union (EU) began preparations for an investment program for wastewater collection and treatment, solid waste collection and disposal improvements, and other infrastructure projects. The components of the LOCP were developed based on the remaining priority elements identified in the SECO feasibility study, namely, institutional strengthening, water quality monitoring and public awareness and human activity management.

An ambitious, but relatively unfocused program for these components was developed. The program had very general goals and performance indicators that were linked to the project objective, but not linked to specific anticipated project interventions. In retrospect, while these were the right priorities for the project, preparation might have been improved with greater attention to identifying specific needs and writing these into very clear performance-based objectives, especially for the monitoring component. Although infrastructure improvements are a critical part of capacity building and appropriate budgets for these improvements must be provided, it is only possible to judge progress and make adaptive management decisions if realistic expectations are clearly articulated and performance measures are selected that relate directly to the project objectives and interventions.

At the end of 1996, the two ministries that were proposed as implementing agencies, the Albanian Ministry of Public Works, Territorial Planning and Tourism (now the Ministry of Environment) and the Macedonian Ministry of Urban Planning, Construction and Environment (now the Ministry of Environment and Territorial Planning), signed a Memorandum of Understanding, which established the binational Lake Ohrid Management Board (LOMB) to guide the design and implementation of the LOCP and to provide a binational framework for the resolution of transboundary environmental problems. Each government selected an overall Project Coordinator to lead and coordinate the detailed implementation arrangements, and to assist the work of the LOMB as its Secretary. Two Project Implementation Units (PIU), located in Pogradec, Albania and Ohrid, Macedonia were established and given responsibility for administrative matters in the implementation of the LOCP, including procurement, contracts, and disbursement of funds.

4. Achievement of Objective and Outputs

4.1 Outcome/achievement of objective:

Although there is considerable variation among the outcomes of the four project components, overall, the achievement of the project objective is rated as **satisfactory**. The objective, to provide a transboundary, comprehensive approach to the management of the Lake Ohrid watershed, combining restoration, conservation and protection of the lake with sustainable use of its natural resources, was codified into a new transboundary treaty “Agreement for the Protection and Sustainable Development of Lake Ohrid and its Watershed.” This treaty was signed by both countries in June 2004 and fully ratified by both countries in the spring of 2005. It provides a sustainable legal framework for long-term watershed management that is proactive and fully consistent with the EU Water Framework Directive. While implementation is just beginning and much depends on how this occurs, it is rare for a project to result in a completely new and comprehensive legal structure for joint management among two countries. The negotiation, signing and ratification of this treaty are significant achievements and bode well for the future.

The LOCP was the first GEF project of its kind in Southeastern Europe, and it has been recognized internationally as a successful model of bilateral management of transboundary resources. Delegates at a 2003 Athens conference hosted by Greece, during its Presidency of the EU, and the World Bank recommended that others in the region use the lessons learned in the LOCP to help guide their projects, especially noting how joint activities at the local level had significantly strengthened the collaboration between the two countries (The World Bank 2003).

The long-term project goal, to conserve and protect the natural resources and biodiversity of Lake Ohrid, has been enabled and can be achieved with continued efforts under the new agreement. Three years of monitoring document water quality concerns, but also a diverse ecosystem that remains resilient. Although the amount is unquantified, nutrient loads have undoubtedly been reduced by project activities, (particularly the construction of manure platforms and the reforestation projects) and substantial investments of other donors in wastewater collection and treatment are underway and will significantly increase these

reductions. The average lakewide phosphorus concentration is still below the level usually used to indicate oligotrophic condition. The Project's "State of the Environment" analysis shows that changes in species composition are occurring, and some hot spots of concern exist, but no species have been eliminated and the overall condition of the ecosystem is still acceptable. As the transboundary treaty and joint action plan are implemented, additional improvements in the ecosystem should occur.

4.2 Outputs by components:

Component A. The outputs of Component A are rated **satisfactory**. When the project began, environmental regulation and enforcement were weak in both Albania and Macedonia. Originally, this component planned to focus on increasing the capacity of local public officials to enforce each country's environmental laws, regulations, standards and policies as the necessary legislation and implementation steps to devolve power to the regions and municipalities were completed. However, the process of decentralization was quite slow in both countries; only solid waste management, water supply and sewage, and urban planning authorities were delegated to the local level during the life of the project. Although the project worked with the regional offices of the Ministries to implement activities in several sectors, plans to recruit and train local inspection and enforcement staff and to assist with environmental assessment training within the watershed were not accomplished. Currently, a number of legislative reforms to strengthen environmental protections and decentralize the environmental enforcement functions are in process in both countries, and both are also pursuing a number of other measures to achieve EU environmental standards and begin to meet international environmental conventions.

As the project unfolded, it also became very clear that the binational Lake Ohrid Management Board established by MOU during the preparation phase, was inadequate. A stronger legal and institutional structure was needed to establish and enforce joint regulations, resolve transboundary disputes, and prioritize, solicit and coordinate donor investments focused on critical needs. As documented in the mid-term review in December, 2001, the membership and authority of the Lake Ohrid Management Board was quite limited. The Board needed to be expanded, peopled with high-level representatives of all major stakeholders on the lake, and empowered with specific authorities.

On June 17, 2004, a new transboundary treaty, "Agreement for the Protection and Sustainable Development of Lake Ohrid and its Watershed," was signed by the Prime Ministers of Macedonia and Albania. This treaty was ratified by the Albanian Parliament in March 2005, and ratified by the Macedonian Parliament in June 2005. The treaty creates an international "Lake Ohrid Watershed Committee" to harmonize and enforce environmental standards and to coordinate and direct management activities on the lake and in the watershed. The joint bodies created by the LOCP and the former LOMB, including the Lake Ohrid Monitoring Task Force, the Watershed Management Committees in both countries, the Organization of Fishery Management, and the Prespa Park Coordinating Committee will continue their responsibilities under this new Committee. The work of the Committee will be implemented by a Secretariat, which will continue the activities of the LOCP. The signing and ratification of this treaty very tangibly demonstrates that the principal goal of the project, to build cross-border trust and establish the institutional arrangements necessary for long-term cooperation and joint management of the lake, has been achieved.

Other achievements under this component in Macedonia include (1) a pending new law that will ban phosphates in detergents, and (2) a new draft Law on the Environment, which was prepared with the assistance of the European Agency for Reconstruction. In Albania, the passage of the "Law on the Protection of Transboundary Lakes" in the fall of 2003 was a major achievement. This ecosystem-based law covers Lakes Prespa, Ohrid and Shkoder. The goals of the law are the protection of the natural state and promotion of activities consistent with sustainable development principles. The law is beginning to be

implemented through regional “Lake Administrations.”

Component B. The outputs of Component B are rated **moderately satisfactory**. From the beginning, the monitoring program was considered essential to provide a scientific basis for guiding the work of other project components. Monitoring Task Forces were established in both Macedonia and Albania in the first year of the project and a broad-based and ambitious joint sampling plan was prepared and endorsed by both countries. There were significant delays in collecting data, however, because infrastructure improvements were needed in both countries. In Macedonia, the Hydrobiological Institute was already located on the lake, in Ohrid, but infrastructure improvements and equipment purchases were necessary to support the new work. In Albania, there was no lakeside laboratory, so one had to be established in Pogradec. In both Macedonia and Albania, these laboratory improvement efforts proved challenging and there were significant delays in developing technical specifications and acquiring the necessary equipment.

There were also challenges early in the project in focusing the scientists (especially those at the Hydrobiological Institute in Ohrid) on a pragmatic monitoring program that could provide useful information to decision-makers, and in regular communication between the scientists and others working on the project. Quite simply, data were not being collected, interpreted and presented to the managers and stakeholders in ways that were easy for them to understand. The original monitoring plan was very general and did not specify critical data needs or reporting requirements. At the mid-term review, a decision was made to seek technical assistance to help both countries focus their monitoring activities, develop a quality assurance plan for the monitoring program, and prepare data analysis reports that would be useful to stakeholders and managers.

This effort culminated in the completion of “Lake Ohrid and its Watershed: A State of the Environment Report” in October 2002. This report represented the first time that Albanian and Macedonian data were used in a common assessment of the ecological conditions in the basin. It documents current water quality conditions in the lake and identifies hot spots and problems of particular concern. It also reports on biodiversity and the general condition of the biota in the lake. Forty-nine Albanian and Macedonian scientists and other specialists contributed to this report and through its preparation, got to know each other and learned to work together more effectively.

The State of the Environment Report was published and distributed early in 2003. A shorter and simpler layperson’s version was then prepared in Albanian, Macedonian, and English and distributed throughout the watershed. In November 2003, recommendations for restructuring the monitoring program in both countries were made. These recommendations were accepted and implemented in Albania in 2004, and they are currently being implemented in Macedonia. However, very significantly, the monitoring projects in both countries have been adopted by the Ministries of Environment in both countries and incorporated into their national monitoring efforts. Essential water quality data that can be used to evaluate trends in nutrient concentrations will continue to be collected, and both countries are committed to continuing to work together on the joint Monitoring Task Force. Although it is too soon to be able to document changes in water quality in the lake (4-6 years of data will likely be required), the institutional capacity to do this has been established.

Although a focus on fisheries management was not part of the original project plan, declines in the populations of Lake Ohrid trout became an important issue as the project progressed. Managing the harvested fish populations in the lake will take a binational approach and coordinated regulations. Although the project initiated work in these areas, and some data are now being collected in both countries, additional effort will be required to develop a binational fish stock assessment program, estimate a sustainable harvest, and guide the development of an effective management program.

Component C. The outputs of Component C are rated **satisfactory**. To bring local groups together and involve them in implementation of the LOCP, Watershed Management Committees were established in both Albania and Macedonia to develop a series of pilot projects and catalytic measures designed to test and demonstrate affordable and cost-effective measures for improving the environmental conditions in the watershed. Because the LOCP was the first project of its kind in the Balkan region, there was little or no experience in watershed management. This was initially a challenge, requiring a series of stakeholder cultivation activities, but it was also an opportunity for groups to learn from each other and to grow as problems, values, priorities, and potential solutions were shared.

In Macedonia, the pilot projects that were selected by the Watershed Management Committee for implementation included:

- Two educational projects designed to promote the availability and use of non-phosphate detergents and to raise awareness about the contribution of phosphates to the eutrophication problem in the lake. The second project also focused on pending government regulation of phosphate containing detergents.
- A reforestation and erosion control project in the Sateska watershed.
- Provision of solid waste containers in Ohrid, Struga and Resen.
- Construction of an educational trail and interpretive signs, lighting for a cave, and renovation of a visitor center in Galicica National Park.
- Construction of manure platforms and waste management systems on farms in Volkoderi, Kosel, Lakocerej, Mislesevo, and Trpejca.

In Albania, the pilot projects that were selected by the Watershed Management Committee for implementation included:

- Production of a film, entitled “Ohrid, Pearl of Centuries,” to promote the values of Lake Ohrid and its watershed.
- Provision of solid waste containers on the Pogradec waterfront.
- Establishment and reforestation of buffer strips along the Cerava and Peshkepia Rivers.
- Restoration of the chestnut forest in the Pogradec area.
- An education program about the appropriate use of agrochemicals in the watershed.
- Education and promotion of phosphate-free detergents in the Lake Ohrid watershed.
- Construction of manure platforms and waste management systems on farms in Golomboc, Gorica e Madhe, Gorica e Vogel, Kallamas, Starova, Leshnica, and Tushemisht.

Perhaps most significantly, the Watershed Management Committees in both countries were successful in working together to develop a joint “Transboundary Watershed Action Plan” that outlines some of the actions needed as the LOCP moves forward, and the appropriate roles of the stakeholders at both the national and local levels. This Joint Action Plan was endorsed by the Lake Ohrid Management Board in October 2003.

The Action Plan stresses working in partnership; using an ecosystem-based, watershed approach that integrates environmental and economic goals; pollution prevention; consensus-based, collaborative management; and flexibility. The four primary action items include:

1. Reducing point source pollution through actions that stress septic system management and maintenance, homeowner education, and management of solid waste;
2. Implementing conservation practices on farms and restoring impaired stream reaches;
3. Protecting and restoring habitats through wetlands inventory and the establishment of a no-net-loss

policy, identification and protection of fish spawning habitat, and inventories of the native flora and fauna in the watershed; and

4. Comprehensive planning through the establishment of micro-watershed planning committees, and by creating a GIS system and building the planning capabilities within the municipalities.

In Albania, the priority actions have been presented to the municipalities in the region and to the Ministry of Environment for their consideration and implementation. In Macedonia, the priority actions in this plan have been officially endorsed by the Council of Ministers. The Macedonian Ministry of Environment and Territorial Planning will provide funds for implementation as part of the government's action plan for watersheds.

Component D. The outputs of Component D are rated **satisfactory**. Public participation was initially handled through a subcontract with a well-established international NGO in both countries, allowing them to facilitate and support the work of the NGO's in the region. "Green Centers" were established in Struga and Ohrid in Macedonia and Pogradec in Albania, in part to serve as clearinghouses to connect the NGOs to each other and help mobilize public interest and public action. In 2000, the LOMB declared June 21 as "Lake Ohrid Day," and since then, a wide variety of activities to raise public awareness and to clean up the lake have been held, and thousands of citizens have been involved.

Workshops were held to build the capacity of the NGOs, focusing on organizational skills, meeting facilitation skills, public outreach and involvement, and other topics. At the beginning of the LOCP, 19 NGOs with about 700 members existed in the Lake Ohrid region in Macedonia and 13 NGOs with about 700 members in Albania. At the peak of activity, there were 42 NGOs, with more than 1400 members included in the implementation of Component D in Macedonia, and 19 NGOs with about 1200 members included in the implementation of Component D in Albania.

With the financial support of the Lake Ohrid Project, local NGOs in both Macedonia and Albania carried out a variety of activities including summer eco-camps, education in the schools, clean-ups along the shoreline of Lake Ohrid, reforestation on tributary streams in the watershed, producing and distributing public education materials, hosting round table discussions and workshops, and marking hiking trails in Galicica National Park in Macedonia. In Albania, 46 grants were made. In Macedonia, 49 grants were made. Nine projects involved participating NGOs from both Albania and Macedonia.

At the mid-term review, because much of the budget committed to this component of the project had been spent, the decision was jointly made to transfer the responsibility for supporting public awareness to the Watershed Management Committees.

4.3 Net Present Value/Economic rate of return:

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, some more direct than other, would include increased tourism, increased sustainability in using natural resources in the watershed, and investments in local businesses that provided goods and services as part of the project.

4.4 Financial rate of return:

N/A

4.5 Institutional development impact:

The project has significantly improved the ability of the Ministries to make effective use of financial and

human resources. The project staff in both countries includes well-trained professionals who continue to contribute in various capacities within their countries. The Ministry of Environment and Territorial Planning in Macedonia has established a permanent office in Ohrid, and the PIU Director has remained as head of this office, therefore, the experience gained in implementing the project will be fully incorporated in future activities within the watershed. In Albania, the PIU office and field laboratory to support monitoring have both been incorporated into the Ministry of Environment and both the PIU Director and a key staff-person in the field laboratory have remained, continuing to implement the future activities of the project.

In addition, the significant investments in equipment and facilities to support monitoring have been retained and incorporated into the Ministries of Environment in both countries. The key staff members that have been trained to perform the data collection and analysis will also continue to provide this function in the future. The approach to monitoring and the core monitoring parameters have been incorporated into the National Monitoring Programs in both countries.

Finally, both the local government and civil society are much more engaged in the management of the lake. There is regular dialogue among a number of local groups on both sides of the lake, and overall awareness and transboundary cooperation has been enhanced. Cross-lake communication and cooperation was facilitated by the decision of the governments of both countries to grant local residents special passports that allow expedited and frequent border crossings at Tushimisht/St. Naum.

5. Major Factors Affecting Implementation and Outcome

5.1 Factors outside the control of government or implementing agency:

There were externalities in both countries that significantly delayed the implementation of the LOCP from the very beginning. Project initiation was delayed in Albania because in 1998, the government was just recovering from the major public unrest caused by the collapse of the pyramid schemes. Project implementation was delayed in Macedonia because Parliamentary elections in mid-1998 led to the first major political change since independence. Therefore, project implementation actually started in December 1998 in Albania and March 1999 in Macedonia.

In 2001, there were considerable internal challenges in both countries. First, the Kosovo Crisis absorbed the human and financial capacities of both Governments in order to mitigate the refugee crisis. Then the ethnic strife and internal security crisis in Macedonia prevented supervision for almost a year and diverted government resources towards crisis management.

Because of these factors, the mid-term review was not conducted until December, 2001. After that mission, the first extension of the project, for 18 months, was approved. Subsequently, two additional extensions, for six months each, were approved, resulting in a final project end date of December 31, 2004.

Both countries are only beginning the processes of decentralization, and therefore, local implementation of project objectives was often challenging. While bringing implementation closer to the project site fosters public ownership and creates sustainable capacity, it can only work if local government has the authorities and capacities to meet the implementation demands. In both countries, most of the necessary legislation and implementation steps to devolve power to regions and municipalities did not come until the very end of the project. Only solid waste management, water supply and sewage, and urban planning have been delegated to the local level; everything else is still managed by either the central or regional offices of the Ministries. Although the project worked with these regional offices to implement activities in several

sectors, environmental regulation, inspection, and enforcement capacities remain rudimentary.

5.2 Factors generally subject to government control:

At the beginning of the project, a joint decision was made by the client countries and the World Bank to locate the PIU's in communities away from the national capitals, in municipalities located on Lake Ohrid. This presented considerable challenges in administration and approval of actions within the Ministries, as well as some additional effort in interacting with the Bank. In both Macedonia and Albania, political changes resulted in some delays in the implementation of project activities because of the associated changes in personnel in the leading positions in the Ministries. The tradeoff, however, is a high degree of local ownership and a higher likelihood of sustainability within the Lake Ohrid watershed because the local stakeholders and citizens are highly aware and strongly involved in the activities of the LOCP.

5.3 Factors generally subject to implementing agency control:

When the original grant agreement for the LOCP was approved, the World Bank was in the midst of developing new procedures for competitive grants. Therefore, the original agreement did not include provisions for awarding and administering competitive sub-awards to address the project components, and an amendment had to be taken to the Board of Directors for approval in order to allow the client countries to make sub-awards. While this need was anticipated, administrative delays inevitably meant that the amendment was not finalized until July 10, 2002. Unfortunately, this led to significant delays in implementing the pilot projects under Component C of the project.

5.4 Costs and financing:

See section 10, para f.

6. Sustainability

6.1 Rationale for sustainability rating:

This rating is based primarily on the creation of a long-term institutional arrangement for the bilateral management of Lake Ohrid and its watershed with the signing of the treaty "Agreement for the Protection and Sustainable Development of Lake Ohrid and its Watershed" and its ratification by both the Albanian and the Macedonian Parliaments. In addition to establishing an international "Lake Ohrid Watershed Committee," the agreement also codifies the joint working committees created by the LOCP, including the Lake Ohrid Monitoring Task Force, and the Watershed Management Committees.

This agreement creates a legal structure to establish and enforce joint regulations, resolve transboundary disputes, and prioritize and coordinate management actions, including donor investments. The countries will also have an institutional framework in place for watershed management that will allow proactive implementation and compliance with the requirements of the EU Water Framework Directive. Since both countries are working towards ascendancy, this is especially important.

6.2 Transition arrangement to regular operations:

As mentioned previously, the Macedonian Ministry of the Environment and Territorial Planning has established a permanent office in Ohrid for the Lake Ohrid Conservation Project. The PIU Director will continue to administer this office and will lead efforts to continue to implement the LOCP. Similarly, the Albanian Ministry of Environment has also made the Pogradec PIU office and the field laboratory a permanent part of the Ministry. The PIU Director in Albania will also continue to administer the office and lead future efforts to continue to implement the LOCP.

In addition, in both Macedonia and Albania, the transition to a sustainable, long-term monitoring program has been achieved, and both are likely to be sustainable over the long term. In both countries, the Lake Ohrid Monitoring Program has been incorporated into the National Monitoring Program and the equipment and experience gained through the LOCP will provide the core for these new national programs. In Macedonia, the recommendations for restructuring the monitoring program are being written into the agreements for monitoring of both Lake Ohrid and Lake Prespa, and a budget has been provided in 2005 for monitoring core parameters. In Albania, the administration of the Pogradec field laboratory developed by the LOCP will occur through the new Institute of Environment within the Ministry of Environment; although details are still being negotiated, technical direction for the program will continue to come through the staff at the Hydrometeorological Institute, who have implemented the program for the last several years and have a legal mandate for monitoring Albanian surface waters. Most of the new staff members that were trained under the LOCP in Albania will continue to be involved in the monitoring effort, and a budget for the program has been provided for 2005.

In both countries, the Ministries are also committed to publishing the regular results of the monitoring program. The joint Monitoring Task Force has continued to meet and is currently working on revised and updated joint protocols for monitoring under each country's newly restructured programs.

It is also likely that a strong public participation program will continue in both countries. In Macedonia, the Watershed Management Committee still meets and the members are committed to supporting the implementation of the priority action items in the Joint Watershed Action Plan. The priority actions in this plan have been officially endorsed by the Macedonian Government and the Ministry of Environment will provide for implementation as part of the government's action plan for watersheds. In Albania, the Watershed Management Committee is not currently meeting, but the members of the Committee have indicated their willingness and enthusiasm to continue their efforts as soon as the new Secretariat is established under the new bilateral treaty.

The level of public awareness about Lake Ohrid and its problems in both countries is quite high, and public involvement in activities remains strong. In the early years of the project, the grants to the NGO sector were highly effective in generating interest and allowing a variety of public projects to be implemented. Since the last grant session within the LOCP ended, there has been a decrease in NGO activities in the region. However, if appropriate ongoing support is available, the momentum and interest that has been established will carry into future efforts, and notably, some NGOs have already been successful in finding funding from other donors. There are currently 6-8 transboundary projects that are underway in the watershed.

A study of the impacts of the LOCP commissioned by the Albanian PIU in the final months of the project (Haxhimihali 2004) found that the project "is perceived by the important stakeholders as a contribution to the environmental protection and the development of the area in general." It also reported "a high level of fulfillment/satisfaction of the demands of the watershed beneficiaries by the achievements to date, the number and quality of the different activities and programs organized in the framework of the Project." Finally, and perhaps most significantly within the context of sustainability, the report noted that those who had been involved with the project want to continue to work towards the goals of the LOCP, and help implement even "more important projects of this kind that would open new perspectives for the development of this area."

7. Bank and Borrower Performance

Bank

7.1 Lending:

The lending for the project is rated as **satisfactory**. The LOCP responded well to the CAS priorities of both countries and their desire to protect Lake Ohrid and promote its tourism potential. Project preparation was extensive, beginning with a feasibility study conducted by the Swiss, and continuing through a Donor's conference organized by the Bank. This conference leveraged millions of dollars in investments that have provided major benefits for the water quality of the lake. Over the life of the project, more than \$75 million has been invested by other donors in the Lake Ohrid watershed.

The financial packages that were arranged were appropriate, but the countries were not in a position to utilize them fully. In Macedonia, about 25% of the original budget was not expended, and in Albania, about 2% of the budget was not spent. This occurred, in part, because of the political challenges and externalities in the region at the beginning of the project and because the original project was overly optimistic. Both implementing countries were relatively new Bank clients, and in retrospect, the existing capacities of the client governments and the potential for externalities to cause problems and delays in implementation should have received additional attention. Also, the initial monitoring plan that was developed as Component B of the project was unfocused and overly ambitious. Because of this, the overall project budget was too high and overemphasized this component.

7.2 Supervision:

Project supervision is rated as **satisfactory**. Being new Bank clients, both Governments faced difficulties in implementation at the beginning of the project. The supervision team, which for much of the project period was led from the Macedonian country office, provided assistance with day-to-day management, as well as detailed advice during supervision missions. These missions were organized every six months, except in 2001, when the internal security crisis in Macedonia prevented a mid-year mission. Detailed evaluation reports were prepared after each supervision mission, and progress was judged based upon the expectations documented in the Aide-Memoire from the previous mission. To the extent that modifications were possible, adjustments were made throughout the project to ensure that the expected project outputs were achieved.

Supervision was proactive, and outside consultants were brought in to help with recommendations for a strengthened bilateral management structure, for improvements in monitoring, and for assistance with the development of the demonstration projects. The consistency of the supervision team in the last years of the project allowed the PIU staff to build the capacity that is now continuing and will sustain the project into the future.

The Final Quality of Supervision Assessment (QSA6) for the LOCP was judged satisfactory. The report concluded that "The supervision missions assisted Albania and Macedonia, the two borrowers, in establishing a collaborative relationship to execute this complex project despite traditional political differences between the two. Supervision also helped translate this operation into a successful regional enterprise." The report also noted that the supervision team established trusted relationships with the two borrowers, which helped overcome political hurdles and the history of mistrust between the two countries.

7.3 Overall Bank performance:

Overall, the performance of the Bank is rated as **satisfactory**.

Borrower

7.4 Preparation:

Preparation in both countries is rated as **satisfactory**. Government officials and experts in both countries participated diligently in the feasibility study conducted by SECO. The Ministers of the two proposed implementing agencies in each country signed a Memorandum of Understanding which established the binational Lake Ohrid Management Board to guide implementation of the project and established PIU offices in Pogradec, Albania and Ohrid, Macedonia to administer the project activities.

7.5 Government implementation performance:

Government performance in both countries is rated as **satisfactory**. Despite a number of political challenges, and several changes in government over the course of the project in both countries, each government's commitment to the project remained strong. Both governments have been slow in passing national environmental reforms and in decentralizing power; however, both governments acted together and cooperatively to develop, sign, and ratify the new bilateral treat, which is a major accomplishment supporting the sustainability of the project and proactive management of Lake Ohrid and its watershed.

All major components of the project were supported by the government as generally planned, and the government made reasonable attempts to address any concerns raised during the supervision missions. Timely flow of funds from the governments was a challenge at times because of the demands of the Kosovo refugee crisis, the internal security crisis in Macedonia, and the changes in government in both countries described previously. This led to delays in project implementation and the need for three project extensions. Even with these extensions, the overly ambitious budget developed for Macedonia during preparation was not fully expended. Total counterpart funding in Albania was \$266,000 or about 12.7% of the total project costs. Total counterpart funding in Macedonia was \$214,000 or about 11.3% of the total project cost.

7.6 Implementing Agency:

Implementing agency performance in both countries is also rated as **satisfactory**. Because this project was the first watershed or ecosystem management project of its kind in the region and neither Ministry had significant experience with Bank operations before the project began, both technical training in participatory management, and administrative training were a necessary part of capacity-building. Although this capacity-building took time, the PIUs in both countries were fully functional before mid-term review, and no significant management issues emerged over the life of the project. Procurement, consultant supervision, financial management, and other administrative tasks were all performed in a sound and generally timely manner.

7.7 Overall Borrower performance:

Overall, the performance of both countries is rated as **satisfactory**.

8. Lessons Learned

Project scope and implementation schedule should be realistic, carefully considering the existing capacities of the client governments and providing for an initial learning period.

Project preparation was extensive, and yet both the scope of the project and the implementation schedule were highly optimistic. Both implementing countries were relatively new Bank clients, and in retrospect, the existing capacities of the client government and the potential for externalities to cause delays should have been given additional weight in decision-making about these matters. As the PIUs in both countries gained experience, the pace of implementation increased substantially. In the future, project milestones might more realistically be established if a necessary learning period is considered.

In a similar vein, administrative training to meet World Bank, client government, and other project requirements is critical as early as possible in the project. Because the project staff must work both within their respective Ministries and within the frameworks established by the World Bank, special challenges may be encountered in facilitating the work of the project. As noted in a project assessment conducted by the Albanians (Haxhimihali 2004), in future projects, early intensive training for project staff could help reduce these problems and help to get new project staff off to a stronger start. If possible, a consistent responsible party with the implementing agency would also greatly reduce implementation problems within client governments.

During project preparation, technical project components should be linked to performance-based contracts with specific data collection and reporting requirements.

The approach to Component B that was developed in preparation emphasized equipment purchases and improving laboratory and field sampling capacity and infrastructure, with much less attention paid to the critical data requirements and the need for timely data interpretation and reporting. The initial monitoring plan that was developed during preparation was unfocused and overly ambitious, and thus this component was overemphasized within the overall project budget. Some funds were allocated to scientific equipment that was not essential for the core monitoring effort.

In future projects, preparation should start by defining the critical data and interpretation needs, and only then explore the best ways to meet these needs. A partnership approach that takes advantage of existing strengths and builds the scientific network in the local community should be emphasized. Performance-based contracts might provide an excellent vehicle that can build infrastructure and core capacity where needed, but also include specific deliverables and schedules. Reporting requirements should encompass both technical products and data and interpretation that are geared towards the layperson and meet the needs of the stakeholders.

Performance indicators should be selected based on a simple model that links project interventions to expected outcomes so the indicators can be used to judge project effectiveness.

Many of the performance indicators in the PAD for the LOCP were difficult to use within the framework of adaptive management because they did not link directly and exclusively to project activities and their expected outcomes. Instead, they were broad expectations that were influenced by many factors outside of project control. The performance indicators for this project were selected before the new Bank indicator system was developed, however some lessons can still be drawn from this experience.

In future projects, a more comprehensive and specific set of indicators which cover all the project objectives and quantify environmental responses that are linked directly to project interventions would be most useful for guiding project activities and making decisions to fine-tune project approaches. A simple pressure-state-response framework is one way to approach selecting such an indicator set. Indicators of environmental state should include parameters that will be monitored as part of the project activities.

Early intensive efforts in public education and awareness can pay off in stronger stakeholder involvement and active participation in pilot/demonstration projects and development of future priorities for management action.

One of the strongest initial efforts of the project was Component D, the public participation portion of the project. Through the work in this component, a high degree of public awareness was developed. This awareness allowed further growth and evolution towards true stakeholder consultation and participatory management in the Watershed Management Committees. These committees guided the competitive grants portion of the project, and successfully collaborated in developing the Joint Watershed Action Plans. This

evolution in public participation emphasis would provide a good model for future projects.

Longer project terms allow personal relationships and trust to develop, which can facilitate transboundary cooperation and consensus-building.

When preparations for the LOCP began, there was only a very short history of communication between the governments of Macedonia and Albania. The kind of collaboration, compromise, and consensus-building that are necessary to support joint decision-making and an ecosystem approach depend upon open dialogue and the goodwill of all the major stakeholders. Although the longer project period was unanticipated and sometimes frustrating, it also allowed personal relationships to develop between the project participants, generating trust and an atmosphere that facilitated open exchange of ideas and progress on the proposed new bilateral treaty and the Joint Action Plan.

GEF support can have a catalytic role leveraging spin-off projects that greatly enhance the core investment.

A large number of leveraged and spin-off projects were facilitated by the LOCP. The robust analyses that were provided in preparation were very important in bringing donors to the table. These analyses supported the development of a range of large infrastructure projects within the watershed (listed in section 10 below). The level of activity within the project continues to draw other donors to the region (for example, a new JICA project will develop an environmental GIS to support land use planning) and the Joint Action Plan lays out a set of priorities for additional investments.

Continuity in the Bank supervision team can improve relationships between the Bank and the client countries and allow for consistent growth, problem-solving, and evolution in project activities and implementation strategies.

Supervision that is proactive, timely, and consistent is essential for adaptive management. The same Task Team Leader was responsible for the project from the beginning of 2001 through the close of the project. As the project emerged from the political instability of the early years, continuity in the supervision team was an essential element supporting faster progress and a higher level of achievement in the final years of the project. This team was able to reinforce expectations and evaluate progress consistently from mission to mission, making adjustments where needed to ensure that the expected project outputs were achieved. As noted in the Final Quality of Supervision Assessment (QSA6) for the LOCP, over time, the supervision team established trusted relationships with the two borrowers, which helped to overcome political hurdles and “translate this operation into a successful regional enterprise.”

Project extensions in longer time increments would facilitate planning and support the transition to regular operations.

After an initial project extension of 18 months, two additional six-month extensions were granted. These short increment extensions made planning for the extended life of the project challenging. In the future, increments of one year might allow greater planning, an easier transition to regular operations and a more sustainable program.

Patience does pay off.

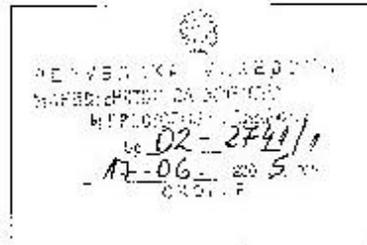
Despite the delays and extensions, this project achieved its objective. The LOCP has established a transboundary, comprehensive approach to the management of the Lake Ohrid watershed that is sustainable and that combines restoration, conservation and protection of the lake with sustainable use of its natural resources.

9. Partner Comments

(a) Borrower/implementing agency:



**MINISTRY OF ENVIRONMENT
AND PHYSICAL PLANNING**
Republic of Macedonia



To:	World Bank Office in Skopje Attn.: Sandra Bloemenkamp Country Manager SKOPJE
Subject:	Comments on the Implementation Completion Report for the Lake Ohrid Conservation Project GEF TF 20428

Dear Ms. Bloemenkamp,

I am writing with regard to the Report submitted to us on the completion of Lake Ohrid Conservation Project Implementation.

First of all, I would like to express my satisfaction for the realization of this project which, beside the implementation of the tasks defined in the Project Plan, has contributed to the establishment of close cooperation between the Ministries of Environment of the two countries-participants in the Project.

Regarding the material submitted, the general estimate is that it contains all necessary elements and describes the activities implemented and accompanied by many difficulties. In order to state precisely some of the facts, we are giving you the following comments:

1. In item 5.2,5.3 we suggest that the text in the third sentence starting in line four, be changed as follows: "Some delays in the implementation of project activities were caused by political changes which has brought changes in the leading positions in the ministries of both countries".
2. Item 6.1 in the first sentence, second paragraph, we propose to add the words "The Parliament of the Republic of Macedonia has ratified the Agreement in June 2005".
3. Item 6.2 in the fourth paragraph: "the Macedonian Government" should stand instead of "Macedonian Council of Ministers";
4. Item 7, sub-item 7.1, we suggest that the first and the second sentence be changed as follows: "The financial package was appropriate, but the countries were not in a position to maximally utilize it".

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e-mail: infoeko@moepp.gov.mk www.moepp.gov.mk



Finally, I would like to express my pleasure about the general estimate in the report related to the satisfying implementation of all components in the Project.

We hope that this project will give a solid basis for future cooperation with GEF and the World Bank in new projects in the area of environment management in river basins.

Sincerely yours,

Zoran Sapuric, Ph.D.

Minister



REPUBLIC OF ALBANIA
MINISTRY OF ENVIRONMENT
Minister's Cabinet

Address: Rruga e Durrësit, Nr.27, Tirana. Tel:+355 4 270 630, Fax:+355 4 270627

Nr. Exh Prot.

Tirana, on 19.04.2005

Subject: Evaluation of the LOCP:

LOCP is the first *cross border environmental project* implemented by the Ministry of Environment and, at the same time, the first potential environmental project to be implemented in Pogradec district. All the activities foreseen in LOCP have been implemented in cooperation and collaboration with the analogue Macedonian institutions, as well as the wider public on both sides of the lake, contributing to strengthening of relations between the two peoples and the institutions of both countries. LOCP fulfilled its basic aim which was to establish the basis for long-term bilateral management of the lake and its watershed. In June 2004, Governments of the two countries signed the very important legal instrument for joint protection " Agreement for Joint Protection and Sustainable Development of Lake Ohrid Watershed." This Agreement was ratified by the Albanian Parliament in March 2005. It lays out the duties of both Governments for protection of the watershed. It establishes a Secretariat and Joint Lake Ohrid Watershed Committee for implementation.

Seeing in retrospective the Project developments during its years of implementation, we notice progress in the achievement of the objectives of each component, and the Project in general. The results in the improvement of the capacity of the Project staff, Special Working Groups and other beneficiaries, through the daily work and the training activities, seminars, study visits, participation in pilot projects, etc., are more and more concrete. The Project has produced a number of documents that lay a stable ground for further institutional development and possible legal improvements.

Work efficiency has increased not only for the staff of the Project and Special Working Groups but also the other institutions that are included in the Project. This is a consequence of improvement of the equipment and working conditions, provided by the Project. Many objects financed by the Project were finished, such as the constructions in the tributaries, reconstructed working environments, the monitoring lab in Pogradec. The number of NGOs during the implementation period has doubled. During this period of time many environmental awareness projects with public participation have been implemented, making possible not only the promotion of Project activities, but also a wide participation of different social groups in these activities. The approval by the local governments in both sides of the lake, of June 21 as the Lake Ohrid Day, has created an important local event. The activities organized by the local government, local NGOs and the Project staff during this day in Pogradec have been numerous and with massive participation by the inhabitants.

The most important challenges in front of the Project and which will determine the achievement level for its objectives are reflected in the tasks and programs described in the Project Implementation Plan, and which are the result of the work to date. Of course, in the order of investment measures the most important has been the completion of the Monitoring Laboratory, its equipment with the planned instruments and, lastly, the implementation of the Monitoring Program in this lab. The supply of a wide range of data by the monitoring component, based on the improved working conditions and a more effective collaboration with the Macedonian party, as well as the systematic and elaborated distribution of the monitoring results, will identify in a more argued way the pollution, its geographical extension, and the potential pollution sources. This scientific overview of the situation and the problems of LO directs in a more rational and effective way the measures to change the situation.

An assessment of the effectiveness of the project using questionnaires and interviews clearly identifies that there is a satisfactory level of participation by the interested actors in different aspects of Project implementation. Almost all the local government structures are connected to Project developments. The proposals and decisions made by the municipality council and other local structures to issue by-laws (initiated by the Project), for the protection of the lake from the pollution and damages, the strengthening of the fishing control, the deployment of guards in communes and Pogradec to support the environmental and fishing inspectors, the design of the urban development plan for the coastal area from Lin to Tushemisht, the creation of the Public Information Office at the Pogradec Town Hall, are all activities where interested actors were involved according to their respective sectors.

The positive training evaluation that was organized in the framework of the Project and the unanimous request of the interviewees regarding the need to continue the training on the priority topics, is another index of the involvement and motivation of the specialists of different fields to improve their capacities and be an active part of the Project developments. The classification of the selected training topics is done in concordance with the present environmental priorities that Pogradec has, starting with sewage waters, urban waste, legal framework (in the aspect of law enforcement against illegal interventions into the environment) etc. Beside the above, we can add here that the need for continued training, mainly of the public servants, comes from the changes made in the local structures after local elections of October 2000.

During the Project implementation period a considerable number of activities were organized, influencing the capacity building of the local institutions. The working groups established in the framework of Project components organized training courses, seminars, monthly meetings on specific problems relevant to the Project progress, joint meetings with the Macedonian party, working visits to other countries. They were also involved in the design and implementation of pilot projects, preparation of thematic reports, legal acts, etc. The increase of the capacities of local institutions were demonstrated with the drafting by the local government of a number of acts related to the obligation for the enforcement of environmental legislation, the strengthening of the respective structures and the improved work to control the lake and environmental protection, the establishment of the Public Information Office in the Pogradec Town Hall, including the environmental information, the declaration of the LO watershed a protected area, etc.

An aspect of the increase of capacities of local institutions in the environmental protection cause is the strengthening of the collaboration of the interested institutions at local level, formalized in agreements of mutual obligation, as well as the collaboration of the Albanian and Macedonian Institutions regarding the measures for protecting LO. Similarly the measures taken by the Project beneficiaries during their activity, assisted the achievement of Project objectives. This is an important evaluation, because through it, we reach again the conclusion that there has been a fruitful mutual collaboration between the Project implementing and beneficiary parties, and that the beneficiaries are in general pleased was the activities organized in the framework of the Project.

The situation of the urban environment in Pogradec, as well as in the area around the lake, is better than it was several years ago, including urban waste removal, restriction of illegal constructions on the lake shore, restriction of illegal fishing, etc. The positive impact of LOCP in this direction is considerable. The present lack of sewerage treatment in the town has a negative impact on the environmental situation in the beach near the town, and the water quality in the part of the lake closer to the town. But there are positive steps that give optimism for future continued investments to correct this in the coming years.

Finally, we make the following evaluations of the Bank in this project.

We rate the lending for this project satisfactory. The priorities for the country include tourism development and environmental mitigation. The activities of the project and additional donor investments have both addressed these priorities. The Donor's conference organized by the Bank during preparation led to major investments in Pogradec that will result in substantial improvements in water quality as they are achieved. The reorganization of the water and sewerage utility is underway and the water system improvements are in progress. These have laid the groundwork for the sewerage system upgrades in the coming year. The financial package that was arranged during preparation was adequate and realistic.

Using the funds provided, we were able to make significant progress in all of the components, especially reconstructing project offices and the Pogradec Laboratory and equipping the laboratory to provide the monitoring information into the future. The implementation of the pilot projects was achieved and has also led to substantial benefits in agricultural waste management and citizen education and involvement.

We rate the supervision by the Bank as satisfactory. There was a learning period when the project began, but through training programs, study tours, and other efforts, we were able to build the capacity of the project staff and others involved in implementation of the project activities. Working with the supervision missions and the consultants, we learned necessary skills. The consistency of the supervision team in the last years of the project helped us focus on concrete evaluation of our progress and helped us reorient our activities to put for the future sustainability of the project.

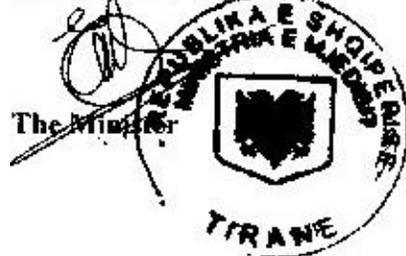
We rate the overall performance of the Bank as satisfactory. Through our experiences, we have built the capacities that will allow us to continue the efforts of the project into the next phase. We have excellent working relationships with Macedonian counterparts, and working through the new Agreement, are committed to sustaining the

project. Our learned knowledge of Bank procedures also put us in good position for new efforts in the future.

Finally, we conclude that the Project has had many positive influences on the citizens and NGOs in the Lake Ohrid watershed. As a result, their activities have increased in quantity and quality. The Project is perceived by the important stakeholders as a contribution to the environmental protection and the development of the area in general. They highly appreciate the Project goals, which are well known, and the Project content. Even though the LO watershed area is not among the poorest in Albania, the high rate of unemployment in the country and lack for a long time of important investments, have a considerable impact on the poverty of some social groups here. This way, the local actors, who are satisfactory involved in the Project activities organized by the public institutions, expected concrete results of the Project, as well as the formalization and implementation of more important projects of this kind that would open new perspectives for the development of this area.

There is a high level of fulfillment/satisfaction of the demands of the watershed beneficiaries by the achievements to date, the number and quality of the different activities and programs organized in the framework of the Project (pilot projects, awareness programs, etc.). They think that other similar projects should continue, maybe in larger scale, focusing on directions such as the development of sustainable tourism as one of the natural resources of the area, sustainable development of the town and other urban coastal centers, etc.

Ethem Ruka



(b) Cofinanciers:

(c) Other partners (NGOs/private sector):

10. Additional Information

GEF Review Criteria

a. Implementation Approach:

The implementation approach used was logical and flexible enough to adapt to the changing political situation, as well as and changes in project needs and requirements. In the early phases of the project, a heavy emphasis was placed on public participation and stakeholder involvement. This included workshops for stakeholders, training for developing NGOs, and a variety of other activities described under Component D above. In order to learn from other projects, a series of study tours were arranged for staff in all project components in the first three years of the project. Shared experiences with stakeholders on Lake Peipsi, Lake Constance, and Lake Champlain, three other transboundary lakes implementing similar management efforts, were particularly useful, and highlighted the need for joint action, a wide stakeholder base, and regular communication between the technical community, the policy-makers, and the public. In 2002, project staff from both countries participated in the workshop hosted as part of the Lake Basin Management Initiative, and were able to interact with a broad cross section of representative from other GEF and non-GEF sponsored projects.

As implementation challenges were identified, the project worked proactively to seek outside help to surmount them. This included seeking critical consultant input on institutional arrangements, participatory watershed management tools and approaches, monitoring and the state of the lake assessment, and the design of the manure platforms that were such a successful part of the pilot project effort.

b. Country Ownership/Driveness:

The project responded directly to national development and environmental agendas. During preparation, a Donor's Conference was held, and the needs and priorities identified as part of the conference have continued to guide investments and project activities. Both government representatives and a wide cross-section of stakeholders were involved in project preparation, and this involvement facilitated implementation in the early years despite considerable internal political challenges. These political challenges, including the Kosovo refugee crisis and then the internal security crisis in Macedonia, did delay allocation of government contributions to the project in 2000 and 2001, but overall, the financial contribution of the recipient countries was significant and adequate to meet the project needs.

The primary outcome of the project, the negotiation and signing of a new bilateral treaty for joint management of the lake, "Agreement for the Protection and Sustainable Development of Lake Ohrid and its Watershed," came directly from recognition by the countries that a stronger legal and institutional structure was needed to establish and enforce joint regulations, resolve transboundary disputes, and prioritize and guide implementation of actions, including solicitation of donor investments. Now that this treaty is fully ratified, an international "Lake Ohrid Watershed Committee" will be created to coordinate and direct management activities on the lake and in the watershed. The joint bodies created by the LOCP and the former Lake Ohrid Management Board, including the Lake Ohrid Monitoring Task Force, the Watershed Management Committees in both countries, the Organization of Fishery Management, and the Prespa Park Coordinating Committee will continue their responsibilities under the Committee. As noted earlier in the report, both countries have made the PIU offices permanent offices of their respective Ministries and have allocated resources to continue implementation of the LOCP in 2005.

c. Public Involvement:

Public involvement was a major focus of this project. When the project began, an active campaign of public education and stakeholder cultivation was initiated through Component D, as described above. In this campaign, information was disseminated through numerous television and radio spots, public meetings, and a large variety of printed materials, including educational brochures, posters, and other publications. As the breadth of stakeholder skills, experiences, and knowledge were identified, Watershed Management Committees were established in each country to consult with these stakeholders. As described above, these stakeholder committees guided the competitive grants process and recommended pilot projects for funding and implementation. In 2003, the local knowledge of the stakeholders was solicited and used to develop the Joint Action Plan, which was later endorsed by the Lake Ohrid Management Board.

All three public involvement options, information dissemination, consultation and stakeholder participation, were used successfully in this project. In fact, the early information dissemination efforts were judged so successful that at the mid-term review, the decision was made to focus primarily on consultation and stakeholder participation, folding Component D, the public awareness effort, into Component C, the participatory watershed management component.

d. Replication approach:

Throughout the project, an effort was made to share experiences, approaches, and lessons learned both across the border and throughout the region. A large number of documents describing the project and giving examples of successful activities were prepared and broadly disseminated in the region. Project staff participated in a number of training workshops and conferences both in the region and internationally. This participation resulted in acknowledgment of the LOCP as a model for successful transboundary watershed management by both the recent international “Lake Basin Management Initiative” and the countries of Southeastern Europe in a 2003 conference in Greece.

The lessons learned in the LOCP, as well as much of the State of the Environment information assembled, provided baseline information for the “Integrated Ecosystem Management in the Transboundary Prespa Park” project that was recently funded by GEF and is in preparation by the UNDP. One key staff person in Macedonia trained as part of the LOCP is now in a leadership position with the Prespa Park project, and members of the Lake Ohrid Monitoring Task Force have also collected monitoring data for the Prespa project. The Prespa Park Coordinating Committee will continue their responsibilities under the new Watershed Management Committee created by the bilateral treaty.

Lessons learned have also been shared with individuals currently preparing the Lake Shkoder Ecosystem Management project, also recently funded by the GEF. There has been regular communication between the technical experts working on Lake Ohrid and those working on Lake Shkoder, sharing experiences, approaches, and knowledge.

Finally, the development of the manure platforms as a primary focus of implementation came directly out of shared experiences between Macedonians and Albanians. The two countries jointly retained the technical expert who helped design the platforms. The first demonstration round of implementation of these projects was so successful, and there was sufficient additional interest among farmers in the watershed that a second round of implementation was undertaken in both countries.

e. Financial Planning:

A full financial report for each country is included in Annex 2 in this report. Financial controls were adequate and due diligence was provided in auditing and financial oversight. As discussed previously, timely flow of funds was a challenge at times because of the demands of the Kosovo refugee crisis, the internal security crisis in Macedonia, and the changes in government in both countries. This led to delays in project implementation and the need for three project extensions. Even with these extensions, the overly ambitious budget developed for Macedonia at appraisal was not fully expended; at the end of the project, \$1.67 million of an available \$2.26 million award had been spent (about 75%).

As outlined previously, this project has been highly effective in leveraging additional resources to support the objectives of the project. Except for the sewerage treatment plant project for Pogradec, the infrastructure improvement needs outlined in the Donor’s Conference hosted by the World Bank during project preparation have largely been achieved.

In Pogradec, the revenue and market challenges to building a sustainable water and sewerage utility were substantial. There was no fee-for-service culture and considerable resistance to the notion of volumetric water or sewer charges. Local utility restructuring and regulatory reform were necessary in order to provide for a sustainable utility system in both countries. KfW has taken an incremental approach to its infrastructure investments in both Macedonia and Albania, supporting the merging and restructuring of the water and sewer services first, and then investing in the infrastructure itself. When the local government in Pogradec assumed a more aggressive approach to utility reform, then KfW began moving ahead with its full suite of investments. Water supply metering and successful billing have now reached threshold levels, so investments in water supply improvements are underway, and conceptual development of a sewerage system is largely completed. If good progress continues, project design for the sewerage system is likely in the coming year. The whole suite of water and sewerage system improvements in Macedonia and Albania can be considered major environmental mitigation measures and will result in significant reductions in the nutrient loading to Lake Ohrid.

Other significant donor investments provided essential equipment to support monitoring in Macedonia, and are supporting solid waste improvements in Macedonia. A new investment by the JICA will develop an environmental GIS coverage for the watershed, including land use/land cover and topographic data layers. These data are critical to the land use planning efforts that are a high priority for future actions to manage nonpoint source pollution impacts in the Lake Ohrid watershed. The total of these investments is about \$76 million.

Donor Investments in the Lake Ohrid Basin.

Donor	Project	Amount committed (millions \$)	Status
KfW	Restructuring and merging of the water and sewer utilities in Ohrid and Struga (Pro-Aqua)	0.65	Completed
KfW	Expansion of the primary collection system, expansion of the secondary sewage treatment system in Ohrid and Struga (Macedonia), and rehabilitation of the treatment plant	13.29	Completed
KfW and	Rehabilitation and expansion of the water supply	6.63	Completed

EBARD	system in Struga (Macedonia)		
KfW	Second phase restructuring of the water and sewer utility in Ohrid and Struga (Pro-Aqua)	0.65	Near completion
KfW	Rehabilitation of the wastewater treatment plant in Resen (Macedonia), and equipment for detecting water losses (Proletera)	3.19	Completed
KfW	Restructuring and merging of the water and sewer utilities in Resen (Proletera)	0.39	Near completion
KfW	Promotion of ecosystem management in the UNDP Prespa Park project	1.95	In preparation
KfW	Solid waste system for SW Macedonia, including sanitary landfill, 3 major and 7 smaller transfer stations	9.97	In preparation
KfW	Capacity-building for solid waste management companies participating in the SW Macedonia project	1.95	In preparation
SECO	Research vessel and boathouse for HBI in Ohrid (Macedonia)	1.0 (estimated)	Completed
SECO and KfW	Rehabilitation of water supply system, including pumping stations, metering and water loss detection, and a new billing system for Pogradec (Albania)	6.63 (SECO) 3.25 (KfW)	In progress
KfW	Lake Ohrid sewerage collector improvements and sewerage treatment plant	9.5 (KfW and SECO)	In preparation
KfW	Lake Prespa forest and water quality improvement, biodiversity protection	6.5	In progress
KfW	Korca region (Albania) solid waste management feasibility study	1.0 (estimated)	In preparation
EU	Preparation of the new National Environment Strategy, and design and establishment of Environmental Information Management Systems	3.2	In progress
EU	Strengthening support for the National Monitoring Program and equipment for environmental monitoring	3.2	In preparation
SIDA	Support to the Albanian Ministry of Environment and Korca region in implementation of a solid waste management strategy	1.95	In preparation
JICA	Environmental GIS for conservation and management of the Ohrid watershed	1.0 (estimated)	In progress
TOTAL		75.9	

There have also been investments that don't appear in this table, but likely have been leveraged or at least motivated, facilitated, or supported by the Lake Ohrid Conservation Project. For example, a variety of research studies have been or are being conducted by Swiss, German, and Italian scientists to investigate the contribution of pollutants from the tributaries, evaluate options for dealing with the sediment load in the Sateska River, estimate sedimentation rates and nutrient dynamics in the lake, and refine the water balance for Lake Ohrid and Lake Prespa using tracers. Other investments include some small projects designed to support cultural exchanges and tourism development in the region, and a series of small projects supporting

NGO activities and local government capacity building. Taken together, these projects have an estimated value of about \$3-5 million.

f. Cost-effectiveness:

The original project components were developed using GEF incremental cost criteria. After the Donors Conference hosted by the Bank as part of preparation, donors from several European countries began preparations for investments in environmental mitigation measures. The components of the LOCP focused on the remaining priority elements identified in the feasibility study for the project, namely, institutional strengthening, water quality monitoring, and public awareness and human activity management, which were not covered by these commitments.

Using a qualitative, benchmark and comparative approach, it seems that the LOCP was cost-effective. There is no question that the management situation is vastly improved over what it was when the project began. A recent review of 28 lake-basin management efforts around the world concluded that a strong political will, reflected in an appropriate legal mandate for management was central to an effective program (LBMI 2004). Although this review does not provide detailed financial information, it appears that the relatively modest investments in this program have produced sustainable institutional arrangements that are still lacking in many other programs that have received a much greater level of financial support over even longer periods of time.

The implementation of this project was as cost-effective, or perhaps even more cost-effective, than originally proposed. Even though all funds were not expended, the major objective of the project, to establish a transboundary, comprehensive approach to the management of the Lake Ohrid watershed, was achieved. Other donors have responded to the program with significant investments in environmental mitigation measures. The project has put in place an environmental monitoring program that will be able to document improvements in water quality and environmental condition over time.

g. Monitoring & Evaluation:

Monitoring and evaluation were conducted using a set of performance indicators established in the PAD. Annex 1 presents the status of these indicators at the mid-term review and at the end of the project. To the extent that modifications were possible, adjustments were made throughout the project to ensure that the expected project outputs were achieved. Detailed evaluation reports were prepared after each supervision mission, and progress was judged every six months based upon the expectations documented in the Aide-Memoire from the previous mission.

The Final Quality of Supervision Assessment (QSA6) for the LOCP was judged satisfactory. The report concluded that “The supervision missions assisted Albania and Macedonia, the two borrowers, in establishing a collaborative relationship to execute this complex project despite traditional political differences between the two. Supervision also helped translate this operation into a successful regional enterprise.”

The report also noted that the project is “establishing productive communication channels and cooperation between the riparian countries, and the local committees have taken charge of the future work around the lake.” It noted that “The supervision team was proactive and had trusted relationship with the two borrowers, which allowed removing political hurdles and mistrust between the two countries. Finally, the report stated that “Implementation of the proposed plan is receiving strong political support from the policy makers of both countries.”

The only significant weakness identified in the Assessment was the need for more realistic indicators of achievements under project activities. Unfortunately, a number of the general indicators selected for the project responded to many factors outside the control of the project and so provided limited information for judging effectiveness. In future projects, a more detailed and quantifiable set of indicators that are directly linked to the anticipated project components and activities would be more useful for judging the effectiveness of the overall project.

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Annex 1. Key Performance Indicators/Log Frame Matrix

<i>Performance Indicators and PAD Targets</i>	<i>Midterm Review</i>	<i>Actual/End of Project</i>
<p>1.1 Maintain average lake nutrient concentrations, particularly phosphorous (P), below critical levels at which its present oligotrophic state can be sustained</p> <p>1.2 Reduce nutrient (N & P) and microbiological (E-Coli) loads in the lake's tributaries and other inflows</p> <p>1.3 Key ecological indicator(s) of the Lake's ecosystem health and stability within safe limits (to be determined by the MTF)</p> <p>2.1 LOMB takes actions to support implementation of components and promote necessary enabling and supportive actions by the respective governments.</p>	<p>1.1 Monitoring program data collection underway.</p> <p>1.2 Projects of the other donors have already made substantial investments in urban waste water collection and treatment. Projects designed to reduce non-point source pollution identified by the Watershed Management Committees will be financed by small investments in the Pilot Project Competitive Grants Program.</p> <p>1.3 Monitoring data collection underway, State of Environment Report to be prepared.</p> <p>2.1 LOMB has taken the key actions for supporting project's components; however, both countries agree that the LOMB's powers and composition needed to be expanded.</p>	<p>1.1. Lake Ohrid Monitoring Program data show the average lakewide phosphorus concentration is still below levels usually used to indicate oligotrophic condition, however, some shoreline hotspots have reached mesotrophic condition.</p> <p>1.2 Although the amount is unquantified, nutrient loads have undoubtedly been reduced by project activities (construction of manure platforms, reforestation projects, etc.) and substantial investments of other donors in wastewater collection and treatment.</p> <p>1.3 State of the Environment Report suggests changes in species composition are occurring, and some hot spots of concern exist, but the overall condition of the ecosystem is still acceptable.</p> <p>2.1 New "Agreement for the Protection and Sustainable Development of Lake Ohrid and its Watershed" signed by Prime Ministers of Macedonia and Albania on June 17, 2004.</p>
<p>1.1 Adoption of recommended changes in legal acts, regulations, and policies by LOMB</p> <p>1.2 All existing permits reviewed and new permits issued to all dischargers</p> <p>1.3 Periodic official inspections (at least 2/yr) of all permit holders carried out</p> <p>1.4 Timely enforcement actions taken against priority permit holders that are not in compliance.</p> <p>1.5 Environmental assessment reports for new projects reviewed and appropriate actions taken</p>	<p>1.1 Both countries agree that the LOMB's powers and composition needed to be expanded. Each country beginning the process of environmental management reform.</p> <p>1.2 - 1.4 The regulatory framework in both countries does not provide for a review and issuance of new permits. Both countries are in the process of revising EA legislation.</p> <p>1.5 Neither country has EA regulations that can be enforced at local level. Both countries are about the upgrade the legislation that regulate EA.</p>	<p>1.1 New "Agreement for the Protection and Sustainable Development Of Lake Ohrid and Its Watershed" significantly expands composition and powers of LOMB. Each country also continuing the process of environmental management reform.</p> <p>1.2 - 1.4 The regulatory framework in both countries does not provide for a review and issuance of new permits. Both countries are in the process of revising EA legislation.</p> <p>1.5 Neither country has EA regulations that can be enforced at local level. Both countries are about the upgrade the legislation that regulate EA.</p>

<p>2.1 Upgraded monitoring system and network installed, and technical protocol adopted by MTF</p> <p>2.2 Baseline study of available data, and diagnostic analysis of the present state of the lake and watershed is published by MTF</p> <p>2.3 Annual sampling and analysis campaigns are organized and completed by MTF</p> <p>2.4 Pogradec laboratory and project support facility operational</p> <p>2.5 Information system designed and implemented (all reliable existing data and data collected under the project), and accessible to public and private organizations and other project components</p> <p>2.6 Annual reports of the MTF submitted to LOMB, and non-technical summary with data and information in a form useful to public and private decision-makers widely distributed.</p>	<p>2.1 Monitoring capacity has been substantially upgraded in both countries and a bi-lateral protocol has been adopted.</p> <p>2.2 Plans for diagnostic analysis of the state of the lake made by MTFs.</p> <p>2.3 Sampling and analysis campaigns are carried out with reduced spatial coverage and frequency</p> <p>2.4 Pogradec laboratory and project support facility reconstruction is underway.</p> <p>2.5 Information system has not been completed.</p> <p>2.6 Some annual reports of the MTF submitted to the LOMB, however the preparation of the last annual report was delayed.</p>	<p>2.1 In both countries, the Lake Ohrid Monitoring Programs have been incorporated into their respective National Monitoring Programs. Both Ministries have committed to funding in 2005.</p> <p>2.2 Baseline study of available data, and diagnostic analysis of the present state of the lake and watershed is published (State of the Environment Report), including layman's version.</p> <p>2.3 Sampling and analysis campaigns restructured for sustainability and incorporated into National Monitoring Programs of each country.</p> <p>2.4 Pogradec laboratory and project support facility is fully operational.</p> <p>2.5 Information system not completed, however, the entire State of the Environment Report, and almost all other project documents are available on the internet.</p> <p>2.6 Annual reports of the MTF submitted to LOMB, non-technical summary of SOER widely distributed in Albanian, Macedonian, and English versions.</p>
<p>3.1 Community awareness program completed, and potential WMC participants identified</p> <p>3.2 LOMB adopts recommendations for establishing watershed management committees</p> <p>3.3 Pilot projects and catalytic measures designed to test and demonstrate affordable and cost-effective measures completed; results disseminated to WMC and watershed stakeholders</p> <p>3.4 Watershed Action Plan adopted by WMC and LOMB</p>	<p>3.1 Community awareness programs completed and WMC participants identified in both countries.</p> <p>3.2 Watershed Management Committees, comprising representatives of the key stakeholders, fully operational.</p> <p>3.3 Implementation of the projects approved and call for proposals underway to select competitive projects.</p> <p>3.4 Priorities for the watershed Action plan under discussion.</p>	<p>3.1 Community awareness program completed, and potential WMC participants identified</p> <p>3.2 LOMB adopts recommendations for establishing watershed management committees</p> <p>3.3 The small pilot projects financed under this component successfully implemented and relevant information disseminated to WMC and watershed stakeholders.</p> <p>3.4 Watershed Action Plans completed by WMCs; Joint Action Plan endorsed by the LOMB. Priority actions endorsed by government of Macedonia.</p>
<p>4.1 Increased environmental NGO membership</p> <p>4.2 Increase number of participants in planned activities (NGO members)</p> <p>4.3 Increased number of participants in planned activities (non-NGO members)</p>	<p>4.1 With support of the project and other donors, the number of NGOs and membership substantially increased.</p> <p>4.2 NGOs have implemented numerous projects supporting public awareness.</p> <p>4.3 General public is using the services of the cross-border Green Center network that has been established under the project.</p>	<p>4.1 NGO capacity and proactivity has been substantially improved.</p> <p>4.2 NGOs have implemented numerous projects supporting public awareness</p> <p>4.3 Public awareness in the watershed is high and participation in public events strong.</p>

Annex 2. Project Costs and Financing

Albania - Project Costs by Component (in US\$ million equivalent)

<u>Project Component</u>	<u>Appraisal Estimate</u>	<u>Actual/Latest Estimate</u>	<u>Percentage of Appraisal</u>
A. Institutional Strengthening	0.130	0.126	96%
B. Lake Ohrid Monitoring Program	0.900	0.872	97%
C. Lake Ohrid Watershed Management	0.216	0.179	82%
C. Pilot Project and Catalytic Measures	0.174	0.143	82%
D. Public Awareness and Participation	0.100	0.075	75%
Project Implementation Unit	0.322	0.426	132%
Total Baseline Cost	1.842	1.821	98%
Total Project Costs	1.842	1.821	98%

Macedonia – Project Cost by Component (in US\$ million equivalent)

<u>Project Component</u>	<u>Appraisal Estimate</u>	<u>Actual/Latest Estimate</u>	<u>Percentage of Appraisal</u>
A. Institutional Strengthening	0.180	0.113	63%
B. Lake Ohrid Monitoring Program	1.000	0.593	59%
C. Lake Ohrid Watershed Management	0.690	0.469	68%
D. Public Awareness and Participation	0.150	0.157	105%
Project Implementation Unit	0.220	0.339	154%
Total Baseline Cost	2.240	1.672	75%
Total Project Costs	2.240	1.672	75%

Albania – Project Costs by Procurement Arrangements (in US\$ million equivalent)

Expenditure Categories	Appraisal Estimate			Actual/Latest Estimate		
	Bank	Government	Total	Bank	Government	Total
1 Works	0.115	0.040	0.155	0.113	0.037	0.150
2 Goods	0.715	0.022	0.747	0.723	0.024	0.747
3 Services	0.739	0.022	0.731	0.705	0.016	0.721
4 Misc.	0.273	0.192	0.475	0.280	0.189	0.469
Total	1.842	0.276	2.118	1.821	0.266	2.087

Macedonia – Project Cost by Procurement Arrangement (in US\$ million equivalent)

Expenditure Categories	Appraisal Estimate			Actual/Latest Estimate		
	Bank	Government	Total	Bank	Government	Total
1 Works	0.116	0.000	0.116	0.069	0.000	0.069
2 Goods	0.604	0.030	0.634	0.454	0.030	0.484
3 Services	0.595	0.000	0.595	0.338	0.000	0.338
4 Misc.	0.925	0.184	1.109	0.811	0.184	0.995
Total	2.240	0.214	2.454	1.672	0.214	1.886

Albania – Project Financing by Component (in US\$ million equivalent)

Component	Appraisal Estimate			Actual/Latest Estimate			Percentage of Appraisal		
	Bank	Govern.	Total	Bank	Govern.	Total	Bank	Govern.	Total
A. Institutional Strengthening	0.130	0.014	0.144	0.126	0.012	0.138	97%	86%	96%
B. Lake Ohrid Monitoring Program	0.900	0.093	0.993	0.872	0.090	0.962	97%	97%	97%
C. Lake Ohrid Watershed Management	0.216	0.008	0.224	0.179	0.006	0.176	82%	98%	79%
C. Pilot Project and Catalytic Measures	0.174	0.000	0.174	0.143	0.000	0.143	82%	-	93%
D. Public Awareness and Participation	0.100	0.000	0.100	0.075	0.000	0.075	75%	-	75%
Project Implementation Unit	0.322	0.161	0.483	0.426	0.158**	0.578	132%	100%	119%
	1.842	276	2.117	1.821	0.266	2.087	99%	96%	98 %

Macedonia – Project Financing by Component (in US\$ million equivalent)

Component	Appraisal Estimate			Actual/Latest Estimate			Percentage of Appraisal		
	Bank	Govern.	Total	Bank	Govern.	Total	Bank	Govern.	Total
A. Institutional Strengthening	0.180	0.018	0.198	0.113	0.018	0.131	63%	100%	66%
B. Lake Ohrid Monitoring Program	1.000	0.078	1.078	0.593	0.078	0.671	59%	100%	62%
C. Lake Ohrid Watershed Management	0.422	0.060	0.482	0.224	0.060	0.284	53%	100%	59%
C. Pilot Project and Catalytic Measures	0.268	0.000	0.268	0.246	0.000	0.246	92%	-	92%
D. Public Awareness and Participation	0.150	0.000	0.150	0.157	0.000	0.157	105%	-	105%
Project Implementation Unit	0.220	0.058	0.278	0.339	0.058	0.397	154%	100%	138%
	2.240	0.214	2.454	1.672	0.214	1.886	75%	100%	77%

Annex 3. Economic Costs and Benefits

N/A

Annex 4. Bank Inputs

(a) Missions:

Stage of Project Cycle	No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.)		Performance Rating		
	Month/Year	Count	Specialty	Implementation Progress	Development Objective
Identification/Preparation 5/10/1995					
Appraisal/Negotiation 2/23/1998					
Supervision					
10/10/1998	4	TEAM LEADER (1); PRINC. WATER RES. SPEC (1); PROJECT OFFICER (2)	S		
11/24/1999	4	TEAM LEADER (1); PROJECT OFFICER (2); ENVIRONMENT SPECIALIST (1)	S		
07/02/2000	5	TASK TEAM LEADER (1); OPERATIONS OFFICER (1); FINANCIAL MANAGEMENT (1); OPERATIONS ASSISTANCE (1); PROCUREMENT (1)	S		
11/05/2000	1	TASK TEAM LEADER (1)	S		
05/30/2001	3	OPERATIONS OFFICER (1); CONSULTANT (2)	S		
05/22/2002	4	TTL (1); PROJECT OFFICER (1); MONITORING CONSULTANT (1); LEGAL CONSULTANT (1)	S		
11/25/2002	2	OPERATIONS OFFICER (1); PROJECTS OFFICER (1)	S		
05/22/2003	2	SR. OPERATIONS OFFICER (1); PROJECTS OFFICER (1)	S		
11/09/2003	3	TTL (1); OPERATIONS OFFICER (1); MONITORING SPECIALIST (1)	S		
06/04/2004	3	SR. AGRICULTURIST (1); PROJECTS OFFICER (1); MONITORING SPECIALIST (1)	S		
11/20/2004	3	SR. AGRICULTURIST (1); PROJECTS OFFICER (1); MONITORING SPECIALIST (1)	S		
ICR	2	SR. AGRICULTURIST (1); MONITORING	S		

		SPECIALIST (1)		
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(b) Staff:

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US\$ ('000)
Identification/Preparation		300
Appraisal/Negotiation		
Supervision		410
ICR		30
Total		740

Annex 5. Ratings for Achievement of Objectives/Outputs of Components

(H=High, SU=Substantial, M=Modest, N=Negligible, NA=Not Applicable)

	<u>Rating</u>				
<input type="checkbox"/> <i>Macro policies</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Sector Policies</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Physical</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Financial</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Institutional Development</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Environmental</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA

Social

<input type="checkbox"/> <i>Poverty Reduction</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Gender</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Private sector development</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Public sector management</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA

Annex 6. Ratings of Bank and Borrower Performance

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HU=Highly Unsatisfactory)

6.1 Bank performance

Rating

- | | | | | |
|--------------------------------------|--------------------------|------------------------------------|-------------------------|--------------------------|
| <input type="checkbox"/> Lending | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input type="checkbox"/> Supervision | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input type="checkbox"/> Overall | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |

6.2 Borrower performance

Rating

- | | | | | |
|--|--------------------------|------------------------------------|-------------------------|--------------------------|
| <input type="checkbox"/> Preparation | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input type="checkbox"/> Government implementation performance | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input type="checkbox"/> Implementation agency performance | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input type="checkbox"/> Overall | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |

Annex 7. List of Supporting Documents

All supporting back-to-office reports, Aide-Mémoires and PSRs are on file. The following documents are also available.

1. Agreement for the Protection and Sustainable Development of Lake Ohrid and Its Watershed (2004 Treaty between Albania and Macedonia)
2. Joint Watershed Action Plan (2004 Lake Ohrid Management Board)
3. Lake Ohrid and its Watershed: State of the Environment Report (2002 Report to the Lake Ohrid Management Board)
4. Albania – Client Country Report
5. Macedonia – Client Country Report

