

**PROJECT DEVELOPMENT FACILITY
REQUEST FOR PIPELINE ENTRY APPROVAL**



AGENCY'S PROJECT ID:
GEFSEC PROJECT ID:
COUNTRY: Regional: Albania, Algeria, Bosnia Herzegovina, Bulgaria, Croatia, Egypt, FYR Macedonia, Lebanon, Libya, Morocco, Serbia and Montenegro, Syria, Tunisia, Turkey, West Bank and Gaza
PROJECT TITLE: World Bank-GEF Investment Fund for the Mediterranean Sea Large Marine Ecosystem Partnership
GEF AGENCY: World Bank
OTHER EXECUTING AGENCY(IES):
DURATION: 6 years
GEF FOCAL AREA: International Waters
GEF OPERATIONAL PROGRAM: OP9, OP2
GEF STRATEGIC PRIORITY: IW-1 Catalyzing financial resources for implementation of agreed actions; BD-1 Catalyzing sustainability of protected areas; BD-2 Mainstreaming biodiversity in production landscapes and sectors.
ESTIMATED STARTING DATE: 2005
ESTIMATED WP ENTRY DATE: JULY 2005
PIPELINE ENTRY DATE: (if applicable)

FINANCING PLAN (US\$)	
GEF ALLOCATION	
Project (<i>estimated</i>)	US\$ 85 million
Project Co-financing (<i>estimated</i>)	US\$ 250 million (leveraged)
PDF A*	
PDF B**	US\$ 350,000
PDF C	
<i>Sub-Total GEF PDF</i>	Tbd
PDF CO-FINANCING (details provided in Part II, Section E – Budget)	
IBRD/IDA/IFC	Tbd
Government Contribution	Tbd
Italy	US\$ 100,000
<i>Sub-Total PDF Co-financing:</i>	
<i>Total PDF Project Financing:</i>	

* Indicate approval date of PDF A:
 ** If supplemental, indicate amount and date of originally approved PDF:

RECORD OF ENDORSEMENT ON BEHALF OF THE GOVERNMENT:

(Enter Name, Position, Ministry)

Date: (Month, day, year)

This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the GEF Project Review Criteria for approval.

Steve Gorman
 GEF Executive Coordinator, World Bank

Date: November 22, 2004

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PART I - PROJECT CONCEPT

A – SUMMARY

The World Bank and UNEP are proposing a GEF Strategic Partnership for the Mediterranean Sea Large Marine Ecosystem to assist countries in implementing policy reforms and priority investments that address transboundary pollution reduction and biodiversity conservation priorities in hotspots as identified in two Strategic Action Plans for the Mediterranean Sea. The Partnership would support capital investments, economic instruments, implementation of policy reforms, strengthening of public institutions and public participation through two elements: a regional technical assistance project, implemented by UNEP and an Investment Fund, implemented by the World Bank.

The main objective of the proposed World Bank-GEF Investment Fund for the Mediterranean Sea Large Marine Ecosystem Partnership is to facilitate the recipient countries of the Mediterranean Sea basin in implementing their top transboundary priority pollution reduction and habitat protection measures and contribute to reversing the degradation of this large marine ecosystem and its freshwater basins. The Investment Fund – supported by the GEF with US\$ 85 million grant financing over multiple tranches and open to other donors' contributions – is proposed as a vehicle for catalyzing investments and accelerate urgent actions that are necessary for reducing pollution of the Mediterranean Sea, and the Adriatic Sea in particular.

The Investment Fund would primarily finance investments that support achieving the pollution reduction and biodiversity conservation targets agreed by the basin countries under SAP MED and SAP BIO, including domestic and industrial wastewater treatment; wetland restoration and/or construction; improved management of watershed and aquifers for habitat conservation and pollution reduction; protection of endangered natural habitats and sensitive areas. Projects will be selected according to eligibility criteria and overall targets for the Investment Fund. The Investment Fund will be managed by the World Bank.

A.1. CONTEXT - THE STRATEGIC PARTNERSHIP FOR THE MEDITERRANEAN LARGE MARINE ECOSYSTEM

The countries of the Mediterranean Sea basin¹ face a variety of shared environmental problems that are transboundary in nature. Key to the success in addressing transboundary problems is the joint political commitment of all countries in the basin. To

¹ Albania, Algeria, Bosnia and Herzegovina, Croatia, Cyprus, Egypt, France, Greece, Israel, Italy, Lebanon, Libya, Malta, Monaco, Morocco, Serbia and Monte Negro, Slovenia, Spain, Syria, Tunisia, and Turkey, are riparian countries. Bulgaria, FYR Macedonia and West Bank and Gaza are included as part of the broader Mediterranean basin. SAPs have been endorsed by all riparian countries and the EU. All countries except Cyprus, France, Greece, Israel, Italy, Malta, Monaco, Slovenia and Spain are eligible for GEF support.

this effect, the GEF Operational Strategy recognizes that a series of international water projects may be needed over time to: a) build the capacity of countries to work together; b) jointly understand and set priorities based on the environmental status of their water body; c) identify actions and develop political commitment to address the top priority transboundary problems, and then d) implement the agreed policy, legal and institutional reforms and investments needed to address them.

With the support of the GEF, UNEP, UNEP/MAP, and FFEM, and consistent with the GEF Operational Strategy, the Mediterranean countries have collaborated within the context of the Barcelona Convention to revise the Transboundary Diagnostic Analysis² prepared in 1997, and have agreed on the following major transboundary environmental concerns for the basin:

- Decline of biodiversity due to over-fishing, conversion and degradation of critical habitats, introduction of alien species, pollution in the form of excess nutrients, toxic waste, including oil, solid waste and litter, and use of non-selective fishery gears;
- Decline in fisheries due to over-fishing, use of harmful fishing practice, loss of shallow-water habitats for some life stages of critical fisheries, adverse water quality from rivers, coastal aquifers, sewage discharges, dredging, and non-point discharges;
- Decline in seawater quality due to inadequate sewage treatment, lack of best practices in agriculture use of fertilizers and pesticides, inadequate controls on atmospheric emissions of heavy metals and persistent organic pollutants from European industrial sources, inadequate source controls and discharge control for industries along the sea, and increases in shipping traffic across the Mediterranean with consequent increase in accidental and purposeful discharge of harmful pollutants;
- Human health risks due to ingestion of seafood, ingestion of water while swimming, contact with contaminated seafood products, and contact with seawater contaminated with pathogens or viral agents;
- Loss of groundwater dependent coastal ecosystems due to the contamination, salinization and over-exploitation of coastal aquifers.

The Mediterranean countries have worked together to set priorities related to these transboundary problems and have jointly agreed on what interventions are needed to address such priorities through two Strategic Action Programs (SAPs):

- The Strategic Action Program to Address Pollution from Land-Based Activities (SAP MED); and
- The Strategic Action Program for the Conservation of Mediterranean Marine and Coastal Biological Diversity (SAP BIO).

² The Transboundary Diagnostic Analysis (TDA) is a scientifically based assessment of the environmental conditions of an internationally shared water-body, which identifies major problems, their causes, possible solutions, and discriminates between those issues requiring international action (transboundary), and those of an exclusively national nature.

The two Strategic Action Programs are aimed at: (i) reducing land-based sources of marine pollution (SAP-MED) and (ii) protecting the biodiversity and living resources of the Mediterranean, as well as their habitats (SAP-BIO)³. The two SAPs are now ready for implementation, consistent with the GEF Operational Program 8 in the International Waters focal area, and a third instrument, the ICM Protocol to the Barcelona Convention, is under negotiation. Together the three instruments will help countries toward achieving the MDGs and WSSD targets.

In order to accelerate on the ground implementation of the SAPs, and assist with the early implementation of the ICM Protocol, a collective effort for the protection of the environmental resources of the Mediterranean - the **Strategic Partnership for the Mediterranean Sea Large Marine Ecosystem** - is being proposed by UNEP and the World Bank to all the countries of the Mediterranean and to all international cooperation Agencies, IFIs and bilateral and multi-lateral donors. The proposed Partnership – which builds upon the model and lessons learnt from the GEF Black Sea/Danube Partnership – is a basin-wide multi-stakeholder collaboration with the main objective to assist basin countries in implementing reforms and investments in key sectors that address transboundary pollution reduction, biodiversity decline, habitat degradation and living resources protection priorities identified in the two SAPs. The Partnership will serve as a catalyst in leveraging policy/legal/institutional reforms as well as additional investments for reversing degradation of this damaged large marine ecosystem its contributing freshwater basins, habitats and coastal aquifers. Interventions supported under the Strategic Partnership will be mainstreamed into the programs of the GEF Implementing and Executing Agencies.

The proposed Strategic Partnership will consist of the two components reflecting each agency's comparative advantage:

- Regional Component: Implementation of Regional Activities for the Protection of the Environmental Resources of the Mediterranean and its Coastal Areas (UNEP)
- Investment Fund for the Mediterranean Sea Large Marine Ecosystem Partnership (World Bank).

The present Concept describes the Investment Fund as proposed by the World Bank. A separate concept paper, prepared by UNEP, describes the Regional project.

A.2. BACKGROUND

1. ENVIRONMENTAL CHALLENGES OF THE MEDITERRANEAN SEA

The coastal areas around the Mediterranean are heavily populated and are undergoing a dramatic process of development. The populations of coastal states have doubled in the

³ The environmental targets identified by the two SAPs are presented in Annex 2.

last 40 years to 450 million (in 1999) and will reach over 600 million in 2050. In addition, tourism arrival is expected to rise from 135 million in 1990 to 350 million in 2025, doubling the population along the coast during summer. Population load is shifting towards the southern and eastern Mediterranean and about 60% of it lives within 100 km of the coast. Population density in coastal areas ranges from double to ten times the national average due to the more favorable climatic, agricultural and often socioeconomic conditions. As a result of the increased demand for space, water and natural resources, the stress on coastal eco-systems, and the infringement on natural and agricultural land is continuously increasing.

Eighty percent of the pollution load of the Mediterranean Sea originates from land sources, mainly in the form of untreated discharges of urban waste (which includes microbiological, nutrient and chemical contaminants) reaching the sea from coastal sources and through rivers. Lack of sewage collection, treatment and disposal infrastructure is still the greatest problem in many Mediterranean countries. 69 % of coastal cities with more than 10,000 inhabitants have sewage treatment plants, resulting in a large annual discharge of more than 1 billion m³ of untreated sewage to the sea. Some countries have no treatment plants at all. Overall, 66 million m³ of untreated industrial wastewater is discharged to the Mediterranean each year. To add to this, agricultural practices cause significant soil erosion and pesticide pollution of surface and groundwater resources, consequently, through rivers and direct runoff, affecting the coastal and marine ecosystems. Uncontrolled coastal development, population expansion and increasing coastal tourism, unregulated and unsustainable fishing, damming and pollution are the greatest threats to the marine and coastal ecosystems.

The revised TDA for the Mediterranean Sea and recently adopted SAP BIO identify the major environmental concerns in the Mediterranean Sea (Box 1).

Box 1. Major transboundary environmental concerns in the Mediterranean.

Transboundary **degradation of coastal habitats and decline of biodiversity** arise from the combination of the following factors: Marine living resources are often migratory; coastal habitats provide nursery and feeding grounds to migratory species, thus the degradation of coastal habitats contributes to an overall decline in biodiversity; The sustainability of marine and coastal habitats depends on the integrity and viability of their interlinked, transboundary ecosystems, that support trophic levels in the food chain.

Transboundary aspects in **fisheries** sustainability and management are of particular importance regarding migratory and shared stocks, which makes it inevitable and essential to address fisheries on an international level. This task is complex in the Mediterranean as there are a high number of riparian states in varying stages of development in the management of fisheries. Future progress in terms of fisheries management however will be based on the ability to build a multilateral dimension into national practices. The number of shared fisheries has increased in several areas of the Mediterranean like the Alboran Sea, the Gulf of Lyons, the Northern Tyrrhenian Sea, the Adriatic Sea, the Ionian Sea, the Aegean Sea, the Sicily Strait and the Gulf of Gabes. The number of shared fisheries identified already at this stage justifies common action to be taken for those stocks at international level.

Transboundary concerns related to **marine water quality** arise from the fact that pollutants often travel great distances through air, sea currents and rivers, before their effects can be traced. The Mediterranean seawater exchange patterns, persistent toxic substances dispersed by atmospheric circulation, transboundary transport of pollutants such as Polycyclic Aromatic Hydrocarbons (PAHs), eutrophication and the evidence of long-range biological pollution impacts on sea birds and other marine life, are the main focus areas of sea water quality. Pollution hot spots can also affect biodiversity resources of Mediterranean-wide importance in addition to site-specific impacts.

1.

Transboundary elements affecting **human health** include the trade of contaminated seafood that diffuses health concerns beyond Mediterranean basin and through the transboundary exposures of tourists to potentially contaminated seafood; Risks of adverse health impacts from contaminated seawater such as gastroenteritis, ear, skin and eye infections, viral diseases such as hepatitis A, cholera and superficial or deep mucosae from contact with contaminated beach sand, whilst visiting Mediterranean beaches. Without adequate water resource management, human health issues will continue to degrade. Lack of water and sanitation, inadequate waste and wastewater disposal, potential waterborne diseases, unhealthy seafood and occurrences of eutrophication will increase.

Transboundary threats to **coastal aquifers**. The groundwater problems in the context of the Adriatic (eastern coast) basin and in selected section of the Levantine and the Southern Mediterranean coasts are linked to the coastal aquifers freshwater- saltwater interface. The problems are linked to and arise from functions for basin water balance and freshwater discharges, water supplies, control of saltwater intrusion and coastal salinization, nutrient and contaminant transport and SGDs and preservation of fresh-, brackish- and coastal water ecosystems. They are ultimately referred to the lack of policy and sustainable legal and institutional frameworks for coastal aquifer management. The problems vary depending on the vulnerability of the aquifer systems, the hydrogeology and importance of land-based water pollution and are related to (a) sustainable protection and use of shared coastal aquifers, and ultimately to (b) the sustainability of the regional basin including marine water balance and water quality and the impacts on the marine ecosystems.

Transboundary problem of **marine litter**. Marine litter has been an issue of concern in the Mediterranean since the 1970s. Marine litter is an environmental, economic, health and aesthetic problem. It causes damage and death to wildlife. It threatens marine and coastal biological diversity in productive coastal areas. Plastic litter is a source of persistent toxic substances. Pieces of litter can transport invasive species between seas. Medical and sanitary waste constitutes a health hazard and can seriously injure people. Every year, the presence of marine litter causes damage that entails great economic costs and losses to people, property and livelihood, as well as poses risks to health and even lives. And marine litter spoils, fouls and destroys the beauty of the sea and the coastal zone.

Status of Marine Protected Areas in the Mediterranean

In spite of the intensive human use it has experienced for more than two thousand years, the Mediterranean Sea remains a global biodiversity hotspot, listed in the top 15 marine hotspots by Conservation International (CI) and figuring prominently in the WWF Global 200 list. In such an intensively utilized environment, traditional “fortress” protected

areas established solely for the preservation of biodiversity are almost impossible to create and enforce. As a result of this pressure to both conserve and use, Mediterranean countries have already established some of the most innovative and successful marine protected areas (MPAs) in the world, ranging from small specific areas for critically important biodiversity, such as the MPAs established for protection of the Monk Seal in Greece, Turkey and Morocco, the Port Cros Park in southern France, and the Pelagos Sanctuary for Mediterranean Marine Mammals, a transboundary protected area created by France, Monaco and Italy in the Ligurian Sea.

In spite of these innovations, the general situation with regard to marine protected areas in the Mediterranean remains critically weak when measured against a goal of reducing the rate of biodiversity loss by 2010, especially for the countries in the southern and eastern parts of the Mediterranean, since the geographical distribution of Marine Protected Areas around the Mediterranean clearly lacks balance: most of the MPAs are located on the North Mediterranean coast (see map).

There are more than 150 Marine and Coastal Protected Areas in the Mediterranean under the SPA Protocol, more than 50 of which are open water areas. Among the signatories to the Protocol, only Italy has specific legislation for establishing marine protected areas. Most of the other countries have adopted legislative texts permitting the establishment of such areas, without detailed rules concerning regulation and management. In the case of Wetlands, there are 150 Ramsar Sites in the region, but this number could be easily doubled applying the Convention on Wetlands criteria.

Although countries have established MPAs, many of these remain “paper parks”. In addition, many were created purely for species protection without giving adequate consideration to the opportunities to capture multiple benefits through the careful consideration of location, size, (multiple-use) zoning/management, and the synergistic effects of networks.⁴ At the same time several national reports have identified several common problems affecting the selection, establishment and management of Marine Protected Areas in the Mediterranean (Box 2).

⁴ Agardy, T. et al. (2003). "Dangerous targets? Unresolved issues and ideological clashes around marine protected areas." *Aquatic Conservation: Marine and Freshwater Ecosystems*; published online in Wiley InterScience (www.interscience.wiley.com) DOI: 10.1002/aqc.583.

Box 2. Common problems affecting the conservation of marine biodiversity through the use of MPA's in the Mediterranean.

A series of problems have been recurrently identified by the National Reports, although, obviously, the importance of magnitude of each problem differs between the countries bordering on the Mediterranean Sea:

- Insufficient legal system, lack of adequate legislation
- Confusion of competency, or fragmentation of responsibility (leading to problems of implementation of the existing laws)
- Lack of coordination between administrations, competencies overlap
- Interference with other human activities occurring in the coastal zone, mainly tourism
- Low or no participation of stakeholders and other agents in the decision-making process
- Poor effort to improve public awareness on marine conservation issues
- Lack of effective enforcement measures in some cases
- Lack of effective scientific monitoring
- Lack of sufficient economic resources to achieve the protection measures, so that a number of MPAs receive only nominal management and protection ("paper MPAs")
- Problems of mismanagement and deterioration caused by the limited experience of the people administrating the MPAs
- Lack of effective conservation measures to protect particular species (monk seal, sea turtles, cetaceans, etc.) and/or communities (e.g. seagrass meadows)
- Need to set up a network of MPAs, and therefore define of goals, mechanisms and management organization for such a network
- Need for integrated coastal zone planning and management.

Other identified problems that affect the selection, installation, management and evaluation of Mediterranean MPAs are the following:

- Need to clearly establish the specific goals of each MPA
- Improved scientific basis for the selection (location, habitats included, depth range, etc.) and design (size, shape, number, proportion of total surface protected, etc.) of MPAs
- Need for appropriate monitoring and evaluation of the effectiveness of MPAs, based on sound sampling designs (e.g. BACIP, beyond-BACI...)
- Lack of empirical evidence for potentially complex effects of MPAs, e.g. spillover, indirect effect on ecosystems ("cascade" effects), effects on larval replenishment of commercially and/or ecologically important species, genetic effects, socio-economic results, etc.
- Need to ascertain the relationship of MPAs with other management tools.

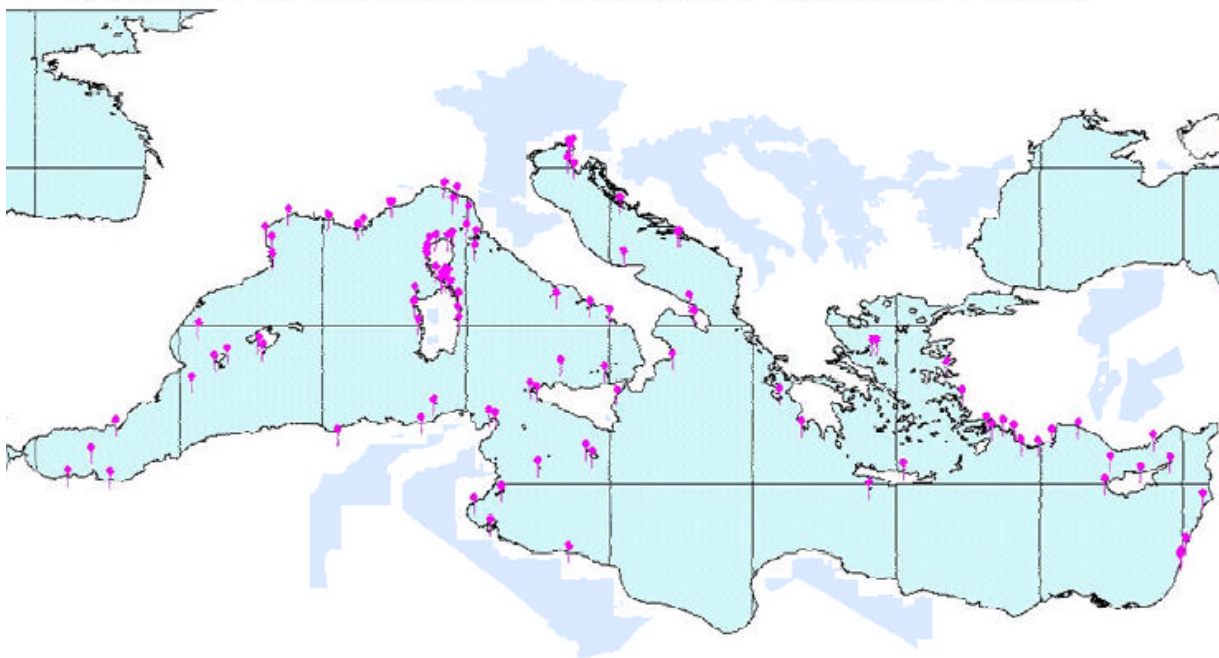
As the SAP BIO clearly states, there is a critical need to review the existing MPA and coastal PA networks in the light of an expanding literature⁵ on design and monitoring of MPAs to achieve both conservation and sustainable use benefits (fisheries, tourism⁶, etc.), thus bridging the BD-1 and BD-2 strategic priorities for biodiversity. Although mass tourism remains a major threat to Mediterranean biodiversity, there are successful examples of mainstreaming biodiversity; e.g. coastal tourism in Slovenia and southern Albania, green tourism in the Cres-Losinj archipelago in Croatia, integrated management of the coastal areas in the Antalya region of the southern coast of Turkey, and ecotourism and whale-watching off the Balearic Islands in Spain.

⁵ Syms, C. and M. H. Carr (2001) Marine Protected Areas: Evaluating MPA effectiveness in an uncertain world. Scoping paper presented at the Guidelines for Measuring Management Effectiveness in Marine Protected Areas Workshop, Monterey, California, May 1-3, 2001, sponsored by the North American Commission for Environmental Cooperation.

http://www.biology.ucsc.edu/people/carr/Syms/syms_download_page.htm

⁶ e.g. Alonnisos Marine National Park in the Northern Sporades in Greece combines tourism with conservation of the Monk Seal, one of the 12 most threatened mammals in the world

Network of Marine and Coastal Protected Areas



From: “Hotspots for Marine Biodiversity in the Mediterranean”. Marine Programme Team IUCN Centre for Mediterranean Cooperation, 2003.

2. HISTORY OF COLLABORATION AMONG MEDITERRANEAN COUNTRIES, AGREEMENTS REACHED AND ONGOING ACTIVITIES

The riparian States of the Mediterranean Sea have long since recognized the threat that pollution poses to the marine environment and have committed to preserving the Mediterranean basin through actions at local, regional and global level. To this effect, they agreed to launch an Action Plan for the Protection and Development of the Mediterranean Basin (MAP) in 1975 and to sign a Convention for the Protection of the Mediterranean Sea against Pollution (Barcelona Convention) in 1976 (Box 3).

The main objective of MAP was to improve the quality of the environmental information available to governments as the basis for their policy formulation and strengthen their ability to make environmentally sustainable choices for allocation of resources. The focus of MAP shifted over time from a sector approach to marine pollution to integrated coastal zone planning and management as a way to ensure linkages between environmental protection and social and economic development.

Box 3. Barcelona Convention

The Barcelona Convention on the “Protection of the Mediterranean Sea against Pollution” which entered into force on 12 February 1978 is a notable instance of regional cooperation. Since 1994, several components of the Barcelona system have undergone significant modifications. In June 1995 the Convention was revised in order to bring it into line with the principles of the Rio Declaration, the philosophy of the new Convention on the Law of the Sea and the progress achieved in international environmental law in order to make it an instrument of sustainable development. The convention was amended to “The Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean”, hereinafter “the Convention” (the amendments are not yet in force).

The Barcelona Convention includes the following Protocols:

- a) The Protocol for the Prevention and Elimination of Pollution of the Mediterranean Sea by Dumping from Ships and Aircraft or Incineration at Sea, (amended 1995, not yet in force);
- b) The Protocol Concerning Co-operation in Preventing Pollution from Ships and in Cases of Emergency, Combating Pollution of the Mediterranean Sea, (2002, entered into force on 17 March 2004);
- c) The Protocol for the Protection of the Mediterranean Sea against Pollution from Land-Based Sources and Activities (LBS Protocol), (amended 1996, not yet in force);
- d) The Protocol Concerning Specially Protected Areas and Biological Diversity in the Mediterranean, (of 1995, entered into force 12 December 1999);
- e) The Protocol Concerning Pollution Resulting from Exploration and Exploitation of the Continental Shelf, the Seabed and its Subsoil, (1994, not yet in force); and
- f) The Protocol on the Prevention of Pollution of the Mediterranean Sea by Transboundary Movements of Hazardous Wastes and their Disposal, (1996, not yet in force).

In addition to the above, the Contracting Parties have adopted, at their last ministerial meeting in Catania, November 2003, the recommendation to draft the text of the Protocol on Integrated Coastal Area Management in the Mediterranean. The text should be prepared and submitted for discussion at the next Contracting Parties Meeting in late 2005.

Recognizing that land based activities have the highest impact on the marine environment, the countries signed a Protocol for the Protection of the Mediterranean Sea against Pollution from Land-Based Sources (LBS Protocol) in 1980 which entered into force in 1983 and was revised in 1996. A year later, in 1997, the countries adopted a Strategic Action Program to address pollution from land-based activities (SAP MED) that identifies priority measures and targets to address pollution from land-based activities in all countries and laid the ground for the preparation and implementation of National Action Plans. In November 2003, the Mediterranean countries adopted the Strategic Action Program for the Conservation of Mediterranean Marine and Coastal Biological Diversity (SAP BIO) that identifies priority actions and targets to protect fragile ecosystems and reduce damage to natural habitats.

UNEP/MAP and its marine pollution assessment and control program MEDPOL carried out extensive preparation work in support of the SAP MED, including a Transboundary Diagnostic Analysis for the Mediterranean Sea (TDA MED) prepared in 1997 and revised in 2004. This TDA identifies the major sources of transboundary pollution and hotspots and provide the foundation for interventions at national and regional level that would benefit the individual countries as well the basin as a whole. In addition, UNEP/MAP, through its Regional Activity Center for Special Protected Areas (SPA/RAC), carried out activities on the preparation of SAP BIO, which was adopted by the Contracting Parties to the Barcelona Convention in November 2003.

The SAP-MED and SAP BIO outline the specific targets and activities agreed by the member countries to address the Mediterranean Sea environmental degradation. Some of the key targets that address transboundary environmental issues, in line with WSSD, include:

- Dispose municipal wastewater in conformity with the LBS Protocol in cities exceeding 100,000 inhabitants by 2005 and in other cities by 2025;
- Dispose 50% of industrial wastewaters which are source of BOD, nutrients and suspended solids by 2010 and 100% by year 2025;
- 50% increase in marine protected areas by 2012;
- Protection of 20% of the coast as marine fishery reserves by 2012;
- Maintain or restore fishery stocks to levels that can produce the maximum sustainable yield with the aim of achieving these goals for depleted stocks on an urgent basis and where possible not later than 2015; and
- Effective protection of endangered species by 2012.

SAP-MED and SAP BIO also identify the Adriatic Sea as one of the top priority areas for protection in the Mediterranean Sea and proposed interventions in liquid and solid waste treatment, water supply and monitoring programs for coastal zone and sensitive areas. Other hotspots include: Haifa Bay in Israel, Abu Qir bay and El'Mex bay in Egypt, Saida (Sidon) Gazieh in Lebanon, Tetouan in Morocco, and Durrës and Vlora in Albania, and others (see TDA, 2004)

The cost for pollution remedial actions in the Mediterranean Sea has been estimated in 1997 at almost US\$ 10 billion [with approximately US\$ 1.3 billion for intervention in the Adriatic Sea]. The SAP BIO identified 226 actions at national levels and 30 actions at the regional level for biodiversity protection, with estimated costs of US\$ 100 million and US \$40 million respectively.

3. SOME OTHER ACTIVITIES RELEVANT TO THE PROTECTION OF THE MEDITERRANEAN SEA

Several other activities and initiatives have been undertaken by governments, intergovernmental and non-governmental organizations, some of which have relevance for the Mediterranean Sea Basin. Among recent initiatives, reference should be made to the Adricosm Project on land and coastal management, initiated by the Italian government, as well as the Adriatic-Ionian Initiative supported by the governments of the Adriatic region.

Reference should also be made to the Mediterranean Component of the EU Water Initiative, as well as to efforts being made to improve the management of the many transboundary basins and aquifers of SE Europe by introducing IWRM practices (the Athens Declaration Process). A number of these waters flow into the Mediterranean and

have a significant impact on coastal ecosystems and water quality. Box 4 and 5 below summarize these processes.

Box 4. The Athens Declaration Process

Jointly coordinated by the Government of Greece and the World Bank

The Athens Declaration Process was launched during the major International Conference on Sustainable Development for Lasting Peace: Share Waters, Shared Future, Shared Knowledge, 6-7 May 2003, Athens, Greece. The process aims to assist countries of the region, in cooperation with relevant stakeholders, to draft IWRM and water use efficiency plans for major river basins and would include a range of complementary interventions in individual river and lake basins, with a coordination mechanism to allow for exchange of information and experience between activities. The entire program is a building block of the Mediterranean Component of the European Union Water Initiative.

The Athens Declaration of May 2003 has four Recommendations for Action: Recommendation (1) Diplomacy for Environment and Sustainable Development, (2) Southeastern Europe Transboundary River Basin and Lake Basin Management Program, (3) Mediterranean Shared Aquifers Management Program, and (4) Assessment of Regional and National Frameworks to Implement Integrated Water Resources Management.

Recommendations 2, 3 and 4 build on the implementation process of the European Union Water Framework Directive and complement and draw lessons from the ongoing GEF Danube River Basin Program and the Lake Ohrid Conservation Project among others.

Box 5. The Mediterranean Component of the EU Water Initiative (MED EUWI)

led by the Government of Greece

MED EUWI is an integral part of the overall EU Water Initiative, coordinated by the European Commission. It aims to:

- assist design of better, demand driven and output oriented water related programmes
- facilitate better coordination of water programmes and projects, targeting more effective use of existing funds and mobilization of new financial resources and
- enhanced cooperation for project proper implementation.

MED EUWI, announced during WSSD in Johannesburg, gives particular emphasis to Mediterranean and SEE priorities. Integrated water resources management with an emphasis on management of transboundary water bodies is a defined priority theme of MED EUWI. The current Project will contribute as a pilot for enhancing the MED EUWI objectives in the SEE region.

Political commitment for the development of MED EUWI has been expressed in various fora, *inter alia*, the EU Informal Council of Environment Ministers (May 2003, Athens and December 2003, Brussels), 5th Pan-European Ministerial Conference of the "Environment for Europe" process (May 2003, Kiev), Euro-Mediterranean Meeting of the Ministers of Foreign Affairs (May 2003, Crete and June 2004, Dublin), three meetings of the North African Ministers Council on Water (February and October 2003, April 2004, Cairo), etc.

The process is facilitated by a MED EUWI Secretariat, within Global Water Partnership – Mediterranean.

4. INITIAL GEF IW PROJECT: OBJECTIVES AND ACHIEVEMENT

In order to support the efforts of the Mediterranean countries in implementing the SAP MED, in 1998 the GEF Council approved a US\$ 6.3 million grant in support of the project "Determination of priority actions for the further elaboration and implementation of the Strategic Action Programme for the Mediterranean Sea" to be implemented by UNEP together with other agencies (Box 5).

The project supported preparatory actions leading to: the adoption and implementation of regional guidelines and plans; investment in the elimination of regionally prioritized pollution hot spots; development of a strategic action program for biodiversity which identifies targets and estimates costs (SAP BIO); enhancement of public participation and institutional capacity in the region; development and implementation of economic instruments for the sustainable implementation of the SAP MED; and development, adoption and implementation of National Action Plans (NAPs) for the implementation of the SAP MED.

Box 5. Initial GEF IW Project in the Mediterranean

The main aim of the UNEP-GEF “Determination of priority actions for the further elaboration and implementation of the Strategic Action Programme for the Mediterranean Sea” Project was to create a solid ground for the implementation of the SAP-MED, and to prepare the SAP-BIO, a basic instrument for the protection of marine biodiversity in the Mediterranean. The activities of the Project are numerous and comprised of the following components:

- Revision of TDA;
- Capacity building;
- Development of regional guidelines and plans;
- Adaptation of existing and development of new economic instruments for sustainable implementation of the SAP MED;
- Public participation;
- Preparation of National Action Plans (NAPs) to address pollution of the Mediterranean from land based sources and activities; and
- Preparation of pre-investment studies for selected pollution hot spots.

The revised TDA is at the final stage of preparation and soon to be released.

Within the capacity building component, a series of regional and national training courses were organized. More than 400 national experts were trained on various issues, so far. The majority of them were taught in their mother tongue using training material translated into their national languages. A set of regional guidelines and plans were prepared, which will guide national experts that are preparing NAPs. These guidelines were endorsed by the meeting of MED POL National Coordinators; and then approved by the meeting of the MAP Focal Points. In addition, two regional plans were adopted by the meeting of the Contracting Parties to the Barcelona Convention.

One of the major goals of this Project is the preparation of NAPs. The first phase of this very complex and delicate process has been accomplished by preparing national Baseline Budgets (BBs) of releases and emissions, and a National Diagnostic Analysis. The second phase, the preparation of Sectoral Plans and Integrated NAPs is under implementation. The adaptation of existing and development of new economic instruments for sustainable implementation of NAPs is now under way and will soon be concluded (2005). Testing through pilot projects is being conducted at a national level in numerous countries and the results will be implemented in the NAPs.

A common methodology for public participation in the process of preparing, adopting and implementing has been prepared and distributed to the countries of the region. The countries are also receiving financial support for the public participation.

The preparation of pre-investment studies for selected pollution hot spots is now under way in 11 Mediterranean countries. The activities in four countries are directly supported by FFEM.

Finally, the SAP BIO is one of the main outputs of the Project. The SAP BIO document was based on national reports and plans on the state of biodiversity, as well as numerous reports concerning various regional issues. The document, was adopted by the meeting of the Contracting Parties to the Barcelona Convention (2003) and presents the main issues, analyses their causes and proposes priority activities. It also contains, an Investment Portfolio at the regional and national levels.

The two SAPs and the proposed ICM Protocol will help countries to achieve the Millennium Development Goals and the WSSD targets.

B - COUNTRY OWNERSHIP

1. COUNTRY ELIGIBILITY

The proposed Investment Fund follows the basin-wide approach in addressing transboundary pollution and priority ecosystem conservation in the Mediterranean Sea. Many issues affecting the Mediterranean Sea originate in upstream countries. In this perspective, and conditional to receiving the endorsement of the individual country's GEF Operational Focal Point, it is proposed that the Investment Fund be accessible to the following GEF eligible countries: Albania, Algeria, Bosnia and Herzegovina, Bulgaria, Croatia, Egypt, FYR Macedonia, Lebanon, Libya, Morocco, Serbia and Montenegro, Syria, Tunisia, Turkey and West Bank and Gaza.

2. COUNTRY DRIVENNESS

The riparian States of the Mediterranean Sea have long recognized the threat that pollution poses to the marine environment and have committed to preserving the Mediterranean basin through actions at local, regional and global level. To this effect, they agreed to launch an Action Plan for the Protection and Development of the Mediterranean Basin (MAP) in 1975 and to sign a Convention for the Protection of the Mediterranean Sea against Pollution (Barcelona Convention) in 1976. These countries signed also a Protocol for the Protection of the Mediterranean Sea against Pollution from Land-Based Sources (LBS Protocol) in 1980 which entered into force in 1983 and was revised in 1996. A year later, in 1997, they adopted a Strategic Action Program for the Mediterranean Sea (SAP MED) that identifies priority measures and targets to address pollution from land-based activities in all countries and laid the ground for the preparation and implementation of National Action Plans. In November 2003, the Mediterranean countries adopted the Strategic Action Program for the Conservation of Mediterranean Marine and Coastal Biological Diversity (SAP BIO) that identifies priority actions and targets to protect fragile ecosystems and reduce damage to natural habitats. Both SAP-MED and SAP-BIO are ready for implementation, consistent with GEF Operational Program #9 in the International Waters focal area and Operational Program #2 in the Biodiversity focal area.

The concept of a Strategic Partnership for the Mediterranean Large Marine Ecosystem and its two pillars, a regional project and the Investment Fund, was endorsed by representatives of the basin countries at a meeting convened by MAP in October 2004 in Italy (the minutes of the meeting are provided in Annex 2).

C – PROGRAM AND POLICY CONFORMITY

1. PROGRAM DESIGNATION AND CONFORMITY

The proposal is consistent with the Integrated Land and Water Operational Program (OP9) in the International Waters focal area and its objectives: implementing projects

that integrate sound land use and water resource management strategies as a result of sectoral policy changes; facilitating collaboration among IA's and countries and leveraging the involvement of IA programs and donors; developing projects in threatened marine waters in close cooperation with OPs biodiversity focal area and with coastal/marine priority .

The proposed Investment Fund supports the GEF International Waters Strategic Priority IW-1: Catalyze financial resource mobilization for implementation of reforms and stress reduction measures agreed through the (TDA)/SAP or equivalent processes for particular transboundary systems.

The proposal is also consistent with the Coastal, Marine and Freshwater Ecosystem Operational Program (OP2) in the Biodiversity focal area and its objective: conservation and sustainable use of biological resources in coastal, marine and freshwater ecosystems. The proposed Investment Fund supports the GEF Biodiversity Strategic Priority BD-1: Catalyze sustainability of protected areas and BD-2: Mainstream biodiversity in production landscapes and sectors.

2. PROJECT DESIGN

Objectives, Rationale and Benefits

The main objective of the proposed World Bank-GEF Investment Fund is to facilitate the recipient countries of the Mediterranean Sea basin in implementing their top transboundary priority pollution reduction and habitat protection measures and contribute to reversing the degradation of this large marine ecosystem and its freshwater basins. The Investment Fund – supported by the GEF with US\$ 85 million grant financing over multiple tranches and open to other donors' contributions – is proposed as a vehicle for catalyzing investments and accelerate urgent actions that are necessary for reducing pollution and conserving priority habitats of the Mediterranean Sea, and the Adriatic Sea in particular. Through the Investment Fund, basin countries can pursue investments aimed at common transboundary pollution reduction and ecosystem conservation goals, and help jump start and further accelerate investments in sectors that are key for environmental improvement as well as social and economic development..

The Investment Fund, through a combination of capital investments, economic instruments, policy and regulatory frameworks and public participation will provide a critical mass of financial resources and technical knowledge readily available to countries that embrace the goal of improving the environmental conditions of the Mediterranean Sea. It will also develop a strategic regional approach to investments for greater benefit to the basin countries.

The key strategic elements of the Investment Fund are: 1) up-front commitment by the GEF and partners to a significant amount of funds that signals the availability of a *predictable envelope* of grant financing for beneficiary countries and co-financiers to access; 2) a critical mass of investments to promote *higher political visibility* and

interest; 3) a design framework that takes advantage of on-the-ground learning to *replicate* and transfer investment experiences throughout the region; 4) *streamlined* financing through simplified GEF approval procedures; and 5) a *regional* approach to investments that would benefit the countries individually and collectively.

The regional approach to investments has a number of important advantages. A regional investment framework provides a vehicle for focusing individual country investments on regional objectives, helps to transfer knowledge and share best practices, and promotes adoption of policies to achieve common objectives. Stakeholders in individual countries can gain satisfaction from knowing they are doing their part to contribute to a wider regional cause and feel more committed to a regional investment program. A regional framework provides also a better mechanism for cooperation with diverse partners, for example the EU which has a significant role to play as a political driver for action and financier of investments. A strategic approach is a more cost-effective vehicle to demonstrate benefits than a series of individual projects. A strategic approach will also help provide a targeted timeframe to promote action over a shorter period so that more tangible results can be achieved.

Preliminary Design

Type of investments and eligibility criteria

The Investment Fund would finance priority projects that contribute to achieving the pollution reduction targets agreed by the basin countries under SAP MED, and the biodiversity targets agreed by the basin countries under SAP BIO. More specifically, the Investment Fund would provide grant financing for projects that address transboundary pollution and marine and coastal degradation in identified hot spots of the Mediterranean basin. Examples of projects supported by the Investment Fund will include:

- (i) domestic and industrial wastewater treatment;
- (ii) wetland restoration and/or construction;
- (iii) improved management of watershed and aquifers for habitat conservation and pollution reduction;
- (iv) protection of endangered natural habitats and sensitive areas and strengthening of marine protected areas;
- (v) integrated coastal zone management.

Projects will be identified by the proposing country, with assistance from the World Bank and/or other eligible financiers and in coordination with MAP. Projects proposed for financing under the Investment Fund would have to meet specific eligibility criteria as approved by the GEF Council. The proposed eligibility criteria include:

- the project focuses on priority hot spots and sensitive areas identified by the TDA and the two SAPs;

- the project responds to the priorities identified by the two regional SAPs as well as the priorities identified in the National Action Plan or equivalent strategic documents endorsed by the requesting country;
- the project is included in the World Bank Country Assistance Strategy (CAS) or is in support of the priorities identified in the CAS;
- adequate co-financing for non-incremental project costs is secured;
- the project adheres to the principles of the GEF International Waters Operational Programs and is formally endorsed by the country's GEF Focal Point;
- the requesting country commits to the policy, legal and institutional reforms related to transboundary pollution reduction and marine ecosystem conservation supported by the project;
- the project has potential for replication within the country and the region;
- the requesting country is up-to-date on contributions to its regional convention.

It is proposed that special focus be given to the Adriatic Sea which has been identified during the TDA/SAP process as a major hot spot of transboundary pollution. In doing so, it is expected that the Adriatic will become an exemplary site of transboundary cooperation for the benefit of all the countries of the Mediterranean basin.

A preliminary list of projects that could be eligible under the Investment Fund is provided in Annex 1.

Financing modalities and targets

No portion of the GEF grant will be earmarked for any individual country or specific project. All eligible countries will have an equal opportunity to benefit from the GEF allocation to the Investment Fund and will be encouraged to submit project proposals. Project proposals submitted by recipient countries will each be considered based on merit. In principle, in the interest of speedy advancement of investments and to trigger demonstration and replication effects on the ground, funds will be made available to countries on a "first come first served" basis.

However, in the medium to long-term, the pipeline of projects put forward for financing under the Fund will need to be managed to some degree, to ensure that the strategic objectives of the Investment Fund are met fully. It is proposed that the rationale for managing the Investment Fund project pipeline include:

- geographical balance, to ensure that the Fund captures the diversity of environmental problems and country conditions typical of the Mediterranean basin and to encourage cross-fertilization;
- diversity of investment typology, to learn from different technologies, approaches and instruments, and increase the demonstration impact across sectors;
- leveraging ratio. The target co-financing ratio for the Fund overall is US\$ 1 (GEF) to US\$ 3 (others), with a minimum of 1:0.5 allowed only on exceptional basis for example for countries with significant resource constraints or for projects addressing priority natural habitats or wetland restoration. If a high proportion of these projects are put forward, then the Investment Fund would need to give priority to other types of investments such as wastewater treatment plants where the proportion of GEF incremental cost financing is normally significantly lower.

3. SUSTAINABILITY (INCLUDING FINANCIAL SUSTAINABILITY)

The Investment Fund will provide a combination of financial and technical assistance resources to countries that are committed to reducing and possibly reversing the degradation of the marine and coastal ecosystems. Projects may support policy reforms as a means to ensure long-term sustainability and would require the highest level of government commitment. Also, as projects would be only partially funded by the GEF, recipient countries would have to commit to contribute financially to cover all project costs (on their own or through donor financing). In this regard, a critical goal of the proposed Investment Fund will be to increase GEF grant leveraging against other project financing sources, and to increasingly encourage other partners to take over larger shares of pollution reduction investments. The total program leveraging target is US\$ 1 (GEF) to US\$3 (other) by the end of the program, with a minimum leveraging ratio of 1:0.5 allowed only in very exceptional cases, such as for countries with the most significant resource constraints or for projects addressing priority natural habitats or wetland restoration. These will be offset by other investments, such as wastewater treatment plants where the proportion of GEF incremental cost financing will be expected to be significantly lower.

4. REPLICABILITY

A second important goal of the Investment Fund will be to promote replication of pollution reduction and biodiversity conservation investments within the Mediterranean basin. Since the Investment Fund will provide only a small portion of the investment needs to achieve significant reductions in pollution loads, the proposed fund will specifically finance project components that promote wider replication of the investments.

As part of preparation, individual projects will develop a replication strategy identifying areas for replication within the country and the basin and estimating the potential impact. This information will feed into the broader replication and reach-out efforts carried out by the UNEP-led project at regional level. Projects under the Investment Fund will all include communications campaigns, study tours, and other replication activities especially among the countries receiving support from the Fund. The parallel GEF regional project implemented by UNEP will develop and support a replication strategy based on reaching out to all the countries in the basin to ensure the broader dissemination of the lessons learnt and results achieved under the Investment Fund.

Individual projects will establish websites with project information and progress. This information will feed into the overall Strategic Partnership website that should be established under the UNEP project. Project websites will be linked to the IW-LEARN program.

5. STAKEHOLDER INVOLVEMENT/INTENDED BENEFICIARIES

The beneficiaries of this project are governments, civil societies, economic sectors, including private sector, communities, NGO's and the population of the riparian states. Each project funded under the Investment Fund will develop a stakeholders participation and involvement plan during project preparation.

D – FINANCING

1) FINANCING PLAN

The overall resource envelope requested from GEF in support of the proposed Investment is US\$ 85 million. The GEF Council will be asked to commit to the overall program. However, funding will be made available to the Investment Fund only in tranches, on the basis of the resources available within the GEF at the time of replenishment and subject to the satisfactory progress in achieving the Fund objectives and targets⁷. The first tranche will be for no more than US\$ 20 million. It is expected that PDF-B resources will be requested to further develop the Investment Fund.

2) CO-FINANCING

The Investment Fund will be open to contributions from donors. These contributions could be applicable to all countries/issues or targeted to specific regions/issues according to the donor's priorities.

Project co-financing may be obtained from a combination of national sources, loans from the World Bank or other IFIs, or additional grant funds from the EU and bilateral sources.

⁷ Detailed objectives and outcomes indicators and targets will be developed during preparation.

Eligibility for the Investment Fund does not necessarily require the use of World Bank's loans but it does require counterpart finance which can include in-kind contributions from countries and/or other donor support

E - INSTITUTIONAL COORDINATION AND SUPPORT

1) CORE COMMITMENTS AND LINKAGES

The proposed Investment Fund fully supports the World Bank strategy for Water Resource Management in South East Europe prepared in 2003. The strategy identifies "partnerships" as an effective model for addressing transboundary problems and fostering cooperation on water sharing, management of water quality, watershed management and ecosystem and biodiversity conservation are the recommended measures. The strategy also recommends to support full-scale implementation of agreed actions plans and projects.

The GEF Strategic Partnership for the Mediterranean Sea and the Investment Fund would also implement some of the recommendations of the Athens Declaration of 2003, an action plan to promote sustainable management of transboundary water resources in South East Europe supported by the EU and the World Bank and endorsed by the countries.

At country level, the World Bank is committed to help the Investment Fund achieve its objectives by:

- Promoting the Investment Fund and the Strategic Partnership objectives in the country dialogues and including them in the World Bank Country Assistance Strategies (CASs) as they are updated;
- Promoting policies that address (transboundary) pollution reduction and biodiversity conservation as part of country dialogues;
- Championing and helping to mobilize funds from countries and donors for pollution reduction;
- Working closely with UNEP and the other international agencies active in the region to maximize coordination between the regional technical assistance project and individual investment projects; and
- Coordinating with MAP project selection and preparation process, keeping them informed on the project's progress and impact.

The Strategic Partnership for the Mediterranean and the Investment Fund have been designed following the model of the GEF Strategic Partnership for the Black Sea and Danube Basin and its Nutrient Reduction Investment Fund. This regional program, now

under implementation for a few years, is proving very successful and is providing valuable lessons for the design and implementation of the proposed Investment Fund.

2) CONSULTATION, COORDINATION AND COLLABORATION BETWEEN AND AMONG IMPLEMENTING AGENCIES, EXECUTING AGENCIES, AND THE GEF SECRETARIAT, IF APPROPRIATE.

The Investment Fund is proposed within the framework of the GEF Strategic Partnership for the Mediterranean Sea Large Marine Ecosystem. The Partnership, led by the GEF, brings together the World Bank, UNEP and a variety of agencies and donors active in the Mediterranean region. Consultations have been carried out with this partners during the preparation of this concept and extensive feedback were sought from GEFSec, UNEP and MAP.

The preparation and implementation of the Investment Fund will be carried out in close coordination and cooperation with MAP, UNEP and the other partners. The World Bank will participate in both the Steering Committee and the Coordination Group for the Strategic Partnership as described in the UNEP regional project. It is expected that adequate resources will be made available from the regional project or directly from the GEF to cover the costs associated with the coordination efforts. Detailed mechanisms for ensuring regular consultations and reporting on progress will be developed during preparation and in consultation with UNEP and GEFSec.

3) IMPLEMENTATION/EXECUTION ARRANGEMENTS

The Investment Fund will be managed by the World Bank. Individual eligible projects would be prepared, approved and implemented following standard World Bank procedures and would be subject to World Bank Board approval. However, project approval by the GEF would be streamlined through delegation of approval authority to the GEF CEO.

PART II – RESPONSE TO REVIEWS

A - CONVENTION SECRETARIAT

B - OTHER IAS AND RELEVANT EXAS

LIST OF PROJECTS FOR FINANCING UNDER THE INVESTMENT FUND

Bosnia/Croatia: Integrated Ecosystem Management of the Neretva and Trebisjnica River Basins
(already in GEF pipeline)

Bosnia: Water Quality (already in GEF pipeline)

Egypt: Alexandria Integrated Coastal Zone Management

Integrated Regional Environment Project in the Adriatic, Ionian and Aegean Seas

**Draft minutes of the MAP-GEF Stocktaking Meeting held in Trieste, Italy
11-12 October 2004**

Introduction

1. In order to assist Mediterranean countries to implement the Strategic Action Programme to Address Pollution from Land-Based Activities (SAP MED), adopted by the Contracting Parties at their Tenth Meeting held in Tunis in 1997, a GEF Project entitled “Determination of Priority Actions for the Further Elaboration and Implementation of the Strategic Action Programme for the Mediterranean Sea” has been implemented since January 2001.
2. As part of the GEF Project, a number of activities were conducted between January 2001 and October 2004 such as development and adoption of regional guidelines and plans, organization of training courses in the priority areas identified in the SAP MED. In addition, countries have been helped to prepare their sectoral plans, their national diagnostic analyses and their baseline budgets of releases and emissions of SAP-targeted substances,, while the Transboundary Diagnostic Analysis, prepared in 1997, has been completed and updated.
3. To enhance the implementation of the SAP MED and also of the Strategic Action Programme for the Conservation of Biological Diversity in the Mediterranean Region (SAP BIO), adopted at the Twelfth Meeting of the Contracting Parties held in Catania in 2003, and to prepare the ground for the future application of the Protocol being prepared on integrated coastal management (the ICM Protocol), the UNEP/GEF and the World Bank proposed to Mediterranean countries, international organizations and financing institutions concerned the establishment of a **GEF Strategic Partnership for the Mediterranean**, to be based, *inter alia*, on the model and lessons learned from the Danube/Black Sea Partnership.
4. In order to foster this process by seeking the views of Mediterranean countries before the GEF takes a decision, the MAP Coordinator in consultation with the GEF Secretariat decided to invite all the actors involved to a meeting to review the proposed GEF Strategic Partnership and to make any recommendations on its content and focus. As result of a generous invitation from and with the support of the Italian Government, the meeting was held at the Savoia Excelsior Hotel in Trieste on 11 and 12 October 2004.

Participation

5. The meeting was attended by representatives of the following Contracting Parties to the Barcelona Convention: Albania, Algeria, Bosnia and Herzegovina, Croatia, Egypt, Greece, Italy, Libyan Arab Jamahiriya, Morocco, Serbia and Montenegro, Slovenia, Syrian Arab Republic, Tunisia, Turkey, and the European Union.

6. The meeting was also attended by representatives of the following specialized agencies of the United Nations, other intergovernmental, governmental and non-governmental organizations: World Health Organization (WHO/EURO), Food and Agriculture Organization (FAO), United Nations Educational, Scientific and Cultural Organization (UNESCO-IHP), International Centre for Science and High Technology of UNIDO (ICS-UNIDO), United Nations Industrial Development Organization (UNIDO), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP/Regional Seas, UNEP/GPA and UNEP/GEF), Secretariat of the Global Environment Facility (GEF), World Bank, Mediterranean Information Office for Environment and Sustainable Development (MIO/ECSDE), World Wildlife Fund for Nature (WWF), and the German Federal Institute for Geoscience and Natural Resources.

7. The MAP Secretariat, through the MED Unit and the MED POL Programme, the Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea (REMPEC), the Regional Activity Centre for the Priority Actions Programme (PAP/RAC), and the Regional Activity Centre for Specially Protected Areas (SPA/RAC), acted as the Secretariat of the meeting.

8. The full list of participants is attached as **Annex I** to the present report.

Agenda item 1 : Opening of the meeting

9. Mr. Paul Mifsud, Coordinator of the Mediterranean Action Plan, opened the Meeting and warmly thanked the Italian Ministry of the Environment for the welcome extended and for the invaluable help given for the holding of the meeting. He pointed out that the presence of Mr. Corrado Clini, Director General of the International and Regional Conventions Department, Italian Ministry of the Environment and Territory, President of the Contracting Parties to the Barcelona Convention, bore witness to the interest shown by the Italian authorities in international and regional cooperation in the area of the environment and sustainable development in the Mediterranean.

10. Mr. Corrado Clini welcomed participants to Trieste, a city whose geographical situation had made it particularly well suited to act as a link between the North and the South, the East and the West throughout European history. Trieste had been chosen for the meeting precisely because it was a symbol of the integration that it was sought to promote in the Mediterranean. In hosting the meeting, Italy, which chaired the Bureau of the Barcelona Convention, also wished to give a practical demonstration of its commitment to the Mediterranean Strategy for Sustainable Development currently being elaborated, which should be adopted at the forthcoming meeting of the Contracting Parties in Slovenia in 2005 and until then would be the nexus for all the action taken in the region.

11. Mr. Clini underscored the innovative nature of the cooperation programmes initiated by MAP such as the SAP MED and the SAP BIO, whose practical implementation was taking shape day-by-day, and the updating of the Transboundary Diagnostic Analysis (TDA) under the MED POL. All those activities had been made possible by the financial support given by the GEF, and MAP was now called upon by the GEF and its associated institutions to embark upon a new ambitious stage in coming years with the Strategic Partnership that would shortly be presented

and discussed. He then highlighted three cooperation initiatives in which Italy was participating and to which it attached special importance: (1) integrated coastal zone management programmes based on agreements with Algeria, Egypt, Israel, Morocco and Tunisia, which would be extended to other countries; (2) the type II MEDREP Initiative to promote renewable energy in the region, which was now moving into the implementation stage following the start-up of a permanent Centre in Tunisia in 2004 composed of experts from UNEP, Tunisia and Italy responsible for coordinating action; and (3) the Adriatic Initiative under the ADRICOSM Partnership for the management of the Neretva river basin and the bay of Pula in Croatia. Lastly, Italy reaffirmed its willingness to provide financial support for the planned Partnership, as of the preparatory phase, on the understanding that it would not only focus on coordination but also on effective, pragmatic and lasting implementation of the projects.

12. Mr. Alfred Duda, Senior Adviser, International Waters , the GEF Secretariat, speaking on behalf of Mr. Len Good, Chief Executive Officer and Chairman of the GEF, thanked UNEP/MAP for having taken the initiative to hold the meeting. He also thanked the Italian authorities for their spontaneous and efficient support and welcomed the presence of the other institutions involved in the planned Partnership. He pointed out that the International Waters Program of the GEF only dealt with transboundary issues, recommending an ecosystem approach, and the experience gained with MED POL, the updated TDA and conceptual and programme bases established through the SAP MED and the SAP BIO were decisive factors for the success of the Partnership, as could be seen from similar transboundary efforts already made or under way in some 20 countries around the world. The strategic partnership formula had been launched and tested for the Danube and the Black Sea for the first time three years previously, bringing together 17 countries in two environmental programmes for the respective basins. The present meeting would hear a detailed presentation on the first Partnership, which would form the model for the Mediterranean Partnership based on two components: a regional project and an investment fund. The GEF, like the World Bank, would respond to any questions that countries might wish to raise and would listen carefully to their comments and recommendations so as to focus on practical implementation, which remained the fundamental objective shared by all.

13. The MAP Coordinator endorsed the need for concrete implementation referred to by the previous speakers. He drew attention to the numerous activities carried out in the Mediterranean since the SAP MED had been adopted in 1997, particularly over the previous three years, under the GEF MED Project, which had enabled countries that lacked resources to build their capacity and to prepare programmes to abate pollution. The GEF had supported many SAP activities: regional guidelines and plans for the major priority areas, preparation of national action plans (NAPs), establishment of interministerial committees, preparation of pre-investment studies, development of economic instruments for the sustainable implementation of SAP MED, capacity-building, training courses. At the legal level, the revised Barcelona Convention of 1995 had entered into force with the deposit of 16 instruments of ratification. The SAP BIO had been adopted by the Contracting Parties at their meeting in Catania in 2003. It was expected that the present meeting would see countries make a firm commitment to the proposed Partnership and decide to move ahead, utilizing the financial and institutional mechanisms afforded by the Partnership.

Agenda item 2 : Review of the major achievements of the previous GEF Mediterranean project

14. In introducing the item concerning the previous GEF Project, the Secretariat informed participants that they would be given a CD-Rom with the corresponding presentations and, consequently, the report of the meeting would only provide a brief summary of them. Subsequent presentations directly concerning the Strategic Partnership itself would, however, be reported in greater detail.

15. Mr. Ante Baric, Project Manager of the GEF MED Project, underlined the objectives and the corresponding activities of the current GEF Project: revision of the list of priority pollution “hot spots” and “sensitive areas”; preparation of pre-investment studies, a set of nine regional guidelines and six regional plans for the reduction of pollution from land-based activities; revision of the TDA; development of new and adaptation of existing economic instruments for the sustainable implementation of SAP MED; capacity building including regional and national training courses for some 546 trainees. The National Action Plans (NAPs) had been launched, and the SAP BIO finalized and adopted. In conclusion, he said that the majority of the Project’s objectives had been achieved and a solid basis had been established for the implementation of the SAP MED and the SAP BIO at the regional and national levels. However, countries would need further assistance for the implementation of activities at the national level.

16. Mr. Francesco Saverio Civili, Coordinator of the MED POL Programme, explained the process of implementation of the SAP MED, which had marked a turning point in the history of MED POL/MAP by defining concrete and quantified pollution reduction commitments following the adoption of MED POL-Phase III and the “land-based sources” Protocol amended in 1996. Following the same action-oriented approach, MED POL had prepared an “operational document for the implementation of the SAP”, approved by the Contracting Parties in 2001, which provided, *inter alia*, a method for assessing the progress made in reducing pollution in each country based on a national baseline budget of releases and emissions (NBB). Mr. Civili presented a table showing that the NBB and the national diagnostic analyses (NDA) had been concluded successfully in all eligible Mediterranean countries, which was a positive indicator for preparation of the NAPs to be completed in 2005. In view of those achievements, it was his view that the Strategic Partnership, provided that it received the expected strong support, would be decisive for the successful long-term implementation of the SAP.

17. Mrs. Zeineb Belkhir, Director of the Regional Activity Centre for Specially Protected Areas (SPA/RAC, Tunis) described the background to the SAP BIO, whose preparation had been entrusted to the SPA/RAC and supported by financing from the GEF Project. Many actors had been involved in preparing the report itself – countries, intergovernmental, international and non-governmental organizations, individual experts or teams. The preparation methodology had enabled an assessment of the status, threats and trends affecting Mediterranean marine and coastal biological diversity to be made, as well as the identification of priorities for action, coordination among relevant organizations, an investment portfolio and the measures to be taken for the follow-up. It was proposed that the funds be allocated primarily to the conservation of sensitive habitats, species and sites (29 per cent), the inventory, mapping and monitoring of marine and coastal biodiversity (24 per cent), with an investment portfolio totalling US\$39 million for 58 high priority activities envisaged in the national action plans. On the basis of those elements, the SPA/RAC had submitted a proposal to the GEF.

18. Mr. Fouad Abousamra, MED POL Programme Officer, outlined the main features of the TDA: objectives, methodology for its preparation under the responsibility of MED POL, major perceived problems and issues, together with an analysis of their causal chain, decline of biological diversity, decline in fisheries, decline in seawater quality, and risks for human health. He also presented maps showing Mediterranean “hot spots”, eutrophication areas and the location of the major industries contributing to the release of pollutants that were toxic, persistent and liable to biocumulate (TPBs). He then described the priority action recommended in the TDA in the light of each problem.

Agenda item 3: The proposed GEF Strategic Partnership for the Mediterranean

19. Mr. Andrea Merla, Programme Manager, International Waters, GEF Secretariat, said that the GEF had embarked upon a new phase during which action could no longer be envisaged in terms of individual projects but, in view of the multiple and complex actions that needed to be taken in several areas, rather in terms of partnerships that brought together countries, relevant agencies and financing institutions – such as the World Bank – in a position to facilitate the often very heavy investment needed in order to create the climate required for their implementation. The first such action had been taken for the Danube and the Black Sea and to date the results were generally deemed to be positive. It was now time to turn to the Mediterranean, where the context was particularly favourable: a plan of action that had been in effect for almost 30 years, an updated and very comprehensive legal framework in the Convention and its Protocols, a TDA which pinpointed the major problems, their causes and solutions, a SAP MED and a SAP BIO already prepared and ready to be put into effect. The main advantages of such partnerships were to provide a “leveraging or multiplier” effect that yielded from one to three or more times the amount of the original funds invested by the GEF, to achieve better coordination and synergy among the cooperating organizations, donors and other actors and to build the capacity of partner countries so that they observed their commitments under the SAP and the MAP. If the present meeting managed to reach a consensus on the framework concept for the Strategic Partnership, it would be possible to work seriously and pragmatically: before the end of October 2004 a final project concept could be submitted to the GEF and then several more months would be needed, through the implementation of the PDF-B, to refine the two components, namely, the Regional Component and the Investment Fund, before the Partnership as a whole would be approved by countries and then submitted to the GEF Council for approval. If countries had any comments or recommendations to make, they were requested to do so immediately so that the World Bank and the UNEP could take them into account in the draft framework concept to be submitted.

20. Mrs. Emilia Battaglini, GEF Regional Coordinator for Europe and Central Asia, World Bank, said that the purpose of the Mediterranean Partnership was to involve actively donor countries, beneficiary countries and organizations concerned with a view to the long term, going beyond the traditional concept of selective operations in favour of a strategic design. The proposed framework concept was the result of a long consultation process among the GEF, the World Bank, the UNEP/MAP, the UNEP/GEF and the other partners. The purpose of the present meeting was to discuss the objectives, the underlying principles, the advantages and the cost, and to seek the approval of countries of the Mediterranean and other partners with a view to moving ahead. After referring to the major environmental problems in the Mediterranean and the

response by Mediterranean countries over the past 30 years, she stated that, according to an estimate in 1997, some US\$10 billion would be needed to remedy pollution in the region and US\$140 million to protect its biological diversity. Those were large amounts and went beyond the resources available in the countries, even on the hypothesis that they adopted an activist policy. What was involved in the Partnership? It was intended to establish cooperation among many actors in the Mediterranean, to help countries to carry out reforms and make investments, which had little lasting effect if they were not underpinned by a change in behaviour at the national level. The Partnership would inject start-up capital that would serve as a catalyst to produce the leverage effect already mentioned by Mr. Merla: in terms of figures, that meant that an initial grant of US\$70 to 80 million from the GEF should mobilize three times that amount in co-financing from other sources. That was not an impossible hypothesis when seen in the light of the results obtained with the Danube-Black Sea Partnership, which would be described to participants. At the programme level, the Partnership would focus on transboundary pollution of "hot spots" identified in both SAPs by means of a Regional Component for the protection of environmental resources and an Investment Fund for pollution reduction.

21. The MAP Coordinator considered that the above description of the Partnership gave a clear and consistent overall view and called on representatives of countries to speak in turn to give their initial reaction, without eschewing any problems, questions or difficulties they perceived.

22. Representatives of all countries expressed a first very favourable reaction or at least an agreement in principle concerning the framework concept that had just been described by the World Bank. The framework appeared to be attractive and ambitious, giving them the resources which they so badly needed. Some speakers saw it as an opportunity to rationalize projects and outside assistance which they already received or to move further ahead with efforts undertaken under difficult financial conditions. At the same time, however, several representatives queried particular aspects of the Partnership: the difficulty for two or more neighbouring countries to reach agreement on an assessment of transboundary impacts or, more generally, for countries to work together on the same project; the absence of a specific timetable (three, five, ten years?); the inadequate exchange of information; insufficient intersectoral work; the need to find a language and arguments accessible to decision-makers, for example, by laying emphasis on the long-term benefits of a measure that appeared costly in the short term; the interpretation of certain concepts that could give rise to misunderstandings (for example, the "Mediterranean Sea large marine ecosystem"). One representative said that, although he fully supported the Partnership, implementation in his country would be difficult because of highly complex domestic policy procedures. Another representative pointed out that there had already been GEF-financed partnerships in the Mediterranean that had been more or less successful (date palms, climate change, MedWet coast projects), and they should be carefully evaluated before gradually and prudently moving forward with such a process, avoiding the danger of applying a well-defined methodology at the outset. Lastly, one representative welcomed the emphasis laid on the ecosystem approach, which was already at the heart of the EU's sustainable development strategy.

23. As an incidental aspect, one representative expressed surprise that, at a meeting of such importance, the MAP Secretariat had not translated the working documents circulated to participants into French and made them available.

24. Responding to the comments made by certain countries, the representative of the World Bank explained that, although the Partnership provided a regional framework, the GEF and the World Bank were supporting action at the national level. Regarding the language to be found when approaching decision-makers, she agreed that the long-term/short-term comparison of costs was crucial in strategic economic sectors in the Mediterranean such as tourism, where it was absolutely essential not to repeat the errors of the past and the price to be paid today to remedy them. In general, the various aspects of the Partnership should be assessed in comparison with what would happen if the Partnership did not come into being; there would be a return to selective activities in each country with no focus on transboundary priority sectors and without ensuring that there was a proper geographical balance among the activities undertaken in the region. The Partnership would enable a “critical mass” of action to be achieved, it would facilitate dialogue with other donors, once again underlining the decisive concept of a “multiplier effect”.

25. Without wishing to draw any hasty conclusions from the initial discussion, Mr. Clini made some comments and suggestions it had stimulated. The GEF Partnership comprised some sectors that had already been included under other programmes and it used or tied in with some existing mechanisms (the Euro-Med Partnership, the GEF, the World Bank, etc.). It therefore had to be seen not as an initiative to be added to others, but as value added, a way of placing in perspective all existing or future measures with a view to greater efficiency because, as had already been seen, counteracting pollution in the Mediterranean required US\$10 billion of investment and it was obviously impossible to envisage obtaining such an amount from any single institution whatsoever. The purpose of the Partnership was therefore to establish the conditions needed to ensure that pollution reduction became “self-financing”, to launch a process that could attract and involve new actors such as the private sector in a better position to manage the amortization of investment by becoming aware of the benefits of integrating the environment in terms of profitability, competitiveness and image. In such a context, in the preparatory phase of the Partnership, the role of governments would be to decide on clear-cut rules so as to create an environment that was favourable to proper management of the resources.

Agenda item 3.1: Regional Project under the Strategic Partnership

26. Mr. Civili, Coordinator of the MED POL Programme, described the implementation of agreed actions for the protection of the environmental resources of the Mediterranean Sea and its coastal areas. In other words, the regional component of the GEF MED Strategic Partnership, already mentioned by previous speakers, prepared in close collaboration by the UNEP/GEF, UNEP/MAP, the World Bank, the GEF Secretariat and other partners, with the main objective of implementing policy, legal and institutional reforms aimed at reversing marine and coastal degradation trends, pursuant to the commitments made by countries when adopting the SAP MED and the SAP BIO. He then reviewed the various components envisaged: (1) facilitation of policy and legislative reform; (2) promotion of replication strategies; (3) technical assistance (implementation of the SAP MED and SAP BIO and related NAPs, regional strategies to manage and protect coastal aquifers); (4) regional integrated water resources and integrated coastal management (ICM) strategies; and (5) overall coordination and monitoring arrangements. During his presentation, Mr. Civili drew particular attention to one

essential element because it underpinned all the problems of implementing the SAP, namely, the capacity of countries to ensure long-term financing of actions and projects. One of the major objectives of the Partnership would be to build this capacity through environmental economic instruments and innovative financing mechanisms - thereby simultaneously making a sizeable contribution to sustainable development – and also by setting up a regional network on innovative financing practices.

27. Mr. Cornelis Klein, UNDP Resident Representative in Croatia, raised some issues concerning the mass of information provided at the meeting. Firstly, when speaking of investment, there needed to be strong coordination capacity on the spot and, in his experience, that was far from being the case in the majority of countries, especially with regard to intersectoral issues. He also wondered how investment at the country level could be intended for transboundary activities because in such cases at least two countries were in principle involved. Finally, the UNDP was preparing a GEF-financed project for the Croatian coast and islands and it comprised almost all the elements previously mentioned in connection with the regional project: how would such a project fit into the overall design of the Partnership?

28. Mr. Anders Alm, Environmentalist, Mediterranean Environmental Technical Assistance Programme (METAP), focussed on the contribution it could make to the Strategic Partnership through the instruments it had been implementing for a long time such as Strategic Environmental Assessments (SEA), the cost of environmental degradation (COED), integrated coastal zone management (ICZM), assistance in identifying investment opportunities, feasibility studies and project preparation. He presented a chart showing the cost of environmental degradation as a percentage of GDP (environmental sustainability indicator) for seven of the 13 Mediterranean countries eligible for the METAP.

29. One representative wondered to what extent the cost of environmental degradation was based on a realistic, quantifiable and verifiable basis. He was raising the question as a biologist specializing in nature conservation and not as a decision-maker and it was in any case a much more general question: could a quantifiable value in any currency be placed on the whole of the Mediterranean and its natural resources or, for example, on a given area of desert? How could the inestimable cultural heritage be valued? The only purpose of the question was to express a degree of scepticism regarding the calculations of economists as far as the environment and natural resources were concerned.

30. Mr. Pablo Huidobro, Director, UNIDO, pointed out that UNIDO was a privileged partner for technical assistance in relation to the impact of industrial activities and cleaner production. UNIDO could give the GEF MED Partnership the benefit of the vast experience it had gained in the private sector with regard to issues of industrial pollution and the transfer of ecologically sound technology. Mrs. De Palma, UNIDO, then described the tenor of her Organization's proposal for the framework concept for the Mediterranean Partnership. The previous year, UNIDO had developed an initiative entitled TESTMED aimed at replicating an experience of transfer of ecologically sound technology that it had just completed in the context of the Danube Partnership. The Mediterranean context lent itself ideally to this "replication" with the ongoing SAP MED process and, above all, the existence of a dual network of national cleaner production centres in the region set up under the auspices of UNIDO and UNEP, as well as a network of

units to promote investment in order to develop innovative projects in the private sector. The over-riding idea was to link the dual network of cleaner production centres, focusing on technology, processes and capacity building in industry, with the investment promotion network, in order to facilitate the transfer of technology. The TESTMED proposal, for example, had been formulated with the ultimate objective of building capacity in eligible countries, demonstrating this approach by applying it to certain selected industrial “hot spots” and disseminating it throughout the region. The preparatory stage of TESTMED, with financial support from Italy, had been implemented and completed in 2004 in four countries (Egypt, Lebanon, Morocco and Tunisia) and had led to the preparation of a draft plan of implementation and budget, leading to the conclusion that there were substantial financing opportunities in the region but they were not sufficiently rationalized and channeled in order to be exploited. The final proposal had been incorporated into component III, “Technical assistance”, sub-category 1, of the regional project previously presented by the MED POL Coordinator.

31. Mr. Duda, Senior Adviser, International Waters, GEF Secretariat, said that Countries were at the centre of the Partnership and it was therefore their responsibility to decide on the framework concept, the projects proposed by organizations and the opportunities submitted to them. They did not have to do so officially at the present stage. The comments and suggestions they made at the present meeting would, over the following ten days, be taken into account by UNEP/MAP, UNEP/GEF and the World Bank in order to revise the concepts where necessary and it would then be transmitted to the GEF Secretariat, which would assess its eligibility. It was only in the following weeks, at the most one or two months, that countries would be called on to make a commitment to the Partnership. Some might decide to remain outside it, so the total resources available would benefit a smaller number of eligible countries; they might, for instance, not have any industrial pollution problems and not require the assistance of UNIDO or, on the contrary, they might wish to benefit from know-how that presently allowed industry to be profitable and become more competitive while at the same time adopting cleaner production processes and good business practices.

32. Mr. Gennaro Longo, Director, ICS-UNIDO, described a series of activities through which his Organization could assist the Partnership: training courses and seminars, fellowships, capacity building. The Centre was involved in three major areas: advanced system in support of decision making, integrated coastal zone management, and cleaner production, with a focus on capacity building and the transfer of technology. It also cooperated closely with other international organizations: with UNEP/MAP, it had undertaken the pre-investment study on pollution “hot spots” in Croatia; with UNEP/MAP and the Egyptian Environmental Affairs Agency, it had initiated the pilot project for a pollution release and transfer register (PRTR/IETMP) in Egypt, and was preparing to do the same in the Syrian Arab Republic with the Ministry of the Environment. Lastly, it could also be of use to the Partnership by providing expertise on tools in support of decision making: monitoring, Geographic Information System (GIS), remote sensing, image processing, environmental simulation models to study the release of pollutants into certain environments.

33. Mr. Jordi Leonart, Department of Fisheries, FAO, introduced the FAO’s project for the Partnership, almost exclusively dedicated to fisheries. The FAO had a General Fisheries Commission for the Mediterranean (GFCM), which had initiated cooperation projects for various

sectors in the Mediterranean. The objectives for the Partnership were the following: in the long term, to improve fisheries resources protection by setting objectives for catches to ensure their sustainability and, in the immediate, to improve the management of fisheries. The FAO had, for example, published a code of conduct for responsible fisheries. Among the expected results for the project would be the facilitation of policy and legislative reforms, Mediterranean strategies for the conservation and sustainable management of vulnerable or endangered fish species, reducing the impact of trawling, eliminating particularly harmful fishing practices, and more selective fishing gear and practices. All those objectives and activities responded to the provisions in the SAP BIO.

34. One representative acknowledged the benefits of the work carried out by the FAO in the GFCM, but could not see any tangible results in any Mediterranean country whatsoever: in his view, no sustainable and responsible national fisheries programme had yet actually been put into practice. The same remark could apply to other areas such as integrated coastal zone management: a coastal management programme implemented in his country had led to an impressive amount of theoretical work but, after many years, had not led to any concrete and rational measure on coastal management. The basic question was more than ever: where were we at present and where were we going? Another representative strongly supported that position, stating that in his country as well a coastal management programme had not had any follow-up, but that was not the fault of MAP but of the national and local authorities who had not, at the time, taken advantage of the opportunity. The failures noted clearly pointed the direction in which the proposed Partnership should move if the situation was to be truly reversed.

35. Mr. Ivica Trumbic, Director of the Regional Activities Centre for the Priority Action Programme (PAP/RAC, Split), described the experience gained by MAP/PAP over the past 15 years in the area of integrated coastal zone management with the initiation of coastal area programmes (CAMP) in the majority of Mediterranean countries. Undoubtedly the results were uneven and depended on the country, but whenever the government concerned and the national counterpart team had the will to utilize the findings of studies carried out on the spot, the result was a success, as could be seen in the examples of Croatia and Albania. There had been a decisive breakthrough in ICZM in the Mediterranean recently with the adoption of a recommendation on drafting a new Protocol on the issue taken by the Contracting Parties at Catania in 2003. The work was moving ahead and a draft text would be submitted to the forthcoming meeting of the Contracting Parties in 2005. The legal framework to be adopted would enable ICZM to be more systematically disseminated in the Mediterranean and the Partnership envisaged attributed a central role to the issue alongside the SAP MED and the SAP BIO.

36. Mrs. Alice Aureli, International Hydrological Programme (UNESCO-IHP), and Mr. Bo Appelgren, Principal Consultant, UNESCO, gave a presentation on coastal aquifers in the Mediterranean and the contribution of the IHP to the Partnership through various activities such as demonstration projects (recharge, for example), inventories of aquifers, mapping of their vulnerability, and a regional plan of action for their management. An addition on this issue had been included in the TDA. The problem needed to be addressed as a priority because in all Mediterranean countries there was a scarcity of underground water, with inadequate management of a resource that was so crucial to their economies. The main threats were the sustainability of

the flow of underground water, saltwater intrusion and the salination affecting coastal wetlands, the vulnerability of aquifers to surface pollution, and pressure on resources shared by several countries.

37. Mr. Elik Adler, Regional Seas Coordinator, UNEP, drew the participants' attention to the fact that the "land-based sources" Protocol, revised in 1996, had still not entered into force. Three instruments of ratification were lacking and that was one weak point in the legal system underpinning the SAP MED. Efforts should be made to remedy the situation by promoting awareness and by helping countries that had not yet ratified it to complete the procedure. One other issue in the regional Partnership project that called for urgent treatment was that of coastal litter, which was politically sensitive because of its visibility for local populations and for the millions of tourists on Mediterranean beaches, but above all because of its imminently transboundary scope.

38. The MAP Coordinator replied that the question of non-ratification of new or revised Protocols had long been one of the major concerns of the MAP Secretariat and the Bureau of the Contracting Parties, which had continually urged countries to ratify. Consequently, despite the positive developments in ratification of the revised Convention and the new "prevention and emergency situations" Protocol, the question of ratification of the "land-based sources" Protocol and of other Protocols was the subject of ongoing efforts by the Secretariat, in cooperation with the Bureau and the depositary State (Spain).

39. Mr. Paolo Guglielmi, WWF, and Mr. Vangelis Constantianos, Executive Secretary of MIO/ECSDE, expressed the keen interest of their respective organizations in the regional Partnership project, in view of their experience in the region, their work in the field and in networks bringing together NGOs, local authorities and major actors in society. The question of the role and participation of civil society in the Partnership had not yet been mentioned at the meeting although it was decisive for winning over public opinion and, consequently, for the overall sustainability of the project. Mr. Ulrich Dan Weuder, UNEP/GPA, pointed out that, with the assistance of Italy, his programme had cooperated with UNEP/MAP on long-term financing and that continuation of those efforts would be beneficial to the GEF Partnership.

Agenda item 3.2: The Investment Fund under the Strategic Partnership

40. Mrs. Dahlia Lotayef, GEF Regional Coordinator for the Middle East and North Africa, World Bank, introduced the second component of the GEF MED Partnership: the Investment Fund for Pollution Reduction in the Mediterranean. The time had come for the practical implementation of the two SAPs and, as already mentioned, the cost of pollution remedial actions had been estimated at some US\$10 billion for SAP MED and US\$110 million for SAP BIO. The Investment Fund would have to provide financing of up to US\$60 to 70 million in several tranches and open to contributions by other donors. It would be a participatory process with information feedback from countries. The eligibility criteria for the resources would focus in particular on pollution "hot spots" and "sensitive areas" listed in the two SAPs, conformity of the projects with the GEF's International Waters Operational Program, the objectives of the SAPs and the commitment made by countries to undertake relevant policy, legal and institutional reforms. No GEF grant would be earmarked in advance for any particular country or project, but

financing would be on a case-by-case basis on the principle of “first come, first served”, depending on the relevance and admissibility of projects submitted with the objective for the medium and long terms of ensuring a geographical balance in the distribution of resources in the Mediterranean and achieving leveraging with a co-financing ratio of US\$3 for each US\$1 granted by the Fund.

41. During the discussion following the above presentation, several questions were put to the World Bank and the GEF by country representatives: coordination and consistency with the European Union which, under the Euro-Med Partnership and, more recently, the good-neighbour policy, also had a strategy for dialogue and financing with Mediterranean countries for the benefit of the environment; action by the European Investment Bank or other European bodies; assistance to countries for project preparation; whether the US\$60 to 70 million would be available immediately; possibility of loans; need for a counterpart contribution; highly approximate estimate of the amount of the grant a country might receive, even though it was understood that no allocation would be made in advance, possibility of pilot or demonstration projects.

42. With regard to coordination with the European Union, the MAP Coordinator emphasized that the new Strategic Partnership and the Euro-Mediterranean Partnership, far from being mutually exclusive, could be complementary and benefit the region as a whole. The MAP had previously had very close and constructive cooperation with the European Union that had led to the preparation of a joint programme of work to be discussed at the forthcoming meeting of the Bureau of the Contracting Parties in Cairo in November 2004 and then submitted to the next ordinary meeting of the Contracting Parties in Slovenia in 2005 for adoption. The programme would focus on projects that used all the financing mechanisms of the EU available.

43. The representatives of the World Bank and the GEF endorsed the MAP Coordinator's statement. In their view, the European Union had a catalytic effect in many Mediterranean countries – not to mention in the six countries that were members – and several of its directives, such as that on water, constituted an inescapable point of reference. Considerable importance should therefore be attached to the links between the Partnership and the EU, its partners, its financing institutions, the follow-up to the Declaration and the Athens process. In general, coordination had been weak at several levels – even between the Fund and the regional project – in the Danube/Black Sea Partnership and it was important to ensure that such a problem did not recur in the GEF MED Partnership. In that connection, a mid-term evaluation meeting appeared to be indicated (the mid-term meeting for the Danube/Black Sea Partnership would be held in November 2004) in order to make any necessary corrections and adjustments.

44. With regard to the questions raised on the financing modalities of the Investment Fund, it was explained that: (1) there would be a sharing of responsibilities and close cooperation among countries, organizations and the World Bank regarding the preparation and eligibility of projects, but the final decision on financing lay with the GEF on the basis of agreed criteria; (2) the loans granted to complement the GEF grants for blended operations were fully justified in the case of large-scale projects, so as to have a more integrated and holistic approach, provided that they were in line with the aid strategy between the Bank and the country concerned; (3) the highly approximative amount of grants per country could be between US\$5 to 7 million on the basis of

the Danube/Black Sea precedent and the estimated appropriation for the Mediterranean divided by the number of eligible countries, subject to many factors such as the final number of countries in the Partnership, the size and scope of the projects concerned, the possible association of two or more countries in a single project, etc.; (4) the total appropriation, which would represent a firm commitment by the GEF Council after its approval, could not be disbursed immediately but only in three tranches (amounting to some US\$20 million each), because the GEF was a trust fund replenished every three years and the time taken to prepare projects had to be taken into account, together with the need for follow-up and evaluation of the global trend in the implementation process and effective use of the resources.

45. Concluding the agenda item, an exchange of views took place on the advantages of participation by the private sector, which had already been mentioned in connection with the introduction of cleaner technology in industry. The World Bank referred to several projects it had carried out in the Mediterranean in the tourism sector and under the Danube/Black Sea Partnership through farmers' associations.

Agenda item 4: Experience with the Danube/Black Sea Strategic Partnership

46. Mrs. Battaglini, GEF Regional Coordinator for Europe and Central Asia, World Bank, presented the Danube/Black Sea Partnership, pointing out that the first lessons drawn from that Partnership had been valuable when preparing the framework concept for the GEF Partnership for the Mediterranean, which replicated the major elements and principles. She described the geographical, political and demographic features of the two basins, the major environmental problems to be resolved (including the vast load of nutrients) and the process of preparing and implementing the Partnership. She introduced a table showing the projects being implemented (four countries) and in preparation (eight countries) financed by the Investment Fund for the Partnership, with the amounts of the GEF grants, the co-financing obtained, and the leverage ratio achieved, which represented an average of 1/4.6. In conclusion, the Partnership had had a clearly marked catalytic effect, and had shown the possibility of introducing innovative technologies, with a concrete number of projects under preparation and a significant trend to a reduction in nutrients found in river and marine waters.

47. Mrs. De Palma, UNIDO, adding to her previous statement on UNIDO's activities in the Danube Basin dealing with industrial "hot spots", described the case of a paper and pulp factory in Romania, which had shown that substantial investment could be obtained from the private sector to replace obsolescent technology when it led to increased profitability and competitiveness by lowering production costs and improving the quality of the product.

48. As practical examples of eligibility for financing by the GEF Partnership Investment Fund, Mr. Andreas Rohde, Sanitary Engineer, World Bank, described several projects: protection of water quality in Bosnia and Herzegovina; integrated management of the ecosystem of the Neretva River Basin in Bosnia/Croatia; integrated management of water and ecosystems in Albania; combating pollution in towns on the Croatian coast. Mr. Anders Alm, Environmentalist, World Bank, described four projects: integrated coastal zone management in Alexandria (Egypt); integrated management of the ecosystem and abatement of pollution from land-based sources in the Nador lagoon in Morocco; restoration of self-purification capacity in the Bizerta lagoon in

Tunisia; and integrated approach to the recovery of the ecosystem in the town of Ghazaouet in Algeria.

49. Drawing lessons from the various presentations, particularly that on the Danube/Black Sea Partnership, the MAP Coordinator said that they were tried and tested methods that had demonstrated their effectiveness and where the catalytic effect was in fact significant enough to gain support. The representatives of countries and other actors concerned by the GEF MED Partnership now had sufficient elements to form an opinion and make comments or suggestions.

50. Mrs. Belkhir, Director, SPA/RAC, thanked the representatives of the World Bank and the GEF for clarifying the financial aspects and for their presentations, which provided several lessons. She considered, nevertheless, that biological diversity in Program 8 of the GEF's International Waters Programme came a poor second in comparison with the amounts allocated to SAP MED. Biological diversity had been endorsed downstream of the project. Although it was true that combating pollution helped to conserve habitats, that was not one of the priority actions in the SAP BIO. The Contracting Parties had approved the SAP BIO in Catania and they had high hopes of the GEF in regard to its implementation, whose coordination had been entrusted to the SPA/RAC. The latter had sent to the GEF a document on the financing phase – the GEF had from the outset accepted the principle of financing – but no reply had been received. She hoped that the GEF would explain what procedure had to be followed in order to put the two SAPs on an equal footing in the interests of the region and of the sustainability of its resources.

51. Three representatives of countries and one representative of a non-governmental organization spoke strongly in support of the position of the SPA/RAC, pointing out that the intensive, highly serious and comprehensive work that had been carried out during preparation of the SAP BIO must not end in failure because of lack of financing, otherwise it would be a “stillborn project”. Since the Meeting of the Contracting Parties held in Catania, however, the process had been at a standstill. One representative considered that the two aspects could be reconciled, while another expressed disagreement with the SPA/RAC because there was overlapping between the two activities and there was indeed a SAP MED upstream and a SAP BIO downstream. Drawing conclusions from the discussion, the MAP Coordinator agreed that there was a need for more effective implementation of the SAP BIO.

52. The representative of the GEF Secretariat said that, first of all, the Partnership framework had been established for the two SAPs, which were both ready to be implemented. Secondly, the response given by countries appeared to be clear and underlined their interest in the SAP BIO. It was therefore necessary to draw the consequences by strengthening that component in the regional project and adapting the Investment Fund so as to allocate resources more directly to action in that area. Little time was left to do so. It was an opportunity for the GEF to undertake a major project for the two focal areas of biological diversity and combating pollution and to decide on eligibility at the end of October. It would therefore be useful if the meeting adopted a recommendation to that effect.

Agenda item 5: Multilateral and bilateral technical assistance

53. Mrs. Selma Cengic, representative of Bosnia and Herzegovina, introduced several projects that had been undertaken in her country including, *inter alia*, the preparation of a plan for the management of the Sava River Basin, transboundary cooperation through the management of shared natural resources (Neretva Delta, Bosnia and Herzegovina and Croatia, 2001-2003, within the framework of the Stability Pact for South-Eastern Europe) and the integrated management of the ecosystem of the Neretva and Trebisnjica River Basins (Bosnia and Herzegovina and Croatia).

54. Mr. Francesco Presicce, Expert, Italian Ministry of the Environment, outlined the assistance given by Italy to other Mediterranean countries. For example, the MEDREP Programme promoted the concept of innovative partnership, bringing together some 20 major actors in the region – ministries, government agencies, scientific institutions, UNEP and the World Bank – in order to supply electricity and provide sustainable energy services, targeting rural populations. One other example: Italy participated in a water programme for Africa with the objective of creating desalination systems, reusing wastewater and plants for supplying water driven by renewable energy. Through the variety and effectiveness of those cooperation activities, Italy sought to show the vast potential for sustainable growth and the strength of the cultural links uniting the countries of the North and South of the Mediterranean.

Agenda item 6: Follow-up actions

55. Mr. Merla, Programme Manager/Administrator, International Waters, GEF Secretariat, explained the procedure to be followed in the coming weeks and months. The two organizations responsible for the framework concept of the Partnership, namely, UNEP and the World Bank, would take into account the reactions and recommendations of the countries at the present meeting in order to revise certain parts of the document presented at the Meeting, where needed, within a week or two and submit it in final form to the GEF Secretariat, which would either approve it or request further modifications before the GEF CEO decided to accept it among the projects in the pipeline. The GEF would then be in a position to disburse the funds (up to US\$700,000) for the more detailed design of the project as a whole, and countries would, for their part, jointly provide their co-financing. The period for the detailed formulation of the full-size Project – PDF-B would be approximately one year from the PDF-B approval. The final proposal, which had to be endorsed by the GEF National Focal Points (without countries necessarily having to commit themselves to the Partnership) would then be put before the GEF Council (which could occur within about one year).

Agenda item 7: Conclusions and recommendations

56. The representative of UNEP/GEF considered that the meeting had been fruitful: countries had shown their interest and the two organizations responsible for the framework concept could work constructively with them. Three representatives of countries endorsed that view, emphasizing that the Partnership provided a useful opportunity to respond to the need for implementation underlined on several occasions at meetings of the Contracting Parties, even though some questions still had to be settled, timetables fixed and further consultation meetings planned. The representative of the Italian Government emphasized that the purpose of the initiative was to catalyze financing and to ensure the sustainability of the SAPs by utilizing new

economic instruments and mobilizing the largest possible number of actors. That had now become a plausible prospect. The GEF Coordinator at the World Bank considered that an important step had been taken. There was a consensus among countries to let UNEP/MAP, the World Bank and the GEF know that it was a project of interest to them and that they should move ahead, which had been the sole purpose for organizing the present initial meeting.

57. The MAP Coordinator said that a draft recommendation had been drawn up by the meeting's Secretariat on the basis of the discussions. After some editorial amendments had been made, the meeting adopted the following text, as a message addressed to the GEF Council to be included in the draft report of the meeting that would shortly be sent to all participants so that they might make their comments:

58. *“The representatives of Mediterranean countries approved the proposed Strategic Partnership as a whole. They also considered that the effective initiation of the SAP MED activities and the recent adoption of the SAP BIO provided an excellent opportunity to apply the integrated approach involving pollution reduction and biological diversity proposed in the Strategic Partnership.*

In addition, the representatives of countries emphasized that, at present, the implementation of the SAP BIO called for additional resources under the “biodiversity” component of the GEF in order to enable practical implementation of the activities at the national and regional levels. Consequently, several representatives considered that the GEF funds for biological diversity should be increased in order to provide a substantial contribution to the launching of the SAP BIO in the region.”

Agenda item 8: Closure of the meeting

59. Following the customary exchange of courtesies, the MAP Coordinator declared the meeting closed at 1.15 p.m. on Tuesday, 12 October 2004.