## GLOBAL ENVIRONMENT FACILITY BALTIC SEA REGIONAL PROJECT

#### PROJECT INFORMATION DOCUMENT

Project Name: Baltic Sea Regional Project
Region: Europe and Central Asia Region

Sector: Environment
Project ID 7E-GE-48795
GEF Grant Amount: US\$18.0 million
Total Project Cost: US\$40.0 million
World Bank managed funds: US\$16.7 million

Beneficiaries: Estonia, Latvia, Lithuania, Poland, Russian Federation
Implementing Agencies: World Bank and United Nations Development Programme

Executing Agencies: Helsinki Commission (HELCOM), in partnership with the International

Baltic Sea Fishery Commission (IBSFC) and International Council for the

Exploration of the Sea (ICES)

Dr. Jan Thulin Project Coordinator ICES-Palaegade 2-4

DK-1261 Copenhagen K, Denmark

Tel: 45-331-54-225

jan@ices.dk

Date this PID was updated: May 22, 2001 Appraisal Date: June 11, 2001

Project Board Date: November 15, 2001

## **Background**

Overview. The Baltic Sea ecosystem is a semi-enclosed water body connected with the North Sea by narrow and shallow sounds that limit water exchange. Marked natural fluctuations are characteristic of the Baltic Sea ecosystem; the water is largely regulated by sporadic inflows of saline and oxygen-rich North Sea water and intermediate stagnation periods. Contaminants and nutrients enter the Baltic Sea via river run-off, water exchange and direct discharges from land; through atmospheric deposition; and from human activities at sea. It is estimated that renewal of the water of the Baltic Sea takes about 25-30 years. Contaminants, especially persistent chemicals and other pollutants, therefore remain in the Baltic Sea for a long time. It is an ecosystem under extreme stress. Threats to sustainable development include degradation of water quality from point and non-point sources of pollution; coastal erosion and conversion of important areas of habitat; eutrophication and algae blooms in coastal and marine waters; over exploitation of fisheries; areas with living marine resources affected by diseases associated with pollution and emerging problems with introduced "alien" species.

The JCP - A Framework for Cooperation. The Joint Comprehensive Environmental Action Program for the Baltic Sea (JCP), as adopted in 1992 and strengthened and updated in 1998, constitutes the "Strategic Action Plan" for the Baltic Sea region. The JCP provides an environmental management framework for the long-term restoration of the ecological balance of the Baltic Sea ecosystem through a series of preventive and curative actions to be undertaken in a phased manner in the region. The JCP includes all the countries of the

drainage basin and was mandated by the resolution of the Prime Ministerial level Baltic Sea Environment Conference held at Ronneby, Sweden in 1990.

# **Project Objectives**

Management of a Transboundary Resource. The long term objective of the Baltic Sea Regional Project (BSRP) is to introduce ecosystem-based assessments to strengthen the management of Baltic Sea coastal and marine environments through regional cooperation and targeted, transboundary coastal, marine and watershed activities. To achieve this, the three international bodies—the Helsinki Commission (HELCOM), the International Baltic Sea Fisheries Commission (IBSFC), and the International Council for Exploration of the Sea (ICES)—and the cooperating countries in the region will utilize project-developed tools and methodologies for sustainable ecosystem management. The aim is to reduce impacts from non-point sources of pollution and to increase sustainable biological production. The Project will implement priority actions to address transboundary environmental concerns associated with sustainable production of biomass, conservation of living marine resources and control of non-point source pollution from agriculture. Consistent with JCP priorities, measures will also be taken to improve decision making at the regional, national and local level by strengthening assessment and monitoring systems and supporting regional efforts for the development and implementation of ecosystem-based management of Baltic resources. As part of the Project preparation process, an incremental cost analysis was undertaken to evaluate how GEF funds will leverage national and international resources.

## **Project Description**

Project Components. The proposed GEF Project will contribute to implementation of the JCP through support for high priority complementary, integrated land, coastal and open sea activities. The Project has four inter-related components based on the Large Marine Ecosystem (LME) concept and includes integrated land, coastal and marine activities to strengthen the local and regional capacity to achieve sustainable ecosystem management of the Baltic Sea resources. Sustainable management will improve ecosystem health while providing social and economic benefits to farming, coastal and fishing communities and sectors such as businesses and tourism.

Component 1 - Large Marine Ecosystem Management Activities, managed by ICES, aims to: (i) introduce ecosystem-based assessments and management for the Baltic Sea: (ii) coordinate and integrate the regional monitoring and assessment capacity; (iii) improve management practices to increase and sustain fishery yields and biological productivity of the Baltic Sea Large Marine Ecosystem (LME); and (iv) in the long term, improve both the marine ecosystem and the economic benefits and standard of living of the fishing and coastal communities. Component 2 - Land and Coastal Management Activities, managed by HELCOM in conjunction with the Swedish University of Agricultural Sciences (SLU), building on the Swedish funded Baltic Agricultural Run-off Action Program (BAAP) activities, aims to: (i) increase awareness of environmental issues related to agriculture among farmers and communities; (ii) invest in and implement environmentally responsible farm management practices; (iii) in the long term, improve the economic welfare and standard of living within the farming community while reducing non-point source agricultural impacts; and (iv) coordinate a series of activities, through the World Wide Fund for Nature (WWF), that will support community-based coastal zone management activities. The components will support measures to assist the cooperating countries in meeting their obligations to reduce agricultural non-point source pollution under the Helsinki Convention and, in the case of the European Union accession countries, develop programs that assist in meeting their obligations under European Union environment and water resources directives, including the important "Nitrate Directive" (91/676/EEC). Component 3 – Institutional Strengthening and Regional Capacity Building managed by HELCOM, supports local and regional capacity building and institutional strengthening. Component 4 – Project Management, includes the project management activities.

An important focus of the Project will lie in facilitating expansion of partnerships with the European Union and the littoral countries of the Baltic Sea in the sustainable use of transboundary living marine resources by strengthening existing cooperative mechanisms and reducing non-point source pollution from agriculture through development of a regional network. These actions will be based on extensive field-based demonstration programs conducted in Estonia, Latvia, Lithuania, Poland and Russia over the last 5-7 years with the support of the European Union, Denmark, Finland, the Netherlands, Sweden and United States.

## **Project Cost and Financing**

Total Project cost is expected to be approximately US\$40.0 million, of which US\$18.0 million will be provided by a GEF Grant. The World Bank will manage US\$16.7 million and UNDP will manage US\$1.3 million of the US\$18.0 million GEF Grant. Additional financing will be provided by a special grant of US\$5.0 million for financing of innovative activities from the Nordic Environment Finance Corporation (NEFCO). Other funding will come from various grant programs of the European Union, bilateral assistance from the Nordic countries including US\$2.0 million from the Swedish supported BAAP - Phase II, and special local activities of the WWF of Denmark and Sweden. Cooperating countries would provide in-kind support from national and local environmental programs while farmers who benefit from actions to reduce non-point source pollution would make contributions in cash, labor and materials. Coastal communities would also provide support in cash, labor and materials for locally based initiatives.

## **Project Implementation**

Cooperative Planning and Implementation Process. With the support of the Global Environment Facility (GEF), UNDP and the World Bank, Project activities will assist the recipient countries, Estonia, Latvia, Lithuania, Poland, and Russian Federation, in implementing elements of the JCP, and will support these countries in meeting their obligations to the Helsinki Convention and other international agreements; and complying with national policies and legislation. The Project provides the basis for strengthening cooperation between the three international bodies, recipient country counterparts and other cooperating organizations. Preparation of the Project has been coordinated with the Rural Environmental Protection Project in Poland, and the Global International Waters Assessment (GIWA), which are both supported by GEF. The cooperative planning and implementation process proposed for the Project will allow collective efforts to have a much greater impact by improving the targeting of priority actions, facilitating better leveraging of human and financial resources and broadening the links between member governments and organizations.

# **Project Sustainability**

Strong Commitment. The Governments of the Baltic Sea region, acting through IBSFC, ICES and HELCOM, have requested GEF assistance to support implementation of the JCP. The present commitment of the countries to regional cooperation is very strong and has been clearly expressed in the meetings of concerned Heads of State at the Baltic Sea meetings held in Ronneby, Sweden (1990) and Visby, Sweden (1996). This is also reflected by the cooperative preparation and adoption by the Ministers of Environment of the JCP (1992) and the updated JCP (1998). It is further manifested by the countries' success to date in implementing, through a combination of national resources and international loans and grants, a diversity of investment activities to support the JCP. These have included project activities in nearly all countries in the Baltic Sea ecosystem drainage basin with particular emphasis on investment actions by Denmark, Estonia, Finland, Latvia, Lithuania, Germany, Poland, Russia and Sweden. The program has also benefited from strong support of civil society including parliamentarians, local governments, nongovernmental organizations, school groups and individual citizens. Program activities have been supported financially by the European Union (Phare, Tacis, Life and Sapard Programs), international financial institutions (CEB,

EBRD, EIB, NIB, NEFCO and World Bank), bilateral donors (especially the Nordic countries and Germany) and private sector investors.

#### **Lessons Learned**

Significant Experience in the Region. Development of the proposed GEF Project draws upon lessons learned in development and implementation of a series of international waters and biodiversity projects supported by the GEF, UNDP, UNEP and World Bank over the last decade. A review has been conducted of experience to date with GEF-supported activities that use the Large Marine Ecosystem concept. In addition, Project design also reflects experience in other regional programs such as the Environmental Program for the Mediterranean, the Black Sea Environment Program and the Environmental Program for the Danube River Basin. Project design also benefits from the "Vilnius Recommendations" prepared at the "Round Table on Transboundary Water Management: Experience of Transboundary Water Management in the Baltic Sea Region," which was sponsored by the Government of Germany and the World Bank, held in cooperation with HELCOM and hosted by the Government of Lithuania in June 1999.

Representative Investment Activities. Extensive investment activities have been undertaken by the cooperating countries in support of JCP implementation. Representative projects in the beneficiary countries of the proposed Project include: Estonia — Haapsalu and Matsalu Bays Environment Project, Tallinn Water and Wastewater Project and Small Municipalities Environment Project; Latvia — Daugavpils Water and Wastewater Project; Liepaja Environment Project and Riga Water and Wastewater Project; Lithuania — Kaunas Water and Wastewater Project, Klaipeda Environment Project, and Siauliai Environment Project; Poland — Environmental Management Project, Gdansk Water and Wastewater Project and Rural Environment Protection Project; and Russia — St. Petersburg Water and Wastewater Project and St. Petersburg Center City Rehabilitation Project.

## **Environmental Aspects**

The proposed Project has been placed in environmental assessment screening category "B" consistent with the provisions of World Bank Operational Policy 4.01, "Environmental Assessment." Activities regarding the long-term sustainability of living marine resources, monitoring and assessment, development of indicators, and reduction of non-point source pollution are focused on planning, management and training activities that will not have an adverse environmental impact. An Environmental Management Plan has been prepared and the Integrated Safeguards Data Sheet is attached.

## **Participation Arrangements**

Implementation of the Regional Project will include as an integral element community involvement and stakeholder participation, through the direct involvement of commercial and recreational fishing interests and farming communities in the cooperative identification of measures to be taken to improve long-term resource management. Project activities will support complementary linkages with measures being undertaken by both government and nongovernmental organizations for the conservation of important biological diversity in wetlands and coastal lagoons as part of the integrated ecosystem approach. Activities for the management of living marine resources and control of agricultural run-off will be linked with the management of transboundary coastal lagoons and wetlands that border the eastern and southern Baltic Sea as well as sites of sensitive marine habitats.

## **Project Benefits**

The proposed Project would result in a series of benefits at the regional, national and local level within the Baltic Sea Region. The management of living marine resources would be enhanced by adoption of an

ecosystem-based management approach that protects key habitats and species, promotes sustainable use of these shared resources and provides an improved database for evaluation of resource trends. Activities for the reduction of non-point source pollution from agriculture would assist the cooperating countries to comply with HELCOM Recommendation on agricultural discharges and support measures for meeting the Nitrates Directive for the countries in the European Union accession process. At the local and farm level, these interventions would improve surface and groundwater quality, contribute to the reduction of nutrient loading in wetlands, coastal lagoons and near shore waters. Actions to enhance environmental monitoring and assessment methodologies would promote regional cooperation and provide opportunities for recipient country laboratories to more effectively collect, analyze and report on key environmental parameters in order to assess trends at a number of levels, support management decisions and evaluate the effectiveness of investments. Support provided for cooperative development of indicators in coordination with Baltic 21 and other parties would allow for adoption of a common approach for public and scientific reporting on environmental conditions and trends in the Baltic Sea Region.

Contact Point: Public Information Center

The World Bank 1818 H Street NW Washington, DC 20433 USA

Tel: 1 202 458 5454 Fax: 1 202 522 1500

#### Task Team Leader:

Mr. Inesis Kiskis Tel: 370 2 622 728 Fax: 1 370 2 226 829

Email: ikiskis@worldbank.org

#### Contact Person for HELCOM:

Dr. Jan Thulin
Project Coordinator
ICES-Palaegade 2-4
DK-1261 Copenhagen K, Denmark

Tel: 45-331-54-225

jan@ices.dk

Integrated Safeguards Data Sheet for Project in the IBRD/IDA Lending Program (attached)

Integrated Safeguards Data Sheet						
PROJECT ID: 48795						
TTL: Inesis Kiskis						
IBRD AMOUNT (\$m): 16.7 (GEF)						
IDA AMOUNT (\$m):						
SECTOR: VY-Other Environment						
STATUS: LEND						

Project Objectives (From PDS)

## **Project Objectives**

The development objective of the Baltic Sea Regional Project (BSRP) is to increase sustainable biological productivity, improve coastal zone management and reduce agricultural non-point source pollution through the introduction of ecosystem-based approaches for land and coastal and marine environmental management. The Project's long-term goal is to provide the three Baltic Sea cooperating international bodies - the Helsinki Commission (HELCOM), the International Baltic Sea Fisheries Commission (IBSFC) and the International Council for the Exploration of the Sea (ICES) - and the recipient countries with management tools for sustainable agricultural, coastal and marine management, while improving the social and economic benefits of the farming, coastal and fishing communities.

Project Description (From PDS)

## **Project Description**

The long term objective of the Baltic Sea Regional Project (BSRP) is to introduce ecosystem-based assessments to strengthen the management of Baltic Sea coastal and marine environments through regional cooperation and targeted, transboundary coastal, marine and watershed activities. To achieve this, the three international bodies and the cooperating countries in the region will utilize project-developed management tools for sustainable ecosystem management, and to contribute to the improvements in the social and economic benefits of the ecosystem for the coastal fishing and farming communities in the recipient countries. The aim is to reduce impacts from non-point sources of pollution and to increase sustainable biological production. The Project provides an environmental management framework for long-term restoration of the ecological balance of the Baltic Sea ecosystem through a series of preventive and curative actions to be undertaken in a phased manner in the region. The Project provides a regional focus, involving local communities and stakeholders; its biodiversity considerations focus on prevention of damage to threatened waters. As part of an integrated approach, Project activities will support linkages with activities of the cooperating countries, international financial institutions, European Union, bilateral donors and NGOs.

Component 1 – Large Marine Ecosystem Management Activities, aims to i) introduce ecosystem-based assessments and management for the Baltic Sea; ii) coordinate and integrate the regional monitoring and assessment capacity; iii) improve management practices to increase and sustain fishery yields and biological productivity of the Baltic Sea Large Marine Ecosystem (LME); and iv) in the long-term, improve both the marine ecosystem and the economic benefits and standard of living of the fishing and coastal communities. Component 2 – Land and Coastal Management Activities, will build on the Swedish funded Baltic Agricultural Run-off Action Program (BAAP) activities, and aims to i) increase awareness of environmental issues related to agriculture among farmers and communities; ii) invest in and implement environmentally responsible farm management practices, iii) in the long-term, improve the economic welfare and standard of living within the farming community while reducing non-point source agricultural impacts; and iv) the World Wildlife Fund (WWF) will also coordinate a series of activities that will support community-based coastal zone management activities. Component 3- Institutional Strengthening and Regional Capacity Building supports local and regional capacity building and institutional strengthening. Component 4 - Project Management, includes the project management activities.

*Project Location*: (Geographic location, information about the key environmental and social characteristics of the area and population likely to be affected, and proximity to any protected areas, or sites or critical natural habitats, or any other culturally or socially sensitive areas.)

The regional project area encompasses the Baltic Sea watershed, coastal and marine waters. The land based and coastal activities are concentrated in targeted demonstration sites in Lithuania, Latvia, Estonia and Russian Federation (Kaliningrad Oblast and Leningrad Oblast). The land-based demonstration sites build upon the Baltic Sea Agricultural Run-off Program (BAAP) and target geographic areas vulnerable to pollution from nitrates; coastal sites have been identified on the basis of earlier work by WWF, and the marine sites correspond to and supplement current HELCOM/ICES monitoring network. The objective of the project is to improve environmental management at the regional level and will support conservation measures at a number of sites.

# **B.** Applicability of Safeguard Policies (from PDS)

Click on Policy name for brief summary of objectives, triggers and requirements

Click on Policy reference number for full policy

	Yes	No	TBD
Environmental Assessment (OP/BP/GP 4.01)	[X]	[]	[]
Forestry (OP/GP 4.36)	[]	[X]	[]
Natural Habitats (OP/BP 4.04)	[]	[X]	[]
Safety of Dams (OP/BP 4.37)	[]	[X]	[]
Pest Management (OP 4.09)	[]	[X]	[]
Involuntary Resettlement (OD 4.30)	[]	[X]	[]
Indigenous Peoples (OD 4.20)	[]	[X]	[]
Cultural Property (OPN 11.03)	[]	[X]	[]
Projects in Disputed Territories (OP/BP/GP 7.60)*	[]	[X]	[]
Projects in International Waterways (OP/BP/GP 7.50)	[]	[X]	
			<u> </u>

Check Environmental Classification A [ ], B [X], C [ ], FI [ ]

#### Comments:

The overall environmental screening category for the Project is "B" and an Environmental Management Plan (EMP) has been prepared as part of the Project design process. Specifically, the environmental screening categories for each component include: Component 1 – "B" category due to focus on sustainable management of fishery resources; Component 2 – "B" category due to actions for improved management of agricultural and coastal resources; Component 3 – "C" category since the focus is on institutional strengthening and capacity building; and Component 4 – "C" category since the focus is on Project management.

## Section II – Key Safeguard Issues and Their Management

*C. Summary of Key Safeguard Issues*. Please fill in all relevant questions. If information is not available, describe steps to be taken to obtain necessary data.

1. Describe any safeguard issues and impacts associated with the proposed project.

The Project may have some short-term environmental impacts from construction of farm improvement features, stream restoration, wetland restoration and coastal zone management activities. In addition, a limited amount of wastes will be generated by the laboratories conducting project related analytical work. Mitigation measures will be in place to reduce and minimize anticipated environmental impacts during Project implementation.

2. Identify and describe any potential large scale, significant and/or irreversible impacts. Describe any potential cumulative or long term impacts.

Not Applicable

<sup>\*</sup> By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

- 3. In light of 1 and 2, describe the proposed treatment of alternatives (if required).
- The proposed Project design was selected on the grounds that it provides for a regional integrated approach to addressing the land, coastal and open sea issues. Component 1 is designed to provide linkages with existing regional programs and initiatives and to meet Helsinki Convention obligations, while Component 2 builds on and expands the successful pilot demonstrations begun under the Baltic Agricultural Run-off Program (BAAP), and complements the GEF supported Rural Environmental Protection Project in Poland. It also supports implementation of the coastal management plans developed by the HELCOM Project Implementation Task Force (PITF) Working Group for Management Plans for Coastal Lagoons and Wetlands (MLW). Component 3 is critical to facilitate the strengthening of regional and local capacity. The other design alternatives reviewed and rejected included individual national programs, curative investment programs, and sector specific programs. Each of these design alternatives was reviewed and determined to not have the integrated and holistic approach as defined by the BSRP.
- 4. Describe arrangement for the borrower to address safeguard issues.
- With due respect to the Bank's environmental policies, the beneficiary countries will follow their respective national environmental legislation while constructing the manure pads and restoring the wetlands. The project implementation teams will be responsible for making sure that all the laws and regulations are followed. Mitigation measures will include best management practices (BMPs) to reduce impacts from erosion and siltation during construction. Activities for onfarm improvements, coastal zone management and wetland restoration demonstrations will be subject to proper management plans that will require formal review and approval by national and/or local authorities as appropriate. This will be monitored as part of Bank supervision.
- 5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders will be the national and local governments, local farmer and coastal communities, and NGOs. The BSRP has involved a broad-based consultation process that has included a regional meeting to review transboundary water management issues in the Baltic Sea region, resulting in the Vilnius Recommendations. In addition, regional workshops and national and local level meetings have engaged the local and regional stakeholders in the Project design process.

Extensive consultations with people living in the project demonstration areas and NGOs took place during the project preparation. The impact of project activities on the environment is expected to be largely positive, and was welcomed by all potential stakeholders. The World Wide Fund for Nature (WWF) is a member of the team responsible for preparation of the Project.

The Project preparation process identified one social issue within the Project, which is access to employment by local residents in the demonstration activity areas. This issue has been included in the EMP to facilitate its integration into the mitigation measures and monitoring actions. The Project's secondary objective is to support sustainable economic growth in coastal communities.

- **D.** Safeguards Classification (select one). Category is determined by the highest impact in any policy or on basis of cumulative impacts from multiple safeguards. Whenever an individual safeguard policy is triggered the provisions of that policy apply.
- $[\ ]$  S<sub>1</sub>. Significant, cumulative and/or irreversible impacts; or significant technical and institutional risks in management of one or more safeguard areas
- [X]  $S_2$ . One or more safeguard policies are triggered, but effects are limited in their impact and are technically and institutionally manageable
- [] S<sub>3</sub>. No safeguard issues
- [] S<sub>F</sub> Financial intermediary projects, social development funds, community driven development or similar projects which require a safeguard framework or programmatic approach to address safeguard issues.

#### E. Reporting Requirements

Environmental Assessment/Analysis/Management Plan:

Date of receipt by the Bank 05/21/01 or N/A
Date of "in-country" disclosure 05/22/01 or N/A
Date of submission to InfoShop 05/22/01 or N/A

For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors .../.../or

Resettlement Action Plan/Framework:							
Date of receipt by the Bank		//	or N/A				
Date of "in-country" disclosure		//	or N/A				
Date of submission to InfoShop		//	or N/A				
Indigenous Peoples Development Plan/Fr	amework:						
Date of receipt by the Bank		//	or N/A				
Date of "in-country" disclosure		//	or N/A				
Date of submission to InfoShop		//	or N/A				
Pest Management Plan:							
Date of receipt by the Bank		//	or N/A				
Date of "in-country" disclosure		//	or N/A				
Date of submission to InfoShop		//	or N/A				
Dam Safety Management Plan:							
Date of receipt by the Bank		//	or N/A				
Date of "in-country" disclosure		//	or N/A				
Date of submission to InfoShop		//	or N/A				
If in-country disclosure of any of the above documents is not expected, please explain why.							
Submitted by:							
Task Team Leader:	Name	Inesis Kis	kis	Date May 22, 2001			
Project Safeguards Specialist:	Name	Stephen L	intner	Date: May 22, 2001			
Approved by:							
Regional Safeguards Coordinator	Name	Bernard B	aratz	Date			
Sector Manager	Name	Jane Holt		Date			