

**PROJECT TITLE:  
DEVELOPING THE IMPLEMENTATION OF THE BLACK SEA  
STRATEGIC ACTION PLAN**

<b>COUNTRIES:</b>	Bulgaria, Georgia, Romania, Russian Federation, Turkey, Ukraine
<b>GEF FOCAL AREA:</b>	International Waters
<b>COUNTRY ELIGIBILITY:</b>	Eligible under para 9 (b) of GEF Instrument
<b>TOTAL PROJECT COSTS:</b>	\$8,805,000
<b>GEF FINANCING:</b>	\$1,790,000
<b>GOVERNMENT COUNTERPART FINANCING OF GEF COMPONENT:</b>	\$170,000
<b>GOVERNMENT COUNTERPART FINANCING OF GEF ASSOCIATED COMPONENTS:</b>	\$4,362,000
<b>PARALLEL FINANCING:</b>	\$2,423,000
<b>UNDP INPUT:</b>	\$60,000
<b>GEF IMPLEMENTING AGENCY:</b>	UNDP
<b>EXECUTING AGENCY:</b>	UN Office for Project Service
<b>ESTIMATED STARTING DATE:</b>	1 September 1996
<b>PROJECT DURATION:</b>	12 months
<b>GEF PREPARATION COSTS:</b>	US \$ 49,000 under PDF Block B

## Project Background and Context

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1. The Black Sea is now widely recognized as one of the regional seas most damaged by human activity. Its drainage basin covers over one third of the European continent including major areas of seventeen countries, fourteen of which are undergoing a profound economic and political transition from centrally-planned to market economies. The management of the Black Sea itself is the shared responsibility of the six coastal countries: Bulgaria, Georgia, Romania, Russian Federation, Turkey, and Ukraine. Until recently, there was no common formal framework for cooperation between these coastal countries and no means of planning and implementing joint actions to halt and reverse the worsening environmental situation.
2. As a result of recent strong cooperation among the Black Sea countries, much of which was within the broad framework of the GEF Black Sea Environmental Programme (BSEP), an extensive effort has been made to gather, analyze and disseminate reliable information on the state of the Black Sea environment. These activities have confirmed the serious state of the commons and coastal environment and its consequences for the coastal economies of the six Black Sea countries. Particularly acute problems have arisen as a result of pollution (notably from nutrients, faecal material, solid waste and oil), a catastrophic decline in commercial fish stocks, a severe decrease in tourism and an uncoordinated approach towards coastal zone management.
3. The transboundary nature of most of these problems, coupled with earlier political realities, was the main reason for the insufficiency of previous control measures. Only through acceptance of common but differentiated responsibilities, is it possible to take coherent actions to reverse this situation. The problems themselves, however, also have important extra-regional and global dimensions. One of the main factors in the decline of Black Sea fisheries, for example, was the massive invasion of the Black Sea by a comb jelly, *Mnemiopsis leidyi*, which was probably accidentally introduced one decade ago in ship-borne ballast water from the eastern seaboard of America. Unchecked by natural predators, *Mnemiopsis* attained a Black Sea biomass an order of magnitude higher than that of the world's annual fish harvest. Its presence in the Black Sea represents a threat to other regional seas. Similarly, quantities of persistent pollutants, such as persistent organic pollutants of global significance, reach the world ocean from the Black Sea basin and reduction in their sources to the Black Sea is an essential part of a global strategy to control them. Finally, the conservation of biodiversity in the Black Sea as well as the preservation of Black Sea habitats, vital for endangered migratory bird populations, has an important global significance.
4. The six Black Sea coastal countries have initiated joint action to protect this unique environment. With the support from a GEF Pilot Phase programme, concrete, country-driven actions have been launched. However, because of the short time frame of the GEF Pilot Phase programme (three years, terminating on 30 June, 1996), the economic realities of the coastal countries and the recently approved GEF Operational Strategy, a new step has to be taken in order to allow a strategic reorientation of the project. While building upon the three year pilot phase activities, this project will enable the smooth transition by funding key activities to achieve the results required under the new GEF Operational Strategy on International Waters. In particular, it will

allow the full development of the Black Sea Strategic Action Plan which will be consistent with the GEF Operational Strategy.

5. In 1993, as a response to regional and global concern about the critically degraded environmental conditions in the Black Sea and to the positive policy initiative of the six Black Sea governments in subscribing to the 1992 Odessa Ministerial Declaration, a three-year GEF Pilot Phase project was approved. This project, entitled "Environmental Management and Protection of the Black Sea (RER/93/G31)" focused on three main objectives: (1) to strengthen and create regional capacities to manage the Black Sea ecosystem, (2) to develop an appropriate policy and legislative framework for the assessment, control and prevention of pollution and maintenance and enhancement of biodiversity, and (3) to facilitate the preparation of sound environmental investments. An independent evaluation of the project conducted in November 1995, revealed that "In general terms, the BSEP may be qualified as a success, and its approach towards achieving its goals could stand [as a] model for other complex regional programmes...". It also urged the GEF partners to continue their support for international actions to restore the Black Sea.

6. During the three years since the creation of the BSEP, there has been an important additional development which has motivated the Black Sea Governments to formulate the present project brief. By early 1994, all six Governments had ratified the Bucharest Convention for the Protection of the Black Sea Against Pollution. The creation of a Black Sea Commission with a permanent Secretariat in Istanbul to be in place by mid-1996, will provide an essential mechanism for sustaining the achievements of the BSEP and implementing the Black Sea Strategic Action Plan. A major portion of the BSEP and its infrastructure can be gradually integrated into the Secretariat. However, there are still a number of barriers to be overcome: the legislative framework should be completed in order to operate effectively, the Odessa Declaration and the Black Sea Action Plan should be fully integrated as a single process.

7. As required by the GEF Operational Strategy, on the basis of the transboundary water-related environmental analysis, a Strategic Action Plan (SAP) should now establish clear transboundary priorities as well as a realistic baseline for environmental commitments by the countries themselves. It also has to determine the agreed incremental costs for subsequent assistance (cf. box 4.1, Key Elements of Strategic Action Programs). For this to occur, National Actions Plans addressing the priorities identified by the SAP have to be formulated and activities included in the SAP have to be realistically evaluated. In addition, it is necessary to develop a basin-wide approach to manage pollution inputs to the Black Sea. This can only be properly achieved through full cooperation between all seventeen Black Sea basin countries, by ensuring the strategic coordination of GEF activities which should now be developed.

## **PROJECT OBJECTIVES**

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8. The overall long-term objective of this project is to foster sustainable institutional and financial arrangements for effective environmental management and protection of the Black Sea, in accordance with the Black Sea Strategic Action Plan. This project is composed of four objectives:

**OBJECTIVE 1: CONSOLIDATION OF THE POLICY STRATEGY TO IMPLEMENT THE BLACK SEA STRATEGIC ACTION PLAN;**

**OBJECTIVE 2: PREPARING THE TECHNICAL IMPLEMENTATION OF THE BLACK SEA STRATEGIC ACTION PLAN;**

**OBJECTIVE 3: SUPPORTING PUBLIC INVOLVEMENT TO FACILITATE THE ADOPTION OF THE BLACK STRATEGIC ACTION PLAN;**

**OBJECTIVE 4: DEVELOPING THE FINANCING OF THE BLACK SEA STRATEGIC ACTION PLAN.**

9. The last component of the project is the financing of the staff and the operating costs which are needed to manage it in the Programme coordination Unit. These first four objectives require a set of activities designed to overcome the barriers to the adoption of the Strategic Action Plan as described in the previous section. They form the basis of the current proposal.

## **PROJECT DESCRIPTION**

10. The project consists of four interdependent components which address the major objectives described above. The project, and the costs of implementing each activities, have been estimated and included in the attached tables (see Annex 1). In many cases, supplementary donor contributions have already been assured and are indicated together with the source of funding.- Donor contributions in an advanced stage of negotiation are shown in square brackets. These tables will thus constitute the central element in developing the project workplan (see Annex 1).

**OBJECTIVE 1: CONSOLIDATION OF THE POLICY STRATEGY TO IMPLEMENT THE BLACK SEA STRATEGIC ACTION PLAN**

11. In order for the management regime for the Black Sea commons to become effective, there is a need to consolidate a modern legal and policy structure. The Black Sea has a legally binding Convention -- the Bucharest Convention on the Protection of the Black Sea Against Pollution -- which was ratified by all legislative assemblies of the Black Sea countries and came into force in early 1994. It also benefits from a strong policy agreement: the Odessa Ministerial Declaration on the Protection of the Black Sea was prepared by the six Black Sea Governments, assisted by UNEP, and signed in April 1993. Some of the Protocols to the Bucharest Convention are still incomplete and their absence leaves important gaps in the legal framework for managing the Black Sea. These gaps will be filled as a result of actions

proposed in the context of the Istanbul Convention itself. Regarding policy, the Odessa Declaration reflects the modern environmental management concepts of Agenda 21 but limits itself to a short-term three-year pragmatic programme of urgent actions, most of which should be completed by mid-1996. UNEP was assigned the role of reviewing its implementation.

12. In addition, the UNDP/GEF pilot phase project is currently assisting the Black Sea Governments to develop a medium/long-term Black Sea Strategic Action Plan. In this context, the Governments have recognized the need to consolidate these two policies (the SAP and the Odessa Declaration), as reinforced during the last Task Force meeting in Istanbul (June 24-28,1996) and to develop corresponding National Action Plans for the Black Sea.

### **Finalisation and endorsement of the Black Sea SAP**

13. The activities to be carried out under this component will enable the draft Black Sea Strategic Action Plan (formulated during the Pilot Phase project) to be adopted by the Black Sea governments and consolidated, together with the Odessa Ministerial Declaration, into a single policy framework to be approved at ministerial level. There will also be a need to formulate National Black Sea Action Plans with clearly defined priorities and a workplan for implementation. Currently, the Black Sea nations are devoting substantial efforts to update their environmental laws and regulations. Likewise, local coastal authorities are increasingly active in planning specific actions for the protection of their coastal resources. These efforts, along with legislative and sectoral policy measures, need to incorporate the key common aspects of the regional approach.

14. The specific activities envisaged are:

1. Preparation of a Ministerial Conference for the formal adoption of the Black Sea Strategic Action Plan (BS-SAP) based upon a Transboundary Diagnostic Analysis (TDA). This activity will be carried out as a process which will include regular dialogue with all sectors of the Government. A technical meeting will review the final version of the draft BS-SAP and the TDA (which will be incorporated as a formal annex to the BS-SAP). It will consider actions required to consolidate the strategy to implement the Black Sea Strategic Action Plan.

1. Triennial Ministerial Conference to review the implementation of the Odessa Declaration, and consider adoption of a revised or new Declaration and the Black Sea Strategic Action Plan.

1. Support to national country teams from coastal states to formulate National Black Sea Strategic Action Plans, consistent with national and international policy instruments and legal obligations.

### **Facilitating a Black Sea Basin approach**

15. Many programmes are currently carried out in the Black Sea Region without clear coordination. At a meeting in March 1996, the three GEF Implementing Agencies have highlighted the following projects and programmes: UNDP/UNOPS are implementing the Danube and the Black Sea Pilot Phase GEF projects as well as the Dniپر PDF GEF project. The World Bank is implementing the Danube Delta Biodiversity project. The Netherlands are contributing to a Sea of Azov project and the World Bank is working on the Lower Don as part of the environmental loan to the Russian Federation. In addition, there are several biodiversity projects in the Region (GEF UNEP and/or World Bank) as well as World Bank and EBRD pre-investment studies.

16. It was agreed that a Basin wide meeting should be held which will allow to review on-going activities, in particular in the context of the implementation of the Strategic Action Plans which should take place in the near future. This would help to overcome some of the difficulties which are being faced in the planning of future GEF International Waters activities in the Region.

17. Therefore, one specific activity is proposed to initiate this approach:

(a) Workshop to identify the necessary steps to develop a basin wide approach for the protection of the Black Sea, consistent the GEF Operational Strategy on International Waters.

## **OBJECTIVE 2: PREPARING THE TECHNICAL IMPLEMENTATION OF THE BLACK SEA STRATEGIC ACTION PLAN**

18. The activities carried out under this second objective will reinforce the regional capability to implement the strategy to be developed under the first objective. The Pilot Phase project made important advances in this respect through an intensive programme of capacity building. The result is a balanced network of institutions with the means to work together on themes of direct relevance to the implementation of regional policy and laws. The present objective requires this network to be put to use in ensuring implementation of the Convention and compliance with its Protocols, as well as technical backstopping of the Istanbul Commission itself. It is important to note that the project activities will only cover part of the added cost of extending national programmes to the regional dimension. Additional funds needed will be covered through parallel funding by the CEC and by the contributions of the Governments themselves. The CEC Tacis and Phare programmes are assuming an increased role in funding, as confidence builds in the viability of the programme.

19. Compliance is one of the most important issues in managing the commons. Compliance with pollution control measures can only be assessed by the long-term monitoring of key pollutants and their effects. The data exchanged for this purpose must be fully validated by the application of strict quality assurance/quality control measures. The US \$2 million investment during the pilot phase on enhancing the capacity of regional laboratories should serve as the starting point for the integration of a regional monitoring network based upon compatible national networks and a common quality control programme. At a local level, compliance with the national/regional emission standards will also require the enhancement of the capacity of pollution inspectors to make valid measurements and apply them consistently.

Support from bilateral donors will be sought to assist countries with the work of the inspectorates.

20. In the case of oil-related incidents and the application of the MARPOL Convention, a special strategy will be required to ensure compliance. This will rely heavily on "event monitoring and reporting" (checking on ship's equipment and operational spills and discharges). A workshop will be the first step towards a regional policy for ensuring such compliance. In parallel, a full survey will be conducted of current practice regarding port reception facilities for ballast water and ship-derived solid waste. The survey will be implemented by IMO and co-financed by the European Union (Takis). The work will include preliminary investigations on best available technology for the elimination of opportunistic species from ballast waters. Work on risk reduction by exploiting improved navigation technology in straits adjacent to the Black Sea, will be addressed and involve the private sector.

21. The specific activities planned will allow to:

1. Provide technical assistance to extend national monitoring programmes into a regionally compatible network through: (a) the organisation of a programme of quality control/quality assurance and (b) the procurement of essential expendable items.

1. Organise a study and workshop to design a regional strategy which would ensure compliance with the MARPOL Convention and recent initiatives on the prevention of transboundary movements of opportunistic species. The study should also consider the application of modern technology and should analyze trends and future scenarios related to the shipment of oil in the Black Sea.

### **Coordination, information and data exchange mechanism**

22. The Governments have expressed their satisfaction with the network of Working Parties and Activity Centres established under the GEF pilot project in support of the Bucharest Convention and the Odessa Ministerial Declaration. The support requested from the GEF does not cover the running costs of the network nor of the Activity Centres themselves. It will assist the network to address technical problems related to the implementation of the Action Plan through the sponsorship of annual Working Party meetings for training, data exchange and project preparation. The following fields will be covered:

1. emergency response to oil and chemical spills (Activity Centre 1, Varna)
2. routine pollution monitoring (Activity Centre 2, Istanbul)
3. special pollution monitoring, biological and human health effects, and environmental quality standards (Activity Centre 3, Odessa, Ukraine)
4. protection of biodiversity (Activity Centre 4, Batumi, Georgia)
5. development of common methodologies for integrated coastal zone management (Activity Centre 5, Krasnodar, Russian Federation)
6. fisheries (Activity Centre 6, Constanza, Romania).

23. The support provided using GEF funds will be catalytic only. Fundraising activities will continue in order to ensure a wider role of the Activity Centres in the programme. Interest has been shown in sponsorship from the Phare programme (ACs 1 & 6), the Tacis programme (ACs 3, 4 & 5) and private industry (AC 1). A Black Sea Fisheries Convention (under preparation) may also benefit from the work of the Fisheries Activity Centre.

24. Support for the integration of the Istanbul Commission Secretariat is an important feature of goal 2.2 Specific assistance will be offered in office management, improvement of communications through the establishment of more appropriate INTERNET facilities (server, home page, connection of all National Coordinators and those focal points not yet on line) and the further development and regular updating of the Black Sea information system and GIS. For their part, the Governments are already committed to the stepwise staffing of the Secretariat within joint facilities with the PCU.

25. The activities to be conducted within goal 2.2 will allow to:

1. Organize coordination workshops / training activities on major thematic areas including regional contingency planning, biodiversity conservation, diffuse sources of pollution (including airborne pollution), aquaculture development, fisheries and food safety, coastal zone management.

1. Improve communications by completing the installation of appropriate INTERNET facilities in ministries of environmental protection and the Secretariat of the Istanbul Commission, and by setting up a bulletin board system within the Secretariat.

1. Further develop a Black Sea Management Information System, comprising data bases on different aspects of Black Sea environmental management, modern informatics tools and a comprehensive Geographic Information System based on the achievements of the pilot phase of the programme.

### **OBJECTIVE 3: SUPPORTING PUBLIC INVOLVEMENT TO FACILITATE THE ADOPTION OF THE BLACK SEA STRATEGIC ACTION PLAN:**

26. Participation of all sectors of society is an essential requirement for the development of sustainable policies in the region. It requires the development of education projects, transparent and participatory decision making procedures and open rules on access to administrative and judicial procedures.

27. There will be a need to present the public with convincing arguments on the need for continuous long-term efforts to manage and protect the Black Sea and to raise awareness of the issues addressed by the Black Sea Action Plan and for promoting the work of the Black Sea Commission. The NGOs will have a particularly important role in this work. Activities to ensure the wider public participation in the project will be



carried out in order to achieve this essential goal in conformity with the GEF Operational Strategy.

28. Municipalities will be closely involved in the implementation of this Strategic Action Plan. Both existing mechanisms will be developed for this purpose. Black Sea Club of Cities, as well as new mechanisms will cooperate nationally and with municipalities in other countries and regions. For its part, the CEC (Phare and Tacis) have agreed to provide additional support for the public awareness campaign which will accompany the official launch of the Black Sea Action Plan. It will also continue to support certain NGO training activities.

29. The detailed activities will be the following:

1. Social assessment of specially affected populations due to the Black Sea issue.
1. Design of a public awareness programme for schools, local communities on issues such as wetland management, overfishing etc...
1. Consultations with local authorities, private groups and local NGOs, private investors and other stake holders to ensure that local investments in the design future investments and other activities.
1. Publication and dissemination of 2 Black Sea Newsletters (includes editing, translations into two languages).
1. Supporting the regional Black Sea NGO Forum (7 meetings).
1. Supporting the implementation of concrete small scale environmental projects of regional/global significance

#### OBJECTIVE 4: PREPARING THE FINANCING OF THE BLACK SEA STRATEGIC ACTION PLAN

30. The ultimate success of the Black Sea Action Plan will depend largely on the development and implementation of a cost-effective strategy for financing environmental actions and investments. In this process, and in close cooperation with Government authorities, the role of the Black Sea Environmental Programme should consist of the following two inter-connected elements:

1. Cooperation in planning, i.e., developing coherent, cost-effective regional priorities and strategies for environmental actions and investments;

1. Identification and selection of, and assessment of donor and IFI interest in, specific environmental investments and demonstration projects.

31. The first element, relating to strategic planning of investments, has already largely been achieved with the preparation of national and regional Black Sea Environmental Priorities Studies (BSEPS) of the GEF pilot phase project. With the completion of BSEPS and Black Sea regional and national action plans, a strategic and policy framework will have been established, thereby providing criteria through which Black Sea-related environmental actions and investments may be judged. This framework will provide a useful means of evaluating the relative priority of alternative investment options, and an umbrella for helping to coalesce donor and IFI support for a high-profile regional cause.

32. The second objective of the present project will therefore focus on the second element outlined above. It is designed to respond to the identified need both for additional financial resources to be mobilized from within the region as well as for available donor resources to be effectively channeled towards well-identified, high priority demonstration projects and investments. Specifically, activities under this objective will include a selection of demonstration projects and environmental investments, developed in accordance with the priority framework outlined above, to be prepared and presented to donors and IFIs.

**A well developed portfolio of Black Sea environmental investments, reflecting national priorities for presentation to a mid-1997 conference.**

33. The process followed by the BSEP during the pilot phase has involved moving from detailed national and regional assessments through to the preparation of regional, and eventually national, action plans. Throughout this process, and particularly in the course of preparation of BSEPS, a large number of investment possibilities are being brought to light. At the same time, both national and regional priorities with respect to the issue are being clarified. Finally, a draft Black Sea Strategic Action Plan (SAP) has now been prepared. This document was based upon a full Transboundary Diagnostic Analysis (reflecting the new requirements of the International Waters chapter of the GEF Operational Strategy). The Black Sea SAP will not be fully formulated and effective without detailed commitments which will have to be reflected into the National BS SAP. Only this type of analysis will allow to define the baseline for future incremental costs of possible GEF support.

34. It is critical that the process of attracting and coordinating external sources of support for addressing Black Sea environmental degradation be carefully tied to the findings and conclusions of the above assessment/action planning process. A sub-regional donor meeting of the IFIs (in coordination of the Project Preparation Committee, will be hosted by the Black Sea Commission Secretariat. In this way, the sub-regional and thematic expertise developed by the GEF project will be linked to investment identification, pre-feasibility and financing identification process. In addition, the investment prioritization and identification processes and the process of locating and putting together financial support packages would also be tied closely together. Perhaps most importantly, both national and regional priorities could be jointly addressed in this manner. Given the above, the present component will:

1. Prepare, in consultation with coastal countries and IFIs, a selection of high-priority demonstration projects and regional environmental investments, based upon the "Black Sea Environmental Priorities Study" and the commitments contained the Black Sea Strategic Action Plan and the National Environmental Action Plans to be developed

1. This selection of projects will be submitted for international financial support, *inter alia*, through presentation to regional meetings of donors and international financial institutions.

**Assessment of a mechanism to provide sustainable financial support to the Black Sea programme:**

35. As the GEF-BSEP has gathered momentum, a new and imminent danger to the overall process has emerged. The implementation of newly ratified legal and policy agreements requires a sustainable mechanism of regionally-based financial support which does not rely upon haphazard voluntary contributions. Thus, although the Convention for the Protection of the Black Sea Against Pollution (Bucharest Convention) is fully ratified, the Contracting Parties are unable to implement it as they lack a financial mechanism for sustaining its Secretariat. Similar problems could emerge with implementation of the Black Sea Action Plan, particularly its incremental cost components. This problem - the financing of commons management regimes - has dogged regional programmes worldwide. It is thus a problem of global dimensions. Who is to apportion and finance the incremental costs of commons management?

36. A Black Sea Environmental Fund could represent a sustainable source of finance for addressing environmental problems of regional and global significance. Such a fund could be self-sustaining, managed regionally and an eventual source of capital for environmental investments. The proposed regional fund could be financed primarily through *common economic instruments applied on a nation-by-nation basis across the region*. The purpose of the fund would be to ensure the financial sustainability of international cooperation for the Black Sea by providing a source of financial support for activities of international concern. These issues represent the incremental elements of the ongoing programme, i.e., the 'commons' issues which cannot be dealt with by any single state.

37. Such a funding mechanism was not planned at the time the Black Sea Environmental Programme (BSEP) was approved, but it has since emerged as an innovative possible solution to the crucial problem of financing. Following support shown for the concept at a number of regional and international fora, in 1995 a series of six consultation workshops was held, one in each Black Sea coastal country, with finance from a GEF-PDF block B grant. The purpose of the meetings was to determine: (i) the degree of interest on the part of national governments in the Fund proposal and in the possibility of obtaining further GEF funding for a detailed feasibility study on establishing the Fund, and; (ii) the preliminary views of different parts of government concerning the Fund proposal and its prospects for approval at

the national level. Each workshop reached the conclusion that the idea of an economic instrument-based regional environmental fund for the Black Sea should be developed through an in-depth feasibility study.

38. Activities under the sub-objective are aimed at demonstrating the feasibility of a Black Sea environmental fund as a mechanism to provide a sustainable source of financial support for the of Regional management the Black Sea environment. The following specific activities will be undertaken:

1. Conduct detailed national-level examinations of the feasibility of adopting selected, commonly agreed economic instruments as sources of revenue for a regional fund. Several possible instruments will be considered after reviewing at national levels the legislative requirements to enable participation in a regional environment fund.

1. Prepare a framework paper recommending the structure, rules and governance procedures of a proposed regional fund.

1. National and regional consultations to review and agree upon issues associated with revenue sources, disbursement priorities and governance; assess the interest on the part of potential contributors to a regional environmental fund, including private sector, donor and financial institution sources.

## **RATIONALE FOR GEF SUPPORT**

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39. This project is fully consistent with the Waterbody-Based Operational Programme in the **GEF Operational Strategy**.

40. It responds to Governments requests, both through the existing short-term action plan (The Odessa Ministerial Declaration) and the medium/long-term Black Sea Action Plan, which it will help to consolidate into a single policy framework.

41. This transitional project will help facilitate the development of the GEF strategic Black Sea Basin approach.

### **SUSTAINABILITY AND PARTICIPATION**

42. The present project proposal takes into account and directly addresses the continuing challenge in ensuring the sustainability, not only of project-generated benefits, but rather of all benefits created during the past several years of regional environmental cooperation. The three elements of the project are designed to ensure that the various legal, institutional and human 'resources' which have thus far been created and mobilised do not simply dissipate following the conclusion of the GEF Pilot Phase project, but rather are further enhanced. Only this combination of enhanced human, financial and legal resources can ensure the ultimate sustainability of regional benefits.

43. Particular features of this project designed to enhance the sustainability of its benefits include the following:

1. The approach taken is one of stepwise implementation of control measures and technologies in parallel to efforts to improve the rational exploitation and economic yield of the Black Sea environment.
  
1. The involvement of Black Sea country Governments in the design and management of the programme, including financial planning and review on an annual basis.
  
1. The application of a "top-down-bottom-up" approach which balances the role of authorities with that of the general public and the use of regional expertise and mechanisms and avoiding over-reliance on outside expertise.
  
1. The continued development of a network which uses local resources and infrastructure and balances the responsibilities for its maintenance among the six Black Sea countries.
  
1. The use of modern, cost-effective means of electronic communication, thus avoiding unwarranted travel and associated expenses.

1. The creation of co-funding packages which enable donors to add value to the initial investments of GEF funds.
  
1. An emphasis on on-the-job training which encourages the formation of local teams, rather than on the training of individuals who may easily be lost to the network.
  
1. The translation of regional policies and laws to national policy and legislation in order to achieve effective management of the commons.

44. The current project proposal has evolved through a careful process involving Governments of the region (including environment and other ministries), NGO representatives and external project evaluators. The result is a project which has been endorsed by all six national coordinators and which will enjoy the widespread support and involvement of relevant actors in the region.

#### **LESSONS LEARNED AND TECHNICAL REVIEWS**

45. The above-mentioned evaluation mission report constitutes an independent appraisal of the management and implementation of the Pilot Phase project and contains recommendations to the GEF Council regarding future projects. It recommends the extension of the Pilot project for some six months in order to permit the conclusion of "current tasks", which include the urgent investment portfolio (UIP) executed by the World Bank. It also recommends the formulation of a second phase project to permit the transfer of responsibilities and functions from the PCU in order "to guarantee the success of the activities of the first years of the Istanbul Commission and its Secretariat". Operationally, it is not possible to provide supplementary funding to extend a GEF Pilot Phase project and the present self-standing project therefore constitutes a compromise which enables the recommendations of the evaluators to be fully embraced, whilst keeping in line with the new GEF Operational Strategy for International Waters. All elements of the Pilot Phase project should be completed prior to the starting date of the present proposed project, except for the World Bank implemented UIP which will be completed in early 1997.

#### **PROJECT FINANCING AND BUDGET**

46. The indicative total cost of the project (including the baseline) is \$8.805,000. The share which is proposed to be covered by the GEF amounts to \$1.790,000 that of the Black Sea Governments is estimated at \$170,000 and that of the collateral donors (pipeline contributions) stands at \$2.473,000. The existing commitments consist mainly of funds from TACIS and PHARE programmes of the European Union, though significant contributions are currently being negotiated from other donors, such as the Governments of the Netherlands, Denmark, Japan, UK and Switzerland. The contributions of the Governments will include the support to the Istanbul Commission and for the implementation of the Bucharest Convention and Odessa

Ministerial Declaration at a national level estimated at \$100,000. The Government of Turkey is making an additional contribution, estimated at US\$70,000 by providing the office space and maintenance costs for the PCU.

## **INCREMENTAL COSTS**

47. The Black Sea represents an environmental resource shared across national boundaries. Six countries -- those having Black Sea coastlines -- are the main consumers of the numerous environmental and economic benefits represented by this resource. However, nationals of other countries also utilise or benefit from the resources of the Black Sea in different ways, e.g., as a tourist resource, a source of fish for their consumption, a sink for their pollutants, or a transit point for migratory birds which they value. Thus, improvements in the capacity of the coastal countries to manage the Sea, eventually leading to physical improvements in its environmental quality, will generate both regional as well as extra-regional, or global, benefits.

48. The transitional project will facilitate the completion of the strategic work started during the pilot phase project. The completion of the SAP and the National Action Plans is the process which is needed to enable the countries to comply with the GEF Operational Strategy. Therefore, the full discussion on Incremental Costs does not apply here. However, a significant co-funding both from the countries themselves and from other donors has been mobilized. Further details concerning incremental cost issues associated with the specific project activities are shown in Table 1. From this, it is evident that there are three 'categories' of incremental cost being supported by the proposal:

1. costs to remove transaction barriers in most cases the baseline is defined by the existing national arrangements, and occasionally, for the purposes of the project, the incomplete international arrangements.
2. costs to extend on-going national programmes to serve the commons/transboundary programme of action.
3. zero baseline costs specific to the purposes of the international programme

49. Finally, it should be noted that the running costs of operating the Secretariat of the Istanbul Commission will be funded by Governments. GEF funding will not be utilised for this purpose.

50. Table 1, presented as an integral part of the current text, highlights the nature of the incremental costs for each of the sub-objectives. It estimates the "baseline" (actions serving domestic interests alone), and the "alternative" (actions which would cover both the domestic interests and those of the Black Sea commons and, by difference, the incremental costs). The table estimates the share of the other donors, as well as the GEF, in covering the incremental costs shown. As stated earlier, the donor contributions are best estimates in some cases. This is a consequence of the "leverage" of GEF funds and several donors are awaiting the GEF core fund commitment before making their own final commitments. In the case of the European Union, ECU 1.5 million has already been committed in parallel funding to be exercised in 1996. Contributions for subsequent years are in the pipeline and will follow GEF's response.

## **ISSUES ACTIONS AND RISKS**

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51. All regional seas management programmes depend ultimately upon the political willingness of the Contracting Parties to cooperate. The "willingness to cooperate" is not necessarily a factor which remains constant with time. It depends not only upon issues of national and international security, but also on the changing economic conditions of the countries involved. The geopolitical factor does not appear to introduce a high risk of project failure at this time; indeed the spirit of cooperation has been evidenced in recent years by the speedy ratification of the Bucharest Convention. It is further exemplified by the willingness of Ministers to subscribe to Action 19 of the Odessa Ministerial Declaration, which calls for the preparation and *wide diffusion* of a triennial report on the status of implementation of the Declaration - a call for accountability and transparency.

52. The economic constraints are much less predictable. Some countries in the region are facing increasing uncertainties concerning the rate at which they move towards a market economy. The shift appears inexorable, but the state of individual economies varies considerably and, in some cases, weak economies have forced governments to focus their priorities for investment into areas with a marginal or even negative environmental benefit. These shifts, occasionally demanded by external advisory bodies, have delayed the implementation of sectoral funding mechanisms such as national environmental funds. It is hoped that such constraints will not be imposed on the regional mechanism and the results of the preliminary workshops were positive in all cases. The study will however, include the evaluation of alternative funding mechanisms, in the case that the barriers prove insurmountable in the short term.

53. The slow pace of incorporating international agreements and conventions on the statute books of Black Sea countries is a major cause for concern. However, this is not a problem limited to the Black Sea. The present project strategy incorporates the concept of developing National Black Sea Action Plans which should set an agenda for legal reform as well as for policy changes and investments. Strong public participation in the formulation of these plans should ensure greater political pressure which will help to strengthen the role of the Ministries of the Environment and maintain Black Sea issues at a high level on political (and parliamentary) agendas.

### **INSTITUTIONAL FRAMEWORK AND PROJECT IMPLEMENTATION**

54. The BSEP Steering Committee formed for the GEF Pilot Phase project will be responsible for overseeing project implementation and for establishing and monitoring a detailed workplan. The Governments will be requested to ratify the membership of the Steering Committee and to renew its mandate. It currently includes National Coordinators (mostly Ministers or Deputy Ministers) and their advisors, the Project Coordinator and senior project professional staff, representatives of the GEF Partners and Donors and, as observers, the Black Sea NGO Forum (2), the cooperating UN Agencies, the Danube Basin Management Programme and the Mediterranean Action Plan. Following his/her selection, the Executive Director of the Istanbul Commission Secretariat will also be invited to attend. Activity Centre Directors are invited to attend on an ad-hoc basis. The Steering Committee will meet



twice to review the previous year's activities and designs and approves the workplan and activities.

55. The Working Parties of the BSEP network are convened by the Directors of the Activity Centres in close coordination with the PCU. Responsibility for this coordination will gradually be transferred to the Commission Secretariat during implementation of the present project.

56. The UN Office for Project Services will act as Executing Agency for UNDP.

57. The project will be managed by the Programme Coordination Unit (PCU) of the Black Sea Environmental Programme (see last Table Annex 1).which is located in Istanbul, Turkey. The PCU was established in January 1994 in facilities provided by the Government of Turkey. These facilities will be shared with the Secretariat of the Istanbul Commission on the basis of a Memorandum of Understanding.

58. The World Bank shared responsibility for the implementation of some elements of the pilot phase project, and assigned appropriate staff time at its Washington headquarters. This year the World Bank team will be engaged in completing the Urgent Investment Portfolio (UIP) remaining from the Pilot Phase Project. The World Bank will not implement activities under the present project but will participate in BSEP Steering Committee meetings and other organs it considers appropriate to attend.

## **MONITORING AND EVALUATION**

59. The project strategy and outputs are regularly evaluated at annual meetings of the Steering Committee, as indicated in Section 5. Additionally, the project will be subjected to the review mechanisms of UNDP and an external evaluation will be conducted prior to the termination of the project, in accordance with UNDP rules.

**DEVELOPING THE IMPLEMENTATION OF THE BLACK SEA  
STRATEGIC ACTION PLAN**

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OBJECTIVE 1: CONSOLIDATION OF THE POLICY STRATEGY TO IMPLEMENT THE BLACK SEA STRATEGIC ACTION PLAN	\$255,000
OBJECTIVE 2: PREPARING THE TECHNICAL IMPLEMENTATION OF THE BLACK SEA STRATEGIC ACTION PLAN	\$350,000
OBJECTIVE 3: SUPPORTING PUBLIC INVOLVEMENT TO FACILITATE THE ADOPTION OF THE BLACK SEA STRATEGIC ACTION PLAN	\$220,000
OBJECTIVE 4: PREPARING THE FINANCING OF THE BLACK SEA STRATEGIC ACTION PLAN	\$375,000
BLACK SEA PROJECT MANAGEMENT	\$580,000
<b>TOTAL GEF PROJECT:</b>	<b>\$1.790,000</b>

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