

# WORK PLAN FOR USAID RIP SUPPORT TO THE SAVA RIVER BASIN INITIATIVE

(Revised December 2003)

## Introduction

This Work Plan provides a definition of tasks to be provided by USAID's Regional Infrastructure Program (RIP) for a 17-month period<sup>1</sup>, in support of the Sava River Basin Initiative. The work will be implemented through Booz Allen Hamilton (Booz Allen) and the Regional Environmental Center for Central and Eastern Europe (REC). The plan reflects the following recent developments of the initiative:

1. Responsibility for coordination of Sava River Basin Initiative has been shifted from the Office of Stability Pact for Southeast Europe to the Southeast Europe Cooperation Initiative (SECI) in Vienna, Austria.
2. The Sava River countries have designated representatives to function as an Interim Commission until a permanent Commission is established. This Interim Commission for the Sava Basin (ICSB) will be the contact organization for RIP until the International Framework Agreement (IFA) is ratified and comes into force, and the permanent commission is officially established.
3. The Sava River countries have agreed to an Interim Action Plan (IAP) that includes a set of activities and projects (in the form of project files) that might be initiated over the next two years and that are intended to advance the objectives of the IFA. It is anticipated that the IAP will be updated as the IFA cooperation process matures and is becomes operational.
4. The Dutch Government is providing substantial support to the Sava River Basin Initiative through the International Agricultural Centre (IAC). The IAC and RIP will have a shared role in functioning as an "interim secretariat" for the Sava River Basin Initiative. In order to assure maximum coordination and leverage of resources, the IAC, RIP, and other US Government (USG) representatives held an informal meeting at the SECI office on April 2, 2003, to clarify key activities of the "interim Sava secretariat" where the IAC and RIP share responsibilities. The following agreements were reached:
  - Integrated water management: The IAC will play the lead role in assisting the Sava River countries to develop an integrated water management plan, with a particular focus in four areas: development of a basin-wide geographic information system (GIS); development of an ecological network (including identification of protected areas, reference criteria for ecological factors, etc.); hydrologic modeling; and development of basin water quality protection measures in coordination with the International Commission for the Protection of the Danube River Basin (ICPDR). In regard to the latter, the IAC will be the primary liaison between the "interim secretariat" and ICPDR.
  - Flood protection strategy: RIP, through Booz Allen, will play the lead role in assisting the Sava River countries to develop a strategy for implementing the flood protection infrastructure projects identified in the IAP. RIP's primary role will be in facilitating donor support. RIP will coordinate closely with the IAC, to ensure that the strategy fully

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<sup>1</sup> The period of performance extends from August 8, 2003 till December 31, 2004.

reflects water quality, ecological and hydrologic considerations, within the framework of the EU Water Framework Directive.

- Navigation strategy: RIP, through Booz Allen, will also play the lead role in assisting the Sava River countries to develop a strategy for implementing the navigation infrastructure projects identified in the IAP. RIP's primary role will be in facilitating donor support. RIP will coordinate closely with the IAC, to ensure that the strategy fully reflects water quality, ecological and hydrologic considerations, within the framework of the EU Water Framework Directive.
  - Organization of the permanent Sava River Basin Commission: The IAC and RIP will share responsibilities in assisting the Sava River countries to establish the commission. Specific support needs will be identified by the ICSB on a case-by-case basis, but are expected to include tasks such as drafting rules of procedure, staffing terms of reference, budget and resource estimation, etc.
  - Protocol development: RIP, through the REC, will play the lead role in providing procedural/policy/legal support to the ICSB and subsequently the permanent commission in developing protocols.
  - Stakeholder engagement: RIP, through the REC, will play the lead role in assisting the Sava River countries in developing and implementing a strategy for stakeholder engagement in implementation of the IFA. As appropriate, the REC will support the IAC in ensuring active stakeholder engagement as the IAC carries out its tasks.
5. At its Third Session in Novi Sad, Serbia-Montenegro, July 9-11, 2003 (continued September 4-5, 2003), the ICSB prepared an Indicative Work Plan for the work of the ICSB (Attachment A) and detailed Terms of Reference (TOR, Attachment B) for the REC to support elements 1 and 2 of the Indicative Work Plan. The ICSB also formally established the Strategic Group (formerly referred to as the Technical Strategic Steering Group) to coordinate technical activities and international projects, including technical assistance to be provided by the US and Dutch governments. Through a recommendation from the Strategic Group (Item 2 of the Conclusions of the Technical Strategic Steering Group; Attachment C), it was agreed that:
- The Dutch and US would work in a complimentary way with the ICSB in updating and addressing deficiencies in the IAP. The specific objective of this coordination would be to providing a more consistent framework for project priorities and organizational matters within the context of the IFA and to address preconditions for project financing.
  - A joint mission by the US and Dutch government representatives would be undertaken to obtain perspectives of country experts and information required to update the IAP (i.e. updated project fiches) and to define the priorities of each country.
  - The US would, regarding the navigation components of the interim Action Plan, formulate a work plan to support the activities as elaborated in the IAP.
6. The Joint Mission: The Dutch and US experts conducted the visits referenced in Item 5 above between September 15<sup>th</sup> and 23<sup>rd</sup> in 2003. Prior to the visits, a detailed guidance document was sent to the members of the Strategic Group (Attachment D). The guidance document outlined the stated purpose of the joint mission, identified the types of information that would be expected to be provided, and suggested meeting participants by function (i.e. technical, financial, etc).
7. The subsequent meetings were generally successful. Most of the individual projects included in the IAP were discussed with the appropriate technical managers of the projects and

information used to develop the project fiches was identified. However, members familiar with the financial background of the projects were often not involved in the discussions as had been requested. The US/Dutch experts provided each team with specific recommendations as to how to improve the individual project fiches so that the IAP could be updated and the process of enhancing project fundability could begin. In each case, it was conveyed to the Sava River country project representatives that updated project fiches should be forwarded to SECI for distribution to the appropriate experts. Additionally, certain specific technical support documents were identified and commitments made to provide those documents to the joint mission team. A list of the documents specifically identified and requested during the joint mission meetings is included as Attachment E.

8. At its 4<sup>th</sup> Session in Stubicke Toplice, Croatia, December 15-17, 2003, the ICSB further modified its strategy for coordinating the technical activities of the organization. Specifically, it established two strategic working groups, with changes in membership, where formerly there was only one. The Strategic Group for Navigation (NSG) was formed to address projects and issues dealing with ports, waterway infrastructure and navigational safety. Similarly, the Strategic Group for Sustainable Water Management (SGSWM) was formed to address water quality, accident prevention and control, flood prevention, aquatic ecosystems protection, integrated river basin management and GIS. Initial meeting dates, membership, and rules for communicating with the ICSB were also established.

### **Tasks to be Performed by RIP**

In order to effectively provide the support within the framework described above, Booz Allen and the REC will support the Sava River Basin Initiative through implementation of the tasks described below. Many of these tasks are designed in response to the ICSB's Indicative Work Plan (Attachment A), the Interim's Commission's Indicative Elements for the Terms of Reference (Attachment B) and the Conclusions of the Interim Commission's Technical Strategic Steering Group (Attachment C).

It is anticipated that over the next 12-month period, the Sava River countries will establish a permanent Sava River Basin Commission with a standing Secretariat, as provided in the IFA. Initially Booz Allen and the REC will support the ICSB established by the countries in close coordination with SECI. As the Commission and Secretariat become operational, Booz Allen and the REC will support the Commission and Secretariat in building the capacity to carry out the functions described below, and in effecting a smooth transition. While the work plan refers to the ICSB as the recipient of assistance, it is understood that the Sava Commission and Secretariat will be the recipient as they become operational. The following summary table presents an overview of the activities proposed and provides a reference citation to specific ICSB generated documents. Details of each activity and how they will be performed are presented in the subsequent sections of this work plan.

Summary Table of RIP Sponsored Assistance to the Interim Commission for the Sava Basin

Task	Subtask	Lead	Relation to ICSB Activities		
			ICSB Indicative Work Plan (Attachment A)	ICSB Indicative Elements for the Terms of Reference (Attachment B)	Conclusions of the Technical Strategic Steering Group (Attachment C)
Task 1: Provide "Interim Secretariat" Support	1.A: Provide legal support to the ICSB in preparing protocols, rules, and procedures	REC	I; II (all subsections); IV.1	1; 2	
	1.B: Provide logistical support at ICSB meetings	REC	V.3		
	1.C: Develop and maintain a Sava Basin Initiative Web site	REC	V.3		
	1.D: Coordinate Task 1 Activities	Booz Allen			
Task 2: Assist in Building Capacity for Stakeholder Engagement	2.A: Assist the ICSB in preparing a stakeholder engagement strategy	REC			
	2.B: Assist the ICSB in executing stakeholder strategy	REC			Conclusion 1; Conclusion 3a
	2.C: Coordinate Task 2 Activities	Booz Allen			
Task 3: Assist in Building Capacity to Prepare Infrastructure Investments for Financing	3.A: Assist the ICSB in improving approach to prioritizing and packaging investments in Action Plan	Booz Allen	III.2; III.3; III.5		Conclusion 2, 1st bullet; Conclusion 2, 2 <sup>nd</sup> bullet
	3.B: Assist the ICSB in applying the systematic approach to update the Action Plan	Booz Allen	III.2; III.3; III.4		Conclusion 2, 3 <sup>rd</sup> bullet; Conclusion 3b, 2 <sup>nd</sup> bullet
	3.C: Assist the ICSB in preparing and executing a strategy for networking with IFIs and donors	Booz Allen	III.3; III.4		

## **Task 1. Provide “Interim Secretariat” Support:**

This task involves supporting the ongoing work of the ICSB in its efforts to implement the IFA, IAP, and the establishment of the permanent commission and secretariat. As the permanent commission is established and becomes operational during the period of performance of this task, support will be directed to the commission as required, and to the permanent secretariat it comes into place.

### Subtask 1.A: Provide legal support to the ICSB in preparing protocols, rules, and procedures (REC):

The REC will work with SECI and the ICSB to develop legal framework documents necessary for the multi-lateral organization to function. Specific documents that will be prepared for this Subtask are defined in the TOR prepared by the ICSB during the 3<sup>rd</sup> Session of the ICSB (Attachments A and B).

### Subtask 1.B: Provide logistical support at ICSB meetings (REC):

This work includes assisting SECI and the ICSB in planning, organizing and supporting the meetings of the ICSB, including preparation of minutes and other documents as required, and facilitating communications among all involved parties.

### Subtask 1.C: Develop and maintain a Sava Basin Initiative Web site (REC):

This subtask involves development of a site on the World Wide Web to provide a clearinghouse of information on the Sava River Initiative and a portal of communications with the ICSB and Sava River Commission. The basic design was presented to the Sava River Rehabilitation and Development Working Group at its February 2003 meeting and it is anticipated that the Web site will be consistent with the desires and needs of the ICSB. The Web site will be handed over to the Sava River Commission when the Commission becomes operational or at the end of the RIP period of performance (December 30, 2004) whichever comes first.

### Subtask 1.D: Coordinate Task 1 Activities (Booz Allen):

This subtask involves coordinating activities under Task 1 to assure quality, responsiveness and timeliness of deliverables and integration of activities and deliverables with other tasks and the Sava Action Plan.

## **Task 2: Assist in Building Capacity for Stakeholder Engagement:**

The REC will assist the ICSB/permanent commission in building the capacity to execute a vibrant stakeholder engagement strategy and program of execution, focused on active participation of stakeholders in the Sava River countries, in Commission activities, and decision making.

### Subtask 2.A: Assist the ICSB in preparing a stakeholder engagement strategy (REC):

The REC will prepare a strategy for cooperatively engaging the key stakeholders in the Sava River countries in the work of the ICSB. In providing this support, the REC will take maximum advantage of the products, results, and engagement opportunities presented through its activities under its public participation project for the Sava River Basin, funded by the US Environmental Protection Agency.

### Subtask 2.B: Assist the ICSB in executing stakeholder strategy (REC)

The REC will assist the ICSB in executing the stakeholder strategy, such as supporting public meetings and workshops, preparing public service announcements and other materials for

circulation by the Commission, and convening public advisory committees. By focusing on areas where proactive stakeholder engagement can provide direct and obvious benefits to the Commission's work, the REC's support activities will demonstrate the value of stakeholder involvement and public participation, e.g.:

- Actively soliciting stakeholder inputs and advice in refining and improving the Sava Action Plan to assure that local concerns and needs are met, while gaining stakeholder "buy in" and support for the plan.
- Assisting IAC in engaging the Sava River publics in the process of developing an integrated water management plan for the Sava River basin.
- Participation of communities in decision-making regarding execution of infrastructure projects in the interim Action Plan.

#### Subtask 2.C: Coordinate Task 2 Activities (Booz Allen):

This subtask involves coordinating Task 2 activities to assure quality, responsiveness and timeliness of deliverables and integration of these activities and deliverables with other tasks and the IAP.

### **Task 3: Assist in Building Capacity to Prepare Infrastructure Investments for Financing**

Through the Sava River Initiative process of cooperation, the four countries have a unique opportunity to implement infrastructure investments that are needed for safety and economic growth within a framework of sound environmental, social, and economic principles. This framework is known as integrated water management, is articulated in the EU's Water Framework Directive, and is generally an accepted principle within the international financing community. Accordingly, the Sava River Initiative provides opportunities for the member countries to secure international financing for infrastructure investments because of "regional", or "watershed wide", benefits that may not have been available if the projects were developed in a purely "national" context.

The Sava River countries have identified infrastructure investment needs in the form of twenty-three individual projects (articulated in project fiches) that have been included in the IAP. These projects were reportedly selected on the basis of their national priority, the likelihood that they could be initiated over the next one to two years, and the understanding that they could be completed within five years. The projects can be categorized according to focus area as follows:

- Integrated Water Resource Management/Water Quality (5 project fiches)
- Flood Control (12 project fiches)
- Navigation (5 project fiches)

Many of the projects currently included in the IAP, however, are not developed to a point that they can be effectively presented to the international financial community. While the project fiches are useful, they do not adequately reflect the preparatory work that the countries have already completed for individual projects, nor do they fully reflect the interrelationships among the projects to regional needs. Many of the projects require further preparation (e.g., pre-feasibility/feasibility studies, more precise technical definition of project scope, documented basis of costs, etc.) before they are suitable for donor financing. Further, a number of investments, such as those for flood control, are presented as individual projects and not as parts of a regionally integrated water resource management strategy for the Sava River Basin.

**Subtask 3.A: Assist the ICSB with improving the approach to prioritizing and packaging investments in IAP (Booz Allen) Note: This task has essentially been completed:**

In order for the ICSB to effectively prepare infrastructure investments for financing, it must be able to produce accurate and complete funding packages for projects that are prioritized according to how they meet the overall objectives outlined in the Sava Initiative. This implies that project investment packages should also highlight the beneficial regional impact that is intended through the Sava Initiative. RIP, working in close coordination with the Dutch funded integrated water management project, will assist the ICSB with improving the process for establishing priorities for investments needed to execute the IFA for the Sava River Basin.

To accomplish this task, Booz Allen will visit the Sava River countries with members of the IAC (Dutch) to meet with project sponsors and relevant ministerial representatives that have responsibility for project financing, execution and management. As indicated above, many of the project fiches included in the IAP are incomplete. The purpose of the meetings will be to gain a better understanding of the maturity of each project and to provide guidance to the project teams about how to improve the project fiches. In this effort, Booz Allen will emphasize the need to establish near-term priorities, particularly investments required to reopen navigation and to rehabilitate flood control infrastructure. Additionally, Booz Allen will collect detailed information about the projects so that subsequent analyses regarding prioritization and the economic viability of the Sava River project portfolios (See Task 3.B) can be performed. Specific guidance regarding suggested meeting participants and the types of information to be made available will be provided in advance of the joint mission. It is anticipated that the country's project teams will forward revised and updated project fiches to SECI for distribution to appropriate parties.

Based on the outcome of these meetings, Booz Allen will prepare a set of recommendations to the ICSB for updating project fiches and the IAP to reflect an improved framework and procedures for prioritizing infrastructure investments for the Sava River Initiative. The recommendations will be included in a trip report prepared by Booz Allen.

**Subtask 3.B: Assist the ICSB in applying the systematic approach prepared in Subtask 3.A to update the IAP with emphasis on flood control and navigation investments (Booz Allen):**

RIP will assist the ICSB in updating the IAP regarding investments in flood control and navigation to incorporate the recommendations and prioritization approach developed in Subtask 3.A., as approved by the ICSB. This work will be carried out through two parallel subtasks:

**Subtask 3.B.1: Develop Improved Baseline of Information on River Transport Needs and Demands to Support Investment Decision Making:**

The IAP includes a single fiche outlining a series of measures required to reopen the Sava River to navigation (Project No. 1) and four other fiches outlining priority port rehabilitation projects (Project Nos. 2-5). Together, these projects represent approximately \$76M USD of financing requirements. A major obstacle to financing any or all these projects is the lack of an updated analysis of potential commercial transportation demand on the Sava River that would support the claim for the needed investment. Relevant transport studies are underway, e.g., in Serbia, REBIS, etc. In addition, OHR has an ongoing dialogue with the Bosnian business community to gain an up-to-date understanding of economic development plans that are important to Sava River transportation projections. However, a synthesis of these disparate analyses and data compilations is currently not available. Booz Allen will review and synthesize available studies and information (obtained as a result of the joint mission meetings described in Task 3.A and through subsequent participation in the Sava River Initiative) and will solicit input from

government sources in Bosnia, Croatia, and Serbia-Montenegro, to sharpen the current state of understanding of transportation needs to support economic development of the region. Based on this analysis, Booz Allen will prepare a report of our findings with conclusions and recommendations that the ICSB can use and incorporate into the IAP, at its discretion.

#### Subtask 3.B.2: Develop Interim Strategy for Flood Control Embankment Rehabilitation

The IAP also contains 12 fiches outlining projects in BiH, Croatia, and Serbia-Montenegro to rehabilitate existing embankments on the Sava and Drina Rivers to their 1990 levels of integrity (Projects Nos. 12-23). While the projects might be individually viable, it is highly improbable that all will receive financing until a more complete understanding of the environmental and economic costs of the entire system of projects is developed and incorporated into the development of the Sava Basin management plan. One of the most significant questions in this regard is the extent to which the Central Sava Project in Croatia could reduce the need for physical embankments downstream in BiH and S-M.

Unfortunately, completion of all studies and development of the Sava integrated water management plan will not be accomplished until the end of this decade. However, there is a need to provide flood protection much sooner to communities that are at risk. Therefore, moving ahead on some of these projects, even if considered temporary or interim solutions until a more strategic approach to flood management can be devised, seems prudent. To address the need for implementation of truly urgent embankment projects, Booz Allen will include a focused review of the twelve projects to sharpen priorities and schedules for their implementation, based on considerations of flooding history, populations at risk, and potential environmental and economic impacts. Based on this analysis, Booz Allen will prepare a report of our findings with conclusions and recommendations that the ICSB can use and incorporate into the IAP, at its discretion. Booz Allen will coordinate this task closely with IAC's activities.

#### Subtask 3.B.3: Update the Interim Action Plan to Reflect the Improved Investment Strategy and Revised Infrastructure Investment Portfolio

Based on the results of Tasks 3.B.1 and 3.B.2, and with the approval of the ICSB, Booz Allen will update the IAP to reflect all findings and consensus of the Sava countries. The updated Action Plan will provide a sound basis for the ICSE and Sava Commission to communicate to their finance ministries and to the international community a coherent, well articulated and cost effectively justified strategy for investment priorities within the framework of integrated water management.

#### Subtask 3.C: Assist the ICSB to prepare and execute a strategy for networking with IFIs and donors for financing investments identified in the Action Plan (Booz Allen)

RIP will assist the ICSB and in building the capacity to execute and implement an organized, focused approach for soliciting financial assistance from the international donor and financial institutions. This will include providing a working understanding of the measures required to effect project financing, identification of potential donor and IFI assistance programs with priorities/interests that match project needs, and suitable "bundling" of individual projects for financing purposes. Specifically, the role of the RIP will be two-fold:

1. To assist the Commission in efficiently pursuing financing with donors and international financial institutions in light of the institutions' priorities and interests, including but not limited the European Commission, European Investment Bank, European Bank for Reconstruction and Development, World Bank, and the European Reconstruction Agency; and

2. To assist the Commission in identifying measures/decisions that the governments of the Sava River countries (particularly, the finance ministries) must take to achieve financing.

Seventeen of the 23 project fiches involve investments in civil works (Project Nos. 1-5 and Project Nos. 12-23) and six involve water management initiatives primarily involving the preparation of plans and analyses or installation of technical hardware and software (Project Nos. 6-11). The nature of the six water management projects and the resources needed to implement them make these strong candidates for international donor grant support, while the 17 civil works projects will probably require loans. The approach to gaining support for the six water management projects will focus on identifying and securing donor support while the approach for the civil works projects will focus on preparing summaries for each of the 17 updated investment project fiches revised by the member countries (Subtask 3.A).

Booz Allen will use information provided by the Sava Countries as well as other information collected over the course of this engagement to develop summary packages for the 17 civil works type projects that will facilitate communications with donors and international financial institutions. The summary packages will clearly describe technical feasibility studies and other background work already completed by the countries, current commitments of the countries and donors, and additional support required, such as feasibility studies, technical/engineering studies, and project implementation. Acknowledging that some of the 17 civil works projects in the current IAP are in less mature stages of development than others, it is anticipated that these summaries will be made available to the ICSB as the information to complete the summaries is made available.

Using these summaries as a basis of presentation, RIP will work with the Sava River countries and international community to solicit international assistance and cooperation.

### **Limitations to completing RIP sponsored activities**

This work plan is formulated on the basic understanding that the required information identified in each task exists and is made available to RIP contractors in a timely manner. Technical studies needed to support project investments, such as feasibility studies, cost estimates, or field data collection, are not included in this work plan. Accordingly, RIP relies heavily on the participation and cooperation of the ICSB and individual Sava countries. Execution of all tasks relies on the timely updating and completion of individual project fiches as well as the availability of supporting technical, financial, and economic data by the national organizations within the Sava countries and their transmittal to SHCI for distribution to Booz Allen, REC and others supporting the Sava Initiative.

# ATTACHMENT A

## INTERIM COMMISSION FOR SAVA BASIN INDICATIVE WORK PLAN

- I. DEVELOPMENT OF SAVA BASIN LEGAL INSTRUMENTS\*
  1. Protocol on Transboundary Impacts
  2. Protocol on Pollution from Vessels
  3. Protocol on Emergency Situations
  4. Protocol on Flood Control
- II. DEVELOPMENT OF SAVA COMMISSION RELATED DOCUMENTS\*
  1. Staff Regulations
  2. Main Functions & Structure of the Secretariat & Job Description)
  3. Financial Rules
  4. Rules of Procedure\*\*
  5. Seat Agreement
  6. Methodology for Permanent Monitoring of the Implementation of the SBA
- III. STEERING OF IMPLEMENTATION OF THE SAVA BASIN PROJECTS
  1. Running projects
  2. Priorities for starting of new projects
  3. Way of co-ordination-decision making
  4. Way of project implementation
  5. Project ownership
- IV. PREPARATION FOR THE BEGINNING OF WORK OF THE SC
  1. Depositary
  2. Budget
  3. Information on purchasing & obtaining of equipment
- V. CO-ORDINATION OF THE ACTIVITIES OF ISE C
  1. Sessions
  2. Work of expert groups
  3. Logistic support
    - Secretariat
    - Other
  4. Co-ordination of donors support

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\* Tentative titles of the Protocols and other documents

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\*\* The documents 1—4, are listed in the order of priority, and should be prepared for the 4<sup>th</sup> Session of the ICSB. The order of priority for development of the documents listed in the Chapter I and rest of the documents listed in the Chapter II shall be determined at the 4<sup>th</sup> Session of the ICSB.

## ATTACHMENT B

INTERIM COMMISSION  
FOR SAVA BASIN—ICSB  
3<sup>rd</sup> Session  
Novi Sad, 09—11 July 2003

### INDICATIVE ELEMENTS FOR THE

### TERMS OF REFERENCE

#### (ToR)

In accordance with the Conclusion IV/5 of the 3<sup>rd</sup> Session, the ICSB agreed upon the following elements of the ToR, needed for definition of the conditions for the assistance offered to the ICSB by the US Government.

1. For the urgent needs of the ICSB, there is need for development of the working materials (texts of the legal norms):
  - 1) Staff Regulations
  - 2) Main Functions & Structure of the Secretariat & Job Description)
  - 3) Seat Agreement
  - 4) Rules of Procedure.
2. The legal documents referred to in the paragraph 1 of this ToR shall be developed in accordance with the Framework Sava Basin Agreement (FSBA) and the Statute of the Sava Commission and handed over to SECI.
2. Development of working materials (texts of the legal norms) is needed as follows:
  - 1) Protocol on Transboundary Impacts
  - 2) Protocol on Pollution from Vessels
  - 3) Protocol on Emergency Situations
  - 4) Protocol on Flood Control
  - 5) Financial Rules
  - 6) Methodology for Permanent Monitoring of the Implementation of the SBA.
3. The legal documents referred to in the paragraph 3 of this ToR shall be developed in accordance with the FSBA and Statute of the Sava Commission.
4. The legal material referred to in the paragraphs 1 and 3 of this ToR should be of the quality adequate for negotiations between countries signatories of the FSBA.
6. In development of the legal material referred to in the paragraphs 1 and 3 of this ToR, implementing agency shall to the extent possible:
  - 1) Use all the material compiled and developed by the ICSB. Secretariat of the ICSB shall hand over all the material until August 1<sup>st</sup>, 2003, at latest;
  - 2) Engage local experts from the FSBA Member countries and if needed international experts;
6. The members of ICSB shall provide to the implementing agency (through the ICSB Secretariat) the lists of local experts and their C/Vs (in the EU format).
7. Feedback information from SECI should be provided for the continuation of this Session of the ICSB, that tentatively was scheduled for 04—06 September 2003 in Novi Sad.

## ATTACHMENT C

### Conclusions of Technical Strategic Steering Group

#### 1. Regarding cooperation of Interim Commission and the UNDP/GEF project:

Mr. Bendow provided a chart summarizing information provided to date by the Sava countries in the areas of water management data and socioeconomic data (attached). Navigation and other pressures are not included in the current project. It was agreed that these should be included in further steps. The following conclusion was proposed and accepted:

The Sava Interim Commission has taken note of the presentation from the UNDP/GEF Project on the results of collection of national data on water management and socio-economic situation. The Sava Interim Commission endorses the results and encourages those countries which have not yet provided the relative data until 18 July at the latest.

Pursuant to the schedule for the project, the Sava working group (Working Group of the River Basin Management Expert Group under ICPDR) will meet on October 7 to review the results of the first phase of the project. A workshop on the results will be held on October 17. The US will examine the possibility of providing support for stakeholder involvement in this workshop.

#### 2. Regarding updating the Action Plan:

- It was agreed that the Dutch and US would work in a complimentary way with the ICSB in updating and addressing deficiencies in the Interim Action Plan. Objectives will be to providing a more consistent framework for project priorities and organizational matters within the context of the International Framework Agreement, and to address preconditions for project financing.
- The Dutch and US experts conducting the visits will send a detailed description of their questions and information needs to the members of the technical steering group by July 21. Country visits will be conducted by US and Dutch experts to the Sava countries during the weeks of September 8-19 to obtain perspectives of country experts and obtain information required to update the plan and defining priorities of each country.
- Regarding the navigation components of the interim Action Plan, the US will formulate a work plan to support the activities as elaborated in the interim Action Plan.

#### 3. Regarding the Dutch work plan, the following work packages will be executed:

- a. Training/capacity building: Two trainings: Integrated Water Management and Birds and Habitat Directive. The US agreed to evaluate whether it can provide support to the IWM workshop.
- b. Integrated flood protection:
  - The Dutch project will concentrate on the Lonjsko Polje area of Central Sava; and inventory retention areas. The Dutch will also prepare an inventory of biodiversity "hot spots" that are not protected areas; this will complement the UNDP/GEF project, which is inventorying protected areas.
  - The US will provide complementary support in characterizing downstream retention areas through evaluation of existing aerial photography and satellite imagery.
- c. GIS: The Dutch will provide complementary support to the UNDP/GEF project.
- d. Water quality: The Dutch will provide support in establishing typology to conform to the WFD, and will participate in the September 11 workshop to be held by the UNDP/GEF project.

The technical steering group made clear its requirement that national experts should be members of their expert team. Mr. Zingstra responded that this would be done through UNDP/GEF arrangements with national consultants for the Sava pilot project.

#### 4. It is understood that final commitment of US support is pending US Government approval.

## ATTACHMENT D

Detailed guidance document sent to the members of the Strategic Group in advance of the September 2003 joint US/Dutch mission.

### Redrafting the Action Plan; Prioritization and Refinement of the Action Plan Draft Working Document:

#### Project Fiches

#### *Guidance document*

#### Introduction

The Interim Commission for the Sava Basin (ICSB) has prepared the “*Interim Action Plan for Execution of the Framework Agreement on the Sava River Basin*” (IAP). This document was drafted by the Rehabilitation and Development Working Group of the ICSB and presented to the Meeting of Interested Parties in Brussels on 12 March 2003. In its present form, the IAP includes descriptions for 29 projects that have been put forth for consideration by the member countries for implementation by the ICSB. The descriptions are in the form of project fiches that provide minimal information regarding the background and current status of the projects.

The intent of the ICSB is that the list of projects will be prioritized in accordance with guidelines documented in the IAP and an investment strategy will be devised. At the first meeting of the ICSB it was concluded that the current IAP lacks the required coherence and is not ready to prioritize the various actions required. Moreover balancing of various priorities against an integrated approach to the management of the Sava was considered not yet possible at that time.

During the 8 – 11 July 2003 meeting of the (Interim) International Committee for the Sava River Basin, it was agreed that a mission to the Sava Countries would be jointly organized and executed by the consultants of the Netherlands Project and the consultants of the US project. The objective of the mission is to more fully assess, together with the appointed country experts, the needs of the Sava Basin Countries and to discuss the project fiches in order to create a good basis for the redrafting of the current draft IAP. In addition to the consultants, representatives of the Regional Environment Center (REC) as well as a representative of the US government may also participate in the mission.

In preparation for the joint mission, the consultants have been requested to draft a guidance document so that the relevant officials of the four Sava Countries can prepare themselves for an effective and efficient implementation of the mission. We believe that the present guidance document serves this aim. Any further clarification or queries and suggestions for improvement can be addressed to: Teun Botterweg [teun.botterweg@ecorys.com](mailto:teun.botterweg@ecorys.com) and/or John Butler [butler\\_john@bah.com](mailto:butler_john@bah.com). Please be sure to distribute this document to any or all persons that have knowledge of the 29 individual projects and/or who may participate in discussions with the consultants during the joint mission.

## The Interim Action Plan

Before continuing with the drafting of the guidance document it is useful to bring back into memory the essentials of the IAP:

- The IAP (see its Introduction on page 1) concentrates on implementing:
  1. The highest priority actions
  2. Actions that can start within the next two years and can be completed in less than 5 years.
- The IAP concentrates on the objectives of the Framework Agreement:
  - To re-establish navigation on the Sava
  - To enhance sustainable water management
  - To prevent/limit hazards: floods, ice, droughts, and incidents with hazardous substances.
- The criteria for setting the priorities are in accordance with the Framework Agreement (see IAP chapter four on page 4):
  - Regional importance;
  - Scope of the project;
  - Relation to national plans, strategies and policies;
  - Relation to EU approximation;
  - Interest of two or more countries
  - Overlapping of interests of two or three subgroups;
  - Public opinion;
  - Feasibility of the project;
  - Possible contribution of the Parties;
  - Compatibility with donor priorities; and/or
  - State of preparation of the activity.

In summary, implementation of the IAP concentrates on those projects and activities that shall truly further the regional objectives and on finding a balance of use/utilization of water resources, protection of water and protection from harmful effects of floods and other hazards. These criteria are based on a series of considerations agreed to in the Rehabilitation and Development Working Group and detailed in the IAP (reference is made to Chapter 4 page 5). A summary table of projects in the IAP was constructed (see page 6 of the IAP) containing four objectives and 20 projects covering those objectives with an indication of the required implementation time and estimated cost (in millions of Euros). For each of the objectives more detailed descriptions are presented in the IAP, in some cases with a detailed table related to the summary table. Furthermore a list exists with project fiches for the proposed projects in the IAP.

## Scope of the Joint Mission

As indicated above, the objectives of the joint mission are to more fully assess, together with the appointed country experts, the needs of the Sava River Basin Countries and to discuss the project fiches in order to create a good basis for the redrafting of the current draft IAP. More specifically, the consultants intend to: 1) sharpen the focus of the infrastructure investment

portfolio in the IAP by bringing the current project fiches into a reasonably uniform state of consistency and completeness appropriate to their intended purpose, 2) establish an initial prioritization concept for projects to meet the most urgent needs of the Sava Countries within the context of the International Framework Agreement (IFA) for the Sava River Basin; and 3) collect information needed to develop a *regional* implementation and investment strategy that identifies the measures needed to adequately prepare projects for financing and investment by taking full advantage of the process of cooperation established by the IFA, and that identifies the Sava Commission's role in this strategy.

The existing project fiches have been compiled in a standardized format. Nevertheless, possibly given the difference in levels of preparation of projects and differences in appreciation of project effects both on a national level as well as in the regional context, the fiches are not always internally consistent and therefore not clearly understandable. Sometimes they lack detail, and therefore may not always be consistent with other IAP components. This impedes a transparent and coherent drafting of the IAP. The fiches also vary in content, because of differences in understanding/appreciation of definitions and also because of differences in the "perspective" of the experts that have been drafting the fiches. It was therefore suggested and agreed to have all the fiches revisited by one team of consultants, in order to bring in improvements and to enhance comparability and consistency.

It should be emphasized that the intention of the joint mission is to revise the IAP to ensure that individual projects are embedded in a logical and clear overall framework, with the role of the Sava Commission clearly articulated. It is also important to understand the relationship between different programmes and/or programme elements and to know the way in which and the extent to which they influence or support each other. It is not intended that the project fiches be developed to a more detailed level (e.g., to that of a pre-feasibility study) than the current format requires either before or during the joint mission. Consequently there is likely no need for the country experts to spend time on further elaboration of the individual projects.

The joint mission will be conducted through a series of two- to three-day meetings held in the capitals of each of the four Sava Commission countries. The exact time frame for these meetings will be arranged over the next several weeks. **The originally planned September 8-19 is a likely period, pending discussions with the ICSB.** During the meetings, the consultants will want to meet with the technical experts and other appropriate individuals knowledgeable of each of the projects currently listed in the IAP. In order to prepare for the arrival of the consultants participating in the joint mission, it is urged that the individual country experts bring all project supporting documents to the meetings. This would include the documents that are identified in the project fiches, but also other materials that will help the meeting participants to understand the content and purpose of the projects, current status, and relations with other projects, such as relevant maps, explanatory schemes, files and reports. Information describing the operation (and maintenance) of the projects as well as **earlier financial analyses of operating costs as well as engineering studies providing estimates of costs for the improvements/rehabilitation proposed in the fiches** should be included. With this information on hand, each set of investments identified in the IAP will be reviewed, with particular attention being focused on sharpening priorities, identifying opportunities for bundling investments and taking maximum advantage of past, current, and planned future activities of the Sava countries and the international community.

For example, in reviewing priorities for flood control measures in the IAP and devising a regional strategy for making investment decisions, it is important to have information to help all meeting participants understand such as:

- Flooding history of the area impacted by the project;
- Populations/towns/industrial/agricultural areas impacted by floods;
- Health, economic and environmental impacts of floods; and
- Current state of flood control and hazard prevention measures.

For the navigation and ports investments in the IAP, it is important to review the work completed and currently underway by the Sava countries relevant to reopening the navigation channel, such as bathymetric surveys, engineering studies, debris clearing, demining, etc. in order to identify specific measures that remain to be completed. Also, it is especially important that current and potential future economic activity in the region be considered, in order to respond to donor and financial institution requirements to justify projects on economic grounds.

Likewise, for the integrated water management investments in the IAP, it is important to understand the current commitments of financial and technical assistance by the countries and the international community, in order to identify critical gaps that remain.

#### Suggested Participants in the Country Mission Meetings

In order to ensure maximum efficiency of the meetings, it is suggested that the following minimum participants, listed below, be available when the consultants arrive in your country. Additional individuals may be needed to discuss the specifics of any individual project. Accordingly, please have those persons ready to participate in the meetings should the need arise.

- The country representative on the IC Technical Strategy Steering Committee.
- Experts who are familiar with the individual project fiches in the Interim Action Plan.
- At least one social-economic expert familiar with the economic situation in the Sava Basin, including local demographics, transportation and economic development needs.
- The country representative on the ICPDR River Basin Management Expert Group.
- An expert from the finance ministry of the country who is familiar with previous financing strategies for the projects (if applicable) and who can provide perspectives on measures that need to be taken to address national financing/budgeting requirements.

# Appendix 1: Subjects of Discussion

Following the lines of the Logframe method, the issues listed below will step by step be discussed for each type of project:

- **Problem description:** a concise but clear history and background of specific river/wetland related problems/challenges on which the project is based should be developed. This description should be clearly understandable for “outsiders” without further investigations. Schemes and dedicated site maps are often very useful to enhance understanding, and at the same time, to reduce the descriptive part.
- **Wider objective:** this indicates (in one clear sentence) how the defined problem can – in the end - be solved. Account must be taken of various conceivable ways of solution, because very seldom there is a unique solution to a problem. Solving of a problem can have positive and/or negative side-effects that should as much as possible be “internalized” into the problem solution. This should be addressed in general terms, and explained in a proper part of the fiche (probably under “expected benefits”). This issue is discussed in some more detail in the next part.
- **Specific objective:** a problem/challenge can be large and complex. Therefore each identified potential solution for reaching a wider objective is often better composed in a package/programme of coherent specific parallel or consecutive actions/measures. The individual actions should not overlap. Each of the actions (or projects) should have one (exclusive) specific objective, worded in one clear sentence. Again, the relevant side-effects on this project level should be taken into consideration).

**Note:** After the wider objective and specific objectives are agreed, it is mostly useful to revisit the programme/project titles/names. This in order to have - as brief as possible - mutually exclusive project titles in the IAP.

**Interventions:** When the specific objective is clear the interventions (or tasks) to reach the specific objective should be detailed. Interventions can be different in nature, like *investments* in expert services (feasibility studies, detailed design, financing arrangements, management contracts etc.), works, procurement and installation of equipment, *management/operation* of the project after its construction and *maintenance* during the project life span. The place/location and time span of the intervention should be clarified; this is of major importance for the coherence of the IAP and for later further elaboration and feasibility assessment of the project). See also the next part.

**Note 1:** For monitoring/assessment reasons the Logical Framework Method asks for each intervention the definition of “indicators for assessing the levels of realization of the interventions”, the “sources of verification of those indicators” and a description of “assumptions and risks”. At this stage of elaboration of the IAP we believe that only the assumptions and risks should be addressed in quite general terms, and the Project Fiche allows for this under the heading “Implementation Risks and Assumptions”.

**Note 2:** One of the major misunderstandings in the application of the logframe relates to the definitions of “specific objective” and “interventions”. It is often observed that under the heading of “specific objective” a list of interventions (tasks) is provided, and consequently that the clear description of the specific objective of a project is missing, and that the

description of interventions then in fact is an elaboration into sub-tasks. Each project should have *only one specific objective and one set of interventions to reach the specific objective*.

- **Inputs and outputs:** A certain level of technical and financial knowledge is needed to clearly define the size of the *inputs* required for each intervention, and to indicate the price-tag attached to a “unit” of input. Otherwise it is not possible to make a realistic estimate of the total cost (investment, operation, maintenance) of the project. It is self evident that wrong and incomplete cost estimates may highly frustrate the future decision-making process related to the implementation and sustainable performance. The Project Fiche does not allow for detailed justification of cost figures. However, background files/documents should be organized and kept in such a way that for later elaboration and assessment of the project the basic information on cost calculations is immediately reproducible. For each individual intervention the expected *output* should be briefly described in such terms that it is clear how it adds to the specific objective.

**Note:** Cost already made in the past for earlier phases of the particular project should not be included. The only inputs for the project that should be included in an economic assessment are costs that still have to be made!

#### Other issues of discussion

Apart from the issues discussed above following the logframe logic, some other issues related to programme/project implementation should also be addressed during the joint mission. These issues include:

- **Side-effects:** The formulation of the problem description, the wider objective and specific objectives of a programme/project should make it possible to indicate the societal importance (benefits) of the actions/projects (to be included in the Project Fiche). However, the exercise should also include estimations/indications of side-effects in terms of certain societal advantages and disadvantages that are connected to certain actions/projects but that do not relate to the project objective. Certain disadvantages may be “internalized” by project interventions designed to prevent or to compensate for such disadvantages. It is also important to know whether (major) side-effects have a transboundary character.
- **Project implementation period and life span:** The logframe exercise (particularly the elaboration of interventions and related inputs) makes it possible to improve the estimation of the time period for implementation. At present, in most cases, the estimated implementation time mentioned in the fiches appears to be quite short and does probably not include sufficient time for preparation of the investment activities (feasibility studies, detailed design, time required for decision making, tendering etc.). The Life-span: if applicable, an indication should be given about the “normal” life-span of a specific project. To this should be added an indication of the moment in which, after the interventions have been realized, the foreseen effects and the side-effects will materialize. Such an indication is important for consistency in the timing of the total Action Plan. This knowledge is also essential for a later feasibility assessments and decision making processes.

- **The zero or reference alternative:** This is an essential issue that should already be taken into account in the problem description. The definition of a zero/reference alternative is needed to implement financial/economic feasibility assessments (the so called “with or without” comparison). The zero/reference alternative is *not* the (present) status quo with regards to a project-relevant societal issue, but the relevant development over the time-span of the project under the assumption that no action/intervention is implemented.
- **Financing issues:** in order to find donor interest it is highly recommended, already in an early stage of programme/project development to prepare financing plans. This requires a break down of the total investment cost into logical components of implementation and to attach to this the foreseen financing source. To this aim it has also to be assessed whether the investment cost for specific projects, after implementation, can be totally or partly recovered by pricing/charging for the services offered by that particular investment (e.g. harbour fees, entrance fees, surface or groundwater abstraction charges). It is also recommendable to indicate what investment components and operation and maintenance cost are to be covered by the individual Sava countries (from national government budgets, regional/local government budgets) given their individual responsibilities in water/wetland management. Looking at the part of total investments that is not covered by state/regional/local budgets, the financing plan should indicate what can be financed by normal loans, by Public Private Partnership constructions etc.. Finally this will result in the estimation of the “financing gap” for which the countries might wish to find donor assistance and/or soft loans. In some cases donors might be willing to provide loans or grants for specific project intervention components, depending on their specific support criteria. Detailing the information like explained above in a project cost table may facilitate the assessment of possible financing mixes. This will facilitate the discussions with potential donors on support options. Since we deal with an action programme with transboundary effects, the information gathered during the whole exercise will also facilitate the implementation of so called “incremental cost analysis”, which is required by some international (financing) institutions to assess their possible assistance.

## ATTACHMENT E

Documents specifically identified and requested during the September 2003 joint US/Dutch mission meetings.

- Updated project fiches for all projects that incorporate the discussions held with each project team and the recommendations of the US and Dutch experts. Project fiches were to be forwarded to the ICSB through SECI for distribution to appropriate parties.
- Final port study for Slov. Brod (Croatia) [a draft of this study was provided during the joint mission]
- Updated fiche for project entitled “Reconstruction of navigation and rehabilitation of waterway to the level of 1990”. This is noted as project #1 in the IAP list of fiches. The joint mission team was informed that this fiche had already been updated to include recent information and that it would be forwarded directly to Booz Allen Hamilton.
- A flood control study for the Sava River recently completed by Bosnia-Herzegovina