



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 14-Apr-2023 | Report No: PIDA35523



BASIC INFORMATION

A. Basic Project Data

Country Western Balkans	Project ID P180507	Project Name Sava and Drina Rivers Corridors Integrated Development Program Additional Financing	Parent Project ID (if any) P168862
Parent Project Name GEF Sava and Drina Rivers Corridors Integrated Development Program	Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 23-Mar-2023	Estimated Board Date 03-Jul-2023
Practice Area (Lead) Water	Financing Instrument Investment Project Financing	Borrower(s) Republic of Serbia, Bosnia and Herzegovina	Implementing Agency FBiH Ministry of Agriculture, Water Management and Forestry, Montenegro Ministry of Agriculture and Rural Development, Republic of Serbia Ministry of Construction, Transport and Infrastructure, International Sava River Basin Commission, Republika Srpska Ministry of Agriculture, Forestry and Water, Brčko District, Republic of Serbia Ministry of Agriculture, Forestry and Water Management

Proposed Development Objective(s) Parent

The Objective of the Project (Phase I of the Program) is to improve flood protection and enhance transboundary water cooperation in the Sava and Drina Rivers Corridors.

Components

- Integrated Management and Development of the Sava River Corridor
- Integrated Management and Development of the Drina River Corridor
- Project Preparation and Management



Regional Activities

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	38.86
Total Financing	38.86
of which IBRD/IDA	38.86
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	38.86
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Environmental and Social Risk Classification

High

B. Introduction and Context

Country Context

1. **The Sava and Drina rivers form a natural connecting backbone for the region.** A pivotal feature of the Western Balkans region is the Sava River Basin, one of Europe’s largest transboundary basins. It covers over one third of the Western Balkans in area and population, and physically connects the five riparian countries through inland waterways. The Sava river is the basin’s mainstay. It is navigable between Serbia, Bosnia and Herzegovina (BiH), and Croatia (from which it continues upstream into Slovenia) and is connected at its mouth to the Danube river (of which it is one of the largest tributaries), thus linking these countries to Danube riparian markets and to international markets via the Black Sea. The Drina river is the Sava’s largest tributary, draining over a 20,000 km² mountainous area, half the size of Switzerland. The economy and jobs in the region depend heavily on these shared water resources, whether to transport goods, generate energy, grow food and fibers, sustain biodiversity, or provide for leisure and eco-tourism activities.
2. **The Sava and Drina have a proclivity for both dry spells and devastating floods—most recently occurring in 2010 and 2014.** The 2014 Sava flood—the largest flood in a century—caused 79 casualties and damages totaling €1.5 billion in Serbia (4.7 percent of GDP), €2.0 billion in BiH (15% of GDP), and €300 million in Croatia (0.5 percent of GDP). In 2010 the Drina Basin was flooded extensively—partly due to spilling hydropower reservoirs—and saw its highest water levels in 100 years. The trends and changes in mean values of precipitation, evapotranspiration, and discharges in this basin are well documented and indicate



that climate change is expected to cause more intense flood and drought episodes, both in terms of scope and duration. Specifically, current climate change projections for the Sava River Basin foresee a rise in flood peaks of up to 8 percent, and droughts occurring with increased frequency and intensity.

3. **The hydraulic infrastructure in the Sava and Drina rivers, while nominally extensive, has been poorly maintained and only partially modernized and expanded since the conflicts of the 1990s and the breakup of Yugoslavia, hampering regional economic integration and suppressing growth.** Years of neglect, a lack of avenues for lasting cross-border collaboration on waterway development projects—as the Sava river is also the border between Croatia and BiH for much of its navigable fairway—and remnants from the war itself, in the form of **land mines** still present along the river’s right bank within BiH, have severely deteriorated navigation standards.
4. **As such, the Sava River Basin has considerable untapped potential as an enabler of economic growth, regional connectivity, resilience to climate change risks, social cohesion, and job creation.** Income per capita among the riparian countries ranges from US\$6,000-9,000 (Serbia, BiH, Montenegro) to US\$15,000 (Croatia) and US\$26,000 (Slovenia), signaling opportunities for income convergence. As the Sava flows from west to east across Slovenia, Croatia, and BiH, ultimately reaching the Danube in Serbia, and, via the Danube, connecting the region with other parts of Europe and the Black Sea, the river offers a tangible opportunity to address the need for re-establishing it as a core economic corridor and as a driver of low-carbon multimodal transportation. There is also an urgent need to pursue no-regret investments; for example, investments to help maintain the water flow at levels suitable for navigation (imperiled by recurring droughts), thereby reducing flood risk and strengthening the social and economic resilience of the communities within the Sava’s catchment in the face of climate change. Similarly, the Drina corridor has significant potential for food production and tourism development, while the 2014 floods have shown the importance of improved management and protection of its existing reservoirs.

Sectoral and Institutional Context

5. **Over the past 13 years the Bank has engaged the region extensively with policy advice, technical assistance, and investments.** At the national level, the Bank has supported water programs covering different sub-sectors. Ongoing activities at the regional level include the Global Environment Facility (GEF) funded Drina River Basin Management Project (Drina GEF) and the BiH Drina Floods Protection project.
6. **Sava and Drina Rivers Corridors Integrated Development Program (SDIP) (P168862) supports integrated water cooperation,** by investing in infrastructure improvements and complementary measures that take into account the current and expected impact of climate change. Specifically, the project intends to address the climate change-exacerbated risk of floods and droughts, thus increasing the resilience of the targeted areas’ economic activities and residents to these threats. Given the basin’s transboundary nature, this will be achieved by supporting coordinated development and management of shared water resources across countries in the basin.
7. **The proposed activities under consideration for the SDIP AF** are consistent with the Program Development Objectives of the SDIP Multiphase Programmatic Approach (MPA) (P168862) and with the original PDO of the Project. The activities are also strategically aligned with the latest Country Partnership



Framework¹ for Bosnia and Herzegovina. The purpose of the AF is to scale up activities in Bosnia and Herzegovina and increase people and area protected from floods.

- 8. The integrated management and development approach envisaged in this program is one that will promote the coordinated and multisectoral planning and utilization of the water and related resources of the Sava and Drina Rivers Corridors in order to maximize economic and social benefits, without compromising the sustainability of these vital natural resources.

C. Proposed Development Objective(s)

Original PDO

- 9. The Objective of the Project (Phase I of the Program) is to improve flood protection and enhance transboundary water cooperation in the Sava and Drina Rivers Corridors.

Current PDO

- 10. No changes in the PDO.

Key Results

- 11. None of the PDO or Intermediate indicators will change. However, the end targets for two PDO indicators and two intermediate indicators have been changed to capture the outcomes to be achieved because of the AF.

PDO and Intermediate indicators targets to be revised:

PDO Indicators to be revised	Targets	
	Original	Updated
People protected from 1 in 100-year flood event in the Sava and Drina River Basins under the project (of which female) (Number)	200,000.00	270,000.00
<ul style="list-style-type: none"> Of which female (Number) 	110,000.00	140,000.00
Area protected by flood risk mitigation measures under the project (Hectare(Ha))	150,000.00	165,000.00
Intermediate indicators to be revised		
Length of embankments or dykes constructed or rehabilitated (Kilometers)	20.00	30.00
Stakeholders consulted (of which female) and engaged during planning and preparation of project interventions (Number)	1,000.00	1,200.00

¹ “World Bank Group. 2022. Bosnia and Herzegovina: Country Partnership Framework, FY23 – FY27. World Bank, Washington, DC. © World Bank. <https://documents1.worldbank.org/curated/en/469491658939414739/pdf/Bosnia-and-Herzegovina-Country-Partnership-Framework-for-the-Period-FY23-FY27.pdf>”



• Of which female (Number)	510.00	610.00
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- AF will finance activities related to solid waste management in Brcko District and one new Intermediate indicator, *Area protected by integrated solid waste management (Hectare (Ha))* is added and reflected in the RF. The Results Framework (RF) has been updated in line with the increased scope. This increased scope is in line with the Parent Project.

D. Project Description

- The ongoing Parent Project Sava and Drina Rivers Corridors Integrated Development Program (SDIP) (P168862) Phase I represents an innovative and integrated approach to transboundary water resources management which aims to improve flood protection and enhance transboundary water cooperation in the Sava and Drina Rivers Corridors.
- The SDIP MPA was approved by the World Bank's Board of Executive Directors on August 6, 2020, with an overall IBRD financing envelope of US\$332 million equivalent and Phase I approved on the same date, comprising of US\$133.99 million equivalent in grants and loans to three countries (Bosnia and Herzegovina, Serbia and Montenegro). Effectiveness of the Loan Agreements with the three participating countries (Bosnia and Herzegovina, Montenegro, and the Republic of Serbia) was in September 2021.
- The proposed activities under the SDIP AF are consistent with the Program Development Objectives of the SDIP Multiphase Programmatic Approach (MPA) (P168862) and with the original PDO of the Project. The activities are also strategically aligned with the latest Country Partnership Framework² for Bosnia and Herzegovina. The purpose of the AF is to scale up activities in Bosnia and Herzegovina and increase people and area protected from floods.
- This AF for the SDIP Phase I Project will finance the scale up of activities already described in the Parent Project under Component 1 (US\$35.86 million) and Component 2 (US\$1.00 million) and activities under Component 3 (US\$1.90 million), to cover the associated costs of financial management, environmental and social management, and knowledge/communications. The activities are elaborated below.

Component 1: Integrated Management and Development of the Sava River Corridor (US\$35.86 million equivalent).

- Subcomponent 1.1: Flood protection and environmental management** In FBiH, planned activities include flood protection measures in the Sava River Basin (Bosna River, Zeljeznica River and Jala River) as well as preparation of documentation for future Phase II investments (e.g., construction of a sport-recreational port on the Sava River in the City of Orasje). FBiH proposed 11 sub-projects to be financed under the AF. The sub-project preparations are at different stages, varying from feasibility study (FS) to those that are at the stage of the preparation of the Environment and Social Management Plan (ESMP). The sub-projects are flood protection works (5), Riverbed regulation works (3), storage dam repair (1), and river boat station works (2). Detailed designs are completed for all flood protection interventions and once ESMPs are

² "World Bank Group. 2022. Bosnia and Herzegovina: Country Partnership Framework, FY23 – FY27. World Bank, Washington, DC. © World Bank. <https://documents1.worldbank.org/curated/en/469491658939414739/pdf/Bosnia-and-Herzegovina-Country-Partnership-Framework-for-the-Period-FY23-FY27.pdf>"



completed, the construction clearances from concerned agencies and FBiH government can be issued.

- 18. In Brcko District, five sub-projects were submitted for inclusion in the SDIP-I. Apart from the regulation of the flows of the Blizna River and Brka River, Brcko District will finance establishment of an integrated system of waste management that will have positive transboundary effects. Currently, solid waste in Brcko district is deposited on the landfill placed directly on the riverbank of the Sava River which is a natural border with the Republic of Croatia. Leaching from this landfill contaminate surface and groundwater, directly endangering the Sava River with significant pollution. Furthermore, during floods, disposed waste is washed into the river from this location and transported and deposited downstream on the Sava banks in BiH, Croatia and Serbia. Closing the landfill and establishing a new center for waste management in Brcko District will have positive transboundary effects, improve shared air, soil, and water resources, and have positive public health benefits for the citizens in the downstream countries (Serbia and Croatia) along the Sava River. The Project in Brcko District will also support tourism by constructing sidewalks and bicycle routes along the right bank of the Sava River. One of the main sectors for regional integration and economic cooperation along Sava and Drina Rivers is sustainable tourism. This recreational infrastructure will be connected with the EuroVelo, network of long-distance cycle routes connecting the whole European continent and improving regional cross-border cooperation and tourism development. The above mentioned activities will support the Parent Project’s long term objective of economic, social and environmental connection along the Sava and Drina river. The Client has prepared technical documentation for these proposed activities as well as related environmental and social documents.

Component 2: Integrated Management and Development of the Drina River Corridor (US\$1.00 million)

- 19. **Subcomponent 2.1: Flood protection and environmental management.** In FBiH, planned activities include flood protection measures in the Drina River Basin including urgent rehabilitation works in Goražde and regulation of the Kosovska river in the municipality Ustikolina.

Component 3: Project Management (US\$1.90 million)

- 20. This component will support the overall project management, financial management (FM), procurement, Environment and Social (E&S) management, and communications in PIUs responsible for implementation of the Project in FBiH and BD.

Legal Operational Policies	
	Triggered?
Projects on International Waterways OP 7.50	Yes
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts



21. The Parent Project is a High-risk project, with an Environmental and Social Management Framework (ESMF), Labor Management Plan (LMP), Stakeholder Engagement Plan (SEP), and Resettlement Policy Framework (RPF) in place to govern all subsequent development of site-specific due diligence documentation. The package of documents for the Parent Project has been prepared and disclosed in December 2019 for all three countries including Bosnia and Herzegovina. The set of documents covered the entire country, inclusive of RS, FBiH and Brcko where the scope of the activities and the environmental and social baseline reflected on the entire river basins. Nonetheless, the two PIUs identified under this AF have reviewed the documents and updated them in terms of more details on the project activities. The revised set of documents has been disclosed on the Client websites as part of the processing for the AF in early March 2023 with a public consultation meeting taking place on March 16, 2023 in Brcko. The FBiH PIU has an environmental and social specialist on board and is well experienced in implementing Bank projects, both under safeguards and Environment and Social Framework (ESF). Brcko PIU has appointed a specialist that has taken an active role in revising the ESF package.
22. The operation is aligned with the goals of the Paris Agreement on both mitigation and adaptation. In the latest NDC submitted to the United Nations Framework Convention on Climate Change (UNFCCC), Bosnia and Herzegovina commits to a reduction of its GHG emissions by 33.2 percent by 2030 compared to the 1990 level on mitigation, and increasing the resilience of the country to climate variability and climate change's effects, referring specifically to floods on adaptation. The project contributes to the NDC via various flood protection and environmental management measures leading to avoiding damages to agriculture production on land likely to suffer frequent floods, avoiding damages to assets (private houses; apartment buildings; industrial facilities; roads, electricity, schools, kindergartens, health facilities and other public buildings), amongst other things. Overall, the projects activities and objectives are in line with the country's NDCs. There were no aspects of the project that clearly went against the county's ability to meet their nationally determined objectives, nor hinder their progress in doing so.

E. Implementation

Institutional and Implementation Arrangements

23. In Federation BiH the Project will be implemented by the existing Project Implementation Unit (PIU) within FBiH Ministry of Agriculture, Water Management and Forestry (MAWMF)(FBiH PIU) and technical support will be provided from the MAWMF and Sava River Water Agency and other relevant institutions. The FBiH PIU will be in charge of fiduciary arrangements. In District Brcko (DB), the Project will be implemented by the DB PIU established by the Government of Brcko District. The main responsibility for the fiduciary arrangements will rest with the DB PIU. The DB PIU will comprise at minimum of the following staff: Head of the PIU, Procurement and Financial Management Specialist under the Terms of Reference (TOR) acceptable to the Bank as well needed staff for E&S issues.
24. Each PIU/Project Implementation Unit (PMU) will be responsible for the implementation of the assigned project activities: carrying out procurement and supervision/monitoring of contracts; maintaining effective internal control procedures; accounting for expenditures in their existing budgetary accounting systems; receiving funds; making payments; and providing the documentation and information related to use of the loan/grant proceeds, statement of expenditures (SOE) documentation of the eligible expenditures, project



reporting, and monitoring.

CONTACT POINT

World Bank

Mahwash Wasiq
Senior Irrigation and Drainage Specialist

Darko Milutin
Disaster Risk Management Specialist

IGOR PALANDZIC
Senior Water Supply and Sanitation Specialist

Luis C. Blancas Mendivil
Senior Transport Specialist

Borrower/Client/Recipient

Bosnia and Herzegovina
H.E. Vjekoslav Bevanda
Minister
trezorbih@mft.gov.ba

Republic of Serbia
H.E. Siniša Mali
Minister
kabinet@mfin.gov.rs

Implementing Agencies

Brčko District

FBiH Ministry of Agriculture, Water Management and Forestry

International Sava River Basin Commission
Dragan Zeljko
Secretary



dzeljko@savacommission.org

Montenegro Ministry of Agriculture and Rural Development

Željko Furtula

Acting Director

zeljko.furtula@mpr.gov.me

Republic of Serbia Ministry of Agriculture, Forestry and Water Management

Natasa Micic

Head of Water Directorate

office@minpolj.gov.rs

Republic of Serbia Ministry of Construction, Transport and Infrastructure

Veljko Kovačević

Assistant Minister

veljko.kovacevic@mgsi.gov.rs

Republika Srpska Ministry of Agriculture, Forestry and Water

Boris Pasalic

Minister

mps@mps.vladars.net

FOR MORE INFORMATION CONTACT

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 473-1000

Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):

Mahwash Wasiq

Darko Milutin

IGOR PALANDZIC

Luis C. Blancas Mendivil

Approved By



Practice Manager/Manager:		
Country Director:	Jerry A. Lebo	19-Apr-2023
