



<b>1. Project Data:</b>		<b>Date Posted :</b> 07/22/2003	
PROJ ID: P033965		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Bulgaria Environmental Remediation Pilot Project	<b>Project Costs (US\$M)</b>	25.0	24.5
<b>Country:</b> Bulgaria	<b>Loan/Credit (US\$M)</b>	16.0	16.0
<b>Sector(s):</b> Board: ENV - General water sanitation and flood protection sec (100%)	<b>Cofinancing (US\$M)</b>	7.3	3.5
<b>L/C Number:</b> L4321			
	<b>Board Approval (FY)</b>		98
<b>Partners involved :</b>	<b>Closing Date</b>	12/31/2002	12/31/2002
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
John R. Heath	Ronald S. Parker	Alain A. Barbu	OEDST
<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
"The main objective of the proposed pilot project is to support the Government of Bulgaria in			
(i) reducing environmental hazards caused by past pollution and unsafe environmental management practices at MDK Copper Smelter;			
(ii) facilitating private investments in the company; and			
(iii) contributing to improvements in the environmental performance of the plant .			
This pilot project is envisaged to become a model for addressing past environmental damages and environmental liabilities in the process of privatization". (Project Appraisal Document)			
<b>b. Components</b>			
(i) Emergency Remediation Program (US\$4.0 million, 16 percent of total actual cost);			
(ii) Remediation of Past Environmental Damages (US\$20.5 million, 84 percent of total actual cost).			
<b>c. Comments on Project Cost, Financing and Dates</b>			
The project was delivered on schedule and on budget .			
<b>3. Achievement of Relevant Objectives:</b>			
(i) (Fully achieved). The slime pond was closed and consolidated . Toxic waster, debris and contaminated material were removed from the site . Discharge of heavy metals and other pollutants into surface water was reduced . A system for monitoring surface and groundwater was installed . A survey of 300 residents of the locality reported that the majority were highly satisfied with the clean up .			
(ii) (Fully achieved). Since the MDK Smelter was privatized, Union Miniere has invested US\$ 100 million to increase the operating efficiency of the plant .			
(iii) (Fully achieved). Both private company and government are committed to observing the requisite environmental guidelines. Contamination of soil at the plant site and of groundwater has been substantially reduced, and air quality has improved. Monitoring and site management have both been greatly enhanced .			
<b>4. Significant Outcomes/Impacts:</b>			
Performance was satisfactory according to all indicators defined in the Project Appraisal Document . Surface water quality with respect to arsenic now meets Class 3 river standards in the Topolnitza River . The plant is now in compliance with ambient standards for sulfur and sulfuric acid emissions from the 120 m smoke stack. The results of separate qualitative and quantitative surveys of beneficiaries confirm that there was a major positive environmental impact from this project, both in terms of clean up of past damage and tighter monitoring . This pilot will serve as a model for interventions elsewhere .			
<b>5. Significant Shortcomings (including non-compliance with safeguard policies):</b>			
Construction of the new fayalite tailings pond was delayed owing to the lengthy process for obtaining a permit ---but the new pond is now fully operational and the old one will be sealed and revegetated by the end of summer 2003 .			
<b>6. Ratings:</b>			
	ICR	OED Review	Reason for Disagreement /Comments

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<b>Outcome :</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability :</b>	Highly Likely	Highly Likely	
<b>Bank Performance :</b>	Satisfactory	Highly Satisfactory	In terms both of preparation and supervision this project represents best practice for environmental management, including excellent liaison with donors and private and public sector partners .
<b>Borrower Perf .:</b>	Satisfactory	Highly Satisfactory	Both government and the implementing agency performed with a high level of competence and commitment.
<b>Quality of ICR :</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

**7. Lessons of Broad Applicability:**

The project demonstrated the importance of: (a) securing government commitment to reform and clean up at the highest level; (b) having an effective communication strategy to win over the public; and (c) ensuring the continuity of a highly skilled and committed project management team throughout intervention . Based on the results of the beneficiary survey, the ICR contains a detailed list of lessons from the viewpoint of different partners in the process .

**8. Assessment Recommended?**  Yes  No

**9. Comments on Quality of ICR:**

The ICR is clearly presented and internally consistent and contains extensive comments from the Borrower, plus two annexes summarizing the results of beneficiary surveys and a stakeholder workshop .