

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA16262

Project Name	Danube Water Program Additional Financing (P152569)
Parent Project Name	DANUBE REGION WATER AND WASTE WATER SECTOR CAPACITY BUILDING PROGRAM (P128416)
Region	EUROPE AND CENTRAL ASIA
Country	Europe and Central Asia
Sector(s)	Water supply (50%), Sanitation (40%), Public administration-Water, sanitation and flood protection (10%)
Theme(s)	Other urban development (100%)
Lending Instrument	Investment Project Financing
Project ID	P152569
Parent Project ID	P128416
Borrower(s)	
Implementing Agency	
Environmental Category	C-Not Required
Date PID Prepared/Updated	29-Jan-2015
Date PID Approved/Disclosed	29-Jul-2015
Estimated Date of Appraisal Completion	31-Jan-2015
Estimated Date of First Grant Approval	01-Jul-2015
Appraisal Review Decision (from Decision Note)	The review did authorize the team to appraise and negotiate

I. Project Context

Country Context

The Danube basin is one of Europe's largest cross- boundary river catchment area spanning over 19 different countries with strong transnational regional ties. Those countries are Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Hungary, Italy, FYR Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, Switzerland, and Ukraine. The river Danube drains large parts of Central and South Eastern Europe before flowing into the Black Sea. A wide range of water sector knowledge is available in these countries, developed and maintained over the years through a historic relationship of knowledge exchanges between upstream and downstream countries, particularly between Austria and the South-East European (SEE) countries. Austria maintains traditional links with the countries in the Danube region and has been an important development partner during the transition period. Particularly after Austria's own accession to the European Union (EU) in 1995, Austrian institutions have been actively involved in capacity building activities in the water sector and beyond to support

institutional strengthening in view of EU accession of neighboring countries, including in the Czech Republic, Hungary, Slovakia, Slovenia, and later also Bulgaria and Romania.

Sectoral and institutional Context

In the wake of European accession and harmonization, many countries in the Danube region are undergoing a process of rapid modernization that has a major impact on the status and organization of the water and wastewater utility sector. To satisfy the European Acquis Communautaire, service provision standards are being raised significantly, and large investments in water and wastewater assets and infrastructure upgrading are taking place. The need to adopt the EU-driven cost recovery principle while keeping tariffs affordable, and the pressure to plan and implement investments efficiently while ensuring the infrastructure is properly operated and maintained, are proving strong grounds for national governments and utility companies around the region to revisit the way services are being delivered.

The on-going Danube Water Program (DWP) is a USD 6 million policy and utility technical assistance program for water and sanitation sector institutions, implemented by the World Bank in partnership with IAWD, the International Association of Water Supply Companies in the Danube River Catchment Area. Since its launch in May 2013, the Program has facilitated knowledge exchanges among more than 200 sector professionals and policy makers, launched four capacity-building programs benefiting more than 80 utilities in 11 countries, supported local initiatives worth more than USD 1.1 million, developed a partnership around DANUBIS.org, a platform for sharing water utilities information, cooperated with organizations such as the European Benchmarking Cooperation and national utility associations on the delivery of key elements, and leveraged more than USD 2.6 million of funding from beneficiaries and other donors. More information is available under the Program's website, www.danube-water-program.org.

The Program activities have met strong demand in the first 18 months of implementation. A Client survey was conducted from September 15 to October 15, 2014 and yielded more than 110 responses from 70 institutions and 15 countries. The results showed high overall satisfaction (83% qualifying the DWP as good or excellent) with the Program's current activities, in particular with regards to knowledge-sharing (83% finding it better than other programs') and analytical and advisory work (79% finding it better than other programs'). In addition there was also strong support for a continuation of the Program, with 88% supporting it, and in particular a demand for more capacity-building activities (72% asking for more than now).

The Program's mid-term review, held in May 2014, and lessons from international experience have showed that (i) successful institutional reform in, and capacity building of, sector institutions require extended efforts over a number of years, and (ii) institutions involved in the delivery of Program results would need strengthening to carry activities on after the Program's closing. The Austrian Government, as main donor of the DWP, has signaled its interest in a continued financing beyond the current closing date of October 2015 to scale up current activities and strengthen partner agencies, with an overall goal to ensure the Program's sustainable impact.

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

The Development Objective of the proposed Danube Region Water Supply and Wastewater Sector Capacity Building Program would be to support institutional capacity building and the development of regulatory and policy instruments in the water supply and wastewater sector in participating countries in the Danube Region. The program would support (i) development of regulatory and policy instruments, and (ii) training and capacity building. The higher level objective of the program is to contribute to improving the efficiency and quality of water supply and wastewater service delivery in the Danube region.

B. Proposed Project Development Objectives – Additional Financing (AF)

The Development Objective of the Danube Water Program is to support institutional capacity building and the development of regulatory and policy instruments in the water supply and wastewater sector in participating countries in the Danube Region. The program will support (i) development of regulatory and policy instruments, and (ii) training and capacity building.

III. Project Description

Component Name

Component 1 (Bank executed): Provision of Policy and Regulatory Support to National Level Authorities and Support to Program Implementation

Comments (optional)

Component Name

Component 2 (Recipient executed): Capacity Building and Knowledge Sharing for Water Supply and Wastewater Sector Stakeholders

Comments (optional)

IV. Financing (in USD Million)

Total Project Cost:	7.09	Total Bank Financing:	0.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			0.64
Free-standing TF for ECA			6.44
Total			7.09

V. Implementation

The scope, design and implementation arrangements of the project will not be significantly altered under the Additional Financing, but will reflect lessons learned in the on-going project and the stronger focus on the development of institutionally and financially more sustainable activities.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		x
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x

Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

World Bank

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Borrower/Client/Recipient

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Implementing Agencies

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