



## Global Environment Facility

Monique Barbut  
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August 7, 2009

Dear Council Member,

I am writing to notify you that we have today posted on the GEF's website at [www.TheGEF.org](http://www.TheGEF.org), a medium-sized project proposal from UNEP entitled ***Regional (Bulgaria, Romania): Promoting Payments for Environmental Services (PES) and Related Sustainable Financing Schemes in the Danube Basin***, to be funded under the GEF Trust Fund.

The overall development objective of the project is to secure global environmental benefits by mainstreaming payments for ecosystem services (PES) and sustainable financing (SF) schemes in integrated river basin management for large-scale international watersheds.

The project proposal is being posted for your review. We would welcome any comments you may wish to provide by August 21, 2009, in accordance with the new procedures approved by the Council. You may send your comments to [gcoordination@TheGEF.org](mailto:gcoordination@TheGEF.org).

If you do not have access to the Web, you may request the local field office of the World Bank or UNDP to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,

A handwritten signature in black ink, appearing to read 'Barbut', enclosed within a simple, hand-drawn rectangular box.

Copy: Country Operational Focal Point, GEF Agencies, STAP, Trustee



# REQUEST FOR CEO ENDORSEMENT/APPROVAL

PROJECT TYPE: Medium-sized Project

THE GEF TRUST FUND

Submission Date: July 02, 2009

## PART I: PROJECT INFORMATION

GEFSEC PROJECT ID: PROJECT DURATION: 48 months

GEF AGENCY PROJECT ID: 2806

COUNTRY(IES): Romania, Bulgaria

PROJECT TITLE: Promoting Payments for Ecosystem Services (PES) and Related Sustainable Financing Schemes in the Danube Basin

GEF AGENCY(IES): UNEP

OTHER EXECUTING PARTNER(S): WWF (Danube-Carpathian Program Office WWF-DCPO)

GEF FOCAL AREA(S): Biodiversity, International Waters

GEF-4 STRATEGIC PROGRAM(S): BD SP5 Markets, IW SP3 Freshwater Basins

NAME OF PARENT PROGRAM/UMBRELLA PROJECT: N/A

Expected Calendar (mm/dd/yy)	
Milestones	Dates
Work Program (for FSPs only)	n/a
Agency Approval date	Aug 2009
Implementation Start	Jan 2010
Mid-term Evaluation (if planned)	Jan 2012
Project Closing Date	Dec 2013

## A. PROJECT FRAMEWORK

### Project Objective:

The overall development objective of the project is:

To secure global environmental benefits by mainstreaming payments for ecosystem services (PES) and sustainable financing (SF) schemes in integrated river basin management for large-scale international watersheds.

The specific project objectives are:

- To demonstrate and promote PES and other sustainable financing schemes in the Lower Danube river basin.
- To derive lessons of relevance for the Danube basin at large and for other international watersheds

Project Components	Inv, TA, ST A <sup>2</sup>	Expected Outcomes	Expected Outputs	GEF Financing <sup>1</sup>		Co-Financing <sup>1</sup>		Total (\$) c=a+ b
				(\$ a)	%	(\$ b)	%	
1. Design, development and promotion of PES and other sustainable financing schemes in Bulgaria and Romania	TA	New markets for biodiversity and/or water-related ecosystem services created by improving the targeting, delivery, use and monitoring of at least €8 billion, thus contributing to integrated river basin management and rural livelihoods in the Lower Danube: <ul style="list-style-type: none"> <li>3-5 local water and/or biodiversity PES schemes set-up to support conservation-friendly land uses on 500,000 ha in Romania and Bulgaria.</li> <li>PES mechanisms integrated into Danube River Basin Management plan to catalyze support for IRBM on up to 7 million ha of production landscapes.</li> <li>2 national biodiversity</li> </ul>	1.1. National PES schemes in Romania and Bulgaria effectively reward provision of Danube-related ecosystem services and are integrated into Danube River Basin and sub-basin management plans	\$111 732	45,9	\$131 521	54,1	\$243 253
			1.2. Capacity building and training in PES/SFs for key stakeholders in Romania and Bulgaria	\$71 076	46,9	\$80 457	53,1	\$151 533
			1.3. Demonstration of local-level implementation of public payments for Danube-related ES	\$358 473	54,8	\$295 969	45,2	\$654 442

		and/or water-related PES schemes developed in Romania and Bulgaria	1.4. Private sector involvement and support for PES schemes demonstrated	\$93 175	32,6	\$192 960	67,4	\$286 135
			<i>SUB-TOTAL COMP.1</i>	\$634 456	47,5	\$700 907	52,5	\$1 335 363
2. Capacity building for river basin managers and other key stakeholders in the wider Danube river basin and major river basins in the world	TA	Measurable increase in conservation community's knowledge and use PES and SF schemes. Documented evidence of key stakeholders are considering adapting them to their sub river-basins.	2.1. Information and experience exchange for key stakeholders in Danube and sub river basins	\$25 018	22,3	\$87 374	77,7	\$112 392
			2.2. Experience exchange with stakeholders in selected major river basins.	\$65 522	43,1	\$86 400	56,9	\$151 922
			2.3. Best practices and lessons learned are documented, distributed and discussed with the international conservation community.	\$46 769	30,9	\$104 400	69,1	\$151 169
			<i>SUB-TOTAL COMP.2</i>	\$137 308	33,0	\$278 174	67,0	\$415 484
3. Monitoring and evaluation				\$105 771	46,5	\$121 800	53,5	\$ 227 571
4. Project management				\$87 140	26,0	\$248 492	74,0	\$335 632
<b>Total Project Costs</b>				<b>A \$964 676</b>	<b>41,7</b>	<b>B\$1 349 373</b>	<b>58,3</b>	<b>\$2 314 049</b>

<sup>1</sup> List the \$ by project components. The percentage is the share of GEF and Co-financing respectively of the total amount for the component.

<sup>2</sup> TA = Technical Assistance; STA = Scientific & Technical Analysis.

## B. SOURCES OF CONFIRMED CO-FINANCING FOR THE PROJECT

(excluding PDF A 25 000USD)

<i>Name of Co-financier (source)</i>	<i>Classification</i>	<i>Type</i>	<i>Amount</i>	<i>%*</i>
WWF	NGO	Grant	1 114 173	82,6
BG Ruse Municipality	Local Gov't	In kind	30 000	2,2
BG Tzenovo Municipality	Local Gov't	In kind	18 000	1,3
BG Dolna Mitropolija Municipality	Local Gov't	In kind	12 000	0,9
BG Rusenski Lom NP Directorate	Nat'l Gov't	In kind	9 600	0,7
BG Persina NP Directorate	Nat'l Gov't	In kind	36 000	2,7
BG Friends of RL Association	NGO	In kind	6 000	0,4
BG Nature Tourism Association	Private Sector	In kind	12 000	0,9
RO Environmental Protection Agency	Nat'l Gov't	In kind	73 200	5,4
RO National Water Authority	Nat'l Gov't	In kind	12 000	0,9
RO Baia Mare Forest Authority	Local Gov't	In kind	12 000	0,9
RO Ciocanesti Fish farm	Private sector	In kind	7 200	0,5
RO Iezer Calarasi Fish farm	Private Sector	In kind	7 200	0,5
<b>Total Co-financing</b>			<b>B 1 349 373</b>	<b>100%</b>

\* Percentage of each co-financier's contribution at CEO endorsement to total co-financing.

## C. FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	<i>Project Preparation a</i>	<i>Project b</i>	<i>Total c = a + b</i>	<i>Agency Fee</i>	<i>For comparison: GEF and Co- financing at PIF</i>
GEF financing	25,000*	A 964,676	989,676	98,967	964,676
Co-financing	25,000	B 1,349,373	1,374,373		1,349,373
<b>Total</b>	50,000	2,314,049	2,363,049	98,967	2,314,049

\* Approval date of PDF A: 1<sup>st</sup> of June 2005, GEF-3

#### D. GEF RESOURCES REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES)<sup>1</sup>

<i>GEF Agency</i>	<i>Focal Area</i>	<i>Country Name/ Global</i>	<i>(in \$)</i>		
			<i>Project (a)</i>	<i>Agency Fee (b)<sup>2</sup></i>	<i>Total c=a+b</i>
UNEP	Biodiversity	Bulgaria	482 338	49 483	531 821
UNEP	Biodiversity	Romania	482 338	49 483	531 821
<b>Total GEF Resources</b>			964 676	98 966	1 063 642

<sup>1</sup> No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

<sup>2</sup> Relates to the project and any previous project preparation funding that have been provided and for which no Agency fee has been requested from Trustee.

#### E. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

<i>Component</i>	<i>Estimated person weeks</i>	<i>GEF amount(\$)</i>	<i>Co-financing (\$)</i>	<i>Project total (\$)</i>
Local consultants*	1245	513 616	772 196	1 285 812
International consultants*	5	7 200	7 200	14 400
<b>Total</b>	1250	520 816	779 396	1 300 212

\* Details to be provided in Annex C.

#### F. PROJECT MANAGEMENT BUDGET/COST

<i>Cost Items</i>	<i>Total Estimated person weeks/months</i>	<i>GEF amount (\$)</i>	<i>Co-financing (\$)</i>	<i>Project total (\$)</i>
Local consultants*	164	61 750	144 084	205 834
International consultants*	0	0	0	0
Office facilities, equipment, vehicles and communications*		18 000	0	18 000
Travel*		10 111	15 683	25 794
Others**				
<b>Total</b>		<b>89 861</b>	<b>159 767</b>	<b>249 628</b>

\* Details to be provided in Annex C. \*\* For others, it has to clearly specify what type of expenses here in a footnote.

#### G. DOES THE PROJECT INCLUDE A "NON-GRANT" INSTRUMENT? yes no

**H. DESCRIBE THE BUDGETED M & E PLAN:** This is discussed in Section 6 of the Project Document and is presented in detail in Appendix 7 - Costed Monitoring and Evaluation Plan. The M&E is consistent with GEF policy, includes SMART indicators as well as mid-term and end-of-project targets. The M&E plan will be reviewed and revised as necessary at project inception and a project supervision plan will also be developed at this stage. The main emphasis will be on outcome monitoring, but financial and implementation monitoring will also occur. The main assessment method will be through the mid-term and terminal evaluations. The project steering committee will participate in the mid-term evaluation and the terminal evaluation will be managed by the Evaluation and Oversight Unit (EOU) of UNEP.

#### PART II: PROJECT JUSTIFICATION:

**A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:** This is outlined in Section 3.1 of the Project Document. The lower Danube is one of

the world's biodiversity hotspots and supports diverse ecosystems (especially riverine and wetland areas) of global importance, including endemic species as well as breeding and spawning areas for globally threatened species of fish and fowl. The project aims to develop and demonstrate both national and regional/local Payments for Ecosystem Services and related sustainable financing mechanisms that can support integrated river basin management in the Danube and sub-river basins and the long-term conservation and maintenance of these globally important biodiversity and ecosystems. It further seeks to share this experience with other major river basins of global importance such as the Mekong and Amazon as well as with the broader international community.

- B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL AND/OR REGIONAL PRIORITIES/PLANS:** Discussed in Section 3.6 of the Project Document. The proposed project fits major priorities related to environment and rural development of the focal countries Romania and Bulgaria, including national Biodiversity Conservation Strategies; the Danube River Protection Convention and the Lower Danube Green Corridor Agreement, of which both countries are signatories. The project further contributes to the implementation of key pieces of EU and national legislation and policies in both countries, including the Water Framework Directive, the Birds and Habitats Directives as well as EU Common Agricultural and Cohesion Policies.
- C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:** This is outlined in Section 2.7 of the Project Document. The project is consistent with GEF Strategic Objective (SO2) Biodiversity: Mainstreaming Biodiversity in Production Landscapes/Seascapes and Sectors as well as International Waters SO2: Catalyze Transboundary Action Addressing Water Concerns, and contributes to GEF Strategic Programmes: BD Markets SP5 "Fostering Markets for Biodiversity Goods and Services" and IW Freshwater Basins SP3 "Balancing overuse and conflicting uses of water resources in surface and groundwater basins that are transboundary in nature". In line with the GEF BD Focal Area Strategy, the proposed project aims to: "mainstream biodiversity conservation and sustainable use into production sectors that impact biodiversity" and design "PES schemes to compensate resource managers for off-site ecological benefits"; its activities "seek to catalyze markets for biodiversity goods and services...to generate biodiversity gains through market mechanisms"; and also provides "information on the value of biodiversity and its contribution to national development or to the ongoing operations of a business and its dependent on biodiversity". Regarding the GEF IW Focal Area Strategy, the project approach conforms with the GEF approach for "integrated, ecosystem-based approaches to management of transboundary water resources" by "placing human activities at the center of the transboundary waters...so that multiple benefits may be sustained".
- D. JUSTIFY THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES.** N/A
- E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:** Discussed in Section 2.7 of the Project Document. The project anticipates working closely with the International Commission for the Protection of the Danube River (ICPDR) especially regarding integration of PES/SF schemes into River Basin Management Plans for the Danube and sub-river basins. The project will also link to a number of ongoing and recently finished conservation programs and projects in the Danube, including the Danube Regional Project (UNDP/GEF, completed), Financial Sustainability of the National Systems of Protected Areas in Six Countries (UNDP/GEF, ongoing) and Bulgaria Wetlands Restoration and Pollution Reduction (World Bank/GEF, ongoing) as well as a number of conservation initiatives supported by EU conservation-related programs and projects in the Danube basin. WWF has been closely involved in most of these initiatives, and linkages will continue through the involvement of representatives of relevant institutions in the Project Steering Committee.
- F. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH [INCREMENTAL REASONING](#) :** Discussed in Section 3.7 of the Project Document. In the current baseline scenario there are national funding programmes that are potentially relevant for nature conservation and securing ecosystem services, but these in practice are not well targeted nor delivered. At local and regional levels, there are currently no functioning PES schemes in the project focal area. In Romania and Bulgaria as well as in other countries of the Danube River Basin and other major river basins around the world there is only limited awareness and understanding of how PES/SF mechanisms can contribute to integrated river basin management. The alternative scenario will improve targeting and delivery of national payment schemes and develop and demonstrate a number of local/regional schemes, including ones with private-sector involvement and financing. It will also introduce PES/SF schemes as contributions to the programs of measures for the River Basin Management Plans for the Danube and sub-river basins and share this experience with a number of major river basins around the world.

**G. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED AND OUTLINE RISK MANAGEMENT MEASURES:** Discussed in Section 3.5 of the Project Document. Key risks that have been identified include: Climate change impacts (floods /droughts) in the Danube River Basin become too strong too soon; Global financial crisis pressures CEE economies and thus businesses do not buy into PES schemes; PES schemes cannot be upscaled due to governments unwillingness to mainstream PES schemes in the national development programs; Danube lessons/approaches are not relevant or useful in other contexts/basins. Mitigatproject design and implementation measures envisaged to address the above risks include: .enhanced communication efforts supporting the “give space to the river” approaches as more nature-friendly and effective flood control measures; fostering the growing of the *economic* benefits of ecosystem services (e.g. for flood protection); build upon underlying factors supporting mainstreaming such as: the earmarked co-funding by the EU prioritizing PES, support expressed by national ministries participating in the project, and WWF-DCPO’s strategic role as a member of the monitoring committees for the EU-funded plans at national level as well as a member of the EU Agriculture and Environment Advisory group in Brussels; finally the project will initiate staff exchanges and visits for practitioners from other river basins (activity 2.2.2.) from the second year of the project implementation, helping identify approaches and PES schemes relevant in other contexts.

**H. EXPLAIN HOW COST-EFFECTIVENESS IS REFLECTED IN THE PROJECT DESIGN:** Discussed in Section 7.3 of the Project Document. The cost-effectiveness of the project results from the leveraging of potentially longer-term financing schemes for securing biodiversity and ecosystem services, including up to €8 billion in EU and national funds in Romania and Bulgaria in the period 2007-13, and the chance to influence similar payments schemes in other Danube countries as well as other major river basins. The project builds upon a well-established network of NGOs and government institutions, and on prior GEF supported initiatives. These have also generated a significant amount of baseline information and professional capacity that will greatly reduce the costs of project implementation.

**PART III: INSTITUTIONAL COORDINATION AND SUPPORT**


**A. INSTITUTIONAL ARRANGEMENT: UNEP is the sole implementing agency.**

**B. PROJECT IMPLEMENTATION ARRANGEMENT:** Discussed in Section 4 of the Project Document. The WWF Danube-Carpathian Program Office (WWF-DCPO) of WWF, as the Executing Agency, will be responsible for implementation of the project and will serve as executing agency at the global/regional level. WWF will cooperate with UNEP, as the GEF IA. The Project Management Unit will be based in WWF-DCPO with a coordination office in Vienna, national offices in Bucharest and Sofia, and field offices or close partners in Ukraine, Moldova and Serbia. An Executive Project Steering Committee will be established and will include representatives from WWF, UNEP; and national representatives from Bulgaria and Romania and possibly from Ukraine and Serbia, e.g. the national focal points for the ICPDR. Additional people may be invited to attend, e.g. representatives of the European Commission (e.g. DG-Environment), the private sector, or other international organizations interested in PES, SFs and/or IRBM.

**PART IV: EXPLAIN THE ALIGNMENT OF PROJECT DESIGN WITH THE ORIGINAL PIF:** The FSP project design is closely aligned with the approved PIF: overall goal and objective remain unaltered, as do country high-level priorities. Similarly, the executing agencies and the project components’ content are unaltered. The main deviations from the approved PIF include increase in the share of national partners co-financing from US\$ 128,000 to US\$235,200.

**PART V: AGENCY(IES) CERTIFICATION**

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for CEO Endorsement.

Agency Coordinator, Agency name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Maryam Niamir-Fuller Director, Division of Global Environment		06.17.2009	Edoardo Zandri, Task Manager, Biodiversity & Natural	+254 20 762 4380	edoardo.zandri@unep.org

Facility Coordination, UNEP			Resources, United Nations Environment Programme (UNEP)		
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**ANNEX A: PROJECT RESULTS FRAMEWORK**

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<b>Outcome 1: New markets for biodiversity and/or water-related ecosystem services created by improving the targeting, delivery, use and monitoring of as much as €3 billion as well as demonstrating local and private sector schemes, thus contributing to integrated river basin management and rural livelihoods in the Lower Danube.</b>						
	<ul style="list-style-type: none"> <li>• Number of national PES schemes developed in Romania, Bulgaria by project end</li> <li>• Number of local water and/or biodiversity PES schemes established to support conservation-friendly land uses (and area covered in ha) in Romania, Bulgaria by project end</li> <li>• PES/SF mechanisms integrated into Danube River Basin Management plan by project end</li> </ul>	<ul style="list-style-type: none"> <li>• Existing agri-environmental schemes not targeted to specific regional environmental conditions</li> <li>• No local PES schemes</li> <li>• No Danube River Basin Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Development of 2 national PES schemes is initiated</li> <li>• Development of 3 local PES schemes is initiated</li> <li>• Consultations with relevant stakeholders for the integration of PES/SF mechanisms into the Danube RBM Plan is initiated and ongoing</li> </ul>	<ul style="list-style-type: none"> <li>• 2 national PES schemes developed</li> <li>• 3+ local PES schemes established covering an area of at least 500,000 ha</li> <li>• PES/SF mechanisms integrated into Danube RBM Plan</li> </ul>	<ul style="list-style-type: none"> <li>• National funding programs and delivery.</li> <li>• Project progress reports documenting local and private-sector PES/SF schemes.</li> <li>• Danube RBM Plans.</li> </ul>	<ul style="list-style-type: none"> <li>• R: Intensified construction of dikes, dams and other “hard” approaches to flooding, which is increasing due to climate change.</li> <li>• R: Global financial crisis leads to cuts in EU/state aid schemes.</li> <li>• A: Willingness of governments to shift focus of existing schemes.</li> <li>• A: Current EU/national-funded programs are continued and extended after 2013.</li> </ul>



Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 1.1</b></p> <p>National PES schemes in RO, BG reward provision of ecosystem services and are integrated into Danube river basin and sub-basin management plans.</p>	<ul style="list-style-type: none"> <li>• PES/SFs are included in the Program of Measures for Danube River Basin Management Plan by project end</li> <li>• Evidence of uptake of Danube-related national payment schemes by farmers and other resource users by project end</li> </ul>	<ul style="list-style-type: none"> <li>• No Program of Measures, no management plan</li> <li>• No Danube-related PES schemes exist</li> </ul>	<ul style="list-style-type: none"> <li>• PES/SFs are included in first draft Program of Measures of the Danube RBM Plan</li> <li>• Best-practice guidelines and recommendations for integrating PES/SFs into RBM Plans are available</li> </ul>	<ul style="list-style-type: none"> <li>• PES/SFs included in Program of Measures for Danube RBM Plan</li> <li>• Evidence of increasing trend of uptake of Danube-related national payment schemes by farmers and other resource users</li> </ul>	<ul style="list-style-type: none"> <li>• Program of Measures for Danube RBM Plan</li> <li>• Official evaluations of relevant funding programs.</li> </ul>	<ul style="list-style-type: none"> <li>• A: Continued policy framework and funding programs as well as implementation.</li> <li>• A: Interest and cooperation of relevant national authorities and local stakeholders.</li> <li>• R: Current economic/financial crisis leads to</li> </ul>
<p><b>Output 1.2</b></p> <p>Capacity building and training in PES/SFs for key stakeholders in RO, BG</p>	<ul style="list-style-type: none"> <li>• Number of river basin managers and other key stakeholders in Romania, Bulgaria trained in PES/SFs by project end</li> <li>• Number of stakeholders relevant to decision making on river basin management in Romania, Bulgaria who are aware of ecosystem services and opportunities for PES/SFs by project end</li> </ul>	<ul style="list-style-type: none"> <li>• Little or no awareness / understanding.</li> <li>• Little or no awareness.</li> </ul>	<ul style="list-style-type: none"> <li>• Key stakeholders, level of knowledge and needs related to PES/SFs in Danube river basin is determined</li> <li>• Watershed managers/ stakeholders relevant to decision making on RBM in RPO and BG are identified, and an initial core group is aware of ecosystem services and opportunities for PES/SFs</li> </ul>	<ul style="list-style-type: none"> <li>• 80+ basin managers, stakeholders trained.</li> <li>• All identified stakeholders relevant to decision making on RBM in RO, BG aware of ecosystem services and PES/SFs.</li> </ul>	<ul style="list-style-type: none"> <li>• Project report: documentation of training program and trainees (certificates of participation), including post-training feedback from participants</li> </ul>	<ul style="list-style-type: none"> <li>• A: River basin managers and key stakeholders willing to participate in trainings</li> <li>• A: Relevant stakeholders show interest in ecosystem services, PES/SFs.</li> <li>• A: budget is found sufficient to raise awareness and train all identified stakeholders</li> </ul>

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 1.3</b></p> <p>Demonstration of local-level implementation of public payments for Danube-related ecosystem services</p>	<ul style="list-style-type: none"> <li>• Number of local demonstration projects successfully implemented in Romania and Bulgaria, involving public-funded PES/SFs by project end</li> </ul>	<ul style="list-style-type: none"> <li>• No relevant projects functioning. Some preparatory work already undertaken for several potential schemes</li> </ul>	<ul style="list-style-type: none"> <li>• 3+ local demonstration projects identified and under development</li> </ul>	<ul style="list-style-type: none"> <li>• 3+ local demonstration projects successfully implemented, and generating examples of best-practice</li> </ul>	<ul style="list-style-type: none"> <li>• Demo projects' reports and publications</li> <li>• External Evaluation of demo projects and their outputs, by independent assessment</li> </ul>	<ul style="list-style-type: none"> <li>• R/A: Various risks and assumptions specific to the individual cases, e.g. interest/participation of relevant stakeholders, economic conditions and incentives, and policy framework.</li> </ul>
<p><b>Output 1.4</b></p> <p>Private sector involvement and support for PES schemes demonstrated</p>	<ul style="list-style-type: none"> <li>• Number of demonstration projects successfully implemented in Romania, Bulgaria involving private-funded PES/SFs by project end</li> </ul>	<ul style="list-style-type: none"> <li>• No private sector PES schemes in project area</li> </ul>	<ul style="list-style-type: none"> <li>• 2+ demonstration projects identified and under development</li> </ul>	<ul style="list-style-type: none"> <li>• 2+ demonstration projects in Romania, Bulgaria successfully implemented, and generating examples of best-practice</li> </ul>	<ul style="list-style-type: none"> <li>• Demo projects' reports and publications</li> <li>• External Evaluation of demo projects and their outputs, by independent assessment</li> </ul>	<ul style="list-style-type: none"> <li>• R/A: Interest/participation of private sector</li> <li>• R/A: Continuation or improvement of existing policy framework and economic conditions</li> </ul>
<p><b>Outcome 2: Measurable increase in conservation community's knowledge and use of PES and SF schemes.</b></p>						

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
	<ul style="list-style-type: none"> <li>• Evidence of a positive trend in the number of stakeholders in Danube river basin and other major river basins that are aware of Danube experience with PES/SFs, and considering adapting it to their situations by project end</li> <li>• Quality and quantity of best practices/lessons learned documented, disseminated and discussed with the international conservation community by project end</li> </ul>	<ul style="list-style-type: none"> <li>• Little or no awareness</li> <li>• No documentation of best practice/lessons learned in the Danube River Basin</li> </ul>	<ul style="list-style-type: none"> <li>• Key stakeholders, level of knowledge and needs related to PES/SFs in Danube and 3+ major other river basins are identified.</li> <li>• The accurate documentation of processes and activities leading to best practice is systematically being documented at all demonstration sites supported by the project</li> </ul>	<ul style="list-style-type: none"> <li>• All identified key stakeholders in Danube RB and 3 other major river basins are aware of PES/SFs and Danube experience</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence provided in project progress and final reports</li> <li>• Interviews with key set of stakeholders conducted during final project evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• R: Danube lessons/approaches are not relevant or useful in other contexts/basins.</li> <li>• A: sufficient level of interest of key stakeholders in greater Danube and other major river basins</li> </ul>

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 2.1</b></p> <p>Information and experience exchange for key stakeholders in Danube and sub-river basins</p>	<ul style="list-style-type: none"> <li>• Number of river basin managers and other key stakeholders in Serbia and Ukraine who are aware of project experience and had the opportunity to share expertise generated through the project in RO and BG by project end</li> <li>• Level of availability of guidance documents and lessons learned related to PES/SF, among river basin managers and other key stakeholders in the wider Danube river basin by project end</li> </ul>	<ul style="list-style-type: none"> <li>• No awareness</li> <li>• No awareness.</li> </ul>	<ul style="list-style-type: none"> <li>• Key stakeholders in Serbia and Ukraine are identified, and their level of knowledge and needs related to PES/SFs in Danube river basin is assessed</li> <li>• Evidence of project aims and activities prominently covered regularly (i.e. at least four times a year) in relevant media and communications channels reaching target group (e.g. ICPDR's <i>Danube Watch</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• 2 national training workshops held in Serbia, Ukraine, with a total of 40+ participants.</li> <li>• Project and guidance/tools/publications for the implementation PES/SF are widely available to target groups, and increasingly covered in relevant media and communications channels reaching target group (e.g. ICPDR's <i>Danube Watch</i>).</li> </ul>	<ul style="list-style-type: none"> <li>• Surveys/analyses undertaken at project inception and end.</li> <li>• Workshop reports and feedback from participants</li> <li>• Availability of guidance documents and lessons learned to the target groups</li> <li>• Documentation of media coverage and other communication channels used + their relative readership/coverage</li> </ul>	<ul style="list-style-type: none"> <li>• A: sufficient level of interest/participation of river basin managers and other key stakeholders</li> </ul>

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 2.2</b></p> <p>Exchange of information and experience with stakeholders in selected major river basins</p>	<ul style="list-style-type: none"> <li>Number of key stakeholders in other major river basins who are exposed to lessons learned and expertise generated in the Danube RB by project end</li> </ul>	<ul style="list-style-type: none"> <li>No awareness of Danube project experience and expertise</li> </ul>	<ul style="list-style-type: none"> <li>Preparation for the implementation of the 3 workshop is initiated and ongoing</li> <li>Participants for the staff exchange visits from other River Basins are identified, and outline programme for the exchange visits is prepared.</li> </ul>	<ul style="list-style-type: none"> <li>3 regional workshops (1 each in Asia, Latin America and Africa) to present/discuss lessons learned and experience in the Danube project (with a total of 60+ participants).</li> <li>Staff exchanges and visits to Lower Danube , for practitioners from other major river basins (total of 4-8 people).</li> </ul>	<ul style="list-style-type: none"> <li>Project progress reports including documentation of workshops and staff exchanges.</li> <li>Feedback from participants in workshops and staff exchanges.</li> </ul>	<ul style="list-style-type: none"> <li>A: Interest and participation of key stakeholders in other major river basins</li> </ul>

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 2.3</b></p> <p>Best practices and lessons learned are documented, distributed and discussed with the conservation and international community</p>	<ul style="list-style-type: none"> <li>Evidence of the number of key institutions in the conservation, freshwater management and rural development communities that have benefited from or have shared project experience and expertise by project end</li> </ul>	<ul style="list-style-type: none"> <li>No experience shared</li> <li>No publications</li> </ul>	<ul style="list-style-type: none"> <li>A global roster of key institutions in the conservation, freshwater management and rural development communities is identified as a target for project communication efforts</li> <li>An initial outline of the scope of key project publications is developed, including: 1) About the project/lessons learned; 2) “How to” and best practice manuals.</li> </ul>	<ul style="list-style-type: none"> <li>Production and dissemination of publications: 1) About the project/lessons learned; 2) “How to” and best practice manuals.</li> <li>All identified (at least 30) institutions globally (technical, development and environmental communities) are aware of the best practice examples and lessons generated by the project.</li> </ul>	<ul style="list-style-type: none"> <li>Project progress reports documenting meetings and presentations.</li> <li>Distribution lists and copies of publications</li> <li>External assessment of the quality of publications, including feedback form target users/readers</li> </ul>	<ul style="list-style-type: none"> <li>A: Interest of institutions</li> </ul>
<b>Outcome 3: Effective project management and coordination; monitoring and evaluation (M&amp;E)</b>						
	<ul style="list-style-type: none"> <li>Project managed effectively</li> </ul>	<ul style="list-style-type: none"> <li>No project in place</li> </ul>	<ul style="list-style-type: none"> <li>Project team in place, all demonstration sites operational, and project being effectively managed</li> </ul>	<ul style="list-style-type: none"> <li>Project successfully concluded</li> </ul>	<ul style="list-style-type: none"> <li>All project reports and outputs</li> </ul>	<ul style="list-style-type: none"> <li>R: difficulties in recruiting and/or retaining suitable staff for the entire duration of the project</li> </ul>

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 3.1</b></p> <p>Project deliverables produced on time and within budget.</p>	<ul style="list-style-type: none"> <li>• Project team in place and operational by month 6</li> <li>• Detailed Project Workplan in place by month 6 and regularly updated thereafter</li> <li>• Transparent Accounting system in place and maintained throughout project implementation</li> <li>• Progress &amp; financial reports produced on time by the Executing Agency</li> </ul>	<ul style="list-style-type: none"> <li>• No project structure in place</li> <li>• No detailed Project Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Project full team in place and operational (by month 6)</li> <li>• Activities at all demonstration sites initiated in year 1, and now ongoing</li> <li>• Project workplan in place and regularly implemented</li> <li>• Reports produced on time</li> </ul>	<ul style="list-style-type: none"> <li>• All project outputs delivered on time</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports (6-monthly)</li> <li>• Financial reports (6-monthly)</li> </ul>	<ul style="list-style-type: none"> <li>• Timely appointment of project coordinator</li> <li>• Economic stability</li> </ul>
<p><b>Output 3.2</b></p> <p>Effective M&amp;E framework in place.</p>	<ul style="list-style-type: none"> <li>• Level and quality of implementation of the M&amp;E Plan as a tool for adaptive management</li> <li>• Timeliness &amp; quality of external audits</li> </ul>	<ul style="list-style-type: none"> <li>• M&amp;E Plan in draft form</li> </ul>	<ul style="list-style-type: none"> <li>• M&amp;E Plan revised at inception workshop and being used as a tool for adaptive management</li> </ul>	<ul style="list-style-type: none"> <li>• All M&amp;E targets met</li> <li>• At least 1 external audit of project budget is completed</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports including revised M&amp;E plans</li> <li>• Audit reports</li> </ul>	<ul style="list-style-type: none"> <li>• A: Necessary baseline data is collected on time</li> </ul>
<p><b>Output 3.3</b></p> <p>External M&amp;E conducted as per GEF guidelines</p>	<ul style="list-style-type: none"> <li>• Mid-term evaluation completed on or about year 2</li> <li>• Terminal evaluation completed at project end</li> </ul>		<ul style="list-style-type: none"> <li>• Mid-term evaluation completed by year 2</li> </ul>	<ul style="list-style-type: none"> <li>• Terminal evaluation completed at project end</li> </ul>	<ul style="list-style-type: none"> <li>• Mid-term evaluation report</li> <li>• Terminal evaluation report</li> </ul>	

**ANNEX B: RESPONSES TO PROJECT REVIEWS** (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF)

Secretariat Comment:

Please use the preparation period to also raise national co-financing.

Response:

At PIF stage partners' co-financing was 128 000 USD.

During project preparation period [end February – end March 2009] the amount of partners co-financing was almost doubled to 235 200 USD. It is split as follows:

Per country partners' co-financing:

Partners from Bulgaria – 123 600 USD

Partners from Romania – 111 600 USD

Per partner type co-financing:

National government – 130 800 USD

Local government – 72 000 USD

Private – 26 400 USD

NGO – 6000 USD

It is expected that during the 4 year implementation period additional leveraged resources will be raised to ensure the sustainability of the proposed and developed PES schemes in both Bulgaria and Romania.



**ANNEX C: CONSULTANTS TO BE HIRED FOR THE PROJECT USING GEF RESOURCES**

<i>Position Titles</i>	<i>\$/ person week*</i>	<i>Estimated person weeks**</i>	<i>Tasks to be performed</i>
<b>For Project Management</b>			
<b>Local</b>			
Project manager	1255	49,2	Overall project management; coordination of experts; cooperation and coordination with partners and stakeholders at national and international levels. (Details provided in Appendix 11 of Annex 1)
<b>International</b>			
n/a			
Justification for Travel, if any: The Project manager will be travelling intensively to both countries and to demonstration sites as well as participating at various regional and international events related to PES. The finance manager will travel as long as it is necessary to participate in the project inception and monitoring& evaluation meetings. Accountants in BG and RO will not travel unless strictly required to ensure smooth project expenditure reporting.			
<b>For Technical Assistance</b>			
<b>Local</b>			
<b>BULGARIA</b>			
National project coordinator	825	55	Ensures project coordination at national level, selection and involvement of thematic experts, coordination with partners, stakeholders and governmental bodies; in close coordination with project manager and national accountant.
Demonstration site coordinators	675	87	Ensure project implementation in the selected demonstration sites, works in close cooperation with national coordinator and project manager; ensures involvement of local stakeholders and partners.
Freshwater experts	855	18	Support the assessment of water/biodiversity ecosystem services and definition of measures to be supported in view of IRBM and requirements of the WFD and Danube RBMP.
Sustainable fisheries experts	860	10	Support the identification and implementation of sustainable fisheries practices and respective aqua-environment measures and their integration in proposed PES schemes and funds..
Agriculture and Rural Development experts	1095	25	Support the identification and implementation of sustainable agriculture and traditional farming practices as well as relevant agri-environmental measures and their integration in proposed PES schemes and funds..
Sustainable tourism experts	1075	14	Support the identification and implementation of sustainable tourism practices and their integration in proposed PES schemes and funds.
EU funding experts	1095	21	Support the identification and development of PES schemes with EU public funding
Economic tools/PES experts		35	Support the identification and development of PES

	1095		schemes with private funding and their integration with the proposed public PES
Communication experts	835	35	Support the communication of project activities, results and outcomes.
<b>ROMANIA</b>			
National project coordinator	825	55	Ensures project coordination at national level, selection and involvement of thematic experts, coordination with partners, stakeholders and governmental bodies; in close coordination with project manager and national accountant.
Demonstration site coordinators	755	120	Ensure project implementation in the selected demonstration sites, works in close cooperation with national coordinator and project manager; ensures involvement of local stakeholders and partners.
Freshwater experts	1365	10	Support the assessment of water/biodiversity ecosystem services and definition of measures to be supported in view of IRBM and requirements of the WFD and Danube RBMP.
Sustainable fisheries experts	735	8	Support the identification and implementation of sustainable fisheries practices and respective aqua-environment measures and their integration in proposed PES schemes and funds..
Agriculture and Rural Development experts	1095	16	Support the identification and implementation of sustainable agriculture and traditional farming practices as well as relevant agri-environmental measures and their integration in proposed PES schemes and funds.
EU funding experts	1095	17	Support the identification and development of PES schemes with EU public funding
Economic tools/PES experts	1095	18	Support the identification and development of PES schemes with private funding and their integration with the proposed public PES schemes
Regional communications expert	2250	9	Develops the overall project communication strategy and supports its implementation in Bulgaria and Romania, carried out comms related tasks at regional level.
Communication experts	835	25	Support the communication of project activities, results and outcomes.
<b>International</b>			
PES/Sustainable financing expert	2880	2,5	Supports the development of Danube PES scheme on the basis of the project results and existing international PES experience and knowledge.
Justification for Travel, if any: Project consultants will travel within and between project countries as well as depending on project replication activities – outside the project countries.			

\* Provide dollar rate per person week. \*\* Total person weeks needed to carry out the tasks.

**ANNEX D: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS**

**A. EXPLAIN IF THE PPG OBJECTIVE HAS BEEN ACHIEVED THROUGH THE PPG ACTIVITIES UNDERTAKEN.**

A PPG (PDF A) in the amount of \$ 25,000 was granted by the GEF to WWF on May 14, 2005 – to be used during the period May 15 to November 15 2005. The purpose of the PDF-A grant and of the matching funds contributed by WWF and local partners was to ensure that the project work plan was developed with ample participation of and consultation with its potential stakeholders. Hence the main activities undertaken were:

- (a) consultations- workshops, meetings;
- (b) commissioning of background technical reports; and
- (c) the actual drafting (by a WWF core team) of the project work plan and its stakeholders- proofing through a series of meetings.

All these activities were successfully implemented and completed during the PDF A execution and on December 15<sup>th</sup> 2005 we presented to UNEP the Medium-Sized Project Proposal / Request for GEF Funding for the project entitled “Promoting Payments for Ecosystem Services (PES) and Related sustainable Financing Schemes in the Danube Basin”, to apply for a GEF3 Medium Size Grant.

Unfortunately, GEF3 funds were already exhausted by the time the project proposal completed the GEF review process. The project proposal has hibernated until the issues of ecosystem services and payments for ecosystem services approaches to rural conservation gained traction under GEF4.

The activities undertaken with support of the PPG are still the backbone of the present proposal, but it must be emphasized that in the last 6 months WWF has completely updated the technical aspects of the project and secured buy in of all major stakeholders, as evidenced e.g. by new co-financing statements.

**B. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY: NONE**

**C. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES AND THEIR IMPLEMENTATION STATUS IN THE TABLE BELOW:**

<i>Project Preparation Activities Approved</i>	<i>Implementation Status</i>	<i>GEF Amount (\$)</i>				<i>Co-financing (\$)</i>
		<i>Amount Approved</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>	<i>Uncommitted Amount*</i>	
1201 Core Program Development Team including consultants	Completed	6,000	6,000			19,000
3301 Meetings/Workshops /Travel (including travel grants and workshop resource persons	Completed	19,000	19,000			6,000
<b>Total</b>		<b>25,000</b>	<b>25,000</b>			<b>25,000</b>

\* Any uncommitted amounts should be returned to the GEF Trust Fund. This is not a physical transfer of money, but achieved through reporting and netting out from disbursement request to Trustee. Please indicate expected date of refund transaction to Trustee.



# UNITED NATIONS ENVIRONMENT PROGRAMME

Programme des Nations Unies pour l'environnement    Programa de las Naciones Unidas para el Medio Ambiente  
 Програма Организации Объединенных Наций по окружающей среде    برنامج الأمم المتحدة للبيئة

联合国环境规划署



## PROJECT DOCUMENT

### SECTION 1: PROJECT IDENTIFICATION

<b>1.1 Project title:</b>	<b>Promoting Payments for Ecosystem Services (PES) and Related Sustainable Financing Schemes in the Danube Basin</b>		
<b>1.2 Project number:</b>	BD GEF ID 2806		
<b>1.3 Project type:</b>	MSP		
<b>1.4 Trust Fund:</b>	GEF		
<b>1.5 Strategic objectives:</b>	GEF strategic long-term objective: BD2                      IW2		
	Strategic Program for GEF IV: SP5 Markets      SP3 Freshwater Basins		
<b>1.6 UNEP priority:</b>	Resource efficiency - sust. consumption/production		
<b>1.7 Geographical scope:</b>	Regional		
<b>1.8 Mode of execution:</b>	External		
<b>1.9 Project executing organization:</b>	WWF		
<b>1.10 Duration of project:</b>	48 months		
	Commencing: January 1, 2010		
	Completion: December 31, 2013		
<b>1.11 Cost of project</b>	<b>US\$</b>	<b>%</b>	
(Excluding PDF A 50 000 USD and UNEP fee)			
Cost to the GEF Trust Fund	<b>964 676</b>	<b>41,7</b>	
Co-financing			
Cash			
WWF	1 114 173	48,1	
<b>Sub-total</b>	<b>1 114 173</b>	<b>48,1</b>	
In-kind			
BG Ruse Municipality	30 000	1,3	
BG Tzenovo Municipality	18 000	0,8	
BG D.Mitropolija Municipality	12 000	0,5	
BG R.Lom NP Directorate	9 600	0,4	
BG Persina NP Directorate	36 000	1,6	
BG FRLNP Association	6 000	0,3	
BG Nature Tourism Association	12 000	0,5	
RO Environmental Protection Agency	73 200	3,2	
RO National Water Authority	12 000	0,5	
RO Baia Mare Forest Authority	12 000	0,5	
RO Ciocanesti Fish Farm	7 200	0,3	
RO Iezer Calarasi Fish Farm	7 200	0,3	
<b>Sub-total</b>	<b>235 200</b>	<b>10,2</b>	
<b>Total</b>	<b>2 314 049</b>	<b>100</b>	

### **1.12 Project summary**

- 2 The concept of Payments for Ecosystem Services (PES) and Sustainable Financing (SF) schemes are attracting growing attention in conservation and development circles as promising solutions to improve rural conservation and rural livelihoods as well as to transform harmful production subsidies into helpful payments for ecosystem services. At the same time, there has been increasing interest in and support for Integrated River Basin Management (IRBM). While institutional frameworks for IRBM have been established in a number of river basins around the world, there is still limited experience with financing actual implementation of integrated river basin management planning. The proposed project seeks to develop and share experience and learning on the role and contribution of PES to rural development and conservation in general, and to Integrated River Basin Management in major river basins in particular. The project will develop and demonstrate both national and local-level schemes PES/SF mechanisms in the Lower Danube basin in Romania and Bulgaria, and integrate this approach into the River Basin Management Plans for the Danube and its sub-basins. A major focus for the project is on sharing this experience with other countries in the Danube River basin, especially Serbia and Ukraine, as well as with other major river basins and the international community.

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## ACRONYMS AND ABBREVIATIONS

BD	Bio-diversity
CAP	Common Agricultural Policy (EU)
CB	Capacity Building
CBD	Convention of Biological Diversity
CBO	Community-Based Organization
CFA	Conservation Finance Alliance
CIFOR	Center for International Forest Research
DG-Environment	Directorate General for Environment, European Commission
DRP	Danube Regional Program
EAFRD	European Agriculture Fund for Rural Development (EU)
EBRD	European Bank for Reconstruction and Development
ENP	European Neighborhood Policy (EU)
ES	Ecosystem Services
EU	European Union
FAO	Food and Agriculture Organisation
GEF	Global Environment Facility
GTZ	German Society for Technical Cooperation
IBRD	The International Bank for Reconstruction and Development
ICPDR	International Commission for the Protection of the Danube River
IDA	International Development Agency
IIED	The International Institute for Environment and Development
IRBM	Integrated River Basin Management
IUCN	International Union for the Conservation of Nature
IW	International Waters
LDGC	Lower Danube Green Corridor
M&E	Monitoring & Evaluation
NGO	Non-Government Organization
NRM	Natural Resource Management
OEMN	One Europe More Nature
OP	Operational Program (GEF)
PES	Payments for Ecosystem Services
REDD	Reducing Emissions from Deforestation and Degradation
SAP	Strategic Action Plan
SF	Sustainable Financing
TNC	The Nature Conservancy
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
UNESCO	United Nations Education Science and Culture Organization
WB	The World Bank
WFD	Water Framework Directive (EU)
WWF	World Wide Fund for Nature / World Wildlife Fund
WWF-DCPO	WWF Danube-Carpathian Program Office
WWF-EPO	WWF-European Policy Office
WWF-MPO	WWF-Macroeconomics for Sustainable Development Program Office

## SECTION 2: BACKGROUND AND SITUATION ANALYSIS (BASELINE COURSE OF ACTION)

### 2.1. Background and context

1. The concept of Payments for Ecosystem Services and Sustainable Financing schemes (PES/SF) are attracting growing attention in conservation and development circles as promising solutions to improve rural conservation and rural livelihoods as well as to transform harmful production subsidies into helpful payments for ecosystem services. At the same time, there has been increasing interest in and support for Integrated River Basin Management (IRBM). While institutional frameworks for IRBM have been established in a number of river basins around the world, there is still limited experience with financing actual implementation of integrated river basin management planning. The proposed project seeks to develop and share experience and learning on the role and contribution of PES to rural development and conservation in general, and to Integrated River Basin Management in major river basins in particular. The focus for PES development will be on the Lower Danube in Romania and Bulgaria; experience from the project will be shared with other Danube countries, especially Serbia and Ukraine, and with other major river basins as well as the international community.
2. In 2005, Project Development Facility-A (PDF-A) was granted by GEF. Activities under PDF-A had the following countries as focal points: Romania, Bulgaria, Moldova, Ukraine and Serbia & Montenegro. During the PDF-A phase, WWF-MPO and WWF-DCPO undertook consultations with a broad range of stakeholders relevant to potential PES/SF schemes in the Lower Danube, including those at international, national, regional as well as local levels, and focusing particularly on Romania and Bulgaria. Background analysis was undertaken on a number of issues related to establishing PES/SF schemes in the region, including the EU and national policy context as well as potential local schemes<sup>1</sup>. An international workshop, which was held September 29, 2005 in Bucuresti, brought many of these stakeholders including relevant national and regional authorities and NGOs from Bulgaria, Romania, Moldova and Ukraine together to discuss the potential for PES/SF schemes in the Lower Danube as well as the focus and priorities for a potential medium-sized GEF project.

### 2.2. Global significance

3. The Danube is the most international river basin in the world. The river passes through ten countries on its 2,780 km journey from the Black Forest to the Black Sea, and drains a total area of 801,463 km<sup>2</sup> (10% of the European continent), including the territory of 19 countries<sup>2</sup>. Major tributaries of the Danube include the Tysa/Tisza/Tisa, Drau/Drava, Sava, Inn, and Prut.
4. While large sections of the Upper Danube in Austria and Germany have been heavily regulated, the lesser-intervened areas of the middle and lower Danube and the Danube Delta

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<sup>1</sup> *Background reports: Romania Local Demonstration Site 1, Bioanu Ciocanesti Fish Farms (WWF-DCP/Romania, October 2005); Romania Local Demonstration Site 2, Iezurul Calarasi Fish Farms (WWF-DCP/Romania, October 2005); Bulgaria Local Demonstration Site 3, Lower Vit and Osam (WWF-DCP/Bulgaria, October 2005); Bulgaria Local Demonstration Site 4, Russenski Lom (WWF-DCP/Bulgaria, October 2005); Romania – Agriculture and Rural Development, National Policy Framework for PES Schemes (WWF-DCP/Romania, October 2005); Bulgaria – Agriculture and Rural Development, National Policy Framework for PES Schemes (WWF-DCP/Bulgaria, October 2005); Serbia: National Policy Framework for PES scheme development (Boris Erg, Duska Dimovic, 2005); Ukraine: National Policy Framework for PES Schemes (EkoPravo Lviv, 2005); Bulgaria – Corporate Overview for PES Purposes (WWF-DCP/Bulgaria, 2005); Romania – Corporate Overview for PES Purposes (WWF-DCP/Romania).*

<sup>2</sup> The countries in the Danube River Basin include: Germany, Austria, Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Montenegro, Romania, Bulgaria, Moldova, and Ukraine plus very small areas of Switzerland, Italy, Poland, Albania and Macedonia.



feature a rich and unique biological diversity that has been lost in most other European river systems. The floodplains of the Lower and Middle Danube are outstanding landscapes that provide multiple ecosystem services, such as biodiversity conservation, water purification, pollution reduction, flood protection and support for socio-economic activities such as fisheries and tourism.

5. The **Lower Danube**, stretching from the Iron Gates between Romania and Serbia & Montenegro down to the Danube Delta and the Black Sea, and flowing for the most part along the Romanian and Bulgarian borders, is one of the world's most outstanding freshwater ecoregions. The Danube floodplain between the river bank and the flood protection dike has relics of oxbow lakes as well as flood channels (in parts temporarily dry) and depressions, islets (particularly the smaller islets with no human intervention), relics of wetlands and floodplain lakes in the disconnected floodplains, small water courses (particularly at the base of the terrace fed by groundwater) – all typical habitats for the Lower Danube and of particular importance from the ecological point of view, a number of them protected under the Ramsar Convention as well as the Annexes of the EU Habitats Directive. The species inventory of both terrestrial and aquatic habitats reveals an impressive number of species, many of them globally important: 55 species of aquatic macrophytes, 906 species of terrestrial plants, 502 species of insects, 10 species of amphibians, 8 species of reptiles, 56 species of fish, 160 species of birds, and 37 species of mammals.
6. The hydrological dynamics of the river, its erosion and sedimentation processes and periodic flooding, have determined the formation of numerous islets along the border in Romania (111 islands covering 11,063 ha) and Bulgaria (75 islets covering 10,713 ha). These islets host rich floodplain ecosystems including natural floodplain forest, sand banks, marshes and natural river channels. They are integral parts of the Danube migration corridor, essential for the distribution of many plant and animal species. The islets represent a very important feeding area for many threatened bird species: *Pelecanus crispus*, *Plegadis falcinellus*, *Nycticorax nycticorax*, *Ardeola ralloides*, *Phalacrocorax pygmaeus*, *Platalea leucorodia*, *Phalacrocorax carbo*, *Egretta garzetta*, *Egretta alba*, *Aythya nyroca*. In the woods, species like *Milvus migrans*, *Sylvia atricapilla*, *Strix aluco*, *Asio otus*, *Caprimulgus europaeus*, *Dryocopus martius* are nesting and on the muddy banks *Alcedo atthis* and *Riparia riparia*. *Haliaeetus albicilla* and *Falco cherrug* are also breeding in the old oaks from the islets.
7. From the original large floodplain area of the Lower Danube, about 72% has been cut off from the river and transformed into fish ponds or drained for agricultural use. Important functions of the floodplains have been reduced and many of what were once typical habitats no longer exist. Because of the loss of a large part of the floodplain areas, the remaining areas under influence of river dynamics (between the river banks and the flood protection dike and in particular the islets), the fish ponds and the floodplain lakes have become even more important for flora and fauna. The existing fish ponds and floodplain lakes preserve features of the former floodplain habitats and are important feeding, roosting, staging and breeding areas for many bird species. For example Pelicans (common and Dalmatian) breeding in the Danube Delta use these fish ponds to feed and rest in their migrating route.
8. At the mouth of the Lower Danube, the **Danube Delta** (80% Romania and 20% Ukraine) is the largest remaining natural wetland in Europe.<sup>3</sup> It is an extensive fan-shaped area of river arms, lakes, reed-beds, dunes and salt marshes. Including its floodplains, watercourses and marine areas, the Danube Delta protected area adds up to 679,000 ha. The Delta includes the

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<sup>3</sup> See maps in Appendix 17.

largest compact reed bed in the world (180,000 ha) and a complex of 30 types of ecosystems, starting with the three large river arms, floodplain forests, more than 600 natural lakes, natural and man-made channels, sand dunes and coastal biotopes. These areas form a valuable natural buffer zone, filtering out pollutants from the river, and helping to improve water quality in the vulnerable waters of the north-western Black Sea. The Danube Delta has globally important breeding, feeding and resting areas for pelicans and 300 other birds. For example it is a key habitat for 60% of the world population of Pygmy cormorant, 5% of the Palaearctic population of White pelican and 90% of the world population of Red-breasted goose.

9. The Delta is also an important spawning and feeding area for sturgeons, the river otter and many other endangered species. Threatened fish species listed in the IUCN red list or in the Annexes of the Bern Convention are still present in the Danube Delta, including three species of migratory sturgeons or limnophilic species such as *Umbra kramery*, *Misgurnus fossilis*, *Carassius carassius* and *Tinca tinca*, which indicate the international importance of this wetland for fish. From the point of view of species richness, the Danube Delta occupies the third place in the world, after the Amazon and the Nile Delta. The international importance and significance of the Danube Delta is underlined, by its status as:
  - A “World Natural Heritage Site,” listed under the World Heritage Convention (since 1990);
  - A Ramsar Convention wetland zone of international importance, especially as habitat for water birds (since 1990);
  - A “Biosphere Reserve,” listed by UNESCO (since 1990).
10. The significance of the Danube does not end at its delta. The river is the most important tributary of the **Black Sea** and has a key impact on the ecology of this remarkable water body, which is shared by 6 countries and 160 million inhabitants. Because the sea is virtually cut off from the world’s oceans, pollutants from the Danube are relatively trapped in the water body, so that the environmental quality of the Danube water is a major determinant of the state of the Black Sea environments.
11. The **Middle Danube Basin**, which is a secondary focus for this project, covers a large area reaching from the Gate of Devin near Bratislava to the impressive gorge of the Danube at the Iron Gate between Serbia and Romania. This section of the Danube is confined by the Carpathian Mountains in the north and east, and the Karnic Alps and the Karawankas, the Julian Alps and the Dinaric Mountains in the west and south. It includes the Tisza River Basin, which flows from Romania and Ukraine through Hungary to the Danube. Indirectly relevant for this project are the areas in Serbia, which are the focus of information sharing activities. The Middle Danube River Basin contains a number of outstanding wetland areas. **Kopacki Rit** (in Croatia) with some 30,000 ha between the Drava and the Danube, is one of the richest and most dynamic floodplains of the Danube River Basin. A hundred days flooding per year and the abundance of food and underwater vegetation makes Kopacki Rit, after the Danube Delta, the most important fish-spawning ground along the entire Danube. Just opposite Kopacki Rit lies the wetland complex of **Gornje Podunavlje** (Serbia) with 19,648 ha of floodplain habitats. This mosaic of water, marsh, swamp, meadows, and bush and forest ecosystems is characterized by a high biodiversity and significant number of threatened, rare, endemic and relict species. The middle and lower **Drava-Mura wetlands** (Slovenia, Croatia, Hungary) forming an intact bio- and landscape corridor of 380 km from the alpine foothills up to the Pannonian Lowlands on the Danube. The floodplain covers 60,000 ha and forms a unique living space especially for migratory freshwater species and alpine pioneer species living on sand, gravel bars and islands as well as for forest species and mammals such as river otter and beaver.

### 2.3. Threats, root causes and barrier analysis

12. As can be expected, the environmental quality of the Danube River Basin is greatly affected by the activities of the over 81 million people living in it. Until the end of the 18<sup>th</sup> century, the Danube was a wide-branching river with an extensive network of tributaries and backwaters. Since then, drastic interventions, especially extensive regulation, have resulted in the loss of most of the basin wetlands and a severe reduction in habitats and biodiversity. More than 80% of the length of the Danube has been regulated, and over 700 dams and weirs have been built along its main tributaries. In the Northern and Western parts of the watershed, the rapid economic growth of the 19<sup>th</sup> and 20<sup>th</sup> centuries further reduced the basin's biodiversity, eroding lands, cutting down forests, and polluting waters. Only in the last 30 years has conservation begun to gain priority in the basin and resources and policies have been devoted to environmental restoration.
13. The history of the Lower and Middle Danube, flowing through Central and Eastern Europe, is different. There, slower economic growth before and during the communist period, coupled with little concern for the environment, resulted in some cases of egregious pollution and loss of natural resources, but overall many natural areas remained relatively intact and to this day feature a biodiversity that is unparalleled in areas further upstream. Since the fall of Communism, the countries of Central and Eastern Europe have undergone a transitional process that has included privatization of natural resources and other assets, emergence of market-based economies, development of political democracies and integration into, or closer relations with, the EU. These changes have opened enormous opportunities for social and environmental improvements, but also pose important challenges for the conservation of natural environments and the livelihoods of weaker social groups. As the region becomes increasingly integrated into the European Common Market and the global economy, traditional, and often extensive landscape uses are coming under increasing pressure. According to recent analysis by the European Environmental Agency, this is leading, on the one hand, to abandonment of marginal farming areas; and on the other hand to the intensification of farming practices, including use of pesticides, fertilizers, and heavy machinery in the most fertile areas. Both processes do not bode well for the environment, as they are leading to the significant loss of High Nature Value Farming areas – areas with unique meadow ecosystems that are habitats for rare species of flora and fauna.
14. In the last ten years, many analyses, including the ICPDR's Danube Basin Analysis (published in 2005) and the second Joint Danube survey, have agreed on the diagnosis of the main threats to the environment of the Middle and Lower Danube. They include:
  - (a) Loss of functional habitats: Past and current loss of wetlands and floodplains that have reduced the biodiversity and stability of ecosystems, and have aggravated flooding. For instance, there is a consensus that the floods of 2002, which caused €14.4 billion of damage in Germany, Austria, the Czech Republic and Slovakia, were made worse by river regulation and the loss of natural floodplains. In 2005, flash floods in Bulgaria and parts of Romania affected Balkan and Carpathian foothill valleys and destroyed many villages. In 2006, flooding along the lower Danube nearly reached the level of a 100-year event. In the entire Danube basin at least 10 people lost their lives and up to 30,000 people were displaced, with overall damage estimated at more than half a billion Euro.
  - (b) Eutrophication and pollution (e.g. Cadmium, Lead, Mercury, DDT, Lindane and Atrazine) of the watercourses and groundwater due to agriculture, industry and household discharges have been identified as significant water management issues that endanger environment and people alike. The excessive nutrients and pollution in the Danube are not only affecting the basin but also the Black Sea into which the Danube spills. Anthropogenic nutrient loads to the

Black Sea over the last 50 years have left a clear signature. On the shelf, total nitrogen and total phosphorus were about 40% and 10% higher, respectively, than in the period 1850–1950. These numbers are likely to increase over the next years. In comparison to present state, the use of fertilizer in Eastern European countries like Hungary, Romania, or Bulgaria is expected to increase up to 30% (for nitrogen) and 50% (phosphorous) by 2017;

(c) Inadequate financial and technical resources to support conservation, and to make it more attractive to rural and urban dwellers;

(d) Potential loss of remaining stretches of high ecological value as a result of careless infrastructure development, including navigation and tourism infrastructure.

15. Increasing nutrient concentrations of the Danube River, coming from the whole Danube River basin, have led to the intensification of eutrophication phenomena in the Danube Delta lakes after the 1980s, and to important changes in the structure of the flora and fauna communities. Sensitive fish species have declined or even become extinct as a result of the reduced water transparency.
16. Studies undertaken in the frame of the Danube Environmental Program suggest that about half of the nutrient load discharged internally in the basin comes from agriculture (diffuse sources of pollution), slightly more than one quarter from domestic sources, an additional larger share comes from industry and the remainder from “background” sources.
17. According to the ICPDR, some 80% of the historical floodplains in the Danube basin have been lost over the last 150 years. Among the remaining 20% the areas along the Lower Danube between Bulgaria and Romania and in the Danube Delta are among the largest and more ecologically valuable. They play an important role in hydrological processes, in particular in flood protection, recharging of groundwater as well as for habitat and species diversity. Many of these wetlands are under pressure from navigation, infrastructure development and agriculture. Future impacts from agriculture are especially important in Romania and Bulgaria. Use of chemical fertilizers and pesticides, and with it nutrient run-off into the Danube and its tributaries, plummeted following the collapse of the former planned economy around 1990, but is projected to recover and increase in future as the agriculture economy recovers and becomes increasingly integrated into the European Common market and global economy. Intensification of farming in highly productive areas and abandonment of extensive farming practices in marginal ones could lead to significant biodiversity loss in both countries.

#### 2.4. Institutional, sectoral and policy context

18. The proposed project fits major priorities related to environment, nature conservation and rural development of the focal countries Bulgaria and Romania, both of which are parties to the Convention on Biological Diversity. The overarching biodiversity conservation goal stated by the **Biodiversity Conservation Strategies** of both countries is halting the loss of biodiversity by 2010. The proposed project will directly contribute to both countries objectives of (a) integrating biodiversity concerns into the agriculture, fisheries and tourism national policies and programs; and, (b) introducing and optimizing payment schemes for sustainable management of natural resources. The project will also support the direct conservation of wild flora and fauna species in the Danube network of protected areas.
19. The “Declaration on Environment and Sustainable Development in the Carpathian and Danube Region” that heads of state and other high officials signed at the Summit on Environment and Sustainable Development in the Danube-Carpathian Region in Bucharest in

April 2001, acknowledges the “special economic and social importance of the Danube River and its tributaries as a major European river with multiple uses and functions as well as its ecological significance and its value as a natural habitat for numerous wildlife species.” It declares the intention “to encourage and support, among other things, regional efforts and concrete measures in a common quest for the “...mobilization of financial resources for environment and sustainable development projects and programs in the Carpathian and Danube region and the use of existing mechanisms for this purpose, in particular EU funds and the Global Environment Facility.”<sup>4</sup>

20. Both Bulgaria and Romania are signatories of the Danube River Protection Convention and actively participate in the International Commission for the Protection of the Danube River Basin (ICPDR) and the implementation of its Joint Action Program. Recognizing the socio-economic as well as ecosystem benefits of wetlands, floodplain and wetland protection and restoration are a priority for these countries. The Lower Danube Green Corridor Agreement, which was signed in 2000 by the governments of Bulgaria and Romania as well as Moldova and Ukraine, calls for the establishment of a network of protected and restored areas along the Danube from the Iron Gates to the Danube Delta.
21. Rural development is also a key priority for the countries, which have relatively large, and relatively poor, rural populations. For Bulgaria as for Romania, environmentally-friendly approaches to agriculture and rural development are seen as an important opportunity and priority for future development in rural areas. Agri- and aqua-environmental measures are included in the National Development Plans for both countries, which are under implementation for the period 2007-13.
22. Financing for rural development on the one hand, and meeting EU requirements for nature conservation and environment on the other, poses major challenges for both Romania and Bulgaria. Costs of implementing the Natura 2000 network and the Water Framework Directive are expected to be significant. While no reliable cost estimates presently exist for either country, an indication is provided by the European Commission’s conservative estimate of €6.1 billion, per year, for implementing the Natura 2000 network in the 25 EU member states (excluding Bulgaria and Romania).
23. As of January 1, 2007, both countries are eligible to receive EU agriculture, rural and regional development funds totaling ca €8 billion for the seven-year period 2007-13, including possible support for ecosystem services related to the Danube river basin. Ensuring effective delivery of payments and the relevant ecosystem services will be important not only for the long-term sustainability of the environment and natural resources, but also rural communities in Bulgaria and Romania. Thanks to the leverage provided from EU funds, there now is a real opportunity to establish payments for ecosystem services in the two countries. But these arrangements will only be sustainable over the longer-term if political and other decision makers, and ultimately tax payers, can be convinced that the payments indeed provide real value for money, i.e. they pay for valued services, and do so both effectively and efficiently.
24. This project close alignment with national conservation priorities in Bulgaria and Romania is well expressed in over a dozen letters of endorsement from which we quote:
  - “It will help integrate the Danube river basin conservation policy with the design of sustainable financing schemes to pay for it” (from Bulgaria’s GEF Focal Point)

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<sup>4</sup> Declaration on Environment and Sustainable Development in the Carpathian and Danube Region (signed by Heads of State and High Officials at the High-level Summit on Environment and Sustainable Development in the Carpathian and Danube Region, Bucharest, April 30, 2001)

- “Both conservation of the Danube basin and the design of sustainable financing schemes to pay for it are of paramount importance for our country conservation and rural development priorities, action plans and programs.” (from Romania’s GEF Focal Point)
- “We consider WWF initiative very relevant to our own activities, particularly for creating economic opportunities for sustainable rural development...” (from Romania’s Secretary of Rural Development)
- “We consider the proposed WWF initiative very relevant to our own activities, particularly on the nature conservation aspects of the rural development policy for the period 2007-2013 and the practical implementation of the proposed national agri-environmental schemes at local level” (from Bulgaria’s Ministry of Agriculture and Forestry)
- “The project that you are currently developing is very well shaped and we believe that it will be successful since it considers the interest of both nature conservation and local people managing the natural resources.” (from the Bulgarian Farmers Association)

#### **Linkages to EU priorities, action plans and programs**

25. The proposed project takes into account the priorities, action plans and programs of the European Union regarding the conservation of the Danube Basin, which the European Commission has recognized as the “single most important non-oceanic body of water in Europe” and a “future central axis for the European Union.”
26. Among the central priorities of the EU’s **Sustainable Development Strategy** from 2001 is halting the loss of biodiversity by 2010 and achieving sustainable use of natural resources. The EU’s current **Sixth Environmental Action Program** follows these priorities by focusing on halting biodiversity loss and ensuring sustainable use of resources. Of particular relevance for this project proposal are the following key pieces of EU legislation:
27. The EU **Water Framework Directive** (WFD), an EU legally binding regulation adopted in 2000, has as a central aim the achievement of good ecological and chemical status of inland and coastal water bodies in Europe by 2015. In order to achieve this, the Directive promotes the integrated management of water resources to support environmentally sound development, and to reduce problems associated with excessive water abstraction, pollution, floods and droughts. The Water Framework Directive also calls for trans-boundary collaboration between European countries in order to tackle interconnectedness of different water and land uses, both up and down stream (even when it goes beyond EU borders). Particularly relevant for this project proposal is the fact that the EU Directive requires the completion of River Basin Management Plans by 2009, including a Joint Program of Measures outlining specific steps that will be undertaken to achieve good ecological status on the water bodies by 2015. A chief aim of the proposed project is to investigate the potential for payments for ecosystem services and sustainable financing mechanisms to contribute to the implementation of the Water Framework Directive in the Danube and sub-river basins, and to make specific recommendations regarding these funding sources for inclusion in the Program of Measures for the river basin management plans. Furthermore, in Article 9, on recovery of costs for water services, the Directive sets the framework for an EU system of payments for watershed-related ecosystem services. For this project, *it is important to realize that all Danube countries, including those outside the EU, have agreed to implement and observe the basic principles of the Water Framework Directive in their portions of the Danube river basin.* While the Water Framework Directive is now established on paper, there is much left to be done to achieve practical implementation and enforcement of the Directive throughout Europe, and to integrate it into other major EU programs – a process that we expect this project to contribute to.

28. The EU **Common Agricultural Policy (CAP)** has recently undergone several pro-environment reforms. For example, the EU has already decoupled some of its subsidies from production, and required cross-compliance with environmental laws prior to the receipt of payments. The European Agriculture Fund for Rural Development (EAFRD), which is available in the current financial period 2007-13, is one of the main potential sources of funding for environmental management across Europe's countryside, helping to pay for rural environmental and social goods and services – which are at the core of this project. Whether this potential is realized – whether the money is in fact used for these purposes, and used well – largely depend on decisions made at national levels. At the same time the EU has initiated a policy debate for the post 2013 changes needed in the CAP and the EU budget which provides opportunities to create a new fund focused on sustainable land management and rural development which will support better management of land and water resources, reverse the decline in biodiversity and adapt to, and mitigate against, climate change. The project will aim to contribute to the debate and decisions for 'public payments for public goods' and the overall integration of payments for ecosystem services in the future EU budget.
29. With the establishment of the EU's **Natura 2000** network of protected areas nears completion, attention is focusing on the issue of financing for the network. The European Commission has estimated that some €6.1 billion will be needed per year to achieve the aim of maintaining "favorable conservation status" of priority species and habitats across the 25 EU member states (excluding Bulgaria and Romania), thus there is a clear interest among EU officials and Natura 2000 stakeholders on PES/SF schemes as one approach to financing.
30. The EU's **European Neighborhood Policy (ENP)** and its financing arm, the **European Neighborhood Policy Instrument (ENPI)**, which is especially relevant for this project with regard to Ukraine and Moldova, aims to build a zone of increasing prosperity, stability and security in the EU's neighborhood, in the interests of both the neighboring countries and of the EU itself. The policy and its financial arm offer partners a relationship that goes beyond cooperation to include closer political links and an element of economic integration, as well as assistance with reforms to stimulate economic and social development. While environment and sustainable development are included among the basic principles of the ENP, thus far they have been relatively low on the agenda. Nevertheless, there are good opportunities in the ENP framework to table environmental initiatives that encompass both EU and non EU members, as is the case in the Lower Danube and Danube Delta.
31. This project proposal also takes into account the analysis, priorities, action plans, and programs of the **International Commission for the Protection of the Danube River (ICPDR)**, the executive agency for the Danube River Protection Convention. The final report of the Joint Action Program published in 2007 shows progress in all Danube countries in redressing policies, Programs and regulations, in establishing appropriate incentive structures, redefining partnerships with stakeholders and strengthening financial sustainability of environmental services. The Joint Action Program was mainly focused on the reduction of pollution and less on promoting sustainable financial schemes that would reward the maintenance, improvement or adoption of conservation-friendly land uses. It is the right momentum to integrate such mechanisms in the Joint Program of Measures and contribute to the achievement of Water Framework Directive objectives.
32. The so-called "Danube Declaration," made on the occasion of the Ministerial meeting of the International Commission for the Protection of the Danube River in December 2004,<sup>5</sup> and

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<sup>5</sup> The Danube Basin – Rivers in the Heart of Europe (Danube Declaration) Convention on Co-operation for the Protection and Sustainable Use of the Danube River – Ministerial Meeting of the International Commission for the Protection of the Danube River, Vienna, December 13, 2004.

signed by the ministerial representatives of the focal countries for this project, calls more specifically for a number of things related to the proposed project, including:

- Implementation of the EU Water Framework Directive;
  - Reduction of the total amount of nutrients entering the Danube and its tributaries to levels consistent with the achievement of good ecological status in the Danube river;
  - Reversing the trend of the physical degradation of aquatic ecosystems by returning sections of the Danube and its tributaries to a more natural state inter alia by restoring floodplains, reconnecting wetlands and retention areas;
  - Ensuring that the development of the agricultural sector in the Danube basin does not lead to a degradation in the environmental quality of the river and its tributaries and in this context, to avoid counter-productive subsidies and where applicable to use the instruments of the EU Common Agricultural Policy; and
  - Promoting the integration of regional priorities into national programs and facilitating the coordinated and efficient use of funding instruments at national, EU and international level in particular by providing a comprehensive and integrated vision of the priorities for environmental investments directed towards protection of the aquatic environment.
33. The Danube countries, the basin agencies, and many other stakeholders, including WWF and its partners, are working to address the environmental threats listed above, mainly through (a) programs to reduce nutrient loads and pollution from municipal, industrial and rural sources; (b) wetland and flood plain restoration programs; (c) biodiversity conservation programs; and (d) support for the sustainable use of rural environments so as to reduce non-point source pollution, natural resource depletion and natural hazards.

#### **Linkages to WWF priorities, action plans and programs in the Danube Basin**

34. Last but not least, the proposed project is closely linked with the priorities, action plans and programs of the WWF Danube-Carpathian Program (WWF-DCPO) and its local partners. For over 15 years now, WWF has focused on the conservation and sustainable use of freshwater and forest resources of the Lower and Middle Danube River basins. Initiatives have included facilitation and support for implementation of the Lower Danube Green Corridor Agreement, which was signed by the governments of Romania, Bulgaria, Ukraine and Moldova in 2000. WWF-DCPO's 5-year strategy (2005-10) emphasizes three approaches for its work, including protection (protection and restoration of nature areas), policy support (especially focused on agriculture and rural development policy), and sustainable development (fostering economic mechanisms for conservation, including payments for ecosystem services).
35. In the case of the Lower and Middle Danube Basin, WWF has focused its long-term conservation strategy on the following, inter-related issues:
- Wetland protection and restoration, focused principally on implementation of the Lower Danube Green Corridor Agreement as well as the protection of outstanding wetland areas in Croatia, Serbia & Montenegro, Hungary, Ukraine and Moldova (Kopacki Rit, Tisza, Drava, and Prut sub-basins, Danube Delta).
  - The protection and restoration of forested areas, particularly in the upper watersheds of several major Danube tributaries, including the Tisza sub-river basin (shared by Romania and Hungary) and the Prut sub-basin (shared by Romania and Ukraine).
  - Promoting frameworks for sustainable resource management, including sustainable forestry as well as sustainable agriculture and rural development policies.



- Supporting the development of sustainable livelihoods along the Lower and Middle Danube, including fostering new economic opportunities for local stakeholders such as development of local products and tourism; and developing payments for ecosystem services that benefit local stewards of the environment.
  - Supporting timely and effective implementation of the EU Water Framework Directive in the Danube river basin.
36. It is important to underline that these goals are shared by government agencies, the ICPDR and other watershed agencies and most other major regional stakeholders; and more specifically, the wetland restoration strategies mentioned above have been endorsed by the governments of all riparian countries in the 2001 Summit on the Environment and Sustainable Development in the Danube Carpathian Region.

### **Linkages to UNEP priorities, and programs in PES**

37. UNEP's work on Ecosystem services and economics (ESE) aims to support its effort in building capacity of stakeholders to generate scientifically credible information required for integrating an ecosystem service approach into national economic and development frameworks. The ESE work is geared towards developing a knowledge base as well as promoting understanding on how ecosystems and services they provide relate to human well-being and development. The three main areas of focus are: Economic Valuation and Natural Wealth, Equity in Ecosystem Management, and Disaster Risk Management. UNEP's work on ESE is in line with the global strategy for the follow-up to the Millennium Ecosystem Assessment (MA) of 2005. The MA follow-up was developed by a group of interested partner organisations to address the remaining challenges highlighted by independent evaluations of the MA.
38. International actions proposed for the **Global Green New Deal (UNEP February 2009)**, assert that: "the international community should support efforts to improve payment for ecosystem services targeted to the poor and to include more ecosystems, and efforts to improve governance and shared use of transboundary water resources". Mechanisms such as Payments for Ecosystem Services (PES) are considered to be more efficient than the traditional command and control mechanisms of conservation. However, PES do not necessarily incorporate equity issues, possibly even accentuating poverty and equity gaps by putting a cost-effective price to previously low priced or free services. For that reason there is a pressing need to ensure that the aspect of equity is considered when implementing PES so that these mechanisms at the minimum are equity neutral and do not cause individuals or groups to experience a drop in their well-being through reduced or lost access to an ecosystem service.

### **2.5. Stakeholder mapping and analysis**

39. Because of its purpose and the number of countries involved, this project proposal will engage a large number of stakeholders that can be classified in four main groups as follows: (1) participant WWF program offices; (2) stakeholders that will be actively involved in the project; (3) recent and ongoing conservation programs and projects in the Danube Basin, with which we hope to actively network; and (4) institutions and experts active on sustainable financing and payments for ecosystem services issues

40. Then there is second group of “potential stakeholders” among the institutions and experts that may not have a direct involvement in the Danube basin but are important sources of experience and knowledge on sustainable financing, PES and watershed management issues. Many of them will also be invited to participate in different aspects of the program.
41. Participant WWF Programs
- The **WWF Danube-Carpathian Program Office** (WWF-DCPO), with headquarters in Vienna and offices or delegations in all participant countries, will coordinate the whole project and will directly or indirectly, through sub-contacts, undertake a majority of the project activities, particularly those within the Danube river basin, at country and local levels.
  - The **WWF-Macroeconomic for Sustainable Development Program Office** (WWF-MPO), based in Washington, D.C., will lead training, capacity building, monitoring and evaluation as well as international outreach activities.
  - The **WWF-European Policy Office** (WWF-EPO), based in Brussels, will support the project relations with the European Commission and other relevant EU institutions; update the project on relevant EU development; and bringing the Danube project advances and lessons to the attention of EU institutions.
  - **WWF Global Freshwater Program.** Though not formally involved in the project, the WWF Global Freshwater Program has been closely involved in project conceptualization, and will play an important role particularly with regard to guiding and facilitating capacity building and transfer of experience from the project to other major river basins around the world (Outcome 2).
42. Stakeholders that will be involved in the project: WWF already has well-established working relations and dialogue with most of the stakeholders we will be directly working with during the 4 years of project implementation, including Danube basin agencies, the participant countries’ environmental and natural resource agencies, businesses, businesses associations, and farmers associations. In the demonstration project areas relations are established with local authorities, local farmers associations and businesses associations. Based on discussions undertook before, during and after the PDF A phase of the project, a number of key stakeholders have been identified and we have discussed with them their support and active involvement, as summarized below<sup>6</sup>.

#### International/River Basin

- **International Commission for the Protection of the Danube River** (ICPDR) – Responsible for leadership and coordination of activities related to the implementation of the Danube River Convention, and thus a key partner for activities related to river basin management in the Danube and sub-river basins.
- **European Commission** – The European Commission will not be directly involved in the project, but has expressed interest in benefiting from project results, which can provide models for financing EU conservation as well as feedback on EU programs, particularly in the run-up to mid-term evaluations in 2010-11 as well as for programming for the next financing period 2014-20.

#### Bulgaria

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<sup>6</sup> All Letters of Support are from the first submission of the project proposal in 2005. For the 2009 re-submission of the project, renewed letters have been acquired for those stakeholders providing project co-financing.

- **Bulgarian Ministry of Environment and Water – Danube River Basin Directorate.** Responsible for environmental and water management policy at national level as well as for the development of the Danube river basin management plan in Bulgaria. A key stakeholder for the project.
- **Bulgarian Ministry of Agriculture and Food – Rural Development and Investment Directorate.** Responsible for rural development policy as well as for the development and implementation of the agri-environmental measures at national level. A key stakeholder both at national and local levels.
- **Bulgarian National Agriculture Advisory Service.** Responsible for delivery of advisory services and support to farmers on agri-environmental measures. An important stakeholder especially with its regional offices.
- **Bulgarian Farmers Association.** Small farmers are represented by the association. An important stakeholder for outreach to farmers at both national and regional levels.
- **Bulgarian Industrial Chamber.** A diversity of businesses at national level are represented by the chamber. The Environmental Unit is the contact point for the PES schemes.
- **Directorate of Nature Park “Rusenski Lom”.** A key stakeholder for the demonstration project if area is selected during feasibility study.
- **Association “Nature Tourism” in Rusenski Lom region.** An important stakeholder for the development of private payment schemes for PES in the region.
- **Association of Danube Municipalities.** The local administrations of all Danube municipalities are represented by the association thus it is a valuable partner for an information outreach to the entire Danube region in Bulgaria.

#### Romania

- **Ministry of Agriculture, Forests and Rural Development of Romania.** Responsible for rural development policy as well as for the development and implementation of the agri-environmental measures at national level. A key stakeholder both at national and local levels.
- **Ministry of Environment and Waters of Romania.** Responsible for environmental and water management policy at national level as well as for the development of the Danube river basin management plan in Romania. A key stakeholder for the project.
- **Romanian National Agriculture Advisory Service.** Responsible for delivery of advisory services and support to farmers on agri-environmental measures. An important stakeholder especially with its regional offices.
- **Romanian Farmers Association.** Small farmers are represented by the association. An important stakeholder for outreach to farmers at both national and regional levels.
- **Danube Delta Biosphere Reserve of Romania.** Responsible for the management of the area. An important stakeholder for training and capacity building activities.
- **Agency for Environmental Protection – Calarasi.** A key stakeholder for the demonstration project if the Calarasi area is selected during the feasibility study.
- **Piscicola-Ciocanesti and Bioanu Ciocanesti fish farms.** Possible involvement in demonstration project if selected during the feasibility study.
- **Municipality of Baia Mare.** A key stakeholder for the demonstration project if the area is selected during the feasibility study.

The following institutions will be particularly important for knowledge sharing activities pursuant the project's Outcome 2:

Serbia

- **Ministry for Protection of Natural Resources and Environment**

Ukraine

- **Ukrainian Ministry of Environment**, Directorate of Biotic, Land, Water Resources and Econet.
- **Odessa Oblast** (Regional Government – including area of Lower Danube/Danube Delta)
- **Danube Delta Biosphere Reserve**

Moldova

- **Ministry of Ecology and Natural Resources**

43. There are a number of ongoing and recently finished conservation programs and projects in the Danube whose work is relevant to the present proposal, particularly the programs and projects undertaken by the 3 GEF agencies, UNEP, UNDP and the World Bank. Also relevant are conservation initiatives supported by the EBRD/GEF Environmental Credit Facility and other EU conservation-related programs and projects in the Danube basin, including those supported through the PHARE, LIFE, CARDS, and TACIS programs. WWF has ongoing relations with most of these agencies and their programs in the Danube, and has been involved in a number of GEF-financed projects.
44. The last group of stakeholders is composed of institutions and experts that, although not having a direct involvement in the Danube basin, are nevertheless an important source of experience and knowledge on sustainable financing, PES and/or watershed management issues. An incomplete list would include:
- IUCN – International Union for the Conservation of Nature
  - The Nature Conservancy (USA)
  - Conservation International (USA)
  - The Conservation Finance Alliance (CFA)
  - The International Institute for Environment and Development (IIED - UK)
  - Forest Trends / Katoomba Group ( USA)
  - CIFOR (Indonesia)
  - The GEF Secretariat
  - GEF Implementing and executing agencies
  - The Poverty Environment Partnership
  - The academic community
45. Throughout the life of the project, we expect to have close interaction with these institutions and similar other institutions to benefit from their advice and know-how as well as to inform them of lessons learned from the project. Interaction will include (a) inviting some of the partner organizations to participate in the project Advisory Group; (b) coordinating and collaborating whenever possible; (c) involving staff of these institutions in activities related to the project outputs; and, (d) including them among the recipients and discussants of the project lessons.

## 2.6. Baseline analysis and gaps

46. The concept of Payments for Ecosystem Services was first presented in Bulgaria and Romania in 2005 in two consecutive national workshops aimed to raise the awareness of national stakeholders as well as support for the then developed project “Promoting PES and other sustainable financing schemes in the Danube Basin”. During these workshops it became clear that the concept is relevant and timely for both countries and there was a stated interest in administration and business stakeholders alike. Some partner NGOs took on the PES concept and did valuations of ecosystem services in their respective project areas.
47. Since 2005, WWF-DCPO has organized as well as participated in 14 PES/SF related workshops at local, national and international level. The main focus of most of them was to present and discuss the relevance of the PES/SF concept in the region. Not surprisingly, the initial workshops comprised more questions of understanding while the later ones were focused more on potential implementation arrangements and stakeholders’ involvement.
48. The positive aspects of these workshops are that some of our key stakeholders are now prepared to enter discussions for specific development of Danube-related PES/SF schemes and continue their original support for the project. The reality however is such that throughout the region there is little awareness and understanding of the PES/SF concept among institutions and land managers. The experience gained in the last 4 years shows that the project needs to invest serious time and resources for capacity building for the main groups of stakeholders and partners.
49. An assessment for the potential PES/SF schemes for biodiversity supportive agriculture-related land uses in five countries (Bulgaria, Croatia, Former Yugoslav Republic of Macedonia, Romania and Turkey) that WWF undertook for DG-Environment (European Commission)<sup>7</sup> concluded that public goods should be paid by public money. In the cases where private beneficiaries of the environmental services are directly benefiting, then the payments need to be made by them. This conclusion was reinforced during the national expert workshops held in each of the five countries of the study. Another outcome of the study is that while money are available (in one form or another), a more critical issue is the available skills base for the development of PES schemes. The need for an independent, active and trusted intermediary organization was stated in four of the five country results.
50. In Bulgaria and Romania, the agri-environmental schemes have been implemented since 2007. Their focus is on conserving the biodiversity of grasslands of high nature value, preventing erosion as well as supporting organic farming. In both countries, however, water-related agri-environmental schemes are not yet developed due to lack of knowledge and experience at national level. The possibility for introducing such schemes is postponed till 2010 when the mid-term reviews of the national rural development plans will happen. Aqua-environmental measures, part of the national fisheries operational programmes, are considered but not developed and implemented in either country.
51. Thus, in terms of potential public funding for Danube-related environmental services the gaps are in two main directions: (1) lacking experience to design and develop adequate measures and implementation arrangements in the administration and main stakeholders; and (2) lack of knowledge and understanding among the land managers on the potential and requirements of

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<sup>7</sup> Kazakova, Y., Kettunen, M., Bassi, S., & ten Brink, P. 2007. *Complementary Financing for Environment in the Context of Accession – Innovative Resources: Final Project Report. A Project for the European Commission* (contract 070201/2006/443879/MAR/E3). WWF Danube Carpathian Programme/Institute for European Environmental Policy, Brussels. 66 pp + Annexes

the existing measures for biodiversity conservation. These are the two main gaps that the project will tackle in order to develop reliable schemes for supporting Danube-related environmental services. Additionally, the project is set up in a way which will address the issue for the intermediary who can help bridge the needs of the land managers on the ground and the available funding from the authorities as well as private businesses.

## 2.7. Linkages with other GEF and non-GEF interventions

52. The project objective is to foster Payments for Ecosystem Services (PES) and related Sustainable Financing schemes (PES/SF) that support environmental conservation and improved rural livelihoods in large-scale international watersheds, with a focus on the Lower and Middle Danube river basins. Hence, the project is fully consistent with, and aims to make significant contributions to GEF **Strategic Objective (SO<sub>2</sub>) Biodiversity: Mainstream Biodiversity in Production Landscapes/Seascapes and Sectors**, but also **International Waters SO<sub>2</sub>: Catalyze Transboundary Action Addressing Water Concerns**.
53. More specifically, the project is fully consistent with GEF Strategic Programs, **BD Markets SP5 “Fostering Markets for Biodiversity Goods and Services”** and contributes to **IW Freshwater Basins SP3 “Balancing overuse and conflicting uses of water resources in surface and groundwater basins that are transboundary in nature”**.
54. Beyond being consistent with the goals of GEF focal area strategies and Strategic Programs, the proposal approach, outcomes and outputs are also well aligned with many GEF principles, strategies and approaches outlined in the GEF Operational Strategy. For example, the project addresses several of GEF’s strategic considerations, including “(a) Consistency with national and regional initiatives; (b) Strive to ensure sustainability of global environmental benefits; (c) Facilitate effective responses by other entities to address global environmental issues; and (d) be environmentally, socially and financially sustainable.” In line with the GEF BD Focal Area Strategy, the proposed project also aims to: “mainstream biodiversity conservation and sustainable use into production sectors that impact biodiversity” and design “PES schemes to compensate resource managers for off-site ecological benefits”; its activities “seek to catalyze markets for biodiversity goods and services ... to generate biodiversity gains through market mechanisms”; and also provides “information on the value of biodiversity and its contribution to national development or to the ongoing operations of a business that is dependent on biodiversity”.
55. Regarding the GEF IW Focal Area Strategy, the proposed project approach conforms with the GEF approach for an “integrated, ecosystem-based approaches to management of trans-boundary water resources” by “placing human activities at the center of the trans-boundary waters... so that multiple benefits may be sustained”. The proposed project also follows on recommendations of the 1995 Danube Strategic Action Plan; the 1996 Action Plan Implementation Program; and the 2000 Joint Action Program and the 2005 Basin-wide overview, all of which have been developed with GEF IW support.
56. **Linkages with other GEF initiatives in the region:** There are a number of ongoing and recently finished conservation programs and projects in the Danube whose work is relevant to the present proposal, particularly the programs and projects undertaken by UNEP, UNDP and the World Bank, including for example and especially the (now completed) UNDP/GEF *Danube Regional Project*, the UNDP/GEF project *Financial Sustainability of the National Systems of Protected Areas in Six Countries*, which includes work in Bulgaria, or the World Bank/GEF project *Bulgaria Wetlands Restoration and Pollution Reduction*. Also relevant are

conservation initiatives supported by EU conservation-related programs and projects in the Danube basin.

57. WWF-DCPO has been closely involved in a number of these projects, both in terms of implementation and/or providing guidance as a member of their steering committee, and is already in close contact with the project management teams of the most relevant ongoing activities. During the preparation of this project proposal we had extensive consultations with staff of GEF and its IA in the Danube and headquarters to ensure that we build on their findings, avoid duplications and benefit from opportunities for cooperation and collaboration.
58. These contacts will continue, providing perhaps the best insurance for coordination and synergies between projects. At a more strategic level, however, the Project Steering Committee will play an important role in ensuring coordination and synergies between projects. The Committee will include representatives from each of the two WWF implementing organizations (WWF-DCPO, WWF-MPO); a representative from UNEP and the ICPDR Secretariat; and national representatives from Bulgaria and Romania as well as from Ukraine, Moldova and Serbia, e.g. the national focal points for the ICPDR. Additional invitees may include project managers of the most relevant ongoing projects.
59. While there have been a number of GEF and non-GEF conservation initiatives in the Danube basin, it is only recently that an ecosystem services and a payment for ecosystem services perspective has been introduced in the conservation arena, so very few if any of the conservation projects currently at work in the Danube have this perspective on board. Furthermore, beginning in 2007, substantial EU funding has become potentially available for payments for conservation, yet it is still very much unclear whether these schemes will in fact work. This project's added value lies in seizing these new trends and focusing on new EU countries like Romania and Bulgaria that feature outstanding global ecological values and have few vested rural interests, so that they offer a unique opportunity to try to put in place large PES schemes for rural conservation and integrated river basin management that deliver in terms of in situ conservation as well as delivering lessons for the region and the world.
60. **Linkages with other UNEP/GEF initiatives:** The UNEP/GEF portfolio in PES schemes is growing. Recently, several additional projects are moving towards implementation. These include: Payment for Ecosystem Services in Las Neblinas, Dominican Republic; Global-Project for Ecosystem Services (ProEcoServ); and Argentina: Establishment of Incentives for the Conservation of Ecosystem Services of Global Significance. Together with other GEF agency initiatives in this area, a platform for knowledge management is envisioned at a higher level. UNEP will be promulgating knowledge management efforts in this arena, together with other GEF agencies.
61. **Linkages to WWF priorities, action plans and programs in the Danube Basin:** The proposed project is closely linked with the priorities, action plans and programs of the WWF Danube-Carpathian Program (WWF-DCPO) and its local partners. For over 12 years, WWF has focused on the conservation and sustainable use of freshwater and forest resources of the Lower and Middle Danube River basins. Initiatives have included e.g. facilitation and support for implementation of the Lower Danube Green Corridor Agreement, signed by the governments of Romania, Bulgaria, Ukraine and Moldova in 2000. WWF-DCPO is an active and respected member of the official bodies responsible for the development and monitoring of the implementation of agriculture and rural development programs in both Bulgaria and Romania. This status has enabled WWF to initiate and support changes and/or amendments to secure sustainable water management and biodiversity conservation in the EU- and nationally-funded programs. The organization is also a long-time active and respected observer to the

ICPDR, with a special expertise related to implementation of the EU Water Framework Directive and wetland protection and conservation.

62. WWF-DCPO's 5-year strategy (2005-10) emphasizes three approaches, including 1) protection and restoration of nature areas, 2) policy support, especially focused on agriculture and rural development; and 3) sustainable development, fostering economic mechanisms for conservation, including payments for ecosystem services. The next 5-year strategy (2010-15), which is still under preparation, will continue these approaches, with greater emphasis given to economic mechanisms and fostering a green economy.

### SECTION 3: INTERVENTION STRATEGY (ALTERNATIVE)

#### 3.1. Project rationale, policy conformity and expected global environmental benefits

63. Three major concerns of the world community presently include: (a) reducing poverty, of which a large part is rural poverty; (b) ensuring environmental sustainability, of which a large part is rural environmental sustainability; and (c) eliminating production-based rural subsidies accused of distorting international trade and negatively impacting the world environment and the incomes of rural producers in developing countries. In this regard, the concept of payments for ecosystem services (PES) has been gaining traction with many in the conservation and development movement touting PES schemes as the key to improve rural conservation and rural livelihoods as well as to transform harmful production subsidies into helpful payments for ecosystem services. At the same time, there has been increasing interest in and support for Integrated River Basin Management (IRBM). While institutional frameworks for IRBM have been established in a number of river basins around the world, there is still limited experience with financing actual implementation of integrated river basin management planning. The proposed project seeks to develop experience and learning on the role and contribution of PES to rural development and conservation in general, and to Integrated River Basin Management in major river basins in particular.
  - **From ES to PES.** The proposed project begins with ecosystem services, not with payments for ecosystem services. That is to say, it begins with an understanding of the biodiversity values of the Danube basin, the challenges confronting them and a conservation strategy to overcome these challenges. This conservation strategy, which has been endorsed by all the affected country governments and many other key regional stakeholders, includes the restoration of flood plains along the "Lower Danube Green Corridor", the restoration of wetlands and forests in several of the Danube tributaries, and support for low-impact traditional agriculture. PES schemes have a role to play particularly in the Lower and Middle Danube, where achieving many of these conservation goals requires providing farmers and other natural resource managers with the economic incentives that will encourage them to preserve, enhance or adopt environmentally-friendly land management practices.
  - **Seizing a window of opportunity to scale-up PES.** The project focuses on seizing a window of opportunity created by the eastward enlargement of the European Union, the recent EU Water Framework Directive, plus the ongoing reforms to the EU Budget Review and the EU Common Agricultural Policy. For the first time in a major European international river basin all these changes demand planning for integrated river basin management and make available substantial funds to actually put these plans into practice.

In line with the EU Water Framework Directive, by 2009 River Basin Management Plans must be developed for the Danube as well as its sub-basins, including a Program of Measures that lays out the steps, including funding sources, that will be taken to achieve the Directive's overall aim of achieving good ecological quality for all water bodies in Europe by 2015. This



requirement applies not only to Bulgaria and Romania and possibly other future EU member states such as Croatia and Serbia, but to all Danube countries as members of the International Commission for the Protection of the Danube River Basin. At the same time, recent reforms to the EU rural development and agricultural policy direct substantial amounts of money towards promoting nature conservation and sustainable rural development. During 2007-2013, EU (and associated national) funds in the order of €8 billion for the 7-year period are available for rural development and conservation in Bulgaria and Romania, with a mandate to devote at least 25% of these funds to environment and land management.

Then, even with these regulatory changes in place and financial resources available, little biodiversity conservation may happen in the Middle and Lower Danube if (a) targeted biodiversity and water conservation measures are not developed, (b) these programs are not effectively implemented, both in terms of targeting and delivery; (c) local farmers are not willing and able to sign up to conservation practices that qualify them to receive conservation payments; and (d) there is no strong monitoring and evaluation to assess actual conservation pay-offs. Addressing these issues is at the core of this project that will work: (1) with the International Commission for the Protection of the Danube River Basin and relevant governments to include opportunities for payments for ecosystem services and sustainable financing mechanisms in the Program of Measures for the River Basin Management plans; (2) with governments in the implementation of credible rural conservation measures and programs; (3) supporting conservation activities among farmers in selected demonstration areas; and, (4) monitoring and evaluating of the conservation outcomes. In short, this project will help transform rural subsidies into effective payments for ecosystem services that can contribute substantially to achieving Integrated River Basin Management.

- **Breaking ground and seizing opportunities for replicability in neighboring countries.** Beyond Bulgaria and Romania, the efforts of neighboring countries to bring their legislation, policies and institutions into line with EU requirements presents an unprecedented opportunity to introduce and secure support for ecosystem services. The proposed project will share lessons and experience from the project with Serbia, Ukraine and Moldova.
- **Looking ahead to combine public and private sources of payment.** National payments schemes have the potential to deliver not only in terms of rural conservation, but also in terms of re-establishing a partnership between city and countryside that is now embattled not only in Europe but also world-wide. Yet, public funds are not always available or available for all purposes, so it is important to look ahead and try wherever possible to supplement them with private or local PES arrangements. WWF has already begun brokering a few such privately-financed PES schemes in the Danube basin, particularly in the Tisza sub-basin in Romania and Hungary and in the Lower Danube in Bulgaria. Through this project, we will further develop and promote these fledgling schemes, and systematically explore and support implementation of additional opportunities in the Lower and Middle Danube basins in Romania and Bulgaria. We will also determine how such schemes can contribute to the Program of Measures of River Basin Plans for the Danube and sub-basins.
- **Delivering lessons and models for other major river basins.** The proposed project will have considerable relevance for areas beyond the Danube river basin. Many of the models and lessons that will come out of the Danube project will be methods and approaches relevant to a variety of countries and local situations – e.g. regarding opportunities to scale up PES, mainstreaming PES into river basin agencies, and combining public and private driven PES schemes. In recent years, the Danube – the most international river basin in the world – has come to the attention of river basin managers from the Yangtze to the Mekong, interested in the experience of international cooperation through the Danube river commission, the successful partnership between governments, international organizations and NGOs,

initiatives for reducing pollutants and restoring wetlands, and especially its clear program for achieving Integrated River Basin Management, guided by the requirements of the EU Water Framework Directive. The project will link with river basin management initiatives in a number of these major river basins. Also, in the Lower and Middle Danube we will be working with some of Europe's lower income countries, and the lessons gained there will surely be relevant to many middle income developing countries such as China, India, Brazil, and Mexico.

64. **Global environmental benefits:** We expect that the project policy work, namely improvements to the design and delivery of relevant national conservation and rural development funding programs as well as the project local activities, namely the local demonstration projects, will deliver global environmental benefits through improved and sustainable conservation in the Lower Danube in Bulgaria and Romania. Moreover we anticipate further global benefits from providing models and capacity building for successful scaling up and replication in other areas of the Danube basin as well as other international watersheds of global environmental significance (e.g. the Mekong, Yangtze, and Amazon).
65. We have paid special attention to the GEF tracking tool for assessing global benefits under the BD SO-2, and in this regard we will make sure that the project global environmental benefits are measured and tracked accordingly. This will include, inter alia, focusing and measuring:
66. The number of hectares in production landscapes that will improve their contribution to biodiversity conservation and sustainable land use. We estimate that by promoting and supporting the mainstreaming of biodiversity and/or water-related PES schemes in the agriculture, fisheries and tourism sectors, the project will positively impact a total of 500.000 ha in Bulgaria and Romania, and has the potential to influence replication in up to 7 million ha of production landscapes in other areas of the Danube basin.
67. The local and national impact in terms of (a) the number and extension of production sectors and ecosystem services targeted by the project; (b) the incorporation of PES approaches into national and sub-national sector policies; (c) the sustainable use and conservation practices applied in the local level demonstrative projects;
68. The market transformation and social impacts in terms of (a) PES impact in creating new market and ecosystem products and (b) households' income increase and diversification opportunities.
69. The replication, scaling up and policy development (enabling environment) impacts will be assessed by a careful reporting of the project's activities in this area to be contrasted against the initial and end of project status of the three issues – replication, scaling up and biodiversity-friendly policy developments.

### 3.2. Project goal and objective

70. The **overall development goal** of the project here proposed is:

*To secure global environmental benefits by mainstreaming payments for ecosystem services (PES) and sustainable financing (SF) schemes in integrated river basin management for large-scale international watersheds.*

The specific **project objectives** are:

- 1. To demonstrate and promote PES and other sustainable financing schemes in the Lower Danube river basin.**

***2. To derive lessons of relevance for the Danube basin at large and for other international watersheds***

Over a four-year period, we expect to achieve the following two **outcomes**:

OUTCOME 1: New markets for biodiversity and/or water-related ecosystem services created by improving the targeting, delivery, use and monitoring of as much as €8 billion as well as demonstrating local and private sector schemes, thus contributing to integrated river basin management and rural livelihoods in the Lower Danube.

For OUTCOME 1, the proposed project will have the following objectively verifiable indicators:

- By project end, at least 3 local water and/or biodiversity PES schemes set-up to support conservation-friendly land uses on 500,000 ha in Romania and Bulgaria
  - By project end, PES mechanisms integrated into Danube River Basin Management plan to catalyze support for IRBM on up to 7 million ha of production landscapes
  - By project end, 2 national biodiversity and/or water-related PES schemes developed in Romania and Bulgaria
71. A chief opportunity for PES and sustainable financing mechanisms that will be evaluated and developed is the national funding programs, especially those co-financed by the EU. During the period 2007-13, substantial EU and associated national funds are made available for rural development and conservation, including investment in landscape management related to integrated river basin management. In addition to evaluating and drawing up recommendations for including these funds among the financing resources of the Program of Measures for the Danube and sub-basin management plans, the proposed project will undertake several on-the-ground demonstration PES projects for integrated river basin management in Romania and Bulgaria. In the two countries, both of which joined the European Union in 2007, rural development support totals some €8 billion for the period 2007-13, of which at least 25% are allocated for landscape management and conservation. Even with these funds available, little biodiversity conservation may happen in these countries if (a) targeted biodiversity and water conservation measures are not developed, (b) these programs are not effectively implemented, both in terms of targeting and delivery; (c) local farmers are not willing and able to sign up to conservation practices that qualify them to receive conservation payments; and (d) there is no strong monitoring and evaluation to assess actual conservation pay-offs.
72. In both countries, rural development payment in general, and agri-environmental and other nature-related payments in particular, are very new and are now being introduced for the first time, so ensuring their effective implementation is both a challenge and an opportunity that will have implications for future use of such funds as well as conservation and resource management more generally. The project will work with governments in the implementation of credible rural conservation programs and measures, supporting conservation activities among farmers in selected demonstration areas, and monitoring and evaluating of the conservation outcomes.
73. The greening of EU rural payments is probably the only short and medium-term opportunity to really scale-up PES in the Danube and elsewhere in Europe, and it has the potential to deliver not only in terms of rural conservation but also in terms of re-establishing a partnership between city and countryside that is now embattled not only in Europe but also across the

world. Ensuring that public payments do deliver tangible biodiversity benefits in an effective manner will be important for convincing tax payers and their elected officials to continue funding these programs in the future.

74. Even so, public funds are not always available, nor do they cover all needs. So, wherever possible, it is important to supplement public funds with private or local PES arrangements. WWF has already begun brokering a few such private-sector PES schemes in the Danube basin (in Hungary's Tisza sub-basin, in Romania's Upper Tisza catchment), and through this project we will systematically explore additional opportunities for private-sector driven and local PES schemes both in the Upper Tisza River Basin in Romania and along the Lower Danube in Romania and Bulgaria. In addition to these demonstration projects, we plan to establish a regional Business-Environment Forum to promote awareness and understanding of ecosystem services among businesses as well as by engaging them in developing the market for ecosystem services and exploring other SF schemes.

OUTCOME 2: There is a measurable increase in the conservation community's knowledge and use PES and SF schemes and evidence of key stakeholders considering adapting them to their sub river-basins.

For OUTCOME 2, the proposed project will have the following objectively verifiable indicator:

- By project end, key stakeholders in the Danube and sub-river basins as well as at least three other major river basins are aware of the Danube experience with PES and SF and are considering adapting it to their river basins and situations
- By project end, best practices and lessons learned are documented, distributed and discussed with the international conservation community.

75. Outcome 2 is about sharing project experience and expertise within the Danube river basin more generally as well as with other major river basins around the world, particularly in developing countries. Key stakeholders will include river basin managers; authorities responsible for water management as well as related issues, especially agriculture, rural development and nature conservation; along with NGOs and other interested parties that are active in river basin management.

76. Through a series of workshops, project experience will be shared with river basin managers and other key stakeholders in Serbia and Ukraine. These countries not only share the Middle and Lower Danube River Basins with the project focal countries Bulgaria and Romania, but also are in a special position to benefit from the project experience given their ongoing efforts to draw closer to the European Union. For each of the countries, approximation of their national legislation, policies, and institutional frameworks to those of the EU is a central priority, including approximation to key pieces of EU environmental legislation and policies such as the Water Framework Directive, nature conservation policies (e.g. Habitats and Birds Directives) as well as agriculture and rural development policies, all of which open opportunities for promoting and integrating payments for ecosystem services and sustainable financing schemes into relevant legislation and programming. For all of these countries, closer ties to the EU and eventual EU accession are a top priority. While Serbia is moving toward EU accession, at present Ukraine has not been given the prospect of eventual EU membership. Instead, the country has been offered a framework for relations through the EU's European Neighborhood Policy, which aims to build a zone of increasing prosperity, stability and security in the EU's new and expanded neighborhood. It offers partners a relationship that goes beyond cooperation to include closer political links and an element of economic

integration, as well as assistance with reforms to stimulate economic and social development. It is still unclear how current efforts of both Ukraine and Moldova to draw closer to the EU will develop, and what implications this will have for integrating support for PES and sustainable financing into the regulatory and programmatic framework of both countries as well as implementing concrete projects on the ground.

77. We expect the proposed project to have considerable relevance for areas beyond the Danube river basin. Many of the models and lessons that will come out of the Danube project will be methods and approaches relevant to a wide variety of countries and local situations – e.g., regarding opportunities to scale up PES, mainstreaming PES into river basin planning, and combining public and private driven PES schemes. While there is growing number of PES schemes working in small watersheds, to date there is little or no experience in scaling this up to larger watersheds such as the Danube. At the same time, there is a growing consensus around the world on the merits of Integrated River Basin Management (IRBM) and a substantial number of IRBM institutional structures are already in place. But there is still very limited experience with actual implementation, including financing for relevant measures within an IRBM framework. Considerable attention around the world is being paid to implementation of the EU Water Framework Directive, which provides perhaps the most comprehensive and clearest framework for implementing Integrated River Basin Management and achieving sustainable use of water resources. Yet here, too, actual implementation of the Directive is at the beginning, with attention only now really turning to the practical steps that need to be taken, including arrangements for financing. Although a PES scheme based on EU/government payments may be a far cry from what is feasible among the group of least developed countries, it surely is feasible – in fact, it is currently at work – in many other countries, including China, India, Brazil, and Mexico. In many of these countries, as in Europe, the question is not so much where the money for these payments can come from, but rather how to ensure that they deliver significant environmental as well as social benefits.
78. Additionally, communications and media activities, focused especially on specialty publications in the Danube River Basin and other electronic and print media as well as through staff participation at major watershed management and PES/SF events, will spread project experience and expertise to key stakeholders and broader audiences in the wider Danube River Basin and in other river basins.
79. We have identified four major river basins for possible outreach, experience exchange, and shared training and capacity building opportunities: the Yangtze, the Mekong, the Amazon/Orinoco and the Congo. Each of these river basins is a priority for WWF's 2008-20 Global Program Framework and the locus of major WWF conservation programs undertaken in close collaboration with the local institutions and communities; in addition, the Yangtze, Mekong and Amazon/Orinoco include middle-income countries similar in many respects to Eastern Europe countries.
80. For example, among the specific opportunities for sharing this project experience in China we will take advantage of the twinning relationship that is developing between the river basin management authorities responsible for the Yangtze in China and the Danube River Basin in Europe. WWF is also working in the Yangtze basin in partnership with TNC and Stanford University developing modeling tools to assess and value ecosystem services and here again there will be opportunities to exchange the institutional development experience of the Danube project and the modeling experience of the Yangtze NatCap project.
81. In the Mekong river basin, WWF has been active exploring and developing PES/SF opportunities since 2006, mostly in the Vietnam section of the basin (e.g. in Lam Dong, the Perfume River, Dong Nai and Quang Nam). In 2008-2011, WWF expects to expand this work

to other countries in the basin so that participants in all these programs will have realized the benefits of exchanging experiences and learning from the Danube initiative.

82. WWF also has well-developed relations with basin agencies and major stakeholder in all Amazon and Orinoco countries, and we are already exchanging information and experience with experts in Brazil, Peru and Colombia. Regarding the Congo Basin, in late 2008 and in partnership with government agencies, local NGOs and international donors, WWF began a very ambitious PES program that will pay indigenous populations for reduced emissions from deforestation and forest degradation (REDD). Although on-the-ground challenges in the Congo differ greatly from those in the Danube, still there are issues and experiences to exchange, for example in the area of measurement reporting and verification (MRV) that is critical to all ecosystem services programs.

### 3.3. Project components and expected results

83. **Component 1: Design, development and promotion of PES and other sustainable financing schemes in Bulgaria and Romania** comprises the following outputs and activities:

84. Output 1.1: *National PES schemes in Romania and Bulgaria effectively reward provision of Danube-related ecosystem services and are integrated into Danube river basin and sub-basin management plans.*

For Output 1.1, the proposed project will have the following objectively verifiable indicators:

- By year 4, relevant agri-environmental payments and other public- and private-driven PES/SF mechanisms are identified and included in the Program of Measures for the Danube River and sub-river basin management plans.
- By year 4, full uptake of Danube-related national payment schemes by farmers and other resource users (evaluated on the basis of official documents for the evaluation of relevant funding programs and reports).

The following activities lead to this output:

- *Activity 1.1.1.: Evaluate needs for farm-related ecosystem services in Danube basin of Bulgaria and Romania.*
  - *Activity 1.1.2.: Identify and/or propose Best Practice and guidelines for use of national rural payments and other EU Funds for Danube-related ecosystem services supporting the implementation of the Water Framework Directive.*
  - *Activity 1.1.3.: Develop recommendations for public and private-driven payments for ecosystem services and sustainable financing mechanisms to be incorporated into the program of measures for the River Basin Management Plans for the Danube and sub-basins.*
  - *Activity 1.1.4.: Organize 2 workshops to integrate recommendations into River Basin Management Plans in Bulgaria and Romania*
  - *Activity 1.1.5.: Assist outreach and communications to farmers and other land users regarding payments for Danube-related ecosystems services in Bulgaria and Romania*
  - *Activity 1.1.6.: Evaluate results of actions, including in demonstration areas, as input for official evaluations in Bulgaria and Romania*
85. The aim of Output 1.1 is to ensure that opportunities to put in place PES/SF schemes are assessed and integrated into the Danube River basin and sub-basin management plans.

According to the EU Water Framework Directive, which all signatories to the Danube Convention have agreed to implement, the Danube River Basin Management Plans must be completed by end 2009 and must include a Joint Program of Measures that outlines the specific steps that will be taken to achieve the overall objective of good ecological status for the river as well as entailing national and basin-wide agreed measures and setting the framework for more detailed plans at the sub-basin or national level. These Management Plans are already delayed. When completed, possibly in 2010, they are expected to include not only the technical actions but also the sources of financing for those actions.

86. Although the focus of this project is on Bulgaria and Romania and the Lower and Middle Danube, the work that will be done here to identify and evaluate PES and sustainable financing schemes and integrate them into the program of measures in support of the implementation of the Water Framework Directive will also be relevant for other countries in the Danube river basin and its sub-basins. For example, Activities 1.1.1 and 1.1.2 include a survey of experience with use of national agricultural, rural and regional development funds for implementation of the Water Framework Directive across EU countries, especially in the Danube River Basin. While Bulgaria and Romania are now implementing for the first time national payments systems with the potential for supporting provision of ecosystem services, countries like Germany and Austria have collected considerable experience with national payments systems that provide important lessons, including best practice and recommendations.
87. The recommendations of these surveys will be reviewed and discussed by national experts, relevant authorities and key stakeholders at an international seminar, then worked into a document with best practices and recommendations which will be distributed to relevant authorities and key stakeholders throughout the Danube River Basin and sub river-basins (Activities 1.1.2 and 1.1.3).
88. All activities in support of Output 1.1 build on an extensive body of work that has been done by WWF and partners, particularly regarding EU agriculture, rural and regional development funding as well as analysis of previous support schemes.<sup>8</sup> We expect to draw on many of the technical experts who have been involved in developing these previous analyses, including experts on agriculture and regional development as well as freshwater conservation and river basin management experts from the WWF-European Policy Office in Brussels, the WWF Danube-Carpathian Program, WWF-Hungary, and WWF-Germany, government agencies, national NGOs and national academic centers.
89. Incorporating the recommendations developed under the previous activities into relevant policy and planning processes at the national as well as river-basin levels will require follow-up (Activities 1.1.4 through 1.1.6), including transmitting the results to relevant stakeholders and bodies through communication activities and meetings as well as participation in relevant committees and working groups, e.g. the River Basin Management and sub-basin groups (e.g. for Tisza river basin) of the ICPDR. In Bulgaria and Romania, we will seek to incorporate the recommendations developed into Danube sub-basin management plans. In addition to communications activities and personal meetings, we plan to organize 2 national workshops (1 in each country) to present to and discuss the recommendations with river basin management authorities and other key stakeholders. This work will be undertaken largely by the WWF-DCPO freshwater officers in Bulgaria and Romania, with support from communications staff.

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<sup>8</sup> See in Appendix 16 a partial list of recent WWF publications on PES/SF schemes and EU financing for rural conservation

90. The proposed project will draw on experience from other countries to assist relevant authorities, including Ministries of Agriculture and Environment and Water, to ensure effective design of measures, and targeting them in such a way as to reward farmers and other resource users for land and resource management that delivers specific ecosystem services related to the Danube. Though clear in principle, this connection between on the one hand payments and on the other hand delivery of specific ecosystem services is often unclear in practice. Hence this project proposal will pay particular attention to design, monitoring and evaluation mechanisms that assure that the system delivers both ways.
91. That is why, beyond mainstreaming PES into the national agriculture and rural development programs, this project will seek to ensure actual delivery of the measures to the farmer or other resource user. Working with relevant authorities and stakeholders, including especially Agriculture Ministries, but also agriculture extension services, farmers associations, and conservation authorities, the project will assist in the development of mechanisms for raising awareness among farmers and other resource stewards regarding funding schemes as well as training on how to use them effectively. Conservation authorities will be involved in these activities throughout in order to ensure proper targeting and delivery of the schemes.

92. Output 1.2: Capacity building and training in PES and sustainable financing schemes for key stakeholders in Romania and Bulgaria

For Output 1.2, the proposed project will have the following objectively verifiable indicators:

- By project end, at least 80 river basin managers and other key stakeholders in Bulgaria and Romania are trained in PES and sustainable financing schemes;
- By project end, all stakeholders relevant to decision making on river basin management in Bulgaria and Romania are aware of ecosystem services and opportunities for PES and sustainable funding schemes.

The following activities will lead to this output:

- *Activity 1.2.1. Identify and survey key stakeholders and their needs related to PES and sustainable financing schemes*
  - *Activity 1.2.2. Training for watershed managers and other key stakeholders from Bulgaria and Romania on PES and SF mechanisms (workshops).*
  - *Activity 1.2.3. Consulting support to watershed managers and other key stakeholders in Bulgaria and Romania.*
  - *Activity 1.2.4. Organize 3 study tours for PES practitioners to study existing PES schemes in the Lower and Middle Danube basin.*
  - *Activity 1.2.5. Communications and media work related to ecosystem services and PES in Bulgaria and Romania*
93. The proposed project will provide basic training in payments for ecosystem services and sustainable financing schemes for a minimum of 80 watershed managers and other relevant key stakeholders, and provide technical assistance for supporting identification and development of PES and sustainable financing schemes in the Danube and sub-basin watersheds in Romania and Bulgaria. In addition, through the program all key stakeholders involved in watershed management in the Danube and sub- river basins in the two countries will be aware of ecosystem services related to the river basins and potential opportunities for generating financial support for these services from both public and private sources.



94. The first step (Activity 1.2.1.) will provide the basis for most of the training, awareness raising, networking and information activities that will be undertaken as part of this project. The list of key stakeholders that were identified and contacted during the PDF-A phase (in 2005) of this project will be reviewed and added to, and a database of contacts established. A survey will then be made of all of these stakeholders regarding their interests and needs related to payments for ecosystem services and sustainable financing mechanisms in general and regarding this project in particular. The results of this survey will be used in the design of subsequent activities as well as serve as a baseline for evaluating some of the program achievements.
95. Four training workshops (Activity 1.2.2.) will be organized for a total of 80 or more people involved in watershed management in the Danube river basin, including representatives of river basin management authorities and government officials charged with overseeing water policy as well as local stakeholders. The workshops will provide an introduction to payments for ecosystem services and sustainable financing mechanisms, including experience from the Danube region and other parts of the world, and explore opportunities for their application in the Danube basin, and will loosely draw on similar workshops that have already been organized by WWF-MPO and WWF-DCPO, e.g. in October 2005 in Sofia. The workshops will be organized by the WWF Danube-Carpathian Program with support from the WWF-MPO.
96. The training workshops will be followed up by a total of 60 days of technical assistance to identify and develop potential PES and sustainable financing schemes (Activity 1.2.3.). The support will be made available to interested stakeholders from experts on payments for ecosystem services and sustainable financing from WWF-MPO, WWF-DCPO as well as external experts. This will be supported by broader communications and media work related to ecosystem services and PES that will aim to reach all watershed managers and key stakeholders in Romania and Bulgaria.
97. There are a handful of fledgling PES schemes under development within the Danube basin, including some with WWF participation in the projects in the area of Maramures and the Tisza river basin. The proposed project will take advantage of these projects plus the project own activities to provide inspiration and learning to stakeholders from other areas and basins in Romania and Bulgaria. To this end we will organize a total of three study tours (Activity 1.2.4.).
98. Output 1.3: Demonstration of local-level implementation of public payments for Danube-related ecosystem services.

For Output 1.3, the proposed project will have the following objectively verifiable indicators:

- By project end, at least 3 local demonstration projects in Romania and Bulgaria involving public-funded PES and sustainable financing schemes (to be evaluated by an independent assessment at project mid-term and end).

The following activities will lead to this output:

- *Activity 1.3.1.: Conduct feasibility studies and select at least 3 demonstration projects to be further developed in Romania and Bulgaria.*
- *Activity 1.3.2.: Identify and engage key stakeholders for each project in the selected sites in Romania and Bulgaria.*

- *Activity 1.3.3.: Training and awareness raising for local stakeholders on national and other funding sources available for Danube-related ecosystem services in Romania and Bulgaria.*
  - *Activity 1.3.4.: Design, develop and assist implementation of PES schemes with national financing.*
  - *Activity 1.3.5.: Awareness raising among local stakeholders regarding value of ecosystem services.*
99. At least three local demonstration projects will be supported during the project four years span, with probably two in Romania and one in Bulgaria, to demonstrate and learn from the practical implementation of public-funded PES schemes. The demonstration projects will work with local authorities, farmers associations and other local natural resource users to help them actually implement the land use changes that would qualify them to receive payments under the fresh water, agriculture and rural development national plans that are the focus of Output 1.1. Our aim is to show *in practice* how national payments schemes can help deliver ecosystem services while at the same time supporting and even generating rural livelihoods.
100. Many of the stakeholders that were consulted during the PDF-A phase of this project felt strongly that such demonstration projects are of critical importance to the success of the project. The very idea of public payments for ecosystem services is still very new to this part of the world; to most people here, agricultural activities actually enhancing the environment, and generating rural incomes at the same time, seems implausible – both from the perspective of environmentalists as well as land users. There are still very few practical examples of public payments mechanisms in general, and even fewer, if any, connected specifically to watershed protection.
101. The demonstration projects will provide important feedback for the policy and programming activities undertaken under Output 1.1, and also provide focal points for some of the training and capacity building activities undertaken under Outputs 1.2 and 2.1. They will also be the focus of extensive communications activities to promote ecosystem services and opportunities to generate incomes for rural populations. Finally, we expect that most if not all of the private-sector driven PES schemes that are to be developed under Output 1.4 will take place in connection with the public sector-driven schemes to be developed here.
102. During the PDF-A phase of preparation of this project and through discussion with national agencies and local stakeholders, we have short-listed several locations for demonstration projects in Romania and Bulgaria. In order to be able to better target the local demonstration projects to needs and opportunities presented by ongoing rural and regional development funds at the national level, we have purposefully not selected the final list of sites. As a first activity of the project, a more thorough feasibility study will be undertaken for each of the candidate sites in light of developments in the national funding programs. The results will be consulted with national stakeholders and a minimum of three projects finally selected for actual implementation.
103. All of the sites that have been pre-selected are ones where WWF has been working for a number of years already and is in close contact with local authorities and stakeholders. For each of these local areas we have collected basic ecological, economic and social information and have had initial discussions with local authorities, farmers and fisherman associations to ensure their interest in participating in the project (a summary of this information is included below, with a more detailed description contained in Annex D) Among the criteria used for the selection of the current shortlist we have considered:

- Potential to succeed – to get off the ground and make a difference within the 3-4 year life of the project
- Diversity of environments and ecosystem services (including e.g., extensive fish ponds, agriculture)
- Diversity of payments schemes (national payments, municipal or other private-sector schemes)
- Priorities and interests of relevant national authorities
- Local stakeholders willingness and ability to work with the project
- Previous WWF experience and interest in the area

104. Maramures Plateau and Ecedea Marshes, Northern Romania

The upland mountain plateau, Oas Gutai, in Maramures in northern Romania is characterized by mixed grassland and forest habitats (50% each), a network of high altitude wetland and peatland “sponges,” an intact megafauna (brown bear, wolf, lynx) and significant but unprotected biodiversity, surrounded by 13 small communities and the large city of Baia Mare (population 150,000). The tributaries of the plateau run into the Tisza River, a major tributary of the Danube, and down to the Hungarian border, where they form the Ecedea/Ecsed marshes before spilling further down the Tisza toward the Danube. The Ecedea marshes that straddle the Romanian-Hungarian border were formerly a wetland area rich in biodiversity, but were significantly drained and turned to agriculture in the 19<sup>th</sup> century.

105. From the perspective of river basin management, the area is especially interesting in terms of water and flood management – it is from here that the potent cocktail of cyanide and heavy metals entered the Tisza in 2001, wiping out life in the river; and it is from here and neighboring areas of Ukraine that the floodwaters originated in 2001 that put large parts of Hungary under water. For both these reasons, the area of Maramures and neighboring part of Ukraine has been the focus of significant international attention. The area has a high potential to serve as a positive model for investments in sustainable landscape management and market-based conservation schemes for both the Danube basin as well as the Carpathian Mountains.
106. In preparation of this proposal, WWF studied the root causes for water quality problems in the Firiza-Runcu catchments and developed preliminary studies on the role of forests and grasslands in maintaining and/or improving water quality and quantity. These studies are also undertaking a cost-benefit analysis for a potential PES scheme in the region to determine the possibility of implementing such a scheme and to provide arguments for forest and grassland users and water utility companies to contribute to the implementation of PES scheme.
107. The valuations of the environmental services provided by the targeted habitats are shared and communicated to the major players of the potential PES scheme. Additionally, scenarios for payment schemes for environmental services will be developed by the end of November 2008. A consultation and planning workshop as well as testing the willingness to pay is planned for late autumn 2008 to secure the involvement of the PES buyers in the PES scheme preparation process.
108. The next logical step is the practical design of the PES scheme including methodology for collecting the payments of the ES buyers; institutional set up for the PES fund and scheme management, etc.
109. In the Ecedea/Ecsed marshes, there is a good opportunity to promote a switch from failed lowland, subsidy-driven monoculture agriculture to a mixed land-use mosaic of wetland

management (for flood-waters retention) together with new economic uses focused on grazing, fishing, tourism, recreation, and wetland products harvesting. At the same time, the area could mark the first ever cross-border wetland project between Romania and Hungary. The Hungarian government has selected the area as the first of its flood retention zones under the innovative Vaserhelyi flood management plan. WWF-Hungary has already begun working with local communities to turn the Vaserhelyi plan together with new payments from agriculture and rural development funds into a real opportunity to restore the valuable wetlands in the area and the livelihoods that they once supported. The proposed project could draw on the Hungarian experience with such locally- and nationally-based PES schemes and promote similar approaches and schemes across the border in Romania.

110. Lower Danube, Romania

On the Lower Danube in Romania, we have identified two possible project sites within the former Danube floodplain in Calarasi County, located within the Lower Danube Green Corridor. In this area much of the former mosaics of wetlands and natural channels, reed beds and patches of natural floodplain forest have been lost, but some remain, especially around the fish ponds that are a possible focus for this proposed project. The fish ponds are among the most productive along the Lower Danube. They are also valuable in biodiversity terms, for the birds and other species of fauna and flora, many of which are listed on the Bern Convention, EU Birds and Habitats Directives.

111. Maintaining, and even increasing the biodiversity around the fish ponds, while at the same time continuing their productive function would require upgrading current natural resources management practices and introducing new ones. For example, limiting vegetation removal to strict limits and scheduling it after the breeding season, correlating the refilling of ponds with the breeding seasons for waders, etc. Both existing and new natural resource management practices can yield a variety of ecosystem services related to maintenance and improvement of wetlands, including hydrological (water storage, flood retention, ground water recharge); biogeochemical (nutrient retention, filtration capacity); and ecological (habitat for flora and fauna – spawning, breeding, nesting, feeding; reservoir for biodiversity, productivity – food web). In addition to increasing the flow of ecosystem services, conservation friendly NRM practices can deliver economic benefits in the form of increased fish, reeds and other wetland products and also new tourism and bird watching opportunities.

112. Payments for the provision of ecosystem services from these areas is potentially available from a number of sources, including national payments that are expected to be made available for extensive fish farming practices (aqua-environmental measures co-financed by the European Fisheries Fund and the European Agricultural Fund for Rural Development). Support for fish farming is included as a priority within the Romanian National Development Plan. Additional support for these ecosystem benefits could be made available through other mechanisms, including local water pricing as well as private-sector arrangements related to tourism as well as marketing of “green” products to the nearby city of Calarasi and beyond. A successful demonstration of extensive fish pond management in Calarasi could have application for the many other fish ponds along the Lower Danube, in Romania as well as Bulgaria, Moldova and Ukraine, many of which, like Calarasi, are valuable wetland areas whose benefits extend far beyond fish production.

113. Lower Danube, Bulgaria

On the Lower Danube in Bulgaria, we have identified two possible sites for demonstration projects: the area of Rusenski Lom, in the vicinity of Rusenski Lom Nature Park near the town of Ruse; and the lower sections of the Vit and Osam Rivers in Pleven County in north-central

Bulgaria. Both possible project sites are located within the designated area of the Lower Danube Green Corridor.

114. Possible activities and issues in the area of Rusenski Lom are focused on maintaining and enhancing the biodiversity values of Rusenski Lom Nature Park, maintaining existing High Nature Value Farmland, including pastures and meadows; converting some of the arable land along the Rusenski Lom River to grassland; marketing locally produced food and food products from the High Nature Value grasslands and meadows and implementing sustainable forestry management in the park forests. Possible funding mechanisms to support these activities include national payments schemes as well as levies from tourists visiting the area. The local tourism providers set up an association called “Nature tourism” willing to support activities in the nature park recognizing that the nature value of the region is important for their successful businesses.
115. Potential activities on the Vit and Osam Rivers focus on restoration of the original river beds, which were significantly regulated in the middle of the 20<sup>th</sup> century and converted to arable land. Similar to the previously discussed case of the Ecedea/Ecsed marshes on the Romanian/Hungarian border, the conversion of the wetlands to arable lands has proven a relative failure: the water table has dropped significantly as a result of the regulation, decreasing the productivity of the agricultural lands, and affecting availability of water for drinking and other uses. At the same time, the level of biodiversity in the area has declined; including fish and other fauna and flora used for economic purposes, and flood management has been negatively affected. The project would build on ongoing efforts to restore the two rivers to their original river beds, supporting this development by providing complementary payments to local farmers, fishermen and other land and resource users for the provision of ecosystem services associated with these natural resources management changes. Here too, a major source of support can be expected to come from national payments schemes, but other sources may also be available, including e.g., levies from water payments (the planned restoration would recharge groundwater aquifers improving water abstraction).
116. Output 1.4: Private sector involvement and support for PES schemes demonstrated  
For Output 1.4, the proposed project will have the following objectively verifiable indicators:
- By project end, at least 2 demonstration projects in Romania and Bulgaria involving private-funded PES and sustainable financing schemes (to be evaluated by an independent assessment at project mid-term and end).
- The following activities will lead to this output:
- *Activity 1.4.1: Local-level demonstration of private sector-driven PES schemes in Romania and Bulgaria.*
  - *Activity 1.4.2: Business-Environment Forum*
117. This output and the related activities focus on developing practical demonstrations of private sector-driven payments for Danube-related ecosystem services and promoting private sector PES and sustainable financing schemes more generally.
118. The proposed project will demonstrate at least 2 private sector-driven PES schemes (Activity 1.4.1). A detailed feasibility study will be undertaken at the beginning of the project to identify sites and mechanisms to be further developed. Those selected are expected to build on, coincide with and complement as well as bring forward the activities focused on public-payment schemes undertaken for the demonstration projects under Output 1.3, in the area of

Maramures and the Ecedea Marshes in the upper catchments of the Danube river basin in Romania as well as in the demonstration projects along the Lower Danube (Calarasi, Rusenski Lom, Vit and Osam Rivers). By focusing the demonstrations of both the public- and private-driven payments schemes in the same areas, we expect not only to achieve synergies and greater impact, but also be able to demonstrate the opportunities – and needs – for combining the two approaches. While public payments can for example support development of “green” products (e.g., organic food), private involvement and initiative is needed to ensure that they are actually brought to market and purchased by consumers. In this case, as in many others, the private initiative is necessary to secure the overall sustainability of the mechanism supporting ecosystem services.

119. Examples of private-sector schemes that have been pre-selected for possible future development and promotion through this project include:

- Work with the water utility company in the Maramures area to protect the watershed from which the company draws its water, including possible payments for ecosystem services to local farmers, foresters and other land users.
- Work with fish producers in the Calarasi area to develop and market “green” fish that can be sold at a premium price to support extensive environmentally-friendly fisheries management.
- Work with agricultural producers in all potential project sites and retailers to develop and market “green” agricultural products that can be sold at a premium price and thus reward related ecosystem services.
- Work with local stakeholders in all potential project sites and tourism companies to develop and market environmentally friendly tourism products – e.g., related to bird watching in the Calarasi area, tourism in Rusenski Lom Nature Park or the Ecedea marshes on the border between Romania and Hungary.
- Work with forest owners and managers to introduce certified sustainable forestry management (FSC) on the Maramures plateau, enabling them to charge a premium price that rewards the ecosystem services that they safeguard. This activity is already ongoing through a partnership between WWF and IKEA (brought in partly because IKEA procures 40% of all Maramures timber products).

120. The proposed project will also promote awareness among business leaders of essential ecosystem services, and seek to involve them in maintaining and enhancing these services in the Danube River basin. The main instrument for this will be a Danube Business-Environment Forum (Activity 1.4.2). Through the forum, the project will engage local, regional and international businesses in a discussion on ecosystem services in the Danube that addresses issues including:

- Raise awareness of the need for such ecosystem service approaches from the local to the international scale;
- Raise awareness of the need for upstream/downstream analysis and investigation (scientific foundation for flood/land-use assertions; additional market research on products and services; economic analysis of costs and benefits from different flood management strategies etc);
- Advance the role of the private sector in marketing ecosystem services in the Danube;
- Identify opportunities to put in place PES schemes in the Danube;

- Support and participate in local level demonstration of private-driven PES in the Danube River basin.

121. The Business-Environment Forum will build on WWF’s considerable experience and existing partnerships with businesses in the Tisza basin as well as on the developing ‘business for environment’ opportunities in Bulgaria and Romania. Here the project will be able to use already identified opportunities and “incentives,” including prevention of flood damage, which in the Middle and Lower Danube river basin in recent years has been very considerable and thus engaging insurance companies; nature-based (food) products; support for biomass production; as well as national payments schemes, etc., and make a strong business case for a healthy – ecologically functioning – Danube river basin as a necessary condition for continued or enhanced business activities.

122. Participating businesses in the Business-Environment Forum could include major WWF corporate partners like IKEA, Lafarge, Wienerberger as well as members of the recently established WWF-DCPO Romania Corporate Club. There is also a host of smaller operators who also have an interest in ensuring the sustainable management of natural resources in the Lower Danube, including the tourism companies in Rusenski Lom (Bulgaria) and Mehedinti (Romania), dairy and animal husbandry companies, etc. Also involved would be chambers of commerce and business associations, e.g. from Baia Mare in Romania and Ruse in Bulgaria, as well as relevant governmental agencies, e.g. Romanian/Bulgarian State Forest Administration as well as water management authorities.

123. The forum (conference) will be followed up by smaller meetings to agree on a longer-term program for pushing forward PES/SF mechanisms, both at river basin, regional, and local scales; as well as communications activities highlighting the business-nature partnerships anticipated.

124. **COMPONENT 2: Capacity building for river basin managers and other key stakeholders in the wider Danube river basin and major river basins in the world** comprises the following outputs and activities:

125. Output 2.1.: Information and experience exchange for key stakeholders in Danube and sub river basins.

For Output 2.1, the proposed project will have the following objectively verifiable indicators:

- By project end, project experience and expertise shared with at least 40 river basin managers and other key stakeholders in Serbia and Ukraine (evaluated on the basis of participation and participant evaluations in exchange activities);
- By project end, all river basin managers and other key stakeholders in the wider Danube river basin are aware of the project and lessons related to PES and sustainable financing schemes (to be evaluated on the basis of surveys undertaken at project inception and end).

The following activities will lead to this output:

- *Activity 2.1.1.: Identification of key stakeholders and needs related to PES and SF in Danube River Basin.*
- *Activity 2.1.2.: Information and experience exchange for watershed managers from across Danube River Basin (workshops)*

- *Activity 2.1.3.: Communications and media work related to project, ecosystem services and PES across the Danube River Basin*
126. In Output 2.1., the proposed project will extend experience and expertise with PES and sustainable financing mechanisms to other countries in the wider Danube River Basin.
127. A particular focus for these efforts will be the neighboring countries of Bulgaria and Romania in the Lower Danube Green Corridor and Middle Danube, namely Ukraine as well as Serbia. In focusing on these countries, the project will take advantage of the unique opportunities presented by these countries' efforts to approximate their legislation, programming and institutional structures to those of the EU.
128. Through two workshops (one each in Serbia and Ukraine), project experience and expertise will be shared with at least 40 river basin managers and other key stakeholders in Serbia and Ukraine. In Ukraine, information sharing will be focused on the Odessa Oblast, which is responsible for the Ukrainian areas of the Lower Danube and Danube Delta. WWF has been working closely with relevant stakeholders, including the Oblast (provincial) government, water authorities, and Danube Delta Biosphere Reserve for the past decade to first develop and now implement a vision for the protection and sustainable development of the Danube Delta. In Serbia, WWF has been working closely with local communities and stakeholders in the area of the Danube-Drava confluence (Kopacki Rit) for cross-border protected area and resource management as well as tourism development and is increasing activities in the area of the Iron Gates/Djerdap National Park.
129. Communications and media work will be undertaken to raise awareness of the project and its lessons related to PES and sustainable financing schemes among river basin managers and other key stakeholders across the Danube River Basin. Detailed communications plans will be developed at the beginning of the project, based in part on the stakeholder analysis and survey (Activity 2.2.1). Target groups in the Danube include watershed management authorities and officials; NGOs; authorities and stakeholders involved in agriculture and rural development; idem regarding nature conservation; business, particularly businesses related to natural resources, and the public at large. Communications tools used will include publications produced under Activity 2.3.2, professional publications and other specialized media devoted to the target groups (e.g. the ICPDR's *Danube Watch*) as well as regional media outlets.
130. Output 2.2: Exchange of information and experience with stakeholders in selected major river basins.
- For Output 2.2, the proposed project will have the following objectively verifiable indicators:
- By project end, project experience and expertise is transferred to key stakeholders in at least 3 major river basins (to be evaluated through surveys among project participants and key stakeholders in major river basins conducted at project inception and as part of post-project evaluation).
- The following activities will lead to this output:
- *Activity 2.2.1: Three regional workshops (one each in Asia, Latin America and Africa) to present experiences and lessons of the Danube project.*
  - *Activity 2.2.2: Staff exchanges and visits for practitioners from Africa, Asia and Latin America.*



131. An important motivation for this project – and for WWF’s work on the Danube in general – is to provide models, experience and expertise for work on other major river basins across the world. In addition to being the most international river basin in the world, the Danube is also in many respects the most advanced, with relatively well-developed institutional arrangements, including the ICPDR and a detailed program for integrated river basin management (that follows the Water Framework Directive requirements). This institutional development is why WWF’s global freshwater program considers the Danube as pioneering new models for IRBM that may be of relevance to the management of other major river basins across the globe.
132. Through Output 2.2. Lessons learned and experience from the project will be provided to key stakeholders from other major river basins across the world. Four river basins in particular have been identified for possible involvement in this project: the Yangtze, the Mekong, the Amazon and the Zambezi. Each of these river basins is the focus of major ecoregion conservation programs of WWF, and the first three basins include middle-income countries similar in many respects to Eastern Europe countries.
133. Two main activities will be used to deliver this output: (1) a program of staff exchanges and study tours for 4-8 persons will be organized to support extended visits to the Danube project for staff from other major river basins (Activity 2.2.2.); and (2) three regional workshops will be held on selected major river basins, with one each in Asia, Africa and Latin America (Activity 2.2.1). The workshops will be organized with the support of the WWF world-wide network of country programs and will be targeted not only to NGOs but to key river basin stakeholders in government, businesses and watershed management authorities (60+ participants).
134. Output 2.3.: *Best practices and lessons learned are documented, distributed and discussed with the conservation and international community.*
- For Output 2.3, the proposed project will have the following objectively verifiable indicators:
- By project end, project experience and expertise is shared with at least 30 key institutions in the conservation, freshwater management and rural development communities.
- The following activities will lead to this output:
- *Activity 2.3.1: Outreach to three audiences: (a) technical; (b) major international development agencies, donor and NGOs s, and (c) major international environmental agencies, donors and NGOs.*
  - *Activity 2.3.2: Production and dissemination of publications documenting the project experiences, lessons learned and manuals on How to and best practices.*
135. Worldwide there is an active process of experimentation and debate regarding the potential of PES and related sustainable financing schemes, both to deliver global ecosystem services and improved rural livelihoods. Through Output 2.3., we expect to bring lessons and models from the Danube project to bear in these discussions.
136. Regarding activity 2.3.2, as the references in Appendix 16 show, WWF is already established as a center of knowledge and documentation regarding sustainable financing schemes and payments for ecosystem services, and is a major broker of public and private resources for conservation in Europe and worldwide. With this project, we expect to attain further levels of capability and outreach, now focusing on the production of no less than 3 medium-sized materials targeted to practitioners and delivering best practices and lessons

learned as well as models for sustainable financing and payments for ecosystem services in large international watersheds.

137. Activity 2.3.1 will include outreach and communication via electronic media as well as traditional face to face discussions targeted to three key groups: (a) practitioners, including staff from watershed management agencies, water and conservation experts as well as academics and policy researchers from institutions such as CIFOR and other members of CGIAR, Forest Trends, the Katoomba Group, IIED and the Conservation Finance Alliance; (b) staff from development agencies, donors and NGOs, including development banks, UN agencies, bilateral donor agencies, private foundations and social-focused NGOs; and (c) staff from conservation agencies, donors and NGOs, including UNEP, IUCN, The Nature Conservancy, Conservation International, and others.

#### **3.4. Intervention logic and key assumptions**

138. For national PES/SF schemes, the project seeks to exploit a number of opportunities presented by the policy framework, particularly the availability of substantial support through EU co-financed rural and regional development funding, the development of river basin management plans for the Danube and sub-basins as well as existing commitments of both Romania and Bulgaria related to nature conservation, including implementation of the Lower Danube Green Corridor as well as the EU Natura 2000 network of specially protected sites. Here it is important to note that funding schemes already exist in both countries, so the main challenge for the project will be to work with relevant authorities especially in the ministries of agriculture and environment to ensure proper targeting of the schemes on the one hand and their effective uptake and use by local stakeholders on the other. A major assumption therefore is that the existing funding programmes will continue to exist as planned, and that relevant authorities will be open to improving the targeting of the funds as well as their uptake and practical use on the ground.
139. The project also seeks to take advantage of the development of river basin management plans for the Danube and sub-river basins, including programs of measures outlining the measures and funding sources to be used for fulfilling the plans. Our assumption is that PES/SF schemes can make a very significant contribution to the programs of measures, and that relevant national and river-basin authorities will be open to considering this approach. The draft Programs of Measures are due at the end of 2009, though some slippage in this timeline seems likely, so this will be an area for urgent action in the project.
140. The project further seeks to demonstrate other, local/regional and possibly privately financed PES schemes. Local/regional schemes are very specific in nature, with different conditions and requirements. Significant preparatory work has already been undertaken for a number of potential schemes, but whether or not these can be turned into successful PES/SF schemes will depend on a number of different factors, many of them specific to each case. A flexible and opportunistic approach will therefore need to be taken, one based on adaptive management with a focus on developing a handful of successful PES schemes.
141. The project further assumes that experience from the project in applying PES/SFs for integrated river basin management will be of interest and value to other major river basins around the world as well as to relevant circles of the international community, including conservationists, river basin managers and development/aid agencies.

### 3.5. Risk analysis and risk management measures

Risk	Rate of Risk	Mitigation strategy
<b>Risk 1: Climate change impacts (floods /droughts) in the Danube River Basin become too strong too soon</b>	<b>M</b>	<p>The Danube River Basin is the most flood prone region in Bulgaria and Romania. Major floods in recent years (2005, 2006) have caused serious damage and major economic losses, and flooding is projected to only get worse with climate change. Government approaches to flood protection in both countries still emphasize “hard” infrastructure development (higher dikes and dams), possibly threatening species and habitats and limiting the space for free-flowing rivers which this project aims to support. There have however been signs that the current approach to flood management may be changing, following the example e.g. of Hungary or of Germany to limit “hard” infrastructure investments and rely as much as possible on natural processes for flood management. The Romanian government has e.g. announced a major program for wetland protection and restoration, motivated first and foremost by the need to “give space to the river”. The project will seek to further support this trend through targeted communications and media work promoting Danube-related ecosystem services in Bulgaria and Romania (activity 1.2.5) and through training for specialized audiences such as river basin managers and other key stakeholders on PES (activity 1.2.2).</p>
<b>Risk 2: Global financial crisis pressures CEE economies and thus businesses do not buy into PES schemes</b>	<b>M</b>	<p>The economic downturn and financial crisis are already having significant effect on some sectors of CEE economies. Against this background, there is a risk of a loss of focus on environmental issues in favor of economic costs. This situation is a risk for any project and will need to be closely monitored and taken into account, with possible adjustments to the project approach taken as necessary. At the same time, there is already a growing appreciation in both Bulgaria and Romania of the <i>economic</i> benefits of ecosystem services (e.g. for flood protection); indeed, further promoting this awareness and understanding will be a key focus for this project. Furthermore, it is unlikely that current EU and state funding will be cut, as this is seen as a fiscal stimulus and is focused especially at poorer rural populations.</p>
<b>Risk 3: PES schemes cannot be upscaled due to governments unwillingness to mainstream PES schemes in the national development programs</b>	<b>L</b>	<p>The potential of the proposed PES for up-scaling will depend largely on their mainstreaming in the national development plans for agriculture, rural development and fisheries in Bulgaria and Romania. Funding is already potentially available for such an up-scale and thus the main issue remains the willingness of the relevant ministries to adapt and/or change their development plans. There are a number of factors that will actually support the needed mainstreaming: (1) the plans are co-funded by the EU which prioritizes PES schemes for biodiversity conservation and water management; (2) national ministries have expressed their support for the project and will participate in it with their experts (as expressed in the letters of support); (3) WWF-DCPO is a member of the monitoring committees for the EU-funded plans at national level as well as a member of the</p>

		EU Agriculture and Environment Advisory group in Brussels and thus is in a strategic position to propose and support changes.
<b>Risk 4: Danube lessons/approaches are not relevant or useful in other contexts/basins.</b>	<b>L</b>	In recent years, the Danube has come to the attention of river basin managers from the Yangtze to the Mekong, who are interested in the Danube's diversified experience of international cooperation, and especially its clear program for achieving Integrated River Basin Management. The project will initiate staff exchanges and visits for practitioners from these river basins (activity 2.2.2.) from the second year of the project implementation, helping identify approaches and PES schemes relevant in other contexts.

### 3.6. Consistency with national priorities or plans

142. The proposed project fits major priorities related to environment and rural development of the focal countries Bulgaria and Romania, both of which are parties to the Convention on Biological Diversity. The overarching biodiversity conservation goal stated by the **Biodiversity Conservation Strategies** of both countries is halting the loss of biodiversity by 2010. The proposed project will directly contribute to both countries' objectives of (a) integrating biodiversity concerns into the agriculture, fisheries and tourism national policies and Programs; and, (b) introducing and optimizing payment schemes for sustainable management of natural resources. The project will also support the direct conservation of wild flora and fauna species in the Danube network of protected areas.

143. Both countries are signatories of the **Danube River Protection Convention** and actively participate in the ICPDR and the implementation of its Joint Action Program. The **Lower Danube Green Corridor Agreement**, which was signed in 2000 by the governments of Bulgaria, Romania, Ukraine and Moldova, calls for the establishment of a network of protected and restored areas along the Danube from the Iron Gates to the Danube Delta. As EU member states, both Romania and Bulgaria must implement the EU Water Framework Directive in the Danube and sub river basins, which the European Commission has recognized as the "single most important non-oceanic body of water in Europe".

144. Of particular relevance for this project are the following key pieces of legislation, which require integration of environmental and biodiversity concerns into the respective sectors at national level in Bulgaria and Romania: the EU **Water Framework Directive** (described in detail above); the EU **Common Agricultural Policy (CAP)**, which has recently undergone several pro-environment reforms – the current 2007-2013 European Agriculture Fund for Rural Development (EAFRD) is one of the main potential sources of funding for environmental management across Europe, helping to pay for the rural environmental and social goods and services which are at the core of this project; and the **EU's Natura 2000 network** of specially protected sites, for which attention is now focusing on the issue of financing for the network, including possible PES and SF measures. Also relevant for this project especially for Ukraine and Moldova is the EU's **European Neighborhood Policy (ENP)**, which aims to build a zone of increasing prosperity, stability and security in the EU's neighborhood. Environment and sustainable development are among the basic principles of the ENP, but thus far have been relatively low on the agenda. There are good opportunities in the ENP framework to table environmental initiatives that encompass both EU and non EU members, as is the case in the Lower Danube and Danube Delta.

### 3.7. Incremental cost reasoning

145. The requested project co-financing from GEF is \$964,676 (without PDF-A funds and UNEP fee), i.e. 41% of the project total costs. According to GEF bylaws, its funds should be used to pay for the “incremental costs...associated with transforming a project with national benefits into one with global benefits”. In fact, all project activities – not only those financed through GEF – are devoted to fostering delivery of global environmental benefits that go beyond what national and regional agencies and stakeholders would achieve in a “baseline scenario.”
146. The “baseline scenario” is a “business as usual” one, where Romania and Bulgaria will: (a) become increasingly integrated into the European Union; (b) improve their economic performance; and (c) devote national funds and funds available through the EU toward economic and social development. In this scenario, it can be expected that (d) investments in ecosystem services will be limited and, where they occur, they may be relatively ineffective; (e) at river basin level, management plans will not make full use of opportunities for financing integrated river basin management, both from public and private sources; and (f) among key stakeholders and the public at large, there will be little awareness of and appreciation for Danube-related ecosystem services and the opportunities for developing sustainable financing for them.
147. The “alternative scenario” shares the 3 initial characteristics of the baseline scenario, but differs from it in the following respects: (d) due to the cumulative impact of this project and other similar and related initiatives in the Lower Danube and the Danube Delta as well as in other parts of Europe, both urban and rural stakeholders have an increased recognition of the importance of securing the flow of the Danube’s ecosystem services; (e) have an increased willingness to pay for them, with regional EU funds, national budgets, local- and private-driven arrangements; and (f) at river basin level, management plans take advantage of these opportunities and are increasingly mainstream PES schemes in their management practices.
148. This project will work to foster this alternative scenario. Far from spending the project money on what the countries themselves or the EU should pay for, we are investing modest funds to leverage large EU, national and private resources to be invested through PES schemes in delivering global environmental benefits. These benefits include tangible improvements to the management of the Lower Danube and Danube Delta – areas that are of global importance for biodiversity, as described in section A, page 2. Global benefits also include, importantly, the example provided of improved river basin management and related PES schemes on a major and internationally very prominent river basin. The latter effect is particularly important as commissions, governments and stakeholders of major river basins including the Yangtze, Yellow River, Mekong and Amazon are looking to the Danube for good practice in governance and management for their river basins.
149. In short, the proposed project focuses on an area of great global environmental values and is tailored to take advantage of the window of opportunity opened by the economic, environmental and political changes unfolding in Eastern Europe in order to provide an example for other river basins across the world.

### 3.8. Sustainability

150. As the project title makes clear, the proposed project is about sustainability in general and financial sustainability in particular, the core idea of payments for ecosystem services being to bring long-term financing sustainability to the conservation enterprise.

151. The project is designed to initiate, develop and promote the long-term sustainability of all its outcomes through a combination of policy, institutional and financing mechanisms including: integration of project outcomes into existing policy and institutional frameworks; establishment of practical arrangements and mechanisms for sustainable financing and PES schemes; involvement of relevant institutions, agencies and stakeholders at river basin, national and local levels in project development and execution; and capacity building for relevant stakeholders both within the Danube and other river basins. All this can be seen in relation to the project's 2 outcomes, as follows.
152. *OUTCOME 1: New markets for biodiversity and/or water-related ecosystem services created by improving the targeting, delivery, use and monitoring of at least €8 billion, thus contributing to integrated river basin management and rural livelihoods in the Lower Danube.*
153. The proposed project will promote and deliver sustainable financing arrangements at a variety of levels within the Danube River Basin, including:
154. Project outputs that will contribute to and be integrated into the existing and ongoing policy process and framework for establishing river basin management plans, which will be taken forward by relevant authorities, including the ICPDR and other relevant watershed agencies and authorities, all of which will be closely involved in this project. The basic approach of Integrated River Basin Management, which is at the core of this activity, is finding increasing application in river basins across the globe.
155. Ensuring targeting and delivery of national payments to support ecosystem services in Bulgaria and Romania. Here too, the project outputs will contribute to and be integrated into existing and ongoing policy process, in this case regarding national payments systems in Bulgaria and Romania. Relevant institutions – especially Ministries of Agriculture and agricultural extension services – will benefit from capacity building and will be directly involved in project execution. The national payments schemes that are the focus of this project are in place at least for the duration of the financial period 2007-13. The project is designed not only to ensure the effectiveness of national payments in supporting ecosystem services, thus justifying their continued existence past 2013, but also to raise awareness among policy makers and the general public regarding the value of ecosystem services and the need for continued financing from public support.
156. Supporting local projects that will demonstrate the on-the-ground working of PES schemes, both government-driven as well as private-sector driven. The project will invest in the development and creation of financing mechanisms, which, once they are established, should be sustainable. The local schemes will be developed and implemented in close partnership with relevant local stakeholders who will maintain and benefit from the schemes in future. Each local project will be identified and assessed with a view to incorporate adequate arrangements to ensure the long-term sustainability of the new PES schemes supported by the GEF intervention.
157. *OUTCOME 2: Measurable increase in conservation community's knowledge and use PES and SF schemes. Documented evidence of key stakeholders are considering adapting them to their sub river-basins*
158. A variety of communications and training activities will promote awareness and understanding of opportunities for developing sustainable financing mechanisms for ecosystem services among watershed managers and other key stakeholders: firstly, in the other Lower and Middle Danube countries, i.e. especially Ukraine and Serbia; secondly, among

other Danube countries; and finally, among stakeholders in other major river basins; all of which should lead to support for existing as well as development of new sustainable financing mechanisms.

159. Through the project contribution of PES schemes and approaches to stakeholders in other major watersheds, and through the engagement with the rural conservation and development community to discuss and develop sustainable financing arrangements in general and PES in particular, the project will be building a sustainable base of knowledge for this and similar projects.

### **Sustainability of WWF PES work in the Danube and beyond**

160. The **WWF Danube-Carpathian Program** has a long-term, strategic interest in developing its capacity to promote Payments for Ecosystem Services and Sustainable Financing mechanisms throughout the Danube and Carpathian ecoregions, and to serve as a center of experience and expertise on these issues for the WWF program across Eurasia. In cooperation with the WWF-MPO and with financial support from the Swedish International Development Agency (SIDA), WWF-DCPO has recently implemented a four-year regional program for capacity building and networking on PES and sustainable financing for the WWF network in Europe and the NIS. This builds on some of the work related to economic mechanisms for conservation, e.g. in Maramures in northern Romania, that contribute to the proposed project and are described in greater detail elsewhere in this project proposal. In terms of organizational development, implementation of the proposed project will help build the capacity of existing staff and partners of WWF-DCPO regarding economic mechanisms for conservation. The project coordinator, based at WWF-DCPO, is expected to help spearhead the organization's work in this area beyond the life of the project. We expect that implementation of this project will also enhance the ability of WWF-DCPO to promote sustainable financing mechanisms for conservation after the life of this project.

161. **The WWF Macroeconomic for Sustainable Development Program (WWF-MPO)** is a WWF resource to address the interaction between economic development and the environment, hence WWF-MPO long term interest in sustainable financing for conservation and rural development in general and its interest in PES in particular. In the last 5 years, WWF-MPO has established itself as a center of excellence on SF/PES issues, with an active program of policy research, training, publications and support for WWF on-the-ground PES/SF projects development, of which this Danube PES proposal is one example. In this regard, WWF-MPO is well positioned to help ensure the sustainability of the Danube PES project and also to disseminate the Danube PES lessons and models among WWF country offices around the world.

### **3.9. Replication**

162. Replication, including the potential for scaling-up and transferring lessons and models, has been a key consideration in designing the proposed project, and is present throughout the two project outcomes, as follows:

163. **OUTCOME 1: *New markets for biodiversity and/or water-related ecosystem services created by improving the targeting, delivery, use and monitoring of as much as €8 billion as well as demonstrating local and private sector schemes, thus contributing to integrated river basin management and rural livelihoods in the Lower Danube.***

- Work in several local-scale PES/SF demonstration projects that will open opportunities for scaling-up through replication, primarily in the Danube basin, but with due adaptations, also in other watersheds in Europe and elsewhere.
- Work with several national agencies to develop rural conservation plans and institutions that are supportive of PES schemes. This work will also deliver scaling up potentials, this time by streamlining-up PES work.
- Work with watershed management agencies, especially the International Commission for the Protection of the Danube River at Danube-basin level, but also sub-basin management bodies (Sava Commission, possible future Tisza Commission) and national authorities, to include PES into the Program of Measures that must be developed by 2009 as part of each River Basin Management Plan. This work will increase opportunities to scale up PES schemes through mainstreaming.
- Engaging selected private firms in a discussion of private business insights regarding marketing ecosystem services, at the same time as we explore opportunities for business driven PES in the Lower Danube and Danube Delta. This work will increase opportunities for replication through demonstration.

164. *OUTCOME 2: Measurable increase in conservation community's knowledge and use PES and SF schemes. Documented evidence of key stakeholders are considering adapting them to their sub river-basins.*

165. The activities leading to Outcome 2 all have a strong focus on replication, through successively larger circles. Adding to the knowledge base regarding sustainable financing and payments for ecosystem services is adding to the replication not only of this but also of other SF/PES initiatives around the world. Some of the activities that we will undertake here include

- In the first circle, we will work in other Lower and Middle Danube countries, i.e. Ukraine and Serbia, helping national authorities to mainstream PES/SF measures into their natural resources management frameworks and training key stakeholders to replicate and adapt the project experiences of PES developments in Bulgaria and Romania
- In the second circle the project will provide capacity building and exchange experiences for stakeholders of several watersheds in developing countries. The goal here is not to achieve mechanical replication of the Danube PES experience, but rather to inspire as well as foster interest and capacities to adapt PES/SF schemes to the different realities of the countries.
- Producing a series of 6 medium-size publications targeted to practitioners in government, agencies and NGOs with guidelines, best practices, and lessons learned regarding PES and sustainable financing schemes;
- Dissemination of project information and reports available for download via the WWF website ([www.panda.org](http://www.panda.org));
- Presentations in international, regional and national conferences and seminars devoted to payments for ecosystem services and sustainable financing mechanisms, conservation, rural development and river basin management.

166. The total budget related to replication activities is **\$415,484**, i.e. 18% of the total project budget (total amount related to Outcome 2).



### 3.10. Public awareness, communications and mainstreaming strategy

167. Communication and information are crucial to the success of this project and are at the heart of the project components and many of the project activities. The project's different target audiences and means of communication are described below.
168. Communications will be central to ensuring uptake and effective use by farmers and other land users of national payments for Danube-related ecosystem services (Output 1.1). Activity 1.1.5 specifically focuses on supporting outreach and communications among these target groups. Here we will be working closely with and supporting the agricultural extension services as well as various farmer associations in both Bulgaria and Romania, using both their existing communication channels (e.g. direct contact, consultations, newsletters) as well as e.g. speciality publications (agriculture/farmer journals and other specialised media) and information events.
169. Communications activities will also support capacity building and training in PES and sustainable financing mechanisms for watershed authorities and related key stakeholders (Output 1.2). Activity 1.2.5 is devoted to communications and media work related to ecosystem services and PES in both Bulgaria and Romania, and will focus on communication through targeted communications channels including specialised media (trade publications related to water management, agriculture, nature conservation), existing communications channels of relevant authorities (e.g. newsletters, internet pages and possibly emails) as well as information events.
170. Local stakeholders who are crucial particularly to the success of local demonstration projects (Output 1.3), including e.g. communities, local farmers and entrepreneurs, will be reached through a range of communications channels depending on specific requirements for the local activities, including especially direct meetings, workshops and consultations (for those most directly involved) as well as work with specialised media such as farmer/agricultural journals (for specific target groups) as well as local and regional media (for broader audiences and general public). Communications needs will be assessed and a separate communications strategy and plan developed for each pilot activity. Activity 1.3.5 specifically focuses on raising awareness among local stakeholders regarding the value of ecosystem services, while Activity 1.3.3 focuses specifically on training and awareness raising for local stakeholders on national and other funding sources available for Danube-related ecosystem services.
171. Communications will also play a role in outreach to businesses throughout the lower and middle Danube (Output 1.4). We will supplement the Business Environment Forum (Activity 1.4.2) with communications through existing partnerships with chambers of commerce (e.g. Romanian and Bulgarian chambers of employers and industrialists, American Chambers of Commerce in Romania, Bulgaria, Ukraine and Serbia; Business Leaders Forum in Bulgaria) and through their membership magazines, internet sites and electronic bulletins. We will also use business media, including existing partnerships such as with Green Report and Jurnalul National in Romania, and Dnevnik in Bulgaria. A further channel we will be using will be our participation in business events as well as WWF corporate clubs (existing in Romania and planned in Bulgaria, Ukraine and Serbia), as well as the ICPDR's Friends of the Danube business group.
172. Communications are also central to Component 2: capacity building for river basin managers and key stakeholders in the wider Danube river basin and major river basins in the world. For Output 2.1, workshops will be supplemented by communications and media work (Activity 2.1.3) including distribution of publications produced under Activity 2.3.2, presentations e.g. at meetings of the ICPDR as well as through professional publications and

other specialised media devoted to the target groups (e.g. the ICPDR's *Danube Watch*) as well as via WWF and partner organisations throughout the Danube basin.

173. WWF and partner organisations as well as river basin authorities will be the key means for transferring know how and experience from the Danube to selected major river basins in the world (Output 2.2). The regional workshops and staff exchanges will be supported by publications prepared under Activity 2.3.2 as well as fact sheets and articles developed as appropriate in cooperation with the partner organisations working in other river basins.
174. Communications will support Output 2.3 primarily through dissemination of publications (Activity 2.3.2) as well as through presentations at conferences and seminars as well as other interaction led by WWF-MPO.
175. More generally, we will use a number of communications channels to inform about the project, highlights and particular progress and results, including: the internet – ongoing news items, as relevant, on a number of web pages including WWF global site ([www.panda.org](http://www.panda.org)), WWF Danube site ([www.panda.org/dcpo](http://www.panda.org/dcpo)) and country-focused (native language) sites ([www.panda.org/bulgaria](http://www.panda.org/bulgaria), [www.panda.org/romania](http://www.panda.org/romania), [www.panda.org/serbia](http://www.panda.org/serbia), [www.panda.org/ukraine](http://www.panda.org/ukraine)) as well as project description in WWF global project database – [www.panda.org](http://www.panda.org), including e.g. project locator and description on Google Earth); WWF publications (e.g. annual report); and especially media work (regional and national media in Bulgaria, Romania, Serbia and Ukraine; European and international media through the communications/media teams at WWF-International and the WWF-European Policy Office.
176. All of the above communications activities will be supported by existing communications tools of WWF that already exist but will be added to and adapted as needed through the project, including e.g. WWF/Canon photo database as well as photo database of WWF-DCPO and partners; fact sheets and other materials on specific issues; feature articles and interviews; video footage (short videos and B-rolls); audio footage, etc. Also of use in this respect will be a number of existing materials that have been produced by other organisations, including e.g. the Danube educational box produced by the ICPDR as well as educational materials produced by the Danube Environmental Forum. A gap analysis of communication materials will be undertaken following project inception planning.
177. In terms of internal communications, all partners will be regularly apprised of progress via reports and/or meetings as well as through email distribution lists. In the inception phase we will consult with partners regarding possible other communications tools, including e.g. use of Google apps for compiling and sharing information.

### **3.11. Environmental and social safeguards**

178. The project is considered to have positive environmental and social impacts due to developing and improving targeting and use of payments for ecosystems services in the lower and middle Danube. The focus for payment systems developed and supported through the project is on one hand on biodiversity conservation and maintenance, e.g. though improved stewardship of natural resources and ecosystem services; and on the other hand on providing income and improving livelihoods especially for land owners and land users in rural areas, including e.g. farmers, fisheries managers and small-scale/local entrepreneurs. Geographically, these activities are focused in the lower and middle Danube basin, especially in Romania and Bulgaria, i.e. areas rich in biodiversity but among the poorest and least developed areas in the region and in Europe more generally.

179. National payments systems that the project will promote may have negative environmental and/or social impacts – for example, agriculture payments which, if inappropriately applied, can lead to the loss of valuable wetland or meadow habitats, or result in the increased inequality of income among the different social groups involved, as well as unbalanced benefits accruing to the different gender groups. However, a central focus of the project in addition to promoting such payments in general will be to ensure – through working with relevant authorities, extension services and beneficiaries – that social and environmental impacts of project interventions are duly assessed in advance, i.e. during the identification and preparation stages of each new pilot PES project. This approach should result in project interventions that are in fact targeted in a balanced way so as to benefit all, and especially the most disadvantaged, social and gender groups involved at each site.
180. In terms of direct environmental impacts of project activities, the most significant will relate to carbon emissions from travel. Most travel will be undertaken locally and regionally, often using public transportation; in keeping with WWF’s travel policy and environmental management system, Gold Standard carbon offsets will be purchased at the end of each year for all air travel (e.g. especially relevant to Outputs 2.2, 2.3). The WWF-DCPO environmental management policy and system will govern other operational aspects as well, including e.g. paper/printing (recycled paper, where possible FSC standard), food (organic and/or local, if possible), etc.

#### **SECTION 4: INSTITUTIONAL FRAMEWORK AND IMPLEMENTATION ARRANGEMENTS**

181. WWF will be responsible for the implementation of the project in accordance with the objectives and activities outlined in Section 3. UNEP, as the GEF Implementing Agency, will be responsible for overall project supervision to ensure consistency with GEF and UNEP policies and procedures, and will provide guidance on linkages with related UNEP and GEF-funded activities. The UNEP/GEF co-ordination will monitor implementation of the activities undertaken during the execution of the project and will be responsible for clearance and transmission of financial and progress reports to the Global Environment Facility. UNEP retains responsibility for review and approval of the substantive and technical reports produced in accordance with the schedule of work.
- The project implementation and coordination arrangements are designed to ensure effective project execution across the different participating countries, issues and stakeholders.
182. An **Executive Project Steering Committee** will be established and will include representatives from each of the two WWF implementing organizations (WWF-DCPO, WWF-MPO); a representative from UNEP; and national representatives from Bulgaria and Romania and possibly from Ukraine and Serbia, e.g. the national focal points for the ICPDR. Additional people may be invited to attend, e.g. representatives of the European Commission (e.g. DG-Environment), the private sector, or other international organizations interested in Payments for Ecosystem Services, Sustainable Financing and Integrated River Basin Management. The Committee will be responsible for reviewing the semi-annual monitoring and evaluation reports and general progress at the 8<sup>th</sup>, 25<sup>th</sup> and 43<sup>rd</sup> months of the project. Its role will also be to provide guidance and direction to the implementing organizations and partners.
183. The WWF Danube-Carpathian Program Office (WWF-DCPO), with a coordination office in Vienna, national offices in Bucharest and Sofia, and field offices or close partners in Ukraine, Moldova and Serbia, will coordinate, manage and administer the whole project.

Directly, through its own staff, or indirectly through sub-contracts with other organizations and individuals, WWF-DCPO will undertake a majority of the project activities, particularly those within the Danube river basin, at country and local levels (especially regarding Outputs 1.1-1.4 and 2.1).

184. The WWF-Macroeconomics for Sustainable Development Program Office (WWF-MPO), based in Washington, D.C., will lead on capacity building and international outreach and learning (Outputs 2.2 and 2.3); as well as overall monitoring and evaluation. In addition, WWF-MPO will also be involved in other activities, providing technical assistance and training on Payments for Ecosystem services and Sustainable Financing (Outputs 1.1-1.4).
185. A **Project Manager**, employed by WWF-DCPO, will manage and administer the overall project, overseeing the work of the national technical project coordinators in Bulgaria and Romania and serving as liaison to the other implementing organizations, and the Executive Project Steering Committee.
186. **National technical Project Coordinators** in Bulgaria and Romania and employed by WWF-DCPO will ensure coordination of activities in these countries and will liaise with key stakeholders, especially relevant national authorities.
187. **Formal or informal advisory or steering groups** will be brought together for implementation of the different project components and activities, as needed, e.g. for implementation of demonstration projects (Outputs 1.3 and 1.4), including relevant local stakeholders such as local conservation authorities, municipal authorities, farmers or farmers association, and private companies; for development of national payments in Bulgaria and Romania (Output 1.1), including relevant authorities such as Ministry of Agriculture, Ministry of Environment, agriculture extension service, and farmers association; etc.
188. Implementation of the project across the different countries and issues will be facilitated by the fact that many of the specialists and technical advisers will be drawn from existing WWF-DCPO staff, partners, and consultants, including national technical coordinators; specialists for freshwater and river basin management; agriculture and rural development financing; liaison for ICPDR and Danube Convention; as well as communications experts. Thus, the project will be able to draw on existing organizational structures, capacities as well as relationships. New capacity is projected especially for the position of Project Manager.
189. WWF-DCPO will be responsible to UNEP for ensuring that project inputs are converted into the intended outcomes. WWF-DCPO's responsibilities will include: coordinating the development of annual work plans, overseeing implementation of all project activities, coordinating monitoring and evaluation activities and reports, and managing the project execution arrangements described in this section.

### **1.1. The EA Capabilities of WWF and the WWF programs that will lead this Project**

190. **WWF:** Founded in 1961, WWF is one of the world's largest and most experienced independent conservation organizations, with over 5 million supporters and a global network active in 90 countries. WWF partners with local and national NGOs, governments, businesses other stakeholders in pursuit of its mission "To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature by: (a)

conserving the world's biological diversity; (b) ensuring that the use of renewable resources is sustainable; and (c) promoting the reduction of pollution and wasteful consumption.”

191. Operationally, WWF works through a network of country offices, ecoregions offices, and issue-focused programs. It has an overall staff of approximately 3,500 and a budget of approximately 400 million dollars a year (more information on WWF is available at [www.panda.org](http://www.panda.org)).

#### **RECENT ACTIVITIES/ PROGRAMS, IN PARTICULAR THOSE RELEVANT TO GEF**

192. **WWF-MPO:** WWF-Macroeconomics for Sustainable Development Program Office (WWF-MPO) was created in 1989 with the goals of (a) supporting the WWF network on issues related to the interplay between conservation and development; and (b) promoting the integration of conservation, environmental sustainability and social equity into the formulation and application of national and international development policies and practices. For the last five years WWF-MPO work has concentrated on four areas: (a) Poverty and the environment; (b) Trade and the environment; (c) Extractive industries and the environment; and (d) Applied environmental economics. As part of the latter area WWF-MPO has been actively involved in the discussion and development of sustainable financing alternatives in general and payments for ecosystem services in particular. WWF-MPO has an international staff of 15, with offices located in Washington D.C. Its current Director is Dr. David Reed and the head of the Applied Environmental Economics program is Pablo Gutman (more information on WWF-MPO is available at [www.panda.org/mpo](http://www.panda.org/mpo) )

193. **WWF in the Danube Basin:** Since 1998, WWF has worked in the Danube Basin through its Danube-Carpathian Program Office (WWF-DCPO). The WWF-DCPO works across political borders through an ecoregional approach with the final goal of making the Danube Basin an international example of best practices in integrated river basin management, through:

- Model projects: using innovative approaches in the field to produce tangible results that illustrate our policy message.
- Influencing policy: persuading local national and international decision makers to produce policy and legislation that supports nature conservation and sustainable development.
- Communication: to raise the awareness of key target audiences.
- Networking: acting in partnership with governments, NGOs and business.
- Capacity building: supporting the development of new skills and knowledge within governments, NGOs, and other stakeholders across the region.
- Crisis response: reacting quickly to bring attention to, and find solutions for, crises and disasters.

Through the above activities, WWF-DCPO is currently an important driver of environmental improvements in the basin, and works closely with international donors, local governments and stakeholders. In addition to basin-wide policy and capacity building actions the WWF Danube-Carpathian Program focuses its efforts in four sub- basins, namely:

- The Lower Danube and Danube Delta (Bulgaria, Moldova, Romania and Ukraine)
- The Tisza sub-basin (Hungary, Romania, Serbia, Montenegro, Slovakia, and Ukraine)
- The Morava sub-basin (Austria, Czech Republic, and Slovakia)
- The Drava sub-basin ( Austria, Croatia, Hungary Italy and Slovenia)

The WWF Danube-Carpathian Program has a staff of 56 FTE with a co-ordination office in Vienna and field offices in Bulgaria, Romania, Ukraine, Serbia and Slovakia. The field offices in Romania and Bulgaria are registered as official native organizations. WWF-DCPO's current Director is Michael Baltzer; staff responsible for this Danube initiative includes Andreas Beckmann (Deputy Director), Dr. Yanka Kazakova (Head of Nature and Prosperity Program), and Dr. Orieta Hulea (Head of Danube/Freshwater Program). More information on the WWF Danube-Carpathian Program is available at [www.panda.org/dcpo](http://www.panda.org/dcpo).

## **SECTION 5: STAKEHOLDER PARTICIPATION**

### **Stakeholders Consultations during the PDF-A stage in 2005**

194. During the PDF activities, through workshops, small groups meetings, phone conferences and personal interviews we held discussions with more than 200 persons from an array of governmental and non-governmental organizations and businesses (see in Appendix 18 a detail of documents, meetings and workshops undertaken during the PDF-A phase of the project; and in Appendix 12 copies of letters of endorsement and/or expression of interest). In the initial months of the project implementation, these discussions will be extended to other stakeholders, more detailed "divisions of labor" will be designed and project agreements will be further developed into contractual agreements when necessary.
195. Among the main consultation events organized during the PDF-A, WWF-DCPO hosted a regional consultation workshop to gather input for the project and its proposed methodology. The workshop was held in Bucharest in September 2005, and was attended by some 30 participants from Romania, Bulgaria, Ukraine and Moldova, including representatives of government (Ministry of Environment, Ministry of Agriculture), relevant authorities (Protected Area managers), and NGOs.
196. The project and the ideas behind it were also presented by WWF-DCPO and WWF-MPO to participants of a number of fora, including a seminar organized by the United National Economic Commission for Europe in Geneva in October 2005, and an October 2005 workshop on Payments for Ecosystem Services and their application in Europe, which was organized by WWF-DCPO and WWF-MPO in Sofia, Bulgaria, and attended by some 35 participants. Besides presentations from WWF staff, we brought to this workshop outside experts from Latin America, U.K. Germany and USA to discuss PES experiences from across the globe.
197. In addition, WWF-MPO, WWF-DCPO and the WWF-European Policy Office conducted small group and one-on-one consultations with a range of stakeholders at international, national and local levels. Discussions were especially intense at national level in Bulgaria and Romania, where the project organizers had several rounds of meetings with relevant officials and authorities from the Ministries of Environment, Ministries of Agriculture, and Protected Areas authorities, regarding the project proposed activities both at national and, local levels. Similarly, WWF-DCPO staff held intense discussions with local stakeholders in each of the potential local demonstration sites. In meetings with river basin authorities, the director of the ICPDR expressed his interest and support for our project proposal, and was particularly interested in the activities that could contribute to the Program of Measures for the Danube River Basin Management Plan.
198. Meetings were also held with representatives from the private sector, including large water companies, chambers of commerce, and smaller firms who expressed interest in the issue of payments for ecosystem services and on exploring opportunities for future cooperation. A number of consultations were held with representatives of projects and

agencies of relevance for the project, including UNEP, UNDP the World Bank and the European Commission.

199. In addition, development of the project proposal involved extensive consultations between staff and partners from WWF-DCPO in Bulgaria, Romania, Ukraine, Serbia, Hungary and Austria as well as WWF-EPO in Brussels and WWF-MPO in Washington, D.C.
200. As a summary of these consultations, most stakeholders agreed that the issue of Payments for Ecosystem Services and Sustainable Financing schemes was very relevant to their needs and priorities, and that the proposed project had the potential to contribute to the development and promotion of PES and sustainable financing schemes in the Danube river basin in particular but also more widely. The project is aligned with international (including Danube river basin), national, and local priorities. Stakeholders that are most directly relevant for support and implementation of this project, including ministries of environment and agriculture as well as local companies and authorities, express their interest to participate in and support the project (see letters of endorsement and/or expression of interest in cooperation in Appendix 12).
201. Many stakeholders stated that there is only limited experience in Central and Eastern Europe regarding economic mechanisms for conservation in general, and virtually none regarding Payments for Ecosystem Services in particular. Even if national payments schemes for environment, e.g. agri-environmental measures, are now being implemented for the first time, for many people, including many conservationists, the whole notion of “agri-environment” continues to be an oxymoron. There is still little awareness of ecosystem services, let alone the idea of paying for their introduction or maintenance. Yet the stakeholders consulted acknowledged that the need for payments for ecosystem services is especially great in a part of Europe where ecosystem services are still relatively intact but under increasing pressure, and where rural incomes are low. There are no developed examples of private-sector payments for ecosystem services.
202. Finally, most stakeholders considered the next several years would be decisive for determining the future of existing ecosystem services and land and resource uses in the Lower and Middle Danube, and that therefore there is a window of opportunity now to make a difference. Among the stakeholders consulted, those with an interest and involvement in EU issues also acknowledged that the project could contribute more broadly to ongoing development of relevant EU policies, including implementation of the Water Framework Directive, agriculture and rural development support and financing for biodiversity conservation, especially with an eye to the mid-term evaluations for many of the EU (as well as relevant national) programs that are scheduled to take place in 2009-10. Among recurring issues that were raised during these consultations:
- The need for **demonstration projects** – payments mechanisms, both public and private, must be practically demonstrated. This was seen as especially important for the focal countries for this project, where there is generally skepticism concerning foreign experience – what works in the “West” is not necessarily applicable in Southeastern Europe.
  - The need for **awareness raising**, starting with ecosystem services themselves – most policy makers and professionals in the region, let alone local people, lack understanding and appreciation of what are the region’s ecosystems services and their value, including their value in economic terms.
  - The need for **training**, especially for watershed managers on payments for ecosystem services and other sustainable financing mechanisms.

- **Applicability to other areas**, especially major watersheds. The general conclusion was that experience from the project might not be applicable in the poorest countries, but would be certainly relevant in lower- to middle-income countries such as China, Vietnam, Botswana, India and Brazil.
  - The need for **on-the ground education on PES/SF**. For example, in some stakeholders' discussions there was confusion about what is or is not a PES scheme, partly reflecting the fact that definitions of PES vary considerably among practitioners. Most of the confusion was dispelled when discussion focused on concrete activities, at local, national or international levels.
  - A number of people also raised concerns regarding **the too wide scope of the original project proposal**, and recommended limiting the number and range of project activities.
203. Some of the changes that these consultations brought to this project proposal are:
- Inclusion of local demonstration projects to deliver on-the ground-proofing;
  - The number of focus countries for the full range of activities was reduced to 2: Bulgaria and Romania;
  - In a second-tier of countries, namely Serbia, Ukraine and Moldova, the project will undertake a much more limited set of activities focusing on capacity building and support for initial breakthroughs; and
  - A stronger emphasis on awareness raising and training within the Danube River Basin as well as abroad.

### Stakeholder Participation in Project Implementation

204. Because of its purpose and the number of countries involved, the proposed project will engage a large number of stakeholders that can be classified in four main groups as follows:
- Participant WWF program offices
  - Stakeholders that will be actively involved in the project
  - Recent and ongoing conservation programs and projects in the Danube Basin, with which we hope to actively network
  - Institutions and experts active on sustainable financing and payments for ecosystem services issues
205. Participant WWF Programs
- The **WWF Danube-Carpathian Program Office** (WWF-DCPO), with headquarters in Vienna and offices or delegations in all participant countries, will coordinate the whole project and directly or through sub-contacts will undertake a majority of the project activities, particularly those within the Danube river basin, at country and local levels.
  - The **WWF-Macroeconomic for Sustainable Development Program Office** (WWF-MPO), based in Washington, D.C., will lead training, capacity building, monitoring and evaluation as well as outreach activities, particularly international level ones.



- The **WWF-European Policy Office** (WWF-EPO), based in Brussels, will support the project relations with the European Commission and other relevant EU institutions; update the project on relevant EU development; and bringing the Danube project advances and lessons to the attention of EU institutions.
- **WWF Global Freshwater Program.** Though not formally involved in the project, the WWF Global Freshwater Program has been closely involved in project conceptualization, and will play an important role particularly with regard to guiding and facilitating capacity building and transfer of experience from the project to other major river basins around the world (Outcome 2).

206. Stakeholders that will be involved in the project: WWF already has well-established working relations and dialogue with most of the stakeholders we will be directly working with during the 4 years of project implementation, including Danube basin agencies, the participant countries' environmental and natural resource agencies, businesses, businesses associations, and farmers associations. In the demonstration project areas relations are established with local authorities, local farmers associations and businesses associations. Based on discussions undertaken before, during and after the PDF-A phase of the project, a number of key stakeholders have been identified and we have discussed with them their support and active involvement, as summarized below<sup>9</sup>.

207. International / River Basin

- **International Commission for the Protection of the Danube River (ICPDR)** – Responsible for leadership and coordination of activities related to the implementation of the Danube River Convention, and thus a key partner for activities related to river basin management in the Danube and sub-river basins. Due to lack of staff, capacity as well as its very specific mandate, the ICPDR will not be directly involved in the project itself, but is especially interested in contributions the project can make for development of the program of measures for River Basin Management plans. (See in Appendix 12 letter of support from Phillip Weller, ICPDR director).
- **European Commission** – The European Commission will also not be directly involved in the project, but has expressed interest in benefiting from project results, which can provide models for financing EU conservation as well as feedback on EU programs, particularly in the run-up to mid-term evaluations in 2010-11. (See in Appendix 12 letter of endorsement from Timo Makela, Director of Sustainable Development and Integration, DG-Environment).

208. Bulgaria:

- **Bulgarian Ministry of Environment and Water – Danube River Basin Directorate.** Involvement in evaluating and integrating Payments for Ecosystem Services and sustainable financing in River Basin Management plans as well as ensuring delivery of Danube-related ecosystem services by national payments (Output 1.1). Also involvement in training and capacity building for selected staff and river basin managers (Output 1.2). (See in Appendix 12 letter of support from Tzvetanka Dimitrova, Director, Danube River Basin Directorate).

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<sup>9</sup> Letters of support and endorsement are from the time of the first submission of the project. New letters have been secured from those organizations providing co-financing for the project. See Appendix 12 for all co-financing statements and letters of support.

- **Bulgarian Ministry of Agriculture and Forestry – Rural Development and Investment Directorate.** Involvement in evaluating national payments as potential support in River Basin Management planning (Output 1.1) as well as implementation of national payments schemes for farmers. (See in Appendix 12 letter of cooperation from Miroslava Georgieva, director).
- **Bulgarian National Agriculture Advisory Service.** Cooperation in planning as well as implementation of national payments schemes for farmers (Output 1.1).
- **Bulgarian Farmers Association.** Involvement in design and delivery of Output 1.1 regarding national payments schemes for farmers in Bulgaria. (See in Appendix 12 letter of cooperation from Stefan Stefanov, president).
- **Bulgarian Industrial Chamber.** Cooperation in developing and especially promoting private-sector PES schemes.
- **Directorate of Nature Park “Rusenski Lom”.** Possible involvement in demonstration project (Output 1.3, 1.4) if area is selected during feasibility study. (See in Appendix 12 letter of support from Milko Belberov, director).
- **Association of Danube Municipalities.** Possible involvement in demonstration projects (Output 1.3, 1.4).

209. Romania:

- **Ministry of Agriculture, Forests and Rural Development of Romania.** Involvement in evaluating national payments as potential support in River Basin Management planning as well as implementation of national payments schemes for farmers (Output 1.1). (See in Appendix 12 letter of support from Danut Apetrei, Secretary of State for Rural Development).
- **Ministry of Environment and Waters of Romania.** Involvement in: evaluating and integrating Payments for Ecosystem Services and sustainable financing in River Basin Management plans and ensuring delivery of Danube-related ecosystem services by national payments (Output 1.1); training and capacity building for selected staff and river basin managers (Output 1.2).
- **Romanian National Agriculture Advisory Service.** Cooperation in planning as well as implementation of national payments schemes for farmers (Output 1.1).
- **Romanian Farmers Association.** Involvement in design and delivery of Output 1.1 regarding national payments schemes for farmers in Romania.
- **Danube Delta Biosphere Reserve of Romania.** Involvement in training and capacity building (Output 1.2).
- **Agency for Environmental Protection – Calarasi.** Involvement in design and implementation of demonstration project in Calarasi County. (See in Appendix 12 letter of support from Ionut Dorian Groapa, director).
- **Ferma Piscicola – Ciocanesti (Piscicola-Ciocanesti fish farm).** Possible involvement in demonstration project (Output 1.3, 1.4) if fish farm is selected during feasibility study. (See in Appendix 12 letter of support from Manu Hodorogu, director).
- **Bioanu Ciocanesti Fish Farm.** Possible involvement in demonstration project (Output 1.3, 1.4) if fish farm is selected during feasibility study.
- **Municipality of Baia Mare.** Possible involvement in demonstration project if selected during feasibility study (Outputs 1.3, 1.4).

210. The following institutions will be particularly important for knowledge sharing activities pursuant the project's Outcome 2:

211. Serbia:

- **Ministry for Protection of Natural Resources and Environment**

212. Ukraine:

- **Ukrainian Ministry of Environment**, Directorate of Biotic, Land, Water Resources and Econet.
- **Odessa Oblast** (Regional Government – including area of Lower Danube/Danube Delta)
- **Danube Delta Biosphere Reserve**

213. **Cooperating with and Learning from other Conservation Programs and Projects in the Danube:** There are a number of ongoing and recently finished conservation programs and projects in the Danube, whose work is relevant to the present proposal, particularly the programs and projects undertaken by the 3 GEF agencies, UNEP, UNDP and the World Bank. Also relevant are conservation initiatives supported by the EBRD/GEF Environmental Credit Facility and other EU conservation-related programs and projects in the Danube basin, including those supported through the PHARE, LIFE, CARDS, and TACIS programs. WWF has ongoing relations with most of these agencies and their programs in the Danube, and has been involved in a number of GEF-financed projects.

**214. International Sources of Expertise on PES/Sustainable Financing Schemes**

Our last group of stakeholders is composed of institutions and experts that, although not having a direct involvement in the Danube basin, are nevertheless an important source of experience and knowledge on sustainable financing, PES and/or watershed management issues. An incomplete list would include:

- IUCN – International Union for the Conservation of Nature
- The Nature Conservancy (USA)
- Conservation International (USA)
- The Conservation Finance Alliance (CFA)
- The International Institute for Environment and Development (IIED - UK)
- Forest Trends / Katoomba Group ( USA)
- CIFOR (Indonesia)
- The GEF Secretariat
- GEF Implementing and executing agencies
- The Poverty Environment Partnership
- The academic community

WWF in general and WWF-MPO in particular have close relations with the ecosystem services / payment for ecosystem services community, for example,

- FAO and the GEF Secretariat recently asked WWF-MPO to review the GEF PES portfolio. The review Gutman and Davidson (2007), “The GEF and PES: A review of current initiatives and Recommendations for future PES support by GEF and FAO programs” can be downloaded from [www.panda.org/mpo](http://www.panda.org/mpo)
- During 2007-08 WWF-MPO acted as the coordinator of the ES/PES working group for the Poverty and Environment Partnership, a forum of the leading bilateral and multilateral development agencies interested in poverty and environment issues.

- WWF staff is regularly invited to publish and review papers on ES/PES in academic journals, and make presentations on these issues in international conferences. Likewise many experts from outside WWF are invited to share their knowledge with WWF on the ground teams. For example during the PDF-A stage of this project we held consultation meetings with staff from CFA, Forest Trends and Conservation International. Also staff from IIED-UK and GTZ participated in the project development workshops.

215. Throughout the life of the project, we expect to have close interaction with these institutions and similar other institutions to benefit from their advice and know-how as well as to inform them of lessons learned from the project. Interaction will include (a) inviting some of the partner organizations to participate in the project Advisory Group; (b) coordinating and collaborating whenever possible; (c) involving staff of these institutions in activities related to the project outputs; and, (d) including them among the recipients and discussants of the project lessons.

## **SECTION 6: MONITORING AND EVALUATION PLAN**

216. The project will follow UNEP standard monitoring, reporting and evaluation processes and procedures. Substantive and financial project reporting requirements are summarized in Appendix 8. Reporting requirements and templates are an integral part of the UNEP legal instrument to be signed by the executing agency and UNEP.

217. The project M&E plan is consistent with the GEF Monitoring and Evaluation policy. The Project Results Framework presented in Appendix 4 includes SMART indicators for each expected outcome as well as mid-term and end-of-project targets. These indicators along with the key deliverables and benchmarks included in Appendix 6 will be the main tools for assessing project implementation progress and whether project results are being achieved. The means of verification and the costs associated with obtaining the information to track the indicators are summarized in the Costed Monitoring & Evaluation Plan presented in Appendix 7. Other M&E related costs are also presented here and are fully integrated in the overall project budget.

218. The M&E plan will be reviewed and revised as necessary during the project inception workshop to ensure project stakeholders understand their roles and responsibilities vis-à-vis project monitoring and evaluation. Indicators and their means of verification may also be fine-tuned at the inception workshop. Day-to-day project monitoring is the responsibility of the project management team but other project partners will have responsibilities to collect specific information to track the indicators. It is the responsibility of the Project Manager to inform UNEP of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely fashion.

219. The project Steering Committee will receive periodic reports on progress and will make recommendations to UNEP concerning the need to revise any aspects of the Results Framework or the M&E plan. Project oversight to ensure that the project meets UNEP and GEF policies and procedures is the responsibility to the Task Manager in UNEP-GEF. The Task Manager will also review the quality of draft project outputs, provide feedback to the project partners, and establish peer review procedures to ensure adequate quality of scientific and technical outputs and publications.

220. At the time of project approval all baseline data is available, though some aspects will be further detailed within the first year of the project. This includes especially identification of key stakeholders for the project at various levels (database) as well as their knowledge and

needs related to PES/SFs (survey) (relevant outputs: 1.2, 2.1, 2.2). Also within the project's first year, a feasibility study will be undertaken to determine which of the pre-selected demonstration projects will be further pursued (Outputs 1.3, 1.4), thus setting a baseline for future evaluation/reporting for these outputs.

221. Project supervision will take an adaptive management approach. The Task Manager will develop a project supervision plan at the inception of the project which will be communicated to the project partners during the inception workshop. The emphasis of the Task Manager supervision will be on outcome monitoring but without neglecting project financial management and implementation monitoring. Progress vis-à-vis delivering the agreed project global environmental benefits will be assessed with the Steering Committee at agreed intervals. Project risks and assumptions will be regularly monitored both by project partners and UNEP. Risk assessment and rating is an integral part of the Project Implementation Review (PIR). The quality of project monitoring and evaluation will also be reviewed and rated as part of the PIR. Key financial parameters will be monitored quarterly to ensure cost-effective use of financial resources.
222. A mid-term management review or evaluation will take place in quarter 8 of the project as indicated in the project milestones. The review will include all parameters recommended by the GEF Evaluation Office for terminal evaluations and will verify information gathered through the GEF tracking tools, as relevant. The review will be carried out using a participatory approach whereby parties that may benefit or be affected by the project will be consulted. Such parties were identified during the stakeholder analysis (see section 2.5 of the project document). The project Steering Committee will participate in the mid-term review and develop a management response to the evaluation recommendations along with an implementation plan. It is the responsibility of the UNEP Task Manager to monitor whether the agreed recommendations are being implemented.
223. An independent terminal evaluation will take place at the end of project implementation. The Evaluation and Oversight Unit (EOU) of UNEP will manage the terminal evaluation process. A review of the quality of the evaluation report will be done by EOU and submitted along with the report to the GEF Evaluation Office not later than 6 months after the completion of the evaluation. The standard terms of reference for the terminal evaluation are included in Appendix 9. These will be adjusted to the special needs of the project.
224. The GEF tracking tools are attached as Appendix 15. These will be updated at mid-term and at the end of the project and will be made available to the GEF Secretariat along with the project PIR report. As mentioned above the mid-term and terminal evaluation will verify the information of the tracking tool.

## **SECTION 7: PROJECT FINANCING AND BUDGET**

### **7.1. Overall project budget**

We attached below tables 2, 3 and 4 that give a full overview of the project budget at output and activity level and sources of financing, the project costs for GEF funds only per UNEP budget lines and yearly distribution.

**Table 2. Summary of project budget by output, activity and sources of financing (in USD)**

(Does not include the \$50,000 PDF – A Budget and UNEP fee)

Expected Outputs	Indicative GEF Financing*		Indicative Co-financing*		Total (\$)
	(\$)	%	(\$)	%	
1.1. National PES schemes in Romania and Bulgaria effectively reward provision of Danube-related ecosystem services and are integrated into Danube River Basin and sub-basin management plans	\$111 733	45,9	\$131 520	54,1	\$243 253
1.2. Capacity building and training in PES/SFs for key stakeholders in Romania and Bulgaria	\$71 076	46,9	\$80 457	53,1	\$151 533
1.3. Demonstration of local-level implementation of public payments for Danube-related ecosystem services	\$358 473	54,8	\$295 969	45,2	\$654 442
1.4. Private sector involvement and support for PES schemes demonstrated	\$93 175	32,6	\$192 960	67,4	\$286 135
<i>SUB-TOTAL COMP.1</i>	<i>\$634 456</i>	<i>47,5</i>	<i>\$700 907</i>	<i>52,5</i>	<i>\$1 335 363</i>
2.1. Information and experience exchange for key stakeholders in Danube and sub river basins	\$25 018	22,3	\$87 374	77,7	\$112 392
2.2. Experience exchange with stakeholders in selected major river basins.	\$65 522	43,1	\$86 400	56,9	\$151 922
2.3. Best practices and lessons learned are documented, distributed and discussed with the conservation and international community.	\$46 769	30,9	\$104 400	69,1	\$151 169
<i>SUB-TOTAL COMP.2</i>	<i>\$137 309</i>	<i>33,0</i>	<i>\$278 175</i>	<i>67,0</i>	<i>\$415 484</i>
3. Project Monitoring and Evaluation	\$105 771	46,5	\$121 800	53,5	\$227 571
4. Project management and coordination	\$87 141	26,0	\$248 490	74,0	\$335 631
<b>TOTAL</b>	<b>\$964 676</b>	<b>41,7</b>	<b>\$1 349 373</b>	<b>58,3</b>	<b>\$2 314 049</b>

**Table 3: Project budget per UNEP budget lines for GEF funds only (in USD)**

(Does not include the \$50,000 PDF – A Budget and UNEP fee)

UNEP Budget Line	Add additional components/activities as required									Total
	1 (Act.1.1.)	2 (Act.1.2.)	3 (Act.1.3.)	4 (Act.1.4.)	5 (Act.2.1.)	6 (Act.2.2.)	7 (Act.2.3.)	8 (Act.3.)	9 (Act.4.)	
<b>10 PERSONNEL COMPONENT</b>										
1100 Project personnel	-	-	-	-	-	-	-	-	61 750	<b>61 750</b>
1200 Consultants	81 373	46 116	239 361	82 975	11 818	28 082	16 529	8 850	5 713	<b>520 816</b>
1300 Administrative support	-	-	-	-	-	-	-	12 161	1 917	<b>14 078</b>
1600 Travel on official business	14 040	5 760	40 392	3 000	-	-	12 000	11 760	14 160	<b>101 112</b>
<b>1999 Component total</b>	<b>95 413</b>	<b>51 876</b>	<b>279 753</b>	<b>85 975</b>	<b>11 818</b>	<b>28 082</b>	<b>28 529</b>	<b>32 771</b>	<b>83 541</b>	<b>697 756</b>
<b>30 TRAINING COMPONENT</b>										
3200 Group training	7 200	19 200	12 000	3 600	-	12 240	-	-	-	<b>54 240</b>
3300 Meetings/Conferences	3 600	-	45 600	3 600	9 600	25 200	-	-	-	<b>87 600</b>
<b>3999 Component total</b>	<b>10 800</b>	<b>19 200</b>	<b>57 600</b>	<b>7 200</b>	<b>9 600</b>	<b>37 440</b>	-	-	-	<b>141 840</b>
<b>40 EQUIPMENT AND PREMISES COMPONENT</b>										
4200 Non-expendable equipment	-	-	14 400	-	-	-	-	-	3 600	<b>18 000</b>
<b>4999 Component total</b>	-	-	<b>14 400</b>	-	-	-	-	-	<b>3 600</b>	<b>18 000</b>
<b>50 MISCELLANEOUS COMPONENT</b>										
5200 Reporting costs	5 520	-	6 720	-	3 600	-	18 240	-	-	<b>34 080</b>
5500 Evaluation	-	-	-	-	-	-	-	73 000	-	<b>73 000</b>
<b>5999 Component total</b>	<b>5 520</b>	-	<b>6 720</b>	-	<b>3 600</b>	-	<b>18 240</b>	<b>73 000</b>	-	<b>107 080</b>
<b>99 GRAND TOTAL</b>	<b>111 733</b>	<b>71 076</b>	<b>358 473</b>	<b>93 175</b>	<b>25 018</b>	<b>65 522</b>	<b>46 769</b>	<b>105 771</b>	<b>87 141</b>	<b>964 676</b>

**Table 4. Summary of project budget (GEF funds only) per UNEP budget line and year (in USD)**

(Does not include the \$50,000 PDF – A Budget and UNEP fee)

UNEP Budget Line		Year 1	Year 2	Year 3	Year 4	Total
<b>10</b>	<b>PERSONNEL COMPONENT</b>					
1100	Project personnel	15 438	15 438	15 438	15 438	<b>61 750</b>
1200	Consultants	130 204	130 204	130 204	130 204	<b>520 816</b>
1300	Administrative Support	3 520	3 520	3 520	3 520	<b>14 078</b>
1600	Travel on official business	23 058	23 058	31 938	23 058	<b>101 112</b>
<b>1999</b>	<b>Component total</b>	<b>172 219</b>	<b>172 219</b>	<b>181 099</b>	<b>172 219</b>	<b>697 756</b>
<b>30</b>	<b>TRAINING COMPONENT</b>					
3200	Group training	13 560	13 560	13 560	13 560	<b>54 240</b>
3300	Meetings/Conferences	15 600	15 600	28 200	28 200	<b>87 600</b>
<b>3999</b>	<b>Component total</b>	<b>29 160</b>	<b>29 160</b>	<b>41 760</b>	<b>41 760</b>	<b>141 840</b>
<b>40</b>	<b>EQUIPMENT AND PREMISES COMPONENT</b>					
4200	Non-expendable equipment	18 000	-	-	-	<b>18 000</b>
<b>4999</b>	<b>Component total</b>	<b>18 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 000</b>
<b>50</b>	<b>MISCELLANEOUS COMPONENT</b>					
5200	Reporting costs	5 280	5 280	14 400	9 120	<b>34 080</b>
5500	Evaluation	4 500	19 500	4 500	44 500	<b>38 000</b>
<b>5999</b>	<b>Component total</b>	<b>9 780</b>	<b>24 780</b>	<b>18 900</b>	<b>53 620</b>	<b>73 080</b>
<b>99</b>	<b>GRAND TOTAL</b>	<b>229 159</b>	<b>226 159</b>	<b>241 759</b>	<b>267 599</b>	<b>964 676</b>



## 7.2. Project co-financing

Table 5 Summary of project co-financing by source and UNEP budget lines (in USD)

(Does not include the \$50,000 PDF – A Budget and UNEP fee)

UNEP Budget Line	GEF cash	WWF		BG Partners Total*		RO Partners Total*	
		Cash	In-kind	Cash	In-kind	Cash	In-kind
<b>10 PERSONNEL COMPONENT</b>							
1100 Project personnel	61 750	144 084	-	-	-	-	-
1200 Consultants	520 816	591 140	-	-	98 120	-	90 136
1300 Administrative support	14 078	71 457	-	-	-	-	-
1600 Travel on official business	101 112	129 884	-	-	15 480	-	11 464
<b>1999 Component total</b>	<b>697 756</b>	<b>936 565</b>	<b>-</b>	<b>-</b>	<b>113 600</b>	<b>-</b>	<b>101 600</b>
<b>30 TRAINING COMPONENT</b>							
3200 Group training	54 240	63 573	-	-	5 000	-	5 000
3300 Meetings/Conferences	87 600	61 134	-	-	5 000	-	5 000
<b>3999 Component total</b>	<b>141 840</b>	<b>124 707</b>	<b>-</b>	<b>-</b>	<b>10 000</b>	<b>-</b>	<b>10 000</b>
<b>40 EQUIPMENT AND PREMISES COMPONENT</b>							
4200 Non-expendable equipment	18 000	-	-	-	-	-	-
<b>4999 Component total</b>	<b>18 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>50 MISCELLANEOUS COMPONENT</b>							
5200 Reporting costs	34 080	52 901	-	-	-	-	-
5500 Evaluation	73 000	-	-	-	-	-	-
<b>5999 Component total</b>	<b>107 080</b>	<b>52 901</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>99 GRAND TOTAL</b>	<b>964 676</b>	<b>1 114 173</b>	<b>-</b>	<b>-</b>	<b>123 600</b>	<b>-</b>	<b>111 600</b>

\* For more details on partners contribution please look at Appendix 2: Co-financing by source

### 7.3. Project cost-effectiveness

225. The project is designed to leverage very substantial funds and direct them towards sustainable development activities. As mentioned earlier, as much as €8 billion are available for rural development in Bulgaria and Romania in the period 2007-13, and a significant portion of these funds could be directed to support the delivery of ecosystem services related to sustainable river basin management. To make this happen, this project will work with relevant authorities and local natural resource managers to develop land uses that deliver ecosystem services in an effective and efficient manner and to put in place PES schemes that reward the providers of those ecosystem services.
226. Similar payments schemes may also develop in other Danube countries and in support of them the proposed project will deliver guidelines and best practice on how to implement PES schemes and on how to incorporate them into the program of measures for the River Basin Management plans that must be developed for the Danube and sub- river basins. Furthermore, additional funding is expected to become available in both countries in the following financial period 2014-20, particularly with further “greening” anticipated for agriculture and rural development program. The mid-term review of EU and national funds will take place in 2010-11, and will feed into broader discussions regarding priorities and programming for the next financial period. This project will have the opportunity to feed into and influence these discussions, contributing to improved targeting and use of potentially billions of additional Euros to support delivery of ecosystem services especially in Bulgaria and Romania, but also in other countries.
227. Furthermore, the project builds on and profits from WWF’s very substantial and long-term work in the lower Danube both on national policy and programming with regard to river basin management, agriculture and use of EU funds as well as at local level in the areas that have been shortlisted for development of PES schemes.
228. The project works at three levels of influence and impact: 1) national policy framework, 2) local implementation of PES schemes; and 3) experience exchange at international level. The advantage of the approach taken in this project is precisely the interplay and synergies that can be achieved by pushing forward on PES schemes at all three levels more or less at the same time.
229. The creation of new markets for biodiversity and/or water related ecosystem services and increase in PES knowledge can also be achieved at working at any individual level, be it local, national and international. However, the process will be much longer if one is to wait for results of individual local PES schemes to then extrapolate the outcomes and recommendations for the national and regional levels. Moreover, the specific local PES scheme may require changes in the national legal framework which could extend the waiting period even longer, e.g. the problem is seen as local and not a priority at national level or the PES knowledge in the respective administration is so low that it takes the entire project period to achieve one legislative change.
230. Similarly, working at national level only runs into the problem of designing PES schemes which are too broad and not focused on the specific needs of the particular ecosystem services. This is one of the main criticisms of agri-environmental schemes in Europe – that they are designed in the capitals only few of them deliver real environmental benefits. This is not seen as an effective and efficient way of planning the spending of public money to ensure achievement of clear environmental goals and contribution to rural livelihoods.
231. Lastly, the project aims to design PES schemes relevant throughout the Danube river basin, which is the most international river basin in the world. As the Danube also forms the

political border between Bulgaria and Romania, working on both sides of the river is the most cost efficient way to achieve the biodiversity and water-related ecosystem goals that the two countries share.

**232. APPENDICES**

- Appendix 1: Budget by project components and UNEP budget lines**
- Appendix 2: Co-financing by source and UNEP budget lines**
- Appendix 3: Incremental cost analysis**
- Appendix 4: Results Framework**
- Appendix 5: Work plan and timetable**
- Appendix 6: Key deliverables and benchmarks**
- Appendix 7: Costed M&E plan**
- Appendix 8: Summary of reporting requirements and responsibilities**
- Appendix 9: Standard Terminal Evaluation TOR**
- Appendix 10: Decision-making flowchart and organizational chart**
- Appendix 11: Terms of Reference**
- Appendix 12: Co-financing commitment letters from project partners**
- Appendix 13: Endorsement letters of GEF National Focal Points**
- Appendix 14: Draft procurement plan**
- Appendix 15: Tracking Tools**
- Appendix 16: References – WWF Publications on PES/SF as well as EU/other financing**
- Appendix 17: Maps**
- Appendix 18: List of reports/activities undertaken during the PDF-A phase of the project**

**APPENDIX 1: Budget by project components and UNEP budget lines**

*Please see separate (excel) file*

**APPENDIX 2: Co-financing by source and UNEP budget lines**

*Please see separate (excel) file*

**APPENDIX 3: Incremental Cost Analysis**

Components	Costs in USD					
	Baseline (B)		Alternative (A)		Increment (I=A-B)	
<b>Component 1</b> Design, development and promotion of PES and other sustainable financing schemes in Bulgaria and Romania	<ul style="list-style-type: none"> <li>Currently there are no PES schemes in Bulgaria and Romania</li> <li>Public funding is available for environmental activities (eg. agri-environmental schemes) but not targeted specifically at Danube-related ecosystem services</li> <li>Stakeholder awareness for ecosystem services and PES is non-existent or limited</li> </ul>		<ul style="list-style-type: none"> <li>PES schemes focused on Danube-related water and/or biodiversity ecosystems services are in place</li> <li>Public funding is targeted to specific water and/or biodiversity ecosystem services in Bulgaria and Romania</li> <li>National and local stakeholders are aware of the role of Danube ecosystem services and are actively supporting them</li> </ul>		<ul style="list-style-type: none"> <li>Payments for water and/or biodiversity related ecosystems services are effectively being integrated in European public funds for natural resource management</li> <li>PES schemes are integrated in the Danube river basins management plans and the master plan for the entire Danube serving as a model for other major river basins</li> </ul>	
	GEF	0	GEF	634 456	GEF	634 456
	Bulgaria	261 305	Bulgaria	345 027	Bulgaria	83 722
	Romania	265 637	Romania	355 880	Romania	90 243
	<b>Country subtotal</b>	<b>526 943</b>	<b>Country subtotal</b>	<b>700 907</b>	<b>Country subtotal</b>	<b>173 965</b>
<b>Component total</b>	<b>526 943</b>	<b>Component total</b>	<b>1 335 363</b>	<b>Component total</b>	<b>808 421</b>	
<b>Component 2</b> Capacity building for river basin managers and other key stakeholders in the wider Danube river basin and major river basins in the world			<ul style="list-style-type: none"> <li>River basin managers and other stakeholders in the Danube basin and at least three other major river basins are trained and gain practical experience on integrating PES/SF schemes in river basin management plans.</li> <li>General awareness among river basin managers and relevant stakeholders in the Danube basin regarding ecosystem</li> </ul>		<ul style="list-style-type: none"> <li>PES/SF schemes in the Lower Danube serve as a model or example for similar schemes in other major river basins around the world.</li> <li>Accumulated experience and know how with developing PES/SFs shared with watershed managers, conservationists and development specialists in the Danube and three other major river basins and across the</li> </ul>	

- River basin managers lack the awareness, knowledge and skills for integrating PES/SF schemes in river basin management plans in the Danube and other major river basins.

	<p>schemes can contribute to integrated river basin management and how such schemes can be designed for this purpose.</p>	<p>services and PES/SFs.</p> <ul style="list-style-type: none"> <li>Awareness among international conservation, development and water management circles regarding opportunities for applying PES/SF schemes to integrated river basin management.</li> </ul>	<p>world.</p>
	<p>GEF 0</p> <p>Bulgaria 99 660</p> <p>Romania 107 381</p> <p><b>Country subtotal 207 041</b></p>	<p>GEF 137 309</p> <p>Bulgaria 135 227</p> <p>Romania 142 948</p> <p><b>Country subtotal 278 175</b></p>	<p>GEF 137 309</p> <p>Bulgaria 35 567</p> <p>Romania 35 567</p> <p><b>Country subtotal 71 134</b></p>
	<p><b>Component total 207 041</b></p>	<p><b>Component total 415 484</b></p>	<p><b>Component total 208 442</b></p>
<p><b>Component 3</b> Monitoring and evaluation</p>	<ul style="list-style-type: none"> <li>Basic monitoring of ongoing WWF activities related to building capacity for ecosystem services.</li> </ul>	<ul style="list-style-type: none"> <li>All monitoring and evaluation targets met and all evaluations completed.</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder and partner involvement in M&amp;E will build capacity at local and national level to monitor the effects of implementing PES schemes.</li> </ul>
	<p>GEF 0</p> <p>Bulgaria 24 189</p> <p>Romania 23 904</p> <p><b>Country subtotal 48 092</b></p>	<p>GEF 105 771</p> <p>Bulgaria 44 252</p> <p>Romania 77 549</p> <p><b>Country subtotal 121 800</b></p>	<p>GEF 105 771</p> <p>Bulgaria 20 063</p> <p>Romania 53 645</p> <p><b>Country subtotal 73 708</b></p>
	<p><b>Component total 48 092</b></p>	<p><b>Component total 227 571</b></p>	<p><b>Component total 179 479</b></p>
<p><b>Component 4</b> Project management</p>	<ul style="list-style-type: none"> <li>No project activity</li> </ul>	<ul style="list-style-type: none"> <li>All project activities completed on time and outputs delivered.</li> </ul>	<ul style="list-style-type: none"> <li>Partner involvement in project implementation and management will create capacity to manage PES schemes ensuring the longer term sustainability of the project developed</li> </ul>



	GEF	0	GEF	87 141	schemes.	GEF	87 141
	Bulgaria	0	Bulgaria	120 531		Bulgaria	120 531
	Romania	0	Romania	127 960		Romania	127 960
	<i>Country subtotal</i>	<i>0</i>	<i>Country subtotal</i>	<i>248 491</i>		<i>Country subtotal</i>	<i>248 491</i>
	<b>Component total</b>	<b>0</b>	<b>Component total</b>	<b>335 632</b>		<b>Component total</b>	<b>335 632</b>
<b>Total</b>	GEF	0	GEF	964 676		GEF	964 676
	Bulgaria	385 154	Bulgaria	645 037		Bulgaria	259 883
	Romania	396 923	Romania	704 336		Romania	307 413
	<i>Country subtotal</i>	<i>782 076</i>	<i>Country subtotal</i>	<i>1 349 373</i>		<i>Country subtotal</i>	<i>567 296</i>
	<b>Total</b>	<b>782 076</b>	<b>Total</b>	<b>2 314 049</b>		<b>Total</b>	<b>1 531 973</b>
<b>GEF TOTAL</b>		<b>0</b>		<b>964 676</b>			<b>964 676</b>
<b>Non GEF TOTAL</b>		<b>782 076</b>		<b>1 349 373</b>			<b>567 296</b>
<b>GRAND TOTAL</b>		<b>782 076</b>		<b>2 314 049</b>			<b>1 531 973</b>

## APPENDIX 4: PROJECT RESULTS FRAMEWORK

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<b><i>Outcome 1: New markets for biodiversity and/or water-related ecosystem services created by improving the targeting, delivery, use and monitoring of as much as € billion as well as demonstrating local and private sector schemes, thus contributing to integrated river basin management and rural livelihoods in the Lower Danube.</i></b>						
	<ul style="list-style-type: none"> <li>• Number of national PES schemes developed in Romania, Bulgaria by project end</li> <li>• Number of local water and/or biodiversity PES schemes established to support conservation-friendly land uses (and area covered in ha) in Romania, Bulgaria by project end</li> <li>• PES/SF mechanisms integrated into Danube River Basin Management plan by project end</li> </ul>	<ul style="list-style-type: none"> <li>• Existing agri-environmental schemes not targeted to specific regional environmental conditions</li> <li>• No local PES schemes</li> <li>• No Danube River Basin Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Development of 2 national PES schemes is initiated</li> <li>• Development of 3 local PES schemes is initiated</li> <li>• Consultations with relevant stakeholders for the integration of PES/SF mechanisms into the Danube RBM Plan is initiated and ongoing</li> </ul>	<ul style="list-style-type: none"> <li>• 2 national PES schemes developed</li> <li>• 3+ local PES schemes established covering an area of at least 500,000 ha</li> <li>• PES/SF mechanisms integrated into Danube RBM Plan</li> </ul>	<ul style="list-style-type: none"> <li>• National funding programs and delivery.</li> <li>• Project progress reports documenting local and private-sector PES/SF schemes.</li> <li>• Danube RBM Plans.</li> </ul>	<ul style="list-style-type: none"> <li>• R: Intensified construction of dikes, dams and other “hard” approaches to flooding, which is increasing due to climate change.</li> <li>• R: Global financial crisis leads to cuts in EU/state aid schemes.</li> <li>• A: Willingness of governments to shift focus of existing schemes.</li> <li>• A: Current EU/national-funded programs are continued and extended after 2013.</li> </ul>

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 1.1</b></p> <p>National PES schemes in RO, BG reward provision of ecosystem services and are integrated into Danube river basin and sub-basin management plans.</p>	<ul style="list-style-type: none"> <li>• PES/SFs are included in the Program of Measures for Danube River Basin Management Plan by project end</li> <li>• Evidence of uptake of Danube-related national payment schemes by farmers and other resource users by project end</li> </ul>	<ul style="list-style-type: none"> <li>• No Program of Measures, no management plan</li> <li>• No Danube-related PES schemes exist</li> </ul>	<ul style="list-style-type: none"> <li>• PES/SFs are included in first draft Program of Measures of the Danube RBM Plan</li> <li>• Best-practice guidelines and recommendations for integrating PES/SFs into RBM Plans are available</li> </ul>	<ul style="list-style-type: none"> <li>• PES/SFs included in Program of Measures for Danube RBM Plan</li> <li>• Evidence of increasing trend of uptake of Danube-related national payment schemes by farmers and other resource users</li> </ul>	<ul style="list-style-type: none"> <li>• Program of Measures for Danube RBM Plan</li> <li>• Official evaluations of relevant funding programs.</li> </ul>	<ul style="list-style-type: none"> <li>• A: Continued policy framework and funding programs as well as implementation.</li> <li>• A: Interest and cooperation of relevant national authorities and local stakeholders.</li> <li>• R: Current economic/financial crisis leads to</li> </ul>

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 1.2</b></p> <p>Capacity building and training in PES/SFs for key stakeholders in RO, BG</p>	<ul style="list-style-type: none"> <li>Number of river basin managers and other key stakeholders in Romania, Bulgaria trained in PES/SFs by project end</li> <li>Number of stakeholders relevant to decision making on river basin management in Romania, Bulgaria who are aware of ecosystem services and opportunities for PES/SFs by project end</li> </ul>	<ul style="list-style-type: none"> <li>Little or no awareness / understanding.</li> <li>Little or no awareness.</li> </ul>	<ul style="list-style-type: none"> <li>Key stakeholders, level of knowledge and needs related to PES/SFs in Danube river basin is determined</li> <li>Watershed managers/ stakeholders relevant to decision making on RBM in RPO and BG are identified, and an initial core group is aware of ecosystem services and opportunities for PES/SFs</li> </ul>	<ul style="list-style-type: none"> <li>80+ basin managers, stakeholders trained.</li> <li>All identified stakeholders relevant to decision making on RBM in RO, BG aware of ecosystem services and PES/SFs.</li> </ul>	<ul style="list-style-type: none"> <li>Project report: documentation of training program and trainees (certificates of participation), including post-training feedback from participants</li> </ul>	<ul style="list-style-type: none"> <li>A: River basin managers and key stakeholders willing to participate in trainings</li> <li>A: Relevant stakeholders show interest in ecosystem services, PES/SFs.</li> <li>A: budget is found sufficient to raise awareness and train all identified stakeholders</li> </ul>
<p><b>Output 1.3</b></p> <p>Demonstration of local-level implementation of public payments for Danube-related ecosystem services</p>	<ul style="list-style-type: none"> <li>Number of local demonstration projects successfully implemented in Romania and Bulgaria, involving public-funded PES/SFs by project end</li> </ul>	<ul style="list-style-type: none"> <li>No relevant projects functioning. Some preparatory work already undertaken for several potential schemes</li> </ul>	<ul style="list-style-type: none"> <li>3+ local demonstration projects identified and under development</li> </ul>	<ul style="list-style-type: none"> <li>3+ local demonstration projects successfully implemented, and generating examples of best-practice</li> </ul>	<ul style="list-style-type: none"> <li>Demo projects' reports and publications</li> <li>External Evaluation of demo projects and their outputs, by independent assessment</li> </ul>	<ul style="list-style-type: none"> <li>R/A: Various risks and assumptions specific to the individual cases, e.g. interest/participation of relevant stakeholders, economic conditions and incentives, and policy framework.</li> </ul>

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 1.4</b></p> <p>Private sector involvement and support for PES schemes demonstrated</p>	<ul style="list-style-type: none"> <li>Number of demonstration projects successfully implemented in Romania, Bulgaria involving private-funded PES/SFs by project end</li> </ul>	<ul style="list-style-type: none"> <li>No private sector PES schemes in project area</li> </ul>	<ul style="list-style-type: none"> <li>2+ demonstration projects identified and under development</li> </ul>	<ul style="list-style-type: none"> <li>2+ demonstration projects in Romania, Bulgaria successfully implemented, and generating examples of best-practice</li> </ul>	<ul style="list-style-type: none"> <li>Demo projects' reports and publications</li> <li>External Evaluation of demo projects and their outputs, by independent assessment</li> </ul>	<ul style="list-style-type: none"> <li>R/A: Interest/participation of private sector</li> <li>R/A: Continuation or improvement of existing policy framework and economic conditions</li> </ul>
<p><b>Outcome 2: Measurable increase in conservation community's knowledge and use of PES and SF schemes.</b></p>						
	<ul style="list-style-type: none"> <li>Evidence of a positive trend in the number of stakeholders in Danube river basin and other major river basins that are aware of Danube experience with PES/SFs, and considering adapting it to their situations by project end</li> <li>Quality and quantity of best practices/lessons learned documented, disseminated and discussed with the international conservation community by project end</li> </ul>	<ul style="list-style-type: none"> <li>Little or no awareness</li> <li>No documentation of best practice/lessons learned in the Danube River Basin</li> </ul>	<ul style="list-style-type: none"> <li>Key stakeholders, level of knowledge and needs related to PES/SFs in Danube and 3+ major other river basins are identified.</li> <li>The accurate documentation of processes and activities leading to best practice is systematically being documented at all demonstration sites supported by the project</li> </ul>	<ul style="list-style-type: none"> <li>All identified key stakeholders in Danube RB and 3 other major river basins are aware of PES/SFs and Danube experience</li> </ul>	<ul style="list-style-type: none"> <li>Evidence provided in project progress and final reports</li> <li>Interviews with key set of stakeholders conducted during final project evaluation</li> </ul>	<ul style="list-style-type: none"> <li>R: Danube lessons/approaches are not relevant or useful in other contexts/basins.</li> <li>A: sufficient level of interest of key stakeholders in greater Danube and other major river basins</li> </ul>

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 2.1</b></p> <p>Information and experience exchange for key stakeholders in Danube and sub-river basins</p>	<ul style="list-style-type: none"> <li>• Number of river basin managers and other key stakeholders in Serbia and Ukraine who are aware of project experience and had the opportunity to share expertise generated through the project in RO and BG by project end</li> <li>• Level of availability of guidance documents and lessons learned related to PES/SF, among river basin managers and other key stakeholders in the wider Danube river basin by project end</li> </ul>	<ul style="list-style-type: none"> <li>• No awareness</li> <li>• No awareness.</li> </ul>	<ul style="list-style-type: none"> <li>• Key stakeholders in Serbia and Ukraine are identified, and their level of knowledge and needs related to PES/SFs in Danube river basin is assessed</li> <li>• Evidence of project aims and activities prominently covered regularly (i.e. at least four times a year) in relevant media and communications channels reaching target group (e.g. ICPDR's <i>Danube Watch</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• 2 national training workshops held in Serbia, Ukraine, with a total of 40+ participants.</li> <li>• Project and guidance/tools/publications for the implementation PES/SF are widely available to target groups, and increasingly covered in relevant media and communications channels reaching target group (e.g. ICPDR's <i>Danube Watch</i>).</li> </ul>	<ul style="list-style-type: none"> <li>• Surveys/analyses undertaken at project inception and end.</li> <li>• Workshop reports and feedback from participants</li> <li>• Availability of guidance documents and lessons learned to the target groups</li> <li>• Documentation of media coverage and other communication channels used + their relative readership/coverage</li> </ul>	<ul style="list-style-type: none"> <li>• A: sufficient level of interest/participation of river basin managers and other key stakeholders</li> </ul>

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 2.2</b></p> <p>Exchange of information and experience with stakeholders in selected major river basins</p>	<ul style="list-style-type: none"> <li>• Number of key stakeholders in other major river basins who are exposed to lessons learned and expertise generated in the Danube RB by project end</li> </ul>	<ul style="list-style-type: none"> <li>• No awareness of Danube project experience and expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Preparation for the implementation of the 3 workshop is initiated and ongoing</li> <li>• Participants for the staff exchange visits from other River Basins are identified, and outline programme for the exchange visits is prepared.</li> </ul>	<ul style="list-style-type: none"> <li>• 3 regional workshops (1 each in Asia, Latin America and Africa) to present/discuss lessons learned and experience in the Danube project (with a total of 60+ participants).</li> <li>• Staff exchanges and visits to Lower Danube , for practitioners from other major river basins (total of 4-8 people).</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports including documentation of workshops and staff exchanges.</li> <li>• Feedback from participants in workshops and staff exchanges.</li> </ul>	<ul style="list-style-type: none"> <li>• A: Interest and participation of key stakeholders in other major river basins</li> </ul>

Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 2.3</b></p> <p>Best practices and lessons learned are documented, distributed and discussed with the conservation and international community</p>	<ul style="list-style-type: none"> <li>Evidence of the number of key institutions in the conservation, freshwater management and rural development communities that have benefited from or have shared project experience and expertise by project end</li> </ul>	<ul style="list-style-type: none"> <li>No experience shared</li> <li>No publications</li> </ul>	<ul style="list-style-type: none"> <li>A global roster of key institutions in the conservation, freshwater management and rural development communities is identified as a target for project communication efforts</li> <li>An initial outline of the scope of key project publications is developed, including: 1) About the project/lessons learned; 2) “How to” and best practice manuals.</li> </ul>	<ul style="list-style-type: none"> <li>Production and dissemination of publications: 1) About the project/lessons learned; 2) “How to” and best practice manuals.</li> <li>All identified (at least 30) institutions globally (technical, development and environmental communities) are aware of the best practice examples and lessons generated by the project.</li> </ul>	<ul style="list-style-type: none"> <li>Project progress reports documenting meetings and presentations.</li> <li>Distribution lists and copies of publications</li> <li>External assessment of the quality of publications, including feedback form target users/readers</li> </ul>	<ul style="list-style-type: none"> <li>A: Interest of institutions</li> </ul>
<b>Outcome 3: Effective project management and coordination; monitoring and evaluation (M&amp;E)</b>						
	<ul style="list-style-type: none"> <li>Project managed effectively</li> </ul>	<ul style="list-style-type: none"> <li>No project in place</li> </ul>	<ul style="list-style-type: none"> <li>Project team in place, all demonstration sites operational, and project being effectively managed</li> </ul>	<ul style="list-style-type: none"> <li>Project successfully concluded</li> </ul>	<ul style="list-style-type: none"> <li>All project reports and outputs</li> </ul>	<ul style="list-style-type: none"> <li>R: difficulties in recruiting and/or retaining suitable staff for the entire duration of the project</li> </ul>



Project strategy	Objectively verifiable indicators					
	Indicator	Baseline	Mid-term target	End of Project target	Sources of verification	Risks and assumptions
<p><b>Output 3.1</b></p> <p>Project deliverables produced on time and within budget.</p>	<ul style="list-style-type: none"> <li>• Project team in place and operational by month 6</li> <li>• Detailed Project Workplan in place by month 6 and regularly updated thereafter</li> <li>• Transparent Accounting system in place and maintained throughout project implementation</li> <li>• Progress &amp; financial reports produced on time by the Executing Agency</li> </ul>	<ul style="list-style-type: none"> <li>• No project structure in place</li> <li>• No detailed Project Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Project full team in place and operational (by month 6)</li> <li>• Activities at all demonstration sites initiated in year 1, and now ongoing</li> <li>• Project workplan in place and regularly implemented</li> <li>• Reports produced on time</li> </ul>	<ul style="list-style-type: none"> <li>• All project outputs delivered on time</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports (6-monthly)</li> <li>• Financial reports (6-monthly)</li> </ul>	<ul style="list-style-type: none"> <li>• Timely appointment of project coordinator</li> <li>• Economic stability</li> </ul>
<p><b>Output 3.2</b></p> <p>Effective M&amp;E framework in place.</p>	<ul style="list-style-type: none"> <li>• Level and quality of implementation of the M&amp;E Plan as a tool for adaptive management</li> <li>• Timeliness &amp; quality of external audits</li> </ul>	<ul style="list-style-type: none"> <li>• M&amp;E Plan in draft form</li> </ul>	<ul style="list-style-type: none"> <li>• M&amp;E Plan revised at inception workshop and being used as a tool for adaptive management</li> </ul>	<ul style="list-style-type: none"> <li>• All M&amp;E targets met</li> <li>• At least 1 external audit of project budget is completed</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports including revised M&amp;E plans</li> <li>• Audit reports</li> </ul>	<ul style="list-style-type: none"> <li>• A: Necessary baseline data is collected on time</li> </ul>
<p><b>Output 3.3</b></p> <p>External M&amp;E conducted as per GEF guidelines</p>	<ul style="list-style-type: none"> <li>• Mid-term evaluation completed on or about year 2</li> <li>• Terminal evaluation completed at project end</li> </ul>		<ul style="list-style-type: none"> <li>• Mid-term evaluation completed by year 2</li> </ul>	<ul style="list-style-type: none"> <li>• Terminal evaluation completed at project end</li> </ul>	<ul style="list-style-type: none"> <li>• Mid-term evaluation report</li> <li>• Terminal evaluation report</li> </ul>	

## Appendix 5 Workplan and Timetable

Code	Output and Activities Description	YEAR 1				YEAR 2				YEAR 3				YEAR 4			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Quarter 9	Quarter 10	Quarter 11	Quarter 12	Quarter 13	Quarter 14	Quarter 15	Quarter 16
<b>1.1.</b>	<b>National PES schemes in Romania and Bulgaria effectively reward provision of Danube-related ecosystem services and are integrated into Danube River Basin and sub-basin management plans</b>																
1.1.1.	Evaluate needs for farm-related ecosystem services in Danube basin of Romania and Bulgaria																
1.1.2.	Identify and/or propose Best Practice and guidelines for use of national agricultural and other payments to support implementation of the Water Framework Directive in the Danube River Basin																
1.1.3.	Develop recommendations for integrating public and private-driven PES and sustainable financing schemes into Danube River Basin and sub- river basin plans																
1.1.4.	Organize 2 workshops to integrate outcomes into Danube sub-River Basin Management Plans in Bulgaria and Romania																
1.1.5.	Assist outreach and communications to farmers and other land users regarding payments available for Danube-related ecosystem services in Romania and Bulgaria																
1.1.6.	Evaluate results of actions, including in demonstration areas, as input for official evaluations.																
<b>1.2.</b>	<b>Capacity building and training in PES/SFs for key stakeholders in Romania and Bulgaria</b>																
1.2.1.	Identify and survey key stakeholders and their needs related to PES/SFschemes in Bulgaria and Romania																
1.2.2.	Training for watershed managers and other key stakeholders from Bulgaria and Romania on PES/SF mechanisms (4 workshops).																
1.2.3.	Consulting support to watershed managers and other key stakeholders in Bulgaria and Romania.																
1.2.4.	Organize 3 study tours for PES practitioners to study existing PES schemes in the Lower and Middle Danube basin.																
1.2.5.	Communications and media work related to ecosystem services and PES in Bulgaria and Romania																
<b>1.3.</b>	<b>Demonstration of local-level implementation of public payments for Danube-related ecosystem services</b>																
1.3.1.	Conduct feasibility studies and select at least 3 demonstration projects to be further developed in Romania and Bulgaria																
1.3.2.	Identify and engage key stakeholders for each project in the selected sites in Romania and Bulgaria																
1.3.3.	Training and awareness raising for local stakeholders on national and other funding sources available for Danube-related ecosystem services in Romania and Bulgaria																
1.3.4.	Design, develop, and assist implementation of PES schemes with national financing																
1.3.5.	Awareness raising among local stakeholders regarding value of ecosystem services																
<b>1.4.</b>	<b>Private sector involvement and support for PES schemes demonstrated</b>																



**APPENDIX 6: KEY DELIVERABLES AND BENCHMARKS**

UNEP no.	ACTIVITIES	EXPECTED RESULTS	DELIVERABLES	BENCHMARKS	TIMEFRAME
<b>1.1</b>	<b>National PES schemes in RO, BG</b>				
1.1.1	Evaluate needs for farm-related ecosystem services in Danube basin of RO, BG	Needs evaluation	2 reports (document), 1 each for RO, BG	Reports documented and circulated to key stakeholders, made available on internet	By end of Q3, Y1
1.1.2	Identify and/or propose Best Practice guidelines for use of national rural payments and other EU Funds for Danube-related ecosystem services supporting the implementation of the Water Framework Directive	Best Practice guidelines for national PES/SF schemes	2 reports (document), 1 each for RO, BG	Reports documented and circulated to key stakeholders, made available on internet	By end of Q4, Y1
1.1.3	Develop recommendations for public and private-driven PES/SF to be incorporated into program of measures for River Basin Management Plans for Danube/sub-basins	Recommendations for PES/SF integration in River Basin Management Plans	2 reports (document), 1 each for RO, BG	Reports documented and circulated to key stakeholders, made available on internet	By end of Q6, Y2
1.1.4	Organise 2 workshops to integrate recommendations into River Basin Management Plans in RO, BG	Consultations on integration of recommendations in RBM plans	2 workshops (1 each in RO, BG)	2 workshops documented (workshop reports, participant list)	By end of Q6, Y2
1.1.5	Assist outreach and communications to farmers and other land users regarding Danube-related PES in RO, BG	Improved delivery of national PES schemes to beneficiaries	Meetings and communications materials, developed/implemented with agriculture extension services and other relevant	Progress report with documentation of meetings, communications materials, etc.	Y1, Y2, Y3, Y4

			authorities		
1.1.6	Evaluate results of action, including in demonstration areas, as input for official evaluations in RO, BG	Effectiveness of national PES/SF schemes evaluated	2 reports (1 each for RO, BG)	2 reports circulated to authorities and other stakeholders, made available on internet	By end of Q15, Y4
<b>1.2</b>	<b>Capacity building in PES/SFs</b>				
1.2.1	Identify and survey key stakeholders and their needs related to PES/SFs in RO, BG	Key stakeholders and their PES/SF-related needs identified	Database of contacts; report with survey results, copy of survey	Report with survey results circulated among steering committee, made available on internet	By end of Q3, Y1
1.2.2	Training for watershed managers and other key stakeholders from RO, BG	Watershed managers and key stakeholders trained in PES/SF mechanisms	4 training workshops	80 people trained (documentation of training)	By end of Q7, Y2
1.2.3	Consulting support to watershed managers and other key stakeholders in RO, BG	Technical advice/support provided to watershed managers/key stakeholders developing PES/SF schemes	60 days of technical consultation provided (documented in project progress report)	60 days technical consultation documented in project progress report	Q7-8, Y2 Q11-12, Y3 Q15, Y4
1.2.4	Organise study tours for PES/SF practitioners to study existing schemes in the Lower and Middle Danube basin	In-depth training/experience exchange for PES/SF practitioners	3 study tours, total of 30 participants	Study tour reports, participants documented, made available on internet	Q6-7, Y2 Q14-15, Y4
1.2.5	Communications and media work related to	All watershed	Communication	Documentation of	Y1, Y2, Y3, Y4

	ecosystem services and PES in RO, BG	managers and key stakeholders in RO, BG aware of ecosystem services and PES/SFs	materials and media outputs (articles, other)	communications reach and media coverage (press clippings, statistics)	
<b>1.3</b>	<b>Local demonstration projects</b>				
1.3.1	Conduct feasibility studies and select at least 3 demonstration projects to be further developed in RO, BG	Feasible demonstration projects identified and selected	Feasibility study/ies, conclusions documented	Feasibility study/ies (document), disseminated among steering group, available on internet	By end of Q3, Y1
1.3.2	Identify and engage key stakeholders for each project in the selected sites in RO, BG	Key stakeholders and their PES/SF-related needs identified for 3 demonstration projects	Database of contacts; report with informal survey results	Report with survey results circulated among steering committee, made available on internet	Y1, Y2, Y3, Y4
1.3.3	Training and awareness raising for local stakeholders on national and other funding sources available for Danube-related ecosystem services in RO, BG	Relevant local stakeholders aware of and understand PES/SFs, national and other funding sources for Danube-related ecosystem services	Training and related materials	Documentation of training, participants; related materials.	By end of Q4, Y1 By end of Q8, Y2 By end of Q12, Y3
1.3.4	Design, develop and assist implementation of PES/SF schemes with national financing	Technical advice/support for demonstration PES/SF schemes (with relevant authorities)	Meetings, technical consultation (documented in project progress report)	Technical meetings, consultation and expertise documented in project progress report	Y1, Y2, Y3, Y4

1.3.5	Awareness raising among local stakeholders regarding value of ecosystem services	Local stakeholders in area of demonstration projects aware of the value of ecosystem services	Communications materials and media outputs (articles, TV/radio spots, etc.)	Documentation of communications materials and media coverage (press clippings, statistics)	By end of Q8, Y2
<b>1.4</b>	<b>Private-funded demonstration projects</b>				
1.4.1	Local-level demonstration of private sector-driven PES schemes in RO, BG	At least 2 private-funded PES/SF schemes developed	Technical advice/support for 2+ demonstration private-funded PES/SF schemes (documented in project progress report)	Technical meetings, consultation and expertise documented in project progress report	Y1, Y2, Y3, Y4
1.4.2	Business-Environment Forum	Awareness raising and experience exchange among businesses regarding ecosystem services and private-sector supported PES/SF schemes	Conference	Documentation of conference (conference report), disseminated among participants and interested people, made available on web	By end of Q4, Y1 By end of Q10, Y3 By end of Q14, Y4
<b>2.1</b>	<b>Information and experience exchange for key stakeholders in Danube, sub-basins</b>				
2.1.1	Identification of key stakeholders and needs related to PES/SFs in Danube River Basin	Key stakeholders and their PES/SF-related needs identified	Database of contacts; report with survey results	Report with survey results circulated among steering committee	By end of Q3, Y1
2.1.2	Information and experience exchange for	Information/experie	2 workshops (1 each in	2 workshops	By end of Q5, Y2

	watershed managers in Serbia, Ukraine	nce shared with watershed managers and other stakeholders in Serbia, Ukraine; application of PES/SFs discussed for both countries.	Serbia and Ukraine), 40+ total participants	documented through workshop reports, including conclusions	By end of Q9, Y3
2.1.3	Communications and media work related to project, ecosystem services and PES/SFs across the Danube River Basin	All watershed managers and related key stakeholders in Danube River Basin aware of project, ecosystem services and PES/SFs as contribution to Integrated River Basin Management	Communication materials and media outputs (e.g. articles)	Documentation of communications reach and media coverage (e.g. press clippings, statistics, readership/audience)	Y1, Y2, Y3, Y4
<b>2.2</b>	<b>Exchange of information and experience with stakeholders in selected major river basins</b>				
2.2.1	Three regional workshops to present experiences and lessons of the Danube project	Project experience and lessons learned shared with practitioners in major river basins in Asia, Latin America and Africa	3 workshops – 1 each held in Asia, Latin America and Africa	3 workshops documented through workshop reports, including conclusions	By end of Q14, Y4
2.2.2	Staff exchanges and visits for practitioners from Africa, Asia and Latin America	Project experience and lessons learned shared with	4-8 river basin practitioners from Africa, Asia and/or	4-8 participants in study tour/stages, documented through	By end of Q14, Y4



		practitioners in major river basins in Africa, Asia and Latin America	Latin America participate in study tour or stage to Danube river basin	study tour/stage reports and participant evaluations	
<b>2.3</b>	<b>Best practices and lessons learned are documented, distributed and discussed with the conservation and international community</b>				
2.3.1	Outreach to three audiences: a) technical; b) major international development agencies, donor and NGOs; c) major international environmental agencies and NGOs	Project experience and know how shared with conservation and international community	Meetings and presentations	Documentation of meetings, presentations in project progress report	By end of Q15, Y4
2.3.2	Production and dissemination of publications documenting the project experiences, lessons learned and manuals on How to and best practices	Project experience and know how shared with conservation and international community	3 publications	Copies of 3 publications (paper/digital) available from internet and disseminated	By end of Q15, Y4

Q- quarter, Y- year

## APPENDIX 7: Costed M&E plan

### Results-Based Monitoring and Evaluation Framework Appendix 7 - Costed M&E Work Plan Summary

#### 1. Monitoring Framework and Budget

Objective / Outcome	Outcome / objective level indicator	Baseline Conditions	Mid point Target (as relevant)	End of Project Target	Means of Verification	Monitoring / sampling (frequency / size)	Location / Group	Responsibility	Time frame	Budget (Object of expenditure & cost)
<b>OUTCOME 1</b>										
New markets for biodiversity and/or water-related ecosystem services created by improving the targeting, delivery, use and monitoring of as much as €8 billion as well as demonstrating local and private sector schemes, thus contributing to integrated river basin management and rural livelihoods in the Lower Danube.	<ul style="list-style-type: none"> <li>Number of national PES schemes developed in Romania, Bulgaria by project end</li> <li>Number of local water and/or biodiversity PES schemes established to support conservation-friendly land uses (and area covered in ha) in Romania, Bulgaria by project end</li> <li>PES/SF mechanisms integrated into Danube River Basin Management plan by project end</li> </ul>	<ul style="list-style-type: none"> <li>Existing agricultural schemes not targeted to specific regional environmental conditions</li> <li>No local PES schemes</li> <li>No Danube River Basin Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>Development of 2 national PES schemes is initiated</li> <li>Development of 3 local PES schemes is initiated</li> <li>Consultations with relevant stakeholders for the integration of PES/SF mechanisms into the Danube RBM Plan is initiated and ongoing</li> </ul>	<ul style="list-style-type: none"> <li>2 national PES schemes developed</li> <li>3+ local PES schemes established covering an area of at least 500,000 ha</li> <li>PES/SF mechanisms integrated into Danube RBM Plan</li> </ul>	<ul style="list-style-type: none"> <li>National funding programs and delivery.</li> <li>Project progress reports documenting local and private-sector PES/SF schemes.</li> <li>Danube RBM Plans.</li> </ul>	<ul style="list-style-type: none"> <li>Evaluated at end of project</li> </ul>	<ul style="list-style-type: none"> <li>Bulgaria, Romania</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation team</li> </ul>	<ul style="list-style-type: none"> <li>End of year 4</li> </ul>	Part of terminal evaluation (total \$20,000)
<b>OUTPUTS</b>										
<i>Output 1.1</i> National PES schemes in RO, BG reward provision of ecosystem services and are integrated into Danube river basin and sub-basin management plans.	<ul style="list-style-type: none"> <li>PES/SFs are included in the Program of Measures for Danube River Basin Management Plan by project end</li> <li>Evidence of uptake of Danube-related national payment schemes by farmers and other resource users by project end</li> </ul>	<ul style="list-style-type: none"> <li>No Program of Measures, no management plan</li> <li>No Danube-related PES schemes exist</li> </ul>	<ul style="list-style-type: none"> <li>PES/SFs are included in first draft Program of Measures of the Danube RBM Plan</li> <li>Best-practice guidelines and recommendations for integrating PES/SFs into RBM Plans are available</li> </ul>	<ul style="list-style-type: none"> <li>PES/SFs included in Program of Measures for Danube RBM Plan</li> <li>Evidence of increasing trend of uptake of Danube-related national payment schemes by farmers and other resource users</li> </ul>	<ul style="list-style-type: none"> <li>Program of Measures for Danube RBM Plan</li> <li>Official evaluations of relevant funding programs.</li> </ul>	<ul style="list-style-type: none"> <li>Mid-term and terminal evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Romania, Bulgaria Project Coordinators</li> </ul>	<ul style="list-style-type: none"> <li>Mid-term and terminal evaluation teams</li> </ul>	<ul style="list-style-type: none"> <li>End of year 2 and 4</li> </ul>	Part of terminal evaluation (total Independent Terminal Evaluation \$40,000) + Mid-Term Evaluation (total \$15,000)

<b>Output 1.2</b> Capacity building and training in PES/SFs for key stakeholders in RO, BG	<ul style="list-style-type: none"> <li>Number of river basin managers and other key stakeholders in Romania, Bulgaria trained in PES/SFs by project end</li> <li>Number of stakeholders relevant to decision making on river basin management in Romania, Bulgaria who are aware of ecosystem services and opportunities for PES/SFs by project end</li> </ul>	<ul style="list-style-type: none"> <li>Little or no awareness / understanding</li> <li>Little or no awareness.</li> </ul>	<ul style="list-style-type: none"> <li>Key stakeholders, level of knowledge and needs related to PES/SFs in Danube river basin is determined</li> <li>Watershed managers/ stakeholders relevant to decision making on RBM in RO and BG are identified, and an initial core group is aware of ecosystem services and opportunities for PES/SFs</li> </ul>	<ul style="list-style-type: none"> <li>80+ basin managers, stakeholders trained.</li> <li>All identified stakeholders relevant to decision making on RBM in RO, BG aware of ecosystem services and PES/SFs.</li> </ul>	<ul style="list-style-type: none"> <li>Project report: documentation of training program and trainees (certificates of participation), including post-training feedback from participants</li> </ul>	<ul style="list-style-type: none"> <li>Mid-term and Terminal-evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Romania, Bulgaria Project Coordinators</li> </ul>	<ul style="list-style-type: none"> <li>Mid-term and Terminal Evaluations Team</li> </ul>	<ul style="list-style-type: none"> <li>End of year 2 and 4</li> </ul>	Part of terminal evaluation (total \$40,000) + Mid-Term Evaluation (total \$15,000)
<b>Output 1.3</b> Demonstration of local-level implementation of public payments for Danube-related ecosystem services	<ul style="list-style-type: none"> <li>Number of local demonstration projects successfully implemented in Romania and Bulgaria, involving public-funded PES/SFs by project end</li> </ul>	<ul style="list-style-type: none"> <li>No relevant projects functioning. Some preparatory work already undertaken for several potential schemes</li> </ul>	<ul style="list-style-type: none"> <li>3+ local demonstration projects identified and under development</li> </ul>	<ul style="list-style-type: none"> <li>3+ local demonstration projects successfully implemented, and generating examples of best-practice</li> </ul>	<ul style="list-style-type: none"> <li>Demo projects' reports and publications</li> <li>External Evaluation of demo projects and their outputs, by independent assessment</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Bulgaria and Romania Project Coordinators</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation team</li> </ul>	<ul style="list-style-type: none"> <li>End of year 4</li> </ul>	Part of terminal evaluation (total \$40,000)
<b>Output 1.4</b> Private sector involvement and support for PES schemes demonstrated	<ul style="list-style-type: none"> <li>Number of demonstration projects successfully implemented in Romania, Bulgaria involving private-funded PES/SFs by project end</li> </ul>	<ul style="list-style-type: none"> <li>No private sector PES schemes in project area</li> </ul>	<ul style="list-style-type: none"> <li>2+ demonstration projects identified and under development</li> </ul>	<ul style="list-style-type: none"> <li>2+ demonstration projects in Romania, Bulgaria successfully implemented, and generating examples of best-practice</li> </ul>	<ul style="list-style-type: none"> <li>Demo projects' reports and publications</li> <li>External Evaluation of demo projects and their outputs, by independent assessment</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Bulgaria and Romania Project Coordinators</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation team</li> </ul>	<ul style="list-style-type: none"> <li>End of year 4</li> </ul>	Part of terminal evaluation (total \$40,000)
<b>OUTCOME 2</b>										
Measurable increase in	<ul style="list-style-type: none"> <li>Evidence of a positive trend in the</li> </ul>	<ul style="list-style-type: none"> <li>Little or no awareness</li> </ul>	<ul style="list-style-type: none"> <li>Key stakeholders,</li> </ul>	<ul style="list-style-type: none"> <li>All identified key stakeholders in</li> </ul>	<ul style="list-style-type: none"> <li>Evidence provided in</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Project Manager</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation team</li> </ul>	<ul style="list-style-type: none"> <li>End of year 4</li> </ul>	Part of terminal

conservation community's knowledge and use of PES/SF schemes	number of stakeholders in Danube river basin and other major river basins that are aware of Danube experience with PES/SFs, and considering adapting it to their situations by project end <ul style="list-style-type: none"> <li>Quality and quantity of best practices/lessons learned documented, disseminated and discussed with the international conservation community by project end</li> </ul>	<ul style="list-style-type: none"> <li>No documentation of best practice/lessons learned in the Danube River Basin</li> </ul>	level of knowledge and needs related to PES/SFs in Danube and 3+ major other river basins are identified. <ul style="list-style-type: none"> <li>The accurate documentation of processes and activities leading to best practice is systematically being documented at all demonstration sites supported by the project</li> </ul>	Danube RB and 3 other major river basins are aware of PES/SFs and Danube experience	project progress and final reports <ul style="list-style-type: none"> <li>Interviews with key set of stakeholders conducted during final project evaluation</li> </ul>					evaluation (total \$40,000)
<i>Output 2.1</i> Information and experience exchange for key stakeholders in Danube and sub-river basins	<ul style="list-style-type: none"> <li>Number of river basin managers and other key stakeholders in Serbia and Ukraine who are aware of project experience and had the opportunity to share expertise generated through the project in RO and BG by project end</li> <li>Level of availability of guidance documents and lessons learned related to PES/SF, among river basin managers and other key stakeholders in the wider Danube river basin by project</li> </ul>	<ul style="list-style-type: none"> <li>No awareness</li> <li>No awareness.</li> </ul>	<ul style="list-style-type: none"> <li>Key stakeholders in Serbia and Ukraine are identified, and their level of knowledge and needs related to PES/SFs in Danube river basin is assessed</li> <li>Evidence of project aims and activities prominently covered regularly (i.e. at least four times a year) in relevant media and communication</li> </ul>	<ul style="list-style-type: none"> <li>2 national training workshops held in Serbia, Ukraine, with a total of 40+ participants.</li> <li>Project and guidance/tools/publications for the implementation PES/SF are widely available to target groups, and increasingly covered in relevant media and communications channels reaching target group (e.g. ICPDR's <i>Danube Watch</i>).</li> </ul>	<ul style="list-style-type: none"> <li>Surveys/analyses undertaken at project inception and end.</li> <li>Workshop reports and feedback from participants</li> <li>Availability of guidance documents and lessons learned to the target groups</li> <li>Documentation of media coverage and other communication channels used + their relative readership/coverage</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Bulgaria, Romania</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation team</li> </ul>	<ul style="list-style-type: none"> <li>End of year 4</li> </ul>	Part of terminal evaluation (total \$40,000)

	end		s channels reaching target group (e.g. ICPDR's <i>Danube Watch</i> )		ge					
<b>Output 2.2</b> Exchange of information and experience with stakeholders in selected major river basins	<ul style="list-style-type: none"> <li>Number of key stakeholders in other major river basins who are exposed to lessons learned and expertise generated in the Danube RB by project end</li> </ul>	<ul style="list-style-type: none"> <li>No awareness of Danube project experience and expertise</li> </ul>	<ul style="list-style-type: none"> <li>Preparation for the implementation of the 3 workshop is initiated and ongoing</li> <li>Participants for the staff exchange visits from other River Basins are identified, and outline programme for the exchange visits is prepared.</li> </ul>	<ul style="list-style-type: none"> <li>3 regional workshops (1 each in Asia, Latin America and Africa) to present/discuss lessons learned and experience in the Danube project (with a total of 60+ participants).</li> <li>Staff exchanges and visits to Lower Danube , for practitioners from other major river basins (total of 4-8 people).</li> </ul>	<ul style="list-style-type: none"> <li>Project progress reports including documentation of workshops and staff exchanges.</li> <li>Feedback from participants in workshops and staff exchanges.</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Bulgaria, Romania</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation team</li> </ul>	<ul style="list-style-type: none"> <li>End of year 4</li> </ul>	Part of terminal evaluation (total \$40,000)
<b>Output 2.3</b> Best practices and lessons learned are documented, distributed and discussed with the conservation and international community	<ul style="list-style-type: none"> <li>Evidence of the number of key institutions in the conservation, freshwater management and rural development communities that have benefited from or have shared project experience and expertise by project end</li> </ul>	<ul style="list-style-type: none"> <li>No experience shared</li> <li>No publications</li> </ul>	<ul style="list-style-type: none"> <li>A global roster of key institutions in the conservation, freshwater management and rural development communities is identified as a target for project communication efforts</li> <li>An initial outline of the scope of key project publications is developed, including: 1)</li> </ul>	<ul style="list-style-type: none"> <li>Production and dissemination of publications: 1) About the project/lessons learned; 2) "How to" and best practice manuals.</li> <li>All identified (at least 30) institutions globally (technical, development and environmental communities) are aware of the best practice examples and lessons generated by the project.</li> </ul>	<ul style="list-style-type: none"> <li>Project progress reports documenting meetings and presentations.</li> <li>Distribution lists and copies of publications</li> <li>External assessment of the quality of publications, including feedback form target users/readers</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Project Manager</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation team</li> </ul>	<ul style="list-style-type: none"> <li>End of year 4</li> </ul>	Part of terminal evaluation (total \$40,000)

			About the project/lessons learned; 2) "How to" and best practice manuals.							
<b>OUTCOME 3</b>										
	<ul style="list-style-type: none"> <li>Project managed effectively</li> </ul>	<ul style="list-style-type: none"> <li>No project in place</li> </ul>	<ul style="list-style-type: none"> <li>Project team in place, all demonstration sites operational, and project being effectively managed</li> </ul>	<ul style="list-style-type: none"> <li>Project successfully concluded</li> </ul>	<ul style="list-style-type: none"> <li>All project reports and outputs</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Project Manager</li> </ul>	<ul style="list-style-type: none"> <li>Terminal evaluation team</li> </ul>	<ul style="list-style-type: none"> <li>End of year 4</li> </ul>	<ul style="list-style-type: none"> <li>Part of terminal evaluation (total \$40,000)</li> </ul>
<p><i>Output 3.1</i> Project deliverables produced on time and within budget.</p>	<ul style="list-style-type: none"> <li>Project team in place and operational by month 6</li> <li>Detailed Project Workplan in place by month 6 and regularly updated thereafter</li> <li>Transparent Accounting system in place and maintained throughout project implementation</li> <li>Progress &amp; financial reports produced on time by the Executing Agency</li> </ul>	<ul style="list-style-type: none"> <li>No project structure in place</li> <li>No detailed Project Plan</li> </ul>	<ul style="list-style-type: none"> <li>Project full team in place and operational (by month 6)</li> <li>Activities at all demonstration sites initiated in year 1, and now ongoing</li> <li>Project workplan in place and regularly implemented</li> <li>Reports produced on time</li> </ul>	<ul style="list-style-type: none"> <li>All project outputs delivered on time</li> </ul>	<ul style="list-style-type: none"> <li>Project progress reports (6-monthly)</li> <li>Financial reports (6-monthly)</li> </ul>	<ul style="list-style-type: none"> <li>Mid-point and end of project</li> </ul>	<ul style="list-style-type: none"> <li>Project Manager</li> </ul>	<ul style="list-style-type: none"> <li>Mid term and terminal evaluation teams</li> </ul>	<ul style="list-style-type: none"> <li>End of years 2 and 4</li> </ul>	<ul style="list-style-type: none"> <li>Audits: \$20,000</li> <li>Part of terminal evaluation (total \$40,000) + Mid-Term Evaluation (total \$15,000)</li> </ul>
<p><i>Output 3.2</i> Effective M&amp;E framework in place.</p>	<ul style="list-style-type: none"> <li>Level and quality of implementation of the M&amp;E Plan as a tool for adaptive management</li> </ul>	<ul style="list-style-type: none"> <li>M&amp;E Plan in draft form</li> </ul>	<ul style="list-style-type: none"> <li>M&amp;E Plan revised at inception workshop and being used as a tool for adaptive</li> </ul>	<ul style="list-style-type: none"> <li>All M&amp;E targets met</li> <li>At least 1 external audit of project budget is completed</li> </ul>	<ul style="list-style-type: none"> <li>Project progress reports including revised M&amp;E plans</li> <li>Audit reports</li> </ul>	<ul style="list-style-type: none"> <li>End of project</li> <li>Annual (audits)</li> </ul>	<ul style="list-style-type: none"> <li>Project Manager</li> </ul>	<ul style="list-style-type: none"> <li>Mid term and terminal evaluation teams</li> </ul>	<ul style="list-style-type: none"> <li>End of year 4</li> <li>Annually (audits)</li> </ul>	<ul style="list-style-type: none"> <li>Part of terminal evaluation (total \$40,000) + Mid-Term Evaluation (total \$15,000)</li> </ul>

	<ul style="list-style-type: none"> <li>• Timeliness &amp; quality of external audits</li> </ul>		management							
<i>Output 3.3</i>	<ul style="list-style-type: none"> <li>• Mid-term evaluation completed on or about year 2</li> <li>• Terminal evaluation completed at year end</li> </ul>		<ul style="list-style-type: none"> <li>• Mid-term evaluation completed by year 2</li> </ul>	<ul style="list-style-type: none"> <li>• Terminal evaluation completed at project end</li> </ul>	<ul style="list-style-type: none"> <li>• Mid-term evaluation report</li> <li>• Terminal evaluation report</li> </ul>	Mid point and end of project		UNEP Evaluation and Oversight Unit	End of years 2 and 4	Part of TE (total \$40,000) + Mid-Term Evaluation (total \$15,000)

2. Cost of acquisition of essential baseline data during first year of project<sup>10</sup>: \$10,536

3. Cost of project inception workshop: \$12,000 – ca 25 participants, in Sofia or Bucuresti

4. Cost of Mid-Term Review/Evaluation: \$15,000 (If project runs effectively, and independent/external MTE is not needed this cost will be used for internal Mid-term review (staff costs))

5. Cost of Terminal Evaluation: \$40,000 (independent evaluator, managed independently by UNEP Evaluation and Oversight Unit)

6. Any additional M&E costs<sup>11</sup>:

- Financial audits: \$18,000
- Travel, including for Mid-Term Review, Terminal Evaluation and ongoing monitoring: \$18,121
- Monitoring & Evaluation of PES/SF implementation in Romania and Bulgaria: \$106,210
- Publication of reports: \$7,704

Total costs (this figure should be included in the consolidated project budget and in the Request for CEO endorsement/approval in the M&E budget line): \$227,571

<sup>10</sup> Refer to detailed M&E work plan for additional information on what data will be collected and what activities will be undertaken. The data to be collected needs to be consistent with the indicators included in the table above.

<sup>11</sup> Please describe the activity and included the expected cost. Additional M&E costs could be related to the following: (i) Additional reviews and evaluation processes for phased and tranced projects; (ii) application & validation of tracking tools.





APPENDIX 8: Summary of reporting requirements and responsibilities

<b>Appendix 8 – Reporting requirements</b>	<b>Due date</b>	<b>Format appended to legal instrument as</b>	<b>Responsibility of</b>
Procurement plan (goods and services)	2 weeks before project inception meeting	N/A	Project Manager
Inception Report	1 month after project inception meeting	N/A	Project Manager
Expenditure report accompanied by explanatory notes	Quarterly on or before 30 April, 31 July, 31 October, 31 January	<b>Annex 11</b>	Project Manager
Cash Advance request and details of anticipated disbursements	Quarterly or when required	<b>Annex 7B</b>	Project Manager
Progress report	Half-yearly on or before 31 January	<b>Annex 8</b>	Project Manager
Audited report for expenditures for year ending 31 December	Yearly on or before 30 June	N/A	Executing partner to contract firm
Inventory of non-expendable equipment	Yearly on or before 31 January	<b>Annex 6</b>	Project Manager
Co-financing report	Yearly on or before 31 July	<b>Annex 12</b>	Project Manager
Project implementation review (PIR) report	Yearly on or before 31 August	<b>Annex 9</b>	Project Manager, TM, DGEF FMO
Minutes of steering committee meetings	Yearly (or as relevant)	N/A	Project Manager
Mission reports and “aide memoire” for executing agency	Within 2 weeks of return	N/A	TM, DGEF FMO
Final report	2 months of project completion date	<b>Annex 10</b>	Project Manager
Final inventory of non-expendable equipment		<b>Annex 9</b>	Project Manager
Equipment transfer letter		<b>Annex 10</b>	Project Manager
Final expenditure statement	3 months of project completion date	<b>Annex 11</b>	Project Manager
Mid-term review or Mid-term evaluation	Midway though project	N/A	TM or EOU (as relevant)
Final audited report for expenditures of project	6 months of project completion date	N/A	Executing partner to contract firm
Independent terminal evaluation report	6 months of project completion date	Appendix 9 to Annex 1	EOU

**APPENDIX 9 - STANDARD TERMINAL EVALUATION TERMS OF REFERENCE**

**Terminal Evaluation of the UNEP GEF project *Promoting Payments for Ecosystem Services (PES) and Related Sustainable Financing Schemes in the Danube Basin***

**1. PROJECT BACKGROUND AND OVERVIEW**

**Project rationale**

*The objective was stated as:*

*The indicators given in the project document for this stated objective were:*

**Relevance to GEF Programmes**

*The project is in line with:*

**Executing Arrangements**

*The implementing agency(ies) for this project was (were) UNEP; and the executing agencies were:*

WWF Danube-Carpathian Programme

*The lead national agencies in the focal countries were:*

**Project Activities**

The project comprised activities grouped in 3 components.

**Budget**

At project inception the following budget prepared:

	<u>GEF</u>	<u>Co-funding</u>
Project preparation funds:		
GEF Medium Size Grant		

**TOTAL (including project preparation funds)**

Co-funding sources:

Anticipated:

## APPENDIX 9 TERMS OF REFERENCE FOR THE EVALUATION

### **1. Objective and Scope of the Evaluation**

The objective of this terminal evaluation is to examine the extent and magnitude of any project impacts to date and determine the likelihood of future impacts. The evaluation will also assess project performance and the implementation of planned project activities and planned outputs against actual results. The evaluation will focus on the following main questions:

1. Did the project help to {} among key target audiences (international conventions and initiatives, national level policy-makers, regional and local policy-makers, resource managers and practitioners).
2. Did the outputs of the project articulate options and recommendations for {}? Were these options and recommendations used? If so by whom?
3. To what extent did the project outputs produced have the weight of scientific authority and credibility necessary to influence policy makers and other key audiences?

### **Methods**

This terminal evaluation will be conducted as an in-depth evaluation using a participatory approach whereby the UNEP/DGEF Task Manager, key representatives of the executing agencies and other relevant staff are kept informed and consulted throughout the evaluation. The consultant will liaise with the UNEP/EOU and the UNEP/DGEF Task Manager on any logistic and/or methodological issues to properly conduct the review in as independent a way as possible, given the circumstances and resources offered. The draft report will be circulated to UNEP/DGEF Task Manager, key representatives of the executing agencies and the UNEP/EOU. Any comments or responses to the draft report will be sent to UNEP / EOU for collation and the consultant will be advised of any necessary or suggested revisions.

The findings of the evaluation will be based on the following:

1. A desk review of project documents including, but not limited to:
  - (a) The project documents, outputs, monitoring reports (such as progress and financial reports to UNEP and GEF annual Project Implementation Review reports) and relevant correspondence.
  - (b) Notes from the Steering Group meetings.
  - (c) Other project-related material produced by the project staff or partners.
  - (d) Relevant material published on the project web-site: {}.
2. Interviews with project management and technical support including {NEED INPUT FROM TM HERE}
3. Interviews and Telephone interviews with intended users for the project outputs and other stakeholders involved with this project, including in the participating countries and international bodies. The Consultant shall determine whether to seek additional information and opinions from representatives of donor agencies and other organizations. As appropriate, these interviews could be combined with an email questionnaire.

4. Interviews with the UNEP/DGEF project task manager and Fund Management Officer, and other relevant staff in UNEP dealing with {relevant GEF focal area(s)}-related activities as necessary. The Consultant shall also gain broader perspectives from discussions with relevant GEF Secretariat staff.
5. Field visits<sup>12</sup> to project staff

### Key Evaluation principles

In attempting to evaluate any outcomes and impacts that the project may have achieved, evaluators should remember that the project's performance should be assessed by considering the difference between the answers to two simple questions “*what happened?*” and “*what would have happened anyway?*”. These questions imply that there should be consideration of the baseline conditions and trends in relation to the intended project outcomes and impacts. In addition it implies that there should be plausible evidence to **attribute** such outcomes and impacts **to the actions of the project**.

Sometimes, adequate information on baseline conditions and trends is lacking. In such cases this should be clearly highlighted by the evaluator, along with any simplifying assumptions that were taken to enable the evaluator to make informed judgements about project performance.

## 2. Project Ratings

The success of project implementation will be rated on a scale from ‘highly unsatisfactory’ to ‘highly satisfactory’. In particular the evaluation shall assess and rate the project with respect to the eleven categories defined below:<sup>13</sup>

### A. Attainment of objectives and planned results:

The evaluation should assess the extent to which the project's major relevant objectives were effectively and efficiently achieved or are expected to be achieved and their relevance.

- *Effectiveness*: Evaluate how, and to what extent, the stated project objectives have been met, taking into account the “achievement indicators”. The analysis of outcomes achieved should include, *inter alia*, an assessment of the extent to which the project has directly or indirectly assisted policy and decision-makers to apply information supplied by biodiversity indicators in their national planning and decision-making. In particular:
  - Evaluate the immediate impact of the project on {relevant focal area} monitoring and in national planning and decision-making and international understanding and use of biodiversity indicators.
  - As far as possible, also assess the potential longer-term impacts considering that the evaluation is taking place upon completion of the project and that longer term impact is expected to be seen in a few years time. Frame recommendations to enhance future project impact in this context. Which will be the major ‘channels’ for longer term impact from the project at the national and international scales?
    - *Relevance*: In retrospect, were the project's outcomes consistent with the focal areas/operational program strategies? Ascertain the nature and

<sup>12</sup> Evaluators should make a brief courtesy call to GEF Country Focal points during field visits if at all possible.

<sup>13</sup> However, the views and comments expressed by the evaluator need not be restricted to these items.

significance of the contribution of the project outcomes to the Convention on Biological Diversity and the wider portfolio of the GEF.

- *Efficiency*: Was the project cost effective? Was the project the least cost option? Was the project implementation delayed and if it was, then did that affect cost-effectiveness? Assess the contribution of cash and in-kind co-financing to project implementation and to what extent the project leveraged additional resources. Did the project build on earlier initiatives, did it make effective use of available scientific and / or technical information. Wherever possible, the evaluator should also compare the cost-time vs. outcomes relationship of the project with that of other similar projects.

### **B. Sustainability:**

Sustainability is understood as the probability of continued long-term project-derived outcomes and impacts after the GEF project funding ends. The evaluation will identify and assess the key conditions or factors that are likely to contribute or undermine the persistence of benefits after the project ends. Some of these factors might be outcomes of the project, e.g. stronger institutional capacities or better informed decision-making. Other factors will include contextual circumstances or developments that are not outcomes of the project but that are relevant to the sustainability of outcomes. The evaluation should ascertain to what extent follow-up work has been initiated and how project outcomes will be sustained and enhanced over time.

Five aspects of sustainability should be addressed: financial, socio-political, institutional frameworks and governance, environmental (if applicable). The following questions provide guidance on the assessment of these aspects:

- *Financial resources*. Are there any financial risks that may jeopardize sustenance of project outcomes? What is the likelihood that financial and economic resources will not be available once the GEF assistance ends (resources can be from multiple sources, such as the public and private sectors, income generating activities, and trends that may indicate that it is likely that in future there will be adequate financial resources for sustaining project's outcomes)? To what extent are the outcomes of the project dependent on continued financial support?
- *Socio-political*: Are there any social or political risks that may jeopardize sustenance of project outcomes? What is the risk that the level of stakeholder ownership will be insufficient to allow for the project outcomes to be sustained? Do the various key stakeholders see that it is in their interest that the project benefits continue to flow? Is there sufficient public / stakeholder awareness in support of the long term objectives of the project?
- *Institutional framework and governance*. To what extent is the sustenance of the outcomes of the project dependent on issues relating to institutional frameworks and governance? What is the likelihood that institutional and technical achievements, legal frameworks, policies and governance structures and processes will allow for, the project outcomes/benefits to be sustained? While responding to these questions consider if the required systems for accountability and transparency and the required technical know-how are in place.
- *Environmental*. Are there any environmental risks that can undermine the future flow of project environmental benefits? The TE should assess whether certain activities in the project area will pose a threat to the sustainability of the project outcomes. For example; construction of dam in a protected area could inundate a

sizable area and thereby neutralize the biodiversity-related gains made by the project; or, a newly established pulp mill might jeopardise the viability of nearby protected forest areas by increasing logging pressures; or a vector control intervention may be made less effective by changes in climate and consequent alterations to the incidence and distribution of malarial mosquitoes.

**C. Achievement of outputs and activities:**

- Delivered outputs: Assessment of the project's success in producing each of the programmed outputs, both in quantity and quality as well as usefulness and timeliness.
- Assess the soundness and effectiveness of the methodologies used for developing the technical documents and related management options in the participating countries
- Assess to what extent the project outputs produced have the weight of scientific authority / credibility, necessary to influence policy and decision-makers, particularly at the national level.

**D. Catalytic Role**

Replication and catalysis. What examples are there of replication and catalytic outcomes? Replication approach, in the context of GEF projects, is defined as lessons and experiences coming out of the project that are replicated or scaled up in the design and implementation of other projects. Replication can have two aspects, replication proper (lessons and experiences are replicated in different geographic area) or scaling up (lessons and experiences are replicated within the same geographic area but funded by other sources). Specifically:

- Do the recommendations for management of *Promoting Payments for Ecosystem Services (PES) and Related Sustainable Financing Schemes in the Danube Basin* coming from the country studies have the potential for application in other countries and locations?

If no effects are identified, the evaluation will describe the catalytic or replication actions that the project carried out.

**E. Assessment monitoring and evaluation systems.**

The evaluation shall include an assessment of the quality, application and effectiveness of project monitoring and evaluation plans and tools, including an assessment of risk management based on the assumptions and risks identified in the project document. The Terminal Evaluation will assess whether the project met the minimum requirements for 'project design of M&E' and 'the application of the Project M&E plan' (see minimum requirements 1&2 in *Annex 4* to this Appendix). GEF projects must budget adequately for execution of the M&E plan, and provide adequate resources during implementation of the M&E plan. Project managers are also expected to use the information generated by the M&E system during project implementation to adapt and improve the project.

**M&E during project implementation**

- *M&E design.* Projects should have sound M&E plans to monitor results and track progress towards achieving project objectives. An M&E plan should include a baseline (including data, methodology, etc.), SMART indicators (see Annex 4) and data analysis systems, and evaluation studies at specific times to assess results. The time frame for various M&E activities and standards for outputs should have been specified.

- *M&E plan implementation.* A Terminal Evaluation should verify that: an M&E system was in place and facilitated timely tracking of results and progress towards projects objectives throughout the project implementation period (perhaps through use of a logframe or similar); annual project reports and Progress Implementation Review (PIR) reports were complete, accurate and with well justified ratings; that the information provided by the M&E system was used during the project to improve project performance and to adapt to changing needs; and that projects had an M&E system in place with proper training for parties responsible for M&E activities.
- *Budgeting and Funding for M&E activities.* The terminal evaluation should determine whether support for M&E was budgeted adequately and was funded in a timely fashion during implementation.

**F. Preparation and Readiness**

Were the project’s objectives and components clear, practicable and feasible within its timeframe? Were the capacities of executing institution and counterparts properly considered when the project was designed? Were lessons from other relevant projects properly incorporated in the project design? Were the partnership arrangements properly identified and the roles and responsibilities negotiated prior to project implementation? Were counterpart resources (funding, staff, and facilities), enabling legislation, and adequate project management arrangements in place?

**G. Country ownership / drivenness:**

This is the relevance of the project to national development and environmental agendas, recipient country commitment, and regional and international agreements. The evaluation will:

- Assess the level of country ownership. Specifically, the evaluator should assess whether the project was effective in providing and communicating biodiversity information that catalyzed action in participating countries to improve decisions relating to the conservation and management of the focal ecosystem in each country.
- Assess the level of country commitment to the generation and use of biodiversity indicators for decision-making during and after the project, including in regional and international fora.

**H. Stakeholder participation / public awareness:**

This consists of three related and often overlapping processes: information dissemination, consultation, and “stakeholder” participation. Stakeholders are the individuals, groups, institutions, or other bodies that have an interest or stake in the outcome of the GEF-financed project. The term also applies to those potentially adversely affected by a project. The evaluation will specifically:

- Assess the mechanisms put in place by the project for identification and engagement of stakeholders in each participating country and establish, in consultation with the stakeholders, whether this mechanism was successful, and identify its strengths and weaknesses.
- Assess the degree and effectiveness of collaboration/interactions between the various project partners and institutions during the course of implementation of the project.
- Assess the degree and effectiveness of any various public awareness activities that were undertaken during the course of implementation of the project.

**I. Financial Planning**

Evaluation of financial planning requires assessment of the quality and effectiveness of financial planning and control of financial resources throughout the project's lifetime. Evaluation includes actual project costs by activities compared to budget (variances), financial management (including disbursement issues), and co-financing. The evaluation should:

- Assess the strength and utility of financial controls, including reporting, and planning to allow the project management to make informed decisions regarding the budget and allow for a proper and timely flow of funds for the payment of satisfactory project deliverables.
- Present the major findings from the financial audit if one has been conducted.
- Identify and verify the sources of co-financing as well as leveraged and associated financing (in co-operation with the IA and EA).
- Assess whether the project has applied appropriate standards of due diligence in the management of funds and financial audits.
- The evaluation should also include a breakdown of final actual costs and co-financing for the project prepared in consultation with the relevant UNEP/DGEF Fund Management Officer of the project (table attached in *Annex 1* to this Appendix Co-financing and leveraged resources).

### J. Implementation approach:

This includes an analysis of the project's management framework, adaptation to changing conditions (adaptive management), partnerships in implementation arrangements, changes in project design, and overall project management. The evaluation will:

- Ascertain to what extent the project implementation mechanisms outlined in the project document have been closely followed. In particular, assess the role of the various committees established and whether the project document was clear and realistic to enable effective and efficient implementation, whether the project was executed according to the plan and how well the management was able to adapt to changes during the life of the project to enable the implementation of the project.
- Evaluate the effectiveness and efficiency and adaptability of project management and the supervision of project activities / project execution arrangements at all levels (1) policy decisions: Steering Group; (2) day to day project management in each of the country executing agencies and WWF Danube-Carpathian Programme.

### K. UNEP Supervision and Backstopping

- Assess the effectiveness of supervision and administrative and financial support provided by UNEP/DGEF.
- Identify administrative, operational and/or technical problems and constraints that influenced the effective implementation of the project.

The *ratings will be presented in the form of a table*. Each of the eleven categories should be rated separately with **brief justifications** based on the findings of the main analysis. An overall rating for the project should also be given. The following rating system is to be applied:

HS	= Highly Satisfactory
S	= Satisfactory
MS	= Moderately Satisfactory
MU	= Moderately Unsatisfactory
U	= Unsatisfactory
HU	= Highly Unsatisfactory



### **3. Evaluation report format and review procedures**

The report should be brief, to the point and easy to understand. It must explain; the purpose of the evaluation, exactly what was evaluated and the methods used. The report must highlight any methodological limitations, identify key concerns and present evidence-based findings, consequent conclusions, recommendations and lessons. The report should be presented in a way that makes the information accessible and comprehensible and include an executive summary that encapsulates the essence of the information contained in the report to facilitate dissemination and distillation of lessons.

**The evaluation will rate the overall implementation success of the project and provide individual ratings of the eleven implementation aspects as described in Section 1 of this TOR. The ratings will be presented in the format of a table with brief justifications based on the findings of the main analysis.**

Evidence, findings, conclusions and recommendations should be presented in a complete and balanced manner. Any dissident views in response to evaluation findings will be appended in an annex. The evaluation report shall be written in English, be of no more than 50 pages (excluding annexes), use numbered paragraphs and include:

- i) An **executive summary** (no more than 3 pages) providing a brief overview of the main conclusions and recommendations of the evaluation;
- ii) **Introduction and background** giving a brief overview of the evaluated project, for example, the objective and status of activities; The GEF Monitoring and Evaluation Policy, 2006, requires that a TE report will provide summary information on when the evaluation took place; places visited; who was involved; the key questions; and, the methodology.
- iii) **Scope, objective and methods** presenting the evaluation's purpose, the evaluation criteria used and questions to be addressed;
- iv) **Project Performance and Impact** providing *factual evidence* relevant to the questions asked by the evaluator and interpretations of such evidence. This is the main substantive section of the report. The evaluator should provide a commentary and analysis on all eleven evaluation aspects (A – K above).
- v) **Conclusions and rating** of project implementation success giving the evaluator's concluding assessments and ratings of the project against given evaluation criteria and standards of performance. The conclusions should provide answers to questions about whether the project is considered good or bad, and whether the results are considered positive or negative. The ratings should be provided with a brief narrative comment in a table (see *Annex 1* to this Appendix);
- vi) **Lessons (to be) learned** presenting general conclusions from the standpoint of the design and implementation of the project, based on good practices and successes or problems and mistakes. Lessons should have the potential for wider application and use. All lessons should 'stand alone' and should:
  - Briefly describe the context from which they are derived
  - State or imply some prescriptive action;

- Specify the contexts in which they may be applied (if possible, who when and where)
- vii) **Recommendations** suggesting *actionable* proposals for improvement of the current project. In general, Terminal Evaluations are likely to have very few (perhaps two or three) actionable recommendations.

*Prior to each recommendation*, the issue(s) or problem(s) to be addressed by the recommendation should be clearly stated.

A high quality recommendation is an actionable proposal that is:

1. Feasible to implement within the timeframe and resources available
2. Commensurate with the available capacities of project team and partners
3. Specific in terms of who would do what and when
4. Contains results-based language (i.e. a measurable performance target)
5. Includes a trade-off analysis, when its implementation may require utilizing significant resources that would otherwise be used for other project purposes.

- viii) **Annexes** may include additional material deemed relevant by the evaluator but must include:

1. The Evaluation Terms of Reference,
2. A list of interviewees, and evaluation timeline
3. A list of documents reviewed / consulted
4. Summary co-finance information and a statement of project expenditure by activity
5. The expertise of the evaluation team. (brief CV).

TE reports will also include any response / comments from the project management team and/or the country focal point regarding the evaluation findings or conclusions as an annex to the report, however, such will be appended to the report by UNEP EOU.

Examples of UNEP GEF Terminal Evaluation Reports are available at [www.unep.org/eou](http://www.unep.org/eou)

#### **Review of the Draft Evaluation Report**

Draft reports submitted to UNEP EOU are shared with the corresponding Programme or Project Officer and his or her supervisor for initial review and consultation. The DGEF staff and senior Executing Agency staff are allowed to comment on the draft evaluation report. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The consultation also seeks feedback on the proposed recommendations. UNEP EOU collates all review comments and provides them to the evaluators for their consideration in preparing the final version of the report.

#### **4. Submission of Final Terminal Evaluation Reports.**

The final report shall be submitted in electronic form in MS Word format and should be sent to the following persons:

Segbedzi Norgbey, Chief,  
UNEP Evaluation and Oversight Unit  
P.O. Box 30552-00100  
Nairobi, Kenya  
Tel.: +(254-20)762-4181

Fax: +(254-20)762-3158  
Email: [Segbedzi.Norgbey@unep.org](mailto:Segbedzi.Norgbey@unep.org)

With a copy to:

Maryam Niamir-Fuller,  
Director  
UNEP/Division of GEF Coordination  
P.O. Box 30552-00100  
Nairobi, Kenya  
Tel: +(254-20)762-4166  
Fax: +(254-20)762-4041/2  
Email: [Maryam.Niamir-Fuller@unep.org](mailto:Maryam.Niamir-Fuller@unep.org)

{Name}  
[Task Manager](#)  
{Contact details}

The Final evaluation will also be copied to the following GEF National Focal Points.

{Insert contact details here}

The final evaluation report will be published on the Evaluation and Oversight Unit's web-site [www.unep.org/eou](http://www.unep.org/eou) and may be printed in hard copy. Subsequently, the report will be sent to the GEF Office of Evaluation for their review, appraisal and inclusion on the GEF website.

##### **5. Resources and schedule of the evaluation**

This final evaluation will be undertaken by an international evaluator contracted by the Evaluation and Oversight Unit, UNEP. The contract for the evaluator will begin on ddmmyyy and end on ddmmyyy (# days) spread over # weeks (# days of travel, to {country(ies)}, and # days desk study). The evaluator will submit a draft report on ddmmyyy to UNEP/EOU, the UNEP/DGEF Task Manager, and key representatives of the executing agencies. Any comments or responses to the draft report will be sent to UNEP / EOU for collation and the consultant will be advised of any necessary revisions. Comments to the final draft report will be sent to the consultant by ddmmyyy after which, the consultant will submit the final report no later than ddmmyyy.

The evaluator will after an initial telephone briefing with EOU and UNEP/GEF conduct initial desk review work and later travel to {country(ies)} and meet with project staff at the beginning of the evaluation. Furthermore, the evaluator is expected to travel to {country(ies)} and meet with representatives of the project executing agencies and the intended users of project's outputs.

In accordance with UNEP/GEF policy, all GEF projects are evaluated by independent evaluators contracted as consultants by the EOU. The evaluator should have the following qualifications:

The evaluator should not have been associated with the design and implementation of the project in a paid capacity. The evaluator will work under the overall supervision of the Chief, Evaluation and Oversight Unit, UNEP. The evaluator should be an international expert in {} with a sound understanding of {} issues. The consultant should have the following minimum qualifications: (i) experience in river basin management issues; (ii) experience with

management and implementation of nature conservation and/or freshwater projects and in particular with EU targeted at policy-influence and decision-making; (iii) experience with project evaluation. Knowledge of UNEP programmes and GEF activities is desirable. Knowledge of Romania and Bulgarian is an advantage. Fluency in oral and written English is a must.

#### **6. Schedule Of Payment**

The consultant shall select one of the following two contract options:

##### **Lump-Sum Option**

The evaluator will receive an initial payment of 30% of the total amount due upon signature of the contract. A further 30% will be paid upon submission of the draft report. A final payment of 40% will be made upon satisfactory completion of work. The fee is payable under the individual Special Service Agreement (SSA) of the evaluator and **is inclusive** of all expenses such as travel, accommodation and incidental expenses.

##### **Fee-only Option**

The evaluator will receive an initial payment of 40% of the total amount due upon signature of the contract. Final payment of 60% will be made upon satisfactory completion of work. The fee is payable under the individual SSAs of the evaluator and is **NOT** inclusive of all expenses such as travel, accommodation and incidental expenses. Ticket and DSA will be paid separately.

In case, the evaluator cannot provide the products in accordance with the TORs, the timeframe agreed, or his products are substandard, the payment to the evaluator could be withheld, until such a time the products are modified to meet UNEP's standard. In case the evaluator fails to submit a satisfactory final product to UNEP, the product prepared by the evaluator may not constitute the evaluation report.

*Annex 1 to Appendix 9: OVERALL RATINGS TABLE*

Criterion	Evaluator's Summary Comments	Evaluator's Rating
<b>A. Attainment of project objectives and results (overall rating)</b> Sub criteria (below)		
A. 1. Effectiveness		
A. 2. Relevance		
A. 3. Efficiency		
<b>B. Sustainability of Project outcomes (overall rating)</b> Sub criteria (below)		
B. 1. Financial		
B. 2. Socio Political		
B. 3. Institutional framework and governance		
B. 4. Ecological		
<b>C. Achievement of outputs and activities</b>		
<b>D. Monitoring and Evaluation (overall rating)</b> Sub criteria (below)		
D. 1. M&E Design		
D. 2. M&E Plan Implementation (use for adaptive management)		
D. 3. Budgeting and Funding for M&E activities		
<b>E. Catalytic Role</b>		
<b>F. Preparation and readiness</b>		
<b>G. Country ownership / drivenness</b>		
<b>H. Stakeholders involvement</b>		
<b>I. Financial planning</b>		
<b>J. Implementation approach</b>		
<b>K. UNEP Supervision and backstopping</b>		

**RATING OF PROJECT OBJECTIVES AND RESULTS**

Highly Satisfactory (HS): The project had no shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Satisfactory (S): The project had minor shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Moderately Satisfactory (MS): The project had moderate shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Moderately Unsatisfactory (MU): The project had significant shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Unsatisfactory (U) The project had major shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

Highly Unsatisfactory (HU): The project had severe shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

**Please note:** Relevance and effectiveness will be considered as critical criteria. The overall rating of the project for achievement of objectives and results **may not be higher** than the lowest rating on either of these two criteria. Thus, to have an overall satisfactory rating for outcomes a project must have at least satisfactory ratings on both relevance and effectiveness.

### **RATINGS ON SUSTAINABILITY**

A. Sustainability will be understood as the probability of continued long-term outcomes and impacts after the GEF project funding ends. The Terminal evaluation will identify and assess the key conditions or factors that are likely to contribute or undermine the persistence of benefits after the project ends. Some of these factors might be outcomes of the project, i.e. stronger institutional capacities, legal frameworks, socio-economic incentives /or public awareness. Other factors will include contextual circumstances or developments that are not outcomes of the project but that are relevant to the sustainability of outcomes.

#### Rating system for sustainability sub-criteria

On each of the dimensions of sustainability of the project outcomes will be rated as follows.

Likely (L): There are no risks affecting this dimension of sustainability.

Moderately Likely (ML). There are moderate risks that affect this dimension of sustainability.

Moderately Unlikely (MU): There are significant risks that affect this dimension of sustainability

Unlikely (U): There are severe risks that affect this dimension of sustainability.

According to the GEF Office of Evaluation, all the risk dimensions of sustainability are deemed critical. Therefore, overall rating for sustainability will not be higher than the rating of the dimension with lowest ratings. For example, if a project has an Unlikely rating in any of the dimensions then its overall rating cannot be higher than Unlikely, regardless of whether higher ratings in other dimensions of sustainability produce a higher average.

### **RATINGS OF PROJECT M&E**

Monitoring is a continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing project with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds. Evaluation is the systematic and objective assessment of an on-going or completed project, its design, implementation and results. Project evaluation may involve the definition of appropriate standards, the examination of performance against those standards, and an assessment of actual and expected results.

The Project monitoring and evaluation system will be rated on ‘M&E Design’, ‘M&E Plan Implementation’ and ‘Budgeting and Funding for M&E activities’ as follows:

Highly Satisfactory (HS): There were no shortcomings in the project M&E system.

Satisfactory(S): There were minor shortcomings in the project M&E system.

Moderately Satisfactory (MS): There were moderate shortcomings in the project M&E system.

Moderately Unsatisfactory (MU): There were significant shortcomings in the project M&E system.

Unsatisfactory (U): There were major shortcomings in the project M&E system.

Highly Unsatisfactory (HU): The Project had no M&E system.

“M&E plan implementation” will be considered a critical parameter for the overall assessment of the M&E system. The overall rating for the M&E systems will not be higher than the rating on “M&E plan implementation.”

All other ratings will be on the GEF six point scale.

GEF Performance Description	Alternative description on the same scale
HS = Highly Satisfactory	Excellent
S = Satisfactory	Well above average
MS = Moderately Satisfactory	Average
MU = Moderately Unsatisfactory	Below Average
U = Unsatisfactory	Poor
HU = Highly Unsatisfactory	Very poor (Appalling)

*Annex 2 to Appendix 9: Co-financing and Leveraged Resources*

Co financing (Type/Source)	IA own Financing (mill US\$)		Government (mill US\$)		Other* (mill US\$)		Total (mill US\$)		Total Disbursement (mill US\$)	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
- Grants										
- Loans/Concessional (compared to market rate)										
- Credits										
- Equity investments										
- In-kind support										
- Other (*)										
-										
-										
-										
-										
-										
<b>Totals</b>										

*Co-financing (basic data to be supplied to the consultant for verification)*

\* Other is referred to contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector and beneficiaries.



***Leveraged Resources***

Leveraged resources are additional resources—beyond those committed to the project itself at the time of approval—that are mobilized later as a direct result of the project. Leveraged resources can be financial or in-kind and they may be from other donors, NGO's, foundations, governments, communities or the private sector. Please briefly describe the resources the project has leveraged since inception and indicate how these resources are contributing to the project's ultimate objective.

**Table showing final actual project expenditure by activity to be supplied by the UNEP Fund management Officer. (insert here)**

*Annex 3 to Appendix 9***Review of the Draft Report**

Draft reports submitted to UNEP EOU are shared with the corresponding Programme or Project Officer and his or her supervisor for initial review and consultation. The DGEF staff and senior Executing Agency staff provide comments on the draft evaluation report. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The consultation also seeks agreement on the findings and recommendations. UNEP EOU collates the review comments and provides them to the evaluators for their consideration in preparing the final version of the report. General comments on the draft report with respect to compliance with these TOR are shared with the reviewer.

**Quality Assessment of the Evaluation Report**

All UNEP GEF Mid Term Reports are subject to quality assessments by UNEP EOU. These apply GEF Office of Evaluation quality assessment and are used as a tool for providing structured feedback to the evaluator.

The quality of the draft evaluation report is assessed and rated against the following criteria:

<b>GEF Report Quality Criteria</b>	<b>UNEP EOU Assessment</b>	<b>Rating</b>
A. Did the report present an assessment of relevant outcomes and achievement of project objectives in the context of the focal area program indicators if applicable?		
B. Was the report consistent and the evidence complete and convincing and were the ratings substantiated when used?		
C. Did the report present a sound assessment of sustainability of outcomes?		
D. Were the lessons and recommendations supported by the evidence presented?		
E. Did the report include the actual project costs (total and per activity) and actual co-financing used?		
F. Did the report include an assessment of the quality of the project M&E system and its use for project management?		
<b>UNEP EOU additional Report Quality Criteria</b>	<b>UNEP EOU Assessment</b>	<b>Rating</b>
G. Quality of the lessons: Were lessons readily applicable in other contexts? Did they suggest prescriptive action?		
H. Quality of the recommendations: Did recommendations specify the actions necessary to correct existing conditions or improve operations ('who?' 'what?' 'where?' 'when?'). Can they be implemented? Did the recommendations specify a goal and an associated performance indicator?		
I. Was the report well written? (clear English language and grammar)		
J. Did the report structure follow EOU guidelines, were all requested Annexes included?		
K. Were all evaluation aspects specified in the TORs adequately addressed?		
L. Was the report delivered in a timely manner		

$$\text{GEF Quality of the MTE report} = 0.3*(A + B) +$$

$$0.1*(C+D+E+F)$$

**EOU assessment of MTE report =  $0.3*(G + H) +$**

$$0.1*(I+J+K+L)$$

**Combined quality Rating =  $(2* \text{'GEF EO' rating} + \text{EOU rating})/3$**

The Totals are rounded and converted to the scale of HS to HU

#### Rating system for quality of terminal evaluation reports

A number rating 1-6 is used for each criterion: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, Highly Unsatisfactory = 1, and unable to assess = 0.

*Annex 4 to Appendix 9*

### ***GEF Minimum requirements for M&E***

#### ***Minimum Requirement 1: Project Design of M&E<sup>14</sup>***

All projects must include a concrete and fully budgeted monitoring and evaluation plan by the time of Work Program entry (full-sized projects) or CEO approval (medium-sized projects).

This plan must contain at a minimum:

- SMART (see below) indicators for project implementation, or, if no indicators are identified, an alternative plan for monitoring that will deliver reliable and valid information to management
- SMART indicators for results (outcomes and, if applicable, impacts), and, where appropriate, corporate-level indicators
- A project baseline, with:
  - a description of the problem to address
  - indicator data
  - or, if major baseline indicators are not identified, an alternative plan for addressing this within one year of implementation
- An M&E Plan with identification of reviews and evaluations which will be undertaken, such as mid-term reviews or evaluations of activities
- An organizational setup and budgets for monitoring and evaluation.

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<sup>14</sup> <http://gefweb.org/MonitoringandEvaluation/MEPoliciesProcedures/MEPTools/meptstandards.html>

***Minimum Requirement 2: Application of Project M&E***

- Project monitoring and supervision will include implementation of the M&E plan, comprising:
- Use of SMART indicators for implementation (or provision of a reasonable explanation if not used)
- Use of SMART indicators for results (or provision of a reasonable explanation if not used)
- Fully established baseline for the project and data compiled to review progress
- Evaluations are undertaken as planned
- Operational organizational setup for M&E and budgets spent as planned.

**SMART INDICATORS** GEF projects and programs should monitor using relevant performance indicators. The monitoring system should be “SMART”:

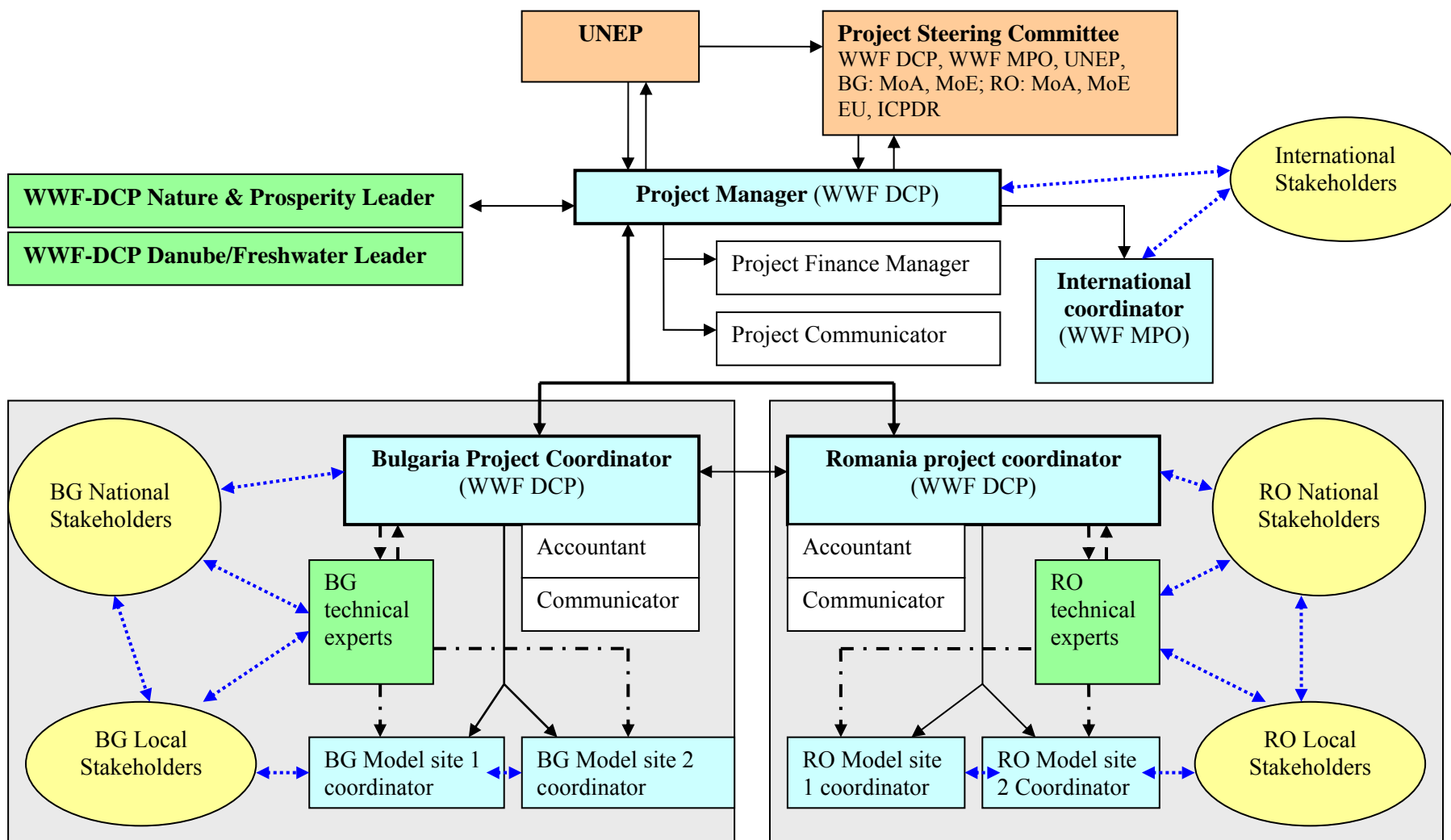
1. **Specific:** The system captures the essence of the desired result by clearly and directly relating to achieving an objective, and only that objective.
2. **Measurable:** The monitoring system and its indicators are unambiguously specified so that all parties agree on what the system covers and there are practical ways to measure the indicators and results.
3. **Achievable and Attributable:** The system identifies what changes are anticipated as a result of the intervention and whether the result(s) are realistic. Attribution requires that changes in the targeted developmental issue can be linked to the intervention.
4. **Relevant and Realistic:** The system establishes levels of performance that are likely to be achieved in a practical manner, and that reflect the expectations of stakeholders.
5. **Time-bound, Timely, Trackable, and Targeted:** The system allows progress to be tracked in a cost-effective manner at desired frequency for a set period, with clear identification of the particular stakeholder group to be impacted by the project or program.

*Annex 5 to Appendix 9***List of intended additional recipients for the Terminal Evaluation (to be completed by the IA Task Manager)**

Name	Affiliation	Email
Aaron Zazueta	GEF Evaluation Office	azazueta@thegef.org
<b>Government Officials</b>		
<b>GEF Focal Point(s)</b>		
<b>Executing Agency</b>		
<b>Implementing Agency</b>		
Carmen Tavera	UNEP DGEF Quality Assurance Officer	

APPENDIX 10: Decision-making flowchart and organizational chart

**Project management structure**



APPENDIX 11: Terms of Reference

**Position title:** Project Manager

**Reports to:** WWF-DCPO Nature & Prosperity Team Leader

**Date of ToR:** 01 May 2009 – 31 April 2013

**Supervises:** Bulgaria Project Coordinator, Romania Project Coordinator, Project Accountant, Project Communicator

**Date:** March 14, 2009

**Grade:** D

### **I. Major Functions**

- The PM's task is to provide leadership and coordination in the implementation of the project, including components focused at national level in Romania and Bulgaria, across the Danube River Basin as well as internationally.
- He/she will have overall responsibility for the direction of the project, detailed work planning, financial management and the timely delivery of outputs including reports as well as regional coordination activities.

### **II. Major Duties and Responsibilities**

The PM manages the project according to WWF and UNEP standards.

The PE will be responsible for:

- Working in close collaboration with the Project Steering Committee to ensure Medium-Size Project management, including:
  - Reporting to the Project Steering Committee on a regular (quarterly) basis
  - Submission of the semi-annual progress reports to the UNEP GEF Liaison Officer, draft Final Project Report and any other required reports.
  - Ensuring that reports prepared by project personnel under his/her supervision are prepared as required.
  - Operational management of the project according to the project document and the procedures in the WWF guidelines.
- Working in close collaboration with members of the Project Steering Committee and relevant WWF staff to ensure that essential steps in the implementation of the project are undertaken in a technically sound, timely and transparent fashion. This includes:



- Organising and managing project activities according to the work plan in order to produce the outputs in a timely manner; updating and regular reviewing of the project work plan.
- Coordinating and participating in meetings (virtual and/or personal) of the Project Steering Committee where project management, activities and expected outputs are to be discussed.
- Reviewing bi-annual progress and quarterly financial reports and annual summary progress reports.
- Revising budgets and allocations to ensure project output delivery within budget.
- Managing the M&E system for the project, including risk mitigation plan.
- Oversee public relations of the project.
- Working in close cooperation with members of the project team and other relevant WWF staff and key partners and stakeholders, ensure the delivery of project activities. This includes:
  - Provide oversight and technical backstopping for national-level activities in Romania and Bulgaria.
  - Ensure organisation of regional/international activities, particularly those in Component 2.
  - Draft Terms of Reference and hire consultants, particularly at a regional/international level and supervise their work.
  - Promote the project, liaise and engage with key stakeholders especially at regional/international level.
- Working in close cooperation with members of the Project Steering Committee, WWF project staff and key partners and stakeholders, identify and actively cultivate additional national and international co-finance as the project develops.

### **III. Supervisory Responsibilities**

- Supervise project consultants especially working at regional/international level.
- Supervise national coordinators for Romania and Bulgaria as well as Project Finance Manager and Project Communications Officer.

### **IV. Working Relationships**

#### **Internal (WWF):**

- The PM will report directly to the WWF-DCPO Nature & Prosperity Team Leader.
- For implementation of activities, he/she will work especially closely with the Bulgaria and Romania Project Managers; the Project Finance and Communications

Officers; the WWF-DCPO freshwater and country managers in Serbia and Ukraine (Odessa Office) as well as with the International Coordinator/Technical Expert at the WWF Macroeconomic Policy Office.

- In order to ensure coordination of activities and support, he/she will need to work closely with the WWF-DCPO Head of Marketing/Communications, the WWF-DCPO Head of Danube/Freshwater and WWF-DCPO Freshwater Policy Officer.
- He/she will further need to liaise with relevant policy officers at the WWF European Policy Office (EU Freshwater, EU Biodiversity, and EU Funds Officers); with other relevant WWF organisations in the Danube basin including especially WWF-Hungary, WWF-Austria and WWF-Germany; as well as with WWF staff/organisations further afield, especially those working in major river basins including the Mekong, Yangtze, Amazon and Zambezi.

#### **External:**

- For project management and governance, the PM will work closely with UNEP and the Project Steering Committee, including particularly representatives of the Bulgarian and Romanian Ministries of Agriculture and Environment as well as the International Commission for Protection of the Danube River Basin (ICPDR).
- The PM will also be in close contact with key stakeholders relevant for project implementation particularly at regional (river basin) and international levels, including watershed/river basin managers, the ICPDR, the European Commission (DG Environment, DG Agriculture, DG-Regio) as well as corporate partners.
- Together with the International Coordinator/Technical Expert at WWF-MPO, the PM will more broadly liaise and engage with other international stakeholders, especially from the areas of conservation, development, and river basin management.

## **V. Minimum Qualifications**

### **1. Knowledge/training:**

- Higher degree (MA, PhD) in Environmental Sciences or related field of resource management or rural development and payments schemes an advantage
- Broad background in ecology and resource management and/or
- Good knowledge of relevant EU policy and programmes, especially EU Water Framework Directive, EU Habitats and Birds Directives and EU Common Agricultural and Cohesion Policies.

### **2. Experience:**

- Extensive experience in the Lower Danube region in conservation, natural resources management, international development or related field, with demonstrated success in all aspects of managing large programmes.

- Experience with EU policies and programmes, especially EU Water Framework Directive, EU Habitats and Birds Directives and EU Common Agricultural and Cohesion Policies.

### 3. **Skills and Abilities:**

- Proven ability to manage interdisciplinary professional staff
- Diplomatic and cultural skills to work with a broad array of individuals from a variety of cultural backgrounds
- Ability to work with senior government officials, corporations, NGOs, local communities, etc. Training in facilitation techniques would be an asset
- Excellent oral and written communications skills in English
- Knowledge of Romanian and/or Bulgarian would be a distinct advantage
- Experience in participatory planning and evaluation, and in the use of logical frameworks would be a distinct advantage
- Excellent organisational and time management skills
- Self-motivated personality
- Willingness to travel frequently, sometimes under difficult conditions

### **VI. Location:**

- The position will be based at the WWF-DCPO office in one of the following locations: Sofia (Bulgaria); Bucuresti (Romania); Vienna (Austria).
- The position will require frequent travel to the project focal countries Romania and Bulgaria, Vienna and other locations.

### **VII. WWF's Mission and Values:**

1. It is part of every staff member's terms of reference to contribute to **WWF's mission**. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by:

- conserving the world's biological diversity
- ensuring that the use of renewable natural resources is sustainable
- reducing pollution and wasteful consumption.

2. It is also part of every staff member's terms of reference to embody WWF's **values**, which are: Passionate & Optimistic, Challenging & Inspiring, Credible & Accountable, Persevering & Delivering Results.

Prepared by Supervisor: \_\_\_\_\_ Date: \_\_\_\_\_

Accepted by Departmental Director: \_\_\_\_\_ Date:

Accepted by Staff member: \_\_\_\_\_ Date: \_\_\_\_\_

APPENDIX 11: Terms of Reference

**Position title:** Romania/Bulgaria Project Coordinator (PC)

**Reports to:** Project Manager

**Date of ToR:** 01 May 2009 – 31 April 2013

**Supervises:** Romania/Bulgaria Project Accountant and Communicator

**Date:** March 14, 2009

**Grade:** C

### I. Major Functions

- The PC's task is to provide leadership and coordination in the implementation of the project in Romania/Bulgaria.
- He/she will have overall responsibility for the implementation of the project in Romania/Bulgaria, including detailed work planning, financial management and the timely delivery of outputs including reports.

### II. Major Duties and Responsibilities

The PC will be responsible for:

- The operational management of the project within the country, including planning, initiating and managing national project activities according to the project document (mostly Component 1) and WWF procedures.
- Where relevant, identifying, hiring and supervising consultants and technical experts.
- Identifying and actively cultivating additional national co-finance as the project develops.
- Ensuring the timely preparation and submission of reports.

### III. Supervisory Responsibilities

- Supervise project consultants working at national level in Romania/Bulgaria.
- Supervise Romania/Bulgaria Project Accountant and Communicator.
- Supervise Romania/Bulgaria model site coordinators.

#### IV. Working Relationships

##### Internal (WWF):

- The PC will report directly to the Project Manager.
- For implementation of activities, the PC will work especially closely with technical experts, coordinators for the model sites in the country and the WWF country manager.

##### External:

- The PC will be in close contact with key national stakeholders, including representatives of the Ministries of Agriculture and Environment and related agencies (e.g. Agriculture Extension Service, Protected Areas Administrations, Payment Agencies), NGOs and corporate partners.

#### V. Minimum Qualifications

##### 1. Knowledge/training:

- Degree in Environmental Sciences or related field of resource management or rural development and payments schemes an advantage
- Broad background in ecology and resource management and/or payment/funding programmes.
- Good knowledge of relevant EU policy and programmes, especially EU Water Framework Directive, EU Habitats and Birds Directives and EU Common Agricultural and Cohesion Policies.

##### 2. Experience:

- Extensive experience in the Lower Danube region in conservation, natural resources management, international development or related field, with demonstrated success in all aspects of managing large programmes.
- Experience with EU policies and programmes, especially EU Water Framework Directive, EU Habitats and Birds Directives and EU Common Agricultural and Cohesion Policies.

##### 3. Skills and Abilities:

- Proven ability to manage interdisciplinary professional staff
- Diplomatic and cultural skills to work with a broad array of individuals.
- Ability to work with senior government officials, corporations, NGOs, local communities, etc. Training in facilitation techniques would be an asset
- Excellent oral and written communications skills in English
- Excellent organisational and time management skills

- Self-motivated personality
- Willingness to travel frequently, sometimes under difficult conditions

**VI. Location:**

- The position will be based at the WWF-DCPO office in Sofia (Bulgaria)/Bucuresti (Romania).
- The position will require travel within the country and neighboring countries as well as occasionally to Vienna and beyond.

**VII. WWF's Mission and Values:**

1. It is part of every staff member's terms of reference to contribute to **WWF's mission**. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by:

- conserving the world's biological diversity
- ensuring that the use of renewable natural resources is sustainable
- reducing pollution and wasteful consumption.

2. It is also part of every staff member's terms of reference to embody WWF's **values**, which are: Passionate & Optimistic, Challenging & Inspiring, Credible & Accountable, Persevering & Delivering Results.

Prepared by Supervisor: \_\_\_\_\_ Date: \_\_\_\_\_

Accepted by Departmental Director: \_\_\_\_\_ Date: \_\_\_\_\_

Accepted by Staff member: \_\_\_\_\_ Date: \_\_\_\_\_

APPENDIX 12: Co-financing commitment letters from project partners

*Please see separate file*



APPENDIX 13: Endorsement letters of GEF National Focal Points

*Please see separate file*

## APPENDIX 14: Draft procurement plan

### *Principles for procurement*

In implementing the project, WWF will follow WWF standards for procurement and accounting standards, and of course, comply with all applicable local laws and regulations. Import tax exemptions will be sought from countries where equipment is required for the pilot projects. For consultants and experts envisaged during implementation, particular importance will be placed on the development of Terms of Reference (TOR) that are complete and clearly specify services to be performed and deliverables to be produced, and their contribution to the achievement of outputs.

### *Procurement Steps*

All project procurement actions, regardless of value, shall follow these five steps:

**A. Specifications** – This is the process of determining what the project needs to procure. In most cases, specifications are based on minimum required performance characteristics, not factors such as style, color, design, etc.

**B. Competition** – procurement is predicated on the belief that open and unrestricted competition – to the maximum extent practical – over the life of the project will result in accumulated best value. However, competition has real cost in terms of documentation preparation, staff time, etc. The determinant of what constitutes practical competition is that estimated competition costs should not outweigh anticipated best value gain.

**C. Selection** – WWF should do business with reputable vendors, i.e., known, established vendors who offer products and services that fully meet stated specifications. When competition is involved, and there are three or more offers, WWF should select the vendor who offers best value. When cost is the primary consideration, selection is easy: WWF awards to the lowest offered price. When other factors are involved, such as warranties, delivery time, installation, etc., then price is just one of the evaluation factors. The proven test one can apply when selecting for best value is: if it was your personal money being used, which vendor would you select for best value?

**D. Negotiation, Acceptance and Documentation** – Procurement actions are brought to closure by means of negotiation and/or acceptance with the selected vendor. In some cases, this can be accomplished by issuing a purchase order and having the vendor sign acceptance, or accepting a product “over the counter” and paying against an invoice. For more complex procurements, there may be need to reach agreement on such items as payment, deliverables and delivery terms, i.e.— these need to be negotiated and specified in a subcontract. In all cases, a procurement action is closed by mutual acceptance, whether it be a purchase order, letter of agreement, subcontract, or payment of vendor invoice. All transactions, without exception, require supporting documentation such as a receipt. All third-party contracts and respective invoices should include a clear reference to the grant agreement. Hence, a separate line with the number of the agreement should be included in all third-party contracts.

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Threshold	Value Procedures, Documentation & Responsibilities
<p><b>Small value</b> <b>€0 to €4,999</b></p>	<ul style="list-style-type: none"> <li>• Specifications – WWF employee’s professional assessment; if required, consultation with technical staff; may or may not be written.</li> <li>• Competition – Based on convenience, expediency and proven relations with responsible vendors.</li> <li>• Selection – Employee’s discretion regarding best value. Fill in the WWF sub-contract explanatory notes form for amounts between €1000-€5000.</li> <li>• Negotiation, Acceptance &amp; Documentation – Vendor receipt or employee’s personal memo note.</li> </ul>
<p><b>Mid-range</b> <b>€5,000 to €30,000</b></p>	<p>Specifications – Employee’s professional assessment; consultation with technical staff and/or management required; must be written.</p> <p>Competition – Three written quotes from vendors – by email, fax, or over-counter.</p> <p>Selection – Employee in consultation with technical staff and/or management for determining best value.</p> <p>Negotiation, Acceptance &amp; Documentation – Written specifications; award memo; vendor receipt.</p>
<p><b>High-range</b> <b>&gt;€30,000</b></p>	<p>Specifications – Written and jointly reviewed and approved by technical and management staff.</p> <p>Competition – Written specifications are delivered to at least three reputable vendors, if available.</p> <p>Selection – Employee in consultation with technical staff and management for determining best value.</p> <p>Negotiation, Acceptance &amp; Documentation – Written specifications; vendor’s offers; award memo; purchase order or contract; vendor receipt.</p>

## APPENDIX 15 Tracking tools

### I. Project General Information

1. Project Name: **Promoting Payments for Ecosystem Services (PES) and Related Sustainable Financing Schemes in the Danube Basin**
2. Project Type: MSP
3. Project ID (GEF):
4. Project ID (IA): 2806
5. Implementing Agency: UNEP
6. Country(ies): Bulgaria, Romania

Name of reviewers completing tracking tool and completion dates:

	Name	Title	Agency
<b>Work Program Inclusion</b>	Andreas Beckmann	Deputy Director WWF-DCP	WWF-DCP
<b>Project Mid-term</b>	n/a	Bulgaria and Romania country project coordinators	WWF-DCP
<b>Final Evaluation/project completion</b>	n/a	Bulgaria and Romania country project coordinators	WWF-DCP

7. Project duration: **Planned**   4   years **Actual**    -    years

8. Lead Project Executing Agency (ies): WWF Danube-Carpathian Program Office (WWF-DCPO)

9. GEF Strategic Program:
- Strengthening the policy and regulatory framework for mainstreaming biodiversity (SP 4)
  - Fostering markets for biodiversity goods and services (SP 5)

10. Production sectors and/or ecosystem services directly targeted by project:

10. a. Please identify the main production sectors involved in the project. Please put “**P**” for sectors that are primarily and directly targeted by the project, and “**S**” for those that are secondary or incidentally affected by the project.

Agriculture           P  
 Fisheries             P  
 Forestry              S  
 Tourism               S  
 Mining                n/a  
 Oil                     n/a  
 Transportation      n/a  
 Other (please specify)

### II. Project Landscape/Seascape Coverage

## BULGARIA

**11. a. What is the extent (in hectares) of the landscape or seascape where the project will directly or indirectly contribute to biodiversity conservation or sustainable use of its components? An example is provided in the table below.**

Targets and Timeframe	Foreseen at project start	Achievement at Mid-term Evaluation of Project	Achievement at Final Evaluation of Project
<b>Project Coverage</b>			
Landscape area <u>directly</u> covered by the project (ha)	25,000 ha		
Landscape area <u>indirectly</u> covered by the project (ha)	235,000 ha		

### Explanation for indirect coverage numbers:

The area indirectly covered by the project comprises the regions surrounding the project demonstration sites within the respective administrative boundaries.

However, it is expected that the improved targeting and delivery of environmental payments and the increased participation by farmers and other land managers in the payments schemes will indirectly impact further 1,63 mio ha of production landscapes (this is the area of high nature value farmlands in Bulgaria, most of which are within and around protected areas).

**11. b. Are there Protected Areas within the landscape/seascape covered by the project? If so, names these PAs, their IUCN or national PA category, and their extent in ha.**

The table below presents protected areas according to the national PA legislation. However, there are also the protected sites of the European network of protected areas Natura 2000 (pSCI or SPA) sites, which cover much larger areas than the presented PAs. For example, Rusenski Lom Nature park is 3408 ha while the Lomovete Natura 2000 site is 32 489 ha. The national and EU legislation requires the maintenance of favourable conservation status on the entire territory of the Natura 2000 site.

	Name of Protected Areas	IUCN and/or national category of PA	Extent in hectares of PA
1	Ibisha	1b, Managed reserve	34,3
2	Kaikusha	IV, Protected landscape	155,4
3	Persina	V, Nature Park / pSCI	21762 / 22 405
4	Milka	1a, Strictly protected reserve	30
5	Kitka Island	1a, Strictly protected reserve	25,4
6	Saryana Dub	IV, Protected landscape	86,3
7	Bezimen island	IV, Protected landscape	70
8	Pozharevo island	IV, Protected landscape	71
9	Malak presvalets	IV, Protected landscape	20
10	Garvan marsh	IV, Protected landscape	280
11	Aleko island	IV, Protected landscape	206
12	Srebarna	1b, Managed reserve / SPA	902 / 2 582

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13	Roussenski Lom/Lomovete	V, Nature Park / pSCI	3408 / 32 489
14	Batin	pSCI	2655
15	Karaboaz	pSCI	12 200
16	Nikopolsko plato	pSCI	18 500
17	Reka Vit	pSCI	5 717
18	Vardim	pSCI	1 168
19	Complex Belenski Ostrovi	SPA	7 010
20	Nikopolsko plato	SPA	22 246
21	Ostrov Lakat	SPA	1 261
22	Ostrov Vardim	SPA	1 168
23	Ribarnitsi Mechka	SPA	2 582
24	Svishtovsko-Belenska nizina	SPA	5 440

**11. c. Within the landscape/seascape covered by the project, is the project implementing payment for environmental service schemes? If so, please complete the table below.**

Targets and Timeframe	Foreseen at Project Start		Achievement at Mid-term Evaluation of Project		Achievement at Final Evaluation of Project	
	Extent in hectares	Payments generated (US\$)	Extent in hectares	Payments generated (US\$)	Extent in hectares	Payments generated (US\$)
Coverage Environmental Service						
Biodiversity conservation	15 000 ha	Appr. 80 USD/ha				
Water provision	10 000 ha	Appr. 50 USD/ha				

### **III. Management Practices Applied**

**12.a. Within the scope and objectives of the project, please identify in the table below the management practices employed by project beneficiaries that integrate biodiversity considerations and the area of coverage of these management practices.**

Specific management practices that integrate BD	Name of certification system being used	Area of coverage foreseen at start of project	Achievement at Mid-term Evaluation of Project	Achievement at Final Evaluation of Project
1. Sustainable management of pastures and meadows of High Nature Value	n/a	10 000 ha		
2. Sustainable management of arable land (Integrated crop management)	n/a	2 000 ha		

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3. Organic farming	IFOAM	3 000 ha		
4. Sustainable fisheries – aqua-environmental practices	n/a	500 ha		
5. Sustainable management of high conservation value forests	FSC	4 500ha		

#### **IV. Market Transformation**

13. **For those projects that have identified market transformation as a project objective,** please describe the project's ability to integrate biodiversity considerations into the mainstream economy by measuring the market changes to which the project contributed.

<b>Name of the market that the project seeks to affect (sector and sub-sector)</b>	<b>Unit of measure of market impact</b>	<b>Market condition at the start of the project</b>	<b>Market condition at midterm evaluation of project</b>	<b>Market condition at final evaluation of the project</b>
Sustainable farming/grazing (Meat and dairy production)	Volume of produce sold (kg/year) Number of local products on the market US\$ (Euro) of sales of local products	Local products are not having own markets; all go in the conventional market chain losing locally important characteristics		
Organic agriculture (Fruits and vegetable production)	Volume of produce sold (kg/year) Number of organic products on the market US\$ (Euro) of sales of organic products	Currently there is only one organic tomatoes and vegetable producer on the BG market; no BG certified fruits		
Sustainable agriculture (Cereals production)	Volume of produce sold (kg/year) US\$ (Euro) of sales of cereals	No market for sustainably produced cereals; only one small		

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	production	producer who uses it for own limited production of bread in southern Bulgaria		
Sustainable fishery	Volume of sustainably-produced fish sold (kg/year) US\$ (Euro) of sales of fish and fish products	Conventional fish production and market only.		
Sustainable tourism	Number of tourists visiting the area US\$ (Euro) collected in fees/donations for nature conservation	Rusenski Lom is locally very popular tourist destination, but mostly for its historical monuments; needs a lot of development to support nature-friendly tourism		
Sustainable forestry (timber processing)	Volume of sustainable timber sold (m <sup>3</sup> /year) US\$ (Euro) of sales of sustainable timber	Market is under development in the country; demand is increasing		



## **ROMANIA**

**11. a. What is the extent (in hectares) of the landscape or seascape where the project will directly or indirectly contribute to biodiversity conservation or sustainable use of its components?**

<b>Targets and Timeframe</b>	<b>Foreseen at project start</b>	<b>Achievement at Mid-term Evaluation of Project</b>	<b>Achievement at Final Evaluation of Project</b>
<b>Project Coverage</b>			
<b>Landscape area <u>directly</u> covered by the project (ha)</b>	30,000 ha		
<b>Landscape area <u>indirectly</u> covered by the project (ha)</b>	265,000 ha		

### **Explanation for indirect coverage numbers:**

The area indirectly covered by the project comprises the regions surrounding the project demonstration sites within the respective administrative boundaries.

However, it is expected that the improved targeting and delivery of environmental payments and the increased participation by farmers and other land managers in the payments schemes will indirectly impact further 2,6 mio ha of production landscapes (this is the estimated area of high nature value grasslands in Romania).

**11. b. Are there Protected Areas within the landscape/seascape covered by the project? If so, names these PAs, their IUCN or national PA category, and their extent in ha.**

	<b>Name of Protected Areas</b>	<b>IUCN and/or nat'l category of PA</b>	<b>Extent in hectares of PA</b>
1	Bugeac Lake	Nature reserve	1 434
2	Oltina Lake	Nature reserve	2 290
3	Vederoasa Lake	Nature reserve	517
4	Valea lui Ene	Nature reserve	50
5	Bratca Forest	Nature reserve	50
6	Cetate Forest	Nature reserve	50
7	Calarasi Raul	Nature reserve	2 877
8	Mouth of JiuZaval forest	Nature reserve	351
9	Suhaia fishpond	pSPA	1 455
10	Ostrovul Gasca/Vedea	Nature reserve	58
11	Ostrovul Haralambie	Nature reserve	45
12	Ciocanesti islet-Duduitul	Nature reserve	207
13	Iezerul Calarasi	Nature Reserve, SPA	3 105
14	Ciocanesti fish farm	Nature Reserve, SPA	230
15	Dunareni Lake	Nature reserve	703
16	Ostrov Moldova Noua wetland	Nature reserve	1 627
17	Lower Prut	Nature Park /pSCI	8 247
18	Danube Delta	Biosphere Reserve	580 000
19	Domogled - Valea Cernei	National Park	61 211
20	Portile de Fier (Iron Gates)	Natural Park	115 656
21	Mehedinti Plateau Geopark	Natural Park	106 000

**11. c. Within the landscape/seascape covered by the project, is the project implementing payment for environmental service schemes? If so, please complete the table below.**

Targets and Timeframe	Foreseen at Project Start		Achievement at Mid-term Evaluation of Project		Achievement at Final Evaluation of Project	
	Extent in hectares	Payments generated (US\$)	Extent in hectares	Payments generated (US\$)	Extent in hectares	Payments generated (US\$)
Coverage Environmental Service						
Biodiversity conservation	10,000 ha	Appr. 85 USD/ha				
Water provision	20,000 ha	Appr. 50 USD/ha				

### **III. Management Practices Applied**

**12.a. Within the scope and objectives of the project, please identify in the table below the management practices employed by project beneficiaries that integrate biodiversity considerations and the area of coverage of these management practices.**

Specific management practices that integrate BD	Name of certification system being used	Area of coverage foreseen at start of project	Achievement at Mid-term Evaluation of Project	Achievement at Final Evaluation of Project
1. Sustainable management of pastures and meadows of High Nature Value	n/a	8 000 ha		
2. Sustainable management of arable land (Integrated crop management)	n/a	3 000 ha		
3. Organic farming	IFOAM	2 000 ha		
4. Sustainable fisheries – aqua-environmental practices	n/a	2 000 ha		
5. Sustainable management of high conservation value forests	FSC	15 000ha		

#### **IV. Market Transformation**

13. For those projects that have identified market transformation as a project objective, please describe the project's ability to integrate biodiversity considerations into the mainstream economy by measuring the market changes to which the project contributed.

<b>Name of the market that the project seeks to affect (sector and sub-sector)</b>	<b>Unit of measure of market impact</b>	<b>Market condition at the start of the project</b>	<b>Market condition at midterm evaluation of project</b>	<b>Market condition at final evaluation of the project</b>
Sustainable farming/grazing (Meat and dairy production)	Volume of produce sold (kg/year) Number of local products on the market US\$ (Euro) of sales of local products	Local products are not having own markets; all go in the conventional market chain losing locally important characteristics		
Organic agriculture (Fruits and vegetable production)	Volume of produce sold (kg/year) Number of organic products on the market US\$ (Euro) of sales of organic products	Currently very limited and local RO organic production		
Sustainable agriculture (Cereals production)	Volume of produce sold (kg/year) US\$ (Euro) of sales of cereals production	No market for sustainably produced cereals.		
Sustainable fishery	Volume of sustainably-produced fish sold (kg/year) US\$ (Euro) of sales of fish and fish products	Conventional fish production and market only.		
Sustainable tourism	Number of tourists visiting the area US\$ (Euro) collected in	Maramures is a popular RO tourist destination, but mostly for		

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	fees/donations for nature conservation	its history and culture; needs a lot of development to support nature-friendly tourism		
Sustainable forestry (timber processing)	Volume of sustainable timber sold (m <sup>3</sup> /year) US\$ (Euro) of sales of sustainable timber	Market is still very limited		

**V. Policy and Regulatory frameworks**

**N/A**

All projects please complete this question at the project mid-term evaluation and at the final evaluation, if relevant:

**14. d. Within the scope and objectives of the project, has the private sector undertaken voluntary measures to incorporate biodiversity considerations in production? If yes, please provide brief explanation and specifically mention the sectors involved.**

**An *example* of this could be a mining company minimizing the impacts on biodiversity by using low-impact exploration techniques and by developing plans for restoration of biodiversity after exploration as part of the site management plan.**

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**VI. Other Impacts**

16. Please briefly summarize other impacts that the project has had on mainstreaming biodiversity that have not been recorded above.

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## **APPENDIX 16: References – Recent WWF Publications on PES/SF Schemes as well as EU and other Financing for Rural Conservation**

- Gutman, P. (2001) “Forest Conservation and the Rural Poor: A Call to Broaden the Conservation Agenda” WWF-MPO, Washington D.C.
- Gutman, P. (ed. 2003) “From Good-will to Payments for Environmental Services. A Survey of Financing Alternatives for Sustainable Natural Resource Management in Developing Countries” WWF, 2003
- Rosa H. et al (2003) “Compensation for Ecosystem Services and Rural Communities. Lessons from the Americas” WWF-MPO, Washington D.C.
- Schilling J and Osha J. (2003) “Paying for Environmental Stewardship” WWF-MPO, Washington D.C.
- Spergel, B. (2001) “Raising Revenues for protected Areas. A menu of Options” WWF, Washington D.C.

### **Recent WWF publications on EU Financing for Rural Conservation**

- Beckmann, A. ed. (2007): Seizing Opportunities to Support Nature Conservation and Local Development in the Carpathian Mountains (WWF-DCPO). (Handbook, hard copy and digital, 39 pages. Available for downloading from:  
[http://www.panda.org/what\\_we\\_do/where\\_we\\_work/danube\\_carpathian/our\\_solutions/forests\\_and\\_protected\\_areas/carpathian\\_ecoregion/carpathians\\_funding/](http://www.panda.org/what_we_do/where_we_work/danube_carpathian/our_solutions/forests_and_protected_areas/carpathian_ecoregion/carpathians_funding/)
- Kazakova, Y., Kettunen, M., Bassi, S., & Ten Brink, P. (2007), Complementary Financing for Environment in the Context of Accession – Innovative Resources: Final Project Report. A project for the European Commission (contract 070201/2006/443879/MAR/E3). (WWF-DCPO, Institute for European Environmental Policy, Brussels). 66 pp + Annexes.
- WWF-DCPO (2005) “On line information on WWF programs in the Danube Carpathian Ecoregion” Downloaded from [www.panda.org](http://www.panda.org)
- WWF-EPO, Natuuren Miliey, Land Use Policy Group (2005) “Rural Development Environmental Programming Guidelines” Brussels
- WWF-EPO (2005) “EU Funding for Environment. A handbook for the 2007-13 Programming Period” Brussels
- WWF-EPO (2004) “Nature 2000 in the New EU Member States”, Brussels
- WWF-EPO (2002), Land Policy Group et al (2002) “Europe Rural Futures” Vol. I and II

### **Recent Publications and References of GEF Supported Projects in the Danube Basin**

- GEF (2005) Online information on GEF supported projects in the Danube basin” Downloaded from [www.gefonline.org/projectList.cfm](http://www.gefonline.org/projectList.cfm)
- ICPDR (2005) “The Danube River Basin District. River Basin Characteristics, Impact of Human Activities and Economic analysis required under the EU Water Framework Directive” Vienna
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- ICPDR (2001) “Joint Action Program for the Danube River Basin. January 2001 – December 2005” International Commission for the protection of the Danube River / Permanent Secretariat, Vienna

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Mainstreaming Biodiversity Conservation in Production Landscapes/Seascapes and Sectors

- Kreditanstalt Fur Wiederaufbau (1999) “Financing Pollution Reduction Measures in the Danube River Basin: Present Situation and Suggestion for new Instruments” Danube Pollution Reduction Programme. UNDP/GEF, Frankfurt
- Przan, J. and Redman M. (2004) UNDP/GEF Danube Regional project (2004) “Inventory of Policies for Control of Water Pollution by Agriculture in the Central and Lower Danube River Countries” Hamburg
- UNDP/GEF Danube Regional Project (2005) Information on ongoing projects and programs. On line documents downloaded from the ICPDR site [www.icpdr.org](http://www.icpdr.org)
- UNDP/GEF Danube Regional Project (2005) “Study on Pollution Trading & Economic Instruments for Nutrient Reduction” (October 2005 on line documents downloaded from [www.undp.drp.org/drp/activities](http://www.undp.drp.org/drp/activities))
- Wanninger, R. (1999) “Financial Mechanisms in the Danube River Basin Countries” Danube Pollution Reduction Programme. UNDP/GEF
- World Bank (2005) “GEF Strategic Partnership in the Black Sea/Danube Basin. Information on Partners and Projects regarding the World Bank – GEF Nutrient Reduction Investment Fund Portfolio” (2005 on line documents downloaded from <http://lnweb18.worldbank.org/ECA/ECSSD>)
- World Bank (2005) “Romania Agricultural Pollution Control. Project Concept Document” (2005 on line documents downloaded from <http://lnweb18.worldbank.org/ECA/ECSSD>)
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- Bayon R. et al (2000) “Financing Biodiversity Conservation” Inter-American Development Bank, Washington D.C.
- Benzanson K. and Sagasti F (2001) Financing International Public Goods: Challenges, problems and a way forward” IDS, Sussex.
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- Landell-Mills and Porras (2002) “Silver Bullet or Fools’ Gold? A Global Review of Markets for Forest Environmental Services and their Impact on the Poor” IIED, London
- Johnson N. et al (2001) Developing Markets for Water Services from Forests” Forest Trends, Washington.
- Mayers and Vermulen (2002) “Company-community Forestry Partnerships; From Raw Deals to Mutual Benefit” IIED, London
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- Perrot-Maitre D. and Davis P. (2001) “Case Studies of Markets and Innovative Financial Mechanisms for Water Services from Forests” Forests Trends, Washington D.C.

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- Richards, M. (1999) Internalising the Externalities of Tropical Forestry: A Review of Innovative Financing and Incentive Mechanisms" ODI, London
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- Quintela C. et al (2002) “Literature Review of Financial Arrangements” Draft, Wildlife Conservation Society – Conservation Finance Program, Washington D.C.
- Robertson, N and Wunder S. (2005) “Fresh Tracks in the Forest. Assessing Incipient Payments for Environmental Services Initiatives in Bolivia” CIFOR, Bogor, Indonesia
- Roe, D., Grieg-Gran, M and W. Schalken 2001 Getting the Lion’s Share from Tourism: Private Sector-Community Partnerships in Namibia, Poverty, Inequality and Environment Series No. 1, IIED
- Scherr, S. et al (2002) “Making Markets Work for Forest Communities” Forest Trends, CIFOR, Washington D.C.
- Wunder, S. (2005) “Payments for Environmental Services: Some Nuts and Bolts” CIFOR. Bogor, Indonesia



**APPENDIX 17: Maps**

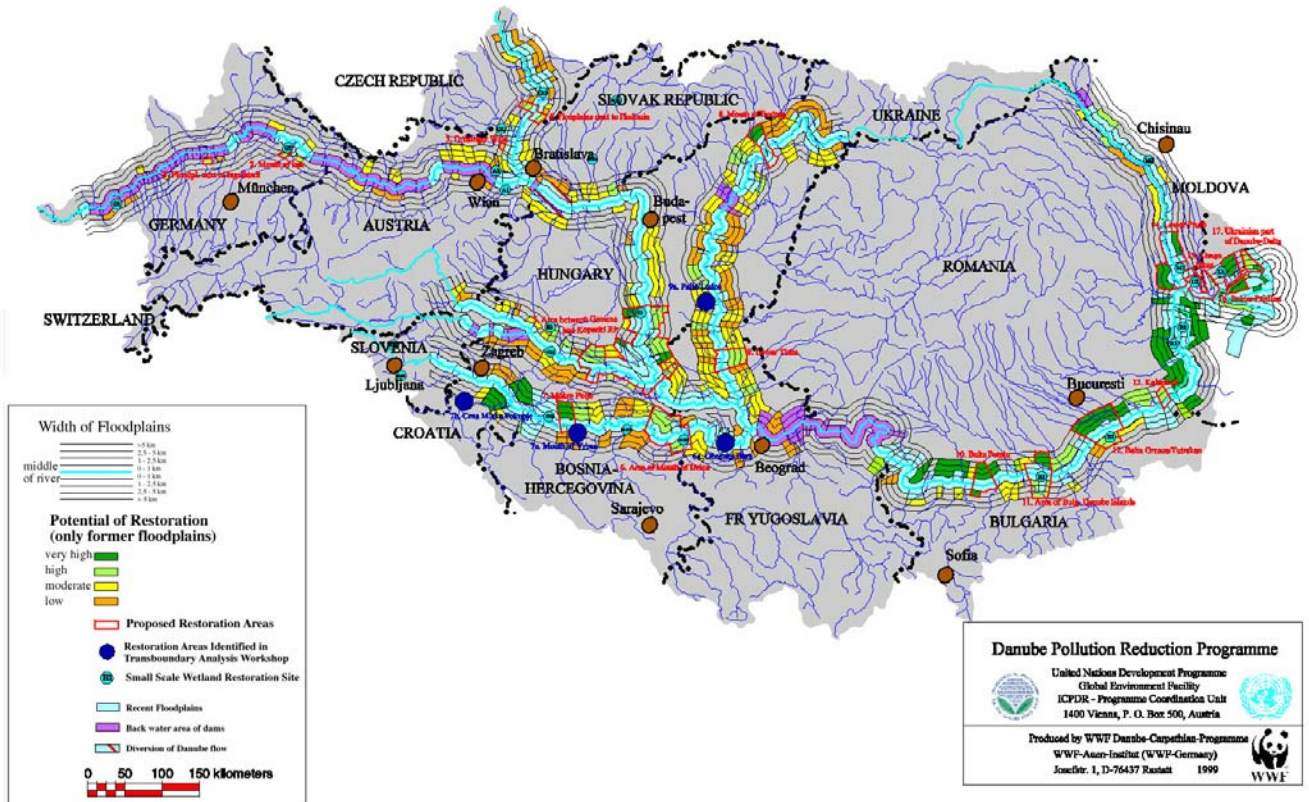
**DANUBE RIVER BASIN – MAPS**

Promoting Payments for Ecosystem Services (PES) and Related Sustainable Financing Schemes  
in the Danube River Basin



Source: Danube Pollution Reduction Programme, *Financial Mechanisms in the Danube River Basin Countries: Summary Report* (June 1999).

## Restoration potential of former floodplains in the Danube River Basin



Source: WWF Danube-Carpathian Programme, *Evaluation of Wetlands and Floodplain Areas in the Danube River Basin* (May 1999)

## **APPENDIX 18: List of reports commissioned, meetings and workshops undertaken during the PDF-A phase of the project**

Promoting Payments for Ecosystem Services (PES) and Related Sustainable Financing Schemes  
in the Danube River Basin

### **Reports Commissioned During the PDF-Phase**

1. **Title:** Romania Local Demonstration Site 1, Bioanu Ciocanesti Fish Farms (6 pp)

**Author/ Date:** WWF DCPO, Romania Office. October 2005

**Abstract:** Description of environment, social and economic features and key stakeholders in one of the proposed local demonstration sites for PES schemes

2. **Title:** Romania Local Demonstration Site 2 Iezerul Calarasi Fish Farms (6 pp)

**Author/ Date:** WWF DCPO, Romania Office. October 2005

**Abstract:** Description of environment, social and economic features and key stakeholders in one of the proposed local demonstration sites for PES schemes

3. **Title:** Bulgaria Local Demonstration Site 3, Lower Vit and Osam (6 pp)

**Author/ Date:** WWF DCPO, Bulgaria Office. October 2005

**Abstract:** Description of environment, social and economic features and key stakeholders in one of the proposed local demonstration sites for PES schemes

4. **Title:** Bulgaria Local Demonstration Site 4, Russenski Lom (4 pp)

**Author:** WWF DCPO, Bulgaria Office

**Abstract:** Description of environmental, social and economic features and key stakeholders in one of the proposed local demonstration sites for PES schemes

5. **Title:** Romania. Agriculture and Rural Development. National Policy Framework for PES Schemes (16 pp)

**Author:** WWF DCPO, Romania Office

**Abstract:** Overview of Romania recent agriculture trends, environmental threats, how the country is pursuing its alignment with EU agricultural and regional development policies and what opportunities are available for establishing PES schemes

6. **Title:** Bulgaria Agriculture and Rural Development. National Policy Framework for PES Schemes (18 pp)

**Author:** WWF DCPO, Bulgaria Office

**Abstract:** Overview of Romania recent agriculture trends, environmental threats, how the country is pursuing its alignment with EU agricultural and regional development policies and what opportunities are available for establishing PES schemes

7. **Title:** Serbian National Policy Framework for PES schemes development (46 pp)

**Author:** *Boris Erg, Duska Dimovic, consultants*

**Abstract:** Description and analysis of the existing and EU approximation/ accession-drive policies and institutional frameworks for PES schemes development in the fields of agriculture and rural development, regional development water and nature conservation (Natura 2000, Emerald Network and protected areas) for the Republic of Serbia

8. **Title:** Ukraine: National Policy Frameworks for PES development (29 pp)

**Author:** *EPL Consulting*

**Abstract:** Description and analysis of the existing and EU approximation/ accession-drive policies and institutional frameworks for PES schemes development in the fields of agriculture and rural development, regional development water and nature conservation

9. **Title:** Bulgaria. Corporate Overview for PES purposes (7 pp)

**Author:** *WWF DCPO Bulgaria Office*

**Abstract:** Identification of private firms in the natural resources, food, beverage, water and energy sector that may be interested in participating in PES schemes

10. **Title:** Romania. Corporate Overview for PES purposes (7 pp)

**Author:** *WWF DCPO Bulgaria Office*

**Abstract:** Identification of private firms in the natural resources, food, beverage, water and energy sector that may be interested in participating in PES schemes

### **Presentations and workshops at which the Danube PES project was discussed**

#### **Stakeholders Workshop on Lower Danube Green Corridor and PES**

September 29, 2005 - Bucuresti, Romania

Organizer: WWF Danube-Carpathian Programme (Bucharest, Sofia, Odessa and Vienna Offices)

ca. 25 participants from Romania, Bulgaria, Ukraine, Moldova, Hungary and Austria

#### **Seminar Environmental Services and Financing for Protection and Sustainable Use of Ecosystems October 10-11, 2005 – Geneva, Switzerland**

**Organizer:** UNECE

ca. 80 participants from across Europe, NIS + USA, Mexico, Indonesia

Presentation: "Fostering and promoting payments for environmental services in the Danube River Basin" (A. Beckmann)

#### **PES Training and Consultation Workshop**

October 21-22, 2005 – Sofia, Bulgaria

Organizer: WWF Danube-Carpathian Programme (Sofia Office) and WWF-MPO

ca. 25 participants from Romania, Bulgaria, Hungary, USA, Ecuador, Austria and other European countries

GEF-4 Tracking Tool for GEF Biodiversity Focal Area Strategic Objective Two:  
Mainstreaming Biodiversity Conservation in Production Landscapes/Seascapes and Sectors

**Partial list of people consulted during PDF-A Phase of the Project, July-November 2005 (ordered alphabetically by country)**

Promoting Payments for Ecosystem Services (PES) and Related Sustainable Financing Schemes in the Danube River Basin

First name	Last name	Position	Organization	City	Country	Results, comments	Date of consultation	Project contact
Phillip	Weller	Director	International Commission for the Protection of the Danube River Basin	Vienna	Austria	Particularly interested in contribution of project to Program of Measures for Danube River Basin Management Plan	01/11/2005	Andreas Beckmann, WWF-DCPO
Timo	Makela	Director, Sustainable Development and Integration	DG-Environment, European Commission	Brussels	Belgium	To write a letter of endorsement for the project. Interested in project, which is in line with EU Sustainable Development biodiversity conservation frameworks.	01/10/2005	Pablo Gutman, WWF-MPO; Tony Long, WWF-EPO
Robin	Miege	Head of Unit, Sustainable Development and Economic Analysis	DG-Environment, European Commission	Brussels	Belgium	Interested in project, which is in line with EU Sustainable Development biodiversity conservation frameworks.	01/10/2005	Pablo Gutman, WWF-MPO; Tony Long, WWF-EPO
Vicky	Pollard	Task Force on the Lisbon and Sustainable Development Strategies	Secretariat-General, European Commission	Brussels	Belgium	Interested in project, which is in line with EU Sustainable Development biodiversity conservation frameworks.	01/10/2005	Pablo Gutman, WWF-MPO; Tony Long, WWF-EPO
Christine	Dalby	Task Force on the Lisbon and Sustainable Development Strategies	Secretariat-General, European Commission	Brussels	Belgium	Interested in project, which is in line with EU Sustainable Development biodiversity conservation frameworks.	01/10/2005	Pablo Gutman, WWF-MPO; Tony Long, WWF-EPO
Nicholas	Hanley	Head of Biodiversity Unit	DG-Environment, European Commission	Brussels	Belgium	Interested in project, which is in line with EU Sustainable Development biodiversity conservation frameworks.	01/10/2005	Pablo Gutman, WWF-MPO; Tony Long, WWF-EPO
Guy	Duke	Biodiversity Unit	DG-Environment, European Commission	Brussels	Belgium	Interested in project, which is in line with EU Sustainable Development biodiversity conservation frameworks.	01/10/2005	Pablo Gutman, WWF-MPO; Tony Long, WWF-EPO
Stephen	White	Biodiversity Unit	DG-Environment, European Commission	Brussels	Belgium	Interested in project, which is in line with EU Sustainable Development biodiversity conservation frameworks.	01/10/2005	Pablo Gutman, WWF-MPO; Tony Long, WWF-EPO

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Aidan	Ismailov	Deputy Governor	Pleven district	Pleven	Bulgaria	Discussed forms of cooperation, presentation of the project idea and activities, interest in demonstration project. 2,00h	27/10/2005	Yanka Kazakova, Ivan Hristov, WWF-DCPO
Alexander	Bardarov	Project Manager	UNDP/GEF Rhodope Biodiversity Project	Sofia	Bulgaria	Discussed potential areas of cooperation and introducing PES schemes in the Rhodope region	19/10/2005	Pablo Gutman, WWF-MPO; Yanka Kazakova, WWF-DCPO
Alexander	Pechenjakov	Mayor	Dolna Mitropolija municipality	D.Mitropolija	Bulgaria	Presentation of the project idea, discussing forms of cooperation and possibilities for development of PES schemes in the region - 3,00h	26/10/2005	Ivan Hristov, WWF-DCPO
Anna	Petrakieva	Expert	Ministry of Agriculture, National Forestry Board	Sofia	Bulgaria	Supportive of project, especially recommends practical demonstration projects	29/09/2005	Participated in Bucharest Workshop, September 2005
Dimitar	Brankov	Director	Bulgarian Industrial Association	Sofia	Bulgaria	Interest in project. Association may help with private sector contacts.	18/10/2005	Pablo Gutman, WWF-MPO; Yanka Kazakova, WWF-DCPO
Dimitrina	Boteva	Consultant	EcoLogic	Sofia	Bulgaria	Discussed BSPB UNDP/GEF project on grassland biodiversity in Ponor Mountain, potential areas of overlaps and coordination between the two projects	15/09/2005	Yanka Kazakova, Ivan Hristov, WWF-DCPO
Marietta	Stoimenova	Project Manager	WB/GEF project, Wetlands Restoration and Pollution Reduction, MoE	Sofia	Bulgaria	Potential collaboration b/w the 2 projects; introducing PES schemes in their pilot regions on the Danube	25/10/2005	Pablo Gutman, WWF-MPO; Yanka Kazakova, WWF-DCPO
Mark	Redman	EU consultant to BSPB UNDP/GEF grasslands project		Sofia	Bulgaria	Possibilities for developing PES schemes in BG using the EU supported agri-environmental measures; areas of cooperation between the two projects	19/09/2005	Yanka Kazakova, WWF-DCPO
Maxim	Vergeichik	Programme Analyst	UNDP-Bulgaria	Sofia	Bulgaria	Interest from their side on the PES project from UNDP/GEF projects under implementation (Rhodope Biodiversity project)	18/10/2005	Pablo Gutman, WWF-MPO; Yanka Kazakova, WWF-DCPO
Milena	Nicolova		Ministry of Agriculture & Forestry	Sofia	Bulgaria	Interest in project, advice.	29/09/2005	Participated in Bucharest Workshop, September 2005

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Milena	Dimitrova		Centre for Env. Info. & Education DEF-NEP	Sofia	Bulgaria	Interest in project, advice.	29/09/2005	Participated in Bucharest Workshop, September 2005
Milena	Rousseva	Expert	Ministry of Environment & Waters	Sofia	Bulgaria	as above	19/10/2005	
Milena	Nikolova	State expert, Agri-Environment Unit	Ministry of Agriculture	Sofia	Bulgaria	same as above at expert level - 2h	14/10/2005	as above
Milena	Dimitrova	Expert	CEIE, Danube Environmental Forum	Sofia	Bulgaria	Interest in project, advice.	29/09/2005	Participated in Bucharest Workshop, September 2005
Milko	Belberov	Director	Rusenski Lom Nature Park	Ruse	Bulgaria	Interest in participating in demonstration project	29/09/2005	Participated in Bucharest Workshop, September 2005
Miroslava	Georgieva	Director, Rural Development	Ministry of Agriculture	Sofia	Bulgaria	Collaboration and cooperation with RD and Agri-environment Unit for the design and implementation of PES schemes under the umbrella of the next national RD plan; commitment for a dedicated budget for the model sites	18/10/2005	Pablo Gutman, WWF-MPO; Yanka Kazakova, WWF-DCPO
Navyana	Teneva		Ministry of Environment & Waters	Sofia	Bulgaria	Collaboration and cooperation with RD and Agri-environment Unit for the design and implementation of PES schemes under the umbrella of the next national RD plan; commitment for a dedicated budget for the model sites	18/10/2005	Pablo Gutman, WWF-MPO; Yanka Kazakova, WWF-DCPO
Nevjana	Mitkova	Expert	Ministry of Environment & Waters	Sofia	Bulgaria	Collaboration and cooperation with RD and Agri-environment Unit for the design and implementation of PES schemes under the umbrella of the next national RD plan; commitment for a dedicated budget for the model sites	18/10/2005	Pablo Gutman, WWF-MPO; Yanka Kazakova, WWF-DCPO
Ogniana	Glavoussanova	Programme Officer	UNDP	Sofia	Bulgaria	Presentation of our and their GEF project proposals; discussing potential areas of cooperation and coordination when the project implementation begins; stated interest from their side on the PES project from UNDP/GEF projects under implementation (Rhodope Biodiversity project)	18/10/2005	Yanka Kazakova, WWF-DCPO

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Petko	Tzvetkov		Ministry of Environment & Waters	Sofia	Bulgaria	Presentation of the project and identifying common areas of interest - 1.5h	01/09/2005	Yanka Kazakov, WWF-DCPO
Petko	Tzvetkov	Expert	Bulgarian Biodiversity Foundation	Sofia	Bulgaria	PES training and discussion in Bucharest	29/09/2005	
Stefan	Stefanov	President	Bulgarian Farmers Association	Sofia	Bulgaria	presentation of the project idea and objective, discussing potential forms of cooperation; presentation of their activities and our activities in the country; cooperation commitment from their side and strong interest - 3hrs	11/11/2005	Yanka Kazakova, WWF-DCPO
Tzvetanka	Dimitrova	Director	Danube River Basin Directorate	Pleven	Bulgaria	Discussed forms of cooperation, presentation of the project idea and activities, interest in demonstration project. 2,00h	26/10/2005	Ivan Hristov, WWF-DCPO
Tzvetko	Tzvetkov	Governor	Pleven district	Pleven	Bulgaria	Discussed forms of cooperation, presentation of the project idea and activities, interest in demonstration project. 2,00h	27/10/2005	Ivan Hristov, WWF-DCPO
Vlara	Stefanova	Head of Agri-Environmental Unit	Ministry of Agriculture	Sofia	Bulgaria	same as above; appr. 1.5h	22/10/2005	as above
Vladimir	Donchev		Ministry of Environment & Water Management	Sofia	Bulgaria	Presentation of the project and identifying common areas of interest - 1.5h		
Vladimir	Donchev	Head of Water Unit	Ministry of Environment & Waters	Sofia	Bulgaria	Presentation of the project and identifying common areas of interest - 1.5h	18/10/2005	Pablo Gutman, WWF-MPO
Marta	Echavarria	Consultant	Ecodecision		Ecuador	Advice on PES in Danube from experience with PES in Latin America	01/10/2005	Andreas Beckmann, WWF-DCPO
Lorenz	Petersen	PES Coordinator	GTZ Germany	Frankfurt	Germany	Advice on PES in Danube, suggested focusing activities	01/10/2005	Andreas Beckmann, WWF-DCPO



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Alexandru	Teleuta	Head of Nature Conservation Department	Ministry of Environment	Chisinau	Moldova	Spoke on behalf of Minister of Environment -- strong interest in project, including cooperation; Ministry willing to provide co-financing	01/09/2005	Andreas Beckmann, WWF-DCPO
		Director	Moldsilva (State Forestry Company)	Chisinau	Moldova	Moldovan State Forest Company interested in participating in project, including demonstration project; works closely with Ministry of Environment for nature conservation	01/09/2005	Andreas Beckmann, WWF-DCPO
Alina	Frim		Ministry of Environment & Water Management	Bucuresti	Romania	Interest in project, advice.	29/09/2005	Orieta Hulea, WWF-DCPO
Irena	Bondarencu		Centrul de Consultartu Ecologia	Galati	Romania	Interest in project, advice.	29/09/2005	Participated in Bucharest Workshop, September 2005
Maria-Elena	Teodorescu		Ministerul Med. Gospodarii Apelor, Dep. Integr. European	Bucuresti	Romania	Interest in project, advice.	29/09/2005	Participated in Bucharest Workshop, September 2005
Mircea	Leonte		Eco-Consulting Centre Galati	Galati	Romania	Interest in project, advice.	29/09/2005	Participated in Bucharest Workshop, September 2005
Valeria	Schifirnet-Sutu		MMGA, Dep. Mangementul instr.struct.	Bucuresti	Romania	Interest in project, advice.	29/09/2005	Participated in Bucharest Workshop, September 2005
Valerica	Grigoras		Ministry of Environment & Water Management	Bucuresti	Romania	Interest in project, advice.	29/09/2005	Participated in Bucharest Workshop, September 2005
Ionut Dorian	Groapa	Director, Calarasi district Environmental Protection Agency	Ministry of Environment, National Agency for Environmental Protection	Calarasi	Romania	Support for local demonstration project in Calarasi; will write letter of support.	01/10/2005	Orieta Hulea, WWF-DCPO
Manu	Hodorogu	Director	Boianu-Ciocanesti Fish Farm	Boianu-Ciocanesti	Romania	Support for local demonstration project in Calarasi; will write letter of support.	01/10/2005	Orieta Hulea, WWF-DCPO
Danut	Apetrei	Secretary of State for Rural Development	Ministry of Agriculture, Forests and Rural Development Romania	Bucuresti	Romania	Will write letter of support for project.	01/10/2005	Orieta Hulea, WWF-DCPO

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Craciun	Nicolae	Advisor to Minister	Ministry of Agriculture	Bucuresti	Romania	Interest in project, will inform Minister	01/09/2005	Orieta Hulea, WWF-DCPO
Raluca	Barbu	Expert on Agriculture and Rural Development	Consultant for WWF-DCPO	Bucuresti	Romania	Agriculture and Rural Development and PES in Romania	01/10/2005	Andreas Beckmann, WWF-DCPO
		Deputy Minister of Environment	Ministry of Science of Environment	Belgrade	Serbia & Mont.	Interest in project, promised letter of support	01/10/2005	Michael Baltzer, David Reeder, WWF-DCPO
		Director	Institute for Nature Conservation	Belgrade	Serbia & Mont.	Interest in project, exchange of information	01/10/2005	Michael Baltzer, David Reeder, WWF-DCPO
		Deputy Minister for Agriculture	Ministry of Agriculture, Forestry & Water	Belgrade	Serbia & Mont.	Interest in project, exchange of information	01/10/2005	Michael Baltzer, David Reeder, WWF-DCPO
		Deputy Minister for Forestry	Ministry of Agriculture, Forestry & Water	Belgrade	Serbia & Mont.	Interest in project, exchange of information	01/10/2005	Michael Baltzer, David Reeder, WWF-DCPO
		Technical Adviser, Water Department	Ministry of Agriculture, Forestry & Water	Belgrade	Serbia & Mont.	Interest in project, exchange of information	01/10/2005	Michael Baltzer, David Reeder, WWF-DCPO
Joerg	Lohmann	Director	IUCN-Regional Office	Belgrade	Serbia & Mont.	Interest in project, exchange of information	01/10/2005	Michael Baltzer, David Reeder, WWF-DCPO
Adriana	Dinu	Regional Coordinator for Biodiversity for Europe and CIS	UNDP Regional Centre	Bratislava	Slovakia	Comments to project via email; unsuccessful attempts to find a time to meet in person	01/11/2005	Andreas Beckmann, WWF-DCPO
?	Yakovska	Deputy Minister - Nature Conservation	Ministry of Environmental Protection	Kiev	Ukraine	Ministry priorities, other GEF projects	01/08/2005	Andreas Beckmann, WWF-DCPO
Yaroslav	Movchan	Director, Biotic, Land, Water Resources and Econet	Ministry of Environmental Protection	Kiev	Ukraine	Ministry priorities, other GEF projects	01/08/2005	Andreas Beckmann, WWF-DCPO
Aleksander	Kaliberda	Senior Projects Officer	World Bank-Ukraine	Kiev	Ukraine	Information on World Bank projects in Ukraine, agriculture policy and system	02/08/2005	Andreas Beckmann, WWF-DCPO
Miroslava	Didukh	Project Manager, Cross Border Cooperation	EU Delegation	Kiev	Ukraine	Information on EU-Ukraine relations, European Neighborhood Policy	03/08/2005	Andreas Beckmann, WWF-DCPO
Sergey	Volkov	Environmental Programs	UNDP-Ukraine	Kiev	Ukraine	Information on UNDP projects in Ukraine, agriculture policy and system	05/08/2005	Andreas Beckmann, WWF-DCPO

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Andriy	Andrusevych	International Relations Officer	Ekopravo Lviv	Kiev	Ukraine	Information on status of Ukrainian legislation and policy making	07/08/2005	Andreas Beckmann, WWF-DCPO
Victor	Kyrylenko	Manager, Science, Engineering and Technology	British Council-Ukraine	Kiev	Ukraine	Information on status of Ukrainian legislation and policy making	08/08/2005	Andreas Beckmann, WWF-DCPO
Victor	Karamushka	Manager, Small Environmental Projects Scheme	British Council-Ukraine	Kiev	Ukraine	Information on status of Ukrainian legislation and policy making	09/08/2005	Andreas Beckmann, WWF-DCPO
Anna	Tsvetkova	Drinking Water in Ukraine Campaign Coordinator	MAMA-86	Kiev	Ukraine	Information on status of Ukrainian legislation and policy making	10/08/2005	Andreas Beckmann, WWF-DCPO
Svetlana	Slesarenok	Executive Director	MAMA-86	Kiev	Ukraine	Information on status of Ukrainian legislation and policy making	01/08/2005	Andreas Beckmann, WWF-DCPO
Michail	Nesterenko	Consultant		Odessa	Ukraine	Involved in implementation of WWF-DCPO projects in Danube Delta; close relations with Odessa Oblast and Water Authority, advice on PES in Ukraine	01/09/2005	Participated in Bucharest Workshop, September 2005
John	Hough	Principal Technical Advisor Biodiversity	UNDP-GEF	New York	USA	Suggested to coordinate with Forest Trend-Katoomba Group work, and conveyed suggestions from Adriana Dinu of UNDP Bratislava Office	01/10/2005	Pablo Gutman, WWF-MPO
Andrew	Hudson	Principal Technical Advisor International Waters	UNDP-GEF	New York	USA	Suggested to contact UNDP Bratislava Office	01/10/2005	Pablo Gutman, WWF-MPO
Yoko	Watanabe	Biodiversity Specialist	GEF Secretariat	Washington, DC	USA	Confirmed relevance of issue for GEF		Pablo Gutman, WWF-MPO
Ian	Johnson	Vice President, Environmentally and Socially Sustainable Development	World Bank	Washington, DC	USA	Supportive of project. Suggested that Kirk Hamilton at WB staff might be able to help with advice	01/08/2005	Pablo Gutman, WWF-MPO
Emilia	Bataglini	GEF Europe and Central Asia	World Bank	Washington, DC	USA	Collated WB comments to the project PDF presentation		Pablo Gutman, WWF-MPO
Kristin	McLaughlin	UNEP-GEF Officer	UNEP	Washington, DC	USA	Confirmed relevance of issue for UNEP-GEF, provided general advice	01/07/2005	Pablo Gutman, WWF-MPO
Sara	Scherr	Senior Alaysty	Forest Trends	Washington, DC	USA	Exchange of information and opportunities for collaboration	01/11/2005	Pablo Gutman, WWF-MPO

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Aaron	Bruner	Program manager	Conservation International	Washington, DC	USA	Exchange of information and opportunities for collaboration	01/11/2005	Pablo Gutman, WWF-MPO
Albert	Appleton	Consultant	Independent Consultant	New York	USA	Established the New York City/Catskill Mountains PES Scheme	01/10/2005	Andreas Beckmann, WWF-DCPO