

Nexus Solutions and Investments in the Western Balkans 26 May 2021



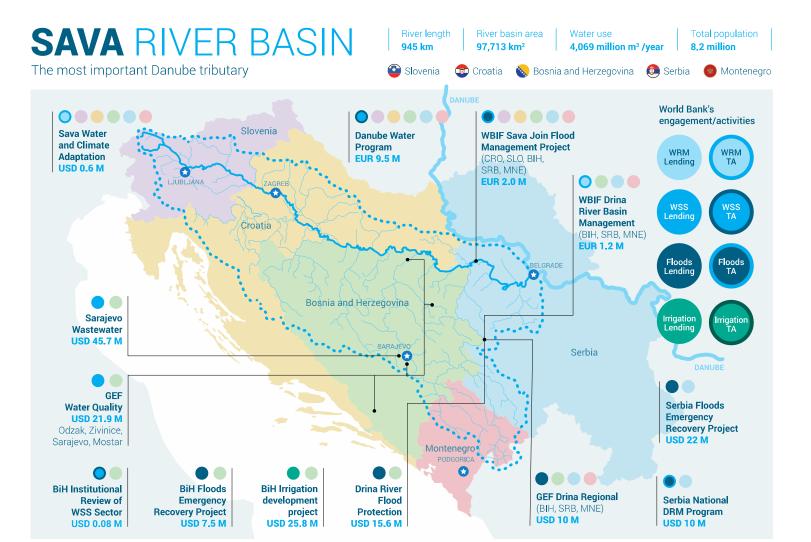


Priority economic activities that require a regional approach in the Sava and Drina Corridors

- Sava River Basin has considerable untapped potential as an enabler of economic growth, regional connectivity, resilience to climate change risks, social cohesion, and job creation, that can not be undertaking by individual countries
- At the same time, the Sava and Drina basins have experienced both dry spells and devastating floods—most recently occurring in 2010 and 2014
- Since the mid-1990s, several regional and international treaties and associated protocols have been established to underpin transboundary collaboration in the Sava River Basin, most notably the Framework Agreement on the Sava River Basin (FASRB).
- In addition to being part of the EU Core Trans-European Transport Network (TEN-T), the Sava is subject to the 1996 European Agreement on Main Inland Waterways of International Importance (AGN).
- Despite tangible accomplishments by **ISRBC** and the FASRB signatories, the continued need for improvement in water management among Sava-Drina riparian countries demonstrates the challenge of deepening regional coordination on shared natural resources.

World Bank Regional Engagements

Partly in response to the above challenges, over the past 13 years the Bank has engaged the region extensively with policy advice, technical assistance, and investments



• Sava

- Water & Climate Adaptation Plan for the Sava River Basin (2009-2016)
- Joint Flood Forecasting and Management (WBIF funded) (2016-2018)

Drina

- Diagnostic Study and Policy Dialogue (2012 – 2014)
- Investment Priority Framework (WBIF-funded) (2014 – 2017)
- GEF/SCCF Regional Drina River Basin Management Project (2016 – 2020)

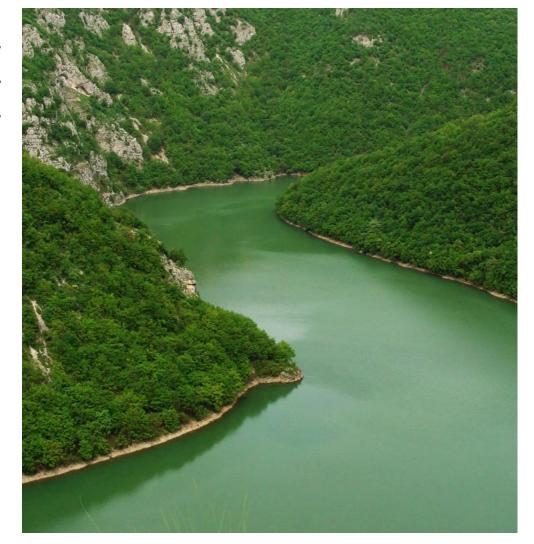
Regional Program: Sava and Drina Rivers Corridors Integrated Development Program (SDIP)

Approach

Strengthen capabilities and economic development of the riparian countries, by jointly selecting priorities for support in technical assistance, dialogue, institutional strengthening, and investment with focus on the accession process non EU members and compliance agenda of new members

Results/Outcome

- Consensus among countries on objectives and priorities during a continuous and dynamic process
- 2. Identify and execute realistic and cost-effective integrated investments and measures at regional scale that complements national engagements



Regional Program: Sava and Drina Rivers Corridors Integrated Development Program (SDIP)

- The objective of the Program is to strengthen transboundary water cooperation and improve navigability and flood protection in the Sava and Drina Rivers Corridors
- The estimated program cost is US\$332.4 million (2021 2030).
- Given the need to further build confidence among participating countries and to gradually develop a set of integrated investments, SDIP will use the Multiphase Programmatic Approach
- The MPA's first phase (2021 2026) is intended to finance
 - no-regret, implementation-ready investments ('quick wins') to build confidence;
 - remove key impediments to further water cooperation (through demining); and
 - it will provide the time, implementation learning insight, and resources to prepare more ambitious, integrated investments, which can then be financed under the program's second phase.
- A second phase (2024-2030) will partially overlap with Phase I and is envisaged to implement subprojects that will be prepared during Phase I, with a stronger emphasis on multi-purpose, integrated and transboundary investments where relevant.

Regional Program: Sava and Drina Rivers Corridors Integrated Development Program (SDIP)

SDIP will be implemented through two sequential and partially overlapping phases with five
participating countries: Serbia, BiH, Montenegro, Croatia, and Slovenia. The two phases will be
implemented over a ten-year planning horizon (2020-30) with three countries—Serbia, BiH, and
Montenegro—starting in the first phase with infrastructure investments while Croatia and Slovenia will
be involved through regional dialogue and preparation of the Studies.

| | | Phase I | Phase II |
|--------------------------------|-------------------------------------|--------------------------------------|-----------|
| Focus Areas | Countries | 2020-2026 | 2023-2030 |
| Flood Protection and | BiH, Serbia, Montenegro | | |
| Environmental Management | BiH, Serbia | | |
| Waterway Improvement | BiH | Demining of Sava river right bank | |
| | Croatia | | |
| Enhancement of Port Facilities | BiH, Croatia | | |
| | Serbia | | |
| Regional Dialogue and Studies | BiH, Croatia, | | |
| | Montenegro, Serbia, and Slovenia | | |

Sava and Drina Rivers Corridors Integrated Development Program (SDIP)

- <u>Inland waterway transport</u>:

- Upgrading of the navigability of the Sava waterway,
- Demining Sava's right bank within BiH,
- Modernization of ports along corridor to improve market access, reduce transport and logistics costs.
- Environmental asset management and development: Simultaneously, the engineering design of the underlying navigation infrastructure interventions, such as dredging, riverbank protection, and river training works, would be adapted to also protect floodplains and revitalize wetlands. Such multi-purpose interventions would boost sustainable tourism (including eco-tourism), a sector with a large potential for job creation, and enable investments in other sectors such as irrigated agriculture and manufacturing.
- <u>Flood protection</u>: Investments to increase protection against floods as well as social and economic resilience to extreme weather events linked to climate change.
- <u>Transboundary Cooperation</u>: Assess and identify key areas of transboundary cooperation which have potential for further strengthening.





Sava and Drina Rivers Corridors Integrated Development Program (SDIP)

SDIP Phase I (2021 – 2026):

Component 1: Integrated Management and Development of the Sava River Corridor

- 1.1 Flood protection and environmental management
- 1.2 Waterway Improvements (demining)
- 1.3 Enhancements of ports, services and logistics

Component 2: Integrated Management and Development of the Drina River Corridor

- 2.1 Flood protection and environmental management
- 2.2 Integrated development of Drina watershed

Component 3: Project Preparation and Management

- 3.1 Phase II Preparation
- 3.2 Institutional strengthening and project management

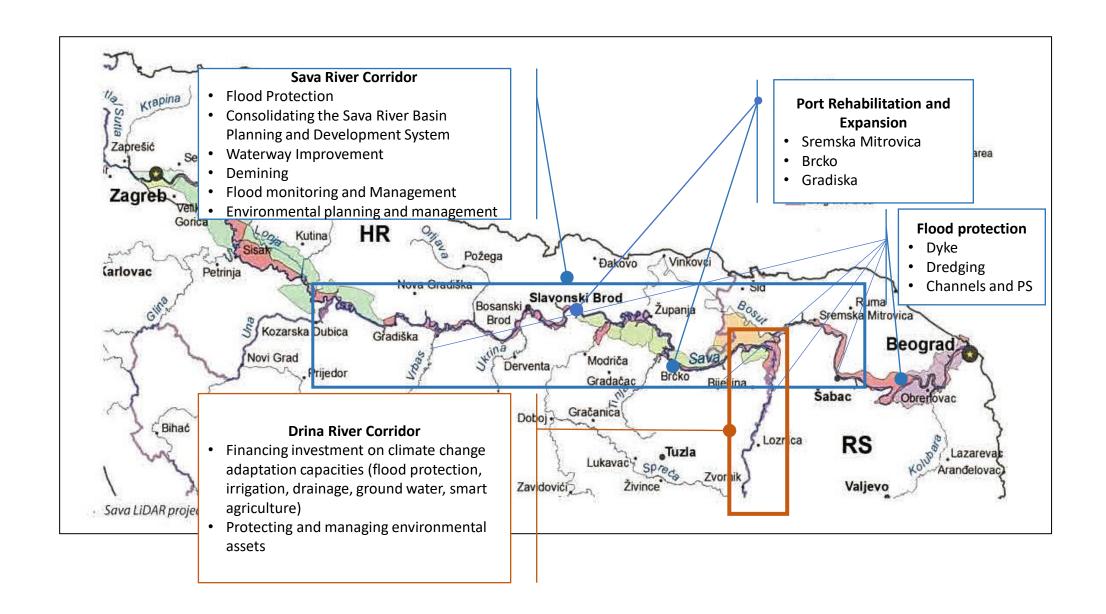
Component 4: Regional Activities

- 4.1 Regional dialogue, project management and coordination
- 4.2 Regional plans, studies and strategies of basin –wide importance





Schematics of planned project work



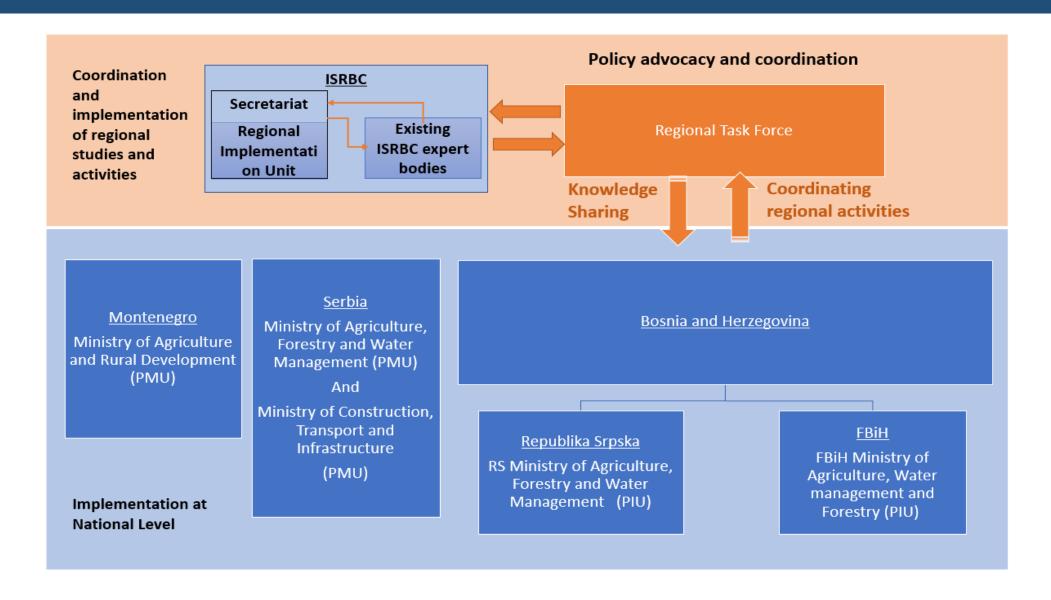
Sava and Drina Rivers Corridors Integrated Development Program (SDIP)

- Phase I SDIP USD 150 million

- IBRD USD 134 million
- Western Balkans Investment Framework (WBIF) EUR 8 million DEMINING
- Global Environmental Framework (GEF) USD 8 million REGIONAL COOPERATION



Institutional and Implementation Arrangements



Conclusions

- Transboundary water cooperation is a long process where building trust is key to growing ambition
- To unlock development benefits, countries along a river must complement their country-level investments with corridor-wide planning and cooperation.
- Integrated river development investments can effectively achieve multiple development objectives in a sustainable manner.
- While the Bank has played a leading role in bringing together the countries at this stage, eventually, a broader set of development partners are expected to engage on the Program

