



# Global Environment Facility

July 13, 2007

---

COMPILATION OF TECHNICAL COMMENTS  
SUBMITTED BY COUNCIL MEMBERS  
ON WORK PROGRAM  
APPROVED BY COUNCIL ON JUNE 15, 2007

NOTE: This document is a compilation of technical comments submitted to the Secretariat by Council members concerning the project proposals presented in the Work Program approved by the Council on June 15, 2007.

## TABLE OF CONTENTS

### PAGE NO.

<b>BIOLOGICAL DIVERSITY</b> .....	1
1. Global (Ghana, Kenya, South Africa, India, Nepal, Pakistan, Brazil): Conservation and Management of Pollinators for Sustainable Agriculture through an Ecosystem Approach [UNEP] .....	1
2. Global (Peru, Chile, China, Tunisia, Philippines, Algeria): Conservation and Adaptive Management of Globally Important Agricultural Heritage Systems (GIAHS) [FAO].....	2
3. Brazil: Effective Conservation and Sustainable Use of Mangrove Ecosystems in Brazil [UNDP] .....	5
4. Costa Rica: Overcoming Barriers to Sustainability of Costa Rica's Protected Areas System [UNDP] ..	8
5. Guatemala: Improvement of Management Effectiveness in the Maya Biosphere Reserve (MBR) [IADB] .....	11
6. Nicaragua : Strengthening and Catalyzing the Sustainability of Nicaragua's System of Protected Areas System [UNDP] .....	14
7. Seychelles : Mainstreaming Prevention and Control Measures for Invasive Alien Species into Trade, Transport and Travel across the Production Landscape [UNDP].....	17
8. South Africa: National Grasslands Biodiversity Program [UNDP].....	19
<b>CLIMATE CHANGE</b> .....	22
9. Regional (Bangladesh, China, Indonesia, Thailand, Vietnam): Barrier Removal to the Cost-Effective Development and Implementation of Energy Efficiency Standards and Labeling Project (BRESL) [UNDP] .....	22
10. Brazil : Market Transformation for Energy Efficiency in Buildings [UNDP/IADB] .....	24
11. China: China/GEF/World Bank Urban Transport Partnership Program [World Bank] .....	28
12. China: Energy Efficiency Financing [World Bank].....	30
13. Russian Federation: Renewable Energy Project (RREP) [World Bank] .....	34
14. South Africa: Sustainable Public Transport and Sport: A 2010 Opportunity [UNDP] .....	37
<b>INTERNATIONAL WATERS</b> .....	40
15. Global (China, Brazil, India, Mexico, Turkey, South Africa, Iran, Argentina, Venezuela, Chile, Algeria, Egypt, Ukraine, Peru, Morocco, Libya, Croatia, Ecuador, Guatemala, Angola, Sudan, Costa Rica, Cote d'Ivoire, Panama, Trinidad and Tobago, Yemen, Jordan, Ghana): Building Partnerships to Assist	

Developing Countries to Reduce the Transfer of Harmful Aquatic Organisms in Ships' Ballast Water (GloBallast Partnerships) [UNDP].....	40
16. Regional (Cambodia, China, East Timor, Indonesia, Malaysia, Philippines, Lao PDR, Thailand, Vietnam, Brunei): Implementation of Sustainable Development Strategy for the Seas of East Asia (SDS-SEA) [UNDP] .....	41
17. Regional (El Salvador, Honduras, Nicaragua): Integrated Ecosystem Management of the Gulf of Fonseca [IADB] .....	46
18. Regional (Albania, Montenegro) : Lake Skadar-Shkodra Integrated Ecosystem Management [World Bank] .....	46
19. Regional (Cambodia, China, Indonesia, Lao PDR, Malaysia, Philippines, Thailand, Vietnam): World Bank/GEF Partnership Investment Fund for Pollution Reduction in the Large Marine Ecosystems of East Asia (Tranche 1, 2nd Installment) [World Bank] .....	47
20. Regional (Albania, Algeria, Bosnia-Herzegovina, Bulgaria, Croatia, Egypt, Macedonia, Lebanon, Libya, Morocco, Serbia, Syria, Tunisia, Turkey) : World Bank-GEF Investment Fund for the Mediterranean Sea Large Marine Ecosystem Partnership, Tranche 1, 2nd Installment [World Bank].....	48
<b>LAND DEGRADATION</b> .....	51
21. Regional (Benin, Botswana, Burkina Faso, Burundi, Eritrea, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, South Africa, Sudan, Tanzania, Togo, Uganda, Gambia, Zambia) : Strategic Investment Program for SLM in Sub-Saharan Africa (SIP) (phased project) [World Bank/UNDP/ UNEP/ AfDB/ IFAD/ FAO] .....	51
<b>PERSISTENT ORGANIC POLLUTANTS</b> .....	57
22. Regional (Sudan, Morocco, Yemen, Djibouti, Egypt, Syria, Jordan, Iran): Demonstration of Sustainable Alternatives to DDT and Strengthening of National Vector Control Capabilities in Middle East and North Africa [UNEP] .....	57
23. China: Environmentally Sustainable Management of Medical Waste in China [UNIDO] .....	60
24. China: Strengthening Institutions, Regulations and Enforcement Capacities for Effective and Efficient Implementation of the National Implementation Plan (NIP) in China [UNIDO].....	64
25. India: Development of a National Implementation Plan in India as a First Step to Implement the Stockholm Convention on Persistent Organic Pollutants (POPs) [UNIDO] .....	67
<b>MULTI FOCAL AREAS</b> .....	70
26. Global: GEF Public-Private Partnership Fund [Lead Agency: World Bank/IFC; Other Agencies: UNEP, FAO, UNIDO] .....	70
27. Global: Small Grants Programme, 4th Operational Phase [UNDP] .....	76

28. Regional (Albania, Bosnia-Herzegovina, Croatia, Egypt, Lebanon, Libya, Morocco, Serbia, Syria, Tunisia, Turkey, Algeria): Strategic Partnership for the Mediterranean Large Marine Ecosystem-- Regional Component: Implementation of Agreed Actions for the Protection of the Environmental Resources of the Mediterranean Sea and Its Coastal Areas [UNEP/UNIDO]..... 76
29. Regional (Argentina, Bolivia, Brazil, Paraguay, Uruguay): Sustainable Management of the Water Resources of the La Plata Basin with Respect to the Effects of Climate Variability and Change [UNEP] 77

**BIOLOGICAL DIVERSITY**

**1. Global (Ghana, Kenya, South Africa, India, Nepal, Pakistan, Brazil): Conservation and Management of Pollinators for Sustainable Agriculture through an Ecosystem Approach [UNEP]**

***COMMENTS FROM FRANCE***

1. The project proposes to preserve pollination services by wild pollinators (honeybees, bats, birds) in agro-ecosystem.
2. This innovative approach linking biodiversity and agriculture is more than relevant: it is a core key to limit the impact of agriculture on natural resources and environment while maintaining or even increasing productivity levels in order to feed the world. The demonstrative aspect of the project is crucial.
3. In that regard, **a stronger involvement of African countries** would have been welcomed, in particular North African or Central African ones. The tools and the methodology of the project will also have to be made available not only in the languages of the pilot countries but other relevant languages (French, Spanish ...).
4. Regarding the financial aspects, the GEF supports a major part of the **management, coordination and evaluation fees** (40%), in proportion to its financing. **More clarity is needed** on the activities this line is to fund exactly. Who is going to implement it? In particular, the secretariat should precise whether some funds will be allocated to UNEP and FAO or not. In this case, what would be the amount allocated in comparison to the implementing agency fees? How would it complement them?

Favorable opinion (see questions above)

***COMMENTS FROM THE UNITED STATES***

5. We are pleased to see UNEP and FAO partnering on this project as FAO has important expertise to contribute.

**2. Global (Peru, Chile, China, Tunisia, Philippines, Algeria): Conservation and Adaptive Management of Globally Important Agricultural Heritage Systems (GIAHS) [FAO]**

***COMMENTS FROM FRANCE***

6. The project proposes to support agricultural production system having a significant impact on safeguard of natural resources (water, soils, biodiversity) while preserving livelihoods of local populations.
7. This project is an interesting example of development of agricultural practices with a positive impact on the environment.
8. The sustainability of these practices should be discussed. In particular, the possibility to put in place a system of certification for the products should be analyzed.

Favorable opinion

***COMMENTS FROM SWITZERLAND***

**General Comments**

9. The overall project goal is to protect and encourage customary use of biological resources in accordance with traditional cultural practices, specifically within agricultural systems. The project objective is to promote conservation and adaptive management of globally significant agricultural biodiversity harbored in globally important agricultural heritage systems (GIAHS).
10. The project is organized according to four outcomes: (i) establishment of a globally accepted system for the recognition of GIAHS; (ii) mainstreaming the conservation and adaptive management of globally significant agricultural biodiversity harbored in GIAHS in sectoral and intersectoral plans at the national level; (iii) globally significant agricultural biodiversity in pilot GIAHS is being managed and sustainably used by empowering local communities; and (iv) extraction and dissemination in other areas/countries of lessons learned and best practices from promoting effective management of pilot GIAHS.
11. As far as available information allows for an overall assessment, the project seems basically consistent with the GEF operational principles and contributes to the implementation of CBD articles 10c and 8j.
12. However, this is a very ambitious project, which targets the recognition of GIAHS at the international level, the development of novel political, social and economic processes at the

national level, and, last but not least, the in-situ conservation of a high agro-biodiversity. We feel there is a high risk that the implementation of the project as described in the documents will face too diverse and too high challenges to be successfully overcome within the planned project period. Our concerns are summarized as follows:

## **Main Concerns**

13. **The global approach is too disperse and too ambitious.** The project targets the establishment of GIAHS in 5 countries, on 12 sites, representing 5 different agro-ecosystems. The selected countries/sites are very diverse regarding their ecology, their socio-cultural background as well as regarding their economies. We cannot recognize a potential for the creation of synergies between the sites and/or between the countries.

14. In the same spirit, we miss an added value which would justify the global approach adopted.

15. **Due to the project's very weak scientific basis, measurable results cannot be expected.** Table 1 of the project executive summary lists several hundreds of important varieties and breeds of global importance to agro-biodiversity. However, no information about the status of threat of these breeds and varieties is provided. Furthermore, the threats to the breeds and varieties are provided in only very general categories. The scientific basis on state and trends of the agro-biodiversity provided in the documents appears too weak to reveal measurable and significant impacts on agro-biodiversity by the project's end.

16. **Basic information regarding the adaptive management approach is not given.** The adaptive management approach is a very attractive way to address the complex system of GIAHS. However, the project documents fail to provide information/data on which an adaptive management approach model should be based. Furthermore, information on strategies and priorities to implement this approach is not provided. We recognize the risk that the chosen adaptive management approach could deteriorate into a "day-to-day" management, thus losing a clear focus.

17. **Socio-economic implications at the site level are not sufficiently explored, thus jeopardizing sustainable results.** The local farmers are key-stakeholders for the conservation of agro-biodiversity in GIAHS, as their very livelihood is built on the diversity to be conserved. Indeed, the support by the local communities for the establishment of GIAHS and the in-situ conservation of agro-biodiversity are a prerequisite to achieve sustainable results. However, the project documents provide neither sufficient information about the socio-economic constraints at the site level, nor information from which it can be assumed that the project benefits from a support of the local farmers or addresses the farmers' needs. The precondition for the achievement of sustainable results on the site level is therefore jeopardized.

## **Conclusions and Recommendations**

18. We recognize and support the innovative approach of GIAHS, their huge potential for in-situ conservation of agro-biodiversity and their role in the synergistic implementation of various international conventions and treaties by countries establishing such systems. However, the present project is too ambitious and the scientific basis regarding the methodology and basic data as described in the documents is too weak, incomplete or vague.

19. We consider that it is necessary to address all these gaps in a satisfactory way during the further preparation of the project, otherwise no measurable outcomes and impacts on agro-biodiversity in GIAHS will be reached, and the GEF intervention would become rather questionable.

20. Although we support the approval of the project by GEF, we also request that the concerns outlined be considered and resolved satisfactorily in the final project preparation / the Project Appraisal Document (PAD).

### **Further Comments**

21. The project documents include definitions of agro-biodiversity by the FAO and the CBD. As these definitions do not correspond, please indicate which definition will serve as a base for the project and adjust the targeted biodiversity accordingly.

22. There are no outcomes defined that directly address the conservation of agro-biodiversity – please adjust the outcomes or explain.

23. The co-financing of pilot countries is rather low, limited to in-kind contributions and so far not confirmed. We would expect a more substantial contribution by pilot countries. Further, we also request additional information on country drivenness.

24. Indicators on agro-biodiversity are very vague and not sufficiently specified. Indicators on the socio-economic conditions of the local communities, which are important to assess the sustainability of project activities on the site level, are lacking.

### ***COMMENTS FROM THE UNITED STATES***

25. This is an appropriate project for FAO to serve as EA.

26. The STAP Reviewer's comments are very informative and useful, and appear to have been taken onboard.



**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**3. Brazil: Effective Conservation and Sustainable Use of Mangrove Ecosystems in Brazil  
[UNDP]**

***COMMENTS FROM FRANCE***

27. The project aims at preserving the Brazilian Mangroves. We do not have specific remarks on rationale and objectives.

28. According to the project document, most of the threats to mangrove conservation seem to be of institutional nature. This should be clarified and the project proposal should describe in more details the anthropogenic pressures on mangroves and present identified (or already tested) alternative livelihood to be proposed to mitigate those pressures.

Favorable opinion (see questions above)

***COMMENTS FROM SWITZERLAND***

**General Comments**

29. It is widely recognized that the mangrove biome targeted by this proposal, is amongst the most productive biomes worldwide. It also is one of the most threatened, increasingly exposed to an ever-expanding aquaculture industry, offshore oil exploration/exploitation, and over-utilization of its forests and related resources. Although 25% of Brazil's mangrove forests have already been destroyed the remaining area is one of the largest globally. The project aims at effectively protecting 568,000 ha of this area for the benefit of globally significant biodiversity and the benefit of the poverty-stricken coastal people depending on this ecosystem for their livelihood.

30. The proposed project is timely, of high relevance and top priority. The overall project goals, objectives and the chosen strategic approach are plausible and logically conclusive. The proposal is technically and scientifically sound in principle. The proposal is well articulated. Its justification is well presented and convincing.

31. Brazil's favorable regulatory framework aimed at mangrove conservation provides an enabling environment for the proposed GEF project to build on. Brazil signed the Convention on Biological Diversity. It is one of the world's mega diverse countries and meets all criteria to be eligible under GEF. The project fits GEF's Focal Area of Biodiversity, Strategic Objective 1, and Operational Programs 1 and 2.

## Main Concerns

32. The STAP review related to the proposal is comprehensive and thorough, reflecting the high competence of the reviewer and his familiarity with the subject matter within the local context. The most salient concerns have been highlighted by the STAP reviewer. The response to the reviewer's concerns by the project proponents is largely satisfactory. Little of substance can be added to the STAP review.

33. Attention however is drawn to the following issues, which would benefit from more in-depth treatment:

- (a) The WB/WWF Management Effectiveness Tracking Tool Analysis (METT) of the targeted Conservation Units revealed major deficiencies in funds, manpower and management plans, although the overall effectiveness rating is very high. This discrepancy needs additional clarification.
- (b) The economically marginalized current users of the targeted mangrove systems appear to be insufficiently involved in the planning and decision making process related to the management of the targeted areas. It remains unclear whether the mangrove dwellers were involved (or are going to be involved) in the elaboration of the management plans as equal partners/stakeholders.
- (c) Clarification is needed on how ownership in the project will be achieved amongst the rural poor and affected coastal communities beyond the proposed participation in the administrative framework.
- (d) The socio-economic-cultural background provided by local communities and the marginalized mangrove user groups is insufficient to fully appreciate the people's role in the context of the project.
- (e) The risk assessment has to address the "poverty-stricken" people depending on the mangrove forests. Without the support of this group, protection is not sustainable. The associated risk should be considered "high" unless actively involving this group in a "win-win" approach.
- (f) The financial sustainability of the project interventions and expected results are insufficiently addressed. Clarification is needed on the proposed fund in the context of financial sustainability, sources of expected seed money for the fund and how the fund will be replenished.
- (g) The project's single focus is on the mangrove forests although adjacent offshore- and terrestrial ecosystems are vital to the sustainability of the mangrove forests. Project activities should be expanded correspondingly and a more holistic approach chosen to system management on a landscape basis.
- (h) Although the general background on the project is comprehensive and well presented, the proposal would benefit from additional scientific background on

the mangrove ecosystem and its linkage to adjacent ecosystems (offshore and terrestrial).

**Conclusions and Recommendations** (Executive Summary Document refers)

34. The project provides an excellent and timely opportunity for effective conservation of one of the globally most productive, yet highly threatened biomes. The grant aims at strengthening the favorable existing regulatory and administrative framework, involving key stakeholder groups in the planning and integrated decision-making process.

35. The proposal and expected outcomes could be improved however by more pointedly addressing the highlighted concerns. If due consideration is given by the proponents to the key concerns the project should be endorsed.

**Further Comments**

36. Page 12 para. 32: Substantially more information (quantitative and qualitative) should be provided on the group “resource users”. Also on how exactly this group is expected to benefit from the requested GEF grant and the future role this group will play.

37. Page 13: The proposed travel costs of USD 180,000 for in-land travel only appear to be very high.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**4. Costa Rica: Overcoming Barriers to Sustainability of Costa Rica's Protected Areas System [UNDP]**

***COMMENTS FROM FRANCE***

38. The project aims at fostering Costa Rica's Protected Area System and we do not have detailed remarks.

39. The project seems to present FFEM support to the conservation of Coco Island Marine Conservation Area as a co-financing contribution to the present project which is not formally the case, as FFEM support was exclusively designed to support Coco Island project. The nature of cofinancing within the present project should be clarified in this regard.

Favorable opinion (see questions above)

***COMMENTS FROM SWITZERLAND***

**General Comments**

40. The main goal of this project is to consolidate and strengthen Costa Rica's Protected Area System (SINAC) and its purpose is defined as overcoming the mayor systemic and institutional barriers to sustainability of the Costa Rican Protected Area System. The proposal comprises five interrelated outcomes: (1) Costa Rica's legal and policy framework is reformed and enhanced to ensure effective management and long-term financial and ecological sustainability of the PA system, (2) SINAC's institutional PA system framework and capacities are enhanced for eco-regional planning and optimal management effectiveness, (3) SINAC has the financial sustainability to effectively attain its strategic objectives and provide resources for long-term PA system management needs, (4) SINAC tests new and innovative conservation approaches at the conservation areas and PA levels and (5) successful PA system models are scaled-up and replicated at the systemic level through strategic partnerships with key stakeholders. Currently the total PA system covers 26 % of the national continental territory, however only a small percentage of marine ecosystems is protected. The National System of Conservation Areas (SINAC) figures as executing agency. A five-year duration of the project is foreseen.

41. The project seems fully consistent with GEF criteria and with the strategic priority 1 of the focal area. Basically its outcomes are soundly combined and well-defined. The institutional arrangements seem clear. GEF contributes only about 20% of total project cost. The information given allows for a clear assessment.

42. Despite an overall very positive appraisal of the project proposal, we identified a few concerns, which are further discussed below:

### **Main Concerns**

43. **The sound analysis of legal and institutional barriers is not consequently transferred into barrier-oriented targets and a set of indicators on policy reform.**

Considering that the project's objective refers to overcoming the major systemic and institutional barriers to sustainability, and that outcome 1 is explicitly expected to address those barriers, we regret that the indicators given reflect only very little the key barriers identified, and thus the key issues to address with the reform of the system.

44. For example, following the analysis of the barriers, the revenue generation by SINAC is severely limited by the national legal framework and most of SINAC's PA revenues are channeled through the central-level Single State Treasury, where only a very small percentage is returned to SINAC and re-invested in the PAs. Nevertheless, none of the indicators is related with this issue. Therefore, the question can even be raised whether the project is really well targeted to reduce that specific barrier, and some of the others which have also been recognized.

45. **The political willingness to address consequently the legal and institutional barriers identified is of decisive importance for a successful project implementation, and should therefore be explicitly confirmed before CEO endorsement.** For several of the legal, institutional or systemic barriers identified the solutions seem so obvious. Nevertheless, the project will only achieve them if there is really a political willingness for the reform of the system by addressing the key barriers in a consequent manner.

46. To guarantee optimal conditions for project success, we feel that the barriers have to be translated in a consistent manner into targets (a clear barrier orientation). And on that basis the political willingness for the reform should be confirmed.

47. **The expenditure for international consultants seems very high!** Following the table "consultants working for technical assistance components" given on page 13 of the executive summary, about 25% of GEF's financial contribution is foreseen for international consultants! This portion seems to us very high.

48. Such a high dependence on the work of international consultants is a risk to country ownership. We fear that the work of the consultants cannot be converted sufficiently into project outcomes and impacts, that it contributes little to capacity building, and that the institutional sustainability is at stake.

49. **Co-financing by the tourism sector and financial sustainability?** The diversification of the revenues is indicated as a strategy to achieve financial sustainability. Tourism fees play an important role in it. They already generate revenue of 5 million USD per year.

50. The tourism sector will further benefit from Costa Rica's offer of protected areas. Therefore, the question may be raised: why isn't there any co-financing from the tourism sector?

51. **The information regarding the amount of the GEF grant is not consistent!** Following the GEF project database, the GEF grant for this current project would be of 10.035 million USD. On the other hand, the Project Brief indicates that the GEF contribution is 4.8 million USD (without PDF). **This inconsistency must be clarified!**

52. **The linkages with the GEF biodiversity focal area country portfolio are not described.** Costa Rica's GEF biodiversity country portfolio comprises 9 country projects (including the current proposal) and 10 regional projects. Several of them cover activities on capacity building and institutional strengthening which might overlap partially with the efforts of the current proposal (e.g. the regional project entitled "establishment of a program for the consolidation of the Meso-American Biological Corridor").

53. Nevertheless, the project brief does not provide information on the linkages of the current project with the country portfolio, thus Council Member reviewers cannot assess whether there is any duplication.

### **Conclusions and Recommendations**

54. We recognize Costa Rica's efforts to conserve its biodiversity and support basically the proposed project objectives and outcomes. The objective to overcome the barriers of financial sustainability of the protected area system is fully consistent with GEF, and seems to us of such priority that we wonder why this has not been proposed even earlier in the portfolio development.

55. We recommend the approval of the current proposal by the GEF Council.

56. Nevertheless, mainly regarding the project's concept, we identified several concerns, which we expect will be settled satisfactorily in the Project Appraisal Document, thus before CEO endorsement.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**5. Guatemala: Improvement of Management Effectiveness in the Maya Biosphere Reserve (MBR) [IADB]**

***COMMENTS FROM SWITZERLAND***

**General Comments**

57. The Maya Biosphere Reserve (MBR) GEF project proposed covers Central America's largest protected area of the Mesoamerican "Selva Maya" and corresponds to approximately 75% of the Guatemala System of Protected Areas (SIGAP). The Reserve consists of three zone categories: core zones (CZ) (767,000 has), multiple use zones (MUZ) (848,440 has) and buffer zones (BZ) (497,500 has).

58. The main project purpose is to strengthen the ecological integrity and connectivity of the MBR based on the strengthening of institutional capacity and effective participation of different interest groups, so as to optimize its management. That would be attained by the development of four components consisting in (i) strengthening institutional agreements and capacities for its effective management, (ii) incentives for the conservation and sustainable use of biodiversity, (iii) design and implementation of policies, regulations, and other instruments for its management, and (iv) generation and use of information for its adaptive management.

59. The proposal is in conformity with the GEF Operational Program n°3 (forest ecosystems) and fits with the GEF Strategic Priority BD-rev1 (catalyze sustainability of protected areas at national levels). Overall, the project is well structured and has a strong scientific and technical basis, which is mainly reflected in its annex H. The biodiversity threats are well identified/described and the root causes analysis is comprehensive. Aspects such as financial sustainability, stakeholder participation strategy, project implementation arrangements and the information about the project budget seem to be clearly explained and coherent.

60. On the other hand, the project proponents have made important efforts in designing the set of outcome indicators; however it is regrettable that the excellent information available in annex H (concerning the conservation elements used for an evaluation of the ecological integrity of the MBR) was not well used and little advantage was taken of it.

61. Regarding the soundness of the proposal, we identified some concerns mainly regarding a possible conflict of interests between the conservation of areas under absolute protection and the existence of grants for the development of the oil industry in those areas.

**Main Concerns**

62. **Compatibility of core zones conservation and development of oil industry.** Despite a clear identification of the development of the oil industry as one of the main threats for the biodiversity conservation of the MBR core zones, the proposal seems to lack a clear strategy to address and counteract this threat. The harmful effects of the oil grants in the core zones, particularly the National Park Laguna del Tigre, are well mentioned in different parts of the proposal. These threats refer on one hand to the pollution process and on the other hand to the consequent pressure on biodiversity, generated by the opening of roads and ways and its associated colonization process. Are the permissions for the oil exploration and exploitation really compatible with the principles of biodiversity conservation in an area classed as “under absolute protection to allow for natural process to evolve without intrusion from human activity”? (see for example page 3, article i of the executive summary).

63. It seems that the project proponents didn't raise this kind of question. There is a lack of a concrete strategy to address this threat, despite its clear identification in the threat analysis. On the contrary, instead of addressing the threat, the proponents seem to be interested in the oil royalties which are considered as one of the future options of the financial mechanism to assure the long-term financial sustainability of the MBR conservation. Thus, there seems to be a conflict of interests between addressing the threat of oil exploration and exploitation to biodiversity and assuring financial sustainability of the mechanism to conserve biodiversity.

64. **A great potential to design more refined outcome indicators not sufficiently used.** Despite the efforts made with the definition of the project outcome indicators, the proposal fails to take advantage of its own and well-described technical and scientific baseline information. Annex H, applying a detailed methodology, which is described in its pages 47-49, shows a value indicator (3) of the MBR ecological integrity, which involves 6 key conservation elements. These elements include different kinds of forests, wetlands, and the ‘*panthera onca*’ (as umbrella specie). However, none of them is further used in the project proposal as an outcome indicator. It is regrettable that this kind of baseline information is left out; it could in future help to better evaluate the project impact on the ecological integrity of the MBR.

## **Conclusions and Recommendations**

65. We agree with the project proposed and recommend its approval by the GEF council.

66. Nevertheless, we hope a comprehensive response is given concerning the conflict between biodiversity conservation and oil exploitation in the MBR core zones, and the political position, the strategy and concrete actions are outlined to mitigate this threat to biodiversity.

## **Furthers Comments**

67. Page 8 (Executive Summary): *Incremental result 2: (i): innovative micro-projects demonstrating the sustainable use of biodiversity:* More information about the reasons, objectives and type of the micro-projects.



68. Page 9 (Executive Summary): *Component 2: (iv) incentives for the conservation and sustainable use of biodiversity: incentives for sustainable agricultural activities*: Considering that the special trust fund is foreseen to cover just the 20% of the basic operation of two core zones, we expect further explanations on how these incentives will be maintained after the project ends.

***COMMENTS FROM THE UNITED STATES***

69. We are pleased that this results framework for this project includes baseline information and clear target benchmark objectives to be achieved at the end of the project.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**6. Nicaragua : Strengthening and Catalyzing the Sustainability of Nicaragua's System of Protected Areas System [UNDP]**

***COMMENTS FROM SWITZERLAND***

**General Comments**

70. The project objective is: “the Nicaraguan Protected Areas System (SINAP) is effectively managed through legal reforms, strengthened institutions, sustainable financing and partnerships”. The project foresees four outcomes: (a) an enhanced policy and legal framework enables improved SINAP management and finances; (b) PA management responsibilities are shared by key stakeholders; (c) capacities for sustainable financing of SINAP and PA’s developed; and (d) institutionalizing management and learning within project and MARENA. The project builds on on-going conservation initiatives and will focus on tackling the most critical barriers to strategic management and financing that limit SINAP’s effectiveness as the cornerstone of in-situ biodiversity conservation. The executing agency will be the Ministry of Natural Resources and Environment (MARENA). A five-year duration of the project is foreseen.

71. The project seems consistent with GEF criteria and with the strategic priority 1 of the focal area biodiversity. Basically its outcomes are soundly combined and well defined. Overall the Project Brief provides comprehensive information which allows a clear appraisal by the Council Member reviewers.

72. Following the project rationale, SINAP depends in a very high proportion on donor support. Therefore we are positively surprised and appreciate that the GEF grant of the current project is less than a third and governmental co-financing is assumed to be approximately 60% of the project total cost.

73. Basically we fully support the project’s objective and overall approach; nevertheless several concerns were identified which require further attention. They are described as follows.

**Main Concerns**

74. **Linkages with the GEF biodiversity focal area country portfolio are not described.** Nicaragua’s GEF biodiversity country portfolio comprises 5 country projects (including the current proposal) and 7 regional projects. Mainly the GEF supported major biological corridor initiatives contributed baseline actions to improve the management of PAs. Several of the GEF projects include activities to provide institutional strengthening.

75. Nevertheless, the project brief provides neither information on the linkages between the current project proposal and the GEF biodiversity country portfolio, nor concerning further investments in the sector supported by WB, UNDP, US-AID and the governments of Norway, Finland and Denmark. **Thus, the Council Member reviewers cannot assess whether the different efforts are soundly complemented or whether there is any duplication.**

76. The contributions of on-going GEF projects to strengthening SINAP and to reducing its barriers should be shown in order to better qualify the expected outcomes of the current project in the overall picture of GEF's support to Nicaragua.

77. **Despite a detailed and well-drawn description of the barriers, the outcome (1) regarding enhanced policy and legal framework enabling improved SINAP management and finances is not consequently barrier reduction oriented, and indicators are not soundly defined in this regard.** The project brief gives a good overview and detailed description of 6 major barriers. However, the project outputs (1.1. to 1.4) do not systematically address the barriers identified, and the outcome indicators even less. In the same sense, the outcome indicators do not consequently refer to the project outputs.

78. Furthermore, legal barriers seem to have wide-ranging consequences. Several important references of the Project Brief refer to this type of barrier. We regret, therefore, that legal barriers are not explicitly listed and specified below the situation analysis, and also below the project outputs and further below the outcome indicators.

79. **Is there sufficient willingness for sharing the management responsibilities of the PAs?** 93% of the territory with "protected status" is private property with on-going socio-economic activity.

80. The success of output 2 will depend widely on the willingness to share the management responsibilities.

81. **Financial sustainability of SINAP.** Following the project proponents, only 16 PAs of the overall 76 have sufficient funding to be considered operable, due to donor support that, until 2006, provided 85% of SINAP's budget. Thus, the high dependence of SINAP on donor support is a problem of the sustainability of SINAP, and last but not least also for the current GEF project proposal, despite the fact of a presumably considerable co-financing, as indicated in the project brief.

82. **The information regarding the amount of the GEF grant is not consistent!** Following the GEF project database, the GEF grant for this current project would be 7.35 million USD. On the other hand, the Project Brief indicates that GEF's contribution is to be 1.8 million USD (without PDF). **This inconsistency must be clarified!**

## **Conclusions and Recommendations**

83. We recognize the efforts made and support basically the proposed project objectives and the overall concept, and therefore recommend its approval by the GEF Council. Nevertheless, several concerns have been identified, which we expect will be settled satisfactorily in the Project Appraisal Document, thus before CEO endorsement.

### ***COMMENTS FROM THE UNITED STATES***

84. This project is a good follow-on from a USAID-funded support for the country's protected area system that ended in 2006 and has a good level of co-financing.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**7. Seychelles : Mainstreaming Prevention and Control Measures for Invasive Alien Species into Trade, Transport and Travel across the Production Landscape [UNDP]**

***COMMENTS FROM FRANCE***

85. The project proposes to establish and to build capacity of a biosecurity service in order to implement an effective policy against Invasive Alien Species.

86. The FFEM would very much appreciate to be informed of the progress of this project and particularly to be invited to participate in the proposed activity n° 3.2. “lessons learned and best practices on IAS eradication & control, and habitat restoration established and disseminated” as it could feed the external evaluation process of its own on-going IAS eradication project in Seychelles .

Favorable opinion

***COMMENTS FROM SWITZERLAND***

**General Comments**

87. The proposal addresses the complex issue of invasive plant and animal species threatening the ecological integrity of the fragile and globally unique land- and seascapes of the Seychelle Islands, a recognized global ecological hotspot. The proposed project is complementary to the current GEF funded “Integrated Ecosystem Management Program” in the Seychelles. Both projects will share the same Steering Committee and benefit from already existing administrative structures.

88. In view of the dramatic impacts of invasive species on native flora and fauna and in view of the existence of numerous islands of the archipelago that are still free of invasive species the proposed focus on “Bio-security” and the creation of an overarching enabling legal and institutional framework is timely, relevant and a priority.

89. The project proposal is technically and scientifically sound. It provides comprehensive background information on the global significance of the Islands’ biodiversity and corresponding threats. Sufficient detail is given on the project objectives and proposed activities designed to achieve an ambitious goal. The issue of administrative and financial sustainability has convincingly been addressed by creating a “Bio-Security Service” which will charge for its services, a guarantor of its financial sustainability. The global benefits of the project, if successful, are well articulated.

90. The Republic of Seychelles meets GEF's eligibility criteria. The project is compliant with the Focal Area Biodiversity, GEF's Strategic Objectives 2 and 4, and the Operational Programs 2 and 3.

### **Main Concerns**

91. A key concern focuses on how the project will achieve private sector ownership in the proposed environmental monitoring and the project at large without providing any form of tangible benefits/incentives. Instead of incentives, fees will be levied. Lacking ownership will increase the risk of spreading invasive plants to remote islands which are currently still mostly free of invasive species.

### **Conclusions and Recommendations**

92. The project is sound and should be approved. It would benefit however from a more focused approach to private sector involvement. The current approach relies too much on the "good will" of the private sector stakeholders including the critical artisanal fishing community.

### **Further Comments** (Executive Summary refers)

93. Page 13, Chapter 4, Financing: It appears that only USD 3.4 million of the 4.6 million pledged have been confirmed. Have the confirmation letters from the co-funding sources been attached to the proposal?

94. Paragraph 47: The proposal claims to have incorporated experience from other GEF-funded projects dealing with the same subject matter in other parts of the world. Particular reference in this context has been made to the GEF-funded Galapagos Project (GEF/IS/6, A-2. Ecuador: Control of invasive species in the Galapagos Archipelago). It would be interesting to find out what exactly has been learnt from the extremely costly Galapagos Project of USD 41 million (GEF contribution 18.3 million) and which elements exactly of this UNDP-implemented project were incorporated into the proposal under debate. It is suggested that the overall success of the Galapagos project in proportion to its enormous budget has been remarkably low.

### ***COMMENTS FROM THE UNITED STATES***

95. This could have good lessons learned/replication potential for others SIDS during GEF-4.

<b>WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS (REFERENCE TO GEF C.31/8)</b>
--

## **8. South Africa: National Grasslands Biodiversity Program [UNDP]**

### *COMMENTS FROM FRANCE*

96. The project aims at preserving the South African Grassland biome, second only in biodiversity to the Cape Floristic Region. This biome happens to be the heart of South Africa urbanization and industrial development (Gauteng) and is under serious pressure.

97. We do not have detailed remarks. However, the project proposal should describe the environmental services rendered by the Grassland biomes. The economic value of the environmental services should be precised.

Favorable opinion (see questions above)

### *COMMENTS FROM SWITZERLAND*

#### **General Comments**

98. Grassland biomes worldwide are notoriously under-represented by protected area systems, South Africa being no exception (i.e., 2,8%). The major reasons are mostly related to large-scale land conversion for agriculture and livestock husbandry as portrayed for South Africa where additionally land conversion for plantation forestry exacerbates the problem. Poor land use practices, usually related to high livestock numbers associated with heavy grazing pressure lead to decreasing species diversity of native flora and fauna, soil degradation and erosion, an all too well known chain of events. Habitat fragmentation such as described for the South African target area is inherent to man-made landscapes.

99. Considering the magnitude of threats and diverse pressures facing South Africa's grassland biome as described in the proposal the project appears relevant, of high ecological priority and well justified. The technical and scientific background provided by the proposal is sufficiently detailed for an appreciation of the overall problems. The existing framework conditions are well described setting the stage trying to reverse or at least slow down the process. This is expected to be achieved mostly through mainstreaming biodiversity conservation into the production sector.

100. The project objectives and related activities are well articulated. The project fits GEF's Operational Programs 2 and 4 of the Focal Area Biodiversity and GEF's Strategic Priority 2: "Mainstreaming Biodiversity in Production Landscapes and Sectors". South Africa is one of the

recognized 17 megadiversity countries in the world and a signatory to the CBD. It therefore meets GEF's eligibility criteria.

## **Main Concerns**

101. The project aims at "some" strategic expansion to the protected area system without specifically addressing how this will be achieved in view of the predominantly private land ownership of the targeted grasslands. In this context the questions of critical minimum size (of protected areas) related to the available "fragments" and how the ecological and financial sustainability of isolated fragments can be achieved should be addressed.

102. The project insufficiently addresses the economically under-privileged group of subsistence farmers and herders depending on the grasslands for their livelihood. It remains unclear how this critical stakeholder group will participate in and benefit from the program and how it will develop ownership in the project. The project's focus is clearly on large-scale producers and landowners within the different production sectors.

103. The global benefits expected from the project as described in the proposal are not very convincing.

104. The project goal (i.e., biodiversity and associated ecosystem services of grassland biome sustained and secured) cannot be achieved within the five-year project timeline. Neither will it be feasible to wisely spend the requested US 8 million plus US \$ 45 million counterpart funds within the proposed time period.

105. The proposed incentive options still remain to be tested. Property tax incentives in particular for private protected areas are no guarantor for sustainability of such areas.

106. The high number of stakeholders representing a large diversity of producers, developers, small-scale landowners, agencies, line ministries, industry, etc. poses a very high risk to the overall project success, making a sound quality control of deliverables and project impact monitoring very difficult. This risk is rated as "modest" in the proposal, but rather should be rated "high".

107. The opportunity to rehabilitate degraded lands (i.e., 6%) and more effectively manage range land (i.e., 63%) appears to be insufficiently addressed.

108. The project proposal insufficiently (not at all?) addresses the need for capacity development of the rural poor as key players.

## **Conclusions and Recommendations**

109. The project is timely in addressing a widely recognized priority need for sustainable biodiversity conservation of South Africa's grassland biome which is under-represented by the country's protected areas and increasingly threatened by land alienation and poor land use practices. The conceptual approach of the project with focus on mainstreaming conservation in



the production sector is laudable and innovative. If the major concerns are addressed satisfactorily the project should be endorsed.

**Further Comments** (Executive Summary Document refers)

110. Page 5: Please explain how the project will integrate subsistence herders into the proposed “red meat market” certification process.

111. Page 5: It is not clear how the mere “recognition of good forest management” can be enough of an incentive to a plantation owner to mainstream Biodiversity conservation into plantation management. An explanation is needed how grassland biodiversity can be preserved in intensive forest plantation management with a rotational cycle of 10-20 years.

112. Page 6: How exactly will the proposed “ecological goods and services” be qualified and quantified and accounted for in “responsible land management”?

113. Page 8: A second phase (2012-2017) has been proposed; why not simply extend the already very short timeline of the proposed project on the same budget.

<b>WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS (REFERENCE TO GEF C.31/8)</b>
--

## **CLIMATE CHANGE**

### **9. Regional (Bangladesh, China, Indonesia, Thailand, Vietnam): Barrier Removal to the Cost-Effective Development and Implementation of Energy Efficiency Standards and Labeling Project (BRESL) [UNDP]**

#### ***COMMENTS FROM FRANCE***

114. This project aims at developing energy efficiency standards and labeling for six domestic appliances (refrigerators, electric motors, ballasts for fluorescent tubes, electric fans, and compact fluorescent lamps) throughout a regional approach. This approach will lead to harmonization of tests, procedures and cultures and is deemed to reach 10% of improvement. China will take the lead but each country will have its own steering committee.

Opinion favorable: the approach is original and should be encouraged

#### ***COMMENTS FROM JAPAN***

115. Labeling schemes should be consistent with the existing voluntary labels and International Energy Star Program (U.S.A. and Japan). We would like to have confirmation this project will not lead to an exclusion of such existing Environmental Labeling Systems including labels for energy-efficiency.

116. In some countries, Environmental Divisions have fairly well developed labeling programs of their own. Therefore, such knowledge should be shared within the government to take advantage their expertise.

#### ***COMMENTS FROM SWITZERLAND***

##### **General Comments**

117. The proposed project focuses on assisting in the development of functional and efficient energy efficiency standards and labeling. “The proposed project will focus on building capabilities and interest to pursue ES&L (Energy Efficiency Standards and Labeling) efforts in each of the participating countries.” It covers Bangladesh, China, Indonesia, Thailand, and Vietnam. It is based on previous experiences gained in similar activities in other countries. It is

in line with the GEF Climate Change strategic objective CC-1: Energy efficient buildings and appliances.

### **Main Concerns**

118. The project is ambitious and designed with great detail. Such initiatives can only bring more energy efficient equipment onto the local markets. The issues of technology transfer to allow local manufacturers access to energy efficient technologies is mentioned and taken care of but can only be underlined as an important issue to be solved.

### **Conclusions and Recommendations**

119. This project is rightly focused and well designed. It should be supported.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**10. Brazil : Market Transformation for Energy Efficiency in Buildings [UNDP/IADB]**

***COMMENTS FROM FRANCE***

120. This project of capacity buildings aims at developing Energy Efficiency in the public and private building sector by:

- (a) awareness,
- (b) training,
- (c) partnership with promoters, users, administration, suppliers, and
- (d) develop special financial instrument or vehicle such as partial performance guarantee (PPGM) or Energy service company (Escos).

121. The project will liaise with some programs of CFC-chillers replacement. The PPGM will be funded by 10 m\$ GEF grant and 15 m\$ IDB guarantees (Inter American Development Bank). A 500 000 \$, Technical assistance is linked to this mechanism. The PPGM will be underwriting a similar program with BNDES. The project is supervised by high level representatives of ministries of environment, energy, finance and public planning.

Opinion: favorable

***COMMENTS FROM SWITZERLAND***

**General Comments**

122. This project is designed to improve energy efficiency in the commercial and public building sector in Brazil. A consumption of 560'000 GWh of electricity shall be reduced over the next 20 years by reducing the specific energy demand for heating, ventilation and air conditioning as well as by addressing non chiller electricity demand for lighting etc. In addition the project will contribute to the phasing out of CFCs from A/C chillers. The market transformation approach is based on capacity building, enhancing delivery of EE services through ESCOs, launching a partial performance guarantee mechanism for investments in EE buildings and a programme enhancing the rate of replacement of energy inefficient chiller using CFCs. The project is jointly co-funded by the GEF and the Multilateral Fund of the Montreal Protocol.

## Main Concerns

123. There are a number of elements in the proposed project strategy submitted to the GEF council meeting 31 (June 2007), which are not fully compliant with the overall objective of the GEF4 climate change focal area strategy. There are six main concerns:

- (a) The principle objective of the FA strategy is to achieve **market transformation based on policy gains**. There are gaps identified in the manner this project addresses the policy environment of energy efficiency in buildings. For generating a sustainable market for energy efficient buildings (and related ESCO services) there is a need to establish standards for EE building as well standards for appliances used in buildings (such as air conditioners or lighting). The PRODOC does not provide information on the standards the project is based on. Are such standards available in Brazil? Are there labelling schemes or binding legal standard for chillers for building energy consumption for HVAC in different climatic zones of Brazil? If not should they not form a key element of outcome 1 and 2 (capacity building and public building initiative)?
- (b) As per the GEF focal area strategy climate change, projects in the building EE sector should target to achieve **outcome indicators** in kWh energy saved by sq meter of building space in new construction and renovation: The Project Document does not include such outcome indicators which help policy makers to move towards adoption of building standards. Specific outcome indicators are considered relevant for the development of coherent building standards based on a significant sample of energy audits performed as a part of a public building initiative.
- (c) The project seems to deal with electricity and applies a particular approach focused on appliances only. If a credible effort is to be made to establish a market place for ESCOs and an efficient public building programme **integral design standards of buildings** (insulation, passive/active sun-screening to reduce cooling load, renewable energy for heating, solar hot water for school/sports buildings, hotels, etc.) should be considered to optimize overall energy consumption. The STAP review pushed for at least inclusion of lighting. If ESCOs are trained to perform energy audits (a key word not appearing in the Project Brief) the full range of measures influencing energy efficiency should be considered. Energy audits of buildings may have to play a key role in establishing confidence among investors around the guarantee scheme.
- (d) The **experience with the ESCO approach under the GEF**, which has been supported/followed in a number of energy efficiency projects in Eastern Europe/Central Asia (UNDP and World Bank), is at best mixed. Limited evidence is reflected in the barrier analysis that lessons of last 10 years with ESCOs learned in other GEF projects have been included in the design of this approach. The analysis presented in the ProDoc seems insufficient to assess if the project can overcome the barriers which other similar projects have suffered. Besides the criteria listed in para 48 of the PRODOC, ESCOs will need a comprehensive policy framework to capture significant market shares.

- (e) If this project were to encourage Brazil to envisage comprehensive energy standards for say 2020, such standards could, during the period where their observation is still voluntary, generate a potential for leveraging **carbon finance** supporting compliance with such standards. Generating interest in such a policy environment would significantly boost the market prospects for ESCOs as well as for EE related financial services.
- (f) Chiller replacement: Besides CFCs also HCFCs play a role in air conditioning of buildings (public and commercial private buildings). The project should also phase out of CFC an element of chemical proofing and focus on reducing the GHG impact of substitute technology used. **Market opportunities of low GWP refrigerants** shall be explicitly assessed and possibly promoted in demonstration projects for advanced technologies. In capacity building it seems important to train energy specialists not only in technologies which are bankable today but to sensitize stakeholders to “over the horizon technologies” which, with an emerging pressure on companies to lower their global warming impact, may enter the market in the next decade.

## **Conclusions and Recommendations**

124. GEF’s support to this important project with a market-based approach and a high potential for both significant energy savings and replicability across Latin America is strongly recommended. Hence the project is recommended for Council approval, however taking into consideration the above comments and integrating the guidance contained in the Focal Area Strategy for Energy Efficiency in Buildings. The GEF secretariat is encouraged to talk to the implementing agencies to further improve the final project document in order to enhance in particular the policy relevance and sustainability of the proposed approach.

## ***COMMENTS FROM THE UNITED STATES***

125. We have concerns regarding the first two outcomes:

- Outcome 1: “Capacity Building”. We don’t know how relevant this is as low capacity no longer seems to be a key issue in Brazil. PROCEL is been providing training since 1990; and just in the last 4 years USAID/Brazil has provided high level energy efficiency training to almost 2,500 people. USAID/Brazil past experience shows that the main issue is that after receiving training, most professionals do not find room in their organizations (mainly in the public sector) to turn the acquired knowledge into practice, mainly due to organizational environment issues and lack public regulation.
- Outcome 2: The only market barrier that inhibits public buildings from accessing EE services and financing is Brazilian Procurement Law # 8666. We are pleased that the document notes that the “PBI will take advantage of their [USAID] evaluation of legal aspects for public building to access ESCOs technical and

financial services”, but the description of Outcome 2 does not mention the necessary changes to the procurement law, which, in our understanding, is paramount.

126. Outcomes 3 and 4 address two significant barriers to the development of the market for energy efficiency in Brazil: Financing and high cost demonstration projects (such as chiller replacement).

- The indicators seem to be in line with the GEF M&E policy, but we have concerns with regard to two of them.
  - “5,000 service and equipment providers are **informed or trained** on buildings EE management”. This implies that a service provider who attended to a 5–day training course (trained) would have the same weight as service provider who received a brochure on energy efficiency practices (informed).
  - “Feedback on quality and relevance of project’s technical assistance”. This is seems vague, and 80% rating might not be meaningful if there isn’t a performance plan in place to provide changes to the implementation plan if this level has not been achieved.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**11. China: China/GEF/World Bank Urban Transport Partnership Program [World Bank]**

***COMMENTS FROM THE UNITED STATES***

127. This Project is important as emissions from the transportation sector are rising quickly. It touches on significant concerns affecting air quality, environmental degradation, serious congestion, and increasing oil and fuel dependency. But, we have several concerns with regard to environmental outcomes, project leadership, project quality, financing requirements, and sustainability of results.

- (a) While there is linkage to World Bank loans, and one set of demonstration projects (development of bus rapid transit systems) is a true investment project, but this project is really a technical assistance project rather than a true investment project. The emphasis seems to more on studies, plans, and training than investment.
- (b) We have some specific concerns with some of the pilot demonstration projects.
  - The Bank appears to be overestimating what constitutes co-financing. The Bank is counting as co-finance funding for on-going World Bank projects in Urumqi and Guangzhou that were approved, respectively, in 2000 and 1998. These projects, which are quite valuable, appear to be baseline financing that is not essential to the projects.
  - The Bank counts as co-financing \$21 million in Bank financing and \$45 million in local financing for a cultural heritage component in Xian and \$48 million in World Bank loan financing for a road rehabilitation project in Liaoning.
  - For the Liaoning, Urumqi, and Guangzhou projects, the Bank is asking the GEF to pay for monitoring and evaluation costs to measure benefits from already approved World Bank loans. We believe that monitoring and evaluation of these projects should be covered with resources from the World Bank loans.
- (c) The analysis of environmental outcomes with respect to the business-as-usual scenario could be strengthened.
  - The assumptions for the BAU scenario should be better articulated in order to adequately evaluate the project's estimated GHG reductions.
  - The results framework should contain baseline emissions data for the BAU scenario.



- (d) We appreciate how ambitious this project is, but we are concerned that the project may be spread too thinly over too many cities. We wonder whether the stated goal of replication could be achieved, and possibly improved, with a narrower, but deeper project scope.
- Project planning and implementation have to take into account complicated local transport networks and highly decentralized transportation planning and construction. Planning and implementation are likely to be more successful if more resources are available to ensure that pilot projects are well integrated.
  - The goal of replication can likely be met through fewer pilot projects. Assuming a constant funding commitment, this would free up resources to meet the goal of integrated project planning and ensure that pilot projects achieve the level of success required to serve as models for sustainable transport projects in non-project cities.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**12. China: Energy Efficiency Financing [World Bank]**

*COMMENTS FROM FRANCE*

128. This project proposes to complete a World Bank loan of 400m USD in the field of energy efficiency with a grant focused on technical assistance to the banking sector and government.

129. France fully supports this approach where the **GEF contribution brings an important added value** to the whole scheme. The technical assistance provided will strongly impact the quality of the project presented. Moreover, it will enhance the cooperation between the project level and the national level with its regulations, laws...

130. France is developing a similar approach in China with Chinese authorities and banking sector through the French Development Agency bringing a 60 M€loan and FGEF complementing it with a 0,6 M€grant for technical assistance. This project targeting small and medium enterprises is highly complementary to the WB/GEF project focused on medium and large-sized industrial energy conservation investments and **strong synergies should be developed between the two projects.**

Favorable opinion

*COMMENTS FROM JAPAN*

131. Large-scale financing is basically under the scheme of World Bank, but this project has certain merits as preparation for future investments in view of effectively using the limited GEF resources, by supporting capacity building of Chinese banks and enterprises in energy conservation.

132. We would like to request the agency to reflect in the project document the lessons learned from the previous several projects regarding energy efficiency in China.

*COMMENTS FROM SWITZERLAND*

**General Comments**

133. The goal of the proposed project is to improve the energy efficiency of medium and large-sized energy-intensive industries in China, thereby reducing energy needs and GHG emissions of China's industrial sector. The project is designed to focus on the three energy-

intensive industries iron and steel, cement and chemical. These sectors are not only supposed to consume about 50% of China's total primary energy but, at energy intensity levels in the range of 20 to 40% above international best practices, also have a large potential for energy efficiency improvements. Until now, however, most of the enterprises in these sectors have concentrated on investments in expanding production capacities rather than investing in energy efficiency measures. The Government of China (GOC) has increased its pressure on Chinese industries to improve energy efficiency under the current 11<sup>th</sup> five-year plan and issued the nation's first Medium and Long Term Energy Conservation Plan (2005-2020).

134. With the gradual elimination of public funds for energy conservation project financing by the GOC during the last decade, Chinese enterprises are now expected to invest their own resources and Chinese banks to develop their energy efficiency lending business. For a number of reasons (technical complexity, perceived high financial risks, unfamiliarity of Chinese banks with energy efficiency practices, insufficient institutional capacities), the Chinese private lending market for industrial energy efficiency investments has so far been essentially undeveloped.

135. The project focuses on the development of sustainable energy efficiency lending businesses in selected banks, with a view to support medium and large-scale energy efficiency investments in the targeted industries. In addition, government capabilities are to be strengthened to enforce laws, regulations and standards and to supervise and monitor industrial energy efficiency investments. This shall be achieved through four components:

- (a) Promotion of energy efficiency financing through a barrier removal approach to develop energy efficiency financing business in the domestic banking sector (assistance to participating financial intermediaries (PFI), other banks, demonstration projects);
- (b) Energy conservation investment lending (total USD 570 million) through PFI (the bulk lending will be provided through USD 200 million IBRD loan to be lent-on by GOC to three domestic banks);
- (c) National policy support and capacity building to strengthen government capabilities (establishment of the National Energy Conservation Centre), support to the implementation of the 11<sup>th</sup> five-year plan; and
- (d) Project implementation support and reporting (assistance to technical issues, monitoring, reporting and evaluation to both banks and government).

136. The project appears to be very well designed. With its market-based approach and its clear focus on energy-intensive industries it has sound potentials both to tap China's "goldmines of energy savings" and for replication of the lending models in other banks and in other industrial sectors. The envisaged approach is consistent with GEF's draft climate change focal area strategy *CC-2 Promoting industrial energy efficiency* and is considered to be a continuation of the GOC's programmes to improve industrial energy efficiency and of earlier GEF energy efficiency projects in China.

137. Maximum GEF expenditure will be USD 13.5 million, assumed to enable lending businesses in the range of USD 570 million. The project is expected to reduce CO<sub>2</sub>-emissions by

3.9 million tons over the five-year project period, and by 78 million tons over its life span of twenty years.

## Main Concerns

138. There are three main concerns:

- (a) *Risk No.1 – Higher hurdles to energy efficiency projects in target industries than expected:* The industries that the project is designed to focus on are among China's extremely booming industries. There is considerable concern that leading industries – in their struggle to remain top players – fully focus on investments for expansion rather than for energy efficiency. Moreover, it is generally known that Chinese industries tend to demand extremely **low pay-back periods** and might not accept the two-to-five year period taken as the rule of thumb for financial viability of industrial energy investment measures. Finally, the envisaged, relatively large investments (typical costs of energy efficiency project in large industries assumed to be in the range of USD 5 to 25 million) is perceived to be complex and to be of high risk (e.g. few records of solid financial returns, risk of disrupting normal production processes). This would lead to a substantially lower demand for energy efficiency loans from industries and hence reduce investments and positive environmental impacts.
- (b) *Risk No. 2 - Attractiveness for the banking sector lower than expected:* As mentioned above, bank loans for energy efficiency investments will mainly have to compete with loans for expansion of businesses. While the latter usually generate additional revenue and increase turnover, the former primarily contribute to a reduction of energy expenditure. This makes it particularly difficult for banks to identify cash flows from the energy efficiency investments and ultimately to adequately justify commercial loans. Moreover, only **few Chinese banks have knowledge in the state of the art of energy efficiency practices and the internal capacity to properly evaluate risks and benefits of energy efficiency projects**. Further, banks generally perceive transaction costs of such projects to be rather high, and the high economic growth leads to time pressure in decision-making. These perceptions might prevent banks from offering attractive financing terms for energy efficiency investments and would again reduce the momentum for investments into energy efficiency projects.
- (c) *Complexity of project set-up and lack of co-ordination among EE projects in China:* The institutional project set-up is rather complex, with a number of main participants from the government, banking and industrial sectors. A special challenge is the fact that hardly any of these participants have so far attempted to develop their capabilities in energy efficiency and that are hardly familiar with energy efficiency projects. The subject is not new, however, as over the last few years, a number of energy efficiency projects have been launched in China. As a consequence, there is a risk that the different projects have considerable overlapping and compete for the same financial and human resources. Effectiveness and efficiency of the project would thus be reduced. The project

would benefit if a more conducive policy framework based on **targeted sector benchmarks** in energy efficiency could be introduced in parallel to the life span of this project. Such a policy environment would **enhance attractiveness of lending for banks** as early movers would benefit from lower compliance cost with sector benchmarks at later stages.

## **Conclusions and Recommendations**

139. GEF's support to this innovative project with a market-based approach and a very high potential for both significant energy savings and replicability (both on the banks' and industries' side) is strongly recommended. The proposal to implement the project in a country whose fossil energy consumption is quickly growing and to focus on industrial sectors whose large potentials for energy and emission reductions through energy efficiency gains have hardly been tapped is sound and reasonable. The risks not to achieve the objectives named are however perceived to be higher than anticipated and expressed in the project document. The developers are therefore advised to undertake additional efforts to adequately address the main concerns outlined above.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**13. Russian Federation: Renewable Energy Project (RREP) [World Bank]**

***COMMENTS FROM FRANCE***

140. This project follows a six-year period (2000-2006) which did not provide tangible development in the field of renewable energy in Russia. Although Russia is well endowed with renewable energy resources, the energy system is based essentially on fossil fuels. The WB in 2006 decided to support Russia in its increasing global role and in the fulfillment of its commitments (Country Partnership Strategy).

141. The project has two components: (i) Technical assistance (5 M\$), Renewable Energy Financial Facility (5 M\$). The project is implementing under the control of the Ministry of Development and Trade, of Finance and co-financed by the National Pollution Abatement Facility (NPAF). This facility has been put in place in 1995. Some demonstration projects could be developed in some tourist and recreational zones.

142. In absence of adequate legislation on renewable energy, and considering the very limited amount available, the impact of such a project could be limited. The lessons from the past should be clearly drawn. The dialogue with BERD, CEENU and EU (Tacis/ENPI) and the link with energy efficiency issue should be emphasized.

143. It should be clear that one of the priorities in Russia is the effort to improve the energy efficiency. The relevance of the combination with the NPAF should be discussed although the objective is different. This type of project should contribute to feed the dialogue with the Russian authorities and the World Bank.

Favorable Opinion (see questions above)

***COMMENTS FROM SWITZERLAND***

**General Comments**

144. The objective of the proposed Russia – Renewable Energy Project (RREP) is to facilitate a sustainable market for Renewable Energy (RE) in the Russian Federation by supporting the development of enabling policies, institutional capacity, and self-sustaining, market-oriented financing mechanisms. The project consists of the following two components: (a) Technical Assistance for Policy Development, Institutional Strengthening, and Capacity Building; and (b) Renewable Energy Financing Facility (REFF). The envisaged project duration is five years.

145. The proposed project is consistent with GEF's Operational Programme #6: "Promoting the adoption of Renewable Energies by removing barriers and reducing implementation cost". The project is further considered to be in line with the related revised GEF strategic priorities CC-4 "promote on-grid electricity from renewable resources", and CC-5 "promote use of renewable energy for the provision of rural energy services". The concept and objectives of the RREP are further in line with the priorities of the Country Partnership Strategy (CPS) approved by the World Bank's Board of Executive Directors in November 2006.

## **Main Concerns**

146. *Project Implementation Arrangement:* The proposed project implementation arrangement remains somewhat unclear. A chart showing the intended organizational set-up would be helpful for better understanding, in particular since a large number of different institutions and organizations, including five different ministries, will be involved in the project. In such a chart the roles and interrelation of the different project bodies, as well as the interface of the project administrative bodies with the main project partners (i.e., private investors) should be shown. Generally for a project of this size and complexity a clear and transparent project structure is considered to be indispensable for successful project implementation.

147. *Project Risk Assessment:* In the risk assessment slow and inadequate power sector restructuring leaving investors without proper enabling framework is identified as a substantial project risk. At the same time the lack of private sector's willingness to invest in RE projects is classified as a modest project risk only. The two risks, however, are in fact closely related and should therefore both be considered as substantial.

148. *Project Financing:* Under Component A.4. of the project it is planned to provide additional financial resources to extend the Renewable Energy and Efficiency Partnership (REEEP) program in Russia. From the project documents it is not clear whether under this project component GEF funds may be used to finance direct investments in sub-projects.

149. *Incremental Cost Calculation / CO<sub>2</sub> Avoidance:* According to the incremental cost calculation, the baseline for RE development in Russia would result in the reduction of around 20.8 million tons CO<sub>2</sub>, whereas under the proposed GEF alternative the reduction would amount to 25.7 million tons CO<sub>2</sub>. It is understood that in particular the first of the two figures is a conservative estimate in the absence of reliable data. Nevertheless, the question arises as to why the proposed project with a GEF contribution of 10 million USD will result in only 20% higher CO<sub>2</sub> emission reductions compared to the baseline scenario. It appears that either the identified barriers to RE development are in fact not that significant, or that not all barriers can be removed by the proposed project. In either case, a more in-depth analysis and comparison of the assumptions and data used for the calculation of two scenarios are deemed necessary.

## **Conclusions and Recommendations**

150. The proposed Russia – Renewable Energy Project is recommended for approval. It is well conceived and adopts strategic choices which are consistent with GEF priorities. The project document would benefit from a more detailed description and illustration of the intended

organizational set-up for the implementation of the project, which is considered to be crucial for successful implementation of a project of this size and complexity. The main challenge of the project is expected to be the establishment of an enabling regulatory and incentive framework, including attractive energy sales tariffs, supporting investments in RE development. The project document recognizes this challenge by rating the related risk as substantial.

### ***COMMENTS FROM THE UNITED STATES***

151. Although the proposal contains components to address policy and institutional barriers and to provide financing facilities, we believe the proposal should be more market-oriented. It also seems insufficiently focused on key tariff and restructuring issues within the electricity and district heating sectors.

152. We support work on municipal reforms and innovative private/public partnership approaches but have concerns that the involvement of the central government and RAO UES might be excessive.

153. A strong point of the proposal is the emphasis in Component B.3 on regional and municipal authorities that build on the institutional framework developed for energy efficiency improvements – including those developed with USAID assistance such as Replication of Lessons Learned (ROLL), Star Community Initiative, and Municipal Network for Energy Efficiency (MUNEE).

- The Bank might wish to increase the focus of the financing facilities on this, particularly to serve remote areas where fossil fuels are not available or very expensive, and to target projects in district heating systems, in conjunction with broader reform of the energy and heat tariff systems.
- It would also be beneficial to make use of the capacity already built by the USAID programs under the programs cited above in organizations such as the Institute for Sustainable Communities and CENEf (the NGO Energy Efficiency Center).

154. The proposal should also include complementary energy efficiency improvements in the district heating networks and end-users to more effectively use the renewable energy and allow the district heating systems to decrease the reliance on nonrenewable energy.



**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**14. South Africa: Sustainable Public Transport and Sport: A 2010 Opportunity [UNDP]**

*COMMENTS FROM FRANCE*

155. This project proposes to assist South Africa to develop sustainable transports options for the 2010 World Cup. While the 2010 deadline is clearly understandable, the timeframe necessary to develop sustainable transport scheme is much longer and the project should develop along term vision.

156. Regarding global environment aspects, single technologic solutions such as BRT, as presented in the project, might contribute to the limitation of CO2 emission. Nevertheless, it must come along with an upstream approach of strategic programming of transports scheme at the scale of cities and municipalities. Such transport scheme is indeed the necessary condition to a sustainable switch from private vehicles to collective transportation. **In this regard, the project should better explain in what extent the different transport systems planned are part of a bigger picture.**

157. To conclude, the project should give a stronger focus to some socio-economic aspects linked to the transport sector in South Africa, in particular the collective taxis industry and the impact of the project on this industry.

Favorable opinion (see questions above)

*COMMENTS FROM SWITZERLAND*

**General Comments**

158. The aim of the project is to divert current trends toward a more sustainable path. It foresees in particular the improvement of the public transport system as a core activity, including designated bus lanes and bus rapid transit (BRT) systems and the integration of rail, bus and minibus services along trunk corridors and feeder routes. In addition, the project contains complementary strategic actions such as the improvement of the performance of transport operators, road space management measures, promotion of non-motorized transportation and travel demand management measures.

159. Two components of the project seem particularly attractive:
- (a) The project intends to use the 2010 FIFA World Cup planning window as a catalyst for a structural change; and
  - (b) It intends to complement the considerable financial commitments (by the national Government) for investments into “hardware” by “software-type” of initiatives to overcome crucial barriers (institutional arrangements, education of planners, public awareness, unsustainable financial arrangements).

### **Main Concerns**

160. Even if the link to the 2010 FIFA World Cup is an appealing element of the project, the proposal does not elaborate how this link will be substantiated. This big event may indeed stipulate the necessary energy and apply pressure for a speeding up of the process for overcoming the different barriers simply because of the limited time left for implementing all the measures. However, the project would also provide an extremely good opportunity to demonstrate the performance of the new transport system during the events itself with a multiplier effect. It could e.g. be an objective to make the “2010 FIFA World Cup” a CO<sub>2</sub>-neutral event (as e.g. the 2006 FIFA World Cup in Germany) and the new system could play a crucial role in it (e.g. in the 2008 European Soccer championship in Austria/Switzerland, 80% of all game-related trips are to be directed to public transport, combined tickets for attending the games will include the PT fares etc.). The proposal unfortunately does not make such strategic links between the improvement of the transport system and the event nor does it explain the role of the new system for the event itself. In addition, the FIFA World Cup would also provide a golden opportunity to make the GEF support visible to a worldwide audience.

### **Conclusions and Recommendations**

161. Summarizing, the project deserves support, since it combines substantial hardware investments with additional software components with a specific environmental focus. We therefore recommend its approval.

162. However, the link between the project and the 2010 FIFA World Cup should be explained more explicitly, on a strategic level as well as on the operational level. In addition, the project provides a golden opportunity for promoting the visibility of GEF.

### ***COMMENTS FROM THE UNITED STATES***

163. This is a very valuable project that will both improve transportation services to the poor in South Africa and address pollution, including emissions of greenhouse gases.

164. Our main concern, however, is that this project seems rather cost ineffective. The \$10.9 million GEF investment will only lead to direct emission reductions of \$423,000 tons and indirect emission reductions of an estimated 2 million tons over ten years.

165. We also wonder how these estimates were derived in that the project logical framework does not contain baseline data on CO<sub>2</sub> emissions.

**INTERNATIONAL WATERS**

**15. Global (China, Brazil, India, Mexico, Turkey, South Africa, Iran, Argentina, Venezuela, Chile, Algeria, Egypt, Ukraine, Peru, Morocco, Libya, Croatia, Ecuador, Guatemala, Angola, Sudan, Costa Rica, Cote d'Ivoire, Panama, Trinidad and Tobago, Yemen, Jordan, Ghana): Building Partnerships to Assist Developing Countries to Reduce the Transfer of Harmful Aquatic Organisms in Ships' Ballast Water (GloBallast Partnerships) [UNDP]**

***COMMENTS FROM FRANCE***

166. The introduction of exotic aquatic species via the ballast carry on by boats is an important threat for marine ecosystems mainly in the areas where the traffic is heavy.

167. The support of the project to capacity building of the involved administrations, the development of legal framework, the experience sharing and the test of adapted technologies is a positive initiative.

Favorable opinion

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**16. Regional (Cambodia, China, East Timor, Indonesia, Malaysia, Philippines, Lao PDR, Thailand, Vietnam, Brunei): Implementation of Sustainable Development Strategy for the Seas of East Asia (SDS-SEA) [UNDP]**

*COMMENTS FROM FRANCE*

168. This regional project covers both a huge area and a very broad set of activities and outcomes in a 3-year duration period.

169. Although absolutely justified in principle, this project raised some feasibility concerns already identified in the Project risks table (p3 and 4). The answers provided in terms of risk mitigation are not really convincing for some reasons:

- (a) “Capacity to implement the SDS-SEA varies from country to country”: this issue is linked with the real “international aid absorption capacity” of a wide range of governments with wide differences of competences and capacities. In this respect, to propose more frameworks or trainings is not the most adapted answer if the concepts, the methods and the way to use them in day to day management are not detailed.
- (b) “available time and resources to achieve project’s output and outcome”: in the project, the key factor presented is only the government commitment and participation. However, it will take time to build up real inter-ministerial and inter-agency participatory processes (necessary for a good implementation) on such a transversal and multi-stakeholders issues (out of the regional and multi-governmental coordination issue). The project is not clear enough on the calendar.

170. In the project, the lack of time is compensated by an important use of international consulting services (see table p15 and annexes C and H), even if it is not necessarily the best way to build up national capacities. Why not implementing a “Learning by doing” method? It probably needs a longer timeframe but should provide more efficient and appropriated results. The document is not clear on this point.

171. The answers to sustainability issues (p8 and 9) could be more detailed, in particular: what are the recurrent costs to maintain a living international SDS-SEA information sharing, negotiations and conflict resolution mechanism among the participatory countries?

172. The overall feasibility of this proposed regional project could be much precise.

Favorable Opinion (see questions above)

### ***COMMENTS FROM GERMANY***

173. There might be potential for co-operations or knowledge-transfer between UNDP and GTZ when it comes to activities in the Mekong-region.

174. Main objective of the GTZ project "Sustainable Watershed Management in the Lower Mekong Basin" (which will be carried out until 2012) is to improve the planning and coordination of sustainable water resource management in the upper catchment areas of the Lower Mekong Basin. The improvement of the institutional framework conditions for sustainable management of upstream watersheds forms the central focus of the project work. The concept of watershed management is being translated into a decentralized and participative management process.

175. Advisory services focus on the introduction of integrated management approaches through institutional development and strengthening of the organizations involved. Essential areas of intervention are: Policy analysis and advice, Information and Knowledge Management and Capacity Development.

176. For further information regarding this project please contact:

Dr. Cornelis van Tuyll  
Mekong-River-Commission - GTZ  
MRC Secretariat  
P.O. Box 6101,  
Unit 18 Ban Sithane Neua,  
Sikhottabong District,  
Vientiane 01000, Lao PDR  
[tuyll@mrcmekong.org](mailto:tuyll@mrcmekong.org)

### ***COMMENTS FROM JAPAN***

177. PEMSEA, Partnerships in Environmental Management for the Sea of East Asia, which is implemented by UNDP from 2007, is a framework for regional cooperation on sustainable development, enabling the sustainable use and management of coastal and marine resources of the Seas of East Asia.

178. The objective of this project is to facilitate implementation of the Sustainable Development Strategy for the Seas of East Asia (SDS-SEA), adopted in 2003, which recognizes the current state of the deteriorated marine environment, relevant programs and instruments, as well as implementation approaches, in order to achieve the sustainable development of the Seas of Asia.

179. Japan is supporting the SDS-SEA under PEMSEA, and this project as well.

## ***COMMENTS FROM SWITZERLAND***

**General Comments** (This is a general commentary applying to both Projects C31-15 and C31-16.)

180. The objective of Project C31-15 is to assist vulnerable developing states and regions to implement sustainable, risk-based mechanisms for the management and control of ships' ballast water and sediments in order to minimize the adverse impacts of aquatic invasive species transferred by ships. The four key outcomes expected from the Project are as follows: (a) Learning, evaluation and adaptive management increased; (b) Ballast Water Management Strategies in place, with legal, policy and institutional reforms developed, implemented and sustained at national level; (c) Knowledge management tools and marine monitoring systems are effectively utilized to expand global public awareness and stakeholder support, improve understanding of ballast water impacts on marine ecology, and enhance maritime sector communications; and (d). Public-private partnerships developed to spur the development of cost-effective ballast water technology solutions.

181. The objective of Project C31-16 is to establish/strengthen the necessary capacities among the participating countries and their national and regional partners, which will transform the Partnership in Environmental Management for the Seas of East Asia from a donor-sponsored, regional enabling project into a country-owned, self-sustaining regional mechanism for the implementation of the Sustainable Development Strategy for the Seas of East Asia. There are 8 major outcomes identified for the Project:

- (a) An intergovernmental, multi-sectoral East Asian Seas Partnership Council, coordinating, evaluating and refining the implementation of the Sustainable Development Strategy for the Seas of East Asia and its 6-year partnership program, and advancing the regional partnership arrangement to a higher level;
- (b) National policy reforms, institutional arrangements and programs covering sustainable coastal and ocean development mainstreamed into social and economic development programs of participating countries;
- (c) Integrated coastal management scaled up as an on-the-ground national framework for achieving sustainable development of coastal lands and waters;
- (d) South-south and north-south twinning arrangements supporting integrated management of watersheds, estuaries and adjacent coastal seas, promoting knowledge-, resource- and experience-sharing and collaboration for the implementation of management programs in environmental hotspots of the region;
- (e) Use of the region's intellectual capital and human resources for overcoming policy, economic, scientific, technical and social challenges and constraints to integrated management and sustainable use of the marine and coastal environment and resources at the local, national and regional levels;

- (f) Public and private sector cooperation and collaboration in developing, replicating and scaling up of integrated coastal management programs and in mobilizing investments in pollution reduction facilities and services;
- (g) A Strategic Partnership functioning as a mechanism for GEF, the World Bank, UNDP and other international, regional and sub-regional partners and countries of the region to accelerate the implementation of pollution reduction programs, through demonstration, replication and scaling up of innovative policies, economic instruments, financing mechanisms, technologies and practices to achieve agreed nutrient and other pollutant reduction targets; and
- (h) Promoting, facilitating and recognizing corporate social responsibility for sustainable development of coastal and marine resources.

182. We recognize that both Projects have an impressively large framework. The outcomes envisaged are truly regional or even global, and in this regard, fit well within the overall strategic thrust of the GEF-funded International Waters activities. We have however major concerns regarding the achievability of these outcomes within the Projects.

### **Major Concerns**

183. Our major concerns relate to the sustainability, the country drivenness and the stakeholder involvement of the two Projects.

184. We feel that the country drivenness in large regional or global undertakings is critical to develop enough momentum for successful closures. The GEF leverage ratios achieved in the two Projects are rather modest with a value of 3.1 in each Project. When comparing the total in-cash co-financing to the GEF financing, the respective leverage ratios for the two Projects are 0.5 and 0.1. Given the vast envisaged outcomes, these ratios are not indicative of strong country drivenness for the two Projects.

185. In terms of sustainability, we feel that the Projects' expected outcomes have grown beyond their ability to deliver tangible results on a scale that will sufficiently generate more buy-in, counterpart and action during and after the Projects' duration.

186. We are also concerned that the Projects will not have the resources for adequate stakeholder involvement since national and local governments as well as private institutions will need to play major roles for the envisaged outcomes.



## **Conclusions and Recommendations**

187. We recognize the importance of the targeted ecosystems, their transboundary character, and the relevance of the project objectives.

188. We however feel that both Project proposals would need a re-balancing between the envisaged outcomes and the Project activities. To this end, we propose that (a) a greater degree of detail is sought in the description of the hands-on practical implementation of the Projects, in close cooperation with the stakeholders or certain stakeholders; and (b) increased in-cash co-financing commitments are received from the stakeholders or certain stakeholders, based on the refined description of the implementation activities.

189. We suggest that the GEF makes its approval of these two Project proposals subject to satisfactory additional information on these issues.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**17. Regional (El Salvador, Honduras, Nicaragua): Integrated Ecosystem Management of the Gulf of Fonseca [IADB]**

*NO COMMENTS*

**18. Regional (Albania, Montenegro) : Lake Skadar-Shkodra Integrated Ecosystem Management [World Bank]**

*NO COMMENTS*

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**19. Regional (Cambodia, China, Indonesia, Lao PDR, Malaysia, Philippines, Thailand, Vietnam): World Bank/GEF Partnership Investment Fund for Pollution Reduction in the Large Marine Ecosystems of East Asia (Tranche 1, 2nd Installment) [World Bank]**

***COMMENTS FROM THE UNITED STATES***

190. The International Waters Investment Funds are a type of umbrella project. In future, we believe the new policy on umbrella projects should apply to investment funds, including Council approval of further tranches of already approved investment funds. This would mean that the Council document seeking approval of the investment fund or the tranche of the investment fund should include PIFs on each of the subprojects to be funded under the operation.

191. This is important because it has been difficult to determine what the subprojects will invest in and the extent to which they will be truly innovative and leverage additional financing. For instance, in the past few months, the Bank two projects for CEO endorsement, one in the Philippines and the other in China (Liaoning). But rather than investment projects, they are mostly capacity building projects. Much of the capacity building appears to be needed, but it raises the question that we really don't know what we are approving when we are approving these investment funds.

192. To date, it has been difficult to determine whether and how the individual subprojects will contribute to improved health of the international water bodies concerned, which is the GEF's global environmental objective. There is no monitoring of the subprojects' impacts in terms of the health of international water bodies.

- The monitoring and evaluation frameworks call for tracking reduction of pollutants flowing at the effluent stage, but there doesn't appear to be any monitoring of what the impact is in terms of water quality in the international waters.
- One of the most powerful testaments of the effectiveness of the Black Sea/Danube projects was that there has been documented evidence (as cited in the Focal Area Analysis done for the GEF Overall Performance Study-3) that overall water quality in the Black Sea has improved. For instance, benthic hypoxia has dramatically decreased and benthic species diversity has increased.
- Would it be possible for the Bank to include (in future subprojects under this investment fund) indicators that would track the impact of the Investment Fund in terms of delivering improvements in water quality and biodiversity in the international water bodies concerned?

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**20. Regional (Albania, Algeria, Bosnia-Herzegovina, Bulgaria, Croatia, Egypt, Macedonia, Lebanon, Libya, Morocco, Serbia, Syria, Tunisia, Turkey) : World Bank-GEF Investment Fund for the Mediterranean Sea Large Marine Ecosystem Partnership, Tranche 1, 2nd Installment [World Bank]**

***COMMENTS FROM FRANCE***

193. This regional project (PAS MED) aims at reducing land-based pollution in Mediterranean Sea. Taking into account the threats on marine ecosystems in the Mediterranean Sea, this project is particularly relevant. The expected investments funded by the World Bank, following the framework worked out by the regional component, must contribute significantly to the reduction of land-based pollutions.

194. This project is related with a component (PAS BIO) aiming at the strengthening of marine protected areas in Mediterranean Sea, funded by the FGEF, the Spanish co-operation and the private funds (of which MAVA).

Favorable opinion

***COMMENTS FROM SWITZERLAND***

**General Comments** (This is a general commentary applying to both Projects C31-19 and C31-20.)

195. The objective of Project C31-19 is to leverage new, innovative and cost-effective investments in land-based pollution reduction through the removal of technical, institutional, and financial barriers. Expected outcomes of this Investment Fund would be: new innovative investment in activities that reduce land-based pollution; removal of technical, institutional and financial barriers that currently limit investment in pollution reduction; and replication of the cost-effective pollution reduction technologies and techniques demonstrated by the Fund. The Project proposal states that without the GEF support, the Fund's innovations will not be attempted with either conventional loans or budgetary resources. The Project proposal also states that the Fund will be limited to a ten-year period, after which the countries of East Asia will have developed a supportive policy and investment environment that will allow them to mobilize significant investment on their own account. The target co-financing rate for the Fund is a minimum 1:10 (GEF:IBRD/IDA/other). The Project proposal states that lower targets may be accepted on individual sub-projects on an exceptional basis if the expected benefits of the activity warrant it. The Project proposals further states that the sub-projects already under preparation indicate that a higher leveraging ratio than 1:10 will be achieved. These stated

targets seem to be in a certain contradiction with the development of the co-financing rate, going from 28.1 in the first installment (approved by the GEF Council in November 2005) down to 8.1 in the proposed second installment (submitted now for GEF Council approval).

196. The objective of the Investment Fund with foreseen GEF-financing through the Project C31-20 is to accelerate the implementation of transboundary pollution reduction and biodiversity conservation measures in priority hotspots and sensitive areas of selected countries of the Mediterranean basin that would help achieve the targets specified in the Strategic Action Plans for land-based pollution and for biodiversity protection in the Mediterranean basin. The Project proposal states that in the interest of speedy advancement of investments and to trigger demonstration and replication effects on the ground, funds will be made available to countries on a “first come first served” basis. The Project proposal further states that in the medium to long-term, the pipeline of projects will need to be managed to ensure that the strategic objectives of the Investment Fund are met fully according to a set rationale.

197. We recognize that the Investment Funds with foreseen GEF-financing by the two Projects address central issues in the large marine ecosystems concerned of the East Asia Seas and of the Mediterranean Sea. We also feel that having the World Bank manage these Investment Funds and by applying all relevant World Bank appraisal criteria to the sub-projects under the Funds will ensure having powerful implementation arrangements. We have however major concerns regarding the GEF Council’s control over the application of the GEF criteria on the sub-project level.

### **Major Concerns**

198. We are worried about the scarcity of documentation for the GEF Council to decide on the continuation of the GEF financing for the Investment Funds under the two Projects.

199. Both Project proposals seem to foresee applying an incremental cost analysis and STAP reviews on the sub-project level. These can serve as useful base documents for the GEF Council to decide on Project approval.

### **Conclusions and Recommendations**

200. We recognize the importance of the targeted ecosystems, their transboundary character, and the relevance of the project objectives. We feel, however, that both project proposals would need more documentation for the GEF Council to make a well-founded decision regarding the application of its own criteria.

201. We suggest that the GEF approves both projects, but that it requests the proponents to provide full documentation on incremental cost analysis, STAP reviews, and project monitoring on the sub-projects with committed financing by the Investment Funds so far. The project should be endorsed only, if the major concerns are addressed satisfactorily.

### ***COMMENTS FROM THE UNITED STATES***

202. The International Waters Investment Funds are a type of umbrella project. In future, we believe the new policy on umbrella projects should apply to investment funds, including Council approval of further tranches of already approved investment funds. This would mean that the Council document seeking approval of the investment fund or the tranche of the investment fund should include PIFs on each of the subprojects to be funded under the operation.

203. Our comments for the East Asia Investment Fund project with regard to impacts of subprojects on the quality of international waters also apply to this project.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**LAND DEGRADATION**

**21. Regional (Benin, Botswana, Burkina Faso, Burundi, Eritrea, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, South Africa, Sudan, Tanzania, Togo, Uganda, Gambia, Zambia) : Strategic Investment Program for SLM in Sub-Saharan Africa (SIP) (phased project) [World Bank/UNDP/ UNEP/ AfDB/ IFAD/ FAO]**

***COMMENTS FROM FRANCE***

204. The targets of this project are the main stakeholders involved in the land degradation in sub-Saharan Africa: administrative institutions, research, finance sector, producers, and private sector. Regarding the threats on ecosystem degradation in sub-Saharan Africa, the extent of the program is justified and it offers a good opportunity of success.

205. The effectiveness of the program should be ensured in:

- (a) creating links between the institutional expected actions of the SIP and the Global Mechanism of the Convention; and
- (b) drawing closer to the regional institutions (CEDEAO, SADEC, IDGAD, CILSS) which have the mandate to implement “the agriculture and environment programs” of the NEPAD and which do not seem really involved in the SIP.

206. It is necessary that the project **pay attention to an active involvement of all stakeholders**: States, donors supporting actions in land degradation in sub-Saharan Africa countries, private sector, NGO. All the stakeholders so that the synergy between them will be relevant.

207. The project will carry on a framework and support various initiatives existing in many countries of sub-Saharan Africa. It will enhance synergies between these initiatives and coordinate them.

208. In that respect, we recommend GEF and EA to focus on detailed information towards local beneficiaries, others donors, NGOs and all stake holders about the goals, objectives and components of this programmatic approach.

209. What kind of partnerships can be built between the SIP and the projects financed by bilateral donors involved in SSA but which are not included in the SIP?

210. And other detailed questions:

- (a) How are the steering committee and the M & E committee of the SIP financed?
- (b) The available amount for NGOs to implement the actions is small: M\$1 against M\$ 137 to the network RIOD. What is reserved to NGOs for their capacity building, their contribution to create the investments framework and the implementation of ground projects?

Favorable opinion (see questions above)

### ***COMMENTS FROM GERMANY***

211. Now that this program is approved it is of crucial importance that its implementation comes to successful results. First of all, in terms of meeting time goals: The ambitious objective of the program is to allocate this huge amount of funds during GEF-4 to countries. This demands the setting of benchmarks for the project proposals included in the list of the program. Secondly, in terms of well-founded and developed projects: All the project proposals have to meet GEF criteria and have to consist of realistic and meaningful concepts.

212. Therefore, as already stated during the Council Meeting, a clear time-frame as well as a good monitoring process have to be established. To that aim we consider the following elements as essential:

- (a) In the Council Meeting we agreed that countries would have to **submit their PIFs within the next three months**. So far this agreement is only included in the “Highlights of the Council’s Discussions” and only described as a proposal of “one Council Member”. This proposal made by Germany was accepted by the GEF Secretariat though and there wasn’t any Council Member raising any objections against it. So I would like to ask you to confirm this agreement in written.
- (b) The Joint Summary of the Council Meeting only speaks of the circulation of final project documents to Council Members. In line with the new rules for the GEF project cycle, the **PIFs have to be circulated to the Council Members** as well (see para. 11 of C.31/7 rev.1 which even demands to bring the PIFs under Umbrella Programs to the Council Meetings in case that they are not ready for presentation of the programmatic framework). It should be stated somewhere clearly that the Council will see the PIFs of the SIP and that Council Members have the responsibility to **approve** them.
- (c) After the expiration of the three months deadline, it would be very helpful to receive a short **summary**, on how many PIFs were submitted to the GEF-Secretariat and how much funds would be bound by the respective project proposals.



- (d) One issue that is still not resolved is the question of a **time frame for the submission of full project documents to the CEO for endorsement**. If we want to make sure that the funds allocated to the Focal Area of Land Degradation will be allocated to projects during GEF-4, it is essential that – in case that a project under the SIP does not meet the deadline – another country still has a realistic chance to develop an alternative proposal that can get funds under GEF-4. Otherwise there is a big risk that the carry-over of funds into GEF-5 will be too big, which makes it difficult for donors to justify an increased need for the GEF in parliament.
- (e) It would be very helpful to receive a **progress report** on the SIP every year to keep an overview on the strategic development. Hence, I would like to suggest to have the next progress report for the first Council Meeting in 2008.
- (f) It is not clear to me how the GEF Secretariat will deal with the request of several Council Members for an **intermediate review of the program**. As the program is a “phased project” (see Joint Summary), it makes definitely sense to combine a progress report with a decision point on the continuation of the program.

## ***COMMENTS FROM SWITZERLAND***

### **General Comments**

213. The project’s vision, or overall long-term goal, is to improve natural resource-based livelihood by preventing and reversing land degradation. Its global environmental objective is to prevent and reduce the impact of land degradation on ecosystem services in country-defined SSA ecosystems. And its development objective is to support sub-Saharan efforts to design and manage programs of activities that advance Sustainable Land Management (SLM) mainstreaming, improve governance for SLM and strengthen coalition development. Four intermediate results: (1) SLM applications on the ground are scaled up in country-defined priority agro-ecological zones; (2) effective and inclusive dialogue and advocacy on SLM strategic priorities, enabling conditions, and delivery mechanisms established and ongoing; (3) commercial and advisory services for SLM are strengthened and readily available to land users; (4) targeted knowledge generated and disseminated, monitoring and evaluation systems established and strengthened at all levels. The project is situated in the framework of United Nations Convention to Combat Desertification (UNCCD). Six agencies figure as Implementing Agencies. The project covers 26 countries of the Sub-Saharan Africa (SSA). None of the projects at country level is defined so far.

- The current project is supported by the ministries of the SSA countries involved.
- It is a very ambitious project which aims at increasing global benefits for the environment in 26 different countries.
- It will have a catalytic effect on various financing sources: development agencies and local governments will be encouraged to participate.

- It spells out the necessity for the beneficiaries to look at local, regional, national and supra-national possibilities of exchange and cooperation.
- It should improve soil fertility, combat land degradation and revert the trend of ecosystem destruction.
- It will improve local and regional know-how on fighting land degradation.
- Exchanges of knowledge between different beneficiaries will help attain this goal.
- A successful combat against land degradation will help fight poverty and improve the economical capacity of stakeholders.

## **Main Concerns**

214. **None of the individual projects (at country level) to be financed by SIP has yet been designed!** Considering that half of the overall GEF-4 resources allocated to the focal area are proposed for Council Approval through the current SIP proposal, we are concerned that none of the individual projects (at country level) to be financed by SIP has yet been designed. Without information on the individual projects, it is difficult to assess the quality of the overall program.

215. Therefore we fully support the Council Decision which requests the Secretariat to arrange for Council Members to receive draft final project documents for projects to be financed under the SIP program submitted to the CEO for endorsement, and permitting Council Members to transmit to the CEO within four weeks any concerns they may have prior to the CEO endorsing a project document for final approval by the GEF agency.

216. **Covering 26 countries, there is a high risk of dispersion of efforts.** The number of countries involved implies that only relatively small sums are available for each project at country level. What will happen if co-financing cannot be obtained? Are governments ready to step in in that case?

217. **Measurable results and impacts in terms of global environment are expected only at the level of the concrete projects at country level!** We recognize that due to the characteristics of the regional programmatic approach, the current SIP proposal does not provide indicators for results and impacts in terms of global environment. This will be the task of the concrete projects at country level.

218. On the other hand, measurable results and impacts in terms of global environment are last but not least the motivation and orientation of the GEF. Thus, until the draft final project documents for projects to be financed under the SIP program are available, this crucial issue cannot be assessed.

## Further Concerns

219. The role and position of the Strategic Investment Program does not appear clearly enough. Is it not just one more Office in the already complicated chart involved in SLD in Sub-Saharan Africa?

220. The governments involved have all taken a clear position in favor of the program. But it is a formal position and nothing new appears from their standpoint. Little has been accomplished in the recent past by the different environment ministries.

221. SIP at this stage is proposing a framework for future projects and sound rules for obtaining financing, but no tangible program is yet available, and the work is to be done by the future beneficiaries.

222. The financing system is innovative; it will create synergies with various financial donors. But will the proposed actions be materially different from what has been done so far, with mitigated success in most cases?

223. It seems the program lacks some theoretical research on desertification.

224. In the program, herding, agriculture, forestry are presented as if they were three different activities in SSA, whereas the problem should be approached in a more holistic manner, considering the ecosystem as a whole. The beneficiaries involved are competing for the same space, but with different expectations.

225. The question of soil degradation and lack of fertility is extremely weak in the project. Inorganic fertilizer would seem to be the solution, since we know that organic fertilizer is not available in sufficient quantities. Would then the added value of the expected crop cover the price of the fertilizer? That question has to be addressed as a priority if one wishes to improve crops in the SSA.

226. Like any project, monitoring and evaluation are built into the program, but no clear criteria are spelled out for these essential activities. Who is to conduct the necessary M/E?

227. The financing of multi-country projects is relatively small. In order to push trans-national projects, would it not be sound to increase that sum?

228. The climatic question is mentioned several times, but nothing concrete is said about the various possibilities. Will some regions get more rain but with a less regular distribution, will they suffer repeated droughts, or could the rains become more volatile? According to the WB Report ("Rapport mondial sur le développement humain", 2006, p164) the whole Sahelian region will be affected by global warming, less rain and more evaporation would appear to be the most likely scenario of the near future.

229. Following the Project Brief, GEF agencies will collectively leverage directly or indirectly roughly \$1B in support towards national SLM agendas. This is in deed impressive. However we expect more detailed information. Furthermore, following Annex 7 of the SIP Program Brief “Portfolio of SIP Operations” this co-financing refers basically to the agency baseline financing. Does this baseline financing really meet the GEF criteria and policy of co-financing?

### **Conclusions and Recommendations**

230. In spite of the concerns expressed above, the project is interesting, innovative in its proposed functioning and has been strongly supported by the ministries of the SSA countries involved. If the financing system works, it will enable the African countries to improve their fight against land degradation significantly and might, as planned, reverse the trend of desertification. The idea of cross-boundary action is extremely interesting and deserves to be tried out. The expectation is important and one cannot predict the results at this stage nor guarantee success. But it is certainly worth trying.

231. In conclusion, we basically support the current proposal and consider it a very important issue for Sub-Saharan Africa.

232. However, considering that (a) at this stage none of the individual projects (at country level) to be financed by SIP has yet been designed, and (b) that SIP binds half of the overall GEF-4 resources allocated to the focal area, we fully support the Council Decision requesting the Secretariat to arrange for Council Members to receive draft final project documents for projects to be financed under the program submitted to the CEO for endorsement.

### **Further Comments**

233. If the project starts in 2007 and if it is successful, by 2010 there will be a deep change in the approach to SLM questions. On the other hand, financing will have to be prolonged for a second phase especially if the various agencies and NGOs participate willingly in this first phase.

### ***COMMENTS FROM THE UNITED STATES***

234. The overall approach and framework are good, and potentially constitute an overall advance in how SLM is dealt with in the region. We support the integrated, multi-agency approach embodied in the SIP.

235. We would have preferred to have seen PIFs presented on each of the sub-projects. We request that the Secretariat notify Council members when PIFs for this project are posted so we may review them and comment on them.

**PERSISTENT ORGANIC POLLUTANTS**

**22. Regional (Sudan, Morocco, Yemen, Djibouti, Egypt, Syria, Jordan, Iran):  
Demonstration of Sustainable Alternatives to DDT and Strengthening of National Vector  
Control Capabilities in Middle East and North Africa [UNEP]**

*COMMENTS FROM FRANCE*

236. Vector borne diseases (malaria, rift valley fever, dengue) are a serious burden to the countries targeted by the project. In the past, DDT has been one of the main tools used to fight them off despite the important side effect of this product on human and animal health. The project proposes to develop an integrated vector management approach to limit (if not stop) the use of DDT.

237. The eligibility of the project under the POPs focal areas relies on the presence and use of DDT in the countries. Hence more data in that regard is needed:

- (a) What is the approximate share of DDT in the stockpiles that the project wants to eliminate; what is the global tonnage of these stockpiles; what is their origin?
- (b) Are there other POPs still used in the targeted countries and to what scale?
- (c) Who are the stakeholders involved in DDT use and how the project is going to interact with them?

Favorable opinion (see questions above)

*COMMENTS FROM GERMANY*

238. The project has the objective to reduce the reliance on DDT. One of the indicators for the first outcome, i.e., the demonstrated viability of alternatives to DDT in disease vector control, specifies that by the end of the project none of the eight participating countries will request an exemption for DDT use under the Stockholm Convention. This indicator makes only sense if it is understood that DDT use is actually stopped. Thus, the work plan should cover also activities that facilitate the elimination of the unreported and illegal use of DDT as mentioned to currently still take place in some of the participating countries. This includes facilitation of reporting to the Secretariat of the Stockholm Convention under the new format adopted at COP-3. The project should undertake activities to prevent illegal and unreported DDT use as an early

priority. The commitment of the governments participating in the project to enforce the requirements of the Stockholm Convention is key to the success of the project.

239. Although the project is labelled a regional initiative, the work plan includes almost exclusively activities on national level only. The work plan should enhance sustainability and replicability of country-level achievements through sharing best practices and lessons learned, e.g., through the regional STAC forum.

### ***COMMENTS FROM JAPAN***

240. Each participating country with their various regionality should share as much information as possible. Also, internal cooperation between the concerned Ministries is required to ensure effective management for the project.

### ***COMMENTS FROM SWITZERLAND***

#### **General Comments**

241. The project regards the development of alternatives to DDT and the strengthening of vector control capabilities (IVM = integrated vector management) in Middle East and North Africa. Thus, it addresses the development of alternatives to DDT in controlling insects causing malaria and other diseases, probably the most difficult challenge defined by the Stockholm POPs Convention.

242. The project proposal carefully discusses the health risks one would be facing if DDT were replaced by insufficiently effective alternatives, and it also maintains that the sustainability of either of these alternatives (e.g. the promotion of populations of larvivorous fish or the use of pyrethroid-impregnated malaria nets) has still to be assessed and proven. Therefore, the proposal is altogether well balanced. In addition, it is well structured with regard to the envisaged regional and international collaboration and, last but not least, involving the repackaging and elimination of significant amounts (more than 100 tons) of obsolete stocks of POPs pesticides incl. DDT.

#### **Main Concerns**

243. A point which is missing or insufficiently elaborated in the proposal regards the nature of the alternatives to DDT to be pursued, e.g., there is the possibility of water management-based approaches which may allow reducing the usage of DDT. Possible drawbacks regarding biodiversity and the ecosystems concerned should be evaluated in this context. In addition, it is obvious that the duration of the project may be too short to really assess the sustainability of the alternatives.

244. A second concern regards the strict linkage of repackaging and disposal of the pesticides concerned – particularly regarding DDT. Thus, DDT might be professionally repacked, but not

yet disposed off before having shown the sustainability of the alternatives. Such a procedure would, of course, require thorough checking of the quality and require WHO approval, and it could by no means be applied to truly obsolete pesticides.

245. However, it seems that the authors of the project proposal are generally aware of these concerns which, therefore, should be considered, but not interpreted as arguments against the project.

### **Conclusions and Recommendations**

246. Funding this project is strongly supported.

### **Further Comments**

247. It has to be underlined that the project is not competing with the World Bank's African Stockpile Program (ASP). On the contrary, the ASP is considered in the proposal, and duplication of efforts is strictly avoided.

### ***COMMENTS FROM THE UNITED STATES***

248. We have concerns about the cost-effectiveness of this project and about how countries were selected. The total project cost of \$13 million for this project where DDT is only modestly used in two, perhaps three countries, seems excessive.

- (a) The only countries from this region listed on the Stockholm DDT register are Morocco and Yemen.
- (b) The DDT Expert Group Report for COP-3 (unep/pops/cop3/24) mentioned use of DDT only in Sudan and Yemen.
- (c) According to the proposal, morocco is the only country in the region that reported in their NIP that they use DDT, and only 500 kg.
- (d) Other countries report that they might use DDT in the future, but if they do, the project estimates that combined, they would only use 300 tons/year.

249. The proposal also seems focused on integrated vector management for all diseases in the region, rather than on IVM for malaria control, which should be the focus of this project.

250. Although biological control methods (e.g. larvae-eating fish) may provide a complementary component to the integrated management system, the release of non-native species into natural ecosystems should be conducted with extreme caution and only after a thorough review of their potential effects as competitors and/or predators to native species.

251. All aspects of the life cycle including larval and juvenile life stages, should be taken into account in order to avoid ecological alterations such as local extinctions of endemic species.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**23. China: Environmentally Sustainable Management of Medical Waste in China  
[UNIDO]**

***COMMENTS FROM GERMANY***

252. The project aims at carrying out the demonstration and replication of best available techniques and best environmental practices (BAT/BEP) in the management of medical waste (MW) to continuously reduce dioxin and furan releases into the environment. Germany supports this objective and agrees with the scope of the project. However, the project lacks a clear-cut strategy for upgrading the medical waste disposal system. Some of the currently used technologies and facilities should be discontinued.

253. The project should aim at setting clear priorities and identify innovative concepts for a country-wide disposal system. One such priority should be the training of hospital staff to reduce and separate hospital waste. For example, hospital staff should use non-PVC hand gloves. Experiences in other countries show that a hospital waste reduction of at least 70 % is feasible. The remaining waste should be treated in central autoclaves, e.g., in large cities.

254. Some of the approaches proposed in the project documents are not suitable to reduce emissions of dioxins and furans. Output 4 aims at continuing the operation of locally made hospital waste incinerators. These incinerators are not suitable for environmentally sound waste destruction and emission control. The planned upgrade, especially for emission control devices of these incinerators, covers a surprisingly high investment of about 25 % of the project budget, with uncertain benefits. These facilities have been identified as sources of dioxins and furans. Presently, these facilities do not comply with minimum standards for safe disposal of MW. Retrofitting these incinerators with efficient flue gas cleaning would require substantial investment which is not foreseen in this project.

***COMMENTS FROM JAPAN***

255. There are the guidelines on BAT and provisional guidance on BEP decided in COP3 of Stockholm Convention and the general technical guideline for management of wastes contaminated with POPs decided in COP8 of Basel convention. They should be taken into account.

256. Although it is important to consider domestic factors such as medical waste increase due to the measures taken for tackling SARS, we should be careful enough to distinguish incremental costs of implementing measures that fulfill the Convention obligations.



257. According to the Article 15 of Stockholm Convention, we request that the plan for monitoring as well as reporting of the emission even after this project is completed should be developed.

## ***COMMENTS FROM SWITZERLAND***

### **General Comments**

258. The project comes at a time when China is making a significant infrastructural investment in a nationwide program, as a consequence of the outbreak of SARS (Severe Acute Respiratory Syndrome). The investment program proposes that China would construct 332 dedicated medical waste disposal facilities in cities at municipal level and above across the country to ensure the safe disposal of medical waste. In this so-called National Implementation Plan (NIP) medical waste incineration is listed as a key PCDD/PCDF release source (PCDD = Polychlorodibenzo-para-dioxins, PCDF = Polychlorodibenzoparafurans). These toxic emissions have serious adverse consequences on worker safety, public health and the environment. Dioxins, for example, have been linked to cancer, immune system disorders, diabetes, birth defects and other effects on health.

259. The overall objective of the project is to continuously minimize and, where feasible, ultimately eliminate the releases of unintentionally produced POPs (e.g. PCDD/PCDF) and other globally harmful pollutants into the environment and assist China in implementing its relevant obligations under the Stockholm Convention.

260. We recognize positively that:

- (a) The project is well prepared, defined and described in detail;
- (b) The possible problems and risks are recognized and mentioned;
- (c) An overview of aspects for project sustainability and replicability is given;
- (d) The project has a total budget of USD 44'727'140 with a rate of 74% co-financing (incl. the government of China);
- (e) The project is consistent with the Operational Program 14; and
- (f) The project activities are consistent with the Strategic Objective POP-3 (regarding formulation of techno-economic policies) and POP-4 (regarding the cluster of demonstration) of the GEF-4 Strategy.

### **Main Concerns**

261. **Alternative treatment technologies.** It is an important point to us that no purchase of further incineration equipment is foreseen in this project (BAT has to be applied to replace outdated incinerators with alternative non-combustion medical waste technologies, e.g. autoclaving or microwaving). But one has to take into consideration that incineration can be the

most preferable process to inactivate some hazardous medical waste (e.g. cytotoxics). In this case – as is written in the PES – existing incineration facilities, which are not yet outdated, have to be modified (e.g. an effective air pollution control device) and the technology must be improved and optimized so that optimal operating standards can be achieved.

**262. Increase in awareness and occupational safety and reduction of accidental infections.** The key indicators of the project are mainly focused on disposal and treatment facilities and the emissions of PCDD/PCDF. It is necessary to add the indicator “occupational health and safety”. Increased hospital staff awareness in the handling of hazardous and infectious materials will reduce occupational injuries (by accidents) and cross-infections.

### **Conclusions and Recommendations**

263. A more extensive review of international experience and best practices is needed to achieve the ambitious goals and outcomes of the project (current consultancy by local, national and international experts on medical waste management).

264. Add a new key indicator “occupational health and safety”. See also PES page 19 and Project Brief table 5 page 71:

- Objectively Verifiable Indicators: Number of occupational injuries and accidents in healthcare facilities, caused by handling and treatment of medical waste.
- Sources of Verification: Accident Report Form (incl. spillage response)
- Assumptions and Risks: Increase hospital staff awareness when accidents are reported and statistics are presented / published. Get the information about occupational safety to implement specific measures in healthcare facilities.

265. We recommend the provision of a national budget for post-project support.

266. We think that the project is very ambitious in scope but absolutely necessary to achieve a sustainable protection of the environment and human health.

### ***COMMENTS FROM THE UNITED STATES***

267. UNIDO should strengthen the results framework for this project so it conforms to the requirements of the GEF M&E Policy.

- The logical framework does not include baseline information or interim or target benchmarks. It is also missing a time-bound framework for when results will be achieved.

268. The total project budget (including non-GEF sources) of over \$44 million seems excessively high, especially considering that demonstrative results will be in only 20 medical institutions.

269. It seems that the emission reductions will be monitored and demonstrated in only three thermal combustion facilities (Outcome # 4) and only three thermal non-combustion will be procured and installed (Outcome #5), which seems insufficient.

270. It is not clear how “system management and application” will be demonstrated in the remaining 16 institutions.

271. It would be helpful to have some further information on how this proposal fits into China’s overall funding plan for the sector.

272. SEPA should assess a medical waste management option in which China's cement plants accept medical wastes as an alternate fuel. The steeply rising cost of fuel and recent industrial development policies (the 11<sup>th</sup> Five Year Plan) might lead to the increasing adoption of this option in the future.

273. SEPA should assess the potential environmental and economic impacts that would result from the combustion of medical waste in cement kilns, and explore how best to address (i.e., promote, regulate or prohibit) the practice before it becomes widely established.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**24. China: Strengthening Institutions, Regulations and Enforcement Capacities for Effective and Efficient Implementation of the National Implementation Plan (NIP) in China [UNIDO]**

***COMMENTS FROM GERMANY***

274. The work plan should specify how collaborative links to other GEF-financed projects in the POPs focal area currently implemented in China (i.e., PCB, Chlordane and Mirex, Antifouling Projects mentioned on pp. 10/11) will be used to exploit synergies. This refers particularly to capacity building.

***COMMENTS FROM JAPAN***

275. We would like to ask the agency to reflect in the project document the lessons learned from the previous several projects, such as “Building the Capacity of the People's Republic of China to Implement the Stockholm Convention on POPs and Develop a National Implementation Plan” (approved 2003, ID:1412, GEF Grant:4,406US\$m) and “PCB Management and Disposal Demonstration” (approved 2004, ID:2360, GEF Grant:18,636US\$m).

***COMMENTS FROM SWITZERLAND***

**General Comments**

276. The project addresses the implementation of the National Implementation Plan (NIP) as prepared by China in view of fulfilling its obligations under the Stockholm POPs Convention which China ratified in Nov. 2004.

277. The project is diligently designed and very well presented. It puts the POPs-issue in perspective and it addresses the key challenge China is facing in attempting to implement the Stockholm Convention, i.e. a country-wide, organized, and legally supported effort to better assess the problems, to make them known, and to solve them. The project has, besides its legislative aspects, a strong focus on development of monitoring capacities, pilot projects, hiring, and training of personnel.

278. Finally, the project is designed to address China's priority issues regarding POPs, namely POPs pesticides and particularly PCBs in electrical installations. This is, e.g., considered in the planned legislative process and in the training and awareness raising programs.

## **Main Concerns**

279. There are no fundamental concerns. The differences in the state of development of the Chinese provinces are considered and so is the country's rapid industrial development. The drive behind the envisaged legislative process is remarkable. This is more than welcome. But one has to make sure, of course, that provincial and local representatives are really getting the help they need in view of the dynamic pace.

## **Conclusions and Recommendations**

280. Funding this project is strongly supported.

## **Further Comments**

281. It is particularly appreciated that the project proposal differentiates and addresses the sustainability or practicability of the project *per se* as well as the sustainability of the envisaged measures and of the positions to be created in its context.

## ***COMMENTS FROM THE UNITED STATES***

282. We would like to see this project focus less on establishing mechanisms and systems and more on generating concrete progress on NIP implementation and reductions in POPs. For example, it appears that funds for Monitoring and Research & Development will be spent on program development rather than actual data collection and production of inventories.

283. The results framework needs to be strengthened so that it conforms to the requirements of the GEF M&E Policy.

- The logical framework does not include baseline information or interim or target benchmarks. It is also missing a time-bound framework for when results will be achieved.

284. Several of the outcomes described are overly vague, such as strengthening management systems, improving cooperation, establishing collection mechanisms, and establishing evaluation-oriented institutional capacity are difficult to measure as tangible products.

285. The document should clarify how the \$3.2 million budgeted for "Policy and Regulatory Framework and mechanisms and tools for financing" will be spent.

## **General Comment on NIPs**

286. We propose that the GEF review of the financial mechanism implementing the Stockholm Convention assess how effective enabling activities have been, i.e., to what extent have NIPs clearly identified and prioritized country needs. The lack of information in NIPs on country priorities may be affecting implementation of the Convention since it makes it difficult for the financial mechanism to consider country priorities when implementing the guidance to the financial mechanism. NIPs might improve if the performance of GEF implementing agencies supporting preparation of NIPs were measurable in this respect.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**25. India: Development of a National Implementation Plan in India as a First Step to Implement the Stockholm Convention on Persistent Organic Pollutants (POPs) [UNIDO]**

***COMMENTS FROM FRANCE***

287. The project aims at developing a NIP (National Implementation Plan) relating to POPs. We do not have specific remarks.

288. The GEF is developing a solid POP portfolio worldwide. It is clear that activities and good practices developed in the African Stockpile Program will be useful in India and vice versa. The GEF should quickly look into how sharing this concrete field based knowledge between countries.

Favorable opinion

***COMMENTS FROM GERMANY***

289. The inventory of intentionally produced POPs (activity 2.2.1, page 37) should build on efforts already ongoing. German bilateral cooperation has entered an agreement with Shell to carry out the disposal of all remaining known dieldrin stocks in India. The project may benefit from the experiences and lessons learned made in this bilateral public-private partnership project when prioritizing and costing the disposal operations for intentionally produced POPs in the NIP.

***COMMENTS FROM SWITZERLAND***

**General Comments**

290. India ratified the Stockholm POPs Convention in Jan. 2006. Consequently, it has to have its National Implementation Plan (NIP) ready in 2008. The NIP-process has been initiated, and drafts have been prepared under the umbrella of enabling activities. But the NIP has still to be finalized, and its preparation is the main focus of the present project proposal.

291. The project builds, therefore, on earlier enabling activities and pursues in particular the establishment of well founded POPs (persistent organic pollutants) inventories and of strategies and plans for POPs reduction and/or elimination. It involves capacity building enabling the preparation of these inventories. In addition, it addresses strategies to gain the goodwill and support of stakeholders, particularly industry, and to develop and demonstrate methodologies to approach priority issues.

## **Main Concerns**

292. India has a multi-faceted society and a rapidly growing chemical industry which strongly depends on export and which is becoming an important factor of the national economy. This is mentioned and considered in the project proposal. But when reading the proposal, one gets the impression that the authors are somehow considering the further development of the rapidly growing chemical industry and the ratification of the Stockholm Convention as almost antagonistic targets. This is understandable in view of the fact that India is still at an early stage of its NIP-process, but it is an aspect which, hopefully, will become less contradictory in the further course of the preparation of the final NIP. In other words: It could be helpful to explain more clearly that the Stockholm Convention isn't an "anti-chemical" convention and to foresee stronger efforts to get the support of the national chemical industry. This should be possible, we hope, in full compliance with the Stockholm Convention and without compromising this industry's further development.

## **Conclusions and Recommendations**

293. Funding this project is supported – particularly in view of the fact that the Indian Government is contributing a very substantial percentage of the total budget.

## **Further Comments**

294. It is particularly appreciated that the project proposal was revised and substantially improved in the course of the review process.

## ***COMMENTS FROM THE UNITED STATES***

295. This project is well-designed to achieve key advances for the development of the India's NIP. In addition to preparing and reviewing the actual plan, the project will also produce national inventories of POPs and provide education to heighten public awareness.

296. The budget request seems reasonable.

297. Our understanding is that DDT is the only POP pesticide still in production and use in India.

298. We suggest one addition to page 9, activity 2.1.1, third bullet:

- Undertake inventory of distribution and use, including illegal use, of DDT through customer investigations.



## **General Comment on NIPs**

299. We propose that the GEF review of the financial mechanism implementing the Stockholm Convention assess how effective enabling activities have been, i.e., to what extent have NIPs clearly identified and prioritized country needs. The lack of information in NIPs on country priorities may be affecting implementation of the Convention since it makes it difficult for the financial mechanism to consider country priorities when implementing the guidance to the financial mechanism. NIPs might improve if the performance of GEF implementing agencies supporting preparation of NIPs were measurable in this respect.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**MULTI FOCAL AREAS**

**26. Global: GEF Public-Private Partnership Fund [Lead Agency: World Bank/IFC;  
Other Agencies: UNEP, FAO, UNIDO]**

***COMMENTS FROM FRANCE***

300. This fund aims at developing the GEF links with the private sector, foundation and NGO in order to deliver global environmental benefits: for example, in the area of climate change, development of bio-fuels or clean energy finance platforms. This type of platform may develop new approaches, new products and the GEF act as a catalyst and should not replace existing technology or ideas.

301. The added value compared to others instruments is not demonstrated. Why private companies or financial institutions as “global insurance broker Marsh Ltd” or “EE Clean Energy Group” or “Emerging Asia Clean Energy Funds” (which are financing billions of \$ of programs or project)s would need a GEF grant ? They do not even need some k\$-grant from the GEF to be “environmental-proved”. One can fear some “wind fall effect”.

302. The financing amounts (50 M\$ GEF grant, 10M\$ SFI and 150 M\$ others (private sector and other donors)) are not justified even roughly at this stage.

303. We support an innovative approach with the private sector taking some risks but this must be under a clear and sound monitoring.

304. The PPP Initiative seems a good idea but it might be very difficult in practice to monitor and to implement depending of the nature of the platforms, the partners, the institutional and contractual arrangements.

305. What information will come to the Council and on what criteria will it decide? What will be the SFI position?

306. The governance of this proposed Initiative has to be much precise (which methods and tools for controlling and monitoring? Who will be nominated at the different levels of the institutional scheme (PPP board) and how?

Favorable opinion (see questions above)

## ***COMMENTS FROM GERMANY***

307. We would like to congratulate the GEF-Secretariat once again for this very innovative and courageous proposal which we support. Pending the review by the Trustee and the elaboration of all the details we have just a few further comments:

- (a) The PPP-initiative can be seen as an important contribution to improve the investment environment in participating developing countries. As such its value goes far beyond the GEF's mandate and can support similar initiatives of bilateral, multilateral and private donors.
- (b) Para. 7 (d): Helping to address market development barriers is a key as it facilitates continued own activities of private actors.
- (c) Para. 29: It is important to underline the objective that the leveraging effect should go beyond 1:1 and reach 3:1 (which is the average of the German BMZ PPP Program).
- (d) Para. 32: Funding the administrative costs by all stakeholders is a good indicator of ownership.
- (e) Para. 50: The website should not only be seen as a marketing tool, but could be further developed into a "learning forum" for others engaged in PPP programs.

308. With regard to the proposed Platforms we have the following comments:

- (a) Alternatives to DDT

In our view it is doubtful whether the proposed capital tools for prizes will a realistic instrument. The volume of GEF-4 funding available for this Platform may lie well below US\$ 5 million. Available information from the chemical and pharmaceutical industry associations suggests that research and development of a single new product would cost at least US\$ 150 million. It is thus unlikely that the limited amount of funding available through the platform can trigger investment decisions of private firms from developing countries in this area.

- (b) Coastal Water Treatment Platform

Reuse and decentralization will be essential for meeting human needs as well as ecological requirements in both developing and developed countries. Membrane bioreactors (MBRs) will be an essential part of advancing such water sustainability, because they encourage water reuse and open up opportunities for decentralized treatment.

MBRs remove dissolved organics that cause biological oxygen demand, and suspended materials in wastewater from industrial sources as well as from municipal wastewater.

One of the key benefits of a MBR is that it effectively overcomes the limitations of conventional technologies. The cost of building and operating a MBR is usually higher than conventional wastewater treatment, however, as the technology has become increasingly popular and has gained wider acceptance throughout the industry, the life-cycle costs are decreasing. Especially for developed urban areas MBR facilities can be considered a desirable option.

Improving the availability and affordability of a sustainable wastewater treatment technology will have positive impacts in the international waters, biodiversity and climate change focal areas. The potential exists to use these membrane systems as simple treatment systems for poor communities, either in series with primary treatment or alone, therefore Germany highly appreciates the technology as well as the idea of a prize to support the research on adequate adaptation.

### ***COMMENTS FROM JAPAN***

309. We would like to know on which existing frameworks the tool “Capital for Prizes” is based and how their experiences or findings are utilized in the proposal.

### ***COMMENTS FROM SWITZERLAND***

#### **General Comments**

310. The proposed project aims at supporting a public / private sector strategic investment program in competitive environmental technological and financial solutions, and the scaling-up of the use of pilot instruments. Sectoral platforms related to GEF focal areas and priorities would be developed and implemented. World Bank and IFC figure as leading executing agencies; UNEP, World Bank, World Bank / IFC, FAO and UNIDO as other project executing agencies.

311. Overall the current GEF project seems to follow the current trends of public-private partnerships, however it shows neither its own competences and position on the subject, nor does it identify existing initiatives and possible fields of cooperation with them.

312. Although Switzerland fully supports the overall objective, it feels that the project is not sufficiently prepared and has identified several concerns; the most important ones are outlined as follows.

## Main Concerns

### 313. **Inconsistencies and the need for further clarification of the fields of intervention.**

From our perspective, the fields of intervention are not sufficiently clarified, or are not given in a consistent way. In the introduction 4 possible platforms are mentioned, immediately afterwards a table is given specifying 5 platforms, while further on in the main text it is the question of only 3 platforms. With such inconsistencies, the project seems not sufficiently prepared and does not reflect the efforts made so far by GEF in the field of the PPPs.

314. **Alternatives to DDT to control malaria.** Although we recognize that DDT is subscribed to the POP strategic priority 3. the question on the institutional embedding of the alternatives to DDT to control malaria platform must be raised: which is the most appropriate organization or mechanism for that platform? Considering that in this case the malaria is the driving force for the use of DDT, we feel that such a platform should be situated directly below the WHO, or eventually the FAO.

315. **Clean Energy Finance Platform.** First of all, this platform seems well justified. However several questions must be raised:

- (a) Should this platform not be situated directly with the IFC?
- (b) What will be the relation with the CDM, respectively with the post-Kyoto agreements?
- (c) The creation of several funds is mentioned. Do these funds not imply a partial substitution of or competition with conventional development cooperation?

316. **"Capital for Prizes".** This approach is too much oriented towards research in high tech solutions (desalination with membrane bioreactor technology, alternatives to DDT, second generation of liquid bio-fuels). From our point of view, the research in high tech solutions is not primarily the task of GEF and should be promoted with other instruments and through other mechanisms than GEF.

317. Furthermore, through international bidding, the GEF would select a few technologies and participate in the promotion of each of them with a substantial part of its overall funding to the project. Thus, despite a considerable GEF financing of 50 million USD to the project, its contribution would be very limited to assure the breakthrough of several new technologies.

318. One of the key questions is: which are the "right" technologies for GEF support? The modalities of evaluation and decision must be clarified. How will the GEF – PPP team be conformed, respectively who is the "trustee"?

319. And most probably, it will not only be a question of the best technologies, but also of the framework and the basic conditions. The latter can be decisive for project success, and therefore must be carefully evaluated together with the technology.

320. **Payment for Ecosystem Services (PES).** The project focuses on coastal ecosystem PES with the tourism industry, and aims at using PES arrangements with the local tourism industry for improving water quality.

321. Worldwide experience with PES clearly shows that such arrangements only function satisfactorily if there is a close link between those who are responsible for the problem and have to take care (in this case the polluters) and those who pay for the service (beneficiaries).

322. The approach of the current project seems overly ambitious and not very realistic to improve water quality of coastal ecosystems using PES arrangements, if it is not closely embedded in local programs to reduce pollution.

323. Last but not least, the approach is also not consistent with GEF's own experience with PES, which shows that PES initiatives have to be developed from the perspective of the local peculiarities, and that the replication of successful experience to other territories is limited and requires an adaptation to the local conditions. Therefore, it is particularly doubtful whether a global project approach (and "top-down" design) is the appropriate way to promote PES arrangements and to achieve their sustainability.

324. **Lack of any information on project cost and the need to clarify the budget allocations to the different platforms.** The project document does not provide even the most minimum information on cost. Thus, the GEF requirements are not satisfied in this respect.

325. The allocations of the project budget to the 3, respectively 4 or even 5 thematic platforms must be clarified. Without clarification, the appraisal of the project proposal is not complete.

326. **Doubts regarding the co-financing.** On the one hand the project proponents indicate a co-financing of 160 million USD and specify that the initial co-financing from the private sector and other donors is at least 50 million USD.

327. However, the information on co-financing is very poor. It is not at all clear what will be contributed through the private sector. As long as this is not clarified, we doubt whether the project really merits the title public-private partnership, or whether most of co-financing would simply be contributed by bilateral cooperation, IFC, etcetera; thus, "*de facto*" the project would simply be a public – public partnership.

## **Conclusions and Recommendations**

328. The current project proposal is not soundly defined, and the basic information is partially inconsistent or incomplete. We feel that a major revision is necessary. The project should only be endorsed if the major concerns are addressed satisfactorily in the Project Appraisal Document. We also request GEF to explicitly inform Council Members about the definitive commitments on co-financing.

## **COMMENTS FROM THE UNITED STATES**

329. Given the important policy concerns that his project raises (governance issues, establishment of a separate trust fund, policies for non-grant financial instruments), we believe it would be appropriate for the CEO to circulate the final project document to Council prior to endorsement. We would appreciate confirmation that this is the intention.

330. As noted during our Council interventions, we have concerns with regard to governance of this initiative. This relates both to the structure and membership of the PPP board and the complicated, two-layer structure for approving “platform” funding and projects.

331. The final project document for endorsement should include an administrative budget for this project, including clarification of the level of IA and EA fees for individual projects.

**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**27. Global: Small Grants Programme, 4th Operational Phase [UNDP]**

*NO COMMENTS*

**28. Regional (Albania, Bosnia-Herzegovina, Croatia, Egypt, Lebanon, Libya, Morocco, Serbia, Syria, Tunisia, Turkey, Algeria): Strategic Partnership for the Mediterranean Large Marine Ecosystem--Regional Component: Implementation of Agreed Actions for the Protection of the Environmental Resources of the Mediterranean Sea and Its Coastal Areas [UNEP/UNIDO]**

*COMMENTS FROM FRANCE*

332. Taking into account the threats on the marine ecosystems of the Mediterranean Sea, this project aiming at reduction of land-based pollution is particularly relevant. The expected investments funded by the World Bank, following the framework of the regional component funded by the GEF must enhance synergies between the actions the coastal states implement and thus it must contribute significantly to the reduction of land-based pollution.

333. This project is related with a regional component (PAS BIO) aiming at strengthen marine protected areas in Mediterranean Sea, funded by the FGEF, the Spanish co-operation and private funds.

Favorable opinion



**WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF C.31/8)**

**29. Regional (Argentina, Bolivia, Brazil, Paraguay, Uruguay): Sustainable Management of the Water Resources of the La Plata Basin with Respect to the Effects of Climate Variability and Change [UNEP]**

***COMMENTS FROM FRANCE***

334. The objectives of the project link the transboundary basin management of Rio de La Plata with the risks related to climate changes. This approach is innovative and relevant. The results expected for the project should be used by others basins organization facing the same kind of constraints vis-a-vis the climate changes.

Favorable opinion

***COMMENTS FROM SWITZERLAND***

**General Comments**

335. The objective of the Project is to develop a Framework Program for the La Plata Basin as an integrated water resources management program in relation to climate change. The Project has three components: (i) strengthening basin-wide cooperation capacity for integrated hydro-climate management (total financing: USD 7.1 million); (ii) formulating the Strategic Action Program (total financing: USD 36.7 million); and (iii) adapting to the effects of climate change and variability on environmentally sustainable development (total financing: USD 17.5 million).

336. The Project responds to the GEF Focal Area Strategy for International Waters, and in particular to the eligibility criteria established in the Integrated Land and Water Multiple Focal Area Program. Specifically, it is in line with GEF 4 Strategic Program 3 (Conflicting uses).

337. We recognize that the project document is well structured and comprehensive. We warmly welcome the solid political will for the Project by the participating countries, institutionalized in the CIC (the Intergovernmental Coordinating Committee for the La Plata Basin countries) since 1967 and formalized with the La Plata Basin Treaty since 1969.

338. We share the STAP Roster Reviewer's assessment that the Project Document gives a sound view of the situation, a good understanding of the benefits and risks, and is sensitive to the national and sub-basin heterogeneity that is inevitable in such a large undertaking. We feel that the main challenge in this Project will be to introduce newest technologies to promote and coordinate basin-wide water resources management, while at the same time not frustrating the diverse on-going sectoral and/or sub-basin initiatives.

## **Major Concerns**

339. There are no major concerns.

## **Conclusions and Recommendations**

340. We recognize the importance of the targeted ecosystems, their transboundary character, the relevance of the project objectives, the adequacy of the proposed approach, and the efforts made in the preparation of the project proposal, and recommend its approval by the GEF.

341. Specific suggestions for the Project are given below.

## **Further Comments**

342. The Project document rightly highlights the risk that the provincial or state governments which are supposed to implement the Strategic Action Program may not be ready to do so. We feel that this risk may be reduced by actively involving these sub-state / sub-federal authorities in the development of the Strategic Action Program whenever major economic interests of theirs (e.g. in agriculture, forestry, water power generation) are concerned.

343. Legal harmonization is useful, but is a very ambitious objective among sovereign states. Experience in other transnational basins showed that the integrated management can be strongly promoted by identifying and highlighting specific “flagship” goals and seeking legal harmonization only for these “flagship” goals first. Such “flagship” goals could for instance specify basin-wide minimum flows to allow migration/reproduction of certain important fish species or define basin-wide bans on certain human activities / use of certain chemical substances with central negative impacts on water quality.

344. Creating an Integrated Hydrometeorological-climatic Forecasting System at the Basin level to generate meteorological, hydrological and climatic forecasts and scenarios can be a powerful element of the Project to promote basin-wide coordination. Still, modeling at this scale depends on many parameters and risks remaining too hypothetical for certain forecasting purposes e.g. in a flood alert system. We feel that integration of observation means from a multitude of institutions would be a pragmatic and helpful approach to overcome this.