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### PROPOSED WORK PROGRAM

#### A. *Biodiversity*

1. Bhutan: Integrated Management of Jigme Dorji National Park (UNDP) \$1.5 million
2. Jordan: Final Consolidation and Conservation of Azraq Wetlands and Dana Wildlands by RSCN to address new pressures (UNDP) \$3.3 million
3. Nicaragua: Atlantic Biodiversity Corridor (World Bank) \$7.1 million
4. \* Madagascar: Environment Program Support Project (World Bank/UNDP) \$20.8 million
5. Yemen: Conservation and Sustainable Use of Biodiversity of Socotra Archipelago (UNDP) \$4.94 million

#### B. *Climate Change*

6. \* Bulgaria: Energy Efficiency Strategy to Mitigate GHG (UNDP) \$2.575 million
7. Ghana: Renewable Energy-based Electricity for Rural Social and Economic Development (UNDP) \$2.47 million
8. Global:<sup>1</sup> Photovoltaic Market Transformation Initiative (World Bank/IFC) \$30 million
9. Russia: Capacity Building to Reduce Key Barriers to Energy Efficiency in Russian Residential Buildings and Heat Supply (UNDP) \$2.98 million
10. Syria: Supply-Side Efficiency and Energy Conservation and Planning (UNDP) \$4.070 million

<sup>1</sup> India, Kenya and Morocco

C. *International Waters*

11. \*Bolivia/  
Argentina: Strategic Action Program for the Binational Basin of the Bermejo River (UNEP) \$2.99 million
12. Regional:<sup>2</sup> Developing the Danube River Basin Pollution Reduction Program (UNDP) \$3.9 million
13. \*Regional:<sup>3</sup> Developing the Implementation of the Black Sea Strategic Action Plan (UNDP) \$1.79 million

D. *Ozone*

14. Ukraine: Ozone Depleting Substance Phase Out Project (World Bank) \$23 million

E. *Multi-Focal*

15. Global: Small and Medium Scale Enterprise Program Replenishment (World Bank/IFC) \$15.5
16. Regional:<sup>4</sup> Central American Fund for Environment and Development: Account for the Global Environment (UNDP) \$15 million

\* Project proposals were circulated in July, 1996 for Council approval by mail. However, the work program was not approved and consequently the proposals are included in the October work program for Council approval. The text of the project proposals have not been reproduced in this document.

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<sup>2</sup> Bulgaria, Croatia, Czech Republic, Hungary, Moldova, Romania, Slovakia, Slovenia, Ukraine

<sup>3</sup> Bulgaria, Georgia, Romania, Russian Federation, Turkey, Ukraine

<sup>4</sup> Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama

## SECRETARIAT COVER NOTE ON THE PROPOSED WORK PROGRAM

### Introduction

1. At its February 1995 meeting, the Council requested the Secretariat to prepare a cover note to accompany each proposed work program presented for Council's approval, highlighting the policy issues associated with the proposed work program.

### Composition of Proposed Work Program

2. The Chief Executive Officer (CEO)/Chairman, after reviewing the conclusions and recommendations of the GEF Operations Committee (GEFOP), is recommending to the Council, for its consideration and approval, the work program presented in this document. It contains 16 projects representing about \$ 142 million in GEF financing. This includes 4 projects with GEF financing of \$ 28 million circulated to Council members in July 1996 for review and approval by mail. The July work program was not approved, since replies were not received from two-thirds of the Members. In accordance with the Council's rules of procedures, the projects have been included as part of this work program for review by the Council. The composition of the proposed work program is as follows:

- (a) Biodiversity: \$ 37.64 million (5 projects)
- (b) Climate Change: \$ 42.095 million (5 projects)
- (c) International Waters: \$ 8.68 million (3 projects)
- (d) Ozone: \$ 23 million (1 project)
- (e) Multi-focal: \$ 30.5 million (2 projects)

3. Annex A provides summary information on the proposed work program and requested level of financing. Annex B sets forth a cumulative account of GEF financing requested in the work programs presented to Council to date. Annex C sets out the status as of August 1996 of the enabling activities approved by the CEO under the expedited approval procedures approved by Council at the April 1996 meeting.

### Programming of Resources

4. The Implementing Agencies developed and presented to GEFOP for review nineteen project proposals for inclusion in the proposed work program. Of these, sixteen were recommended for further development because they were high quality and judged consistent with the Operational Strategy.

5. If the Council approves this proposed work program, the GEF will have allocated approximately \$623 million since the restructuring and replenishment of the GEF in March 1994. Current disbursement to all GEF projects (i.e. including pilot phase) is about \$ 337

million. Under the Project Preparation and Development Facility (PDF) approximately \$14 million has been approved to date for project preparation, and this is expected to produce a pipeline of projects in the range of \$ 400 to \$ 450 million.

### **Operational Issues**

6. The issues discussed below are organized according to GEF focal areas.

### **Ozone**

7. The inclusion of the ozone project proposal for Ukraine is based on the requirement that the Government will submit its Instrument of Ratification for the London Amendment to the Montreal Protocol prior to CEO's endorsement. Conditions requiring reconsideration of technology choices in line with the GEF Operational Strategy apply to all ozone projects and will also need to be addressed prior to the CEO's endorsement.

### **Climate Change**

8. The current set of proposals are designed to address the objectives of the Operational Programs. The climate change projects proposed in Bulgaria, Syria, and Russia are consistent with operational program (#5) on removing barriers to energy efficiency. The Photovoltaic Market Transformation Initiative project (umbrella type) and the Ghana project address the objectives of the operational program (#6) in reducing barriers to the introduction of renewable energy technologies. Projects addressing energy efficiency are generally in middle income countries, partly due to the large potential for energy savings in these countries.

### **International Waters**

9.. The Bermejo River basin project is the first international waters project primarily addressing land degradation issues as they relate to international waters. It represents the first GEF-funded Strategic Action Program (SAP) project . The Black Sea project represents a twelve month bridging or transition project, which will allow the full development of the Black Sea Strategic Action Plan. The Danube River project will complete the transboundary diagnostic analysis to formulate a framework to implement identified priority actions. About 70 % of the nutrients discharged to the Black Sea originates from the Danube. The project will assist in developing pollution reduction targets and goals of the Danube countries.

### **Biodiversity**

10. The projects are consistent with the Operational Strategy and the proposed operational programs. The Madagascar biodiversity project is a joint submission by the Bank and UNDP, with each agency acting as implementing agency for specific components of the project. Financial sustainability and sourcing of recurrent cost is adequately addressed in the Bhutan proposal through proceeds from the Bhutan Trust Fund and government budget allocation.

## **Multi-focal**

11. The Central American Fund for Environment and Development: Account for the Global Environment is an innovative project, aiming to shift project decision making closer to the stakeholders in recipient countries. The project is designed in a phased manner, of which the second phase (\$ 10 million) will be available on a 1:1 matching basis with other bilateral and multilateral financing. The Small and Medium Scale Enterprise Program seeks a funding replenishment to extend and expand the program. Prior to final approval, the CEO will ensure: (i) IFC has consulted with the Secretariat to develop operational criteria for sub-project selection; and (ii) any funds provided on a non-grant basis and recovered from sub-projects shall revert to the GEF.

## **Enabling Activities**

12. In the April 1996 meeting, the GEF Council approved an allocation of \$ 30 million for enabling activities in the biodiversity and climate change focal areas, and also approved expedited procedures for projects under this category. Under these procedures, the CEO has been authorized to approve project proposals of up to \$350,000 which conform to the Operational Criteria for Enabling Activities. The internal procedures for the consideration and approval of EA proposals under the CEO's direction have been further simplified, streamlined and speeded up after a series of consultations with all the agencies concerned. Seven projects have been approved in the climate change area and 26 projects in the biodiversity focal area for a total of \$6.9 million. Though expedited procedures have been used for all these projects, some were included in the earlier work programs and will not draw upon the \$30 million allocation approved in April 1996. Annex C presents the list of cumulative approval under the expedited procedures and earlier work programs.

## **Implementation of Council Policies and Decisions**

13. The discussions below are organized according to the policies and decisions of the Council with regard to incremental costs and public involvement.

## **Application of Incremental Costs**

14. In the projects included in the work program for the climate change and multi-focal areas, there is limited scope for incremental cost analysis: for example, all barrier-removal proposals in the climate change area state that incremental costs of activities per se are negative and funds are requested to address barrier removal. In umbrella type of projects, (Central American Fund, Small & Medium Scale Enterprise Program) the incremental costs cannot be estimated until sub-projects are identified.

15. One of the underlying premises of incremental cost financing is the need to ensure that GEF resources are additional to those provided under regular development aid. A modest improvement is seen in the linkage of the regular programs of the Implementing

Agencies with GEF funded proposals: about 50 % of projects proposed in the Work Program are free-standing in contrast to 68 % in the April, 1996 Work Program.

### **Public Involvement**

16. The requirements for information dissemination and consultation during preparation of project proposals have been achieved at varying levels. For example, in the climate change and ozone proposal in the Ukraine, consultations were conducted with a relatively smaller group of stakeholders. In contrast, the international waters project in the Danube river basin made use of multi-layered consultations involving national government agencies, sub-national bodies and NGOs, that were contracted to engage in local consultations with affected communities.

17. Village consultations involving government agencies and NGOs were conducted in several biodiversity projects. Such consultations will be followed by more extensive outreach that engages a broad number of stakeholder groups. For example, participatory rural appraisals and village meetings will be funded within the proposed budgets of Yemen, Jordan, Bhutan and Nicaragua projects.

18. The two multi-focal projects have conducted consultations with key stakeholder groups. Additional measures to ensure widespread dissemination and transparency include development of criteria for identification and selection, as well as review and approval of, sub-project proposals.

## GEF 1: Composition of Work Program

<u>Focal Area</u> <u>Country/Region</u>	<u>Proposed GEF Financing</u> <u>(\$ Million)</u>	<u>Implementing Agency</u>
<b>A. BIODIVERSITY</b>		
1. Bhutan	1.54	UNDP
2. Jordan	3.30	UNDP
3. Madagascar	20.80	WORLD BANK/UNDP
4. Nicaragua	7.10	WORLD BANK
5. Yemen	4.94	UNDP
<b>SUB-TOTAL</b>	<b>37.68</b>	
<b>B. CLIMATE CHANGE</b>		
6. Bulgaria	2.58	UNDP
7. Ghana	2.47	UNDP
8. Global	30.00	WORLD BANK
9. Russia	2.98	UNDP
10. Syria	4.07	UNDP
<b>SUB-TOTAL</b>	<b>42.10</b>	
<b>C. INTERNATIONAL WATERS</b>		
11. Argentina/Bolivia	2.99	UNEP
12. Black Sea - Regional	1.79	UNDP
13. Danube River - Regional	3.90	UNDP
<b>SUB-TOTAL</b>	<b>8.68</b>	
<b>D. OZONE</b>		
14. Ukraine	23.00	WORLD BANK
<b>SUB-TOTAL</b>	<b>23.00</b>	
<b>E. MULTI-FOCAL</b>		
15. Global	15.50	WORLD BANK/IFC
16. Regional	15.00	UNDP
<b>SUB-TOTAL</b>	<b>30.50</b>	
<b>GRAND TOTAL</b>	<b>141.96</b>	

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4



GEF 1: Cumulative Work Program by Focal Area  
 GEF Financing  
 (\$ million)

<u>Focal Area</u>	Approved February 1995	Approved May 1995	Approved Oct. 1995	Approved <sup>1</sup> April 1996	Proposed Oct. 1996	Total
1. Biodiversity	21.468	43.700	17.283	4.844	37.680	124.975
2. Climate Change	9.292	22.051	39.541	142.490	42.095	255.469
3. Int'l Waters	-	-	2.700	35.000	8.680	46.380
4. Ozone Depletion	-	37.100	-	48.610	23.000	108.710
5. Multi-Focal	-	1.940	24.000	30.560	30.500	87.000
<b>GRAND TOTAL</b>	30.760	104.791	83.524	261.504	141.955	622.534

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Includes \$30 million allocated for enabling activities in the biodiversity and climate change area.



## Enabling Activities - Under Expedited Procedures

	Country	Implementing Agency	Amount (US \$ thousands)
<b><u>BIODIVERSITY</u></b>			
1	Albania	World Bank	96,000
2	Argentina	UNDP	348,890
3	Bahamas	UNEP	150,000
4	Bhutan	UNDP	116,546
5	Cameroon	UNEP	300,000
6	Chad	UNDP	218,160
7	Costa Rica	UNDP	195,700
8	Egypt	UNEP	288,000
9	Eq Guinea	UNDP	300,000
10	Gambia	UNEP	243,000
11	Georgia	World Bank	120,000
12	Lesotho	UNDP	114,480
13	Lithuania	World Bank	70,000
14	Malawi	UNEP	289,000
15	Mozambique	UNEP	210,000
16	Poland	UNEP	205,000
17	Panama	UNEP	215,000
18	Rwanda	UNDP	170,640
19	Seychelles	UNEP	186,000
20	Slovak Rep	World Bank	77,000
21	Solomon Is	UNEP	123,000
22	Tunisia	World Bank	89,000
23	Ukraine	World Bank	112,000
24	Uruguay	UNDP	121,300
25	Uzbekistan	UNDP	183,000
26	Yemen	UNDP	290,000
27	Zaire	UNDP	331,560
<b>Total Biodiversity</b>			<b>5,051,276</b>
<b><u>CLIMATE CHANGE</u></b>			
1	Albania	World Bank	278,000
2	Bhutan	UNDP	296,000
3	Chile	UNDP	350,000
4	Lao PDR	UNDP	313,000
5	Lebanon	UNDP	292,600
6	Seychelles	UNDP	250,290
7	Uganda	UNDP	83,340
<b>Total Climate Change</b>			<b>1,863,230</b>
<b>Total allocated to-date</b>			<b>6,914,506</b>
<b>Balance</b>			<b>23,085,494</b>
<b>Total</b>			<b>30,000,000</b>

Annex C  
(Contd.)

Enabling Activities - approved by Council in previous work programs include:

No.	Focal Area	Country(ies)	Total \$
2	Biodiversity	Djibouti Kazakhstan	677,000
24	Climate Change	Antigua Argentina Armenia Bahamas Barbados Barbuda Belize Bhutan Bolivia Botswana Brazil Chad China Cook Island Costa Rica Cuba Dominica Ecuador Egypt Fiji Grenada Guyana Jamaica Jordan Kiribati Lao	Lebanon Malaysia Maldives Marshall Islands Mexico Micronesia (Fed. State) Nauru Nevis Nigeria Papua New Guinea Paraguay Peru Samoa Senegal Solomon Islands St. Kitts St. Lucia Sudan Tobago Trinidad Tunisia Tuvalu Uruguay Uzbekistan Vanuatu Zaire
			22,307,000
<b>Grand Total</b>			<b>22,984,000</b>