

**JULY 1998 INTERSESSIONAL
WORK PROGRAM**

**COMPILATION OF COUNCIL
COMMENTS**

A. Biodiversity

1) GEORGIA: Integrated Coastal Management Project (WB) \$1.30 m

Comments from Mr. Philippe Roch, Council Member from Switzerland (7/21/98)

The project appears fully consistent with GEF operational criteria. Its objectives are highly relevant and the design, as based on the information provided, appears generally sound. The level of co-financing and the diversity of sources are most encouraging, as is the explicit commitment to the project by the President of the Republic of Georgia.

However, we would like to share some of the concerns raised by the STAP reviewer about the soundness of project components not funded by GEF, particularly those dealing with institutional strengthening and capacity building. Based on the information provided one can only hope that the many projects that are mentioned will indeed be coherent and mutually reinforcing.

Why was the STAP person entrusted with the technical review not provided with all the necessary documents (he received an incomplete PAD without annexes)? Since Council members have agreed to provide their comments on the basis of summary information provided in the form of Project Briefs they rely to a considerable degree on thorough STAP assessments that take into account the complete available project documentation.

It would also be desirable to indicate whether or not the Project Brief submitted to Council members includes changes based on the STAP review and to include a brief summary of the changes made, as requested by the Council in its meeting in New Delhi (see § 24 of the April 15, 1998 Joint Summary of the Chairs). The same paragraph includes the request that IA and Executing Agency Administrative Costs be clearly indicated in the documentation provided to Council members. In this Project Brief, as in most others, there is no indication of what these costs might be.

Comments from Mr. Toshiyuki Furui, Council Member from Japan (7/21/98)

There is lack of information on the linkages between the integrated coastal zone management (ICZM) activities and the GEF-financed project (establishing the Kolkheti National Park and Kobuleti Nature Reserves). We require additional information.

Comments from Mr. David Johansson, Council Member from Finland (7/21/98)

We note that GEF's participation in this project brings about essential incremental benefits. We appreciate the synergy between the biological diversity and international waters focal areas that seems to be the case in this proposal. It is particularly important that it focuses on the concept of integrated coastal zone management, as this is a *sine qua non* for sustainable livelihood for a great number of people living in coastal areas.

Comments from Mr. Hans Schipulle, Council Member from Germany (7/21/98)

There are still some critical points which should be considered in the course of the project development.

The proposal describes the design of a larger project which has a component “Establishment of the Kolkheti National Park and Kobuleti Nature Reserve”. GEF is requested to fund 50% of this component. The proposal paper lacks a clear structure, which would have allowed an easy differentiation of the components which are GEF-funded from those which are not. The information on the GEF component is often not specific enough. For some statements, it does not even become clear whether they refer to the GEF component or the larger overall project. As all this may negatively influence later monitoring and evaluation of the project, I propose to detail and to clarify the GEF components.

With regard to the environmental problems which the project will combat, the problem analysis is not sufficient and should therefore be specific.

As the overall project consists of a GEF grant, a World Bank loan and a contribution by the Dutch Government, and as these components are largely dependent from each other, it should be taken as a risk whether these funds will be released more or less simultaneously. A delay, for example, in the release of the World Bank loan would postpone ICZM Institutional Capacity Building. However, this is assumed to be a pre-requisite for the successful implementation of the GEF component.

The statements on nature-based tourism seem to be somewhat superficial. The potential for nature-based tourism is not only determined by scenic landscapes and a rich cultural and biological diversity. However, factors like the political and economic situation, government commitments, the availability of human resources and infrastructure are equally important. The development of nature-tourism should be regarded as a means for the generation of income for the local population and for financing conservation measures.

There are also questions concerning the participation of the local population, (e.g., incentives for participation or disincentives against illegal logging, wetland destruction, etc.) The role of local stakeholders including local users of biodiversity, and the way how the project intends to work with them, should be specified.

2) GLOBAL: Biodiversity Planning Support Programme (UNDP/UNEP) \$3.43 m

Comments from Mr. Philippe Roch, Council Member from Switzerland (7.21.98)

It is certain that a considerable number of countries have difficulties in effectively implementing the multi-sectoral planning approach for biodiversity conservation. Existing methodological guidelines explain well what needs to be done, but are short on advise on how to go about it. The project's main objective of strengthening the capacities of Parties to prepare and implement National Biodiversity Strategies and Action Plans is relevant and in line with GEF operational principles and programs. In all, there is a strong rationale for targeted GEF assistance in the form of renewed capacity building activities aimed at bringing this COP/CBD-driven process to a successful conclusion.

Switzerland has previously expressed its support for this project and will join others in their co-financing efforts. Our final decision will depend in part on the degree to which the following concerns are addressed:

- A compilation of the results of the PDF-funded workshops would provide a basis for comparing the problems identified by participants with the solutions proposed in the project;
- Conducting a total of 24 global and regional workshops within 24 months seems overly ambitious. Experiences and lessons learned from the project CC TRAIN are relevant and should be carefully taken into consideration. Besides other technical and institutional problems, the UNDP Project Performance Evaluation of CC:TRAIN cites delays in the development of training packages and difficulties in identifying and contracting of regional experts as reasons for major delays in project implementation. Furthermore, the observed lack of commitment by some recipient governments to support their national level efforts should also be a source of concern. Since the Project Brief states clearly that the time frame for the project cannot be extended it seems mandatory to make sure that the planned activities can be carried out and that they will be of high quality;
- The administrative expenses of IAs and Executing Agencies should be clearly presented as such;
- It should be specified to what degree, if any, the GEF is expected to bear the cost of the two new full time positions at UNDP and UNEP. An explanation should be provided as to how this can be accommodated under existing rules on GEF-funding for new positions at IAs. Implementation details, institutional arrangements, a detailed budget and a plausible timeline should be provided;
- The proposed project intends to strengthen the capacities of developing country Parties to the CBD. It will work through regional and sub-regional institutions that are unidentified as of yet. Do the current project strategy and coordination structure really allow for the kind of

country-specific and problem-oriented approach that seems necessary to reach the stated objectives?

- It may be appropriate to explain why this particular approach is considered preferable in comparison with other approaches, such as the seemingly more demand-oriented approach of the UNDP-UNEP National Communications Support Programme'.

We look forward to receiving the complete documentation for this Project.

Comments from Mr. Charles Parker, Council Alternate Member, Canada (7/21/98)

Canada strongly supports the strategic planning provisions in the Convention on Biological Diversity. We continue to emphasize the importance of strategic planning for biodiversity and the development of National Strategies and Action Plans so as to avoid allocating resources for projects of questionable priority. It would be interesting to have a better idea of the specific countries that would be targeted by this program, since it may be possible to affect some synergies with the development of national nodes for the Clearing House Mechanism.

Comments from Mr. David Johansson, Council Member from Finland (7/21/98)

While we see the need for planning models, guidelines and case studies to serve decision makers at various levels, there is also the risk that this type of a project leads to kind of a "global-top-down-mainstream-model" for national or global problems that has difficulties in delivering results. Therefore it would seem necessary to elaborate tools that are efficient at those different levels of decision making.

We would also be interested to see more clearly that this kind of global support projects are cost effective as GEF projects and lead to results that are in demand. In this connection we would like to refer to the discussion in the Council Meeting in New Delhi, where the relatively higher costs of regional and global projects compared with national projects was taken up.

B. Climate Change

3) KENYA: Removal of Barriers to Energy Conservation and Energy Efficiency in Small and Medium Scale Enterprises (UNDP) \$ 3.19 m

This project requires further consultation.

4) MULTI-COUNTRY: Efficient Lighting Initiative (WB/IFC) \$15.23 m

Comments from Mr. Philippe Roch, Council Member from Switzerland (7.21.98)

The objectives of the proposed project are in line with existing GEF operational programs and policies. The project aims at removing barriers to the dissemination of energy-efficient lighting products. The objectives are clear and sound and build on the success of earlier similar projects in other countries.

We would like to raise some questions to be taken into consideration:

It is not clearly stated how the consumer market and the commercial industrial market are treated respectively. In the domestic sector, the replacement of incandescent lighting is usually a one to one process (e.g. one bulb is replaced by one CFL of equivalent lighting quality). In this case, the product approach is fine. Meanwhile, in the commercial and industrial sectors, lighting efficiency does not only depend upon efficient components, but also on the quality of the general lighting system i.e. on its design and concept. National standards vary to a large extent and the complete redesign of lighting strategies is likely to be as important as the use of efficient products. A pure product approach will not meet the true need.

At the strategy level, one could also wonder if maximal impact is reached by merely advertising specific lighting products. Possible synergies with other existing energy efficiency programmes should be considered and systematically explored.

The subsidy approach utilized in various other projects of this kind should be assessed with great care to avoid jeopardizing project sustainability by setting the level of initial subsidies too high. We would like to support the proposed project which, if successfully implemented, has a great potential for success.

Comments from Mr. Hans Schipulle, Council Member from Germany (7/21/98)

There are still some critical points which should be considered in the course of the project development.

At first glance, the proposal appears to be quite sensible and to make economic sense by providing seed money to overcome the barriers preventing the extended use of an economically and financially viable technology, the widespread use of “energy saving lighting equipment” (CFL, sodium lamps).

The expected outcome of the proposed action seems, however, too optimistic for the following reasons:

- one of the major barriers to the use of CFL, the different nature of the light, the light quality (precisely the temperature) is not being addressed. It is as simple as that: it is not the light quantity in lumen that counts, but (atleast for private users) the “feeling” associated with it. If the light quality was not different, CFL should have a tremendous success in industrialized countries, where up-front payment and lack of financing facilities should not be a major problem.
- subsidized distribution of energy efficient equipment does not necessarily entail a lasting use of such bulbs. The “snap-back” effect should be assessed in realistic terms.
- with regard to the potential market penetration of CFLs a clear distinction should be drawn between:
 - => the private consumer market, and
 - => the presumable more promising markets for government institutions, industry and commerce
- only for the latter “mass market” it is imaginable that dedicated financing and guarantee schemes either by financial institutes and/or ESCOs could be feasible. Given the experience and the difficulties in establishing energy saving funds in the recent past (e.g. Czech Republic, Hungary, Slovenia), I am rather skeptical on the willingness of commercial banks to get actively involved in such a market as they lack the experience. Providing guarantees by GEF can provide an initial incentive but is arguably no durable solution.
- in the case of ESCOs, I cannot believe that this could be a profitable activity when addressing private household consumers, because the overheads involved will be too big. Again, only under exceptional circumstances, e.g. if a certain critical mass of demand by a single institutional consumer can be expected, this could become a promising activity for an ESCO respectively a leasing model.

In sum I would suggest:

- to be more realistic with regard to the expected outcome,
- to clearly distinguish between the different target groups of the program
- to tailor the individual measures to the needs and potential of each target group.

Comments from Ms. Catherine Garreta, Council Member from France (7/21/98)

Heavy investment in efficient lighting in several countries should encourage vigorous development of the efficient lighting sector in third-party countries. However, the feasibility studies should provide detailed information on implementation options. The project brief pinpoints five basic program intervention types to be applied in seven countries, although it is not clear whether all five of these are relevant to each targeted country.

The magnitude of the grant component for the project needs to be clarified. The very broad ranges indicated for private investment (US\$35-90 million; US\$15 million in GEF grants to US\$35 million in private investments) in a sector as profitable as the low-wattage lamp business do not seem justifiable (IRR>20%; time required to yield the return: under 18 months).

The project document should therefore clearly describe the situation in each country, the implementation options for ELI, the intervention priorities, and the financing package. A consolidated picture is needed of all the countries involved, as is an overview of the supervision and monitoring procedures to be used to track ELI results in all the countries.

Comments from Mr. William Schuerch, Council Member from USA (7/23/98)

Although strong in many other respects, the ELI proposal should include an M&E plan with more concrete indicators of market transformation and, if possible, pollution reduction. These improvements should be completed prior to seeking final CEO endorsement.

5) TUNISIA: Experimental Validation of Building Codes and Removal of Barriers to their Adoption (UNDP) \$4.36 m

Comments from Mr. Philippe Roch, Council Member from Switzerland (7.21.98)

The Building Code development project In Tunisia is in line with GEF objectives. It is, however, not entirely clear how the project objectives will be achieved.

- The content of the standard is not mentioned explicitly which makes it hard to assess prospects for their application and for effective monitoring.
- The capacity building mechanism for the application of standards is not described, both at the project and the verification level. It is therefore unclear how the know-how will be transferred to the Tunisian building industry.

The nature of the building codes is not clearly defined, nor is their actual content. It is not clear if the standards consider building envelope characteristics only, or if they include energy balance calculation anymore efficient, but harder to apply) and energy systems.

References to France for building standards do not seem directly relevant as the climatic conditions there are rather different.

The technical solutions to be tested during the project are ill-defined as of yet and it is unclear how they are expressed in the standards.

We would recommend that the building codes be defined and tested through support studies (simulation of various solutions) that are based directly on the climatic conditions of various parts of Tunisia.

In general, we would like to express our support for the central idea of the project, which is a first move towards the promotion of energy efficiency in building in Northern Africa.

Comments from Mr. Charles Parker, Council Alternate Member, Canada (7/21/98)

This well-designed project takes advantage of Tunisia's increasing abilities in the field of energy conservation. The government of Tunisia is dedicated to energy efficiency and to energy conservation as demonstrated by a more liberal pricing regime for energy and a better cost recovery system. Although the transfer of some important responsibilities to the private sector is handicapped by several constraints (the Project Document lists some in the building sector), many of these can be attributed to the lack of "know-how" which is an issue to be addressed by the project.

The "stakeholder participation and implementation arrangements" is rather loosely described in the project document, particularly the roles and responsibilities of the Steering Committee and of

each of its numerous governmental and non-governmental constituents. It would be helpful to have some greater clarity here.

The AME (Agence pour la Maitrise de l'Energie) has a reputation for professionalism and dynamism and appears to be open to the idea of new technologies and new partnerships. We feel it is a very good choice as the executing agency for this project.

Comments from Mr. Hans Schipulle, Council Member from Germany (7/21/98)

There are still some critical points which should be considered in the course of project development.

The project outline clearly identifies the service and residential sector as a major energy consumer. As it does not contain a detailed analysis of the consumption pattern of service and residential building and as no specific reference to energy saving technologies is made, the link between regulatory measures =>effects on building techniques => energy saving is somewhat underdeveloped. It remains in the dark, e.g., what will cause the savings in the sector: less cooling in summer, less heating in winter or any other change in the energy consumption pattern caused by the implementation of appropriate building codes.

The project proposal only addresses building codes and building material but leaves untouched the issue of the cooling/heating devices and their efficiency: What is the energy efficient quality of standard equipment? Are these devices properly installed? Will other (more efficient, less powerful) devices be installed as a result of the project? Does the consumer know enough to operate them efficiently and effectively? "Consumer training" - in whatever form possible in Tunisia - is left aside. In the long run, it may contribute extensively to energy savings.

Comments from Ms. Catherine Garreta, Council Member from France (7/21/98)

The project was reviewed with FFEM assistance and the financing package was established jointly by UNDP, GEF, and FFEM (FFEM will contribute FF2.5 million).

Project arrangements are expected to be finalized in September by UNDP, GEF, FFEM, and the Tunisian authorities.

C. International Waters

6) BRAZIL: Integrated Watershed Management Program for the Pantanal and Upper Paraguay River Basin (UNEP) \$6.62 m

Comments from Mr. Philippe Roch, Council Member from Switzerland (7.21.98)

The project appears fully consistent with GEF Operational Principles and criteria. It is relevant and well prepared due to a thorough analysis of a previous WB-programme in the same area. Objectives are sound and well defined and the expected benefits should contribute significantly to local sustainable development and to the conservation of one of the world's most important wetland areas.

We appreciate in particular:

- The transparency and clarity resulting from a good presentation of the key components of the project that includes the most relevant annexes. The annexes are of good quality, particularly the incremental cost matrix, the root-cause analysis, the summary public involvement plan, and the STAP roster review;
- the fact that the project is demonstrably country-driven and based on identified national priorities. Substantial co-financing by the Brazilian government is further evidence of national ownership and commitment to the project. The promising effort to integrate project coordination among different administrative levels is also worth mentioning;
- the clear relationships between the issues identified in the WB-financed PCBAP program and the proposed project activities, as well as the clear formulation of expected results.

We would like to focus our comments on the following aspects:

- The implementation time frame of 2.5 years seems too short for a watershed management project of this scope;
- We share the concerns expressed by the STAP reviewer regarding project sustainability. Few tangible benefits can be expected from the GEF-supported implementation phase. Much will depend on what the government and local communities will do with the large amount of data, maps, frameworks and strategies to be prepared, so that many assumptions may prove to be overly optimistic". There is a considerable risk that given the short time frame - project outputs can not be transmitted to the key stakeholders in a way that will eventually influence land and water resource use in desirable ways;
- As a consequence, one might wonder whether it would not be more promising to begin with a less ambitious programme that addresses a smaller number of issues in more depth and

includes direct links to the implementation of concrete measures in participating communities.

We suggest that the project planners consider making some adjustments in this sense.

Comments from Mr. David Johansson, Council Member from Finland (7/21/98)

Activities for establishing mechanisms for conflict resolution between different stakeholders benefiting, or losing their previous benefits, due to the new watershed management program should be included. Appropriate institutions to be responsible for conflict resolution/arbitration should be included. The mandate of the Basin Committee in relation to conflict resolution should also be defined.

Comments from Mr. Hans Schipulle, Council Member from Germany (7/21/98)

All (international waters) project proposals are fully in line with state-of-the-art principles about policies and strategies concerning integrated management of water resources and aspects like biodiversity and climate change.

In general there is no comment necessary regarding the individual scope and concept of the projects, since the principal objectives are well defined, fully in line with the relevant German policies and certainly very much necessary to be pursued.

However from the experience of GTZ; In a variety of bilaterally funded integrated resource management projects it seems to be in none of the five cases possible to reach the envisaged results within the given short period of time. The changes in terms of behavior of institutions as well as individuals in such large areas are by no means easily achievable with the envisaged input-time ratio having in mind the necessity to implement the projects through a setup of institutions, which are in most cases certainly far away from being in the position to manage and mitigate different stakeholders interests effectively.

It is therefore suggested, to reconsider the time allocation at least in the first four cases and to adjust it to minimally 5 years.

Comments from Ms. Catherine Garreta, Council Member from France (7/21/98)

I endorse the entire Work Program, except for the project entitled “Integrated Watershed Management Program for the Pantanal and Upper Paraguay River Basin” in Brazil. The major components of this project either duplicate or conflict with a project in Brazil, Paraguay, and Bolivia financed by France (FFEM).

I suggest that the GEF project should be included in a future work program, in the interest of ensuring the fullest possible complementarity of actions carried out in the region in the meantime.

7) BRAZIL: Integrated Management of Land-Based Activities in the Sao Francisco Basin (UNEP) \$4.77 m

Comments from Mr. David Johansson, Council Member from Finland (7/21/98)

An overall issue is to make sure in practice - through legal and traditional rights - that the local communities have access to land and natural resources; especially in the coastal zone.

Comments from Mr. Hans Schipulle, Council Member from Germany (7/21/98)

All (international waters) project proposals are fully in line with state-of-the-art principles about policies and strategies concerning integrated management of water resources and aspects like biodiversity and climate change.

In general there is no comment necessary regarding the individual scope and concept of the projects, since the principal objectives are well defined, fully in line with the relevant German policies and certainly very much necessary to be pursued.

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It is therefore suggested, to reconsider the time allocation at least in the first four cases and to adjust it to minimally 5 years.

Comments from Mr. William Schuerch, Council Member from USA (7/23/98)

With respect to the Sao Francisco Basin proposal, we request that UNEP provide us at its earliest convenience prior to submitting the project for final endorsement a more complete analysis of domestic versus transboundary costs and benefits.

This project raises the issue of how GEF might best engage in IW problems in that part of Latin America. To date, the GEF has been trying to take on small sub-regional pieces of a larger regional water management problem. Both the Sao Francisco River Basin and the Bermejo Basin are just small pieces of the La Plata River Basin. How the greater Basin is managed by countries in the region will determine the fate of the vitally important Pantanal and millions of acres of habitat critical for biodiversity. By engaging only on sub-regional fragments of the Basin, the GEF may be missing an opportunity to address more critical challenges at the regional level. Also, in fragments like the Sao Francisco Basin, GEF is funding projects that appear to have primarily national benefits. I recommend that the GEF reach out to key stakeholders -- the La

Plata Basin countries, along with the IDB, World Bank, and OAS - and explore the possibility of a full regional IW assessment.

8) GLOBAL: Strengthening Capacity for Global Knowledge-Sharing in International Waters (UNDP/UNEP/WB)\$5.25 m

Comments from Mr. Philippe Roch, Council Member from Switzerland (7.21.98)

The project appears fully consistent with GEF Operational Principles and criteria. It addresses the important and urgent topic of sharing learning experiences generated in GEF projects related to improving coastal environments and freshwater basins. The objectives serve to address priority areas of experience exchange by means of advanced information delivery vehicles (IW LEARN) and pooling of experience in a forum such as the Train Sea Coast approach or the proposed biannual GEF International Waters meeting.

In the following we would like to draw attention to comments made by the STAP Reviewer which in our view have not yet been adequately addressed in the design of the project:

The project is very ambitious. An impression prevails that it has been prepared mainly by specialists in the field of advanced information technologies and training. The operational reality of stakeholders taking decisions to influence adverse impacts on coastal environments or fresh water basins does not seem to have been considered. If communication through the established tools is to meet the needs of these stakeholders it should be ensured that training packages are designed to address specific management issues in a practical rather than a general way that may not be applicable in the given local context.

The internet-tool of information sharing, 'IW LEARN', has to prove its usefulness in a highly diverse environment characterized by different cultures and languages. For some project groups the language of communication is Spanish or Russian. It must be kept in mind that the exclusive use of English still has its clear limitations in such circumstances, especially if local stakeholders are to be directly reached and involved. The on-the-ground piloting and demonstration of IW LEARN should therefore be conducted in the appropriate languages. The final project document will have to identify more clearly what activities are to involve what target groups and what kinds of experiences a given target group is expected to share. The planned approaches may need to be differentiated to take into account the differences between marine and fresh water-related projects.

Even though the project aims at producing global benefits, the practical issues to be dealt with in water management are local ones. The work environment of key decision-makers tends to be governed by local issues and parameters. This must be considered at all times if an internationally designed information-sharing approach of this kind is to effectively reach the target groups and produce the desired impact.

We would like to suggest that these considerations be taken into account in the further development of the project.

Comments from Mr. Charles Parker, Council Alternate Member, Canada (7/21/98)

Generally speaking, decision makers and other stakeholders need greater knowledge of the relationships between ecosystem survival and international water issues! One of the aims of this project therefore should be to increase knowledge of these relationships among key players, and to make sure that international waters issues are more integrated into national development agendas.

Re: Paragraph 25, Activities expected results for the Biennial GEF International Waters Meeting - the results described here are essentially at the activity level. We would recommend that the project document elaborate on the possible outcomes for these meetings.

UNEP's Clearinghouse Mechanism for protection of the marine environment from land-based activities is designed to serve implementation of obligations pursuant to the UN Convention on the Law of the Sea (UNCLOS) and related regional agreements. To improve the flow of information and to support collaboration among stakeholders, UNEP may wish to explore the possibility of expanding its Clearinghouse system to include transboundary projects.

Comments from Mr. David Johansson, Council Member from Finland (7/21/98)

The Comments given under A2 also apply to this proposal. More specifically we would underline the following important elements to be included in the project:

- Policy development and enforcement
- Local community access and protection of land rights in combination with natural resources management
- Legal development issues related to water resources management
- Conflict resolution mechanisms and institutions

In the background documentation we do not find reference to the GIWA project approved by the Council in November 1997.

Comments from Mr. Hans Schipulle, Council Member from Germany (7/21/98)

All (international waters) project proposals are fully in line with state-of-the-art principles about policies and strategies concerning integrated management of water resources and aspects like biodiversity and climate change.

In general there is no comment necessary regarding the individual scope and concept of the projects, since the principal objectives are well defined, fully in line with the relevant German policies and certainly very much necessary to be pursued.

However from the experience of GTZ; In a variety of bilaterally funded integrated resource management projects it seems to be in none of the five cases possible to reach the envisaged results within the given short period of time. The changes in terms of behavior of institutions as well as individuals in such large areas are by no means easily achievable with the envisaged input-time ratio having in mind the necessity to implement the projects through a setup of institutions, which are in most cases certainly far away from being in the position to manage and mitigate different stakeholders interests effectively.

It is therefore suggested, to reconsider the time allocation at least in the first four cases and to adjust it to minimally 5 years.

With respect to this project, I would like to draw attention to the conceptual work in the “Petersberg Declaration”, March 5, 1998, and on the activities within the Information Network on Integrated Water Resources Management (IWRM Information Network), an Associated Program under the umbrella of the Global Water Partnership (see Annex 1).

Comments from Mr. William Schuerch, Council Member from USA (7/23/98)

The UNEP Global International Waters project for knowledge-sharing might be worthwhile project. However, it is not clear whether UNEP has built appropriately on the Global International Waters Assessment recently approved by the Council. UNEP needs to explain better the relationship between the two, including the rationale for not waiting until more information is gathered through the IWA about the location and content of information needs. In addition, UNEP needs to indicate why it does not propose to provide more funding for this project from its core budget -- a trend with UNEP projects that causes us considerable concern.

9) POLAND: Rural Environment Project (WB) \$3.0 m

Comments from Mr. Charles Parker, Council Alternate Member, Canada (7/21/98)

The project is consistent with the Environmental Action program for the Baltic Sea where the focus is on a comprehensive approach for the restoring and protecting the marine environment. The project should make a major contribution towards reversing problems such as eutrophication of water bodies in the program area.

The project addresses agricultural activities which are contributing to ecological damage to the coastal zone and the broader marine environment. One of the project's objectives should therefore be to replicate the techniques to address this common problem and to share experiences particularly among Economies in Transition.

Section D.1 Project alternatives considered and reasons for rejection: We appreciated the thought which had gone into this section of the document. It strengthens the rationale for the project by providing additional context for the particular intervention which has been selected. It also provides some assurance that the most effective intervention has been chosen. We would encourage adoption of such an informative and succinctly worded section in all GEF project documents.

Comments from Mr. David Johansson, Council Member from Finland (7/21/98)

This project is a good example of GEF's complementary role in financing already on-going regional activities, which can be replicated elsewhere.

Reference is made to the need for compliance with both the Helsinki Convention and the EU Nitrates Directive. In this context the Annex to the Convention is also relevant as it deals with emissions to air of ammonia, which the Nitrates Directive does not deal with.

Regarding participation we find it essential that the existing regional group of farmers' federations, established for this purpose, are involved in the project.

The project is directed to Polish small farmers, who are expected to contribute with one third of the project costs. What would be the consequences to the project if the farmers would not be willing to participate in the cost-sharing effort? Has this project risk been fully assessed?

Regarding investments in machinery etc. a system that enables farmers to cooperate should be favored.

In this project possibilities to include also biodiversity concerns should be looked at.

Comments from Mr. Hans Schipulle, Council Member from Germany (7/21/98)

All (international waters) project proposals are fully in line with state-of-the-art principles about policies and strategies concerning integrated management of water resources and aspects like biodiversity and climate change.

In general there is no comment necessary regarding the individual scope and concept of the projects, since the principal objectives are well defined, fully in line with the relevant German policies and certainly very much necessary to be pursued.

However from the experience of GTZ; In a variety of bilaterally funded integrated resource management projects it seems to be in none of the five cases possible to reach the envisaged results within the given short period of time. The changes in terms of behavior of institutions as well as individuals in such large areas are by no means easily achievable with the envisaged input-time ratio having in mind the necessity to implement the projects through a setup of institutions, which are in most cases certainly far away from being in the position to manage and mitigate different stakeholders interests effectively.

It is therefore suggested, to reconsider the time allocation at least in the first four cases and to adjust it to minimally 5 years.

10) REGIONAL: Implementation of the Strategic Action Programme (SAP) of the Pacific Small Island Developing States (UNDP) \$12.29

Comments from Mr. Toshiyuki Furui, Council Member from Japan (7.21.98)

There is no description about monitoring to avoid GEF finance being provided for development of water supply and ocean fishery. We need information about this monitoring.

Comments from Mr. Charles Parker, Council Alternate Member, Canada (7/21/98)

This program addresses two priority issues for the South Pacific - integrated coastal management and sustainable management of highly migratory species.

With respect to the proposed management structure, consideration should be given to working within South Pacific Forum institutional structure. There is a danger that the separation of this project from the South Pacific Forum (SPF) will reduce its chances of success.

The project should also try to integrate its fisheries management activities with the work supported by the Fisheries Forum Agency (PFA) and the South Pacific Commission (SPC) in order to avoid duplication and to maximize outputs from the GEF investment.

We would also request that the implementing agency consider the potential of replicating activities of integrated coast and watershed management and ocean fisheries management in other regions such as the Caribbean.

Comments from Mr. David Johansson, Council Member from Finland (7/21/98)

We appreciate this project since it is the first major GEF effort in the Small Island Developing States and wish that at least preliminary lessons could be learned from it for the review of the Barbados Program of Action to be made during next year.

Comments from Mr. Hans Schipulle, Council Member from Germany (7/21/98)

All (international waters) project proposals are fully in line with state-of-the-art principles about policies and strategies concerning integrated management of water resources and aspects like biodiversity and climate change.

In general there is no comment necessary regarding the individual scope and concept of the projects, since the principal objectives are well defined, fully in line with the relevant German policies and certainly very much necessary to be pursued.

However from the experience of GTZ; In a variety of bilaterally funded integrated resource management projects it seems to be in none of the five cases possible to reach the envisaged results within the given short period of time. The changes in terms of behavior of institutions as

well as individuals in such large areas are by no means easily achievable with the envisaged input-time ratio having in mind the necessity to implement the projects through a setup of institutions, which are in most cases certainly far away from being in the position to manage and mitigate different stakeholders interests effectively.

It is therefore suggested, to reconsider the time allocation at least in the first four cases and to adjust it to minimally 5 years.

11) REGIONAL: Western Indian Ocean Islands Oil Spill Contingency Planning (WB)
\$3.16 m

Comments from Mr. David Johansson, Council Member from Finland (7/21/98)

We find this project important and timely, also considering the forthcoming review of the Barbados Program of Action.

Comments from Mr. William Schuerch, Council Member from USA (7/23/98)

I believe the Western Indian Ocean Oil Spills project has great merit. However, I was surprised to find that the relevant national oil companies on these islands states maintain no capacity to respond to even limited spills. I believe it would be appropriate for these oil firms, as well as the shippers and relevant oil shipping insurance syndicates, to provide significant cofinancing for the cost of spill response preparation. The GEF must not undermine the "Polluter Pays Principle" on which its Operational Strategy in part rests. Such cost-sharing arrangements are well preceded in a number of offshore areas around the world. I request that the World Bank rework this project to ensure such an outcome.

General Comments on the Work Program

General comments:

Comments from Ms. Catherine Garreta, Council Member from France (7/21/98)

The Work Program includes many projects concerning international waters, a substantial proportion of which pertain to only one country. If this trend continues, the Council would do well to consider whether it is appropriate to use the term “international waters” when referring to only a single country.

Comments from Mr. David Johansson, Council Member from Finland (7/21/98)

On the cumulative programming of resources, we note the inclusion of six new projects in the International Waters focal area. This affects the total balance in number and volume between the focal areas. We would have liked to see the Secretariat’s comments on this.

Comments from Mr. William Schuerch, Council Member from USA (7/23/98)

More generally, I want to comment on policy issues raised by the work program as a whole. The Second Replenishment Report’s Policy Recommendations call for particular attention to mainstreaming. We are pleased that the new proposals¹ present cofinancing and “associated” funding more clearly than in the past. However, many of the latest proposals lack adequate cofinancing, which is an important aspect of mainstreaming. Several of these projects employ technical approaches we could support fully, however we would not be able to agree to final endorsement unless greater commitment from IAs and recipients is demonstrated through increased financing.

Another concern raised by the work program, related to mainstreaming, is the distinction between national and global benefits, which are becoming increasingly blurred. Activities proposed for GEF financing often appear to be justified on economic development grounds alone, as in the case of the proposed Sao Francisco Basin project. Generally, such activities should be considered “baseline”. If recipients are unwilling to finance such components of a GEF project, the chances for long-term project success is questionable. We request that each project document include more complete analysis of local costs and benefits and that financing responsibilities be allocated accordingly. It may be helpful for the Council to discuss this matter as a separate agenda item or in a closed session during the October meeting.

A third mainstreaming issue is the degree to which non-GEF projects and programs will support environmental objectives, including global objectives. Each proposal should clearly describe and discuss the proposed GEF project in the context of this broader development context. For the benefit of recipient country government society, IA staff and management, and the GEF Council, all GEF proposals should include a) detailed descriptions of relevant parts in the corresponding Country Program/Country Assistance Strategy; b) clear discussion of how the GEF project would

¹ These include in particular the Kenya project, Tunisia Building Codes, both of the Brazil international waters projects, Global international waters knowledge-sharing, Pacific Island States SAP Implementation, and West Indian Ocean Island Oil Spills. The same may be true of the Poland Rural Environment, depending upon follow-on work under the “learning and innovation loan” framework.

support agreed country assistance objectives, and c) description of how other ongoing and planned development projects - especially those supported by the GEF IAs, but also domestic initiatives those funded by other development agencies - are related to the proposed GEF project. The more transparent and frank this information is, the greater the benefit will be to all stakeholders. Information about linkages not made between GEF projects and other initiatives can be as helpful as information about successful linkages. We believe the World Bank Georgia Integrated Coastal Management proposal provides a good model for discussion of the development context (although it could be improved by adding a table outlining domestic initiatives), and we request the Secretariat to take steps to harmonize presentation of proposals along these lines.

The Council repeatedly has emphasized that improvement of performance indicators is a top priority for GEF effectiveness. However, this work program shows that progress continues to lag, despite further emphasis on the issue in the GEF-2 Policy Recommendations endorsed by the Council. Bureaucratic benchmarks - reports finished, meetings held - are simply not adequate. Projects and the overall portfolio also should be measured against concrete objectives, both medium-term and long term, for advancement of environmental sustainability through the actions of communities, governments, NGOs, and firms. Whenever possible, projects also should include measurable indicators of environmental improvement.

In general, although some proposals coming from the World Bank Group still need improvements in this area, we believe that UNDP and UNEP need to make particular efforts in including satisfactory indicators and means of verification.² We urge the Implementing Agencies to collaborate actively on improving performance indicators, monitoring, and evaluation, which should be harmonized across the IAs wherever possible. These improvements should be completed prior to seeking final CEO endorsement. We urge the Implementing Agencies to collaborate actively on improving performance indicators, monitoring, and evaluation, which should be harmonized across the IAs wherever possible. We invite IA representatives to outline for the Council at its October meeting the specific steps underway to achieve these improvements. With regard to the proposed work program, we request the Senior Monitoring and Evaluation Coordinator to assure the Council that satisfactory indicators and a monitoring plan are in place on each project before the CEO recommends final endorsement.

² For an example in the current work program, the proposed UNDP Tunisia Building Codes project includes satisfactory indicators and means of verification. A Bank Group example is the Efficient Lighting Initiative (ELI).