



Global Environment Facility

GEF/IS/5
December 16, 1998

INTERSESSIONAL WORK PROGRAM PROPOSED FOR COUNCIL APPROVAL

SECRETARIAT SUMMARY OF THE PROPOSED WORK PROGRAM

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Proposed Work Program

A. Biodiversity

1. China Wetland Biodiversity Conservation and Sustainable Use in China (UNDP) \$12.03 million
2. Indonesia Maluku Conservation and Natural Resources (World Bank) \$6.0 million
3. Bangladesh Aquatic Biodiversity Conservation (World Bank) \$5.0 million
4. Samoa Marine Biodiversity Protection and Management (Medium-sized) (World Bank) \$0.90 million

B. Climate Change

5. Macedonia, FYR Development of Mini-Hydropower Plants (World Bank) \$1.50 million

C. International Waters

6. Regional* Strategic Action Programme for the Environmental Protection of the Rio de la Plata and its Maritime Front (UNDP) \$6.01 million

* Uruguay, Argentina

WORK PROGRAM

1. The Chief Executive Officer (CEO), after reviewing the conclusions and recommendations of the bilateral review meetings with the Implementing Agencies, proposes to the Council for its consideration and approval a Work Program comprising 6 new project proposals in the focal areas as follows:

- a) Biodiversity: \$ 23.93 million (4 projects)
- b) Climate Change: \$ 1.50 million (1 project)
- c) International Waters: \$ 6.01 million (1 project)

2. The Work Program has a proposed allocation of \$31.44 million in GEF financing out of a total cost of \$125.28 million (see Annex A for details). One of the projects is the *Samoa: Marine Biodiversity Protection and Management* project, the second medium-sized project to be submitted to Council for approval because it exceeds the CEO's approval limit of \$750,000.

CUMULATIVE WORK PROGRAM

3. GEF finances full projects, medium-sized projects, and Enabling Activities. If the Council approves this Work Program, the cumulative GEF financing for *full projects* would amount to \$2.17 billion (see Annex B for details). With respect to *medium sized projects* approved by the CEO under expedited procedures, 5 biodiversity projects for a total allocation of \$3.72 million were approved during this reporting period (August-November 1998) as well as one international waters project and one ozone depletion project for a total allocation of \$4.96 million (see Annex C for details). These approvals bring to 18 the total number of medium-sized projects approved to date, with a total GEF allocation of \$15.12 million.

4. From July to November 1998, the *Project Development Facility (PDF)* supported 16 PDF As amounting to \$0.39 million for a cumulative total of \$2.89 million. From July to November the CEO approved 12 PDF Block Bs for a total of \$3.14 million for a cumulative total of \$25.42 million (see Annex B, D and E for details).

5. GEF support for *Enabling Activities* to date covers 117 countries for biodiversity and 121 countries for climate change (activities for 82 countries were approved under the expedited procedures). The most recent activities approved by the CEO during this reporting period (September 4, 1998 – November 30, 1998) were eighteen projects with a total GEF financing of \$2.91 million including eight Clearing House Mechanism add-on projects (see Annex F for details). Seventy-one of the recipient countries had submitted national biodiversity reports as of November 1998. Eight countries had submitted their first national communications under the UN Framework Convention on Climate Change.

TARGETED RESEARCH

6. No targeted research projects are included in this Work Program.

OPERATIONAL SUMMARY

7. The current work program raises no policy issues consistent with procedures for Intersessional Work Program review. The projects proposed have been developed in accordance with the principles and programs set out in the Operational Strategy. This section highlights how these operational principles and programmatic requirements have been reflected in project development and how cross-cutting issues have been addressed in project design.

CONFORMITY WITH THE OPERATIONAL PROGRAMS

Evidence of country ownership

8. Evidence of country ownership is demonstrated in a variety of ways. In the *Indonesia: Maluku Conservation and Natural Resources Management Project*, the host government has agreed to set aside substantial areas for conservation as well as to carry out specific policy reforms. In the *China: Wetland Biodiversity Conservation and Sustainable Use* project, the government would finance more than half of the total project cost. Significant cost-sharing is included in the *Bangladesh: Aquatic Biodiversity Conservation* project.

Replicability

9. The projects in the Work Program provide opportunities to demonstrate innovative approaches and technologies that have the potential for replication within a country or a region. The *China: Wetland Biodiversity Conservation and Sustainable Use* project included criteria for site selection that will facilitate replication through a national coordination component. *Macedonia, FYR: Development of Mini-Hydropower Plants*, although (as a short-term measure) it is fully justified even without considering the opportunities for replication, will serve as a model for power take-off arrangements in a larger Bank financed Power System Improvement Project.

Sustainability of Projects

10. The sustainability of GEF projects has been addressed in this Work Program in several ways: (a) endorsement by relevant ministries for preparation of Strategic Action Programmes for transboundary water pollution prevention in the *Regional: Environmental Protection of the Rio De La Plata and Its Maritime Front* projects; (b) government agreement to institute barrier removal and supportive policies in the *China: Wetland Biodiversity Conservation and Sustainable Use* project and the *Bangladesh: Aquatic Biodiversity Conservation* project; and (c) clear benchmarks to be achieved in phased performance as a condition for disbursement to encourage sustained behavioral change in the *Samoa: Marine Biodiversity Protection and Management* project, the *Indonesia: Maluku Conservation and*

Natural Resources Management project, and the *Bangladesh: Aquatic Biodiversity Conservation* project.

Conformity with GEF Public Involvement Policy

11. Several of the proposed projects emphasize participation of key stakeholders in the design and preparation of projects. Among the four biodiversity projects, extensive consultations were held with government, NGOs, and local communities in identifying proposed activities and project sites in Indonesia, Samoa, and China projects. In Bangladesh, consultations focused on national and subnational workshops which included representatives from the private sector. Some consultations were organized in the three towns covered by the hydropower project in Macedonia. Several consultations were held among representatives of countries involved in the Rio de la Plata international waters project.

12. Key stakeholders will be involved throughout implementation through various built-in mechanisms. These include, for example, the formation of stakeholder boards in the governance of conservation activities in local communities in the *Indonesia: Makulu Conservation and Natural Resources Management* project, and the agreements signed by 20 village chieftains in the *Samoa: Marine Biodiversity Protection and Management* project. Private sector participation will be assured in the *Macedonia: Development of Mini-Hydropower Plants* project through financial and technical support of independent power producers in three towns. Agreements will be made between these producers and local water supply agencies. The international waters project ensures regional coordination through a binational committee (CTMFM) for the Rio de la Plata and its maritime front.

Lessons Learned

11 The design of projects in the Work Program has benefited from lessons learned from on-going or completed GEF projects including the importance of community involvement as discussed in the preceding section. The *Samoa: Marine Biodiversity Protection and Management* project builds on experience with community-based management from a pilot phase project, the *South Pacific Biodiversity Conservation Programme*. Key lessons are the need to provide benefits to local people to create support for conserving biodiversity and the importance of strong institutional and financial mechanisms. *Macedonia, FYR: Development of Mini-Hydropower Plants* references experience in the UNDP India mini-hydro project as well as previous World Bank experience emphasizing the need to integrate energy projects with local development.

APPROPRIATENESS OF GEF FINANCING

Incremental cost

124. Incremental cost issues reflect focal area differences. A clear delineation of baseline activities is key for biodiversity projects as illustrated in the *Indonesia: Maluku Conservation and Natural Resources Management* project. In the *China: Wetland Biodiversity Conservation and Sustainable Use* project, co-financing is used to finance some baseline elements of the project while GEF funds are used to finance an alternative strategic intervention. Characterization of baseline activities is also challenging in the context of the international waters projects, where GEF support is a small percentage of the alternative. In the climate project, *Macedonia, FYR: Development of Mini-Hydropower Plants*, domestic benefits make a significant contribution to the incremental cost calculation.

COLLABORATION/COORDINATION

135. The projects in the Work Program provide opportunities for various forms of collaboration. The *Indonesia: Maluku Conservation and Natural Resources Management* project provides for joint supervision by the World Bank and UNDP. The *Regional: Environmental Protection of the Rio De La Plata and Its Maritime Front* UNDP project incorporates a coordination committee to include the World Bank, UNEP, and IDB and anticipates agreements with several additional international organizations for project works.

CLIMATE PORTFOLIO

146. Only one climate project, *Macedonia, FYR: Development of Mini-Hydropower Plants (World Bank)*, a Short-Term Measure with a proposed GEF contribution of \$1.50million, is included in this Work Program. The IA project pipelines indicate that no significant increase in the Climate Portfolio is likely in the next year's work programs.

Summaries of Proposed Projects

A. Biological Diversity

China: Wetland Biodiversity Conservation and Sustainable Use (UNDP)

GEF: \$12.03m; Total: \$35.05m

The objective of this project is to secure the conservation of globally significant wetland biodiversity in China. The project will address barriers to conservation through multiple strategies including i) the integration of wetland management and biodiversity conservation into development planning; ii) creation of institutional mechanisms for multi-sectoral wetland management; iii) an education program on the importance of wetland conservation; iv) identification of alternative sustainable livelihoods to promote the involvement of local communities; and v) enhancing technical capacity at national and local levels to manage and conserve wetlands and their biodiversity. The proposed project will remove these barriers at four demonstration project sites with high global biodiversity importance (Sanjiang Plain, Ruoergai Marshes, Yancheng Coast and Dongting Lakes). Each represents a different ecosystem and collectively they reflect the range of national needs. A national coordination component will also ensure that lessons learned will be transferred throughout the country.

Expected project outputs after five years of implementation: a) integrated approaches to wetland biodiversity conservation and management planning; (b) institutional strengthening for integrated management; (c) wetland conservation education and awareness; (d) alternative sustainable livelihoods to promote community participation; (e) training and capacity building; and (f) modifications to large-scale environmental engineering projects.

Indonesia: Maluku Conservation and Natural Resources (World Bank)

GEF: \$6 m; Total: \$10.6 m

The project would address conservation/sustainable use activities in four biologically rich sites covering forest, mountain and coastal/marine ecosystems in the province of Maluku in eastern Indonesia. It will (a) strengthen management of existing and establishing new terrestrial and marine protected areas; (b) encourage local communities to support conservation and adopt more ecologically sustainable practices by providing (non-GEF) grants for environmental activities and by reviving traditional natural resource management systems; (c) promote community, NGO, and private sector involvement in ecotourism development and protected area planning and management; and (d) enhance environmental awareness and biodiversity monitoring and evaluation activities.

Expected project outputs over six years include: (a) efficient use and distribution of block grants for poverty reduction; (b) innovative public-private partnership for management of protected areas; (c) efficient, functioning system of protected areas; (d) improved monitoring

of ecosystem health and protection of endangered species; (e) enhanced local awareness and support for nature conservation.

Bangladesh: Aquatic Biodiversity Conservation (World Bank)

GEF: \$5.0 m; Total \$60.2 m

This project will complement the IV IDA Fisheries project. The inland water habitats and flood plains are important wintering and stopover grounds for migratory shorebirds, and the level of endemism of aquatic species is believed to be in the range of 25%. The GEF intervention will address key barriers that limit the prospects for achieving aquatic biodiversity conservation so as to facilitate mainstreaming of biodiversity considerations within the fisheries sector. This would be achieved through demonstration, capacity building and enhancement of the information base for sound decision making and policy development.

Expected project outputs after five years of implementation: a) piloting of community-based aquatic and biodiversity friendly sanctuaries; (b) enhancing the knowledge base for sound management and decision-making, including monitoring and evaluation for sustainable long-term aquatic ecosystem management; and (c) developing action plans including policies for mainstreaming biodiversity conservation within the fisheries sector

Samoa: Marine Biodiversity Protection and Management (Medium-Sized Project) (World Bank)

GEF: \$0.90m; Total \$1.58 m

This Project will protect critical sites for marine biological diversity, including coral reefs, mangroves and seagrass areas, within the core zones of large multiple-use marine protected areas (MPAs) in the Aleipata And Safata Districts of Upolu Island. It will demonstrate a model and innovative district-level approach to community-based management and protection of marine biodiversity that has wider application in Samoa, the Pacific Islands region, and globally. The Project will be carried out over a period of five years to allow sufficient time for community organisation, consensus building and capacity-development. It follows a phased approach in order to minimise risks through the clear definition of benchmarks and assessment of progress against agreed targets, such that funding for implementation is contingent upon performance in earlier stages.

Expected project outputs over five years: (a) prepare and implement Marine Protected Areas management plans; (b) design and develop environmentally sustainable alternative income generation activities; and (c) strengthen capacity and build environmental awareness.

B. Climate Change

Macedonia: Development of Mini-Hydropower Plants (World Bank)

GEF: \$1.50 m; Total: \$6.40 m

The proposed project would assist the Government of FYR Macedonia in reducing emissions of carbon dioxide by substituting hydropower for lignite based thermal generation as an add-on to a Bank-financed Power System Improvement Project. GEF resources would pay the agreed incremental costs of three mini hydropower plants to be installed on the water supply systems of the towns of Kavadarci, Sturga and Derbar by independent power producers. The project would also serve as a model for establishing power off-take arrangements in the country.

Expected project outputs after three years of implementation: (a) three new independent mini-hydropower plants; (b) expansion of generation by mini-hydropower plant; c) reduction of CO₂ by 670,000 tons CO₂ or 183,000 tons C over the 30 year estimated life of the equipment.

C. International Waters

Regional: Strategic Action Programme for the Environmental Protection of the Rio de la Plata and its Maritime Front (UNDP)

GEF: \$6.01 m; Total: \$10.81 m

The proposed project seeks to establish a collaborative framework for addressing transboundary degradation by point and non point sources of pollution, sedimentation, and habitat degradation in the Rio de la Plata region. Argentina and Uruguay are taking steps to address these problems as part of their respective national development. However, efforts to develop a joint management framework have so far achieved little complementarity. By assisting the two riparian countries to agree on a joint program of strategic actions that address transboundary priorities, the project would respond to the need for new institutional arrangements to restore and protect the shared waterbody. Following the transboundary setting, the project would concentrate on i) raising awareness of critical transboundary waters concerns; ii) catalysing institutional and financial reforms as part of expected baseline actions as well as additional ones that are included in the Strategic Action Program; iii) strengthening stakeholders communications; iv) identifying innovative management tools including economic instruments; v) training resource managers thus enabling them to prepare and implement agreed actions; vi) programming targeted investments and vii) matching sources of capital with investment opportunities.

The proposal deals with a degraded estuarine-coastal environment that is part of a larger system, the Parana-Plata Basin. Countries in the region have actively requested GEF support to deal with the increasing transboundary degradation of this globally important river basin.

Other GEF projects are being executed or are under preparation both in the upper parts of the basin (Rio Bermejo and Upper Paraguay-Pantanal projects) and in the adjoining continental shelf (Argentina Shelf project). An initiative in this estuarine and transitional-marine part of the system, within the framework of OP#8, would therefore add additional support to GEF's commitment to the region.

Expected project outputs after four years of implementation: (a) A Transboundary Diagnostic Analysis, finalised in three stages: definition of co-ordination mechanisms and methodology to be followed, assessments of all relevant environmental and physical aspects of the waterbody, consolidation of results; (b) strengthened bilateral and institutional support, increased environmental understanding, and enhanced stakeholder participation; (c) a Strategic Action Programme, endorsed by the relevant ministries (Environment and Finance) of the two countries, focussed on (i) reduction of emissions from land based sources and marine activities and (ii) protection and conservation of biodiversity.