

COMPILATION OF TECHNICAL COMMENTS
SUBMITTED BY COUNCIL MEMBERS ON
INTERSESSIONAL WORK PROGRAM
APPROVED IN AUGUST 2000

NOTE: This document is a compilation of technical comments concerning the project proposals presented in the intersessional work program approved by the Council in August 2000. These comments were submitted to the Secretariat by the Council Members.

General Comments:

Comments from Germany:

We can agree to proceed with the further preparation and implementation of the projects.

Comments from Switzerland:

We are hereby approving the Work Program with a view to its further development.

Comments from France:

France gives its approval to the intersessional program.

I take this opportunity to raise 2 different kinds of issues:

Technical issues: we are still facing some difficulties in downloading some documents.

Presentation of the Work Program: we are somewhat puzzled by the title given to item C in the Workd Program (Land and Water). I wonder whether it would be more appropriate to keep the traditional language, that is to refer to <<multi-focal>> projects.

General comments

- Climate change continues to be underrepresented. This is the third consecutive Work Program in which it has accounted for less than 30 percent of proposed funding. In addition, the four projects presented are all UNDP projects, reinforcing concerns that the World Bank is moving away from supporting efforts in this area.
- Seven of the nine projects were proposed by UNDP and represent 60 percent of the resources mobilized for this work program. Although this is testimony to UNDP's vitality and dynamism, it also prompts concerns regarding project implementation at a time when that agency is undergoing major restructuring.

Comments from Japan:

We do not have specific comments on the proposed program. At the same time, we expect that GEF Secretariat put more emphasis on the regional balance among the projects, since in this proposed program there are ample Latin American and the Caribbean projects whereas the number of the Asian projects should also be considered more.

Comments from USA:

Overall, we are pleased with this program, noting the number of renewable energy and energy efficiency projects and the level of cofinancing, and would like to provide a few comments.

First, we express our approval for the program with one exception. On policy grounds, we would like to express our opposition to the Regional Caribbean Renewable Energy Development Programme, which includes Cuba.

Second, we would like to note that the designation of the Regional Okavango River Basin project as a “Land and Water” project (on page 3 of the intersessional document) could create some confusion given that the Integrated Land and Water Program is an Operational Program not a Focal Area. We received an inquiry on this matter from a U.S. agency concerned that a new Focal Area might have been created. We spoke with your staff and appreciate the clarification that the relevant Focal Area for the project is International Waters.

Comments from the Constituency of Sweden, Estonia, and Finland:

We approve the proposed decision regarding the Work Program. In addition we would like to raise the following technical issues for further consideration in the development of the project proposals.

Concerning the conformity of the proposed work program with the project review criteria:

- We welcome the growing evidence of country ownership, in particular the linking of projects to national biodiversity action plans, the integration of project activities into existing government policies and the participation of governments to project implementation and financing.
- The proposed projects have a good replicability potential. We would appreciate further discussion on how this potential can be realized.
- We would like to emphasize the importance of ownership and country-drivenness in achieving sustainability. Moreover, we welcome the development of alternative livelihood activities, the strengthening of partnerships and capacity-building as important elements of sustainability. Finally, from the point of view of sustainability, it is often preferable to involve existing institutions instead of creating new mechanisms.
- We consider that stakeholder involvement is essential in the preparation and implementation of all projects, not only in some of them. We welcome the efforts taken to integrate local governments and indigenous communities.
- We stress the need for coordination and cooperation in all projects, not only in those which are implemented in partnership with other donors or regional organizations.

A-1 Global: Critical Ecosystems Partnership Fund (WB) \$25.000 m

Comments from France:

The objective of this joint initiative of the World Bank, the GEF, and Conservation International (CI) – to be financed over a five-year period by the three partners in equal amounts (US\$25 million each, with an additional \$25 million to be sought from bilateral donors) – is to finance small projects of NGOs or local communities at 25 sites that are critical for global biodiversity. The premise underlying the project is that it is often difficult to mobilize small sums for activities that are limited in scope. The project complements other GEF operations.

The project is certainly timely from the standpoint of the principle involved. However, the document prompts many questions at this stage:

1. The document is vague regarding mobilization of the annual budget (\$20 million). Will each contributor (including CI) put \$5 million at the start of each year into a common fund to be managed by the project committee? This does seem to be the case for the GEF and World Bank contributions, but the situation is unclear with respect to CI's contribution (which represents 25 percent of the annual budget).
2. The rules which CI – which will serve as both fund manager and operator – will apply to the funding process therefore need to be spelled out clearly. Does the clause on page 7 (to the effect that funding for CI projects may not exceed 50 percent of CEPF resources) refer only to funds allocated by the GEF, or does it also apply to funds from other donors?
3. Project management costs are minimal (6.5 percent according to the budget on page 18). This seems low given the small amounts to be allocated under the project and the substantial number of projects in nearly 25 countries that must be studied, monitored, and supervised. Additional details on this point would be appreciated.
4. The annual report of Conservation International indicates that CI is present at 12 of the 25 hot spots listed in Annex A (21 excluding the hot spots of countries not eligible for GEF financing). How will CI play a role in projects at sites where it is not represented? The comparative advantage of this type of arrangement appears limited if the organization responsible for managing the project is not represented at the site. Details should be provided regarding the methodology developed and management costs for projects at which CI is not represented.
5. Mata Atlântica. There are already many initiatives (including PD/A financed under PPG7) which finance projects implemented by NGOs. The arguments advanced in the project document to demonstrate the complementary nature of CEPF are unconvincing. What short-term projects requiring minimal funding are targeted by the Fund? Assistance for the

management of protected areas or for the development of public policies supportive of biodiversity management do not seem to fit in the category of short-term projects requiring little funding. In addition, flexibility and speed when it comes to project selection and financing seem incompatible with arrangements calling for annual proposals.

6. Okavango Delta. Although this site is not on the list of 25 hot spots, Conservation International has a major presence there. This is an example of the problems relating to CI's position raised under item 2 above. The list of activities eligible for financing is also not very convincing: in particular, CEPF does not appear to be ideal the entity to carry out a global economic assessment of development options for the region. (This activity will be financed under a GEF/UNDP project included in the same work program).

In conclusion, the initiative has merit from the standpoint of the principle involved. However, many clarifications to the current project document – particularly with respect to the following points – are needed if France is to be fully convinced that CEPF will indeed complement other programs:

1. the financial participation of Conservation International, the funds it will receive under the project, and management arrangements for the projects to be financed in 25 zones; and
2. the procedures for selecting sites and projects financed by the Fund, to ensure that they do in fact complement other conservation programs (of which there are often many in these hot spots).

Comments from the Constituency of Sweden, Estonia, and Finland:

Some of the most useful lessons that our constituency has learned from experiences in this context are:

- There needs to be a broad approach not only concentrating on one sector (research, grassroots, education, management, etc.)
- Collaborative work on village level forms the ground for all activities.
- Traditional conservation systems must be taken into consideration in the work; traditionally protected areas must be identified and recognized by official management and joint management approach should be applied.
- The biodiversity is still poorly known in these areas and even new vertebrate species are constantly found. Their biology and ecosystem functions are poorly known.
- In the development of nature based tourism an early involvement of tourist operators is crucial. Working infrastructure must be developed to provide the basis for the tourism.

Comments from Switzerland:

This proposal has been prepared by Conservation International (CI), a respected Non-Government-Organization (NGO) with primary concern about the wellbeing of nature. It draws attention to ecosystems that are widely recognized for their richness in species and genetic diversity on a global scale. Many of these ecosystems are threatened by uncontrolled land use

development and resource extraction which are not compatible with overall conservation objectives for these areas and cannot be sustained. In absence of coordinated land use development plans, effective control and government commitment, many of these globally important ecosystems suffers alarming losses in species diversity and ecological integrity. Since most of these areas, characterized by CI as "ecological hotspots", are located in the developing world, the need for outside financial support and a concerted effort for their sustainable protection is apparent.

The proposal is well prepared and presented, the case is well argued and the proposed small grant program in favour of threatened ecosystems appears to be well justified. CI takes advantage of The World Bank's current interest in global conservation issues and environmental protection by proposing a financial alliance and a mutually beneficial partnership with The World Bank. The proposed program fits well with GEF goals, strategies, priorities and relevant conventions. There are, however, major concerns, mostly related to the proposed financial structure and management, as well as the "replicability" and "sustainability" of the proposed interventions.

Main Concerns

- The proposed program duration of five years, with financing mostly for demonstration projects of "pilot" character, will be much too short to produce meaningful results for replication elsewhere. This applies in particular to projects related to ecosystem rehabilitation, reforestation, agro-forestry, range management, establishment of protected areas, awareness building etc. This is one of the major lessons learned from the PPG-7 sponsored PD/A projects in the Mata Atlantica of Brazil that has been chosen as one of the three sample ecosystem profiles for this proposal.
- An important lesson learned from the PD/A projects in the Mata Atlantica is, that the 30 small grant projects financed to date (within the past four years \$ 3 million were spent) are "but a drop in the sea" without achieving visible results and/or the much desired "multiplier effect". It is noteworthy that The World Bank which administers the PPG-7 strongly recommends a temporary suspension of any new PD/A projects in the Mata Atlantica until the "lessons learned" can be properly analyzed and disseminated. In this light it is difficult to understand why The World Bank would then endorse this proposal that is almost identical to the PD/A program.
- It will be very difficult to wisely spend \$ 100 million in form of "small grants" within a five-year program cycle. Many NGOs and proponents listed as potential recipients of grants related to the three referenced sample ecosystem profiles are over-committed already and do not have the capacity to take on extra work. Qualified human resources in the areas of concern are generally very scarce.
- The proposal has not addressed follow-up funding that would be vital to sustain the proposed interventions. In any event, lessons learned from Brazil's PD/A program in the Mata Atlantica suggests that most small scale projects that are similar to those to be financed by the proposed small grants program are not sustainable.

- It seems doubtful that the proposed CEPF advisory committee has the technical expertise to provide quality advice on technical program aspects and issues for the very specific ecosystems of interest.
- Although CI's reasoning for the need to focus on "ecological" hotspots is generally shared, there is no consensus on one single concept and/or strategies with respect to how to best achieve the overall goals (sustainable conservation of the endangered ecosystems) by any of the stakeholders, key players and/or the CI itself. To the contrary, it appears that the more players are involved in an area such as the referenced ecosystems, the more diversified the approach taken and the less chances to develop much-needed synergies. There is legitimate concern that the proposed Partnership Fund will be just another fund to be spend in parallel to all the other international efforts within the same regions, without consensus concept and or much needed cooperation.

Conclusions and Recommendations

At current, all three sample ecosystems referenced in the proposal receive major funding from different sources that support different interests. In spite of the major funding channeled to these internationally recognized critical ecosystems, there is no consensus on how to achieve the overall conservation goals that all donors may have in common. This is one of the most critical shortcomings shared (not only) by the designated "ecological hotspots" of this world, resulting in a shameful waste of valuable manpower and funds. Unfortunately, most interventions remain donor-driven and are implemented in parallel to each other without generating the much needed synergies. The proposed CI program does not seem to differ from all the others: the proposed program appears to support CI's very own agenda, which also fails to provide a comprehensive conceptual approach. It is very doubtful that this project will be able to deliver what it promises. It certainly will not be able to safeguard the sustainable conservation of endangered ecosystems.

A concerted effort by all donors with common interest in the sustainable conservation of biodiversity active in the same area is needed to develop one binding concept and strategies in a participatory fashion that all key stakeholders can agree to and work with. Without such synergies there will be little hope for the sustainable conservation of the threatened ecosystems in this world.

Further Commentaries

- The sample ecosystem profile description for the Mata Atlantica of Brazil should provide a more comprehensive picture of the institutional, legal and policy framework conditions of the Atlantic States, as well as multilateral funding and key players. It fails to mention: (a) the current efforts by Brazil's Ministry of Environment in developing a binding conservation concept/strategy for the protection of the fragmented Atlantic forests in preparation of a sub-program for Mata Atlantica under the PPG-7. This is achieved in close cooperation with the Rede de Mata Atlantica (i.e., association of 130 environmental NGOs active in the Atlantic Region), representatives of the group of 7 and The World Bank PPG-7 office in Brasilia; (b) the 4 bilateral associated projects in Atlantic States, currently providing the largest financial contributions in support of protected areas of the fragmented coastal forest ecosystems (i.e., \$26 million State of Sao Paulo, \$15 million State of Parana, \$15million State of Minas

Gerais and \$9million State of Rio de Janeiro); (c) key NGOs that have locally been instrumental in developing State level conservation policies (i.e., Biodiversitas in Minas Gerais); (d) that the entire Mata Atlantica is a designated Biosphere Reserve with an independent administrative structure and existing sub-structures in each of the Atlantic States; that the Biosphere Reserve has been instrumental in providing policy guidelines for all of the coastal threatened ecosystems and has been very active through its regional "thematic" groups. It is suggested that the failure to draw attention to these important facts could be indicative of CI's lack of interest in establishing synergies in the proposed program. In this context, the need to establish a parallel fund to the existing PD/A program of the PPG-7 that provides small grants to the same target groups through the Bank of Brazil is little understood.

- The Madidi-Tambopata sample ecosystem description also fails to mention the importance of on-going bilateral projects in this area in Peru as well as on the Bolivian site of the border in support of protected areas (i.e., Germany with US 10 million). In this context it is not clear why the CEPF likes to "facilitate guidelines for tourist operations" instead of taking the lead in the development of a much needed regional tourism development plan.
- The Okavango Delta sample ecosystem profiled in this proposal fails to mention the critical importance of current bilateral projects in this region in support of protected areas and for the development of economic alternatives for support zone communities (\$10 million German bilateral aid in the Caprivi alone!). It is not understood why CI emphasizes the importance of a "coordinated conservation strategy" for the Okavango Delta, but fails to mention the need of such for the other two profiled ecosystems. This also applies to the attention drawn to land-use planning for the Okavango Delta although this would be of even greater importance for the Mata Atlantica of Brazil.

A-2 Regional (Belize, Honduras, Guatemala, Mexico): Conservation and Sustainable Use of the Mesoamerican Barrier Reef (WB) \$10.616 m

Comments from France:

The objective of this World Bank project (cost: \$10.5 million) is to improve conservation and monitoring of the Mesoamerican barrier reef system (MBRS) by strengthening national policies and coordination among the four States concerned.

Comments:

1. The document provides very little economic data (such as on fisheries, tourism, and maritime traffic), making it difficult to fully understand the situation in the zone.
2. Very few resources are earmarked for the sustainable management of ecosystems (\$1.9 million), whereas there are plans to spend over \$10 million to strengthen protected areas and establish a monitoring mechanism. Moreover, many projects in the region (cf. page 16) already focus on ecological monitoring and conservation. In view of the major threats to these ecosystems (expanding tourism, overfishing, and navigation practices, cf. page 4), the operational elements of component 3 should be strengthened, since this is the only project component that will benefit the local population.
3. Additional information would be appreciated regarding the project's sustainability beyond the initial five-year period, namely concerning: (i) how the four countries will pay for operating expenses and salaries for the management of marine protected areas, and (ii) ongoing funding for the ecosystem monitoring program (\$1 million annually during the initial phase).

Comments from the Constituency of Sweden, Estonia, and Finland:

All stakeholders of the reef management must be involved in the efforts. There are good experiences in the Caribbean on the coastal area conservation enhanced by "Sustainable Tourism Boards". This board provides an equal platform for tourism industry, official government and municipal management as well as NGOs to meet and form their common positions in coastal area development. All the stakeholders will also be committed to follow its decisions as far as it is in their power. The funding for the activities of the board should come from the stakeholders (mainly tourism industry) and it is an independent body outside of government official organization.

When marine protected areas are established, their importance to the local artisanal fisheries must be taken into consideration. According to the research done in the Caribbean, a reef provides the highest fisheries yield when about one fourth of its area is protected as a breeding ground for reef fishes.

Switzerland's comments:

The project objective is to enhance the protection of marine ecosystems by assisting the 4 littoral states of Mexico, Belize, Guatemala and Honduras to strengthen and coordinate national policies, regulations and institutional arrangements for conservation and sustainable use.

strong points:

- The office memorandum assists and guides the review in regard to GEF policy issues. The Detailed Project Description provides generally adequate additional information.
- The project proposal is based on solid regional efforts in coordinating the activities towards conservation and sustainable use and is well embedded in the existing regional institutional structures.
- The project is well described and seems to follow a clear logic.
- Recognizing that its objectives are ambitious and institutionally complex, the project has opted for a gradualist approach in the form of 3-phases (5 years per phase). We consider this a necessary step, but more is needed (see below).

We fully support the idea that the conservation of the Mesoamerican Barrier Reef System (MBRS) requires efforts which are coordinated at the regional level.

Main Concerns

Overall design

- Considering that the project refers to 4 countries, 4 components (or 8 sub-components, each addressing a number of causes) and has a regional coordination, it appears overly ambitious given that the budget is limited to 5 years.

Harmonization of policies

- The objectives regarding the regional harmonization of national policies are not sufficiently defined and focus on an excessively wide range of topics.
- Top priority should be the enforcement of national policies, the regional harmonisation of objectives on conservation, defining legally binding regional goals on quality and defining a regional plan of action – meanwhile implementation should be made in accordance with existing national legislation. Instead, however, the project seems to give priority to the regional harmonization of national policies. It is necessary that the project's approach is further specified (where interpretation is not sufficiently clear) and / or modified as described above.
- Is the GEF project, with its limited amount and relevance, and its regional scope which covers only partially the national territories, the right vehicle for the regional harmonization of national policies? We fear that its intended contributions will not be significant.
- To assess the possible impact of the GEF project, it is absolutely necessary to define clear goals and indicators. However, the project brief does not give any details on specific goals, and the respective indicators are too general for assessing the contribution of the GEF project to the changes in policies.
- What will the stakeholder participation be in these processes?

Project component 1: Protected Areas (USD 5.87 million)

- Within its 5 year time horizon the project will focus on 15 PAs. This implies that the budget per area will be rather limited. On the other hand the list of needs for support (including the associated basic infrastructure and equipment needed) and strengthening is enormous. Considering the amounts available per PA versus the needs, the objectives of this component appear ambitious and perhaps unrealistic. Without further detail on the exact kinds of GEF support and a rough cost estimate, it is impossible to assess whether this component will be feasible.
- The question of sustainability is not addressed in a satisfactory way. The leveraging mentioned and new partners are merely targets that may well not be met.

Project component 2: Regional Environmental Information System (USD 5.25 million)

- No information is given concerning the ownership of the proposed regional environmental information system. Considering that 4 countries will participate and to avoid possible future conflicts and guarantee an optimal utility, the questions of ownership have to be clarified before final endorsement.
- Regarding the costs of operating the system and for the monitoring, we underline the need to consider optimising costs and sustainability.

Project component 3: Promoting Sustainable Use of the MBRS (USD 1.88 million)

One sub-component refers to the promotion of sustainable fisheries management (addressing some of the causes of over-fishing by supporting (a) monitoring and management of spawning aggregation sites, (b) improved institutional capacity in sustainable fisheries management and (c) promotion of alternative livelihood systems, and another sub-component refers to the facilitation of sustainable coastal and marine tourism by formulating and applying policy guidelines and best practice models for sustainable coastal and marine tourism.

- Considering that the budget of this component has to cover 4 countries, 2 sectors and 5 years, the objectives and activities described appear ambitious indeed.
- Can the project have any significant effect in terms of changing existing trends?
- What kind of participation is foreseen for key stakeholders?

Conclusions and Recommendations

We acknowledge the good effort made in preparing this proposal and the fact that more important detail will emerge in the further design. Although the proposal is well structured and is based on a gradualist and adaptable approach, we feel that the stated objectives are generally too ambitious. A clear prioritisation of objectives and a reconsideration of the approach on policy and harmonization are necessary. Otherwise, we would seriously doubt that the stated objectives can be achieved. Furthermore, the feasibility of several crucial issues can only be assessed in the context of a detailed budget which is not yet available. Therefore we would request that our concerns and suggestions are taken into account in the further design of the project and that the final budget is closely scrutinized before final endorsement is given.

A-3 Kazakhstan: Integrated Conservation of Priority Globally Significant Migratory Bird Wetland Habitat (UNDP) \$8.847 m

Comments from France:

The purpose of the project is to improve conservation and management in three zones with globally significant biodiversity. The cost will be \$8.8 million, and approximately \$30 million in cofinancing will be provided.

Generally speaking, the project appears to be well-designed. These comments relate mainly to the amount and sources of cofinancing. Details of the cofinancing should be provided, as should an explanation of how the funds will help achieve the project's objective. The share which the Government of Kazakhstan is expected to pay seems unrealistic given its available resources. In any event, if the country can afford to spend the amount indicated, then it would seem unnecessary to establish a trust fund (component 5) to defray ongoing conservation costs. In particular:

- The document indicates that it will be difficult for the Government to allocate \$100,000 annually for management of protected areas. That being the case, how will an additional \$1.7 million be mobilized over seven years (item 2.2)?
- The microcredit program seems particularly useful and interesting. Who will provide the \$1.5 million for the program?
- What specific activities are being conducted at the Tengiz-Kurghaldzin site with the \$10 million allocated by the World Bank to clean sediment in the Nura River?

Comments from Germany:

The project proposal's major goal is to achieve the conservation of globally significant migratory bird wetlands with a national oriented cross-sectoral approach. Taking into consideration that the three demonstration sites are important breeding or stepstone habitats on the transboundary bird migration flyways crossing Central Asia, an exchange of information and coordination with the Range states to the several bird species is crucial to avoid isolated measures. Unfortunately, the project proposal hardly mentions any concept for an international coordination except the MoU's for two single species (Slender Billed Curfew, Siberian Crane).

The MNREP as executing agency should highlight in the proposal not exclusively the eligibility under CBD, GEF and in future under the Ramsar Convention but also under the Convention on Migratory Species (CMS) as the accession of Kazakhstan to CMS seems to be on the way.

Hence, the endorsement of the three proposed bird wetland sites not only in a reformed "National Wetland Conservation Law" but also in an internationally legally binding coordination of conservation measures would greatly support the regional and global sustainability of the project. Likewise, already existing international partnerships as e.g. the membership of the Tengiz wetlands in the "Living Lakes" project (Global Nature Fund) could help to transfer necessary management knowledge of wetlands to the sites concerned in Kazakhstan.

Furthermore, an intention of the project lays in demonstrating best conservation practices and in their replication. Unfortunately, the proposal describes the strategies of multiplication only very generally.

Conclusion: To ensure the global benefit of the project, it is recommended that the proposer integrates aspects of international cooperation and action as provided by CMS in the proposal.

Comments from the Constituency of Sweden, Estonia, and Finland:

In the case of Lesser White-fronted Goose, the importance of local hunters is crucial, since wild meat is an important addition to the local diet. The conservation efforts without the full support of hunters are doomed to failure. Thus we emphasize that in all conservation efforts the needs of local users and their collaboration should be sought; and the sustainable use of natural resources by local people should be the starting point for conservation efforts.

**A-4 Mexico: Integrated Ecosystem Management in Three Priority Ecoregions (UNDP)
\$15.650 m**

Comments from France:

The objective of the project is to ensure the sustainable and integrated management of three ecosystems with globally significant biodiversity. The project is consistent with operational program 12 and is an example of the synergies possible between carbon sequestration and protection of biodiversity.

These comments apply mainly to the financing aspect, about which little information has been provided at this stage. The Mexican Government will contribute a significant amount as cofinancing (\$62 million), primarily for the sustainable development of the three areas (component 4, \$47 million).

The GEF will mainly finance capacity building, biodiversity studies, monitoring of carbon sequestration, and technical assistance. Investments are planned only under component 5 (strengthening of protected areas), up to a maximum of \$3.5 million. Approximately \$13 million from the GEF will thus be spent on technical assistance, training, and research, which seems high.

Comments from Germany:

The proposal is an excellent example to demonstrate how the new Operational Program 12: Integrated Ecosystem Management could be implemented. It seeks to combine implementation efforts under the CBD as well as under FCCC (taking into account that the role of forest sinks within carbon sequestration is still under debate) promoting ecosystem management in three highly diverse forest areas within a bioregional approach.

Some components of the proposal would also perfectly fit into the implementation efforts of the Convention to Combat Desertification, most of all regarding aspects like institutional change, cooperative planning and management with local communities (ejidos and comunidades) and mitigating land degradation in tropical dry forests. It might be useful to know how this project relates to the Dirección General de Restauración y Conservación de Suelos (DGRCS) as the national coordination body for the CCD and how experiences could be used in the further development and implementation of the National Action Programme.

Furthermore, it is highly welcomed that synergies with the Mesoamerican Biological Corridor Project are identified. Nevertheless, it is recommendable that during project implementation, institutional arrangements and concrete procedures are defined to enhance the exchange of experience between related projects – even on the regional level. The role of the CHM, and CONABIO as the national focal point, as a central exchange platform might be emphasized in this regard.

Conclusion: It is recommended that the project proposal should be endorsed. The clarifications and possible changes regarding above mentioned points should be made during further planning steps and during project implementation.

Comments from the Constituency of Sweden, Estonia, and Finland:

In Mexico, interesting research results have recently been obtained on an economic analysis of the potential for carbon sequestration by forests (Ecological Economics (2000) 33: 313-327). It seems that the most cost-effective method for sequestering carbon appears to be the improved management of natural forest on communal lands. It was also noted that farmers prefer to try out farm forestry on their own plots before committing themselves to organized activities at a communal level. It would be useful, if these kinds of experiments of communal participation strengthening in the management of natural forest on communal lands for carbon sequestration and biodiversity conservation could be utilized in this programme. If positive results are reached, their replication and application in other places of the world could be advantageous.

Comments from Switzerland:

The project focuses on protecting biodiversity and sustaining vital ecological functions within 3 ecoregions in the south of Mexico. Its objective is to establish the institutional framework and local capacities to manage a mosaic of biodiversity-friendly resource uses.

The overall project is based on sustainable development objectives, whereas its GEF component is geared towards removing technical and institutional barriers to integrated ecosystem management. It consists of 5 components: (1) institutional framework, (2) planning data management & monitoring, (3) policy, legal and financial mechanisms, (4) land use management pilots, and (5) protected area creation. Within the overall project, highest priority is given to the sustainable and integrated land use management (output 4 with 51 million USD out of the total of 76 million, or 4 out of 15 of the GEF contribution).

The project objectives seem consistent with the provisions of Operational Programme 12. It is based on intensive and serious efforts for preparation. In general terms, we appreciate that the project is generally well described and documented; the project briefs allows for a good overview, and detailed information is provided in the annexes; the Logical Framework Matrix is well designed and structured and detailed information on project activities are given in an additional table; the environmental overview and maps give a general characterization of the biodiversity and includes some, although short indications on its vulnerability; the commentaries of the STAP reviewer are well considered.

We also recognize positively that the project brief indicates an important “co-financing” by the Government of Mexico. Nevertheless, we underline that the overall project is mainly development oriented, and the incremental issues of conservation are widely assumed by the proper GEF, and therefore the high portion of “co-financing” is rather well explained by itself.

Main Concerns

Our concerns are summarized as follows:

Relation and synergies with the Mesoamerican Corridor?

- The 3 project regions are located in the south of the Tropic of Capricorn where the land bridge to Central America is the most narrow. Considering this localization, a relation of the new project with the Mesoamerican Biological Corridor (referring to the overall corridor and not only to the respective GEF project which was approved recently) must be expected and should be explained. Furthermore, referring to the indication that the 3 project regions are of global importance, we must raise the question: why are they not part of the mentioned corridor? Also: how are the priorities of the national conservation strategies and of the project portfolio to the GEF established?

Conservation strategy?

The objectives of conservation will be realized mainly through output 4 (sustainable and integrated land use management models) and 5 (creation of 3 new protected areas).

a) Regarding the new protected areas (output 5, with its total cost of 9.26 million USD out of which GEF assumes 3.57 million):

- Considering that it is probably for the GEF the most intrinsic of the project objectives, we regret that the information given is particularly weak.
- Although biodiversity is well characterised in annexe G, there is a lack of design of the conservation strategy. It is absolutely necessary to define the objectives and goals of the biodiversity conservation (and show the conceptual relation and connectivity with above mentioned biological corridor), otherwise it is impossible to assess whether the new protected areas satisfy the requirements.
- The information (including cost) given does not allow assessing whether the protected areas will be managed in a sustainable way.
- The Logical Framework Matrix itself indicates risks, which we consider important, however these risks are not adequately analyzed or discussed the brief. Particularly the indication that “SEMARNAP will have the will and resources to support additional PAs” requires attention and leads back to the question on how the priorities are established.

b) Regarding sustainable and integrated land use management (output 4, with 51 million USD out of the total of 76 million, or 4 out of 15 of the GEF contribution):

- We agree that biodiversity-friendly resource uses are indeed necessary and correct and may indirectly contribute in biodiversity conservation, however the question is whether they are enough and well oriented to achieve the goals of conservation.
- Indeed, output 4 refers primarily to integrated rural development, however the incremental issues of and its direct contribution to biodiversity conservation are not sufficiently clear. As long as there is no clear conservation strategy, the efforts of biodiversity-friendly resource uses may be dispersed and it is difficult to assess how the different activities will contribute to conservation (examples of energy-efficient stoves, honeybees, etc.).
- Even regarding the goal of sustainable uses the activities are very diverse and not enough oriented. We recognize an imminent risk of dispersing efforts and weakening impact and sustainability.

Conclusions and Recommendations

We recognize the efforts made in the preparation and support the project proposal. However the final preparation has to give special attention to the aspects of biodiversity conservation. The definition of conservation goals and the relations of this project to the Mesoamerican Biological Corridor are a must. Furthermore, a prioritization of activities and a further embedding in a conservation strategy are necessary, otherwise there are risks of dispersing efforts and losing track towards the stated conservation goals. In this respect, we welcome that the project will also provide carbon sequestration benefits, but as GEF goes it should really be convincingly justified on the basis of the conservation approach and its expected results.

FEBRUARY INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS
(REFERENCE TO GEF/IS/7 – JULY 26, 2000)

B-5 Regional: Caribbean Renewable Energy Development Programme (UNDP) \$4.426 m

Comments from France:

The program will cover 17 states (CARICOM). The GEF will contribute \$1.5 million for technical assistance and related activities (information, coordination, general research) and \$2.5 million for project financing (\$0.9 million for studies and \$1.6 million for investment promotion).

Implementing a regional program is a complex undertaking. Thus far, regional renewable rural energy initiatives have not proved effective. Because many sectors and States are involved, resources are often spread thinly, line losses occur, and the results ultimately are disappointing.

The feasibility study should endeavor to identify genuine synergies among the States with respect to the activities identified and value added. This is especially important since many of the States have acquired considerable experience with renewable energy and have been receiving bilateral support for the past 15 years or so.

A solar water heating demonstration project on one island is unlikely to have much impact on an island more than 3000 km away.

It is recommended that the program be organized by subsectors and subgroups of countries: for example, the hotel industry and water heaters in one subregion, rural electrification in another subregion, and so forth.

The activities described in the document and the way they are organized are too **general**.

The study should also demonstrate the added value of the regional initiative compared to the existing situation in each country.

Accordingly, the sectoral and geographical analyses should be more specific.

Comments from Germany:

The programme is well set up, meet the requirements of the GEF Operational Programme 6, is focusing the promotion on a regional basis, emphasizes the financial aspects in project promotion, supports strongly capacity building and intends to improve the regional renewable energy information network. The last project component is most helpful for the transfer of EST under the climate convention (Art. 4.5).

The German Government has a request from Caribbean Countries to complement this programme with an additional project on RET and will inform the GEF Secretariat as soon as a decision has been taken.

Comments from the Constituency of Sweden, Estonia, and Finland:

- Involvement of existing regional organizations (in particular Caricom) is very welcome since it can facilitate the mainstreaming of climate change concerns into the work of these organizations.
- We welcome the strong capacity building component and the link made to the Capacity Development Initiative.

Comments from Switzerland:

This programme proposal is based on a joint initiative of 16 Caribbean countries aiming at the removal of barriers to the increased use of renewable energy (RE) resources. Its overall objective is the reduction of the dependency on imported fossil fuels serving national and development priorities in the Caribbean region. This shift from fossil fuel-based electricity generation towards the increased use of RE will result in a significant reduction of greenhouse gas emissions. The programme is in line with GEF Operational Programme No. 6. The programme's main activities (creation of favourable RE environment; application of innovative financial mechanisms for RE products / services; strengthening the capacity of key players in the field of RE and improvement of the regional RE information network) are appropriate to achieve the envisaged objectives. The programme provides an 'umbrella function' offering technical and financial assistance to participating countries to develop and implement RE projects.

Main Concerns

- An efficient inter-institutional co-ordination between the CARICOM, PMU, participating governments, CDB and CEIS are decisive for the success of the programme.
- Representation of private sector (e.g. Industry Association, Hotel/Tourism Ass., Environmental Organization) and of co-financing donors (if any) in the Steering Committee needs to be ensured.
- The degree of managerial capability / technical competence of the PMU as well as the responsibility given to the PMU will be crucial for the project.
- The pro-active participation and a positive attitude/openness of the utilities for RE will be crucial for the success of the programme.
- Private sector participation and mobilization of sufficient private investment is a key element for the CREDP.

Conclusions and Recommendations

The project concept as outlined in the brief addresses most of the concerns mentioned above.

Additional recommendations are:

- Consider to extend membership of Steering Committee (page 18, para. 71) to include up to 2 more seats for private sector and donor (if applicable).
- Reconsider the physical location of the PMU in the region (page 18, para. 70). CARICOM is executing agency, but PMU does not necessarily need to be located at CARICOM since this location is logistical difficult. Alternatives for the physical location of the PMU could be e.g. CARILEC/ St Lucia or CEIS/ Jamaica.
- Detailed tasks and responsibilities of the PMU are already formulated (page 5, para.19,21, 22). They should form the basis for the selection of the PMU Manager.

For the task to create an efficient regulatory framework the (newly installed) institution OCUR (Organisation of Caribbean Regulators, located in Jamaica (?)) should be considered for co-operation within the CREDP.

Further commentaries

- OFP Endorsement letters in the brief: change 'Belarus'.to 'The Bahamas'.
- The CREDP '*Project*' was changed into '*Programme*' which emphasises the programmatic character of the approach.
- UNDP will have to play an important role during the preparation phase of the CREDP since this phase will be crucial for the success of the programme.

**B-6 Chile: Removal of Barriers to Rural Electrification with Renewable Energy (UNDP)
\$6.067 m**

Comments from France:

The program includes two main components: one covering photovoltaic equipment (\$10 million, including \$0.8 million from the GEF) and another on project financing (\$18 million, including \$2 million from the GEF).

In order to assess the relevance of the proposed plan, a detailed analysis of rural electrification in Chile is needed covering the current situation, costs, fees, financing, the institutional framework, and short- and medium-term plans.

The project document should present a clearer picture of the state of rural electrification and should indicate how the project will supplement efforts already under way in this field and how it will mesh with measures already taken (regarding, for example, the role of power companies, contractual arrangements, and public-private partnerships).

In addition, the financing package should be substantiated further, and should be broken down by intangible investments and participation in tangible investments.

On the technical side, a more detailed description is needed of the types of installations envisaged. As an example, the concept of “hybrid” systems is too vague.

Comments from the Constituency of Sweden, Estonia, and Finland:

- The project is very relevant from a development perspective since it aims to bring substantial development benefits to some of the poorest regions of Chile. Therefore, it should also be analyzed how the limited financial capacities of many of the households involved may affect the project’s success.
- It would also be interesting to see engagement from energy companies in a project like this.

Comments from Switzerland:

This project aims at removing barriers to the use of Non Conventional Renewable Energies in remote rural unelectrified areas.

Main Concerns

A country like Chile has an electricity consumption pattern that suggests that the aspirations of most unelectrified households are unlikely to be met by SPV systems with less than 100 W peak. The prevalent tendency of rural electrification through small electricity generators seems very

difficult to overcome, as they present the flexibility to add additional plug loads and income generation activities with small machines. The numbers to compare the economy of fuel based electricity generators with SPV are not available in the project brief. There appears to be no solid analysis of the market potential for the targeted areas. The project aims at reversing a well-set tendency of fuel based decentralised electricity generation, a goal that appears based on little more than good intentions.

Conclusions and Recommendations

It seems risky to launch this project without having reduced the risks by conducting a comprehensive market study, or equivalent appropriate method (like seed market testing), to demonstrate that the potential market indeed exists.

Further Commentaries

It is surprising that the brief would not provide any data on the comparison between small gensets and SPV systems, on economic and financial basis.

B-7 China:Barrier Removal for Efficient Lighting Products and Systems (UNDP) \$8.136 m

Comments from France:

The program calls for general activities: a media campaign (\$5.9 million), improved product quality (\$11.7 million), and establishment of standards (\$1.5 million).

Energy consumption for lighting certainly could be reduced in China. However, the reasons for doing so and the means to achieve this objective need to be spelled out.

The project has identified clearly a number of useful ways to reach this goal (through improved product quality in particular).

The feasibility study should:

- identify how the production of lighting equipment (such as light sources and ballasts) is organized;
- indicate the project's intervention strategy vis-à-vis sector actors, spelling out what the priorities are; and
- target the planned activities better by distinguishing small and medium-sized entities from larger groups and identifying planned actions by categories of actors (such as suppliers, laboratories, distributors, opinion leaders, and power companies).

Comments from the Constituency of Sweden, Estonia, and Finland:

- The STAP reviewer questions the idea of only targeting better quality manufacturers. Should the approach be more flexible? In some cases, it might be justified to also target big, poorly performing companies.
- The STAP reviewer rightly calls for a more thorough discussion on the potential environmental impacts of the project.
- The project's secondary goal is to increase exports of efficient lighting products. However, the project brief does not discuss whether and which additional measures are needed to reach this goal.

Comments from Switzerland:

This project addresses market barriers to the improvement of quality of high efficiency lighting products on the market (in China and for export).

It has a very low CO₂ abatement cost and has potentially a large global impact. The project is well conceived and has a right set of priorities with a logical structure. It adds upon a national project the missing elements, and builds upon past and ongoing experiences.

Main Concerns

Difficulties with the effective application of standards pose a significant risk of such a project.

Conclusions and Recommendations

This project is very relevant for the GEF operational programme. The GEF contribution brings the missing elements of the basic project. It should be supported and encouraged.

B-8 Hungary: Public Sector Energy Efficiency Programme (UNDP) \$4.200 m
Switzerland's comments:

Comments from France:

Hungary has already received – and is now receiving – support (nearly \$40 million) for energy efficiency initiatives from bilateral donors, the European Union, and the GEF.

These initiatives have focused on generating awareness of energy efficiency issues, establishing energy service companies, and removing financial barriers. The project proposes the same activities.

Details should be provided concerning the various initiatives, including full information regarding their results, how the project will benefit from the lessons learned from these initiatives, and how it will complement them.

Financing of audits or the establishment of demonstration projects subsidized by external aid no longer are enough to launch sustainable energy efficiency programs.

A phased approach is recommended for the program, as follows:

- evaluations of projects already in progress,
- inclusion of new provisions in project prefeasibility studies (analyzing the financial package and operational arrangements) and descriptions of the role of the various actors, and
- program launch and monitoring.

Comments from Switzerland:

This project addresses the lack of development of a sustainable energy efficiency market in Hungary in the public sector. It aims at generating skills to perform energy audits and realise projects.

Main Concerns

The question of the not yet existing staff to implement the project is very crucial. The selection of the staff and its structure will be a determinant factor for the success and sustainability of the project.

The project is focusing on investment-based energy efficiency projects, and is top-down driven. The technical operating staff of the various municipalities, systems is not part of the project design.

The project does not consider energy efficiency improvement without investment by

optimisation as a component. It is mostly based on an audit followed by high investments. Experience in various countries has shown that energy efficiency by optimisation of operation of systems has a very high potential (of the order of 10-20 % savings), and also has a very rapid payback, bringing also expertise in local energy management, which is then more prone to understand and welcome energy audit studies.

Conclusions and Recommendations

It is recommended to add a software component, which consists of training of technical operators in energy management/optimisation (like optimisation of heating curves, ventilation air flow rates, central heating control optimisation, ...), coupled with audits targeted at energy efficiency improvement by best practice in operation and/or slight modification in controls, but without large investments.

This first phase approach without investment would bring very quick and cheap results, and also help in building an understanding of energy management among the technical operators.

C-9 Regional: Environmental Protection and Sustainable Management of the Okavango River Basin (UNDP) \$5.766 m

Comments from France:

The project will promote joint management of the Okavango River Basin with a view to minimizing the impact on the environment of future development in the basin. The project is fully justified inasmuch as the Okavango Delta is renowned the world over for its exceptional biological diversity.

The project follows the classic pattern for international waters projects: first a transboundary diagnostic analysis (TDA) will be conducted, leading to the preparation of a strategic action program (SAP) to be implemented during a second phase. In addition, the project will strengthen regional consultations, popular participation, and the role of the Okavango River Basin Commission (OKACOM).

Comments:

- OKACOM has undertaken to prepare an environmental assessment (EA) and an integrated management plan (IMP). It is difficult to understand the distinction drawn in the document (particularly the summary) between the transboundary diagnostic analysis and the environmental assessment, and between the strategic action program and the integrated management plan. The relationships between these undertakings need to be clarified, and it might be useful to adapt the classical GEF methodology to the objectives established by OKACOM.
- Component B is based on studies and modeling of various aspects of the system (hydrologic and socioeconomic factors, for example). In line with the comments by the Scientific and Technical Advisory Panel (STAP), it is recommended that an integrated approach be adopted from the outset with a view to developing an integrated model of the Okavango Basin. The integrated model of the “*delta intérieur*” of the Niger River developed by the Research Institute for Development and Cooperation (IRD) is a good example of this approach.
- The financing plan is highly approximate, especially for component A, which is very expensive. A cost breakdown by item should be provided of both the plan and the cofinancing arrangements.
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The page numbers of the project referred to in the STAP Roster Review do not correspond to those in the current project document, which makes it difficult to understand STAP’s comments. The name of the author of the review is also missing. These matters should be addressed.

Comments from the Constituency of Sweden, Estonia, and Finland:

The project aims at producing a strategic action programme in the first phase and implementing it in the second phase. As a strategic line of action, this seems to be the correct approach. More

specifically, the project would address mechanisms for joint management, based on wide participation and removing institutional barriers. Also improved information base and SAP formulation are included. This presents a complete and appropriate approach. The technical formulation of the project proposal is adequate.