

OPERATIONAL PROGRAM NUMBER 8
WATERBODY-BASED OPERATIONAL PROGRAM

GUIDANCE

8.1 Guidance for this operational program (OP) comes from the GEF Council in the Operational Strategy. Operational Programs in the International Waters focal area provide a planning framework for the design, implementation, and coordination of different sets of GEF International water projects that can achieve particular global environmental benefits. Through different operational programs, emphasis is placed on a variety of interventions and certain types of projects that can lead to implementation of more comprehensive approaches for restoring and protecting the international waters environment. Operational programs are established to ensure systematic coordination among implementing agencies, countries, and other actors as well as to generate programmatic benefits for the global environment that would not otherwise be achievable.

8.2 In the Waterbody-Based operational program, the GEF will play a catalytic role in assisting a group of countries seeking to leverage cofinancing in association with national funding, development financing, agency regular programs, and private sector action for necessary elements of a comprehensive approach for sustainably managing the international waters environment. The goal is to assist countries in making changes in the ways that human activities are conducted in a number of sectors so that the particular waterbody and its multi-country drainage basin can sustainably support human activities. GEF helps countries to utilize the full range of technical, economic, financial, regulatory, and institutional measures that are necessary.

8.3 Projects in this operational program focus mainly on seriously threatened waterbodies and the most imminent transboundary threats to their ecosystems as described in the Operational Strategy¹. Consequently, priority is placed on changing sectoral policies and activities responsible for the most serious root causes or needed to solve the top priority transboundary environmental concerns. GEF may fund the transaction costs of neighboring countries collaborating on defining the priority transboundary environmental concern of the waterbody and determining expected baseline and additional actions needed to resolve each priority concern. Based on the countries' commitments to change sectoral policies or activities and to fund expected baseline investments, GEF may fund the agreed incremental cost of additional measures.

¹ Imminent transboundary concerns that seriously threaten waterbodies include, pollution, over-exploitation of living and non-living resources, habitat degradation, and nonindigenous species.

PROGRAM OBJECTIVES

8.4 The long-term objective of the program is to undertake a series of projects that involve helping groups of countries to work collaboratively with the support of implementing agencies in achieving changes in sectoral policies and activities so that transboundary environmental concerns degrading specific waterbodies can be resolved.

8.5 Short-term objectives of the program are to:

- (a) undertake a series of projects that utilize a spectrum of interventions for addressing different transboundary environmental concerns in different types of waterbodies that are representative of diverse geographic settings across the world;
- (b) derive lessons learned from experiences in using various types of institutional arrangements at the national and regional levels for collaboration in addressing transboundary priority environmental concerns; provisions will be included for periodic stock-taking and review of lessons learned as projects are implemented;
- (c) assess the usefulness of Strategic Action Program formulation in leveraging national/donor actions at the policy/investment levels, in coordinating support of regular implementing agency programs, and in serving as a logical framework for M&E;
- (d) initiate actions toward resolving transboundary environmental concerns for a variety of waterbody settings with at least one freshwater basin project and one large marine ecosystem project in each of the world's five development regions;² and
- (e) fully develop a GEF strategic approach to a specific, damaged Large Marine Ecosystem (LME) so that significant investments are leveraged and regular programs of implementing agencies are harnessed to address priority transboundary environmental concerns in the highly damaged large marine ecosystem.

PROGRAM SCOPE

² The five development regions are Sub-Saharan Africa, Asia, Latin America/Caribbean, Middle East/North Africa, and Eastern Europe/Former Soviet Union.

8.6 The operational program consists of projects that utilize different types of interventions to make changes in sectoral policies and activities which degrade the international waters environment. A range of transboundary environmental concerns, different types of waterbodies, and a number of geographic settings are utilized across the world to test various interventions and learn from implementation. Implementing agencies assist the countries with tasks according to their comparative advantages. Groups of countries work collaboratively in learning about and resolving priority transboundary environmental concerns.

8.7 Waterbodies with varied ecological systems and economic value will be the subject of GEF projects. Freshwater systems range from transboundary river and lake basins to transboundary groundwater systems. Marine waters are primarily addressed through LMEs. These are the equivalent of sea-based ecosystems for areas of common circulation or enclosed/semi-enclosed seas. There are 49 that make up the continental shelves and associated currents and these provide about 95 percent of ocean fish catches. Certain priority portions of LMEs, limited ocean spaces, or certain living resources of the ocean can also be targeted for interventions in this operational program.

Characteristics of the Waterbodies

8.8 The waterbodies chosen for projects will encompass a range of different transboundary environmental concerns, geographic settings, and regions as follows:

- (a) transboundary concerns are defined by neighboring countries in a transboundary diagnostic analysis;
- (b) transboundary concerns create significant threats to the functioning of the ecosystems and a focus is placed on the highest threats;
- (c) most countries contributing to the problems wish to collaborate;
- (d) resources are programmed to support projects in many different development regions rather than being clustered on one continent; and
- (e) LMEs address marine issues, coastal zone issues, and relevant freshwater basin concerns.

Characteristics of the Interventions

8.9 Assistance may be provided by the GEF to:

- (a) conduct a transboundary diagnostic analysis to identify priority transboundary environmental concerns;
- (b) formulate a Strategic Action Program of actions each country needs to take to address the priority transboundary concerns (including differentiation of agreed expected baseline actions and those that would be additional in nature) and to leverage non-GEF resources for implementing both baseline and additional actions;
- (c) support the incremental cost of technical assistance, capacity building, limited demonstrations, and certain investments needed to address the priority transboundary concerns as outlined below under "Types of Activities".
- (d) encourage the use of sound science and technological innovations for management.

EXPECTED OUTCOMES

8.10 International water projects normally require a long-term commitment on the part of governments, implementing agencies, donors, and the GEF to leverage the intended sectoral changes -- to address the root causes -- of complex environmental problems in this focal area. Many GEF international water projects require political commitments on the part of neighboring countries to work together. It takes time to nurture the capacity to work together, establish factual priorities, and decide on joint commitments for action. Collaborative processes are fostered through a logical progression of GEF-funded activities -- from project development to analyses of transboundary priority environmental concerns to formulation of an international water Strategic Action Program to eventual regional capacity building or country-specific investment projects. The strategic action program is a key element for the GEF because it will contain the agreed transboundary analyses for determining priorities and the array of expected baseline and additional actions needed for resolving each priority problem. Some groups of countries may already have in place the analyses and identified the environmental protection commitments needed to support formulation of a strategic action program, and in those cases Project Development Facility (PDF) funds might be utilized to pull together the array of reasonable baseline and additional actions needed to solve the priority transboundary problems and then quickly proceed to project preparation in conjunction with leveraged funding.

8.11 The GEF will normally play an important catalytic role in restoring/protecting waterbodies but it will be only a small part of the larger multicountry effort with assistance from donors and implementing agency (IA) regular programs. Development

or strengthening of multicountry institutional arrangements are often appropriate measures for support and countries should ensure financial sustainability of these arrangements to ensure that the expected outcomes can be achieved, which in some cases may be years after the GEF project has been completed.

8.12 Expected outcomes of this program include reduction of stress to the international waters environment in parts of all five development regions across the globe as a result of countries' changing their individual sectoral policies, making critical investments, developing necessary programs, and collaborating jointly in managing transboundary water resources. In addition, achievement of the program objectives listed herein may be considered as an expected outcome of the programming of projects in this operational program.

8.13 Key assumptions are that:

- (a) over time, the full range of technical, economic, financial, regulatory, and institutional measures necessary to restore and protect the waterbody would have been taken by collaborating countries to accompany the leveraged development assistance of regular programs of the implementing agencies, international co-funding of investments, and private sector action; and
- (b) participating and donor countries would have committed funding for needed baseline actions.

PROGRAM OUTPUTS

8.14 The outputs of this program are a representative number of transboundary freshwater basin international water projects (both surface and subsurface basins) as part of a freshwater basin component as well as a representative number of international water projects focusing on marine/coastal ecosystems (or perhaps limited oceanic areas and their living resources) as part of a large marine ecosystem component of the program. Different considerations, elements, and interventions may be characteristic of projects addressing these varying types of waterbodies, consequently two distinct components are required for programming. Of course, since each project addresses transboundary concerns, global environmental benefits constitute the fundamental program output.

8.15 Another significant output involves the programming (or targeting) of individual GEF projects in one area to make a catalytic, on the ground impact in a case that is so complex that no single country, no single donor, or no single implementing

agency can make a real difference. These programmatic global environmental benefits represent a synergistic effect from GEF activities.

8.16 Outputs from individual international water projects include:

- (a) a comprehensive transboundary environmental analysis identifying top priority multi-country environmental concerns;
- (b) a strategic action program consisting of expected baseline and additional actions needed to resolve each transboundary concern;
- (c) country commitments to implement expected baseline and additional actions;
- (d) documentation of stakeholder participation in determining expected baseline and additional actions to be implemented;
- (e) implementation of measures with incremental costs that help resolve the priority transboundary environmental concerns; and
- (f) monitoring and evaluation indicators related to the international waters project and subsequent actions following project completion (process indicators, stress reduction indicators, and environmental status indicators).

TYPES OF ACTIVITIES

8.17 This operational program heavily relies on cooperation among Implementing Agencies as part of specific projects as well as a significant commitment from each Implementing Agency to target its regular development assistance programs to the international waters project area along with the GEF. These Implementing Agency commitments to action (including regular agency programs such as capacity building) and individual country commitments to baseline and additional specific actions are often contained in Strategic Action Programs developed with GEF assistance. Typical GEF projects first contain activities to complete this strategic work and gain agreement among countries and then with implementing agencies. Then, subsequent regional capacity building or country-specific investment projects fund the incremental costs of priority additional measures along with baseline actions funded by countries, implementing agency regular programs, donors, private sector, or other sources.

8.18 Indicative activities for projects in each of the two components of this operational program include:

Transboundary Freshwater Basin Component

8.19 A number of transboundary lake basins, river basins, and groundwater basins provide settings for application of the operational program to projects in this component. Rather than addressing all the environmental problems in the basins of these waterbodies, GEF seeks to focus on the top priority problems that are transboundary in nature so that sectoral policies and activities that create the problems are changed in the basin. Joint actions among nations and regional cooperative institutional arrangements are often key features of these projects. The projects run the range from capacity building and technical assistance to specific investments with incremental costs. Demonstration projects are often included to test new or innovative interventions. Institutional elements such as water quality standards/regulations, permit processes, or water minimization/pollution requirements are harmonized among countries. Institutional arrangements such as commissions are often developed or strengthened to provide mechanisms for countries to sustain actions after the GEF projects ends. The scientific community is often also involved in providing advice as part of the institutional arrangements.

Large Marine Ecosystem Component

8.20 With ninety-five percent of all marine fisheries in the world coming from 49 large marine ecosystems that make up continental shelf areas, projects in this component are essential for food security and for sustainable use of coastal resources. Linkages among coastal areas, marine waters, and their contributing freshwater basins are highlighted to provide the necessary comprehensive approach to addressing transboundary environmental concerns.

8.21 Integrated freshwater basin-coastal area management measures are important for protecting large marine ecosystems. In hotspots of transboundary environmental damage, targeted technical assistance or investment projects are encouraged to address serious problems. If only several of a large number of riparian countries wish to proceed, formulation of a strategic action program would be a useful, incremental first step. In addition, cooperating countries may wish to jointly address environmental problems of an oceanic area not included in a large marine ecosystem. Use of new technological and institutional tools is encouraged. Technological advances are being introduced that use information technology and computer simulation to help make critical management decisions for marine resources and tools such as the Code of Conduct for Responsible Fishing consistent with the Law of the Sea Convention also exist. Some projects may address issues (e.g. destructive fishing techniques) that are common to many countries in which changes in sectoral policies or activities are needed to maintain the environmental sustainability of marine and coastal waters.

Indicative Activities for Capacity Building or Investment Projects

- (a) technical assistance for countries deciding how they jointly desire to work together with committee structures to collaborate more effectively;
- (b) funding the communication infrastructure for committees and for stakeholder participation;
- (c) advice and assistance in stakeholder/NGO participation design, conducting social assessments, etc.;
- (d) limited demonstration projects to determine feasibility;
- (e) feasibility studies;
- (f) technical assistance and capacity building in how country interministerial teams work, how they involve stakeholders and how they determine expected baseline and additional priority actions; and
- (g) advice and facilitation in formulation of the strategic action program.

8.22 The GEF may fund the incremental cost of priority elements of the strategic action program that address the transboundary priorities. This funding could provide cost-shared incentives for leveraging government, private sector, or donor action in implementing priority solutions on the ground. Examples of indicative activities might include:

- (a) a modest cost share in supporting establishment of an industrial toxics pretreatment program or physical interventions to separate easily treated municipal wastewater from more dangerous industrial wastewater;
- (b) incremental cost funding for wetland restoration to provide habitats and to mitigate the effects of pollutants before they reach international waters;
- (c) innovative approaches such as tradable pollution discharge permit systems or offset programs to cost-effectively improve water quality in shared basins;
- (d) cost-share best management practice installation for nonpoint source control of land-based pollution in degraded, priority watersheds; and
- (e) building a human resources capability to strengthen institutions. Hotspots of transboundary degradation may be targeted for funding if information is sufficient to characterize the transboundary nature of the

problem and the country (or countries) commit to undertaking the needed measures. Single-country versions of strategic action programs may be appropriate to leverage other funding for baseline and additional actions.

INTERAGENCY COORDINATION AND PUBLIC INVOLVEMENT

8.23 All three implementing agencies are normally involved on a task force for project preparation with environmental ministries of each participating nation. This is because each implementing agency has a comparative advantage, something additional, to bring to the table with its regular programs. Formulation of Strategic Action Programs (SAP) is the responsibility of the collaborating governments and national/regional stakeholders. Strategic action programs formulation provides an opportunity for implementing agencies to support country initiatives according to the implementing agency's comparative advantage and to bring their regular programs to bear where needed. While multiple implementing agency involvement is not mandatory, it will be encouraged. It is through strategic action program formulation that baseline and additional priority actions are identified.

8.24 Stakeholder involvement and participation of different sectoral ministries in each recipient country constitute important elements of GEF activities concerning international waters. Stakeholder involvement will differ at each level of planning and administration. Participation of these various stakeholders (including the private sector) within and across countries can improve the quality, effectiveness, and sustainability of projects. However, there is a need to identify the key stakeholders through a stakeholder analysis or social assessment, as well as the levels at which their involvement will be critical and the means to ensure their effective participation. Linkage through computer-based networks is promising. Networking among stakeholders and government organizations can foster broad involvement in planning and implementing GEF international waters projects and should help to improve the quality, public awareness, and scientific basis of international waters projects. These technological innovations promote transparency among cooperating nations regarding key information, encourage broader participation by stakeholder groups within country and across countries, and provide a basis for evaluation. Interministerial coordination is essential so that actual changes can be made in sectoral activities.

RESOURCES

8.25 With a large number of highly damaged and threatened waterbodies worldwide, the coming 3-year period will be utilized to select good examples of projects in each of the two components of the operational program. During the planning period, half the projects will be in an initial strategic stage while half will have been reviewed by

Council and will have begun implementation. The modest estimate of financial resources needed for this operational program is \$75 - 90 million for FY1998 - 2000 to accomplish objectives stated herein.