



Global Environment Facility

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GEF Council
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Agenda Item

**WORK PROGRAM
SUBMITTED FOR COUNCIL APPROVAL**

Recommended Council Decision

The Council reviewed the proposed work program submitted to Council in document GEF/C.18/6 and approves it subject to comments made during the Council meeting and additional comments that may be submitted to the Secretariat by December 21, 2001.

The Council finds that [, with the exception of _____,]each project presented to it as part of the Work Program (i) is or would be consistent with the Instrument and GEF policies and procedures and (ii) may be endorsed by the CEO for final approval by the Implementing Agency, provided that the CEO circulates to the Council Members, prior to endorsement, draft final project documents fully incorporating the Council's comments on the work program accompanied by a satisfactory explanation by the CEO of how such comments and comments of the STAP reviewer have been addressed and a confirmation by the CEO that the project continues to be consistent with the Instrument and GEF policies and procedures.

[With respect to _____, the Council requests the Secretariat to arrange for Council Members to receive draft final project documents and transmit to the CEO within four weeks any concerns they may have prior to the CEO endorsing a project document for final approval by the Implementing Agency. Such projects may be reviewed at a further Council meeting at the request of at least four Council Members.]

With respect to each of the eight biosafety proposals in this work program for which the requested allocation is less than \$1 million, the Council agrees to the following expedited procedure. The CEO may endorse any of these proposals after the end of the period for technical comments on the work program (December 21, 2001) without circulation to the Council, provided the CEO is satisfied that the final project document fully responds to the Council's comments.

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I. WORK PROGRAM

1. The Chief Executive Officer (CEO), after reviewing the conclusions and staff recommendations from the project review meetings with the Implementing Agencies, proposes to the Council for its consideration and approval a Work Program consisting of 36 project proposals including a replenishment for the GEF Small Grants Program:

Biodiversity	\$60.746 million (9 projects, and 9 Biosafety projects)
Climate Change	\$70.964 million (11 projects)
International Waters	\$52.033 million (5 projects)
Multi-Focal Area	\$25.362 million (Small Grants Program and 1 other project)

Proposed Work Program

2. The Work Program has a proposed allocation of \$209.105 million in GEF financing out of a total cost of \$953.093 million (see Annex A for details).

3. Fiscal year 2002 is the last year of the GEF-2 replenishment period. This is the first Work Program proposed for FY02, and as such represents a prudent commitment of the resources currently available. The Implementing Agencies have made impressive efforts to manage their pipelines, consistent with the available resources.

4. This Work Program includes a full-size project that has been processed under the policy on Expanded Opportunities for Executing Agencies. This is the *China: Efficient Utilization of Agricultural Wastes* project, for which the executing agency is the Asian Development Bank (ADB). ADB prepared the project with its own resources (i.e. without PDF-B support) and will be working with an Implementing Agency (the World Bank) in order to satisfy Council requirements for gaining access to the allocation and fee requested as part of this Work Program.¹ Three PDF-Bs have also been approved for the executing agencies acting under this policy (see Annex E). Efforts are underway to identify an Implementing Agency willing to provide a legal channel for the allocation and fees for the resulting projects. These projects, when fully prepared and meeting all project review criteria, would then be presented to Council for approval. Efforts are also underway to identify an Implementing Agency willing to provide a legal channel for the allocation and fees for a Medium-Size Project submitted by EBRD on behalf of Poland. A number of Enabling Activities for Persistent Organic Pollutants have been prepared by UNIDO and approved by the CEO in accordance with the decision in May 2001 (see Annex F).

5. The Secretariat foreshadows that a private sector project would soon be submitted intersessionally for Council approval. This project is the *Kenya: Ormat Olkaria III Geothermal Power Development* project. The reason that it will be submitted intersessionally is to allow for a more rapid response to a private sector client. The request for a GEF allocation may be up to \$5.0 million in

¹ See in particular paragraph 18 of the Joint Summary for the November 2000 Council Meeting and paragraph 40 of the Joint Summary for the May 2000 Council Meeting.

the form of a partial risk guarantee and would be associated with private sector financing expected to be about \$11.0 million for the geothermal exploration and development phase only. The total project cost, including the subsequent commercial development of the power plant, is expected to be \$185 million.

6. The total project implementation fees requested by Implementing Agencies for this Work Program amount to \$24.99 million, which represents 10.7% of the total allocations, included in the December 2001 Work Program. This represents a considerable increase from the average fee percentage of 8.1% for the FY01 work programs. This increase results primarily from (i) the substantial reduction in the average grant size of the World Bank's Full-Sized projects; (ii) the atypically large number of Medium-Sized Projects proposed by the Implementing Agencies; and (iii) the complexities and scope of some Full-Sized projects proposed by the World Bank and UNDP, requiring upward adjustments to the reference fee. The project phasing that has been undertaken to manage commitments according to available resources (as set out in paragraph 7) by itself has no impact on the overall fee percentage, as the fee for such phased projects is assigned in proportion to the phased grant allocation submitted in each Work Program.

Project Phasing

7. One response to managing commitments according to availability of resources has been to identify large fully-prepared projects that have intermediate outcomes so that the activities can be phased. In this Work Program, there are six such projects namely: *Global: Conservation and Sustainable Management of Below Ground Biodiversity*; *Regional: Desert Margin Programme*; *Regional: Mekong River Basin Wetland Biodiversity and Sustainable Use Programme*; *Mozambique: Energy Reform and Access Program*; *Nile Transboundary Environmental Action*; and *Russian Federation: Support to the National Programme of Action for the Protection of the Arctic Marine Environment*. Council approval is sought for these projects, which have been presented and reviewed in full. However, Council is requested to commit funds for only the first phase of their respective activities. It is anticipated that after the successful completion of the first phase, a request for an allocation for the remaining phases would be submitted to Council in a future Work Program. Such an allocation request would be supported by a status report on the project, including a description of proposed changes (if any) to the activities that had been set out in the original project document. Note that only a single fee, appropriate to the whole project, would be paid and that release of this fee would be requested from Council in phases (proportionate to the proposed project allocations).

8. Two other projects, the *Vietnam: SEER* project and the *China: Energy Conservation* project, are projects within a previously programmed sequence of projects. After completion, the Vietnam project presented in this Work Program would be evaluated and, if successful, a second project for scale-up and replication would subsequently be prepared and reviewed on its own merits for submission to Council. In like manner, the China energy conservation project builds upon an earlier one in order to promote through guarantees the widespread commercial replication of the demonstration results previously obtained with direct financial support. A separate fee has been negotiated for each of

these independent projects without reference to any earlier or subsequent projects in the programmed sequence.

9. The *Mozambique: Energy Reform and Access Program – Renewable Energy Component* project will be presented in tranches associated with a World Bank Adaptable Program Loan (APL). If this project is approved as part of the Work Program, the CEO would approve subsequent tranches of financing in the following way pursuant to a previous decision of Council.² First, Council members will receive a copy of the proposal for additional financing for a three-week review period prior to the date proposed for the CEO's approval. Second, if at least four Council members so request, the proposal will be instead be submitted for the consideration and approval of Council at the following Council Meeting.

Cumulative Work Program

10. GEF finances full projects, Medium Sized Projects (MSPs), and Enabling Activities. If the Council approves this Work Program, the cumulative GEF financing for full projects would amount to \$3.534 billion (see Annex B for details). With respect to MSPs approved by the CEO under expedited procedures, eleven biodiversity, four climate change, five multi-focal area and one for POPs were approved for total allocations of \$8.605 million, \$3.574 million, \$3.698 million and \$0.580 million respectively, during this reporting period of April through September 2001 (see Annex C). These approvals bring to 154 the total number of MSPs approved to date, with a total GEF allocation of \$95 million.

11. From April 2001 through September 2001, the Project Preparation and Development Facility (PDF) supported 12 PDF-As amounting to \$0.294 million approved by the Implementing Agencies bringing to \$0.311 million the amount of PDF-A funding committed to concepts that are still under development. During this same period the CEO approved 39 PDF Block Bs for a total of \$11.613 million but no PDF Block Cs bringing to \$50.813 million the amount of PDF-B and C funding committed to projects that are still under preparation (see Annexes B, D and E for details).

12. GEF support for enabling activities in the area of biodiversity from April to September 2001 covers 24 countries with an amount of resources of \$4.072 million. Among these 24 newly approved projects, there are three for the establishment of a national biodiversity strategy and action plan and the others for the assessment of capacity building needs.

13. GEF support for eight climate change enabling activities made during this reporting period April through September 2001 amounted to \$2.039 million, which includes \$0.900 million for a global project *Building Human and Institutional Capacities to Address Climate Change Issues in 46 Least-Developed Countries*. Out of the 57 non-Annex I countries that had submitted their first national communications under the UN Framework Convention on Climate Change, the GEF provided financial or technical assistance to 54.

² See Joint Summary of the Chairs, paragraph 27, GEF Council Meeting, November 1-3, 2000

14. GEF support for enabling activities to support the adoption and implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs) has been taken up in five countries with a total GEF funding of \$2.300 million.

15. The requested replenishment for the *GEF Small Grants Program (SGP)* for the period 19 February 2002 to 18 February 2003 (year 4 of the second operational phase) is \$20.712 million. The SGP co-financing target for year 4 is \$22 million of which \$11 million in kind and \$11 million in cash.

II. CONFORMITY WITH CORPORATE BUSINESS PLAN AND STRATEGIES

16. In this Work Program, the first in FY02, total GEF funding requirement will be about \$271 million for projects, including MSPs, Enabling Activities, PDF and agency fees.

Biodiversity

17. The Biodiversity projects submitted under this Work Program are good examples of innovation and expansion of GEF activities in the production landscape and private sector involvement. The *Armenia: Natural Resources Management and Poverty Reduction* project and the *Tanzania: Conservation and Management of the Eastern Arc Mountain Forests* project will support, in addition to key protected areas, the integration of biodiversity consideration into regular development programs. The Armenia project is to be implemented using environmentally sustainable farming practices in the production landscape while baseline funding will support poverty reduction strategies through sustainable natural resource management in the upper watersheds. The Tanzania project integrates GEF support in the implementation of the Tanzania National Forest Program which supports processes of institutional reform to support community-based forest and woodland protection, to improve governance, and to more fully involve the private sector in the management of industrial plantations. The *Croatia: Karst Ecosystem Conservation* project addresses the issue of how to manage the country's future growth and development, while protecting the environment, at the national and local level. It will do so through demonstrating linkages between sustainable resource use, economic development, and biodiversity conservation. The *Regional: Mekong River Basin Wetland Biodiversity Conservation and Sustainable Use Programme* will also attempt to do so through an integrated basin-wide approach of wetland biodiversity, economic development and social reform.

Biosafety

18. In November, 2000, the GEF Council approved the *Initial Strategy for Assisting Countries to Prepare for the Entry into Force of the Cartagena Protocol on Biosafety* (GEF/ C.16/ 4/ Rev.). The second element of the strategy proposed individual, country-based demonstration projects, through any of the GEF Implementing Agencies, to assist in capacity building for the implementation of national biosafety frameworks (NBFs). It was suggested in the strategy that eight such demonstration projects (two each for Africa, Asia-Pacific, Eastern Europe and Central Asia, and Latin America and the Caribbean) would be prepared and presented to the Council for approval.

19. The purpose of these projects is to demonstrate the nature and extent of assistance that countries which are relatively advanced in the creation of NBFs would require for building capacity to implement those frameworks. The experience gained through the preparation and implementation of these projects would pave the way for extending GEF assistance to other countries once the Cartagena Protocol is in force.

20. In extensive inter-agency consultations (which included FAO and UNIDO as Executing Agencies), the Implementing Agencies identified 12 eligible countries for which demonstration projects could be prepared expeditiously. In an effort to cover a wide variety of national situations, and to include a least developed country and a small island developing state, it was agreed that all 12 projects should be submitted to Council for inclusion in the demonstration phase. Of these, nine are included in the appendix to the current work program. The World Bank proposals for India and Colombia and UNDP's proposal for Malaysia are still under preparation and will be submitted in a subsequent Work Program.

21. The projects focus sharply on building capacity for the implementation of NBFs, but will also assist residual activities for the completion of NBFs where necessary. GEF funding is proposed for incremental activities which countries will be required to undertake for implementing the Cartagena Protocol, with domestic action on biosafety forming the baseline. Incremental costs were analyzed from this point of view. An effort has also been made to ensure that project activities are not free-standing but that they stem from NBF requirements.

22. Various IAs and Executing Agencies have been collaborating in these projects. This collaboration will allow greater contribution from the agencies based on their areas of expertise.

23. All nine projects are submitted to Council for approval (rather than approved by expedited procedures) because of the Council decision of November 2000 that they should be so submitted, in light of the fact that this is a new area of engagement. All the projects have in fact been prepared, reviewed, and presented using the criteria for full projects. However, the requested allocations for eight of the proposals (those for Bulgaria, Cameroon, China, Cuba, Kenya, Namibia, Poland, and Uganda) are less than US \$ 1 million each in GEF funding, and the documentation for them is complete. Since no change is expected in the project briefs between Council approval and endorsement, it is proposed that the CEO be authorized to endorse these eight projects at the end of the period for technical comments by Council members.

Climate Change

24. Climate change projects in this work program are all notable examples of continued GEF learning and innovation towards more effective approaches. Each project offers innovative features rarely seen before. Both the *Bangladesh: Rural Electrification and Renewable Energy Development* and the *Philippines: Capacity Building to Remove Barriers to Renewable Energy Development* projects test multiple rural delivery models simultaneously to determine the one(s) best suited to local conditions. The Philippines project is also the first in the portfolio to pilot an innovative

"market service center," established to facilitate market development on a continuing basis, both during and after the project. Both the *Ecuador: Renewable Energy for Electricity Generation – Renewable Electrification of the Galapagos Islands* and the *China: Efficient Utilization of Agricultural Waste* projects' focus on applications new to the portfolio, such as small mini-grids for isolated applications, and biogas for household and community lighting and power, which broaden the GEF's experience in and relevance to these new technologies. The Ecuador project is also one of the first to include private-sector joint venture investments in small renewable energy power systems. Similarly, NGOs and other stakeholders have rarely been as actively involved in early project development and strategy as was the case for the Bangladesh project. The *Mozambique: Energy Reform and Access Program – Renewable Energy Component Phase I* project joins just one or two other projects that target rural PV for education and health care. Meanwhile, both *Vietnam: Systems Efficiency Improvement, Equitization and Renewables (SEER)* project and the Mozambique project are among just a few existing projects in the portfolio focused on long-term and sustained power-sector reform that aids renewable energy development.

25. In response to evolving UNFCCC guidance for further development of national communications, a set of climate change enabling activity projects have been included in this work program. Two projects, namely *Regional: Mainstreaming Adaptation to Climate Change in the Caribbean* and *Regional: Capacity Building for Stage II Adaptation to Climate Change in Central America, Mexico and Cuba* respond to previous COP guidance to the GEF with respect to Stage II adaptation activities which, according to COP Decision 11/CP.1, include measures, such as capacity building, that may be taken to prepare for adaptation. The *Regional: Capacity Building for Improving National Greenhouse Gas Inventories in Europe and CIS* project aims to build capacity for improving the quality of data inputs to national greenhouse gas inventories for second national communications. The *Global: Capacity Building for Observation Systems for Climate Change* project responds to the Article 5 of the UNFCCC which states that Parties shall support international efforts to strengthen systematic observation. This project aims to improve observation systems in developing countries and build capacity in developing countries to participate in systematic observation networks.

International Waters

26. This work program includes four IW projects with a total commitment volume of \$52.033 million from GEF. The projects are milestones in the development of the IW portfolio. The project is the first transboundary groundwater project supported by GEF; GEF plays the major facilitation role in the *Nile Basin Initiative*; and the *Global: Removal of Barriers to the Introduction of Cleaner Artisanal Gold Mining and Extraction Technologies (Mercury Reduction)* project is the first project under the global contaminant program of OP 10 that addresses a single globally significant contaminant.

27. *The Regional: Environmental Protection and Sustainable Integrated Management of the Guarani Aquifer* project represents the first transboundary groundwater system for which countries have approached GEF for assistance to begin joint management in order to sustain benefits provided by the aquifer system and its recharge area. The Guarani is one of the largest aquifer systems in the world,

and its addition to the OP 8 portfolio helps to fill a gap in transboundary groundwater systems. Conflicting uses of water are already occurring on the borders of nations and this project will help reduce these conflicts in order to sustain benefits from the aquifer.

28. The *Russian Federation: National Programme of Action for the Protection of the Arctic Marine Environment* represents only the second project submitted to Council under the Global Programme of Action Demonstration Component of OP 10. This component of OP 10 deals with projects related to degradation of the coastal zone from land-based activities, the Global Programme of which was adopted by over 100 nations in Washington, DC in 1995 as part of the Washington Declaration.

29. *Removal of Barriers to the Introduction of Cleaner Artisanal Gold Mining and Extraction Technologies (Mercury Reduction)* project deals with mercury, a specific persistent toxic substance that poses very serious ecosystem and human health problems. Widespread ecosystem contamination is occurring, especially from its use in gold mining. Three comparable projects on DDT, PCB and pesticides are currently in the GEF pipeline.

30. The GEF has played a unique role in the preparation and facilitation of the *Nile Basin Initiative* which is supported by numerous donors and the ten Nile Basin Countries. The GEF played a significant role at the start of the Initiative in 1999 by providing preparation funds through the U. N. Development Programme and the World Bank to the 10 nations for the formulation of a GEF international waters project that would underpin the Initiative from a transboundary environment perspective. As part of project preparation, the countries produced a transboundary environmental analysis as recommended by the GEF Operational Strategy for confidence building and priority setting. This analysis was produced through a participatory process and included in-country consultations, national reports, and in-country inter-ministerial coordination. The Transboundary Environmental Analysis was approved by the Nile Council of Ministers in March 2001, marking the first time such a substantive document has received approval of all Nile riparian countries. This catalytic process proved to be a turning point in the Nile Initiative in expanding the dialogue on water in the basin from the water ministries to other ministries in each country and interests such as NGOs that have a role to play in sustainable development. It was so successful that other parts of the program followed similar processes piloted through the GEF.

Ozone Depletion

31. Consistent with the GEF Business Plan projections, there are no ODS phase-out projects in the current Work Program because all sixteen countries currently eligible for GEF support in the ozone focal area have already received assistance for their national ozone layer protection programs. As previously reported to the Council, the funding needed to achieve compliance with the initial control provisions of the Montreal Protocol and Copenhagen Amendments has been fully committed. Activities in the ozone depletion focal area would resume only if the Council decides on GEF support for controls on additional ozone depleting substances that are approved in subsequent amendments to the Montreal Protocol, specifically on methyl bromide and HCFCs.

Persistent Organic Pollutants

32. Following the Council adoption of the *Initial Guidelines for Enabling Activities for the Stockholm Convention on Persistent Organic Pollutants (GEF/C.17/4)* in May 2001, the GEF has taken up the support to countries in their preparation for the implementation of the Stockholm Convention. One MSP (being implemented by UNEP) assists countries to follow the requirements of the Convention, to prepare for ratification, and to improve their understanding of the GEF's initial guidelines. It will also foster exchange between member countries to the Convention. Five Enabling Activities for the Stockholm Convention have also been approved during the reporting period (April through September 2001) and another 13 have been submitted after September 2001.

Land Degradation

33. The GEF activities in land degradation have been subject of much discussion in the GEF Council. In adopting the GEF action plan on land degradation in December 1999 the GEF Council requested the GEF secretariat to report regularly to Council on progress made to implement the action plan. The projects contained in this work program have mostly been designed before the action plan was adopted and therefore do not reflect the renewed emphasis which the implementing agencies are currently putting on addressing issues related to land degradation. There is considerable change with a positive focus on land degradation activities which will be reflected partly in the current and more substantially in subsequent work programs.

34. Most of the biodiversity projects in this work program indirectly address the issue of land degradation as it relates to biodiversity loss. The *Armenia: Natural Resources Management and Poverty Reduction* project; the *Indonesia: Komodo National Park Collaborative Management Initiative*; and the *Tanzania: Conservation and Management of the Eastern Arc Mountain Forests* project are good examples of projects which indirectly address the issue of land degradation while the main focus remains biodiversity conservation. Prevention or reduction of land degradation is either a secondary objective in these projects or a means to achieve biodiversity protection.

35. The three projects dealing with drylands, the *Mali: Arid Rangeland Biodiversity Conservation Project*; the *Tunisia: Protected Area Management* project; and the *Africa Regional Desert Margins* project, have strong linkages to land degradation since land degradation is identified as a central part of the problem of biodiversity loss and is included in the early design of the projects. These projects also have strong human dimensions within the project and address more directly the issues of sustainable development.

36. The *Rwanda: Integrated Management and Protection of Critical Ecosystems* project and the *Global: Conservation and Sustainable Management of Below Ground Biodiversity* project are examples of the new project generation. The Rwanda project tackles the broader issues of land use and the complex interaction between humanity and the environment practically while the below ground biodiversity project includes this aspect in its overall research approach. The inclusion of human livelihoods in land degradation issues is an essential activity to address land degradation more directly.

The Rwanda project is one of a number of projects on Integrated Ecosystem Management (OP#12) which was introduced last year, and is an integral part of the IDA-funded Rural Sector Support Program.

37. The *Global: Conservation and Sustainable Management of Below Ground Biodiversity* project addresses for the first time in the GEF portfolio the critical role of soils in conserving biodiversity and their role in carbon storage. With its emphasis on soils, it has a close link to soil degradation. The technical difficulties in assessing land degradation, the weaknesses of existing databases, and the often poorly explored linkages between land degradation and other aspects of rural development make this project particularly important. The debate about land degradation has largely been framed by soil scientists and ecologists, and has emphasized biophysical processes and land management techniques. This project seeks to place land degradation issues within the context of rural development and to emphasize the dynamics of land management.

38. A few of the climate change projects in this work program recognize an impact on the issue of land degradation, specifically reduction of utilization of fuel-wood due to increased application of renewable energy sources. The *China: Efficient Utilization of Agricultural Wastes* project generates this benefit by enabling farmers to utilize existing agricultural wastes in biomass digesters and biomass gasification plants for their commercial and private energy requirements.

Private Sector Involvement and Innovative Financing Modalities

39. Many projects in this work program involve the private sector as providers of technology, goods and services - typically awarded in competitive bidding processes where they respond to requests for proposals or where they co-finance specific components or project activities. In some projects, the private sector plays a key role in the project strategy, aiming at the development of a product or service market, for example in the *China: Energy Conservation Phase II* project. The main components of the project are a guarantee facility to be operated by a commercial entity and capitalized with a GEF grant of \$22.0 million as well as up to \$6.1 million of private shareholder funds, and the strengthening of an Association of Energy Management Companies which extends member and non-member services to private Energy Service Providers and represents their interest in the Chinese market. The project is designed to facilitate the development of the companies and shall result in a self-sustaining market for Energy Conservation Services in China. The *Ecuador: Renewable Electrification of the Galapagos Islands* project is innovative in its focus on independent power producer models and foreign joint venture investments in mini-grids.

40. The *Indonesia: Komodo National Park Collaborative Management Initiative* seeks to make the Park a self-sustaining entity with its management costs covered by tourism revenues. This project will apply an innovative public/private sector partnership to undertake park management through a joint venture (JV) bringing together an international NGO and a local tourism company to implement a collaborative management strategy based on a 25-year park management plan. The JV will use an adaptive management strategy and will be established as a for-profit company whose revenues will be reinvested in Komodo National Park.

Mainstreaming

41. An important feature of the GEF has been the “mainstreaming” of global issues into regular operations and policy of governments, agencies, and the private sector. The *Armenia: Natural Resources Management and Poverty Reduction* project attempts this by integrating investments into productive rural infrastructure, natural resources and human and institutional capital, in a way that reduces pressure on the environment and natural resources and improves the living standards of the people who depend on using these resources for their livelihoods. It could, if successful, serve as a model for integrating the development and environment objectives.

42. The *Nile Transboundary Environmental Action* project also provides a good example of "mainstreaming." This project is the second international waters project in Africa that is brought to Council in a collaborative framework between UNDP and the World Bank which is consistent with the Land and Water Initiative for Africa. (The first was the Lake Chad Basin, and other collaborative efforts for transboundary basins of Africa are under preparation.) In this project, ten Nile Basin countries will work together to share the benefits of sustainable development of the basin. Seven donor nations and three development institutions combined forces to prepare this project and in doing so, “mainstreamed” development needs of the Nile riparian countries into their programs. GEF played a significant role by providing preparation funds through UNDP and the World Bank to the Nile countries for project formulation. A minimum of \$84 million in co-financing is provided by a consortium of organizations to make sustainable development a reality in this water short basin that is facing continued loss of its environmental assets. UNDP supported the initial process to develop a Nile Cooperation Framework as a basis for future joint activities and investment between governments, and by UNDP and the World Bank. In 1997, it committed \$3.5 million to collect data on the legal, institutional, social, economic and environmental situation in each of the Nile riparian countries. UNDP also facilitated a consultation and trust building process between riparian countries. UNDP has committed additional \$500,000 to foster final agreement of the framework by participants. In the case of the World Bank, the "Nile Basin" has essentially been budgeted internally as an additional "country" in order to receive the priority needed for "mainstreaming".

43. This initial project is intended to lead to billions of dollars of development assistance from the World Bank and others in the near term within the context of sustainable development. In fact, in July 2001, the ten Nile Basin countries cooperated in launching the International Consortium for Cooperation on the Nile in Geneva and received pledges from the donor community for an initial \$140 million for the Shared Vision Program of their Nile Basin Initiative with an anticipated \$3 billion in additional investments for sustainable development.

III. CONFORMITY WITH PROJECT REVIEW CRITERIA

44. This Work Program has mobilized significant co-financing both from Implementing Agencies and from non Implementing Agency sources -- including government agencies and the private sector. In the projects submitted for approval, the GEF contribution of \$209 million is associated with additional co-finance of about \$744 million. Such inputs help to spread project risks across several actors, leverage clear commitments from beneficiaries, strengthen the basis of project ownership, and improve the prospects for replication. Co-financing amounts are ten times or more the GEF contribution for a number of projects, e.g. *China: Energy Conservation Phase II* (\$250 million), *Bangladesh: Rural Electrification and Renewable Energy* (\$179.4 million) and *Mozambique: Energy Reform and Access Program* (\$48.7 million).

Evidence of Country Ownership

45. Evidence of country ownership is demonstrated in a variety of ways. Most of the projects will be implemented in partnership with government departments and, in many projects, governments have already committed substantial resources to fund baseline activities. In cases where continued financing from public sources will be required after the end of the project, governments commit to undertake this, e.g. for the *China: Efficient Utilization of Agricultural Wastes* project, the Government committed to finance the poverty alleviation component during the second part of the project and beyond.

46. Commitment to and implementation of policy changes is another indicator of country ownership. Indonesia's Komodo project includes the willingness to approve policy changes to allow for the establishment and structuring of an innovative Joint Venture (JV) to seek decentralization and private sector management of a key protected area. In the *Russian Federation: Support to the National Programme of Action for the Protection of the Arctic Marine Environment*, Russia not only committed itself to financing a third of total project cost, but also the project itself was discussed in the context of a special hearing of the Russian Parliament on the National Plan of Action for the Arctic.

Replicability

47. Building replicability into the design of GEF projects responds to an important GEF principle. In general, it has been observed that new projects include increasingly more explicit replication activities with specific budgets and implementation arrangements. The *Ecuador: Renewable Energy for Electricity Generation – Renewable Electrification of the Galapagos Islands* project contains an entire component devoted to replication. Replication is further facilitated through a range of stakeholders involved, including government ministries, power sector regulators, utilities, and conservation and community groups.

48. The *China: Energy Conservation II* project is an activity to promote replication, in this case of the Energy Management Companies successfully demonstrated during the first project. During the first project, three Energy Management Companies were founded and supported to undertake energy performance contracts. Within the first two years, they entered into about 175 contracts, totaling an

investment of \$33.7 million. This second project will facilitate the replication of the successful energy management concept and is designed to launch a self-sustaining market.

49. The proposed project activities of the *Tanzania: Conservation and Management of the Eastern Arc Mountain Forests* project are sequenced in such a way as to maximize learning during the life of the project and make strategic interventions to address root causes of the problems that affect many other forest ecosystems in Tanzania and elsewhere in Africa. As a result, a rich body of information and knowledge that may be used to establish similar activities and interventions will be generated by the project. Moreover, the involvement of non-governmental organizations and donor agencies offers an opportunity to replicate the project in other parts of the Tanzania with similar ecological and socio-economic conditions and forest management challenges.

50. Successful implementation of the *Regional: Mekong River Basin Wetland Biodiversity and Sustainable Use Programme* will spread lessons learnt to other key wetlands within the river basin and wetlands of international importance in the region.

Sustainability of Projects

51. Specific and concerted efforts to promote financial sustainability are made in all GEF projects in all focal areas. In projects like the *China: Energy Conservation II* project, interventions generate profits which are expected to sustain the operations. The strategy for Indonesia's Komodo project focuses on tourism development. Park entrance fees would be raised from the existing \$2 to \$20 for international tourists. Recent surveys in the park clearly showed willingness to pay the substantial increase and, with an expected increase of the number of international visitors in particular, the Park has good prospects to achieve its target.

52. The design of the *Philippines: Capacity Building to Remove Barriers to Renewable Energy Development* project should result in a high degree of sustainability. The project targets different financing and delivery mechanisms, including fee-for-service, concessions, community, and lease-to-own. Financing models include a sub-project preparation fund, a loan guarantee fund, and a micro-finance fund. These different financing and delivery models will allow testing of different approaches, leading to confirmation and replication of the most sustainable ones. The contingencies of the funds also provide long-term sustainable use of GEF funds. An innovative "market service center" is established to facilitate market development on a continuing basis, both during and after the project. Technology support is provided for local manufacturing of renewable energy components. Together, these elements reflect an innovative and comprehensive design for sustainably removing barriers.

Public Involvement

53. The involvement of stakeholder groups in preparation and design of project activities has been a key feature of GEF-financed projects. All projects included in this Work Program engage a broad range of stakeholders through meetings and workshops, consultations and participatory planning. The *China: Efficient Utilization of Agricultural Wastes* project for example is based on extensive grass-

root and local authority consultation, including 43 public meetings, 63 in-depth interviews, 11 participatory rural appraisals and 150 household interviews. Similarly, in the *Indonesia: Komodo National Park Collaborative Management Initiative*, several teams were formed to conduct village and focus group consultations over a period of one year, including fishermen's organizations, boat and tour operators, and local communities. Separate meetings were held with potential private tourism investors, such as the Tour Operators Workshop and the World Heritage Sites and Ecotourism Workshop.

54. Multi-level consultations are needed in the global and regional projects which cover two or more countries, but these are often difficult to undertake for three or more countries. Consultations are facilitated through the formation of regional coordinating bodies, such as those set up in the Nile Basin. In others, consultative mechanisms emerged from regional agreements like the St. George Declaration of April 2001 regarding climate change adaptation in the Caribbean.

55. Stakeholder involvement during implementation is ensured at the level of project management, project planning and monitoring and evaluation. The biodiversity projects in Croatia, Indonesia, Mali, Papua New Guinea, and Tunisia, and climate change projects in the regional Caribbean, Bangladesh, China, Mozambique, and Vietnam contain provisions for stakeholder representation in the project's steering committee. Outreach and village based activities are contracted to local groups. In the *Indonesia: Komodo National Park Collaborative National Initiative*, the *Rapat Koordinasi*, community coordination forum, will be set up as a way of building into the project a formal mechanism for soliciting stakeholder feedback. In others, such as the *Bangladesh: Rural Electrification and Renewable Energy Development* project, village electrification committees and village advisory programs will be organized to ensure that the needs of more than 14,000 beneficiary households will be met.

56. Appropriate involvement of stakeholders throughout project implementation is a good practice approach especially for addressing issues that directly affect vulnerable populations. For example, in the *Mali: Arid Rangeland Biodiversity Conservation* project, dealing with culturally diverse and dispersed villages and hierarchical tribal systems are challenges faced by the project team. Through participatory diagnostic analysis, which were jointly done with international NGOs (IUCN and WWF), a Communal Development Plan was developed for each commune, including targeted activities to support women's groups and tribal populations of the Dogons, Fulanis, and Songhais. Additionally, a sociologist will be hired by the project to continue the consultations and diagnostics throughout implementation, and engage communes in the conduct of monitoring and evaluation.

Monitoring and Evaluation

57. All projects include defined Monitoring and Evaluation (M&E) plans, and logical frameworks with indicators that are measurable and verifiable. In addition, efforts to introduce "outcome indicators" in addition to output indicators, baseline data for M&E, participatory grass root M&E, independent M&E units and M&E management information systems are included in various projects. For example, the *Regional: Capacity Building for Stage II Adaptation to Climate Change in Central America*,

Mexico and Cuba project distinguishes between M&E for project and technical performance. Project performance relates to the outputs and is monitored using periodic progress reports, financial reports, work plans, technical reviews and audits. Technical performance relates to indicators for evaluating the effectiveness of adaptation policies and measures, including changes in adaptive capacity, both during and after project implementation. Within this context, the project aims to create stakeholder capacity to monitor and evaluate changes in adaptive capacity.

58. The *Environmental Protection and Sustainable Development of the Guarani Aquifer System* project includes the establishment of the GEF Special International Waters M & E indicators contained in OP 9 as part of project preparation. These process indicators, stress reduction indicators, and environmental status indicators provide a good example of use of the M&E tools in an international waters project. Such international waters M&E indicators have in the past been established after strategic processes have been completed within the project, but in this case, the countries have set indicators during preparation which is a strong indicator of country commitment to subsequent action.

IV. PROGRAMMATIC APPROACHES

59. The *Mozambique: Energy Reform and Access Program – Renewable Energy Component Phase I* project represents a long-term (seven-year) phased approach to developing both off-grid and grid-based renewable energy supplies and services. The project features specific indicators and extensive monitoring and evaluation in Phase I to help develop the strategies and replication activities for Phase II. It also takes a long-term approach to facilitating power sector regulatory frameworks that will support renewable energy; Phase I will develop these frameworks and Phase II will help put the frameworks into practice and support further investments. This phased approach also targets and facilitates a broader class of services and stakeholders than traditional rural household lighting projects, including solar PV for rural education and health-care institutions.

60. The second operational phase of the *GEF Small Grants Program (SGP)* was approved by the Council in October 1998 on the basis of a programmatic approach. Specific deliverables are set forth in annual work plans which are established to meet the overall program objectives in the project document and global strategic framework. Against these, annual reports to the Council have noted that grants now have a better “fit” with GEF criteria, targets have been met for resources mobilization and expansion to new countries, functional links with larger GEF initiatives have increased, and communications and monitoring and evaluation have been strengthened. Expansion of efforts and achievements in the area of capacity-building are particularly notable. SGP’s decentralized mode of operation links global, national and local-level issues through a transparent, strongly participatory and country-driven approach to project planning, design and implementation. SGP has thus been very successful in demonstrating that small, strategically targeted, community-based projects can contribute to solving global environmental problems while also enhancing the livelihood security of local people – the very essence of sustainable development. Moreover, there is evidence that these projects can often deliver more favorable cost-benefit ratios than larger projects. The fact that some large-scale GEF

projects, bilateral donors and even national and local governments are now including small grants components in their portfolios, and in some cases requesting SGP support in establishing and managing them, is testimony to the success of the SGP model.

V. PROJECT SUMMARIES

Biological Diversity

Armenia: Natural Resources Management and Poverty Reduction (World Bank); GEF: \$5.210 million; Total Project Cost: \$16.210 million

The GEF will finance the incremental costs of programs and investments needed to protect and enhance the unique mountain, forest, lake and grassland ecosystems in Armenia, including their habitats which host regionally and globally important biodiversity endemism in Southern Caucasus and strengthen in-situ management of priority protected areas. The project proposes to implement the management of Dilijan State Reserve (290 sq. km) and Lake Sevan National Park (1,500 sq. km) defined as priorities in Biodiversity Strategy and Action Plan (1998) and National Environmental Action Plan (1999). The Dilijan State Reserve protects critical mountain, forest, meadow and steppe ecosystems which hosts 900 species, some of them endangered species in the southern Caucasus. Lake Sevan National Park protects unique alpine lake ecosystem and its littoral habitats, and high elevation alpine meadows with rich native plant species richness. In addition, the project would conserve the mountain broad leaf forest and natural grassland ecosystems outside the protected areas through reforestation, re-vegetation and improved management activities, which would conserve transboundary wildlife movement corridor in the mountain forests between Armenia and Georgia, as well as between protected areas in the project area. It would also support environmentally sustainable farming practices in the production landscape. The GEF activities are part of a larger project to support poverty reduction and sustainable natural resource management in the upper watersheds of Northern Armenia.

Expected Project Outputs:

- (a) implementation of landscape-level watershed plans linking protected areas and critical ecosystems;
- (b) conversion of at least two paper parks (Lake Sevan National Park, and Dilijan State Reserve) to effectively managed protected areas; and
- (c) stabilization of key threatened ecosystems and critical habitats in the project area.

Croatia: Karst Ecosystem Conservation Project (World Bank); GEF: \$5.3 million, Total Project Cost: \$8.63 million

The project development objective is to protect the biodiversity of karst ecosystems in Croatia in a way that is participatory, economically viable, and integrated with the country's socio-economic goals. The project will address a key environmental policy issue facing the government - how to manage the country's future growth and development, while protecting the environment, on the national and local

level. The project will assist the Government to preempt the potential threats to biodiversity related to tourism and other economic development activities in the region. To do so, the project will assist the Government to address priorities identified in the Biodiversity Strategic Action Plan by (i) building the national capacity to conserve biodiversity and support natural resource management and (ii) establishing community based approaches for biodiversity conservation and sustainable resource use in and between selected protected areas and their associate villages in the karst region. The project will demonstrate linkages, on a local level, between sustainable natural resource use, economic development and biodiversity conservation. It will support rural revitalization activities and increase the role of civil society in environmental decision-making. The project will also support regional, transboundary activities to conserve the biodiversity of the Alp/Dinarid/Balkan Karst mountain chain. The project is linked to the World Bank financed, \$250 million *Croatia: Municipal Coastal Water Pollution Control* project.

Expected Project Outputs:

- (a) Maintained 2001 level of globally important species on 9,500 square kilometers of high priority karst ecosystems;
- (b) Prepared protected area management plans which follow the guidelines developed in the project in two national parks and one nature park, and implementation of plans initiated;
- (c) Increased protected area and self-generated financial resources for biodiversity conservation in four national parks and one nature park;
- (d) Increased nature-based tourism and other economic activities which further the objectives of development, sustainable natural resource use, and biodiversity conservation.

Indonesia: Komodo National Park Collaborative Management Initiative (World Bank/IFC); GEF: \$5.350 million; Total Project Cost: \$16.950 million

The project will apply an innovative public/private sector partnership to undertake park management through a Joint Venture (JV) between the Nature Conservancy (TNC) and a local tourism company (JPU) who will implement a collaborative management strategy based on a 25-year park management plan. The JV will obtain a tourism concession from government to authorize this private sector-NGO partnership to set and collect gate fees, establish and implement tourism carrying capacity limits, and to develop a tourism licensing system. The JV will also conclude a collaborative management agreement with park authorities and local government for implementation of the 25-year park management plan. The overall strategy seeks to make Komodo National Park a self-sustaining entity with its management costs being covered by tourism revenue. The project includes substantive positive incentives (a micro-enterprise fund for local family-based business, research and development of sustainable methods of

marine resource use, and a community small grants fund) and will enforce negative incentives (regulations and fines) to encourage local communities to switch from the current destructive fishing practices to sustainable livelihoods based on the rational use of park resources. Innovations brought in by this project include: the testing of new park management and financing models; the partnership of an international NGO with a local tourism operator to form a Joint Venture and their using of a collaborative management approach with strong links to local community and private sector stakeholders; and the adoption of an adaptive management approach. The Joint Venture is established as a for-profit company whose revenues will be re-invested in the park.

Expected Project Outputs:

- (a) an effective collaborative management agreement for KNP is set up and in operation, and mechanisms for consulting with and involving other stakeholder groups are established and functioning well;
- (b) conservation management in the park is strengthened;
- (c) a tourism management strategy is developed and implemented, and sustainable financing of park management is assured;
- (d) incentives for sustainable livelihoods are defined and set in place;
- (e) a comprehensive monitoring and evaluation program is implemented and used to keep park management responsive to changing conditions.

Mali: Arid Rangeland Biodiversity Conservation (World Bank); GEF: \$5.675 million; Total Project Cost: \$8.385 million

Within the framework of country decentralization and natural ecosystem management program, the project aims to ensure that Communes of the Gourma have successfully mainstreamed conservation of biological diversity in communal and inter-communal development. The project's objective is to reverse biodiversity and range degradation trends in selected conservation areas and stabilize them elsewhere in the Gourma.

The proposed project is based on the following strategic approaches: (i) focus on conservation while coordinating and leveraging development, (ii) build on the decentralization process and instrument to empower communities, (iii) invest in local human resources and institutions, (iv) identify and address the root causes of degradation by using an holistic approach, (v) set-up sanctuaries, called conservation areas, to secure a representative sample of the Gourma natural biodiversity, (vi) provide small-scale support to improve biological resources management off sanctuaries, (vii) coordinate and cooperate

with conservation efforts in Burkina Faso, (viii) prepare the post-project era through fund raising and organization of a reward-based budget-support mechanisms.

The Project will be implemented through four components: (1) Capacity building of populations and institutions; (2) Support to inter-communal management of conservation areas; (3) Support to commune-based initiatives; (4) Project administration and monitoring

Expected Project Outputs:

- (a) Improvement of awareness, knowledge & capacity of communes and institutions for management of biodiversity,
- (b) Establishment and management by inter-commune associations of seven new conservation areas,
- (c) Adoption of natural resources/biodiversity management in communal planning and development of eighteen municipalities.

Regional: Conservation and Sustainable Management of Below Ground Biodiversity - Phase I; GEF: \$5.296 million; Total Project Cost: \$8.872 million

The objective of this project is to enhance awareness, knowledge and understanding of below-ground biological diversity (BGBD) important to sustainable agricultural production in tropical landscapes by the demonstration of methods for conservation and sustainable management. The project will explore the hypothesis that, by appropriate management of above- and below-ground biota, optimal conservation of biodiversity for national and global benefits can be achieved in mosaics of land-uses at differing intensities of management and furthermore result in simultaneous gains in sustainable agricultural production.

Expected Project Outputs:

- (a) Internationally accepted standard methods for characterization and evaluation of BGBD, including a set of indicators for BGBD loss.
- (b) Inventory and evaluation of BGBD in benchmark sites representing a range of globally significant ecosystems and land uses.
- (c) A global information exchange network for BGBD.

- (d) Sustainable and replicable management practices for BGBD conservation identified and implemented in pilot demonstration sites in representative tropical forest landscapes in seven countries.
- (e) Recommendations of alternative land use practices and an advisory support system for policies that will enhance the conservation of BGBD.
- (f) Improved capacity of all relevant institutions and stakeholders to implement conservation management of BGBD in a sustainable and efficient manner.

Regional: Desert Margin Programme -Phase I (UNEP); GEF: \$5.352 million; Total Project Cost: \$15.584 million

It is expected that the project would make a significant contribution in reducing land degradation in the marginal areas and help conserve biodiversity. The project will at the same time provide alternative livelihoods to the rural communities. Most of the stakeholders especially the local communities in and around the project sites, will be supported to develop a common purpose and acquire the necessary skills, strategies and policies to a)conserve and restore biodiversity, b)reduce and ultimately stop land degradation, and c)manage the environment and the natural resources in a sustainable manner.

Expected Project Outputs:

- (a) review and analysis of the extent and nature of land degradation and its socio-economic and biophysical causes;
- (b) identification and testing of available solutions (indigenous, new technologies, and policy and institutional changes) together with farmers, NGOs, and NARS;
- (c) development of improved solutions (technologies, policies, institutions) through participatory research;
- (d) assessment of the likely impact of solutions in solving degradation problems and designing monitoring systems for measuring impact; and
- (e) collaboration with researchers, farmers, communities, NGOs, policymakers, and donors in implementing and monitoring the findings and recommendations of the DMP.

Regional: Mekong River Basin Wetland Biodiversity Conservation and Sustainable Use Programme – Phase I (UNDP); GEF: \$4.535 million; Total Project Cost: \$13.895 million

Building on new national government and Mekong River Commission initiatives for conservation and development, this project aims to assist the Lower Mekong countries to develop and demonstrate new approaches to protect, use sustainable, and integrate wetland biodiversity with economic development and social reform with a specific focus on the need for an integrated basin-wide approach to biodiversity management and conservation.

The project will achieve this objective by removing barriers to effective conservation of global biodiversity at a regional and national level. These barriers include: (i) uncoordinated sectoral approaches to wetland planning; (ii) weak policy frameworks and unsupportive economic environments for wetland biodiversity conservation and sustainable use; (iii) inadequate information base on which to base wetland policy, planning and management; (iv) inadequate human and technical resources available for wetland conservation; (v) lack of options over use of natural resources by local communities.

Expected Project Outputs:

- (a) Improved capacity for bio-regional planning to rationalize biodiversity conservation and economic development in the Lower Mekong River basin;
- (b) Strengthened national capacity for conservation of wetlands and sustainable human development;
- (c) Ramsar wise-use principles demonstrated using sustainable multiple use activities at Stoeng Treng, Cambodia;
- (d) Provincial biodiversity planning demonstrated for wetlands in Attepeu Province, Lao PDR;
- (e) Biodiversity conservation integrated into a semi-agricultural landscape through inter-provincial land-use planning, habitat rehabilitation, and species re-introduction in the lower floodplain of the Songkram Basin, Thailand;
- (f) Conservation and Sustainable Human Development activities, including protected area management plans, eco-tourism programmes, outreach, training and environmental education programmes and support for agro-forestry practices undertaken in the Plain of Reeds, Vietnam.

Tanzania: Conservation and Management of the Eastern Arc Mountain Forests (UNDP/World Bank); GEF: \$12.373 million; Total Project Cost: \$50.823 million

The primary objective of GEF support is to bring about the long-term sustainable implementation and financing of forest biodiversity conservation and community-based conservation and sustainable development activities in Tanzania's Eastern Arc Mountain forests. GEF support responds to the

increasing threats to the forests at a time when both local communities and more distant populations are increasingly dependent on them for their livelihoods as well as their water and energy potential. GEF support, which is integrated into the implementation of the Tanzania National Forest Program, will focus on protection of forests which are areas of exceptionally high biodiversity and species endemism. The approach toward GEF support is based on the outcomes of PDF/A and B processes, which identified needs, strategies, and target areas for GEF funded incremental action to preserve biodiversity. GEF support is fully blended into the proposed World Bank Forest Conservation and Management Project, a \$28.75 million initiative to support and strengthen processes of institutional reform, to support community-based forest and woodland protection and management, to improve forest governance, and to more fully involve the private sector in the management of industrial plantations. The FCMP is the primary financial mechanism which has been mobilized for implementation of the National Forest Program.

The outputs of the project form an integrated package of strategies, initiatives, and actions intended to provide global benefits. The approaches which will be supported, and which will be key to successful implementation are oriented toward bringing about closer collaboration and cooperation between the central government and regional and district administrations as well as local communities; supporting biodiversity research better to understand the extent and value of globally significant assets, as well as their relationship to human populations also dependent upon them; and support for local community action in an effort to address poverty issues and involve communities in conservation efforts.

GEF support will complement, benefit from, and contribute to other ongoing and planned donor-financed activities in the Eastern Arc Mountains. Provisions will be made to ensure close collaboration and integration of the different activities underway and planned for the region.

Expected Project Outputs:

GEF support will greatly expand existing efforts to protect these forests by:

- (a) developing and supporting the implementation of an integrated conservation strategy for the entire Eastern Arc Mountains;
- (b) implementing a site based government and community conservation partnership initiative in the Uluguru region;
- (c) furthering institutional reforms to strengthen forest biodiversity conservation in the Eastern Arc; and
- (d) establishing and operating the Eastern Arc Conservation Endowment Fund to provide long-term sustainable financing through a privately managed initiative for priority community based conservation activities, biodiversity research, and protected areas management.

Tunisia: Protected Areas Management (World Bank); GEF: \$5.380 million; Total Project Cost: \$9.970 million

The project will assist the government of Tunisia in improving the conservation of biodiversity within the protected areas through implementation of management plans at three national parks together with local communities and capacity building at the regional levels to assure sustainable ecosystem management and monitoring.

Expected Project Outputs:

- (a) Reinforced capacity of the Directorate General of Forestry and the Ministry of Environment.
- (b) Managed and restored ecosystems in three national parks and assist in the development of tourism and community development activities.
- (c) Local support built for biodiversity conservation.

Biosafety

Bulgaria: Support to the Implementation of the National Biosafety Framework for Bulgaria (UNEP); GEF: \$0.408 million; Total Project Cost: \$0.504 million

The overall objectives of this demonstration project on biosafety is to provide support to strengthen capacity building for the implementation of national biosafety framework in compliance with the obligations of the Cartagena Protocol. The specific objectives are: a) to support the establishment of the regulatory and administrative biosafety management system in to enable an adequate level of protection in the field of the safe transfer, handling and use of living modified organisms (LMOs) resulting from modern biotechnology, with a specific focus on transboundary movements in Bulgaria. b) to establish procedures for risk assessment and monitoring; c) to strengthen capacity building through training of trainers on LMOs related to risk assessment and management, testing and monitoring, legal issues, institutional set ups and intellectual property rights; d) to promote and strengthen information sharing and dissemination among the relevant stakeholders, and enhance public awareness.

Expected Project Outputs:

- (a) "LMOs Act of Bulgaria" finalized and submitted to Parliament;
- (b) Regulatory norms for the enforcement of the LMOs Act elaborated
- (c) One workshop and one regional conference organized as follows;

- (d) national workshop for 50 representatives of governmental bodies and organizations, and NGOs, on: "Biotechnology and national legislation"
- (e) regional conference: "Biosafety Legislation in the area of plant biotechnology"
- (f) Enhanced cooperation at sub-regional/regional level
- (g) Rules and procedures for performing risk assessment and management, formulated as regulation for implementing the LMOs Act
- (h) Appointed certified laboratories performing assessment and monitoring on the deliberate release and commercial use of LMOs
- (i) Appointed research groups performing assessment and monitoring on the deliberate release and commercial use of LMOs
- (j) Collected data from mini field experiments and various biochemistry and molecular approaches.
- (k) National workshop organised on: "Safety of biotechnology R&D"
- (l) Twelve trainers from Ministry of Agriculture and Forestry, Ministry of Environment and Waters, Ministry of Education and Science, Ministry of Economy, Ministry of Justice, Ministry of Interior, selected on the basis of their background and work appointments, trained on:
 - LMOs risk assessment and risk management
 - LMOs testing and monitoring,
 - legal issues
 - institutional sets up and
 - Intellectual Property Rights /commercial issues;
- (m) Established Biosafety Database System to serve for the Biosafety Clearing House Mechanism in Bulgaria and support the respective authorities' work
- (n) An international workshop on "Information exchange and safety of biotechnology"; estimated participants - 100 regulators, journalists, scientists and NGO representatives organised
- (o) National workshop: "Centres of Excellence and expertise,";
- (p) Enhanced public awareness, information disseminated through videos, brochure, website

Cameroon: Support for the Implementation of the National Biosafety Framework for Cameroon (UNEP); GEF: \$0.560 million; Total Project Cost: \$0.671 million

The overall objective of this project is to develop and strengthen the capacity of the Government of Cameroon in order to implement the Cartagena Protocol on Biosafety by 1) supporting the entry into force and implementation of the national legislation, 2) strengthening national biosafety facilities, 3) training main stakeholders, 4) establishing a good National Information System to be linked to the National Biosafety Clearing House and 5) promoting public awareness.

Expected Project Outputs:

- (a) Support to the implementation of the regulatory/administrative biosafety management system started according to the Bill on "Regulating Safety in Modern Biotechnology in Cameroon";
- (b) Three national workshops carried out on biosafety legislation and procedures.
- (c) Training manual for policy makers, regulators and decision-makers on basic requirements for risk assessment and AIA procedure developed and distributed.
- (d) Training activities carried out as follows: (i) NABA technical staff trained on procedures for implementing the National Biosafety Framework; (ii) around 200 people trained among the main institutional stakeholders as well as representatives of NGOs, community based organizations and civil society on legislative and administrative aspects related to the national biosafety legislation, scientific experimentation, risk assessment and monitoring; (iii) trained staff of the Regional Centre of Excellence for Biotechnology/Biosafety as established (actual Biotechnology Centre); (iv) on-job training for 3 information management experts in evaluation and dissemination of the Biosafety Clearing house in order to facilitate the AIA process development.
- (e) Training programme on biosafety integrated into schools/university curricula.
- (f) Technical guidelines on risk assessment/monitoring developed and approved.
- (g) Laboratory equipment and computer purchased as follows: Research facilities provided to IRAD, the Biotechnology Centre and other University Centres to serve as centres for risk assessment management and monitoring, reinforced laboratories, quarantine facilities and national gene banks to monitor/ensure the continuity of indigenous species of the nation's biological diversity.
- (h) Establish a Regional Centre of Excellence for Biotechnology/Biosafety by strengthening the actual Biotechnology Centre with laboratory equipment and other infrastructure needed for risk assessment/management/monitoring.
- (i) Set up National Biosafety database system linked to the Biosafety Clearing House. Biosafety portal for Cameroon opened.
- (j) Raised public awareness through national media (both private and public), traditional systems of communication (i.e. national languages programmes used through the provincial radio stations), debates, meetings, workshops and dissemination of education materials.
- (k) Capacity for the implementation of national biosafety frameworks for purposes of the Cartagena Protocol

China: Support to the Implementation of the National Biosafety Framework of China (UNEP); GEF \$0.997 million; Total Project Cost: \$1.266 million

This project proposal addresses the most urgent priorities among those identified in the National Biosafety Framework for China (NBFC), i.e. management, research and capacity building, and ensures that China can meet its obligations under the Cartagena Protocol (China signed the Protocol in August 2000). The objectives of the proposed activity are to: a) formulate relevant laws and regulations, and establish appropriate mechanisms to effectively assess, monitor, control and regulate the environmental release, commercial production and transboundary movement of living modified organisms (LMOs), to ensure that China can meet its obligations under the Cartagena Protocol; b) produce and promulgate technical guidelines and develop techniques to improve national ability in risk assessment and risk management in connection with the storage, transportation, environmental release, use and transboundary movement of LMOs; c) develop further a proper monitoring parameters/indicators and methods to improve the ability to monitor environmental release and commercial production of LMOs; d) develop and set up a biosafety database system and establish a Biosafety Clearing House Mechanism to facilitate information sharing among decision-makers, managers, scientists and the public which will contribute to the Biosafety Clearing House set up through the Cartagena Protocol; and e) organize a series of training courses, workshops and study tours to train decision-makers, customs officials, inspectors, scientists and technicians. These will provide information, knowledge, and understanding of relevant techniques and good practice for biosafety.

Expected Project Outputs:

The proposed GEF project has been designed as a key activity in a range of those that are addressing biosafety issues. This intervention is in fact assuring that the biosafety framework worked out during the Pilot Project phase becomes fully operational, playing an important role in launching biosafety management in China with a potential for replication world- wide. Implementation of the project will therefore lead to the following outcomes that constitutes the basic legal and technical framework needed for making the biosafety management operational:

- (a) Finalise and submit to the State Council the "Biosafety Regulation of the People's Republic of China" that will provide a legal basis to enable the safe use of LMOs in China and the effective implementation of Cartagena Protocol.
- (b) The management mechanisms for biosafety to effectively prevent the environment and human health from risk resulting from the research, development and use of LMOs will be established.
- (c) Promulgation of "Technical Guidelines for the Risk Assessment and Risk Management of LMOs in China."

- (d) Promulgation of "Indicators and Methods for the Monitoring of Environmental Release and Commercial Release of LMOs in China"
- (e) The biosafety database system and a Biosafety Clearing House Mechanism will be established in China in order to meet China's obligations under the Cartagena Protocol and to promote information exchange and sharing among departments in China, and between China and the rest of the world.
- (f) Through a series of training courses, workshops and study tours, the knowledge and practice for biosafety shall be greatly improved for the decision-makers, customs officials, inspectors and scientists.

Cuba: Support to the Implementation of the National Biosafety Framework of Cuba (UNEP); GEF: \$0.647 million; Total Project Cost: \$0.931 million

Following the first phase pilot project, "Development of the National Biosafety Framework," the overall objective of this demonstration project is to provide the needed capacity building for implementing of the National Biosafety Framework according to the obligations of the Cartagena Protocol. The specific objectives are as follows: a) support the implementation of Decree Law N.190/99 on Biological Safety by drafting and enacting additional relevant regulations and therefore enable an adequate level of protection in the field of the safe transfer, handling and use of living modified organisms (LMOs) resulting from modern biotechnology, with a specific focus on transboundary movements, in Cuba; b) develop methodologies to 1) assess, manage and monitor the risks associated to LMOs handling, transport, use, transfer and release and 2) produce and validate the related data at national level and in cooperation with other countries in the region; c) strengthen capacity building at national and regional level by setting up a National Centre of Capacity Building and running national and distance courses in Biosafety; d) promote and strengthen information sharing and dissemination among the relevant stakeholders, and enhance public awareness at national and regional level so as to guarantee the safe and rational use of modern technology, and demonstrate -on scientific basis- the results of risk management and monitoring.

Expected Project Outputs:

National level

- (a) "Rule of Licenses of Biological Safety," "Rule of Biological Safety for facilities handling biological agents at small and large scale that may affect animals, man and plants" and "Rule for the State Environmental Inspection of Biological Safety" (part of decree 190/99 on Biological Safety) finalised and submitted for approval.

- (b) Standardisation Committee for biosafety established. Technical rules defined.
- (c) National Biosafety strategy worked out and approved
- (d) National and local Workshops organised as follows:
 - a national workshop on the implementation of legal documents, technical rules and methodologies;
 - local workshops for defining, analysing and approving the national Biosafety Strategy
 - National workshop for adopting the National Strategy of Biological safety.

Regional/international level

- (a) Harmonisation process at regional and international level of the legal framework started
- (b) Finalised methodology for:
 - risk assessment/management/monitoring of LMOs released into the environment
 - Granting licenses
- (c) Harmonised data production and validation on LMOs risks started
- (d) National/Regional Centre for Capacity Building set up. Run national and distance courses.
- (e) A biosafety master, a postgraduate course and a distance course set and run
- (f) Set up National Database System to be linked to the Biosafety Clearing House Mechanism for Information Exchange in Cuba;
- (g) Organised workshop on the use, handling of database and system evaluation
- (h) Set up Centre of Technical Literature on Biosafety.
- (i) Enhanced public awareness, information disseminated through teaching materials, specialised magazine, public education programme, database access

Kenya: Support to the Implementation of the National Biosafety Framework (UNEP); GEF: \$0.511 million; Total Project Cost: 0.620 million

The main goal of the project is to support the implementation the National Biosafety Framework by establishing a biosafety management system, and strengthening capacity building and infrastructure for LMOs development, import/export, handling, transport and release in the country. The National Biosafety Framework will be established through the approval and the entry into force of the draft biosafety Act, and the implementation of the national regulations and guidelines for safety in biotechnology as well as the institutional Biosafety guidelines. Specific objectives are as follows: a) support the establishment of the regulatory and administrative basis for the implementation of the management and monitoring system related to the safe environmental release, commercial production and transboundary movement of living modified organisms (LMOs) in Kenya, in appliance of the obligations of the Cartagena Protocol; b) strengthen capacity building on biosafety policy, management, administration and risk assessment/management (in order to provide guidance and design risk management options and strategies); c) strengthen national facilities for LMOs managing, handling and monitoring activities, d) strengthen national biosafety research activities, and e) promote and strengthen information sharing and dissemination among the relevant stakeholders and enhance public awareness on biosafety related issues.

Expected Project Outputs:

- (a) 4 workshops held in order to review the drafted Biosafety Bill,
- (b) Submitted and in force "Biosafety Act of Kenya"
- (c) Through the already established National Biosafety Committee (NBC), in force and implemented
 - Regulations for implementing a biosafety management system in Kenya;
 - guidelines on research and development activities involving the release of LMOs
- (d) Established Institutional Biosafety Committees
- (e) One regional workshop on biosafety management organised in Nairobi
- (f) 3 training courses carried out for 30 participants/peer course on handling of LMOs
- (g) Four masters and one PHD c/o international Universities, three Master c/o local Universities
- (h) 5 Seminars for training 20 scientists and policy -makers/per course on risk assessment and management
- (i) One Officer trained in Data Management

- (j) National Biosafety Secretariat established and equipped for biosafety management activities.
- (k) Kenya Agricultural Research Institute (KARI) and the Botany department, University of Nairobi, equipped with containment facilities at Biosafety level 2 and 3 for LMOs handling and monitoring.
- (l) Two workshops held in order to develop the national biosafety research agenda
- (m) Research activities supported through:
 - Survey on the existing gene pools within the protected areas of Kenya
 - Pilot study on the implementation of the biosafety regulations
- (n) Developed regulations and procedures for food safety as per article 11 of the Cartagena Protocol
- (o) Established Biosafety Database System to serve as Biosafety Clearing House Mechanism in Kenya
- (p) Set up Website for Kenya
- (q) Media Kits developed, Publications-Newsletters and Exhibitions held.

Mexico: Capacity Building for the Implementation of the Cartagena Protocol on Biosafety (UNDP/UNIDO/UNEP); GEF: \$1.461 million; Total Project Cost: 6.403 million

This proposal presents a general panorama of the medium and long-term elements of a national plan for the implementation of the Cartagena Protocol, with discrete, strategic GEF interventions taking place in the context of a longer-term national effort. Mexico will be responsible for biosafety as an integral part of the national strategy to protect the environment without affecting public health.

Expected Project Outputs:

- (a) CIBIOGEM and its cross-sector Technical Committee are strengthened with national and international support to implement the biosafety protocol.
- (b) Institutional and technical capacity in the identification, evaluation, management and mitigation of risks associated with the transboundary movement of LMOs.
- (c) A legal and regulatory framework that permits the effective evaluation, management and monitoring of Genetically Modified Organisms.

- (d) A national educational and media campaign relative to the transboundary movements of LMOs products and by-products.

Namibia: Support to the Implementation of the National Biosafety Framework (UNEP); GEF: \$0.672 million; Total Project Cost: 0.911 million

This project proposal addresses the most urgent priorities among those identified in the National Biosafety Framework for Namibia and ensures that Namibia can meet its obligations under the Cartagena Protocol. The overall objective consists in providing support to strengthen capacity building for the implementation of NBF in compliance the obligations of the Cartagena Protocol. Specific objectives are set as follows:

- (a) To support the establishment of the legal and administrative system needed to enable the safe development, handling, transport, use, transfer and release of Living Modified Organisms (LMOs) in Namibia and meet the obligations foreseen under the Cartagena Protocol
- (b) To improve the ability to screen LMOs in order to monitor and manage the risks associated to their handling, transport, use, transfer and release by equipping an independent scientific laboratory;
- (c) Strengthen capacity building, including research capacity, of main stakeholders;
- (d) Strengthen information sharing of relevant stakeholders and enhance public awareness on biosafety related issues

Expected Project Outputs:

- (a) Established operational biosafety management system as defined by the Biosafety Act
- (b) In force Biosafety Regulations aimed at implementing the Biosafety Act
- (c) Coordination among different Government Bodies and organisations promoted
- (d) Expanded and strengthened laboratory facilities for risk assessment and management
- (e) Relevant stakeholders (registrar and biosafety units members, NBAC members, NBEC members, and other relevant stakeholders as per point a.3 of the activities) trained on biosafety management, administration and risk assessment according to specific competencies;

- (f) Set up Biosafety Database System and a Clearing House Mechanism in Namibia to organize, integrate and develop existing information, make it accessible to the main stakeholders and to the public, and improve therefore the consultation process in the country
- (g) Raised public awareness, dissemination of general and ad-hoc information on biosafety related issues to the main stakeholders and to the public carried out.

Poland: Support for the Implementation of the National Biosafety Framework (UNEP); GEF: \$0.460 million; Total Project Cost: \$2.617 million

The overall objectives of this demonstration project on biosafety is to provide support to strengthen capacity building for the implementation of national biosafety framework in compliance with the obligations of the Cartagena Protocol. Four areas of capacity building needs were identified through the first phase pilot project on biosafety: 1) strengthening the institutions serving as centres of excellence/expertise and reference laboratories for LMOs monitoring, 2) training, 3) increase in public awareness on GMO matters, including media and NGOs, 4) development of information resources. Specific objectives are as follows: a) support the national infrastructure needed for LMOs risk assessment and monitoring; b) strengthen capacity building by training trainers, particularly in the areas of: risk assessment and risk management testing and monitoring legal issues: intellectual Property Rights and commercial issues institutional set ups; c) Strengthen information system and enhance public awareness, including media and NGO.

Expected Project Outputs:

- (a) Expanded and strengthened facilities in 4 laboratories for LMOs risk assessment and monitoring (within the country as well as transboundary movement).
- (b) 7 Training carried out to train trainers on: risk assessment and risk management testing and monitoring legal issues: intellectual Property Rights and commercial issues institutional set up.
- (c) Biosafety Database System (to be connected to the Clearing House Mechanism) set up;
- (d) Published and disseminated technical guidelines for different groups of users and managers on administrative legislative arrangements for biosafety management, risk assessments, management and monitoring biosafety management practice in neighbouring countries;
- (e) Workshops and opinion pools organized as follows:

- National workshop to review established system of LMOs monitoring
- A final sub-regional workshop with 70 participants in EU-accessing countries of the CEE region, including NGOs and media, in order to: a. Report on implementation of NBF in EU accession countries from CEE region; b. Attempt to harmonize the activities in countries aiming at implementing the Cartagena Protocol in the region; c. Review of possibilities to negotiate bi- or multilateral cooperation programs on biosafety.
- 2 Public opinion pools

Uganda: Support for the Implementation of the Uganda National Biosafety Framework (NBF) within the context of the Cartagena protocol (UNEP); GEF: \$0.560 million; Total Project Cost: \$0.642 million

The overall objectives of this demonstration project on biosafety is to provide support to strengthen capacity building for the implementation of national biosafety framework in compliance with the obligations of the Cartagena Protocol. Three areas of capacity building needs were identified through the first phase pilot project on biosafety: capacity building in biosafety regulation, scientific capacity building in biosafety, and biosafety enforcement and monitoring capacity building. Specific objectives are as follows: a) set up a regulatory and administrative system to enable an adequate level of protection in the field of the safe transfer, handling and use of living modified organisms (LMOs) resulting from modern biotechnology, with a specific focus on transboundary movements in Uganda, and meet the obligations foreseen under the Cartagena Protocol; b) strengthen the capacity building on biosafety legislation/operational management, risk assessment/management/ monitoring; c) strengthen national infrastructure for LMOs testing; d) enhance public awareness and promote dissemination among the relevant stakeholders; and e) strengthen the information system.

Expected Project outputs:

- (a) Biosafety regulations drafted and enacted
- (b) Administrative procedures for LMOs monitoring set up in compliance with the protocol
- (c) National Biosafety Committee and Institutional Biosafety Committees and National Competent Authorities strengthened.
- (d) Workshops organized as follows: biosafety awareness workshops for political leaders and policy makers workshop for biosafety enforcement officers
- (e) Training activities carried out for:
 - National Biosafety Committee staff and Institutional Biosafety Committees on biosafety legislation and management practices;
 - Scientists in risk assessment and risk management , testing and monitoring;

- Lawyers on technical aspects of risk assessment and risk management and monitoring;
 - Custom officials on national and neighbouring countries biosafety practices.
- (f) LMOs testing centre set up
 - (g) Awareness material prepared and disseminated to by politicians, community leaders private sector, consumer protection association, chambers of commerce and general public.
 - (h) Biosafety Framework and guidelines prepared and disseminated to schools and colleges
 - (i) Organised workshop on public-private sector linkages in biosafety
 - (j) Information databases set up and operational
 - (k) A website for the National Biosafety Committee set up, accessible from the general public.
 - (l) National Roster of experts in biosafety set up.

Climate Change

Bangladesh: Rural Electrification and Renewable Energy Development (World Bank); GEF: \$8.540 million; Total Project Cost: \$30.940 million

This project promotes solar energy in rural areas implemented by successful and well established Bangladeshi institutions. These include, rural electricity cooperatives, community-based organizations, NGOs, microfinance institutions and the private sector. The project provides a package of interventions to support these institutions in overcoming key market barriers: a) increasing awareness of SHS among consumers and providers; b) building technical and management capacity to design, implement and evaluate SHS programs; c) providing technical and business development support to implementing institutions; d) introducing standards and programs for testing and certification, e) financing grants to buy-down capital costs and increase affordability of SHS; f) promoting electricity as a means for income generation and social wellness; and g) identifying mechanisms to promote sustainability and replicability. Multiple approaches to SHS delivery are being proposed, including a “fee-for-service” program through rural electricity cooperatives, purchase supported by micro-credit through NGOs and microfinance lenders, and hire-purchase/direct sale programs by private dealers and NGOs.

Expected Phase I Outputs:

- (a) new policy frameworks;
- (b) new financing and delivery mechanisms being applied and replicated;

- (c) up to 130,000 additional rural households served by solar PV;
- (d) additional income generated by rural households as a consequence of electricity services from solar PV.

China: Efficient Utilization of Agricultural Wastes (ADB); GEF: \$6.400 million; Total Project Cost: \$77.300 million

The project will promote efficient utilization of agricultural waste products to improve the physical environment in the rural areas of the four provinces of Henan, Hubei, Jiangxi, and Shanxi, thereby reducing the emission of GHG, by (i) increasing the biogas (energy) supply in remote areas in four provinces; (ii) reversing the trend of deterioration of the ecological environment; (iii) decreasing the consumption of biomass resources; (iv) improving air quality; (v) reducing the use of chemical fertilizers as they are gradually replaced by organic fertilizers from the biogas digesters; (vi) improving micronutrients in the soil profile; and (vii) lowering household costs for energy. The World Bank will be the Implementing Agency for this project.

Expected Project Outputs:

- (a) Installation of 15600 small biogas plants and 42 medium sized plants, benefiting about 34000 households in four provinces,
- (b) Direct annual reduction of CO2 emissions by 78,338 tons,
- (c) Improved political, technical, knowledge and financial framework for biomass utilisation in the four provinces,
- (d) Proof of a replicable strategy to increase the application of biomass energy generation technologies in rural China,
- (e) Proof of a poverty alleviation strategy based on productive use of biogas plants by poor farmers.

China: Energy Conservation Phase II (World Bank); GEF: \$26.000 million.; Total Project Cost: \$281.200 million

The objective of Phase II of the project is to expand domestic investment in energy efficiency projects through the aggressive development of China's nascent Energy Management Company (EMC) industry. The project aims to replicate the successful development of three EMCs during phase I, especially by strengthening a EMC Service Group which is expected to develop into a self-sustaining EMC

Association and by establishing a Guarantee Fund to provide partial risk guarantees to local financial institutions which lend to the EMCs.

Expected Project Outputs:

- (a) EMC driven investments in energy conservation of \$325 million over seven years.
- (b) Establishment of about 20 new EMCs.
- (c) Local financial institutions finance all the loan requirements of EMCs.

Global: Capacity Building for Observation Systems for Climate Change in the Pacific and Africa (UNDP); GEF: \$1.545 million; Total Project Cost: \$2.598 million

The overall aim of this project is to develop capacity in a significant number of non-Annex I Parties to participate in systematic observation networks to meet the multiple needs of the Convention. The specific short-term objectives are to contribute to the reporting of systematic observation and research needs in the context of non-Annex I National Communications on a voluntary basis and to identify priority capacity-building needs related to participation in systematic observation (e.g., needs for training, equipment, communications, etc). Under this project, capacity will be built to create action plans.

Expected Project Outputs:

A series of workshops will initiate a process that will result in substantial improvements in observing systems for climate in each region and will build on the network of national climate change co-coordinators developed under the GEF National Communications Support Programme. The workshops will be conducted as follows:

- (a) Training workshop materials completed.
- (b) Workshops are organized
- (c) Participants are able to prepare national reports on systematic observations as the basis for developing a strategy for regional Action Plans.
- (d) Regional Action Plans prepared

Ecuador: Renewable Energy for Electricity Generation, Renewable Electrification of the Galapagos Islands (UNDP); GEF: \$4.083 million; Total Project Cost: \$25.393 million

The project aims at reducing Ecuador's energy-related CO₂ emissions by introducing PV and wind energy as a substitute for fossil fuel (mainly diesel) utilized in electricity generation, specifically for the Galapagos Archipelago. In addition, the project will substantially decrease the volume of diesel annually shipped to the island, thereby reducing the environmental threat of an oil spill that can cause great damage to the biodiversity found in and around the coastal ecosystem of

the islands. The activities proposed in the project are designed to remove barriers to the development and utilization of renewable energy for electricity generation, initially in Galapagos but eventually in the nation as a whole. The project will develop local capacity to identify technical and financing options and to formulate the regulatory, institutional and financial instruments necessary to demonstrate the technical, economic, and financial viability of establishing joint ventures to generate electricity utilizing renewable energy to supply mini-grids or feed into large grids.

Expected Project Outputs:

- (a) wind and solar re-powering of village mini-grids on three islands serving more than 5,000 people;
- (b) new power-sector policies;
- (c) activities fostering replication of investments.

Kenya: Ormat Olkaria III Geothermal Power Development (World Bank/IFC); GEF: up to \$5.000 million; Total Project Cost: at least \$11.000 million (for the exploration and development of the geothermal resource program); \$185.000 million (expected total cost for the commercial development of the power plant)

The project will provide GEF contingent financing support in the form of a partial guarantee covering a portion of the remaining exploration risk borne by the private developer during the exploratory phase of the Olkaria III geothermal field. GEF will thus facilitate the use of the available geothermal resource in this region to its maximum economic potential. The private co-financing will total at least \$11 million to cover capital costs of approximately 5 exploration wells. The GEF funded partial guarantee will share on a “pari passu” basis with Ormat the risk of incurring cost overruns on these remaining exploration wells, until the establishment of an economically viable generation facility or a decision is taken to abandon the venture. In order for the GEF guarantee to be fully drawn the private co-financing will need to be at least \$16 million. The GEF funded guarantee will lapse upon completion of the exploration drilling program with remaining funds returned to the GEF. This is expected to occur in less than two years.

This is the first private sector financed and managed geothermal electric project in Africa and among the first private power projects in Kenya and East Africa. It therefore has significant demonstration value, since if successful a similar use of partial guarantees for the development of geothermal fields may be extended in the future to other applications in Kenya, the whole East Africa region where there are good indications of a high geothermal potential, as well as possibly to other promising locations in the developing world.

Expected Project Outputs:

This GEF support will facilitate an increment of up to 17 MW in additional electric power output above the current baseline level 36 MW of expected geothermal power plant capacity at the field. This project is expected to result in avoided Greenhouse Gas (GHG) emissions of up to 2.8 million tons of CO₂ over 25 years.

Mozambique: Energy Reform and Access Program – Renewable Energy Component- Phase I (World Bank); GEF: \$3.175 million; Total Project Cost: \$10.175 million.

The project will (a) accelerate, in a commercially viable manner, the use of electricity for economic growth and improved quality of life in underserved areas; and (b) strengthen Mozambican capacity to expand the energy sector for both domestic and export markets. Phase I has three components: (i) Grid electrification and power sector reforms; (ii) Renewable energy promotion; and, (iii) Institutional strengthening and capacity building. The renewable energy promotion component will in turn consist of

(a) investments in large, institutional size solar PV systems, household PV systems, and grid-connected renewables technologies (in particular, wind and micro-hydro, possibly biomass gasification); and (b) technical assistance and capacity building in both public and private sectors. It is expected that Phase I activities will provide the framework for rapid and sustained removal of barriers to the acceptance and financing of renewables-based electricity supply options for both retail and grid-connected uses. Adequate M&E provision will be made for the development of a replication and acceleration strategy for Phase II via technical assistance, training, and information dissemination.

Expected Project Outputs:

- (a) new power sector regulatory frameworks;
- (b) new solar distributors and other local renewable energy businesses;
- (c) government adoption of a renewable energy plan;
- (d) households and social institutions receiving lighting and other electricity services from solar PV,
- (e) grid-based electric power generated from renewable energy.

Philippines: Capacity Building to remove Barriers to Renewable Energy Development (UNDP); GEF: \$5.448 million; Total Project Cost: \$23.774 million

This project removes key market, policy, technical and financial barriers to renewable energy. Components include: a) strengthening the capacity of government agencies to enact and implement sound renewable energy policies; b) providing information for targeted audiences to build a renewable energy market; c) creating a "one-stop-shop" market service center for preparing and promoting renewable energy projects; d) increasing coordination among organizations concerned with renewable energy; e) assisting the market penetration of renewable energy in remote, off-grid communities by providing incentives for innovative market delivery and financing mechanisms; f) improving the quality of renewable energy technologies and systems through assistance with standard setting. The project complements ongoing and planned renewable energy and rural electrification sponsored by the government.

Expected Project Outputs:

- (a) new policy frameworks;
- (b) new financing and delivery mechanisms being applied and replicated;
- (c) new market intermediaries facilitating market growth;
- (d) 400 MW of new grid-based renewable power generation through replication;
- (e) increased numbers of rural households served by solar PV;
- (f) new technology standards for small hydro, solar PV balance-of-system, and other equipment.

Regional: Capacity building for Stage II Adaptation to Climate Change in Central America, Mexico and Cuba (UNDP); GEF: \$3.315 million; Total Project Cost: \$4.900 million

The goal of this pilot project is to enable a significant number of countries through capacity building to prepare for Stage II adaptation in the context of non-Annex I National Communications, as envisaged by Articles 4.1 (b) (d) (e) of the UNFCCC and Decision 2/CP.4. The objectives of the project are to develop an adaptation policy framework and to prepare national adaptation strategies for a few priority sectors that can be integrated into sustainable development plans of the participating countries. The outputs of the project, Stage II adaptation strategies may be used for preparing second National Communications.

Expected Project Outputs:

- (a) Full project completed to demonstrate how innovative adaptation policy can be formulated for a range of systems at the national level through regional cooperation. The results of the pilot project will facilitate replication through the transfer of experience to other countries and regions. The project will advance understanding of adaptation under the UNFCCC process.
- (b) Eight national plans for adaptation prepared, where the key stakeholders, involved fully during the development of the project, will commit to the implementation of the adaptation policies identified by the project. The plan should be endorsed in each country by, inter alia, affected vulnerable populations, political parties, experts, academia, associations, cooperatives, local agencies, small farmers, private firms, local NGOs, municipalities, representatives of the relevant ministries.
- (c) National capacity created and/or increased to assess vulnerability and adaptation to present and future climate, and climate variability, and for developing and implementing adaptation strategies, policies, and measures in the context of national and regional development.
- (d) National capacity created and/or increased to reduce climate risks and impacts by incorporating climate variability and extremes events as a step towards the reduction of vulnerability to long-term climate change. Technical capacity increased to evaluate vulnerability and identify adaptation options will open possibilities for developing new activities and opportunities in the region.
- (e) Knowledge improved of the linkages between vulnerability and climate change within socioeconomic activities and development policies. Integration of adaptation into sectoral plans and aggregated policies will introduce a new approach to socioeconomic development patterns.

- (f) Public awareness of climate risks increased, and the opportunities and need for the adoption of the adaptation plan.
- (g) The UNDP-GEF Adaptation Policy Framework elaborated and applied, including wide dissemination of the framework, methodologies and tools, and the project results within the region and elsewhere. Monitoring systems for measuring progress in the application of adaptation policies and measures, and adaptive capacity of stakeholders developed as a part of the methodology.
- (h) New and expanded modes of cooperation identified at the regional level on an institutionalized basis; existing national and regional institutions strengthened that are relevant to climate change programmes on adaptation at the national and local levels, and joint actions identified in regional co-operation for adaptation.

Regional: Capacity Building for Improving National Greenhouse Gas Inventories in Europe and CIS (UNDP); GEF: \$2.263 million; Total Project Cost: 3.258 million

The project will initiate a regional programmatic approach developed to build capacity for improving the quality of data inputs to national greenhouse gas inventories, using the good practice guidance of the Intergovernmental Panel for Climate Change for cost-effectiveness. The project will build on the expertise gained during the preparation of the initial National Communications. By strengthening institutional capacity to prepare inventories and establishing a trained, sustainable inventory team, the project will help countries to reduce uncertainties and improve the quality of inventories for Second National Communications. This, in turn, will allow countries to improve national strategies for reducing greenhouse gas emissions. The project includes common activities for all participating countries carried out under a regional umbrella; countries may choose the remaining activities to carry out, based on national priorities. The approach has been built on the concept of key sources of emissions; this allows the approach to be replicated for use in other regions with only minor modifications.

Expected Project Outputs:

As a result of this project, GHG inventories for future National Communications will be compiled in a sustainable manner; the inventories will be of a higher quality than those prepared for the Initial National Communications. Outputs include:

- (a) *Sustainable inventory team created:* Several activities have been identified under Immediate Objective 2 to ensure that inventory teams can become permanent. Activities include a targeted awareness-raising strategy to promote the importance of an institutionalized inventory process to policymakers and select institutions and outreach activities to potential donors.

- (b) *Inventory strategy developed:* Using the procedures outlined in the GPG, countries will create quality assurance and quality control plans, along with a strategy for next steps in improving inventory quality (in future projects).
- (c) *Regional and international information exchange network established:* A regional database of inventory experts and a web site will be established to enhance exchange of data and information. Country solutions will be compiled and disseminated within the region and documents translated as necessary. Linkages to related international activities will be established.
- (d) *Emission factors improved and disseminated:* Assumptions and methods for emission factors will be documented to increase their reliability and at least three emission factors will be improved or developed to reflect appropriate regional circumstances. However, new methods for estimating emission factors will not be developed under this project. The emission factors will be disseminated through the IPCC emission factor database currently under development.
- (e) *Data collection and management improved:* For key sources, activity data gaps will be reduced and data collection will be improved. The national arrangements will be documented and described.
- (f) *Number of trained experts increased:* Using the integrated training package that is under development, two experts from each country will be trained in GPG. These experts will then become trainers for their national teams. At least eight inventory experts will be trained at the national level in this way.
- (g) *Technical peer review system established:* To develop capacity, every country will prepare one key-source inventory under the project, to be reviewed by another country within the region. The key-source inventories might also be presented at regional workshops for additional comments from regional and external experts. Other aspects of the peer review mechanism will be finalized under the full project.

Regional: Mainstreaming Adaptation to Climate Change in the Caribbean (World Bank); GEF: \$5.345 million; Total Project Cost: \$9.645 million

The overall objective of the proposed project is to build capacity in the CARICOM Small Island Developing States (SIDS) to develop Stage II adaptation strategies and measures, according to the United Nations Framework Convention on Climate Change (UNFCCC) and the guidance issued at the Conference of Parties. This will sought through support to: (i) the mainstreaming of climate change considerations into development planning and sectoral investment projects; (ii) the promotion of

appropriate technical and institutional response mechanisms for adaptation to global climate change; and (iii) monitoring and modeling of regional climate change.

Expected Project Outputs:

- (a) Climate change considerations are integrated into development planning and sector strategies.
- (b) Adaptation options (demonstration pilots) are formulated and regional agenda for adaptation is drafted
- (c) Regional climate change monitoring and modeling mechanisms and tools are expanded and refined
- (d) Cross-regional dissemination and replication tools are developed; a consultative workshop on adaptation is organized.

Vietnam: Systems Efficiency Improvement, Equitization and Renewables (SEER) Project - Renewables Components (World Bank); GEF: \$4.850 million; Total Project Cost: \$14.350 million

The project will support a long-term programmatic approach to develop renewable energy according to the country's Renewable Energy Action Plan. The project supports Phase I of the REAP, building renewable energy awareness, demand, and capacity. The project will: (a) building institutional capacity at national, provincial and district levels to implement the Action Plan and develop the necessary policies and regulatory frameworks; (b) facilitate regulatory frameworks that support independent small power producers for small hydro power and other renewable energy generation; (c) establish a fund to finance and support rural community-based electric cooperatives; (d) support development and application of pico-hydro technology; (e) development renewable energy markets and private businesses. This project is the first in a series of projects that are expected to expand renewable energy activities further.

Expected Project Outputs:

- (a) expanded renewable energy program by government;
- (b) new financing and delivery mechanisms being applied and replicated;
- (c) additional small hydro plants installed;
- (d) additional rural households served by small hydro systems;
- (e) additional private-sector small power producers using renewable energy to supply power to the grid.

International Waters

Global: Removal of Barriers to the Introduction of Cleaner Artisanal Gold Mining and Extraction Technologies (UNDP); GEF: \$7.125 million; Total Project Cost: \$20.007 million.

Environmental impacts resulting from the application of mercury in the processing of gold within the artisanal mining sector and their effects on International Water Bodies require concerted and coordinated global responses. The long-term objective of this project is to assist a pilot suite of developing countries located in several key transboundary river/lake basins in assessing the extent of pollution from current activities, introduce cleaner gold mining and extraction technology which minimize or eliminate mercury releases and develop capacity and regulatory mechanisms that will enable the sector to minimize negative environmental impacts. This will be accompanied by development of monitoring programs and in collaboration with participating Governments, development of policies and legislation that will lead to practical and implementable standards for artisanal gold mining. In order to ensure sustainability of the monitoring programs, the project will aim to build capacity of local institutions, e.g., local laboratories through training and material support so as to enable them carry out continuous monitoring beyond the project three-year term. The project will also aim to increase knowledge and awareness of miners, Government institutions and the public at large on the environmental impacts associated with the application of the current technology. This will be enhanced through introduction and demonstration of cleaner and efficient technology that apart from minimizing negative environmental impacts, will improve income, health and safety.

The GEF CEO approved project preparation funds for this project in December 1997. This is prior to the approval by the GEF Council of UNIDO's position as an Executing Agency for the GEF in April 2000. As such UNDP sought UNIDO's expertise by engaging them as a project preparation partner under standard UNDP arrangements, as an Executing Agency.

Expected Project Outputs:

- (a) Demonstration sites selected and analysis of the regulatory frameworks completed; training needs assessed; stakeholders' awareness campaign programs identified; awareness programs through media in place; TRAIN-X training methodology and programs for institutional cooperation developed.
- (b) Extent of mercury pollution and migration to other areas established
- (c) Technological requirements evaluated and micro-financing program established
- (d) Introduction and Demonstration of efficient and clean technology
- (e) Development of policies and legislation
- (f) Dissemination of results, self-financing and donor conference.

Regional: Nile Transboundary Environmental Action Project – Phase I (UNDP, World Bank); GEF: \$17.150 million; Total Project Cost: \$107.910 million.

The 10 Nile Basin countries have joined in the Nile Basin Initiative (NBI) to implement a Strategic Action Program for the joint sustainable development of the Nile Basin, comprised of a number of basin-wide activities as well as subsidiary programs geared towards joint investment opportunities. Financing for these activities is being sought through the International Consortium for Cooperation on the Nile (ICCON). An initial set of seven basin-wide projects (the Shared Vision Program or SVP) has been endorsed by Nile-COM and is being prepared for implementation in these sectors: environmental action (this proposal), power trade, efficient water use for agriculture, water resources planning and management, communications, applied training, and socio-economic development and benefit sharing. The total cost of these projects is expected to be about US\$122 million.

The Nile countries recognize that future development of the Basin must be environmentally sustainable. Identifying the environment and development synergies, and thus the sustainable development opportunities in the Basin, has therefore emerged as a major priority. A Transboundary Environmental Analysis (TEA) has been carried out by the Nile riparians with funding from GEF PDF resources and support from UNDP and the World Bank. The TEA report constitutes a collective synthesis of basin-wide environmental trends, threats and priorities. The TEA also identifies the elements of an Agenda for Environmental Action in the Nile Basin, to be implemented over the next decade or more under the NBI's Strategic Action Program in coordination with other development activities

The objective of this project is to provide a strategic environmental framework for the environmentally sustainable development of the Nile River Basin, to improve the understanding of the relationship between water resources development and environmental conservation in the Basin, and to provide a forum to discuss development paths for the Nile with a wide range of stakeholders. Focusing on transboundary issues, it provides the riparian countries with a major opportunity to make significant progress towards their economic and environmental goals in ways that have proved difficult to achieve independently.

The full basin-wide GEF program (phases 1 and 2) consists of a total of 5 components as follows.

1. Institutional Strengthening to Facilitate Regional Cooperation.
2. Community-level Land, Forest and Water Conservation.
3. Environmental Education and Awareness.
4. Wetlands and Biodiversity Conservation.
5. Basin-wide Water Quality Monitoring.

To build capacities incrementally while providing an opportunity to build on early progress, the present proposal for Phase 1 of the project includes full implementation of components 5 as well as partial

implementation of components 1, 2 and 3. The remaining components will be included in Phase 2, subject to satisfactory project performance and achievement of benchmarks in Phase 1.

Expected Project Outputs:

The project outputs will be intangibles to a large extent, including:

- (a) improved understanding of transboundary soil erosion processes,
- (b) establishment of an environmental framework,
- (c) improved technical foundation for transboundary water resources planning and management,
- (d) deepened public awareness of riparian countries' co-dependence on sound environmental management.

Regional: Environmental Protection and Sustainable Integrated Management of the Guarani Aquifer (World Bank); GEF: \$13.943 million; Total Project Cost: \$27.243 million

The main objective of the proposed initiative would be to support Brazil, Argentina, Paraguay and Uruguay in jointly elaborating and implementing a common institutional framework for managing and preserving the Guarani Aquifer for current and future generations. The Guarani Aquifer, named in honor of the Guarani Indian Nation, is one of the largest groundwater reservoirs in the world, and was only recently recognized as one interconnected system, extending through the four MERCOSUR countries for a total of 1.2 million km². Total reserves would be enough to supply the entire population of Brazil for 3,500 years. The project would be of a preventive nature and would include interventions regarding expansion and consolidation of the current knowledge base, creation of collaborative management framework, information for public participation, and monitoring and evaluation. Given the susceptibility of groundwater resources to pollution and the quasi irreversibility of polluted groundwater sources, a management mechanism that would prevent pollution would yield socio-economic and environmental benefits, both at a local and regional transboundary scale.

Expected Project Outputs:

- (a) An expanded, and shared, knowledge base, including definition of the aquifer's western boundary in Argentina.
- (b) A collaborative management framework established, including an Environmental Protection Plan for the aquifer.
- (c) Enhanced participation, through information, awareness raising on the existence and importance of the aquifer, including a Social Communication Plan.

- (d) Monitoring and evaluation plan in place.
- (e) Pilot demonstrations of non-point source pollution prevention measures implemented.

Regional: Senegal River Basin Water and Environmental Management Programme (World Bank./UNDP); GEF: \$7.625 million; Total Project Cost: \$40.070 million

The objective of this project is to provide a participatory strategic environmental framework for the environmentally sustainable development of the Senegal river basin and to launch a basin-wide cooperative program for transboundary land-water management. This objective will be accomplished by:

1. **Capacity building:** Strengthening environmental and water resource management capacity in national institutions and in OMVS (*Organisation pour la Mise en Valeur du Fleuve Sénégal*) and OMVS national cellules and support for the full involvement of Guinea and OMVS member states in a cooperative agreement for sustainable water resources management in the basin.
2. **Data and knowledge management:** Supporting the improvement of the data and knowledge base for water resources management in the basin and the establishment of necessary monitoring and analysis on a sustainable basis, in close coordination with the *Observatoire de l'Environnement de l'OMVS*.
3. **Transboundary Diagnostic Analysis and Strategic Action Program:** Completing the basin-wide Transboundary Diagnostic Analysis (TDA) and a Strategic Action Program (SAP)
4. **Priority actions:** Based on the preliminary transboundary diagnostic analysis, carrying out specific on-the-ground priority actions through pilot activities.
5. **Public participation and awareness:** Establishing a public participation and awareness program for broader community and civil society involvement in development actions in the Senegal river basin.

Expected Project Outputs:

- (a) Increased capacity building and training at OMVS and in riparian countries through modules, courses and technical training,
- (b) Organization of 6 regional and 15 national workshops Guinea's existing water legislation reviewed and new/modified legislation proposed,

- (c) Networking group between regional institutions established,
- (d) Regional procedures and mechanisms on transboundary issues established,
- (e) Basin-wide cooperation framework defined and adopted,
- (f) Exchange of best practices and coordination among GEF projects,
- (g) Database system for water and environment established,
- (h) DSS information system with environment developed,
- (i) Training courses on water flow modeling provided,
- (j) Information and data exchanges mechanism established,
- (k) TDA and SAP prepared, agreed upon and endorsed by all riparians,
- (l) Targeted pilot projects addressing main transboundary problems emerging from the TDA/SAP identified and implemented,
- (m) Common environmental education and awareness campaign developed and innovative learning mechanisms and tools developed for public participation and awareness,
- (n) Support to NGO networks working across boundaries for civil society engagement and participation,
- (o) Selected riparian universities and research institution brought together in a network to coordinate national and transboundary programs in environmental and social science, engineering and policy studies.

Russian Federation: Support to the National Programme of Action for the Protection of the Arctic Marine Environment – Phase I (UNEP); GEF: \$ 6.191 million; Total Project Cost: \$18.675 million

The overall objective is to protect the arctic marine environment. Consistent with this overall objective, the project aims at ensuring a coherent basis for the identification of priorities associated with the adverse effects of land-based activities; and preparing the ground for environmentally sustainable development of the Arctic. The medium-term objective of the project is to formulate and adopt a Programme of Action for the protection of the arctic marine environment from land-based activities. This Program will comprise specific targeted and costed actions for longer-term implementation to address priority issues and concerns relating to existing damage to the Arctic and threats to its future integrity. It will also include the completion of ten pre-investment studies to determine the highest priority and tractable interventions to correct or prevent transboundary impacts of land-based activities; and three categories of demonstration projects dealing respectively with marine environmental clean up, the transfer of two decommissioned military bases to civilian control, and involving indigenous peoples in environmental and resource management. The Project will accommodate three principal thrusts: the Arctic Environmental Protection Strategy agreed in Rovaniemi in 1991 by the eight arctic states (subsequently subsumed under the Arctic Council); the Global Programme of Action for the Protection of the Marine Environment from Land-Based Activities concluded in Washington, D.C., in 1995 by

over 100 countries; and the ‘World Ocean’ Federal Target Oriented Programme adopted by the Russian Government in 1998.

Expected Project Outputs:

- (a) Identification of the highest priority damage and sources of damage to the environment of the Russian Arctic and acceptance by the Russian Government of the priority list of interventions proposed for investment by Russian sources and/or other countries.
- (b) Results of 3 demonstration projects, including specifications for replicability elsewhere disseminated widely within Russia.
- (c) 10 pre-investment studies are submitted to potential financiers, including bilaterals and the private sector, and/or to a Partnership Conference.
- (d) Revised national water-quality objectives and effluent and emission standards fully consistent with relevant international guidelines and agreements.
- (e) Improved compliance assessment procedures.
- (f) Demonstration that increased involvement of Indigenous Peoples in Governance can increase the level of protection of the Arctic Environment whilst increasing their quality of life.

Multiple Focal Areas

Rwanda: Integrated Management and Protection of Critical Ecosystems (World Bank); GEF: \$4.650 million; Total Project Cost: \$49.060 million

The objective of the proposed GEF component of the Rural Sector Support Project (IDA), which will be financed through an Adjustable Programme Loan (APL), is to cover the incremental costs associated with the conservation and sustainable use of natural resources in critical upland watersheds and wetlands of international significance in Rwanda. This would be achieved through the promotion of integrated approaches to the management of critical ecosystems. The project would increase opportunities for improving rural livelihoods on a sustainable basis while, at the same time, rehabilitating and conserving the natural resource base.

Expected Project Outputs:

- (a) Development of an enabling environment for sustainable resource use

- (b) Development and implementation of community-based integrated management plans for critical ecosystems (wetlands, dryland and mountain)
- (c) Creation of an Environmental Information System (EIS)
- (d) Capacity building and institution strengthening in decentralized integrated natural resources management

Small Grants Program (UNDP); GEF \$20.712 million; Total Cost: 42.712 million

The second operational phase of the GEF Small Grants Program (GEF/SGP) was approved by the GEF Council in October 1998. A two-year replenishment for \$31.619 million was granted and it was agreed that a subsequent annual “rolling” financial modality would be adopted to ensure continuity of programme activities. The replenishment for SGP operations in year 3 was approved by the Council in May 2000 for \$22.823 million. The request for SGP replenishment for year 4 was to be submitted at the end of year 2 (May 2001), however it was postponed until December 2001. Within the adopted programmatic approach a number of benchmarks and deliverables are to be met each year. The report on progress made in achieving year 2 deliverables as specified in the project document was submitted to the Council in May 2001. It constitutes the basis for Council deliberations on the replenishment for year 4. The replenishment for the period 19 February 2002 to 18 February 2003 (year 4 of the second operational phase) is estimated at \$20.712 million. The SGP co-financing target for year 4 is \$22 million of which \$11 in kind and \$11 in cash.

Expected Project Outputs:

- (a) fit with GEF Strategy and Operational Programmes;
- (b) mobilization of non-GEF resources for baseline activities;
- (c) functional links with GEF wide initiatives;
- (d) implementation of SGP monitoring and evaluation strategy;
- (e) programme sustainability and further decentralization of responsibilities;
- (f) capacity building at country and community levels;
- (g) communications and outreach.