



# Global Environment Facility

GEF/C.23/5  
April 20, 2004

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GEF Council  
May 19-21, 2004

Agenda Item 8

## WORK PROGRAM

## **Recommended Council Decision**

The Council reviewed the proposed Work Program submitted to Council in document GEF/C.23/5 and approves it subject to comments made during the Council meeting and additional comments that may be submitted to the Secretariat by June 4, 2004.

The Council also reviewed the following two projects that were originally included in the Intersessional Work Program circulated to the Council on February 20, 2004:

- (a) Botswana: Renewable Energy-based Electrification Program, and
- (b) Regional (Indonesia, Philippines): Marine Aquarium Market Transformation Initiative (MAMTI)

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.]

Where to send technical comments:

**Council members are urged to send their technical comments electronically (in Word file) to the GEF Secretariat's program coordination registry at [gcoordination@TheGEF.org](mailto:gcoordination@TheGEF.org).**

## Acronyms

AMCEN	-	African Ministerial Conference on the Environment
BD	-	Biodiversity
BEEF	-	Bulgarian Energy Efficiency Fund
BIPV	-	Building Integrated Photovoltaic
CALM	-	Conservation Areas through Landscape Management
CC	-	Climate Change
CCAD	-	Commission on Environment and Development
CEO	-	Chief Executive Officer
CI	-	Conservation International
DFID	-	British Department for International Development
DOE	-	Department of Environment
EC&EE	-	Energy Conservation and Energy Efficiency
ECOFAC	-	Ecosystemes Forestiers d’Afrique Centrale
EEL	-	Efficient Electric Lighting
EU	-	European Union
FESP	-	Forest and Environment Sector Program
FESAC	-	Forest and Environment Sector Adjustment Credit
FSP	-	Full-sized Project
FY	-	Fiscal Year
GEF	-	Global Environment Facility
GHG	-	Greenhouse Gases
HUT	-	Hanoi University of Technology
IA	-	Implementing Agency
IDA	-	International Development Association
IDB	-	Inter-American Development Bank
IEM	-	Integrated Ecosystem Management
IFC	-	International Finance Corporation
IMS	-	Institute of Materials Science
ITTO	-	International Tropical Timber Organization
IW	-	International Waters
IW:LEARN	-	International Waters Learning Exchange Resource Network
IWP	-	Intersessional Work Program
LD	-	Land Degradation
LDC	-	Least Developed Countries
MAMTI	-	Marine Aquarium Market Transformation Initiative
MFA	-	Multi-focal Area
MoC	-	Ministry of Construction
MSP	-	Medium-sized Project
NAPA	-	National Adaptation Programme of Action
NBSAP	-	National Biodiversity Strategic Action Plan

NCSA	-	National Capacity Self-Assessment for Global Environment
NEAP	-	National Environmental Action Program
NEPAD	-	New Partnership for African Development
NGO	-	Non-Government Organization
ODS	-	Ozone Depleting Substances
OECD	-	Organization for Economic Cooperation and Development
PA	-	Protected Areas
PDF A	-	Project Development Facility Block A
PDF B	-	Project Development Facility Block B
PDF C	-	Project Development Facility Block C
PELMATP	-	Philippines Efficient Lighting Market Transformation Initiative Project
PLIA	-	Philippine Lighting Industry Association
POP	-	Persistent Organic Pollutants
PRASAB	-	Burundi Agriculture Rehabilitation and Support Project
PROADEL	-	Local Development Program Support Project
PV	-	Photovoltaic
QUATEST	-	Quality Assurance and Testing Center
SIDS	-	Small Islands Developing States
STAP	-	Scientific and Technical Advisory Panel
TRIDOM	-	Tri-National Dja-Odzala-Minkebe
UNCCD	-	United Nations Conference to Combat Desertification
UNDP	-	United Nations Development Programme
UNEP	-	United Nations Environment Programme
UNIDO	-	United Nations Industrial Development Organization
USD	-	United States Dollar
VEEPL	-	Vietnam Energy Efficiency Public Lighting Project
VAST	-	Vietnamese Academy of Science and Technology
WCS	-	NGO providing support to Ivindo National Park
WWF	-	World Wildlife Fund
ZESCO	-	National Utility Company (Zambia Electricity Supply Company)

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## I. PROJECTS IN THE PROPOSED WORK PROGRAM

### Biological Diversity

- 1) **Regional (Cameroon, Congo, Gabon):** Conservation of Transboundary Biodiversity in the Minkebe-Odzala-Dja Interzone in Gabon, Congo, and Cameroon (UNDP)
- 2) **Regional (Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica, Panama):** Integrated Ecosystem Management in Indigenous Communities (World Bank/IDB)
- 3) **Cambodia:** Establishing Conservation Areas through Landscape Management (CALM) in the Northern Plains of Cambodia (UNDP)
- 4) **Cameroon:** Forestry and Environment Sector Adjustment Credit (World Bank)
- 5) **Russian Federation:** Conservation of Wetland Biodiversity in the Lower Volga Region (UNDP)
- 6) **Uruguay:** Integrated Natural Resources and Biodiversity Management (World Bank)

### Climate Change

- 7) **Bulgaria:** Energy Efficiency Project (World Bank)
- 8) **China:** Heat Reform and Building Energy Efficiency Project (World Bank)
- 9) **Egypt:** Solar Thermal Hybrid Project (World Bank)
- 10) **Lesotho:** Renewable Energy-based Rural Electrification (UNDP)
- 11) **Malaysia:** Building Integrated Photovoltaic Technology Application Project (UNDP)
- 12) **Philippines:** Efficient Lighting Market Transformation Initiative (UNDP)
- 13) **Swaziland:** Energizing Rural Transformation (World Bank)
- 14) **Vietnam:** Energy Efficiency Public Lighting Project (UNDP)
- 15) **Zambia:** Renewable Energy-based Electricity Generation for Isolated Mini-grids (UNEP/UNIDO)



## International Waters

- 16) **Global:** Strengthening Global Capacity to Sustain Transboundary Waters: The International Waters Learning Exchange and Resource Network (IW: LEARN) – Operation Phase (UNDP/World Bank/UNEP)
- 17) **Regional (Antigua and Barbuda, Bahamas, Barbados, Cuba, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, St. Lucia, St. Kitts and Nevis, St. Vincent and Grenadines, Trinidad and Tobago):** Integrating Watershed and Coastal Area Management in Small Island Developing States of the Caribbean (UNEP/UNDP)
- 18) **Regional (Bulgaria, Georgia, Romania, Russian Federation, Turkey, Ukraine):** Control of Eutrophication, Hazardous Substances and Related Measures for Rehabilitating the Black Sea Ecosystem, Tranche 2 (UNDP)

## Ozone Depletion

- 19) **Regional (Bulgaria, Hungary, Kazakhstan, Latvia, Lithuania, Poland):** Total Sector Methyl Bromide Phaseout in Countries with Economies in Transition (UNEP/UNDP)

## Multi-focal Area

- 20) **Regional (Niger, Nigeria):** Integrated Ecosystem Management of Transboundary Areas between Niger and Nigeria – Phase I: Strengthening of Legal and Institutional Frameworks for Collaboration and Pilot Demonstrations through IEM (UNEP)
- 21) **Chad:** Community-based Integrated Ecosystem Management Project under PROADEL (World Bank)
- 22) **Kenya:** Western Kenya Integrated Ecosystem Management Project (World Bank)

## Land Degradation

- 23) **Global:** LDC and SIDS Targeted Umbrella Project for Capacity Building and Mainstreaming of Sustainable Land Management (UNDP)
- 24) **Burundi:** Agricultural Rehabilitation and Sustainable Land Management Project (World Bank)

## **Persistent Organic Pollutants**

- 25) **Global (Philippines):** Program to Demonstrate the Viability and Removal of Barriers that Impede the Successful Implementation of Available Non-Combustion Technologies for Destroying Persistent Organic Pollutants (UNDP/UNIDO)

## **Resubmitted Projects (from the February 2004 Intersessional Work program)**

- 26) **Botswana:** Renewable Energy-based Electrification Program (UNDP)
- 27) **Regional (Indonesia, Philippines):** Marine Aquarium Market Transformation Initiative (MAMTI) (World Bank/IFC)

## II. WORK PROGRAM

1. The Chief Executive Officer (CEO), having reviewed the conclusions and recommendations of the project review meetings with the Implementing and Executing Agencies, proposes to the Council the approval of this Work Program. It consists of 25 full-sized project (FSP) proposals for a GEF allocation of \$233.354 million (see Annex A for details on these projects):

Biodiversity	\$	47.235 million	( 6 projects)
Climate Change	\$	99.963 million	( 9 projects)
International Waters	\$	26.341 million	( 3 projects)
Ozone Depletion	\$	5.176 million	( 1 project)
Multi-focal Area	\$	15.725 million	( 3 projects)
Land Degradation	\$	34.350 million	( 2 projects)
POPs	\$	4.565 million	( 1 project)
<b>Total GEF Allocation</b>	<b>\$</b>	<b>233.354 million</b>	<b>(25 projects)</b>
<i>Total project cost</i>	<i>\$</i>	<i>980.757 million</i>	

2. Two additional projects, one in biodiversity and another in climate change, are being resubmitted from the last Intersessional Work Program upon the request of one Council member to have these discussed in the Council meeting due to significant policy issues.

3. All but four of the 25 project proposals in this work program have utilized project development facility block B (PDF B) grants amounting to \$6.442 million. Two of these proposals had previously used project development facility block A (PDF A) grants to prepare project concepts while another one had availed itself of a project development facility block C (PDF C) grant to further advance project preparation.

4. The trend in GEF allocations for work programs is presented in Table 1. The cumulative amounts in the last six years show that the climate change focal area has received 35% of GEF allocation while the biodiversity, international waters and multi-focal areas got 32%, 17%, and 10%, respectively. Land degradation, ozone depletion, and POPs focal areas, have each received 2%, respectively. Except for fiscal year 2002, GEF's yearly work program submissions have surpassed \$450 million. This work program caps the end of the fiscal year with an exceptionally robust allocation of more than \$615 million. This is attributable to the maturing GEF pipeline and the entry of land degradation as a new focal area. For the first time, this work program has all the seven focal areas represented.

**Table 1. Project Allocation Trends in the Work Programs of FY 1999 to FY 2004 by Focal Area (\$ million)\***

Fiscal Year	Biodiversity	Climate Change	International Waters	Land Degradation	Multi-focal Areas	Ozone Depletion	POPs	Total
1999	181.48	125.45	96.28		35.13	34.71		473.06
2000	182.75	186.41	47.43		29.12	7.51		453.20
2001	185.30	177.52	74.83		26.05		6.19	469.89
2002	86.54	134.36	80.11		42.23			343.24
2003	122.79	171.65	79.60	18.25	57.31	2.09	40.72	492.41
2004	170.14	202.03	116.49	34.35	82.42	5.18	4.57	615.17
<b>Total</b>	<b>929.00</b>	<b>997.43</b>	<b>494.74</b>	<b>52.60</b>	<b>272.25</b>	<b>49.48</b>	<b>51.47</b>	<b>2846.97</b>
	32%	35%	17%	2%	10%	2%	2%	100%

\* Note: Table includes full-sized projects, non-expedited MSPs and EAs that were submitted for Council approval

### Co-financing Amount and Trends

5. The proposed sources of co-financing for this current work program, as shown in Table 2, come from bilateral and multilateral agencies, recipient governments, local and international non-government organizations (NGOs), the private sector, beneficiaries, and other sources. The total co-financing is \$747.40 million which when added to the total GEF allocation gives a total project cost value of \$980.76 million. Every dollar of GEF allocation is accompanied by 3.20 dollars in co-financing.

6. In terms of focal areas, the biodiversity, international waters, multi-focal areas, and climate change portfolios lead in co-financing ratios at 82%, 81%, 79% and 74%, respectively. On the average, co-financing provided 76% of total project cost in this work program.

**Table 2. Proposed FSP Co-financing in the May 2004 Work Program (\$ million)**

	Biodiversity	Climate Change	International Waters	Land Degradation	Multi-focal Areas	Ozone Depletion	POPs	Total
GEF grant	47.24	99.96	26.34	34.35	15.73	5.18	4.57	233.36
<i>Co-financier</i>								
Beneficiaries	1.00	75.00			1.66			77.66
Bilateral	52.61	5.50		23.64	7.75			89.50
Government	52.13	69.33	82.90	7.00	19.64	2.25	0.50	233.74
Multilateral	63.19	77.15	7.94	36.96	27.90	4.48	0.75	218.37
NGO	11.51	0.28	7.09				0.10	18.99
Private Sector	0.54	48.63	1.41				6.41	56.99
Others	33.76	4.03	10.40	0.35	3.62			52.16
<b>Sub-Total Co-financing</b>	<b>214.73</b>	<b>279.92</b>	<b>109.74</b>	<b>67.95</b>	<b>60.57</b>	<b>6.73</b>	<b>7.76</b>	<b>747.40</b>
Total Project Cost	261.97	379.88	136.08	102.30	76.30	11.90	12.33	980.76
GEF: Co-financing Ratio	4.55	2.80	4.17	1.98	3.85	1.30	1.70	3.20
Percentage Co-financing	82%	74%	81%	66%	79%	57%	63%	76%

7. Table 3 shows the trend in total co-financing amount and ratios of the past six years. The co-financing ratio average is 3.43. The climate change portfolio accounts for almost half of the total co-financing at 47%, with the biodiversity portfolio following at 26%, and international waters at 17% respectively.

**Table 3. Trends in Co-financing Amounts and Ratios for FY 1999 to FY 2004 Work Programs \***

Approval FY	Total GEF Allocation	Co-financing Amount (\$million)								Co-financing Ratio
		BD	CC	IW	LD	MFA	ODS	POPs	Total	
1999	473.06	341.59	436.49	121.99		31.11	7.05		1008.23	2.13
2000	453.20	406.13	1309.84	40.31		46.00	1.00		1803.28	3.98
2001	469.89	787.25	617.32	95.81		77.39		3.13	1580.90	3.36
2002	343.24	198.96	881.27	248.83		173.96			1503.03	4.38
2003	492.41	236.24	915.98	367.90	33.09	194.96		51.77	1799.93	3.66
2004	615.17	600.52	429.11	752.42	67.95	212.85	6.73	7.76	2077.33	3.38
Total	2846.97	2570.68	4590.01	1627.26	101.04	736.26	84.78	62.67	9772.70	3.43
Share by focal area		26%	47%	17%	1%	8%	1%	1%	100%	

Legend: BD – Biodiversity; CC – Climate Change; IW – International Waters; LD – Land Degradation; MFA – Multi-focal Area; ODS – Ozone Depleting Substances; POPs – Persistent Organic Pollutants

\* Note: Table includes non-expedited MSPs and EAs that were submitted for Council approval

## Fee and Fee Ratios

8. Fees are paid to the agencies for GEF Project Cycle Management Services. Table 4 shows the fees by focal area for May 2004 work program. The total IA fee requested for this work program is \$21.31 million, which translates into a fee ratio of 9.13%.

**Table 4. Proposed FSP Implementing Agency Fees for May 2004 Work Program**

Focal Area	GEF Grant (\$m)	IA Fee (\$m)	No. of Projects	Fee Ratio (%)
Biodiversity	47.24	4.16	6	8.81
Climate Change	99.96	8.66	9	8.66
International Waters	26.34	2.22	3	8.43
Ozone Depletion	5.18	0.44	1	8.49
Multi-focal Area	15.73	1.24	3	7.88
Land Degradation	34.35	4.21	2	12.26
Persistent Organic Pollutants	4.57	0.38	1	8.32
Total	233.36	21.31	25	9.13

9. This fee ratio is in line with previous work programs as well as the ratio for the last five fiscal years. This result is mainly due to the large size of the portfolio, which reduces possible variations.

**Table 5. Trends in IA Fees from FY 2000 to FY2004 Work Programs \***

Fiscal Year	GEF Amount (\$m)	IA Fees (\$m)	Project Count	Fee Ratio %	Average Grant (\$m)
2000	439.11	30.44	41	6.93	10.71
2001	443.80	33.56	56	7.56	7.92
2002	334.91	34.19	48	10.21	6.98
2003	491.41	43.99	67	8.95	7.33
2004	615.17	59.78	70	9.72	8.79
Total	2324.40	201.97	282	8.69	8.24

\*Note: Table includes only fees for FSPs submitted for Council approval

### **Land Degradation as a New Focal Area**

10. In May 2003, the Council approved the draft Operational Program on Sustainable Land Management, which provided a framework to operationalize the land degradation focal area. Even before that, GEF has been providing support to address land degradation issues as they relate to its focal areas – biodiversity, climate change, international waters, and ozone layer depletion. Table 1 shows that in fiscal year 2003, about \$18.25 million of GEF funds have been linked to land degradation projects. At that time, and in the absence of a land degradation focal area, they were included under the multi-focal area. These projects have now been reclassified as belonging to the new Land Degradation focal area. This work program is proposing the first two projects under this new focal area. These are the *Global: LDC and SIDS Targeted Umbrella Project for Capacity Building and Mainstreaming of Sustainable Land Management* (UNDP) and the *Burundi: Agricultural Rehabilitation and Sustainable Land Management Project* (WB), amounting to about \$34 million for both projects. In October last year, the first medium-sized project entitled *Global Support to Facilitate the Early Development and Implementation of Land Degradation Programs and Projects Under the GEF Operational Program No 15* (UNEP) was approved under this new focal area.

### **The GEF Pipeline**

11. The most recent update to the GEF pipeline has been posted on the GEF website. It lists 270 project proposals including 29 new entries that were approved in March 2004. The Secretariat has identified several project concepts in the pipeline that have not matured even after many years have elapsed. The Secretariat will discuss the status of these proposals with the Implementing Agencies with a view to: (i) reporting to Council on the reasons for any delay or proposed termination; and (ii) removing non-maturing concepts from the GEF pipeline.

12. As requested by the Council, the Secretariat will submit in November 2004 a first annual report on projects that have been cancelled or terminated before completion.

### III. WORK PROGRAM HIGHLIGHTS

13. The 25 projects contained in this work program went through a review process that scrutinized the projects' compliance with the GEF Project Review Criteria including the analysis of incremental cost, project logical framework, and responses to STAP, implementing agencies and the GEF Secretariat. The two resubmitted projects went through the same process in the last Intersessional Work Program. The projects cited below illustrate the responsiveness to new strategic priorities, capacity building, stakeholder participation, replicability, sustainability, country ownership, science and technology issues, monitoring and evaluation, private sector participation, innovation, risk, inter-agency cooperation, financing modality, financing and co-financing and strategic partnership.

14. The cover note also provides an outline of the proposed approach for GEF engagement with the New Plan for African Development (NEPAD) to provide support for capacity building for the Action Plan of the Environment Initiative of NEPAD.

#### Strategic Priorities

15. The Strategic Priority "Productive Uses of Renewable Energy" for the Climate Change Focal Area is the basis for the project *Swaziland: Energizing Rural Transformation* (WB). This project intends to promote renewable energy for grid-based power generation, rural home lighting, rural schools, health clinics, and telecommunication to rural communities and enterprises, all integrated with national policies for rural electrification and telecommunications. Through the integration of these climate-neutral energy services into the provision of income-generating opportunities and public services in the health, education and telecommunication sectors, the market for renewable energies is built up in a sustainable way and the services are provided in a more affordable manner to the rural communities. To do this effectively, the project also provides assistance to small and medium enterprises. In the larger policy scheme, initial subsidies for off-grid systems are eventually replaced by a national Rural Access Trust Fund which constitutes a valid sustainability strategy for the efforts of this project. New financing mechanisms for grid-based power are employed, including carbon finance, and involving the private sector into the investments in cogeneration in existing sugar mills. Through this extensive leverage of private investments and in association with a power sector reform project, the World Bank project will total \$11.7 million, of which the GEF contribution is \$3.1 million.

16. The Strategic Priority "Access to Local Sources of Financing" will be the focus of two very different projects in the Climate Change Focal Area. The *Lesotho: Renewable-based Rural Electrification* (UNDP) will develop an innovative financial mechanism to reduce the affordability hurdle of solar PV, building on existing micro-finance institutions but also developing innovative schemes for dealer-financing. The GEF contribution to this project will be \$2.7 million, with \$4.3 million in co-financing from the Government of Lesotho and the World Bank. The second project for increasing access to finance is the *Bulgaria: Energy Efficiency Project* (World Bank). Bulgaria is among the most energy-inefficient economies in Eastern Europe. This GEF project establishes the Bulgarian Energy

Efficiency Fund (BEEF) with the mission to create an energy efficiency market in Bulgaria. This contingent fund will offer a flexible menu of loans and partial credit guarantees in the total size of \$10 million, expecting to leverage several more of this in energy efficiency investments.

17. The *Cameroon: Forestry and Environment Sector Adjustment Credit* (World Bank) project and the *Regional: Conservation of Transboundary Biodiversity in the Minkebe-Odala-Dja Interzone in Gabon, Congo, and Cameroon* project (UNDP) address two strategic priorities in the biodiversity focal area (catalyzing sustainability of protected areas, and mainstreaming biodiversity in production landscapes and sectors), with varying amounts of emphasis on protected areas and the larger forest landscape beyond the protected areas.

18. In the *Cameroon: Forest and Environment Sector Adjustment Credit*, a network of protected areas and community-managed wildlife areas, representative of national and regional biodiversity will be established, and this would be placed within the larger forest sector and demonstrate the significant benefits of PAs for the local and national economies. In the *Conservation of Transboundary Biodiversity in the Minkebe-Odala-Dja Interzone in Gabon, Congo, and Cameroon* project, protected areas have been designated in the trans-border areas, and this project will focus on the interzone area connecting these protected areas.

19. The *China: Heat Reform and Building Energy Efficiency* project (World Bank) is consistent with two strategic priorities in the climate change portfolio (transformation of markets for high volume products and processes, and power sector policy frameworks supportive of renewable energy and energy efficiency). This project will, in fact, combine market transformation activities with heat reform, heat modernization and building energy efficiency improvements, implementing an holistic approach to sustainable market expansion on a national scale. The proposed project also fits within the third climate change portfolio strategic priority (power sector policy frameworks supportive of renewable energy and energy efficiency) by helping to facilitate regulatory frameworks in the government's energy policies supportive of demand-driven heat supply, demand-side measures, and creation of market mechanisms that allow consumers to pay for actual heat consumption.

## **Capacity Building**

20. The *Global: LDC and SIDS Targeted Umbrella Project For Capacity Building and Mainstreaming of Sustainable Land Management* (UNDP), submitted under the Land Degradation focal area (Desertification and Deforestation) will focus on the development of capacities and mainstream for the effective mitigation of land degradation through sustainable land management in selected LDC and SIDS. The initiative addresses the Strategic Priority 1 "Targeted Capacity Building" of the focal area. The project proposes a portfolio approach that will allow assistance to 50 LDC and SIDS that have not yet completed their National Action Programs of UNCCD. For those showing weakness in capacities for sustainable land management, the project will develop individual, institutional and systemic capacity for sustainable land management. The project is consistent with the GEF Strategy for Capacity Building as agreed by the GEF Council.



21. UNDP will ensure that the use of existing GEF tools and financing for SIDS and LDCs are well coordinated and used to its full potential. Tools and strategies such as NCSAs, NAPAs, and cross-cutting capacity building and capacity building under the NEPAD Environment Initiative are integrated into the project design and strategy.

22. The portfolio approach allows reduction of the administrative burden and the ability to work effectively and impact-oriented. Individual MSPs submitted under the agreed framework, however, will be approved by the CEO on an expedited procedure.

23. *The Burundi: Agricultural Rehabilitation and Support Project (PRASAB) - Support for Sustainable Land Management* (World Bank), is one of the first projects presented under the Focal Area Land Degradation (Desertification and Desertification). The project aims at reducing poverty and improving food security by revitalizing the agricultural sector and strengthening the natural resource base of its production. GEF funds will be used to mainstream and promote sustainable land management in the context of improving the functional integrity of agro-ecosystems. Burundi faces critical challenges due to the severe degree of land degradation, including soil erosion and threats to its fragile ecosystems, specifically the wetlands and swamps. GEF resources will help address these issues by promoting environmentally-friendly land management and agro-ecological systems that aid the restoration of soil systems, the protection of agro-biodiversity and stemming the rapid loss of wetland ecosystems and related biodiversity.

24. Both the *Cameroon: Forest and Environment Sector Adjustment Credit* and the *Regional: Conservation of Transboundary Biodiversity in the Minkebe-Odala-Dja Interzone in Gabon, Congo, and Cameroon* projects build upon the basic existing capacity to enhance the capacity skills of the government in very critical areas: in the macro arrangements of the forest sector as well as sites specific capacity within and outside protected areas. This aspect will be monitored against outcomes to ensure that capacities are realized and harnessed.

### **Stakeholder Participation**

25. The Regional (Guatemala, Belize, Honduras, *El Salvador, Nicaragua, Costa Rica, Panama*): *Integrated Ecosystem Management in Indigenous Communities* project (World Bank) has given emphasis to stakeholders' participation. Co-execution arrangements are expected between project proponents and beneficiaries, both indigenous and mestizo communities in seven countries. Extensive consultations have taken place and key elements of the stakeholders consultation plans have been validated to date. The project has been designed through discussions with regional indigenous organizations, government officials from the region and in extensive consultations with local communities.

26. *The Zambia: Renewable Energy-Based Electricity Generation for Isolated Mini-Grids* Project (UNEP) builds on intensive market evaluation work with private investors and the utility company ZESCO. UNIDO as the executing agency has worked with all relevant stakeholders to *establish* viable opportunities for mini-grids in remote areas that can replace diesel and kerosene as

CO2-emitting fuels. Many of the beneficiaries will use the power for productive uses. For example, the fishermen will use the Solar PV mini-grid for charging light fixtures for fishing. They have indicated a high willingness to pay. In the process of project development, ZESCO and many private investors have engaged in intense discussions and learning processes about the value of these renewable energy-based mini-grids, and are now willing to enter into public-private partnerships for the investments into an operation of rural mini-grids as a viable energy-service delivery strategy. The project is supported by interest-free loans from a GEF-supported Risk and Replication Fund. This revolving fund is seen by the project proponent as a replacement for subsidies while allowing for GEF funds to increase their impact and sustainability. For all practical purposes, the project also serves as a pilot for a larger World Bank project that is currently being developed in close coordination with this project.

27. In the *Vietnam VEEPL* project, numerous stakeholders were consulted through market survey, interviews, round table discussions and logical framework analysis workshop. These stakeholders represent a broad range of organizations that are either actively or potentially *involved* in energy efficient public lighting in Vietnam. These include, among others, the VAST, IMS, MOC, HUT, VTV-2 and QUATEST. These, including selected cities (e.g., Ho Chi Minh), local lamp manufacturers (Hapulico), and selected non-government organizations (e.g., VINATAS) will be directly involved in the VEEPL implementation.

## **Replicability**

28. The *Regional: Integrated Ecosystem Management in Indigenous Communities* project (World Bank/IDB) provides a good strategy for replication through lessons learned, best practice, and *dissemination* across a number of additional indigenous communities not supported by the proposed project. The *Russia: Conservation of Wetland Biodiversity in the Lower Volga Region* project (UNDP) also highlights the dissemination of information and best practice regionally and nationally as key factors of replicability.

29. The *Strengthening Global Capacity to Sustain Transboundary Waters: The International Waters Learning Exchange and Resource Network (IW: LEARN) – Operational Phase* project (UNDP/World Bank/UNEP) is a joint effort by the three Implementing Agencies to enhance replication and synergies among projects in the international waters focal area and to build the capacity of project execution teams in GEF client countries. It promotes exchanges of experience and replication of successful demonstrations and practices across the GEF IW portfolio through the use of advanced information and communication technologies in combination with more traditional means. The project would continue the successful GEF IW Biennial portfolio Conferences (Brazil 2005, South Africa proposed for 2007) with major internet-based structured learning activities for subsets of the IW portfolio in between. The proposal contains several activities in support to the CSD in 2004 and 2005 that addresses water issues (consistent with recent Council paper on this topic); the exact mix of responsibilities and funding among the three GEF implementing agencies will be finalized prior to CEO endorsement.

30. Public lighting is growing rapidly in many developing countries, and many countries face similar *barriers* to development of more mature, energy efficient markets for public lighting equipment and services. The activities that will be carried out under the *Vietnam: Energy Efficiency Public Lighting (VEEPL)* (UNDP) project are meant to create an enabling environment that would facilitate the widespread utilization of EELs. With such enabling environment, replications of several specific interventions that will be carried out in the project are expected. In particular, the various demonstration activities that will be carried out are meant to showcase feasible design and application of EEL systems, design and manufacturing of EEL products, utilization of EEL system design tools and models, enforcement of policies, and implementation of EEL system financing. Replication is an integral component of the project design as the expected energy savings from the use of EEL (and the corresponding GHG emissions reduction) somehow rely on the replication of the various VEEPL activities.

### **Sustainability**

31. The *Regional Integrated Ecosystem Management in Indigenous Communities* project is a good example of a biodiversity project demonstrating sustainability. The project addresses *sustainability* through carbon credit markets, tourism, and environmental services in areas that are highly competitive and with limited markets. Both the World Bank and IDB have developed a strategy that will permit indigenous and local communities to work on various options to assure the sustainability of proposed operations. It is believed that indigenous communities will have an edge accessing specialized markets such as ethno-tourism and environmental goods and services.

32. The challenge of long-term sustainability has to be approached realistically in the *Transboundary Biodiversity in the Minkebe-Odala-Dja Interzone in Gabon, Congo, and Cameroon* project. The project has identified the key elements and tools necessary and critical to setting the transboundary TRIDOM interzone areas on a path to financial sustainability. The plan will be elaborated by the time of CEO endorsement.

33. Financial sustainability is one of the performance benchmarks to be met by the end of the second tranche of the *Cameroon, Forest and Environment Sector Adjustment Credit*. This issue is critical and the key elements of the financial sustainability strategy and action plan will be presented by the time of CEO endorsement.

34. Sustainability is an integral element of the *Philippines: Efficient Lighting Market Transformation Project (PELMATP)* (UNDP) activities and is ensured through the outputs of most of the project components, e.g., updated lighting guidelines; EEL standards, labeling, and warranties; and an operational lamp waste recycling facility. The DOE, which is executing the project, will continue to spearhead and sustain the activities after the project life. The activities of the project are anchored with the DOE's EC&EE program in the next 10 years. The project will strengthen the role of the Philippine Lighting Industry Association (PLIA) to become the advocate and catalyst of EEL in the private sector. The incorporation of EEL training courses in school curricula, and the continuous monitoring and

evaluation of the project sites, even after completion of the project, will bring sustainability of the desired benefits in the long run.

### **Country Ownership**

35. The *Regional Integrated Ecosystem Management in Indigenous Communities* project exemplifies country ownership. There is political support, high interest of national governments and regional structures (CCAD) and governments agree to lending instruments for land titling, and land regularization programs through the World Bank and IDB. It is anticipated that beyond the national aspects, these activities will help countries in the region to also address transboundary arrangements to ensure the overall conservation management of the Mesoamerican corridor. The *Russian Volga* project is part of the country's NBSAP. There is some national co-financing, and there is interest to reform policies and regulatory aspects that will help improve wetland management in the Volga delta.

36. The *Conservation of Transboundary Biodiversity in the Minkebe-Odala-Dja Interzone in Gabon, Congo, and Cameroon* (UNDP) project follows as a direct result of the Conference of Central African Heads of State held in Yaoundé in March 1999 in which high-level commitment was made to the concepts of forest conservation, sustainable management and trans-boundary collaboration.

### **Science and Technology Issues**

37. Technological issues in the climate change portfolio are mostly tackled under OP7. For a long time there have been no new *projects* in this operational program, and OP7 has been looking for new approaches. A STAP brainstorming meeting in March 2003 developed new guidance on better ways to promote innovative low-GHG technologies which is contained in an information document supplied to this Council meeting. The project *Malaysia: Building Integrated Photovoltaic (BIPV) Technology Applications* (UNDP) operationalizes this new guidance. In this highly country-driven project, a large number of stakeholders from industry and government have joined forces with UNDP to cooperate and coordinate the systematic introduction of solar PV in urban architecture and building materials. In the course of this project, they will transfer technological as well as implementable experiences from OECD countries to Malaysia where large technological capacities are already built-up and eager to explore new markets. The Malaysian government has expressed interest to integrate BIPV into the national energy and renewable energy strategies and large regional impacts are expected. Unlike traditional OP7 approaches, this project includes only small hardware subsidies and most of the GEF contribution is expended on capacity building activities and soft approaches for technology transfer.

38. Another technologically innovative project is the *Egypt: Solar Thermal Hybrid Project* (WB) which is part of a larger group of projects that support innovation in large-scale grid-connected renewable energy, in this case Concentrating Solar Power. While the sister projects in India, Mexico and Morocco have been approved by Council in earlier meetings, the Egypt project was initiated around the same time, and its development has shown similar progress as the other three projects. Due to a high level of support from the Egyptian government, it might actually be completed earlier than the

others. The World Bank has supplied a separate information document to this Council meeting that reports on the status of the whole portfolio and its outlook, and containing some suggestions for safeguarding these large-scale GEF engagements from project development risks.

## **Monitoring and Evaluation**

39. The *Russian Federation Wetland Project's* baseline biological indicators have been further fine-tuned and no net loss of breeding organisms would be expected. Key non-biological monitoring on water management and availability for ecological systems and pollution related aspects will be included at CEO endorsement time.

40. The *Cameroon, Forest and Environment Sector Adjustment Credit* has dedicated components on Community Forest Resource Management (component 4) and Production Forests (component 2) which have the opportunity to influence key stakeholders (communities and the private sector) to mainstream biodiversity aspects into community plans and forest management plans. In this context, the reference to biodiversity aspects (in terms of incorporation of these aspects into these plans, in practices and behavior) in the currently agreed outcomes is indirect. It is recommended that during appraisal, the dialogue with the government will seek to ensure that the relevant indicators, outcomes and benchmarks are strengthened to make the biodiversity aspect more explicit. These deliberations and updates will be made available by the time of CEO endorsement.

41. In the project *Botswana: Renewable Energy-Based Rural Electrification Program* (UNDP), the Government of Botswana, after thorough analysis of the local conditions, decided to test a large-scale Solar PV based strategy that is also least-cost, in order to provide this public service to 88 villages in Botswana in the next rural electrification plan. More than 5000 households will be given access to clean lighting, and more than 1000 households will be provided with the more extensive supply of electric power from a Solar Home System. Incorporating lessons learned from past projects, this project tries to bolster the process of rural electrification with a combination of interventions that improve the local technical capacities, the political framework conditions, the access to finance, and the education of consumers on the correct handling and advantages of renewable energy services. The project will amount to \$8.7 million, of which the GEF contribution is \$3.3 million.

## **Private Sector Participation**

42. Private sector engagement in GEF projects has been increasing. In this work program, 11 projects or 44 percent of all submissions (6 in climate change, 2 in biodiversity, 2 in international waters, and 1 in POPs) have private sector contribution of \$57 million in co-financing. Private sector participation in six of the nine climate change projects suggests the attractiveness of working in that focal area. The projects with private sector participation are those in Bulgaria, Lesotho, Malaysia, Russian Federation, Swaziland, Vietnam, Zambia, Philippines, the global IW:LEARN, the regional watershed SIDS Caribbean, and the global POPs projects.

## **Innovation**

43. The global international waters project proposal in OP 10 known as *Strengthening Global Capacity to Sustain Transboundary Waters: The International Waters Learning Exchange and Resource Network (IW: LEARN) – Operational Phase* builds upon the successes in portfolio learning piloted in the initial GEF IW:LEARN project from 1999-2003 and is an example of collaboration among all three GEF implementing agencies on behalf of the GEF. It represents an example of innovation in testing South-South portfolio learning within the GEF, and based on the evaluation of the first four years, this project begins the 4-year operational phase of learning among GEF international waters projects consistent with the "targeted learning" specified in the GEF Replenishment document and contained in IW Strategic Priority # 2 (expand global coverage with capacity-building foundation work).

44. The regional international waters project proposal *Integrated Watershed and Coastal Area Management in Small Island Developing States of the Caribbean* (UNEP/UNDP) deals with the protection of watersheds, freshwater surface and groundwater supplies, and coastal environments of 12 island states of the Caribbean. A second complementary project, now under preparation, is to address living resources of the Caribbean Large Marine Ecosystem as GEF Implementing Agencies build on lessons learned for needed simplification as a result of the initial Pacific SIDS IW project. The proposal illustrates inter-agency cooperation among two Implementing Agencies and a number of Caribbean institutions and responds to the Barbados Program of Action as included in OP # 9. The project will work at the regional, national, and local levels for policy, institutional, and legal reforms as well as a number of on-the-ground innovative demonstrations dealing with integrated watershed and coastal management as well as pollution reduction in surface and groundwater supplies for sustainable coastal communities.

45. The *Western Kenya Integrated Ecosystem Management Project* (WB), submitted under the MFA OP #12 will promote the rehabilitation of rural landscapes by using an integrated ecosystem management approach. The two selected watersheds present a mosaic of various ecosystem types, including wetlands with important biodiversity that is currently under threat by encroaching agricultural activities. Especially innovative will be the development of scientifically sound and cost-effective procedures and protocols to measure, monitor and validate above- and below-ground carbon sinks in different land use systems. The project will also promote agro-forestry and other improved land management activities in upland areas to rehabilitate degraded lands. Activities focusing on erosion and sediment control, and reduction of nutrient delivery from agricultural activities will also contribute to the improvement of the water quality of Lake Victoria. The project will also demonstrate options for the enhancement of the potential to sequester additional above- and below-ground carbon in agriculturally used areas.

## **Risks**

46. The *Russian Federation Wetland Biodiversity* project proposal highlights that there are no risks of substantive pollution loads being released that may threaten the wetlands in the delta. The IA will follow-up on the issue of water management and releases, as this is a key element for the success of the project and a high risk as other competing interest may be higher in the government agenda.

### **Inter-agency Cooperation**

47. There are six projects in this work program that demonstrate strong inter-agency cooperation and collaboration. These are the partnerships between:

- (a) the World Bank and the Inter-American Development Bank (IDB) to implement the biodiversity project *Integrated Ecosystem Management in Indigenous Communities in the Latin American Region*;
- (b) UNDP, the World Bank and UNEP to implement the international waters project entitled *Global: Strengthening Global Capacity to Sustain Transboundary Waters: The International Waters Learning Exchange and Resource Network (IW: LEARN) – Operational Phase*;
- (c) UNEP and UNDP to implement the international waters project in *Integrating Watershed and Coastal Area Management in Small Island Developing States of the Caribbean*;
- (d) UNEP and UNDP collaborating in the implementation of the ozone depletion project entitled *Total Sector Methyl Bromide Phase Out in Countries with Economies in Transition*;
- (e) UNDP and UNIDO in *Global Program to Demonstrate the Viability and Removal of Barriers that Impede the Successful Implementation of Available Non-Combustion Technologies for Destroying Persistent Organic Pollutants (POPs)*; and
- (f) UNEP and UNIDO to implement the *Zambia: Renewable Energy-based Electricity Generation for Isolated Mini-grids*

### **Financing Modality**

48. The *Cameroon, Forest Sector Adjustment Credit* is designed as a structural adjustment credit operation. The forest sector is Cameroon's largest non-public sector employer and non-oil export earner operation. The Cameroon Forest and Environment Sector Program (FESP), is designed to promote an overall landscape/ecosystem management approach by linking sustainable forest management and biodiversity conservation. It will be supported by IDA and GEF through the

*Cameroon: Forest and Environment Sector Adjustment Credit (FESAC)*. The application of an Adjustment Credit represents an exciting new modality for the channelling of GEF funds. In this FESAC, the operation will adopt a broad sectoral lending approach, in which individual donor contributions within the adjustment operation will be allocated through annual work plans based on the achievement of prior agreed targets, outcomes and triggers.

49. Under the FESAC there will be three funding tranches, and funding for tranches II and III would be released only after conditions of the fixed tranche I (released at effectiveness) have been satisfactorily met. The conditions of these tranches release will be finalized during appraisal and included in the policy matrix and legal agreement for the project. Once agreed, all conditions for tranche release will become legally binding. Changing or waiving conditions will require specific authorization from World Bank Management or the Board. The CEO of the GEF would be informed of any proposed changes relating to GEF relevant outcomes so that a fully informed discussion and decision can be made on this.

50. The rationale for the selection of this instrument and its design, in the case of Cameroon, builds on local and World Bank experience in Cameroon's forest sector; World Bank experience and emerging lessons from other adjustment loans in environment (including Mexico, Bulgaria, Philippines, Columbia); and recommendations of a review undertaken by the World Resources Institute on the Structural Adjustment instrument and Forest Policy Reform in the World Bank.

51. The World Bank and the Cameroon Government make the case for the choice of the Adjustment Credit as the appropriate instrument for this proposed project on three grounds: (i) past experience; (ii) current situation of the sector; and (iii) mainstreaming forest sector support into the future directions decided for World Bank Portfolio. The World Bank notes that Cameroon and the proposed forest program satisfy all relevant requirements for successful forest and environmental adjustment. More specifically, the Country has already a body of reforms and legislation that demonstrate strong commitment to change, and this proposed operation will not be buying reforms the Government may be unwilling to pursue, but rather providing a structured framework and result-based incentives for reform implementation.

52. Attention is drawn here to some features of the FESAC as it relates to the GEF. First, is that the instrument emphasizes "results based outcomes", where funds will only be released against agreed outcomes and performance for each tranche, rather than for activities and outputs. In this way, the instrument clearly links GEF disbursements to the achievement of measurable outcomes that have been agreed *ex-ante*. Under this FESAC, the government is committed to the overall performance indicators that are identified for each tranche release. In this context, the FESAC represents a performance-based approach to disbursement of GEF funds. Specifically, in terms of results outcomes, the operation will contribute to the following biodiversity performance measures:

- (a) 17 million additional hectares of land under improved management for conservation (this would help management effectiveness in 2.3 million hectares of protected areas); and



- (b) no less than 7 million additional hectares in productive landscape and seascapes, including in and around protected areas that are under productive use and maintain biodiversity (the operation will help management effectiveness in an additional 2.5 million hectares of community forests, hunting zones and gazetted production forests).

53. There may be some room for improvement in the articulation of some of the outcomes, especially those related to the Community Forests and Production Forest components to make the biodiversity aspects more explicit. The World Bank has agreed to explore this further with the Government during appraisal, and reflect this appropriately in the document prior to CEO endorsement.

54. A second advantage, also recognized by the Bank, is that the Adjustment Credit has the ability to take the forest and environment issues out of its limited institutional scope, where they do not receive the attention of central financial authorities, other Government Departments and the justice system, and whose cooperation is key for the success of forest and environment programs. This innovation also represents an exciting new opportunity for the GEF, and will not just have the effect of mainstreaming biodiversity into the forest sector, but of mainstreaming the sector itself into priority government directions. It would be important for the GEF to follow this progress as a possible way to building greater country ownership, commitment and sustainability.

55. Additional features of this instrument are reflected in the cover note under the various review criteria.

### **Financing and Co-financing**

56. The *Conservation of Transboundary Biodiversity in the Minkebe-Odala-Dja Interzone in Gabon, Congo, and Cameroon* project will get about \$10 million of GEF support, and has a co-financing ratio of more than 1: 4 and will be working with a several international NGOs (WWF, WCS, CI) as well as ITTO and EU (through ECOFAC). This partnership builds on previous and ongoing operations and experiences on the field.

57. The *Cameroon, Forest and Environment Sector Adjustment Credit* has a significantly high co-financing ratio of 1: 12 with \$10 million of GEF leveraging a further \$116 million. The World Bank, EU, DFID, Germany, Canada, France and other donors to the forest sector have adopted the Government's Forest and Environment Program as the sole framework to channel *their* assistance to Cameroon. The Donors have agreed to channel their support to this Program through two main coordinated instruments: (i) sector adjustment credit and targeted budget support to ease investments; and (ii) basket funding to meet the costs of national and international technical assistance. The two approaches are complementary, and the combination is endorsed by the donor community as a whole, because it will allow linking funding and technical support to the achievement of the results. World Bank administered resources for the adjustment credit include IDA, GEF and some of the DFID funding to the tune of \$ 38 million, and this will be disbursed in three tranches, one fixed tranche to be released at effectiveness, and two floating tranches (two and three) to be released against conditions that involve

the implementation of agreed upon work programs and activities towards pre-agreed outcomes. As noted above, this represents a new modality for channeling GEF funds – one that focuses on outcomes and performance from the outset.

### **Strategic Partnership**

58. The regional international waters project entitled *Control of Eutrophication, Hazardous Substances and Related Measures for Rehabilitating the Black Sea Ecosystem: Tranche 2* project (UNDP) represents an example of the first Strategic Partnership in the focal area and one in which all three GEF implementing agencies assisted the 15 recipient Danube/Black Sea Basin countries in addressing the key transboundary concern of the basin, nutrient over enrichment and eutrophication. As the recent UNEP Governing Council meeting in Jeju noted, "dead zones" from nutrient pollution plague waters on all continents, including North America and Europe needing more attention to reduction of these pollutants. Consequently, this GEF Partnership was ahead of its time in tackling nutrient pollution in the agriculture, municipal and industrial sectors of the 15 countries. Equivalent action in Germany and Austria in the basin were not funded by GEF and their active collaboration represents an innovative feature of the Strategic Partnership. GEF funding for nutrient reduction in the Danube/Black Sea basin is now complete with the three regional projects and the three tranches of the Nutrient Reduction Partnership Investment Fund with the World Bank. The Partnership was divided into tranches back in Spring 2001 with funding restrictions being a problem. This final tranche of the regional project for the 6 Black Sea littoral countries being submitted in this work program, represents the second half of that project.

### **IV. GEF ENGAGEMENT WITH NEPAD**

59. In October 2001, African heads of State adopted the *New Partnership for African Development (NEPAD)*, in which the leaders pledged, "based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development, and at the same time to participate actively in the world economy and body politic."

60. The NEPAD document further recommends the development and adoption of an environment initiative – a coherent action plan and strategies to address the region's environmental challenges while at the same time combating poverty and promoting social and economic development.

61. Under the leadership of the African Ministerial Conference on the Environment (AMCEN) and in close cooperation with the secretariat of NEPAD and the Commission of the African Union, the GEF provided support for the preparation and finalization of the *Action Plan for the Environment Initiative of NEPAD* which was adopted by the AMCEN in June 2003 and endorsed by the Assembly of Heads of State of the African Union in July 2003.

62. The overall objectives of the NEPAD environmental action plan are to complement current African processes to improve environmental conditions in Africa. Achieving these objectives will contribute to the realization of economic growth and poverty eradication in Africa; develop Africa's capacity to implement international and regional environmental agreements; and enable African countries to meet the environmental challenges arising within the overall context of NEPAD implementation.

63. Capacity building has been identified as a key element for the effective implementation of the Action Plan. To this end, a strategic plan to build Africa's capacity for the implementation of the Action Plan has been included as an annex to the Action Plan. In addition, thematic areas of the environmental action plan have highlighted the importance of capacity development for the effective implementation of the Action Plan with several of the thematic areas prioritizing capacity-building activities as a separate program or initiative.

64. A capacity building initiative was submitted to the Partnership Conference on the Environment Initiative of NEPAD held in Algiers, Algeria on 15-16 December 2003. The participants of the Algiers conference welcomed the finalization of the Capacity Building Initiative for the effective implementation of the Action Plan on the Environment Initiative of NEPAD. This initiative includes the following components:

- (a) the development of a partnership approach for the implementation of the Action Plan;
- (b) preparation of sub-regional NEPAD environmental action plans;
- (c) strengthening the capacity of the African countries to implement global and regional environmental agreements of relevance to the Action Plan;
- (d) development and implementation of a comprehensive training strategy for the implementation of the Action Plan; and
- (c) identifying and strengthening African centers of excellence and specialist networks.

65. In adopting this initiative, the African Ministers agreed to implement the two first components as a matter of high priority during the first year of the implementation of this initiative, which is to start on 1 July 2004.

66. The capacity development initiative being developed under the NEPAD Action Plan for the Environment is consistent in its objectives, scope and approach with the GEF Strategic Approach to Capacity Building approved by the Council at its meeting in November 2003. Both aim to enhance the human and institutional capacities of countries to address effectively global environmental challenges. The NEPAD initiative presents a unique opportunity for collaboration in the African region through which the GEF and its Implementing and Executing Agencies can cooperate with the countries and regional organizations participating in the initiative. This initiative will ensure the effective programming

and integration of GEF resources and activities to assist African countries to implement their commitments under the global and regional environmental conventions.

67. To this end, it is proposed that the GEF, through its Secretariat, Implementing Agencies and relevant Executing Agencies, and NEPAD collaborate in the implementation of the Action Plan by seeking to implement comprehensively and in an integrated, coordinated manner the GEF's Strategic Approach to Capacity Building in the African Region.

68. As a first step, a GEF Medium Sized Project will be developed for the preparation of a coordinated implementation plan for the Action Plan together with the preparation of five sub-regional environmental action plans. The coordinated approach will build upon, and integrate, the tools already in place in the GEF for assisting countries in the African region to address global environmental issues. These include:

- (a) enabling activities for purposes of the CBD, Stockholm Convention and UNFCCC;
- (b) support to African countries to prepare national reports on the implementation of CCD;
- (c) development of National Capacity Needs Self Assessments;
- (d) training/skills building for LDCs to assist in their NIPs under the Stockholm Convention;
- (e) the Africa stockpiles program;
- (f) capacity building country programs for LDCs and SIDS (as foreseen in the Strategic Approach to capacity building);
- (g) targeted capacity building in focal areas as well as crosscutting capacity building;
- (h) GEF pilot partnerships in sustainable land management in selected African countries; and
- (i) preparation and implementation of National Adaptation Programs of Action under the Least Developed Countries Trust Fund of the UNFCCC.

69. This proposed approach to providing support for capacity building under the NEPAD Action Plan, with initial support through a medium sized project, will be presented to the meeting of AMCEN to be held in June 2004 in Tripoli, Libya, as well as to the third ordinary meeting of the Assembly of the African Union. The medium sized project will include four components:

- (a) a stock taking exercise and gap analysis with participation of bilateral donors and other partners;

- (b) development of sub-regional action plans which will take into account activities identified by African Governments during the development of the NEPAD Environmental Action Plan;
- (c) integration of on-going GEF activities in a coordinated approach at the regional, sub-regional and national level; and
- (d) a technical support program to develop concepts, ensure sharing of lessons learned, and provide support to the NEPAD Secretariat and collaborating regional institutions.

70. The GEF Council will be invited to consider additional follow-up support to the NEPAD Action Plan in the context of the implementation of the strategic approach to capacity building and as projects are proposed to assist in on-the-ground implementation of other components of the Action Plan.

#### **V. APPROVED PROJECTS UNDER EXPEDITED PROCEDURES (1<sup>ST</sup> QUARTER, 2004)**

71. The GEF also finances medium-sized projects, project development facilities (PDFs), and enabling activities under expedited procedures. Expedited approvals by the CEO or Implementing Agencies in the reporting period January to March 2004 comprise:

Medium-sized projects	\$ 6.512 million	( 7 projects)	CEO, Annex B
PDF-A	\$ 0.560 million	(14 grants)	IAs, Annex C
PDF-B	\$ 7.940 million	(23 grants)	CEO, Annex D
<u>Enabling activities</u>	<u>\$ 2.749 million</u>	<u>(12 projects)</u>	<u>CEO, Annex E</u>
Total GEF allocation	\$ 17.761 million		

#### **Medium-sized Projects**

72. During this reporting period, seven medium-sized projects were approved for \$6.512 million with co-financing of \$9.941 million. All but one of these projects had also utilized project development facility block A grants (PDF As) amounting to \$ 149,000. The IA fee requested is \$1.022 million. Co-financing ratio is 1:1.53.

#### **Project Development Facility**

73. Fourteen PDF A proposals amounting to \$560,000 were approved by the Implementing Agencies to prepare project concepts.

74. Twenty-three PDF B proposals were approved by the CEO for \$7.94 million with an equal co-financing share of \$7.94 million. The total project development facility amount is \$15.879 million. The co-financing ratio is 1:1.

## **Enabling Activities**

75. One add-on biodiversity enabling activity project proposal was submitted and approved for \$274,000.

76. One climate change enabling activity project proposal under phase II in capacity building was submitted and approved for \$100,000.

77. One new POPs enabling activity proposal was submitted and approved for \$450,000. This is the first GEF support of this kind in this country. GEF support for POPs enabling activities now covers 98 countries for a total of \$44 million.

78. Nine new NCSA enabling activities were submitted and approved for \$2.277 million. GEF support for governments to assess their own national capacity needs for global environmental management now covers 79 countries with grants totalling \$15.63 million.

## **Projects Approved Under the Policy of Expanded Opportunities**

79. During this reporting period, UNDP and World Bank have each submitted a project proposal in collaboration with FAO.