

WORK PROGRAM PROPOSED FOR COUNCIL APPROVAL GEF/C.9/03

RECOMMENDED DRAFT COUNCIL DECISION

The Council reviewed the proposed work program submitted to the Council in document GEF/C.9/3, and approves it subject to comments made during the Council meeting and additional comments that may be submitted to the Secretariat by May 22, 1997. The Council also approves the continued application of the procedures for the approval of work programs approved by the Council on a one-year pilot basis at its meeting in April 1996.

SECRETARIAT COVER NOTE ON THE PROPOSED WORK PROGRAM

COMPOSITION OF THE PROPOSED WORK PROGRAM

1. The Chief Executive Officer (CEO/Chairman), after reviewing the conclusions and recommendations of the bilateral review meetings with Implementing Agencies and the GEF Operations Committee (GEFOP) meeting, recommends to the Council, for its consideration and approval, the proposed work program presented in this document. It contains twenty-one projects with a total of about \$191.45 million in GEF financing and about \$819.00 million in total project costs. This includes two projects that were previously circulated to Council Members in January 1997 for review and approval by mail. Two Members requested that consideration of these project proposals be deferred until the present Council meeting. The composition of the proposed work program is as follows:

(a) Biodiversity: \$ 93.125 million (13 projects)

(b) Climate Change: \$ 82.354 million (6 projects)

(c) International Waters: \$ 15.970 million (2 projects)

2. Annex A provides summary information on the proposed work program and requested level of financing. Annex B provides a summary of the project proposals listing total project costs, GEF grant financing, and relevant operational programs. Annex C sets forth a cumulative account of GEF financing requested in the work programs presented to Council to date. Annex D sets out the status, as of March 1997, of the enabling activities

approved by the CEO under the expedited procedures approved by Council at its April 1996 meeting.

PROGRAMMING OF RESOURCES

3. The Implementing Agencies developed and presented thirty one project proposals for inclusion in the proposed work program. Of these, twenty-one were recommended for further development as part of this work program.

4. If the Council approves this proposed work program, the GEF will have allocated approximately \$840.00 million since the restructuring and replenishment of the GEF in March 1994. This would bring the total GEF allocation (including the pilot phase) to about \$1.58 billion, of which about \$399.00 million has currently been disbursed. Through the Project Preparation and Development Facility (PDF), a pipeline of project proposals estimated to require about \$400.00 million in GEF financing is under development. In addition, there are a number of project proposals under preparation by the Implementing Agencies with the use of other funding.

EXPERIENCE WITH INTERSESSIONAL WORK PROGRAM

5. At its meeting in April 1996, the Council approved procedures for approval of GEF work programs by mail in the period between Council meetings. The Council approved the procedures on a one year pilot basis. In the past year, two work programs were circulated for approval by mail. The first work program was transmitted to the Council in July 1996. It was not approved, since replies were not received within the set period from at least two-thirds of the Members, as is required by the Council's rules of procedure. The project proposals from that work program were subsequently included in the work program approved by the Council at its meeting in October 1996. A second work program was transmitted for approval by mail in January 1997. That work program was approved with the exception of two projects. Consideration of the two projects was deferred until the present Council meeting, since for each project at least one Council Member was of the view that it raised policy issues that needed to be addressed in the context of a Council meeting. These proposals are included in the attached work program. It should be noted that in the case of the second work program circulated for approval by mail, the Secretariat found it necessary to actively solicit timely replies to ensure that the quorum requirements were fulfilled.

6. The Secretariat recommends that the Council approve the continued application of these procedures beyond the one-year pilot phase. It is clear that the ability to approve work programs in the period between meetings has facilitated the development and approval of project proposals and expedited the operations of the GEF. While it is recognized that the review and approval of four proposed work programs over a year may impose an additional burden on the Members, the Secretariat hopes that this helps the process become more efficient by spreading it evenly instead of in two batches. Finally, all Council Members are requested to respond in a timely manner to requests from the CEO for approval of work programs by mail.

ENABLING ACTIVITIES

7. The GEF's provision of assistance for enabling activities has accelerated since Council's approval of expedited procedures. Through specific letters from the CEO, special workshops and individual contacts during meetings of the Conference of the Parties and Subsidiary Bodies of the Conventions, efforts have been made to encourage eligible countries to avail themselves of the assistance. To further accelerate the requests for assistance for the preparation of national communications, the GEF Secretariat and the Secretariat of the Climate Change Convention jointly hosted a workshop in February 1997 on enabling activities for participants in the Subsidiary Body Meetings. Similar presentations will be made during two workshops in April and May 1997, specifically targeting Francophone African countries.

8. In collaboration with the Secretariat of the Framework Convention on Climate Change, the GEF is undertaking steps to facilitate the timely preparation of national communications. A quarterly review mechanism consisting of the FCCC Secretariat, the Implementing Agencies and the GEF Secretariat is being established for the continual assessment of the progress, status and needs for national communications. By organizing regional workshops and putting in place a technical support program, we expect to facilitate, the submission of timely, high quality national communications.

9. Since the last summary prepared for the January, 1997 work program, eleven new projects in the climate change focal area and seventeen in the biodiversity focal area have been approved, for a commitment of US \$5.82 million (Annex D). With these, the total number of projects approved, using expedited procedures, is twenty for climate change and sixty-three for biodiversity accounting for a total commitment of US \$ 17.18 million.

POLICY AND OTHER ISSUES ARISING FROM THE WORK PROGRAM

Policy Issue

10. **GEF support in countries experiencing serious political instability.** In commenting upon the work program proposed for approval by mail in January 1997, one Council Member raised concern with regard to approving projects in countries that are experiencing serious political instability. This issue was specially raised with respect to the participation of Albania in the Lake Ohrid project. It is also an issue with respect to activities in Zaire through the regional biodiversity project for Central Africa and activities in Albania within the context of the Mediterranean Wetlands project proposal. This issue has been previously considered by the Council, and it is recommended that the Council reach agreement on how best to approach and review project proposals in countries experiencing serious political instability. Paragraph 22 of the Instrument makes clear that the Implementing Agencies are "accountable to the Council for their GEF-financed activities, including the preparation and cost-effectiveness of GEF projects...". One aspect of that accountability is determining that projects are likely to succeed in the political environment in which they are to be executed. The agencies exercise this same responsibility with regard to their regular, non-GEF activities. It is therefore

recommended that the Council agree to defer to the agencies determination as to whether serious political instability jeopardizes a project to such an extent that the project should not be pursued further, on the understanding that the Council will be kept informed of the agencies' decisions in this regard. It is also expected that the Implementing Agencies will exercise this responsibility with the same diligence that it exercises its responsibility for its regular activities. If under its regular operations an Implementing Agency suspends its activities in a country due to serious political instability, it is assumed that the agency will also suspend any its GEF-financed activities in that country. In the case of the project proposals included in the present work program, it is understood that the political situation in the countries in which the project is to be executed will be a serious consideration in the further development and appraisal of the project proposal. If the Implementing Agency determines that the project proposal should not be developed further or project implementation should be deferred, it shall take the steps necessary to do so and will keep the CEO informed of any such decisions. The CEO will inform the Council of any such deferral or termination in GEF operations.

Other Issues

11. Clarification on the regional project involving the Palestinian Authority. The regional climate change project proposal for Egypt and the Palestinian Authority, which focuses on energy efficiency improvements, has been submitted in two sections. The Egypt section of the project was approved by Council as part of the January 1997 work program approved by mail. The section on the Palestinian Authority is currently included as a *supplemental request* for consideration at the present Council meeting.

12. Barrier removal activities in climate change projects. It is necessary to remove all key barriers to renewable energy (operational program number 6), to obtain programmatic benefits. In accordance with this operation program, project proposals should identify all key barriers, identify those which are being or will be addressed by current or future programs, and then address all remaining key barriers. The first issue with the Bolivia renewable energy project is that there is a remaining barrier for which no specific action within the project or otherwise has been planned. Therefore, the programmatic benefits of the project are still contingent upon required follow-on investments for which no commitment has been obtained. The second issue concerns the sustainability of similar renewable energy projects after GEF support for removing barriers and reducing implementation costs in the has ended. This sustainability will be described in the project document which will be submitted to Council prior to CEO endorsement.

13. Support to second phase or follow-up projects. The Argentina and Uruguay biodiversity project proposals build upon GEF-funded pilot phase projects. Both have evaluations appended to the proposals, the recommendations of which have been the basis for development of the follow-up project. In addition, the proposed Uruguay project contains two phases to enable important baseline policy and legislative actions to be completed by the Government before implementing the remainder of the project. However, in the case of the Brazil climate change project, the pilot phase project

constituted engineering design for the project that is included in this current work program and therefore has been treated as such.

14. Project proposal format, content, length. The World Bank under its regular operations is moving toward more streamlined operations and a new format for project documents. The Project Concept Documents for Sri Lanka, Brazil and Czech Republic proposals included in this work program are examples of the new format. As these proposals are presented to the Council at an earlier stage in the World Bank's project cycle than those seen in previous work programs, some project details will need to be finalized during appraisal and will be reflected in the draft final project document that will be circulated to Council prior to CEO endorsement and subsequent World Bank approval. Presenting project proposals to the Council at an earlier stage in the World Bank's project cycle provides an opportunity for Council comments to be more readily incorporated in the design of projects.

15. In addition, this work program demonstrates a trend towards longer project documents, with growing inconsistency in presentation among the project proposals. The Council at earlier meetings emphasized the need to streamline the presentation of project proposals. The operational strategy provides that in preparing operational programs, a project framework approach will be adopted that will allow the GEF to monitor and track progress in fulfilling its mission. The Secretariat and the Implementing Agencies are in the process of reexamining the project proposal formats to be followed in preparing proposals for consideration by the Council. It is expected that these formats will follow a logical framework and will result in comparable project proposals from all three Implementing Agencies that are standard in terms of length and project information provided for each proposal. This new format will be followed in the next work program presented to the Council for review and approval.

16. Cofinancing and calculation of total project costs. The use of the terms cofinancing, parallel financing, complementary financing, and associated financing appear in various project proposals. The precise meaning of these terms and their contribution to total project costs are not always clear. One example is the Mediterranean Wetlands project proposal in which \$62.00 million in associated projects was included as part of the total project cost. The Secretariat plans to discuss this issues with the Implementing Agencies to ensure greater clarity in subsequent documentation.

17. Central Africa Regional Biodiversity Project. The Secretariat calls Members' attention to the Central Africa regional biodiversity project submitted by the World Bank. Under "GEF Eligibility", the country of Gabon is noted as being in the process of ratifying the Convention on Biological Diversity. The ratification documents from Gabon were deposited with the UN Treaty Office on March 14, 1997, and GEF funds will not be disbursed for activities in Gabon until the convention is effective for that Party.

PROGRAMMATIC CONTEXT

18. The project proposals in the work program are country-driven, responsive to national priorities, and consistent with the Operational Strategy and operational programs. Some proposals contain innovative features, such as local joint ventures, private power cogeneration (e.g., China renewable energy), and cost recovery mechanisms (e.g., Bolivia climate change). The two international waters project proposals make use of regional cooperative arrangements that will enable national programs to be responsive to transboundary issues over shared land and water resources. In biodiversity, two project proposals are to be executed by NGOs, and another five projects are to be co-executed jointly by the government, private sector, and NGOs.

19. Total co-financing and government contributions for the thirteen biodiversity project proposals is about \$277.00 million. For the Aral Sea Basin international waters project proposal, \$59.00 million in cofinancing is included.

Biodiversity

20. Five new projects are added to the operational program on coastal and marine ecosystems, bringing total GEF allocation in this area to over \$63.8 million. The project proposals for Argentina, Eritrea, Indonesia, Mediterranean wetlands, and Uruguay address integrated coastal zone, marine protected areas, and sustainable use of biodiversity components in several of the world's most threatened coastal and marine areas.

21. Eight project proposals in this work program fit wholly or, in major part, within the operational program on forest ecosystems. The two proposals in Central and East Africa address large tracts of the world's remaining intact natural forests with significant and wide ranging species representing almost three-fourths of the region's most threatened frontier forests. Proposals in Panama, Romania and Uganda will assist in protecting the remaining forests in these countries. Some proposals in forest ecosystems (e.g., Panama, Romania, and Uganda, and Regional Africa NGO/Government Partnership) also fit within the Mountain Ecosystem Operational Program as they will improve protection and/or sustainable management of forests in key mountainous regions.

22. An emerging trend in the biodiversity portfolio is the increasing emphasis by governments on innovative approaches to project execution, such as working with non-governmental partners and community management. The African NGO-Government Partnerships project will be executed by international and national NGOs. The proposals in Argentina, Indonesia, Panama, East Africa, Romania, Uganda, and Uruguay will share responsibilities for biodiversity protection with local villagers by supporting sustainable uses of local resources (e.g., ecotourism, artisanal fishery, collection of non-timber forest products). As shown in the Sri Lanka proposal, national support and village cooperation can be enhanced by focusing on those species which are culturally valuable, such as medicinal plants.

Climate Change

23. The current work program includes two proposals for addressing barriers to energy conservation in line with the objectives of the operational program removing barriers to energy conservation and energy efficiency. Both activities will lead to a substantive reduction of GHG emissions by enabling the demand side management of energy use. Both in the China and in the regional project proposal (Egypt & Palestinian Authority), the GEF will fund incremental costs of removing barriers to the establishment of Energy Management Companies (ESCOs).

24. The work program also includes two proposals (in Bolivia and China) that address removal of barriers to renewable energy. On a country or project-by-project basis, changes in the markets for photovoltaics solar home systems may seem modest. However, cumulatively, GEF support in this area, including that initiated during the pilot phase, has increased the annual market for small-scale renewable energy systems by a factor between 4 and 8 in financial terms and by a factor between 4 and 7 in terms of total capacity. While this enhancement of the market is spread over several years, the impacts of these projects collectively will be felt in more than five hundred thousand households worldwide.

25. The projects in the climate change portfolio are normally associated with substantial co-financing from government, private enterprises and other funding agencies. The US\$8.8 million of GEF financing in the China Renewable Energy Project will leverage \$14.23 in additional financing from enterprises, households, and bilateral aid agencies. The Government of China will cover any inadvertent shortfalls in order to preserve the financial soundness of the project. This co-financing will be secured prior to CEO's endorsement of the project. Among the barriers identified in the Bolivia project that will be overcome is the high first capital cost of renewables through the establishment of a revolving fund. GEF will provide only matching contributions to the revolving fund on a 1:1 basis up to a maximum of US\$ 1 million. Funds for the purchase of solar home systems will also come from Bolivia's Popular Participation Law and from beneficiary household contributions.

International Waters

26. The Lake Ohrid project is part of the Waterbody-based operational program and fills a gap in this development region by including in the portfolio a transboundary freshwater lake basin project. There are already existing projects in the Danube (transboundary river basin) and the Black Sea (large marine ecosystem) in this region. Altogether, with this additional project, total GEF allocation in this operational program will exceed \$52.5 million. The Aral Sea basin project is included in the land degradation component of the integrated land and water operational program. With inclusion of this project from Asia, regional distribution goals specified in the operational program for international waters projects addressing land degradation are almost achieved as the proposal joins the Lake Chad basin (Africa), and the Bermejo Binational basin (Latin America) as international waters projects in different development regions addressing transboundary water problems caused by land degradation. The World Bank is assisting the five Aral Sea basin countries in undertaking policy reforms and structural adjustments in the

agricultural and water sectors, and this project constitutes a transboundary environmental initiative as part of this larger set of programmatic activities in the five Central Asian Republics.

Public Involvement and Social Issues

27. Preparation and design of project proposals were undertaken by national executing agencies, in collaboration with various stakeholder groups for most of the proposals of the work program. More than \$2.39 million or 2.5% of the total GEF budget in the 13 biodiversity proposals will fund workshops, consultations, and public awareness. Another \$18.61 million (or 20%) will be used for village-based activities, including development of alternative livelihood and community outreach programs. In at least four projects (East Africa, Uganda, Indonesia, Panama), more than 34% of project funds are allotted to community-based management of parks and reserves.

28. There is increased funding for participatory methods and approaches. For example, a village-based development plan for indigenous groups will be designed in the Panama project at a cost of over \$1.3 million or 16% of GEF funding. The costs of participatory rural appraisals and village-based outreach activities comprise 54% of the budget in the global (PLEC) project. Participatory approaches will be used in establishing local utility companies and village pilot renewable energy facilities at a cost of over \$1.1 million or 27% of the GEF budget in the Bolivia climate change project.

29. Stakeholder participation is built into the structures of some proposals. For example, the NGO-executed African NGO-Government Partnerships proposal (UNDP), will make use of a twinning arrangement between an international NGO (Birdlife) and several national environmental NGOs. Projects that are to be co-executed by NGOs and government agencies (e.g., Central Africa - IUCN; Indonesia - KEHATI; Uganda - IUCN, Wildlife Clubs of Uganda; and global/PLEC) link NGO and village outreach with national programs and policies. In other proposals, non-governmental stakeholders will be members in steering and local site management committees and will share project management responsibilities. Public awareness and environmental education will also be key components. For all 21 project proposals included in this work program, about \$7.31 million (or 3.8%) will finance public awareness activities, including stakeholder consultations and workshops, translation of project documents, and environmental education activities.

30. Gender concerns are integrated into the design of income generating opportunities for fishing villages in Indonesia, alternative livelihoods in Uruguay, and formation of women's village groups in the Kenya component of the regional East Africa proposal. Plans for involving indigenous communities, and identification of project activities that take into account their specific needs, will be made in the Panama, regional Africa, Uganda, and Indonesia projects. Recognition of local cultures and authorities is demonstrated in the Eritrea proposal by plans to involve the *baitos* or traditional leaders in project activities. Conflict resolution mechanisms will also be integrated into many project plans, such as multisectoral and multilevel committees in the two international

waters projects, and adoption of village surveillance or enforcement (*siskamla*) in the coastal sites of Indonesia.

SUMMARY OF PROPOSED PROJECTS

A. Biological Diversity

Argentina: Consolidation and Implementation of the Patagonia Coastal Zone Management Programme for Biodiversity Conservation (UNDP) \$5.200 million

31. Drawing upon achievements initiated during the pilot phase, this follow-up project will implement the management plan for the Patagonia Coastal Zone. *It is part of the coastal, marine, and freshwater ecosystem operational program.* Activities include establishment of an interprovincial protected areas network; promotion of biodiversity components in productive practices by overcoming technical, legal, and information barriers; and consolidation and strengthening of the institutional framework. These activities will be implemented in four Patagonian provinces. In addition, there will be continuation and further development of outputs in the pilot phase, such as use of the sound, scientific baseline information in design of plans and programs in project sites; application of the intersectoral analysis of impacts and recommendations for incorporation of biodiversity conservation and sustainable use in the productive sectors of the economy (e.g., fisheries, tourism, oil); and development of zoning and comprehensive planning and monitoring tools for highly vulnerable sites, multiple use areas, and areas for sustainable use extraction. An innovative feature of the project is the co-executing arrangement with a local NGO, *Fundacion Patagonia Natural* (FPN), which will receive more than \$0.56 million or 11% of total GEF funding for the project. Co-execution ensures the active participation of non-governmental stakeholders in the management and implementation of project activities.

Eritrea: Conservation Management of Eritrea's Coastal, Marine, and Island Biodiversity (UNDP) \$4.986 million

32. This project supports country-driven, national priorities for conservation and sustainable use of globally important biodiversity species threatened by development of fisheries, tourism infrastructure, and oil exploration activities. *It falls under the coastal, marine, and freshwater ecosystem operational program,* with the key component being the early implementation of the Framework Marine Conservation Strategy and the coastal marine components of the National Environmental Management Plan. These will be done by supporting development of appropriate participatory management approaches; establishing conservation management areas and programs for the conservation of habitats and species of special concern outside protected areas; establishing a coastal, marine, and island biodiversity information system; and conduct of public awareness activities. The involvement of traditional leaders, called *Baitos*, will be important in community based management. NGOs and local groups will conduct the baseline surveys, and follow-up participatory rural appraisals, which will be done on a periodic basis as inputs to local plans. The project allocates more than \$0.52 million for community

participation and participatory workshops. In addition, another \$0.42 million has been targeted for development of materials for environmental education and public awareness.

**Global: People, Land Management and Environmental Change - PLEC (UNDP)
\$6.276 million**

33. The PLEC project responds to the pressing global need for ways of addressing the preservation of biodiversity in agricultural systems. The project focuses on five globally significant ecosystems (classified into clusters) and develops a participatory approach to biodiversity conservation within agricultural landscapes. *While it falls under several operational programs, most of its sites are in forest areas, and it is included in the forest ecosystem operational program.* Project activities includes interventions and outreach for sustainable use of biodiversity resources by addressing the specific needs of key users, policymakers, and NGOs. GEF grant funds were used during preparation to facilitate local consultations and workshops with a large number of stakeholders. The selection of demonstration sites in the five clusters involved government as well as local NGOs. Stakeholder participation will be strengthened throughout implementation through the formation of partnerships among farmers, NGOs, and local governments in community based activities.

**Indonesia: Coral Reef Rehabilitation and Management Project (World Bank)
\$12.000 million**

34. *This project is part of the coastal, marine, and freshwater ecosystem operational program.* It supports country-driven national priorities for long-term protection, rehabilitation, and sustainable use of globally important coral reefs and associated ecosystems through the establishment of a coral reef management system in five priority provinces in Eastern Indonesia. These provincial sites cover approximately 5% of the country's coral reefs. Project components to be funded by GEF are community-based management, law enforcement and policy coordination, capacity building, information monitoring, and public awareness. The project is part of an associated Bank investment estimated at over \$25.0 million, and projected co-financing (e.g., AusAid) of about \$10.0 million. Government commitment is demonstrated in its large counterpart contribution of \$15.0 million. Throughout preparation of this project, an estimated 46% of PDF Block B funds were used for public involvement activities, including the conduct of village meetings, participatory rural appraisals, and provincial and national workshops. The project budget allocates 35% of total GEF funding for community-based activities, such as strengthening of community facilitators and village groups, and support for small-scale, sustainable livelihoods.

Panama: Atlantic Biological Corridor Project (World Bank) \$8.300 million

35. This project seeks to complement regional efforts, some of which have been funded through GEF grants, in the Mesoamerican corridor. *While it covers areas in several operational programs (coastal, forests, mountains), most of the project sites are in forests, and it is included in the forest ecosystem operational program.* Root causes are

clearly identified and addressed through an associated Bank project (\$22.5 million loan) which conserves areas of national significance as part of an overall natural resources management program. This project addresses some of the underlying causes specific to selected sites, such as migration to, and expansion of, the agricultural frontier while enhancing on-site protection of areas of high biodiversity values both inside and outside of protected areas; and assisting government with a coherent, multisectoral response to the interrelated issues of rural poverty, natural resource management, and biodiversity conservation. Almost one-half of the project's budget, or about \$4.1 million, are allotted for community-based planning and outreach. An innovative feature, the formation of *strategic partnerships* between government and local villagers, will be used to engage local groups in resource management. There are associated projects amounting to over \$31.1 million. Government counterpart is \$8.4 million, including contributions from sub-national agencies.

Regional/Africa: African NGO-Government Partnerships for Sustainable Biodiversity Action (UNDP) \$4.330 million

36. This project involves ten countries in Africa and *covers areas corresponding to all four operational programs since it is organized across the region and across diverse types of ecosystems with significant populations of migratory bird species.* The key feature of the project is creating NGO-government partnerships for strengthening of national processes and building national capacities in the conservation of selected biodiversity sites. The partnerships are formed through twinning of an international NGO (Birdlife) with local organizations and national government agencies. These partnerships are to provide institutional frameworks; site identification and surveys, including inventory compilation; setting priorities and implementing advocacy; monitoring and action of key sites; and establishing a sustainable management cycle. These activities are meant to address the major problem of clearance of forest, lowlands, and mountains which account for the threatened status of 60% of bird species at risk. In addition, the project will look at the root causes of biodiversity loss and degradation of habitats, such as rural poverty, population growth, and falling agricultural outputs. Entirely executed by NGOs, this project promises to create new mechanisms for encouraging and enabling people to live with minimal impacts on the habitat of important bird species. The commitment of Birdlife is demonstrated in its contributions to the preparation of the project, amounting to \$0.157 million, and to project co-financing of over \$7.1 million. The project will make use of the existing village networks of in-country NGOs participating in the project to strengthen the community based programs. More than 65% of PDF funds went to conduct of village consultations and surveys.

Regional/Central Africa: Regional Environmental Information Management Project - REIMP-CA (World Bank) \$4.005 million

37. This project focuses on the globally important Congo Basin which encompasses six countries in Central Africa and *is included in the forest ecosystem operational program.* The Congo Basin rainforest is the second largest of the three remaining blocks of intact tropical forests in the world. It covers more than 2.1 million hectares,

representing 70% of Africa's remaining rainforest and 26% of the global tropical forest. However, there is very little information since the 1960s to guide policy making, especially in enforcement of control measures to reduce deforestation. This project will improve the management of natural resources in the basin by creating a network of information and services across countries; development of user-friendly tools; conduct of systematic and timely inventories and database management; integration of information systems with policy making by involving decision makers in cross-country dialogues about possible transboundary issues regarding shared forest resources; and enhanced inter-country capacity building and exchange programs. In the special case of Zaire, where difficulties in implementation are anticipated due to political and socio-economic instability, the project has set up an implementation structure that relies on the partnership between IUCN-Africa, local NGOs, and key government agencies. GEF financing represents about one-quarter of the total project cost. Co-financing and government counterpart contributions total about \$7.0 million. The ratification documents from Gabon were deposited with the UN Treaty Office on March 14, 1997, and GEF funds will not be disbursed for activities in Gabon until the convention is effective for that Party.

Regional: Reducing Biodiversity Loss at Cross Border Sites in East Africa (UNDP) \$12.655 million

38. *While this project proposal addresses several operational programs, most of the sites are included in the arid and semi-arid ecosystem operational program.* It aims to reduce biodiversity losses at five cross-border sites of global importance in East Africa. Implementation will focus on creating an environment in which local communities and district development agencies work in partnership with national forestry, wildlife, and environmental agencies on both sides of borders to promote sustainable use of biodiversity resources. There will be activities to balance resource demand and supply through introduction of alternative economic activities and better management of resources, and cross-border resource management plans for forests. Additional benefits include mainstreaming of biodiversity considerations into cross sectoral development planning and decision making systems at the local, district, and national levels and the creation of an appropriate policy framework for the three countries participating in the project. An output would be the establishment of replicable approaches to cross-border conservation activities through innovative approaches, such as the formation of women's village groups in Kenya and recognition of multiple property rights in border communities. There will be activities to identify appropriate community responses to controlling transboundary human movements, including refugees, and the extent such movements affect biodiversity resources. Because of the regional and cross-border nature of the issues addressed in this project, more than \$0.075 million of PDF Block B funds were spent on village consultations, using in some cases, participatory rural appraisals and focus group meetings.

Regional/Mediterranean: Conservation of Wetland and Coastal Ecosystems in the Mediterranean Region (UNDP) \$13.273 million

39. This project covers about 26,000 kms of Mediterranean coastline where 50% of the 25,000 plant species are endemic to the area. *It is included in the coastal, marine, and freshwater ecosystem operational program.* The project area covers important nesting and feeding ground for migratory birds in the Africa-Palearctic flyway and comprises 16 globally significant wetland and coastal sites in five Mediterranean countries and in the Palestinian Autonomous region. Activities include support for legislative and policy reforms; land acquisition approaches; integrated biodiversity management; assistance in formulation of national wetlands policies; conduct of demarcation and inventories; creation of site management committees; introduction of economic benefits and incentives; and monitoring and public awareness. In the special case of Albania, where there is an existing threat of political insecurity and economic instability, the project adopts a cautious view and develops appropriate adaptive management approaches that are responsive to the current situation. Initially, there will be postponement of project activities, but there will be support for continuing dialogue with key stakeholders in the country. Co-financing and government financing for the project has been substantial, amounting to more than \$28.0 million. Around 21% or more than \$0.043 million of PDF Block B funds were used for national and regional workshops which included various NGOs, private firms, and local groups.

**Romania: Integrated Protected Areas and Conservation Management (World Bank)
\$5.000 million**

40. This project provides for *in-situ* conservation in three sites in the Carpathian mountains which are valuable not only for biodiversity but also for watershed conservation. *It corresponds to the mountain and the forest operational programs.* The components of the project are development of protected area and buffer zone plans; linking of *in-situ* conservation with sustainable use through implementation of natural resources and rural development plans; capacity building at the national and local levels; public awareness and conservation education; and reintroduction of the European bison, which is an animal of global significance and imminently threatened. The project will make use of results from participatory rural appraisals and social assessments in designing community protected area management plans. An innovative aspect of village level management is the application of conflict resolution approaches which take into consideration local authorities and cultural practices. Aside from government representatives, NGOs, local groups, and academic institutions will be involved in defining selection criteria for identification of project sites. The project budget allocates 21% or more than \$1.05 million to finance community based activities. Using approximately 17% of PDF Block B funds, and other preparation funds, the project spent more than \$0.085 million for national and local consultations, and conduct of village surveys.

**Sri Lanka: Conservation and Sustainable Use of Medicinal Plants (World Bank)
\$4.600 million**

41. *This project falls under the forest ecosystem operational program* and adopts a pragmatic approach to save nationally important, culturally valuable, and globally

significant medicinal plants, their habitats, and gene-pools. It focuses on *in-situ* conservation in the natal area and *ex-situ* propagation outside the natural range of these plants. Medicinal plants comprise about 50% of the country's 3,350 species which are endemic and globally important. The project will document indigenous knowledge regarding traditional uses of these plants; expansion of five botanical reserves; improvements in policy and legal instruments on conservation and sustainable use; and training and public awareness regarding the value of medicinal plants. GEF funds represent less than 20% of the entire costs of protection of medicinal plants and their habitats; the majority of the \$25.3 million project cost being borne by the government of Sri Lanka. About 14% of GEF funding will be spent on village based activities, including knowledge about the demand and supply of medicinal plants which are associated with traditional *ayurvedic* medicine. More than 18% of PDF Block B funds were used to do preliminary social surveys and consultations with key informants, including medicinal plant collectors, *ayurvedic* medicine users, and distributors.

Uganda: Protected Areas Management and Sustainable Use (World Bank) \$10.000 million

42. *This project falls under arid and semi-arid; forests; and mountains operational programs.* It adopts *in-situ* conservation through revitalization of Uganda's protected areas, which are one of the most valuable and species-rich forest and mountain ecosystems in the world. Because of the country's geographic location and altitudinal variations (from 600 to over 5,000 meters), there is tremendous variety in plant and animal species, being home to 11% of the world's birds and more than 7% of mammals worldwide. The activities funded by the project integrate biodiversity conservation with sustainable uses, including well-designed ecotourism programs. The three major project components -- management and conservation of protected areas; biodiversity planning and regulation of environmentally sustainable tourism; and strengthening of the Ministry of Tourism, Wildlife, and Antiquities -- are designed to engage local people in conservation. Protected areas management, for example, will be done collaboratively with NGOs such as the Wildlife Clubs of Uganda, the Uganda Wildlife Education Center, and IUCN. Ecotourism activities will be designed through small-scale grants to local groups. Training of ministry staff will focus on extension and outreach activities. A significant amount, more than \$0.83 million, has been allocated for community activities. At least 27% of PDF Block B funds were spent for local consultations.

Uruguay: Consolidation of the Banados Del Este Biosphere Reserve (UNDP) \$2.500 million

43. This project is an extension of a project which was funded under the GEF pilot phase. *It falls under the coastal, marine, and freshwater ecosystem operational program.* The pilot phase project completed gathering of baseline information (biological, social, economic, policy, etc); zoning of areas; development of draft land use and hydrological management plans and a new draft policy framework for protected areas; identification of potential alternative land uses for habitats and species; and building of awareness and knowledge of institutional capacity outside the capital. This

current project will consolidate these activities in two phases. The first phase will seek approval of the policy, legislation (comprehensive land and water use plans to ensure long-term ecological sustainability of the reserve), and incentive frameworks to allow implementation of the larger management plan. The second phase should proceed following documentation to the CEO that the policy, legislative, and incentive frameworks from Phase I have been adopted. The second phase will establish an effective public/private protected area system; adopt sound biodiversity practices in the various productive sectors of the economy; strengthen the capacity of government, NGOs, and the private sector, including sectoral activities; and increase awareness at the national and local levels. Funding for local or community activities is about 6% of the budget, but this excludes the participation of village groups and NGOs in the design of an ecotourism development plan. Non-governmental stakeholders, such as NGOs and private firms, are members of the project's advisory committee. NGOs are in charge of organizing open forums four times each year as a way of getting local views into the project's plans and activities.

B. Climate Change

Bolivia: Renewable Energy-Based Rural Electrification under the Popular Participation Law (UNDP) \$4.212 million

44. This is the first barrier removal project by the restructured GEF in the region. *It is consistent with the objectives of the renewable energy barrier removal operational program.* Only 25% of the rural population in Bolivia is served by electricity since most of the country is too decentralized to be grid connected. The government has plans to achieve 78% rural electrification by the year 2001. While this project will target 9 villages in this group of villages to be electrified, and construct small-hydro mini-grids in lieu of diesel-based mini-grids, the remainder of the project will focus on providing PV-based systems to villages left out of current electrification plans. A feature of this project is the high level of community participation, in particular, the willingness of villages to contribute significant portions of the equity and to cover all operating and administrative costs.

Brazil: Biomass Power Commercial Demonstration (World Bank) \$40.000 million

45. This project will demonstrate the commercial viability of using wood, grown renewably, as a feedstock for electric power generation, using the biomass integrated gasification/gas turbine (BIG/GT) technology. It will do this through a fruitful public-private partnership to further global environmental objectives. Besides GEF and IBRD financing, the Government of Brazil, and a consortium of parastatals (ELECTROBRAS and CHESF) and the private sector (SHELL Brazil) are contributing to and collaborating on this important project. The project follows the UNDP pilot phase activity -- the Brazil Biomass Integrated Gasification/Gas Turbine project -- which successfully completed the basic engineering and process design for the commercial scale (30 MW) demonstration plant. It also complements another recently endorsed UNDP project in Brazil -- Biomass Power Generation: Sugarcane Bagasse and Trash -- which will facilitate the use of

BIG/GT technology in the sugar industry. *This project is fully consistent with the operational program on reducing costs of low greenhouse gas emitting technologies through organizational learning and successive replications.* Any remaining technical issues related to the long-term security of wood supply for this project, and related environmental or social concerns, if any, will be resolved prior to CEO endorsement during the time of appraisal.

China: Energy Conservation (World Bank) \$22.000 million

46. The main objective of the project is to achieve large, sustained, and growing increases in energy efficiency, and associated reductions in the carbon dioxide emissions and other pollutants through the introduction, demonstration, and dissemination of new project financing concepts and the establishment of Energy Management Companies to promote energy efficiency measures in China. It is an integral part of programmatic GEF efforts to remove barriers to energy conservation in China. It complements the following GEF projects addressing the same set of barriers: Energy Conservation in Township and Village Enterprises (UNDP), High Efficiency Refrigerators (UNDP), Efficient Industrial Boilers (IBRD). *The programming context for these projects is provided in operational program on removing barriers to energy efficiency.* This project focuses on the removal of institutional, technology, and financial barriers for investments in energy conservation. Alternative funding arrangements, introducing cost recovery mechanisms are suggested by the GEF Secretariat for future activities addressing barriers at the enterprise level.

China: Capacity Building for the Rapid Commercialization of Renewable Energy (UNDP) \$8.802 million

47. This project is the first attempt in the portfolio to develop a renewable energy market in China. Past efforts in this field have led to little replication and limited sustainability. *This project creates a process whereby barriers are removed and capacity built for the market-based deployment of renewable energy technologies and is consistent with the operational program on renewable energy.* The project focuses on the removal of barriers to, and promotion of, five win-win technologies, namely, solar-wind hybrid household and community systems, wind-farms, large-scale anaerobic digesters, bagasse cogeneration and solar water heaters. The project will be complemented by the World Bank's follow-up investments in renewable energy in China being prepared under a PDF-B grant. Such complementarity is clearly identified in the logical framework prepared for this project (Annex II of the project brief).

Czech Republic: Kyjov Waste Heat Utilization (World Bank) \$5.090 million

48. At a calculated cost effectiveness of \$7.00 per ton carbon abatement the project is a straightforward *short term response measure*. However, it highlights a general issue in incremental cost calculation. In enabling the co-generation of electricity and district heating at a glass factory in the Czech Republic, the project achieves substantive global benefits by avoiding carbon emissions which would have occurred by producing heat and electricity elsewhere. The government has selected the project as a priority measure, both

in terms of its global objectives, as articulated in the national communications on climate change, but also in terms of its relative cost effectiveness. Although the project does not raise a specific policy issue, it highlights the sensitivity of incremental cost calculations. Energy and commodity pricing projections greatly influence calculations of incremental cost. However, it will be the future market prices of lignite, natural gas, and electricity that will eventually determine the exact amounts of incremental costs. Since market dynamics can not be predicted accurately, it will be necessary to closely monitor market developments to verify final incremental costs.

Regional: Palestinian Authority: Energy Efficiency Improvements and Greenhouse Gas Reductions (UNDP) \$2.250 million

49. The project focuses on the removal of barriers to the establishment of Energy Management Companies to enable demand side management of energy in line with the objectives of *operational program on removing barriers to energy efficiency*. It is the Palestinian Authority component of a combined regional Egypt and Palestinian Authority project; the Egyptian component of which was approved intersessionally earlier this year. Together both projects form a regional approach towards enhancing the efficiency of energy use in the two countries. Technically the project introduces a common energy conservation approach for Egypt and the West Bank. Both the Palestinian Authorities and the Government of Egypt have indicated that they wish to work jointly in implementing the two project components.

C. International Waters

Regional: Water and Environmental Management in the Aral Sea Basin (World Bank) \$12.000 million

50. *The Aral Sea Basin project falls under the Integrated Land and Water Multiple Focal Area Operational Program*. The transboundary problems involve excessive water use for irrigation and salinity. Consistent with other IW projects in this Operational Program, the Aral Sea Basin project requires the long-term commitment on the part of the participating countries, IA's, donors and the GEF itself to leverage sectoral changes through addressing root causes of the complex environmental problems. As the document notes, the long-term commitment includes nine loans/credits of up to \$870 million for FY94-FY99 for the five basin countries to begin adjusting sectoral policies/activities (water charges, land reforms, elimination of subsidies, etc.) and an additional planned \$542 million for FY96-FY01 for upgrading infrastructure for irrigation, drainage, water supply, and environment. For this project, \$59.5 million in project cofinancing is available, including, \$20 million from IFAD and \$17.5 million from IDA for expected baseline activities. The project will implement high priority, country-driven activities, including (i) establishment of water sharing agreements among the five countries that balance the requirements of water for supporting environmental services with productive use; (ii) wetland restoration; (iii) salinity reduction strategies that incorporate water quality considerations from agricultural lands; (iv) reservoir management to support transboundary environmental considerations; and (v) feasibility studies for possible water quality (salinity reduction)

and quantity economic instruments (development of markets and allotments) to achieve water use efficiency and environmental goals.

Regional: Lake Ohrid Management Project (World Bank) \$3.970 million

51. *The Lake Ohrid Management Project forms part of the waterbody-based operational program.* Lake Ohrid is believed to be one of the world's oldest lakes and possesses many endemic flora and fauna. The main objective of the project is to develop a basis for the joint management and protection of the transboundary fishery, biodiversity resources, and formulation of programs to mitigate the cross-border effects of agricultural chemicals, wastewater discharges, and poor land use practices. An institutional and legal regulatory framework for cooperation, a monitoring framework, a strategic action program (SAP), and an investment program will be developed. An important feature of the project is formation of an organization which would be responsible for developing joint policies and programs for the protection of the Lake Ohrid ecosystem into the next century. More than \$0.5 million of the project's budget will be used to support community involvement and partnerships with NGOs.

Composition of the Work Program

Focal Area Country/Region	Proposed GEF Financing (\$ Million)	Implementing Agency
A. BIODIVERSITY		
1. Argentina	5.200	UNDP
2. Eritrea	4.986	UNDP
3. Global ^{1*}	6.276	UNEP
4. Indonesia	12.000	WORLD BANK
5. Panama	8.300	WORLD BANK
6. Regional: Africa ²	4.330	UNDP
7. Regional: Central Africa ³	4.005	WORLD BANK
8. Regional: East Africa ⁴	12.655	UNDP
9. Regional: Mediterranean ⁵	13.273	UNDP
10. Romania	5.000	WORLD BANK
11. Sri Lanka	4.600	WORLD BANK
12. Uganda	10.000	WORLD BANK
13. Uruguay	2.500	UNDP
<i>SUB-TOTAL</i>	<i>93.125</i>	
B. CLIMATE CHANGE		
14. Bolivia	4.212	UNDP
15. Brazil	40.000	WORLD BANK
16. China	22.000	WORLD BANK
17. China	8.802	UNDP
18. Czech Rep.	5.090	WORLD BANK
19. Regional: (Egypt & Palestinian Authority)	2.250	UNDP
<i>SUB-TOTAL</i>	<i>82.354</i>	
C. INTERNATIONAL WATERS		
20. Regional: Aral Sea ⁶	12.000	WORLD BANK
21. Regional: Lake Ohrid ^{7*}	3.970	WORLD BANK
<i>SUB-TOTAL</i>	<i>15.970</i>	
TOTAL	191.449	

* From Intersessional (Council discussion needed)

¹ From intersessional; Brazil, China, Ghana, Guinea, Kenya, Papua New Guinea, Tanzania, Uganda

² Burkina Faso, Cameroon, Ethiopia, Ghana, Kenya, Sierra Leone, South Africa, Tanzania, Tunisia, Uganda

³ Cameroon, Central African Rep., Congo, Equatorial Guinea, Gabon, Zaire

⁴ Kenya, Tanzania, Uganda

⁵ Albania, Egypt, Lebanon, Morocco, Tunisia, Palestinian Authority

⁶ Kazakstan, Kyrgyz Rep., Tajikistan, Turkmenistan, Uzbekistan

⁷ From intersessional; Albania and former Yugoslav Rep. of Macedonia

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**GEF Work Program Allocation by Operational Programs/
Short Term Measures and Total Project Cost**

Focal Area Country/Region	OPs/Short- Term	GEF Grant (\$ Million)	Cofinancing	PDF, PPA, and PRIF	Total Project Cost (\$ Million)
A. BIODIVERSITY					
1. Argentina (UNDP)	# 2	5.200	13.900	0.000	18.110
2. Eritrea (UNDP)	# 2	4.986	10.780	0.400	16.166
3. Global (UNEP)	# 3	6.276	4.717	0.100	11.093
4. Indonesia (WB)	# 2	12.000	47.720	0.280	60.000
5. Panama: (WB)	# 3	8.300	30.915	0.285	39.500
6. Regional: Africa (UNDP)	#s 3, 4	4.330	7.094	0.214	11.638
7. Regional: Central Africa (WB)	# 3	4.005	10.928	0.372	15.300
8. Regional: East Africa (UNDP)	#s 1, 3	12.655	1.696	0.243	14.599
9. Regional: Mediterranean (UNDP)	#2	13.273	28.646	0.162	42.081
10. Romania (WB)	#s 3, 4	5.000	1.600	0.300	6.900
11. Sri Lanka (WB)	#3	4.600	20.855	0.345	25.800
12. Uganda (WB)	#s 3, 4	10.000	96.800	0.289	107.089
13. Uruguay (UNDP)	#2	2.500	1.500	0.000	4.000
Biodiversity Total		93.125	277.151	2.990	372.276
B. CLIMATE CHANGE					
14. Bolivia (UNDP)	# 6	4.212	1.641	0.234	6.087
15. Brazil (WB)	# 7	40.000	82.025	0.475	122.500
16. China (WB)	# 5	22.000	179.300	0.700	202.000
17. China (UNDP)	# 6	8.802	9.420	0.025	18.247
18. Czech Republic (WB)	STRM	5.090	13.980	0.000	19.070
19. Regional: Egypt and Palestinian Authority (UNDP)	# 5	2.250	0.450	0.000	2.700
Climate Change Total		82.354	286.816	1.434	370.604
C. INTERNATIONAL WATERS					
20. Regional: Aral Sea (WB)	# 9	12.000	59.475	0.525	72.000
21. Regional: Lake Ohrid (WB)	# 8	3.970	0.220	0.310	4.500
International Waters Total		15.970	59.695	0.835	76.500
GRAND TOTAL		191.449	623.662	5.259	819.380

STRM Short-term Response Measures

OP Operational Programs:

- #1 - Biodiversity: Arid and semi-arid ecosystems
- #2 - Biodiversity: Coastal, marine, and freshwater ecosystems (including wetlands)
- #3 - Biodiversity: Forest ecosystems
- #4 - Biodiversity: Mountain ecosystems
- #5 - Climate Change: Removing barriers to energy conservation and energy efficiency
- #6 - Climate Change: Promoting and adoption of renewable energy by removing barriers and reducing implementation costs
- #7 - Climate Change: Reducing the long-term costs of low greenhouse gas-emitting energy technologies
- #8 - International Waters: Integrated land and water Multiple Focal Area
- #9 - International Waters: Integrated land and water Multiple Focal Area
- #10 - International Waters: Contaminant-based program

**Cumulative Work Program by Focal Area
GEF Financing*
(\$ million)**

Focal Area	Approved Feb. 1995	Approved May 1995	Approved Oct. 1995	Approved April 1996	Approved Oct. 1996	Approved Mar. 1997	Proposed May 1997	Total
1. Biodiversity	21.468	43.700	17.283	4.844	36.330	31.339	93.125	248.089
2. Climate Change	9.292	22.051	39.541	142.490	42.095	9.230	82.354	347.053
3. Int'l Waters	-	-	2.700	35.000	8.680	-	15.970	62.350
4. Ozone Depletion	-	37.100	-	48.610	23.000	-	-	108.710
5. Multi-Focal	-	1.940	24.000	-	30.500	-	-	56.440
WORK PROGRAM TOTAL	30.760	104.791	83.524	230.944	140.605	40.569	191.449	822.642
6. Enabling Activities ¹	-	-	-	-	6.800	4.600	5.800	17.200
GRAND TOTAL	30.760	104.791	83.524	230.944	147.405	45.169	197.249	839.842

* Excludes pilot phase.

¹ Expedited enabling activities approved by CEO and Summarized for Council information at time of each Work Program

Enabling Activities - Under Expedited Procedures (January 29, 1997 to March 25, 1997)			
Biological Diversity			
	Country	Implementing Agency	Amount (US\$)
1	Algeria	UNDP	230,500
2	Antigua and Barbuda	UNDP	139,000
3	China	UNEP	59,400
4	Congo	UNDP	247,860
5	Croatia	World Bank	102,000
6	Fiji	UNDP	197,925
7	Iran	UNDP	350,000
8	Kyrgyz Republic	World Bank	108,000
9	Lebanon	UNDP	145,000
10	Mali	UNDP	252,180
11	Marshall Islands	UNDP	130,000
12	Mauritania	UNEP	233,000
13	Mexico	UNDP	198,000
14	Mongolia	UNDP	32,550
15	Niger	UNDP	229,500
16	Syria	UNDP	194,000
17	Zambia	UNDP	289,440
	Total (in this reporting period)		3,138,355
	Previous Total		8,951,910
	Cumulative Total (Biological Diversity)		12,090,265
Climate Change			
	Country	Implementing Agency	Amount (US\$)
1	Cambodia	UNDP	325,480
2	Cape Verde	UNDP	319,300
3	El Salvador	UNDP	320,000
4	Gambia	UNDP	137,900
5	Guatemala	UNDP	326,000
6	Honduras	UNDP	325,000
7	Malawi	UNDP	193,640
8	Nigeria	UNDP	272,520
9	Sri Lanka	UNDP	110,000
10	Swaziland	UNDP	259,560
11	Zimbabwe	UNEP	93,600
	Total (in this reporting period)		2,683,000
	Previous Total		2,403,680
	Cumulative Total (Climate Change)		5,086,680
Total Allocation as of March 25, 1997			17,176,945