

**INTERSESSIONAL WORK PROGRAM
SUBMITTED FOR GEF COUNCIL APPROVAL**

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Where to send technical comments:

It is requested that Council Members send their technical comments electronically (in Word file) to the GEF Secretariat's program coordination registry at: gcoordination@TheGEF.org

EXECUTIVE SUMMARY

1. This is the first intersessional work program presented for GEF Council review and approval in GEF-5; it is the second work program of GEF-5. This work program Cover Note describes how the proposed project proposals relate to the strategic objectives of, and make a collective contribution to, the GEF focal area strategies.
2. The proposed work program consists of 11 new full-sized project PIFs, requesting GEF project grants totaling \$77.91 million (see Annex A for the financial details of proposals). Associated with these concepts are requests for Agency fees totaling \$7.27 million for the GEF Agencies to meet the project cycle management costs, resulting in a total request of \$85.18 million from the GEF Trust Fund.
3. Of the 11 new FSP PIFs submitted in this work program, six are being submitted for the first time by countries maturing from the Small Grants Program (SGP) and have attained “upgraded” country programme status with SGP. These PIFs will be fully funded from the countries’ STAR allocation through an full-sized project modality as it was agreed by the Council in November 2009.
4. As in other intersessional work programs, this cover note presents a simplified version of the note focusing solely on the focal area project portfolio in the work program. A more detailed historical trend analysis of grant utilization and co-financing in GEF-5 will be presented during the regular Council work program.

MAIN FEATURES OF THE PROPOSED WORK PROGRAM

1. The work program presented by the Secretariat for GEF Council review and approval is the second work program and the first intersessional under GEF-5.
2. Of the full-sized project proposals being reviewed in GEF-5, only 11 have been technically cleared in time for inclusion in this work program. These projects are presented here for a total request of \$85.18 million in GEF resources comprising \$77.91 million in GEF project grants and \$7.27 million in GEF Agency fees (see Annex A for the financial details of these proposals). The distribution of these projects by focal area is presented in Table 1.

Table 1. GEF Resources Requested for March 2011 Work Program by Focal Area (\$m)

Focal Area	Number of Projects	GEF Project Grant	Agency Fees	Total GEF Resources Requested in this WP
Biodiversity	1	2.95	0.30	3.25
Climate Change	1	22.73	2.27	25.00
Land Degradation	1	5.40	0.54	5.94
Multi-focal Area	7	31.84	2.66	34.50
POPs	1	15.00	1.50	16.50
	11	77.91	7.27	85.18

* Agency fees are calculated as 10 percent of the GEF Project Grant except for the 6 SGP stand-alone projects with agreed rate of 8%

3. Co-financing associated with the proposed work program amount to \$949.10 million with one project accounting for 87% of the total. This one large co-financing coming from a single project explains the rather large ratio of one dollar of GEF grant to \$12.2 in co-financing in this work program.
4. Of the seven multifocal area projects in the work program, six are being submitted for the first time by countries from the global SGP program for having attained “upgraded” country programme status under Category 3. By this category, these countries have been long time recipients of SGP for 15 or more years and have each received cumulative total grants of \$6 million or more prior to GEF-5. These countries have now matured to be able to fully fund their projects from their STAR allocations through an FSP modality as they are no longer entitled to access SGP core funds but would still be linked to the global SGP program.

GEF FOCAL AREA STRATEGIES AND THE WORK PROGRAM

5. This work program encompasses 15 out of the 34 focal area objectives set forth in the GEF-5 Programming Document. Some projects have been highlighted below to illustrate how the focal area strategies are being addressed.

Biodiversity (BD)

6. The biodiversity work program has one project, implemented in China, called "*Securing Biodiversity Conservation and Sustainable Use in China's Dongting Lake Protected Area*". The goal of the proposed project is to conserve the biodiversity of Dongting Lake through strengthening existing management efforts. The project combines elements of protected area management and biodiversity mainstreaming. Specifically, the project seeks to improve the management of four protected areas totaling 220,000 hectares while strengthening policy and regulatory frameworks to mainstream biodiversity principles into the production sectors exerting pressure on wetland biodiversity.

7. In addition to the above project, there are six other stand-alone SGPs in Costa Rica, Ecuador, India, Kenya, Pakistan and the Philippines that request a total of \$15.99 million of funding from the biodiversity focal area. These proposed multifocal area projects will contribute to achieving biodiversity focal area objectives BD-1 (Improving sustainability of protected area systems, and BD-2 (Mainstream biodiversity conservation and sustainable use into production landscapes.

Climate Change (CC)

8. This work program includes one climate change project with the World Bank: *Russia Energy Efficiency Financing (REEF)*. The project requests a GEF grant of \$22.7 million and will be co-financed by a \$300 million World Bank loan, a \$300 million Gazprombank loan, as well as other sources of co-financing amounting to \$824.5 million in total. The project will focus on energy efficiency investments in the industrial and municipal sectors, contributing directly to the GEF-5 objectives of "promoting market transformation for energy efficiency in industry and the building sector" (CCM-2) and "promoting energy efficient, low-carbon transport and urban systems" (CCM-4).

9. The proposed project will build upon the GEF-4 *Umbrella Program of Energy Efficiency in the Russian Federation* involving UNDP, UNIDO, and EBRD. It will target the banking sector for energy efficiency lending and will seek complement to the existing programs and activities. Based on conservative estimates, REEF is expected to result in direct reduction of 2 million tons of CO₂ per year, while removal of systemic barriers to energy efficiency investments supported by the GEF grant will lead to much more global environmental benefits.

10. In addition to the above project, this work program consists of one multi-focal area project in Azerbaijan that requests a \$2 million climate change grant as well as four stand-alone SGPs in Costa Rica, India, Kenya, and Pakistan respectively that request a total of \$7.2 million of funding from the climate change focal area. These proposed multifocal area projects will contribute to achieving climate change focal area objectives CCM-2 (Energy efficiency: promoting market transformations and achieving energy savings), CCM-3 (Renewable energy: promoting investments in renewable energy and avoiding GHG emissions), CCM-5 (Promoting

conservation and enhancement of carbon stocks through sustainable management of land use, land use change, and forestry).

Land Degradation (LD)

11. Only one project is included under this focal area, which is the first to apply the flexibility rule under the STAR. The project “*Second Upland Agricultural Livelihoods and Environmental Management*” utilizes the full STAR resources allocated to Tajikistan to strengthen the delivery of global environmental benefits in baseline agriculture development investment that is funded by the World Bank IDA. The project requests \$5.4 million of GEF resources with an expected co-financing of \$17.9 million. The project will specifically contribute to LD-1, which focuses on ecosystem services in agro-ecosystems (agriculture and rangeland systems).

12. In addition to the above project, there are three other stand-alone SGPs in Costa Rica, India, and Kenya respectively that request a total of \$2.3 million of funding from the land degradation focal area. These proposed multifocal area projects will contribute to achieving land degradation focal area objectives LD-1 (Maintain or improve flow of agro-ecosystem services sustaining the livelihoods of local communities) and LD-2 (Generating sustainable flows of forest ecosystem services in drylands, including sustaining livelihoods of forest dependant people).

SFM/REDD+ Program

13. The project “*Sustainable Land and Forest Management in the Greater Caucasus Landscape*” secured incentive financing from the SFM/REDD+ program based on strategic focus on establishing a sound policy environment to recognize the value of forest ecosystem functions and reduce GHG emissions from deforestation and forest degradation. The Government of Azerbaijan utilized its STAR resources in the land degradation (LD) and climate change (CCM) focal areas as basis for accessing the SFM/REDD+ funds. Overall, the GEF financing will enhance sustainable land and forest management in the Greater Caucasus Landscape to secure the flow of multiple ecosystem services, including carbon storage and sequestration and water provisioning services, while ensuring ecosystem resilience to climate change. In addition to the SFM/REDD+ objective 1, the project will address CCM-5 (“Promote conservation and enhancement of carbon stocks”) and LD-3 (Reduce pressures on natural resources from competing land uses in the wider landscape).

Persistent Organic Pollutants (POPs)

14. The project “*Minimizing Formation and Releases of Unintentionally Produced POPs (UPOPs) from China’s Pulp and paper sector*” is listed as one of six priority sectors to be targeted for control of UPOPs releases. The project's objective is to minimize formation and releases of UPOPs from China’s pulp and paper sector through investments in Best Available Techniques and Best Environmental Practices (BAT/BEP) adoption for non-wood pulp production, adoption of necessary policy measures, and support to national and local enforcement of industrial and environmental policies. This project is the first to seek to address U-POPs reduction in this specific sector in China.

15. This project is consistent with the GEF-5 POPs focal area strategies in that it supports physical investments and capacity development for reduction of UPOPs releases from China's pulp and paper sector. It fits well with the focal area Strategic Objective 1: Phase out POPs and Reduce POPs releases, as implementation of the project will lead to reduction and, where possible, elimination of UPOPs releases, thereby supporting China's NIP implementation.

16. Multi-focal Area Projects (MFAs): In all the multi-focal area projects, capacity development of communities and civil society organizations will be enhanced in increased capacity of stakeholders to diagnose, understand and transform complex and dynamic nature of global land degradation, biodiversity conservation and climate change problems and finding local solutions in respected focal area. As requested by the Council, capacity of grant recipients will be enhanced to monitor and evaluate projects.

UPGRADING OF COUNTRY PROGRAMMES UNDER THE SGP

17. The growth of the SGP since 1992 has led to a proposed approach towards the 'graduation' of country programmes as part of their progressive evolution in delivering global environmental benefits. With the overall growth of the SGP to up to 122 countries worldwide during GEF-4, a proposal has also emerged to recognize that certain "mature" country programmes have the capacity to raise increased funding on their own, which would allow for the preferential allocation of limited GEF core resources to the new SGP country programmes.

18. The GEF Council in 2009 (GEF/C.36/4) adopted the decision that outlined an upgrading policy and execution arrangements for the Small Grants Program in GEF-5. The Council agreed that as part of the upgrading process, country programmes of the SGP will be categorized to reflect their growth in the programme: Category 1 – all SIDS and LDC country programmes, as well as those that have been in operation for fewer than 5 years; Category 2 – all other country programmes that have been in operation for more than 5 years and fewer than 15 years, and Category 3 – all country programmes that have been in operation for more than 15 years and received funding in amount of \$6 million and above. For each successive category, higher levels of performance will be required. Funding access for country programmes would differ in these categories, with Category 1 having priority to access core funds, Category 2 having progressively decreasing access to core funds and increased access to STAR funds, and Category 3 being fully funded from STAR funds through an FSP modality.

19. It has been agreed that in GEF-5, the SGP upgraded country programs will be implemented with several stand alone FSPs. The shift of upgraded country programmes to an FSP modality also takes into account certain important considerations. Upgraded country programmes will follow the same SGP approach to program implementation and will be part of its programmatic approach to achieve global benefits through local community and civil society actions. They will, *inter alia*, sustain and support SGP efforts in: (i) global knowledge sharing; (ii) training and capacity building of new country programmes, particularly in replication, scaling-up and mainstreaming; (iii) furthering full participation in GEF MSPs and FSPs as delivery mechanisms or operators, particularly of components related to strengthening community and NGO partnerships; and (iv) delivering on new initiatives utilizing GEF funds, as well as the non-GEF funds of Implementing Agencies and Executing Agencies and other donors.

20. Under the Fifth Operational Phase of the GEF Small Grants Programme, the initial six PIFs being proposed for implementation under the FSP modality are for Costa Rica, Ecuador, India, Kenya, Pakistan and the Philippines. The proposed projects will seek to achieve global environmental benefits across focal areas through community and civil society actions and initiatives.

21. The six SGP project proposals presented in this work program will help support the implementation and achievement of two biodiversity focal area objectives, three in climate change, two in land degradation, two in cross-cutting capacity building, and two in international waters. During implementation of proposed projects, it is anticipated that the GEF funding with generated co-financing will support at least 987 sub-projects (should the maximum grant amount of \$50,000 is utilized) to as much as 1976 sub-projects (at the average grant-making of \$25,000 per sub-project which is normally the case).

GEOGRAPHIC BALANCE OF PROJECTS IN THE WORK PROGRAM

22. This work program effectively covers representative areas in the entire region with four projects in Asia (China, India, Pakistan, and the Philippines), three projects in Europe and Central America (Russian Federation, Tajikistan, Azerbaijan), two in Latin America and the Caribbean (Costa Rica and Ecuador), and one in Africa (Kenya).

INNOVATIVE ELEMENTS AND REPLICATION POTENTIAL

23. Land Degradation: The project in Tajikistan will build on achievements from a previous World Bank/GEF project on *Community Agriculture and Watershed Management* by expanding SLM interventions to new areas where land degradation remains a major threat. The approach proposed will seek to create incentives for expansion of SLM practices by farm households as a means of mitigating land degradation, and enhancing biodiversity conservation and carbon sequestration in the production systems. Because Tajikistan is a small country with a significant proportion of the population in rural areas and dependent on agriculture and rangelands, the proposed project will likely generate important lessons on principles and practice of up-scaling SLM. Furthermore, direct links to the Central Asian Countries Initiative for Land Management (CACILM) platform will create opportunities for replication in the other Central Asia countries.

24. SFM/REDD+ Program: The project in Azerbaijan has great potential to contribute important innovations in designing integrated rangeland and forest landscape management intervention to enhance synergies at scale. The emphasis on the Greater Caucasus Landscape means that the potential for replication in an important ecosystem that lies at the center of a biological crossroads, where species from Europe, Central Asia, the Middle East and North Africa mingle with local endemics. Furthermore, the global benefits related to climate change mitigation, such as avoiding emissions from forest degradation (estimated 245,667 t CO₂ eq/year), improved pasture management and pasture restoration pasture management to enhance carbon sequestration (estimated potential of 316,250 CO₂ eq), and restoration of degraded forests resulting in enhancement of carbon stock (129,367 tCO₂ eq), will demonstrate the practical application of carbon monitoring and measuring tools in these production systems.

25. Persistent Organic Pollutants (POPs): The project in China will generate multiple benefits for the global environment as it will not only lead to a reduction in UPOPs releases from the sector, but will also reduce the sector's water consumption and wastewater (in particular, *Chemical Oxygen Demand* "COD") discharge. The reduction in COD discharge will benefit the East Asia large marine ecosystem, as the majority of pulp and paper mills are located in East China and discharge their wastewater into rivers that flow into East Asia's seas.
26. Multi-focal Area Projects (MFA): As part of the preparation of this PIF, a number of countries have reviewed options for implementation and execution arrangements for upgraded SGP country programs ; most concluded that with the aim to maintain execution costs at or below their current levels to maximize cost-effectiveness they will need to use existing arrangements. However, India Country program will be implemented through National Host Institution and Philippines will reconsider implementation arrangements during project preparation phase.
27. At the same time, in all cases UNDP will provide overall program oversight and take responsibility for standard GEF project cycle management services beyond assistance and oversight of project design and negotiation, including project monitoring, periodic evaluations, troubleshooting, and reporting to the GEF. UNDP will also ensure that the projects receives high level technical and managerial support from UNDP Regional Technical Advisors (RTAs) and other members of the regional teams, who will be responsible for project oversight for all upgraded country program projects.
28. The country team, composed of a National Coordinator and a Program Assistant recruited through competitive processes, will support National Steering Committee and oversee implementation of the country program. Visibility of GEF financial support will be ensured.
29. Based on outcomes received, it would be important that upgrading policy of SGP country programs adopted by the Council be continued and replicated during next operational phase of the SGP.
30. As was always the case for the GEF Small Grants Program projects, a number of innovative and succesfull projects will be funded by country programs and therefore proposed projects will create enabling environment for projects to be replicated and ideas shared with other programs and succeseful projects, not only at national, but also regionally and globally.
31. Upgraded country program involvement in knowledge sharing and capacity development of SGP for new country programs would capture the benefits of decentralized forms of information flow, while maintaining the strength of the CPMT as a central hub for the broader program. New responsibilities in knowledge management would encourage the development of "multi-hub small networks" and "smart networks," which would improve the flow of information across the growing system

SUMMARY OF FREE-STANDING PIFs FOR THE MARCH INTERSESSIONAL WORK PROGRAM ¹

Biodiversity

1. **China** : Securing Biodiversity Conservation and Sustainable Use in China's Dongting Lake Protected Area (FAO) (GEF Project Grant : \$2,950,000)

Climate Change

2. **Russian Federation** : Russia Energy Efficiency Financing (REEF) Project (World Bank) (GEF Project Grant : \$22,727,273)

Land Degradation

3. **Tajikistan** : Second Upland Agricultural Livelihoods and Environmental Management (World Bank) (GEF Project Grant : \$5,400,000)

Multi Focal Area

4. **Azerbaijan** : Sustainable Land and Forest Management in the Greater Caucasus Landscape (UNDP) (GEF Project Grant : \$5,680,000)
5. **Costa Rica** : Fifth Operational Phase of the GEF Small Grants Program in Costa Rica (UNDP) (GEF Project Grant : \$4,398,148)
6. **Ecuador** : Fifth Operational Phase of the GEF Small Grants Program in Ecuador (UNDP) (GEF Project Grant : \$4,398,145)
7. **India**: Fifth Operational Phase of the GEF Small Grants Program in India (UNDP) (GEF Project Grant: \$5,000,000)
8. **Kenya**: Fifth Operational Phase of the GEF Small Grants Program in Kenya (UNDP) (GEF Project Grant: \$5,000,000)
9. **Pakistan** : Fifth Operational Phase of the GEF Small Grants Program in Pakistan (UNDP) (GEF Project Grant : \$3,055,555)
10. **Philippines**: Fifth Operational Phase of the GEF Small Grants Program in the Philippines (UNDP) (GEF Project Grant: \$4,583,333)

¹ Financial details of the projects submitted in this March Intersessional Work Program are presented in Annex A.

Persistent Organic Pollutants (POPs)

11. **China:** Minimizing Formation and Releases of Unintentionally Produced POPs (UPOPs) from China's Pulp and Paper Sector (World Bank) (GEF Project Grant: \$15,000,000)

PROJECT PROPOSALS SUBMITTED FOR COUNCIL APPROVAL

Under the GEF Trust Fund

March 2011

All amounts shown in US\$.

#	GEF ID	Country	Agency	Project Title	PPG Amt	PPG Fees Paid	GEF Project Grant	Project Agency Fees	GEF Grant	Cofin.	Total Project Cost
<u>Biodiversity</u>											
1	4356	China	FAO	Securing Biodiversity Conservation and Sustainable Use in China's Dongting Lake Protected Area	50,000	5,000	2,950,000	295,000	3,000,000	6,205,000	9,205,000
Sub total for Biodiversity					50,000	5,000	2,950,000	295,000	3,000,000	6,205,000	9,205,000
<u>Climate Change</u>											
2	4427	Russian Federation	World Bank	Russia Energy Efficiency Financing (REEF) Project			22,727,273	2,272,727	22,727,273	824,500,000	847,227,273
Sub total for Climate Change							22,727,273	2,272,727	22,727,273	824,500,000	847,227,273
<u>Land Degradation</u>											
3	4352	Tajikistan	World Bank	Second Upland Agricultural Livelihoods and Environmental Management			5,400,000	540,000	5,400,000	17,900,000	23,300,000
Sub total for Land Degradation							5,400,000	540,000	5,400,000	17,900,000	23,300,000

All amounts shown in US\$.

#	GEF ID	Country	Agency	Project Title	PPG Amt	PPG Fees Paid	GEF Project Grant	Project Agency Fees	GEF Grant	Cofin.	Total Project Cost
<u>Multi Focal Area</u>											
4	4332	Azerbaijan	UNDP	Sustainable Land and Forest Management in the Greater Caucasus Landscape	100,000	10,000	5,680,000	568,000	5,780,000	11,400,000	17,180,000
5	4382	Costa Rica	UNDP	Fifth Operational Phase of the GEF Small Grants Programme			4,398,148	351,852	4,398,148	4,625,000	9,023,148
6	4375	Ecuador	UNDP	Fifth Operational Phase of the GEF Small Grants Program in Ecuador			4,398,145	351,852	4,398,145	4,800,000	9,198,145
7	4383	India	UNDP	Fifth Operational Phase of the GEF Small Grants Programme in India			5,000,000	400,000	5,000,000	6,000,000	11,000,000
8	4362	Kenya	UNDP	Fifth Operational Phase of the GEF Small Grants Program in Kenya			5,000,000	400,000	5,000,000	5,500,000	10,500,000
9	4380	Pakistan	UNDP	5th Operational Phase of the GEF Small Grants Programme in Pakistan			2,777,778	222,222	2,777,778	3,565,000	6,342,778
10	4338	Philippines	UNDP	Fifth Operational Phase of the GEF Small Grants Programme in the Philippines			4,583,333	366,667	4,583,333	4,600,000	9,183,333
Sub total for Multi Focal Area					100,000	10,000	31,837,404	2,660,593	31,937,404	40,490,000	72,427,404
<u>POPs</u>											
11	4441	China	World Bank	Minimizing Formation and Releases of Unintentionally Produced POPs (UPOPs) from China's Pulp and Paper Sector			15,000,000	1,500,000	15,000,000	60,000,000	75,000,000
Sub total for POPs							15,000,000	1,500,000	15,000,000	60,000,000	75,000,000
<u>Grand Total</u>					150,000	15,000	77,914,677	7,268,320	78,064,677	949,095,000	1,027,159,677