GEF Expanded Constituency Workshop Practical Exercise

INTRODUCTION

This case study describes a fictional country, but with relevant issues and opportunities. The focus of this case study is to efficiently and effectively enhance multiple environmental benefits by synergistically combining and tweaking activities proposed on forestlands and in the broader landscape. This means considering enhancing forest conservation (biodiversity), enhancing forest carbon sinks (climate change), ensuring environmentally sound management of chemicals (POPs), and maintaining or improving flows of agro-ecosystem services to sustain livelihoods of local communities (land degradation) in a way that produces synergistic value-added benefits. Furthermore, additional objectives directed at Sustainable Forest Management/REDD-plus (SFM/REDD+) benefits may fit well with the project.

The case study country, Cornibia, has signed and ratified most international treaties and conventions, including those related to biodiversity, climate change, toxic chemicals, and combating desertification. For the purposes of this exercise, we consider that they have not completed national communications and other national documents. In 2010, Cornibia learned its GEF-5 STAR allocation was US$3 million for biodiversity (BD), $5 million climate change (CC), and $2 million land degradation (LD). Chemicals does not have a STAR allocation but can be funded with a reasonable amount.

Note that some of the information presented is more relevant than other information to illustrate realistic situations in which one must assess the importance of the information.

THE COUNTRY: CORNIBIA

GENERAL DESCRIPTION: Cornibia is a country with population 50 million and a per capita Gross Domestic Product of US$2,271. There are two large cities of growing populations: one a rapidly growing port city for the Continent, each approaching 5 million inhabitants. Cornibia's economy depends on agriculture and forestry (coffee, bananas, sugar, corn, rice, beans, potatoes, beef, and timber), tourism, and emerging electronics and general manufacturing industries. Foreign investors remain attracted by the country's general political stability and high education levels in the cities, and tourism continues to bring in foreign exchange. The government continues to grapple with its

large internal and external deficits and sizable internal debt, as well as rural populations who are generally poor and undereducated. With an emerging manufacturing sector, people flow to the two large cities searching for better job opportunities. The reduction of Inflation remains a difficult problem because of rising import prices, labor market rigidities, and fiscal deficits. Greenhouse gas emissions are rising dramatically due to increased demands on transportation, heating and lighting, and manufacturing.

THE LAND BASE: Cornibia is about 80 million hectares in size. In the 1970's and 1980's, vast tracts of Cornibian forest were being cleared for cattle ranching and farming purposes. In 1950, forests covered more than one-half of Cornibia; by 2000, forest cover had declined to 25% of the national territory. Deforestation was driven by antiquated policies, including cheap credit for cattle, land titling laws that rewarded deforestation, and rapid expansion of the road system, but also by poverty and lack of opportunity among rural inhabitants. During the 1990s, some protected areas were established with the help of GEF funding to conserve biodiversity, and rate of deforestation slowed. Large areas deforested early on, particularly near moderately sized towns, are becoming severely degraded by overgrazing and poor agricultural practices. Approximately 60% of remaining forestland, totaling 12 million hectares, is on government owned lands and concessions outside national parks and biological reserves. Of this, about 6 million hectares are primary forest with half of this under threat of deforestation; 2 million is severely degraded forest; and a small area of previously deforested lands has been planted with fast-growing trees for local fuel wood use. 100,000 hectares have been set aside for Indigenous Peoples, but the ownership of half the public national reserves and 1 million hectares of private forestland is being contested by Indigenous Peoples.

A COUNTRY VISION?: The Environment Sustainability Index, which analyzes the performance and ability of countries to protect the environment in coming decades, considering investment in natural resources, past and present pollution levels, and environment management efforts, has ranked Cornibia in the top 30 out of 146 countries, but the latest index has Cornibia dropping to 33rd. Cornibia remains in the top 50 of most biologically diverse countries in the world, having over 5,000 known species (of amphibians, birds, mammals, reptiles, and vascular plants), however, only limited biological surveys have been conducted. To protect some of this extensive legacy, Cornibia has developed a model Protected Areas System, which currently covers about 15% of the country. (Some of the protected areas are wetlands and savannas.) There are active environmental CSOs, which support the government's plans to supplement the Protected Areas System by the development of a network of biological corridors that is intended to ensure the System's effectiveness and viability and play an important role in the migration and dispersion of plant and animal species, thus reducing the vulnerability of protected areas to local and global threats.

In spite of these improvements, the ranking dropped mainly because of air pollution caused by poor management of municipal waste due to growing urban population and emerging manufacturing industry. CO_2 emissions are rapidly increasing. The New World Economic Futures Index, which

analyzes the economic development opportunities of countries, ranks Cornibia in the top 25 out of 150 countries for potential manufacturing investment returns, for the workforce availability, relative low production costs, native raw materials, and locations of the two major cities on the coast, both with small port facilities, but with possibilities of expansion.

Because Cornibia contains the port city of the Continent, the country is an important hub for commodities import and export. With cheap labor cost and low environmental standards, an emerging issue is that of imported electronic wastes for the purpose of refurbishment. These e-wastes are manually dismantled and burnt to recover raw materials to feed the increasing electronic manufacturing industry. The Cornibia Tourism Board is hearing increasing complaints from tourist groups about the crowded airport, difficulty of obtaining flights, rising costs of amenities, and lack of public restrooms and potable water. Roads to the Crown Jewel National Park and other popular reserves are crowded and in poor condition, and expectations for nearby lodging are not being met.

Elected officials and citizens are proud of their country's leadership in protected areas for biological diversity and sustainable forest management, but along with clean air and clean water, citizens are clamoring for jobs, modern amenities, livable cities, and educational opportunities.

EXISTING POLICIES: In 1998, with the passage of Forestry Law 7575, a legal framework was established, which included the following: defined the role of the State in protecting forests as well as in promoting and facilitating forest sector activities; successful reforestation following harvest must be completed within three years, with native species preferred; and, established a lower property tax rate for forests with a forest management plan that complies with criteria for sustainable forestry as approved by the State.

In the year 2003, "tourist" taxes were levied on hotel rooms, rental cars and boats, airlines, and guide services, of which 30% goes to help pay off loans that established parks and biological reserves and to pay for maintenance and upkeep of the public lands.

In the year 2004, the country has revised its legislation on waste management, including hazardous waste and municipal waste. In response to the growing production, import and export of electronic goods, the government has set up its goal to rein in its informal e-waste treatment practice and build standard facilities and capacity by 2015. The use of POPs pesticides has been officially banned in the country in 2000, yet risk of potential illegal use still exist due to low cost.

Environmental legislation, on topics such as biodiversity, natural resources, land tenure, and chemicals management, is well-developed in part due to previous GEF supported projects in Cornibia, although application of the policies is still relatively new. In 2004, Cornibia passed the landmark Environmental Organic Law, which establishes guidelines in numerous sectors and resources (protected areas; marine, coastal, wetland, biodiversity, forest, air, water, soil, and energy resources) and on numerous matters (administration and public participation;

environmental education and research; environmental impacts; land use planning; sanctions, Environmental Controller, air pollution, land contamination, material recycling and environmentally-friendly production).

PREVIOUS INITIATIVES IN CORNIBIA

Over the past two decades, the GEF portfolio of projects in Cornibia was formed by a series of individual initiatives that were approved and implemented in relative isolation. 40% of GEF funds in Cornibia have been in 5 climate change activities, and 55% in 5 biodiversity activities for a total of GEF US$ 60 million, leveraging base project cofinancing of US$205 million.

Previous national biodiversity projects in Cornibia have focused on:

- policy development to support conservation areas for biological diversity
- biodiversity inventories, especially capacity building
- agrobiodiversity
- biological corridors
- protected area establishment

Previous climate change activities have focused on:

- sustainable urban transport
- renewable energy (biomass), especially capacity building
- energy efficiency

Previous chemicals management activities have helped the country to development its own National Implementation Plan and set up its priorities for future work：

- Municipal waste management
- Promotion of non-POPs pesticide alternatives in agricultural sector
- Contaminated sites remediation and redevelopment
- Cleaner manufacturing production to avoid UPOPs and mercury emission

The one land degradation project focused on technical assistance and capacity building to reduce erosion.

The World Bank has executed 53.2% of GEF funds in Cornibia since 1992. It has participated in 5 activities – 4 FSPs (1 in Biodiversity and 3 in Climate Change) and 1 MSP in Biodiversity.

The other agency implementing a high percentage of GEF projects in Cornibia is UNDP (45.5% of GEF funds), which has participated in 2 FSPs (1 each in Biodiversity and Climate Change), 2 MSPs (both in Biodiversity), and 3 enabling activities (1 in Biodiversity, 1 in Climate Change, and 1 Land Degradation). UNEP has completed an EA for the development of NIP for Cornibia.

POTENTIAL ACTIVITIES

Cornibia is aware of possible large activities that may qualify as base projects.

1. **The Crown Jewel Biological Corridor** connects the Crown Jewel National Park with an international park to the east and a nearby biosphere reserve in the Southern Zunato Mountain Range, and covers 106,647 ha of land, 85% of which includes private lands covered by dense primary and secondary forests, all owned by two owners. It is one of the few known locations of the native Tookey bird, drawing tourists from afar. A CSO, World Birding Trust, has made a deal with the two owners in principle to purchase the mining rights on this corridor for US $20 million, if $10 million can be raised to buy the land outright from the two owners in the next 3 years. The owners are each reducing the price by $1million, in effect donating an additional total of $2 million to the activity. An additional $2 million would also be needed to prepare the lands (such as survey, mark boundaries, and update maps) for inclusion into the protected area system. The forests sequester approximately 3.66 tCO_2e/ha/yr, but if deforested would release 366 tCO_2e/ha/yr (SOURCE: IPPC Tier 1 estimates, based on FAO Country Profile estimates). If Cornibia was involved in future REDDplus activities, some of these primary forests may be eligible for an activity focused on forest carbon benefits.

2. The **Zunato Spot** is located in a conservation area that includes primary and second growth forest in the Southern Zunato Mountain Range, near a biosphere reserve. The possible biological corridor covers an area of privately-owned 15,000 ha, is one of the few remaining forests in the southern part of Cornibia, and has unique biological populations that have developed on this mountain range. The area is under threat of development, and about 5,000 hectares would need restoration due to previous poor use. The corridor has strong support from local environmental groups in the area, and has received strong support from local organizations, mainly because it will make viable the development of present and future ecotourism activities of the area, supplies water to the communities and hotels in the zone, and because it is the refuge of the remaining wildlife populations in the area. Conservation easements to the landowners would cost $1million, with the Believe-in-us Law Firm offering to provide $500,000 worth of legal work which is estimated to cover the legal costs of the easements. An additional $1million is needed to prepare the lands for inclusion into the protected areas system. Local environmental groups have raised $500,000. The forests sequester approximately 2 tCO_2e/ha/yr, and if deforested would release 275 tCO_2e/ha/yr (Source: Hartzell and Ryan, 2008. Journal of International Forest Benefits 5: 10-16.) Activities in this area on forest carbon benefits may be viable, however Sustainable Land Management advantages would be also considered.

3. Working with the Cornibian Conservation Service, ten communities near the Southern Zunato Mountain Range have organized to restore 30,000 ha of lands which are increasingly

eroding, and threatening the communities' water supply. The lands were originally forested, but were deforested and cropped for 20 years. **The Ten Communities plan**, in principle, would allow for the area to be reforested and managed sustainably. The areas closest to the conservation areas are planned to be restored to native tree species and managed on long rotations, with approximately 10,000 ha closest to the Communities planted with fast-growing species which would be managed to potentially sustainably supply an envisioned biomass power plant to provide power to the communities in the distant future. This would be the first relatively large area of reforestation, and the first to regenerate native tree species on a large-scale in Cornibia. The Zunato Forestry Organization has agreed to donate $1million worth of expertise, native tree seeds and seedlings, materials and supplies. The ten communities have agreed to supply donate work worth $100,000. To complete the plan, the Cornibian Conservation Service, will donate $1million technical assistance in-kind. It is anticipated that an additional $2 million dollars will be needed to carry out the plan. The fast-growing forests are expected to sequester 14.8tCOe_2/ha/yr, with the native forests sequestering 7.3 tCO_2e/ha/yr (Source: Hayes et al. 2004. Journal of Conservation Biology Volume 10, Issue 3, pages 125-135).

4. **National Forest Carbon Inventory and Monitoring:** The Cornibia government has had pilot project measurement systems for greenhouse gas inventories, but has not had a national carbon inventory and monitoring system. An inventory system for a country this size and with this amount of forestland is expected to cost approximately $15million to design and initially implement, with an annual $3 million in costs. FAO has approached Cornibia and offered $8 million assistance toward developing a carbon inventory system. Cornibia considers the 6 million ha of primary forest on private lands, half of which is under threat, the need for baselines for carbon markets and REDDplus activities, and the opportunities for reforestation on previously deforested lands, and the strong forest heritage in Cornibia. Cornibia thinks it is a worthwhile risk that the inventory establishment would only cost slightly less than $10million, and that future inventory costs have a very good chance of being paid by future REDDplus-related funding.

5. **Municipal waste and pesticides management**. With rapid urbanization in the major cities, the government is confronted with the issues of increasing creation of municipal waste. Initially municipal waste was simply land filled in areas far away from residential areas. The amount of landfill space can no longer be expanded due to lack of sufficient land. The government hopes to utilize GEF resources to implement life cycle management of municipal waste and identify best technology for final disposal. With a large agricultural plantation sector, historically the country has accumulated POPs pesticides which became obsolete when the national ban was issued in 2000 and these stocks placed in farms are in need of safeguarding and disposal to avoid potential land or water pollution. The government also hopes to use GEF support to develop its inventory on contaminated sites to prepare for future remediation and redevelopment when resources are available.

STAKEHOLDER and SOCIAL ISSUES

A social assessment indicates that the population in the biological corridors activities is among the poorest in the country, with the worst access to public services. Findings have also indicated that women are especially vulnerable to poverty, and contribute to degrading forestland through fuel wood collection. Indigenous Peoples are also vulnerable. It is suggested that for balance, a targeted effort, perhaps at least 20%, of the workers trained for preparing the lands for use as corridors or restoration work be women, and at least 30% Indigenous Peoples. Continued employment to ensure continued successful regeneration of trees would be useful. Additional support groups could help locals start small businesses related to tourism. Both groups should be included in the training for possible inventory and monitoring jobs.

Although possible baseline projects were relatively well-developed, a regional stakeholder seminar was held with public and private sector representatives. The key results of this seminar for project design include:

- Support for the corridors from locals was mixed. How the corridors may change their lives and livelihoods is not certain.
- Some CSOs are concerned about excessive timber harvesting.
- A mixture of stakeholders is concerned about the effects of tourism on the Tookey bird.
- Tourist groups support the corridors and forest restoration, but think the cities need a more efficient and effective transportation system.
- Everyone supports carbon sequestration and decreasing carbon emissions, and would like to see more funds for growing trees and cleaner air.
- Living wage jobs for local people are a major concern. Without jobs locally, they may end up migrating to the cities.

PROPOSED PROJECT(S)?

Cornibia is interested in pursuing the five possible activities. They gather a group of experts to discuss funding possibilities; whether any of the baseline activities could be enhanced such that they would qualify as having the impact expected of GEF funding; and if so, how GEF allocations might be proposed to be used on these activities. Not all activities will be able to be undertaken. You are to work with together to prioritize which activities Cornibia should address with this project.

- However, if these activities were implemented as individual or combined GEF project(s), implementing agency fees are expected to be **10%.**
- **Project management costs** of up to 10**%** are generally allowed without enhanced scrutiny in projects less than $2 million GEF funding, but costs less than 5% are expected in projects greater than $2 million. Above these general guidelines, expenses should be justified.

Cornibia has identified **$1million** in cash that it could spend on the activities, but this would be taken from funds for airport improvements in the capital city.

The group of experts need help reaching a decision on proposing a possible project to the GEF. What activities do you recommend undertaking, if any? What are the expected global environmental benefits? What amount of funding would you advise be used from the GEF STAR allocation and from which focal areas?

See handout for other questions to answer and discuss.

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ECW Practical Exercise

GEF Expanded Constituency Workshop
11th to 13th December 2012
Antalya, Turkey

ECW Practical Exercise

- Groups at each table will function as a team.
- Your goal is to take a country's situation and come up with an initial stage of a GEF project design, including funding.
- At end of day, we will discuss the results and exercise.

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1. What are the problems your project is trying solve? What are the threats that your country is facing? What are the barriers that this project is trying to overcome?

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2. Describe the baseline project/activities. What would be the additional project ideas to be financed by the GEF that would add value in terms of GEF objectives to the baseline project/activities?

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3. Explain how these project ideas fit with the objectives and expected outcomes of the relevant GEF-5 focal area strategies?

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4. What are the expected global environmental benefits of the proposed project?

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5. Which indicators could be used to monitor the outputs and outcomes?

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6. Who are the key stakeholders and partners? How will you ensure their involvement?

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7. What kind of preparation activities, such as assessments, studies, etc., would you suggest are needed to develop the project proposal? Will a PPG be needed? (PPG= Project Preparation Grant)

8. Does the Agency proposed for this project have the comparative advantage? (Please refer to Comparative Paper for guidance)

Focal/Multi-focal area name	GEF amount ($000)	Co-financing amount ($000)	Total ($000)
Subtotal			
Project Mgmt costs			
Total Project costs			
Agency fees			
Grand Total			

GEF project management costs are _____% of sub-total GEF amounts.
What is the overall ratio of total GEF project costs to co-financing total? _____

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