



GEF

Global Environment Facility

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GEF Council
May 14-16, 2003

Agenda Item 8

WORK PROGRAM SUBMITTED FOR COUNCIL APPROVAL

Recommended Council Decision

The Council reviewed the proposed Work Program submitted to Council in document GEF/C.21/7 and approves it subject to comments made during the Council meeting and additional comments that may be submitted to the Secretariat by c.o.b. May 30, 2003. *

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

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

* The *China: Gansu/Xinjiang Pastoral Development* project is the first major investment under the PRC/GEF/ADB Strategic Partnership on Land Degradation. It had originally been scheduled for an Intersessional Work Program and for subsequent Board approval on June 19, 2003. Because resources were not available for intersessional approvals in FY03, the submission of this project for Council approval has slipped to the current Work Program. To permit the World Bank to meet its Board approval date and thereby retain the link between the GEF component and the IBRD loan , Council Members are kindly requested, because of the exceptional circumstances, to provide their final comments on this project on the day the Council discusses the Work Program - rather than by May 30, 2003.

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See *Project Executive Summaries – May 2003* (GEF/C.21/Inf.14) for descriptions of the proposed projects in the Work Program.

LIST OF PROJECTS IN THE PROPOSED WORK PROGRAM

Biological Diversity

- **Regional (Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger):** Building Scientific and Technical Capacity for Effective Management and Sustainable Use of Dryland Biodiversity in West Africa Biosphere Reserves
- **Bulgaria:** Conservation of Globally Significant Biodiversity in the Landscape of Bulgaria's Rhodope Mountains
- **Chad:** Participatory Conservation in the Manda National Park, Moyen Chari Region in South-eastern Chad
- **Guinea:** Conservation of the Biodiversity of the Nimba Mountains through Integrated and Participatory Management
- **Guinea-Bissau:** Coastal and Biodiversity Management Project
- **Kazakhstan:** In-situ Conservation of Kazakhstan's Mountain Agrobiodiversity
- **Lithuania:** Conservation of Inland Wetland Biodiversity
- **South Africa:** Agulhas Biodiversity Initiative (ABI)
- **South Africa:** CAPE Biodiversity and Sustainable Development
- **Syria:** Biodiversity Conservation and Protected Areas Management
- **Swaziland:** Biodiversity Conservation and Participatory Development Project
- **Zambia:** Securing the Environment for Economic Development (SEED)

Biodiversity (Biosafety)

- **India:** Capacity Building for Implementation of the Cartagena Protocol

Climate Change

- **Regional (Czech Republic, Hungary, Bulgaria, Poland, Slovak Republic, Russian Federation):** Development of Geothermal Energy in Europe and Central Asia and World Bank-GEF Geothermal Development Fund
- **Armenia:** Removing Barriers to Energy Efficiency in Municipal Heat and Hot Water Supply
- **Chile:** Santiago's Air Quality and Transport
- **Ethiopia:** Energy Access Project
- **India:** Energy Efficiency Improvement in Steel Re-rolling Sector
- **Mexico:** Large Scale Renewable Energy Development Project
- **Peru:** Lima Bus Transport
- **Philippines:** Electric Cooperative System Loss Reduction Project
- **Tanzania:** Transformation of the Rural Photovoltaics Market
- **Uruguay:** Energy Efficiency Project

International Waters

- **Regional (Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Georgia, Hungary, Moldova, Romania, Russian Federation, Serbia and Montenegro, Slovak**

Republic, Slovenia, Turkey, Ukraine): Strategic Partnership for Nutrient Reduction in the Danube River and Black Sea – World Bank-GEF Nutrient Reduction Investment Fund: Tranche 3

- **Regional (Czech Republic, Slovak Republic, Hungary, Slovenia, Croatia, Bosnia-Herzegovina, Serbia and Montenegro, Bulgaria, Romania, Moldova, Ukraine):** Strengthening the Implementation Capacities for Nutrient Reduction and Transboundary Cooperation in the Danube River Basin, Phase 2
- **Regional (Benin, Burkina Faso, Cote d’Ivoire, Ghana, Mali, Togo):** Addressing Transboundary Concerns in the Volta River Basin and its Downstream Coastal Area
- **Regional (Benin, Guinea, Mali, Niger, Nigeria, Burkina Faso, Cameroon, Chad, Cote d’Ivoire):** Reversing Land and Water Degradation Trends in the Niger River
- **Regional (Comoros, Kenya, Mauritania, Mozambique, Seychelles, Tanzania, Madagascar):** Addressing Land-based Activities in the Western Indian Ocean (including TDA and SAP updates)

Multiple Focal Areas

- **Global:** GEF National Dialogue Initiative
- **Global:** Technology Transfer Networks (TTN) Phase II: Prototype Verification and Expansion at the Country Level
- **Albania:** Integrated Water and Ecosystems Management Project
- **China:** Gansu and Xinjiang Pastoral Development Project
- **Honduras:** Demonstrating Integrated Ecosystem and Watershed Management

Persistent Organic Pollutants

- **Slovak Republic:** Removal of Barriers that Impede the Successful Implementation of Available Non-combustion Technologies for Destroying Persistent Organic Pollutants (POPs)
- **China:** Building the Capacity of the People’s Republic of China to Implement the Stockholm Convention of POPs and Develop a National Implementation Plan.

WORK PROGRAM

1. GEF-3 became effective on March 24, 2003.
2. The Chief Executive Officer (CEO), after reviewing the conclusion and recommendations of the project review meetings with the Implementing Agencies, proposes to the Council for its consideration and approval a Work Program comprising 35 new full-size project proposals with the following GEF allocations (see Annex A for details on these projects):

Biodiversity	\$ 51.95 million (12 projects)
Biodiversity/Biosafety	\$ 1.00 million (1 project)
Climate Change	\$ 104.20 million (10 projects)
International Waters	\$ 69.61 million (5 projects)
Multiple Focal Areas	\$ 28.23 million (5 projects)
Persistent Organic Pollutants	\$ 15.02 million (2 projects)
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Total GEF allocation	\$ 270.01 million (35 projects)
Total project cost	\$ 1,610.66 million

3. The GEF also finances medium sized projects, project preparation grants, and enabling activities under expedited procedures. Expedited approvals by the CEO or Implementing Agencies in the reporting period (September 1, 2002 to March 31, 2003) comprise:

Medium-sized projects	\$16.56 million (21 projects)	CEO, Annex B
PDF-A	\$ 0.92 million (39 grants)	IAs, Annex C
PDF-B/C	\$ 5.88 million (18 grants)	CEO, Annex D
Enabling activities	\$ 20.18 million (76 projects)	CEO, Annex E
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Total GEF allocation	\$ 43.54 million	

4. The total fees for the project implementation services provided by the agencies for this Work Program (full-size projects, MSPs, and Enabling Activities) would be \$31.81 million. This amounts to 10.4% of the total GEF allocations. (The fee ratio was 8.6% for the October 2002 Work Program.)

Enabling Activities under Expedited Procedures

5. GEF support for biodiversity Enabling Activities through the reporting period covered six countries. Six new project proposals were approved (\$1.32 million).
6. GEF support for climate change Enabling Activities covered 17 new project proposals for “top-up” funding (\$1.94 million).
7. GEF support for POPs Enabling Activities now covers 51 countries. During this reporting period, 29 new POPs Enabling Activities were approved with a total financing of \$12.43 million. This is the first GEF support for POPs Enabling Activities in these 29 countries.

8. Twenty-four enabling activities were approved for governments to assess their own national capacity needs for global environmental management. A total of \$4.50 million was allocated for the 24 projects. For the countries, this was the first GEF support for such activities.

Presentation of the Project Executive Summaries

9. The new standard format for Project Executive Summaries¹ has been used for the first time in this Work Program. The purpose of consistent documentation is to present a clear statement of the eligibility of the proposal and the GEF financing requested in a manner that can be compared across agencies. Preliminary comments from GEF Secretariat, Implementing Agencies and convention secretariats indicate that the Summaries have been useful and helpful to readers. Since this was the first time that it was used, the usefulness of the formats will be evaluated on the basis of operational experience and feedback.

Co-financing

10. Cofinancing is now reported in the Project Executive Summary according to standard definitions.² The present Work Program includes about \$1.2 billion in co-financing with high levels of co-financing ratios (about 5:1 overall). According to focal areas, the climate change projects report ratios of 7:1, biodiversity 2.3:1, international waters 4.6:1, and multifocal projects 6:1.

Table 1. Proposed co-financing in Work Program (\$ million)

	Biodiversity	Biosafety	CC	IW	MFA	POPs	Total
GEF Grant (*)	51.95	1.00	84.90	69.61	28.23	15.45	251.13
Co-financing							
Government	57.64	2.07	153.96	12.91	33.85	2.92	263.35
Multilateral	25.24		112.14	25.37	95.74	0.74	235.67
Bilateral	0.71		36.38	8.55	29.23	5.54	80.41
NGOs	1.05			0.11		0.27	1.43
Private Sector	22.11		254.54	0	6.69	4.19	287.53
Others & mix of above	14.86		37.26	275.15 ³	4.74	0	331.97
Subtotal	121.61	2.07	594.28	322.06	170.25	13.66	1200.66
Ratio GEF: Cofinancing	1:2.3	1:2.1	1:7	1:4.6	1:6	1:0.9	1:4.8
Total	173.56	3.07	679.18	391.67	175.21	29.11	1,452.79

(*) It includes previous grants for project preparations

¹ See *Format for the Executive Summaries of GEF Project Proposals*, GEF/C.20/Inf.4.

² See *Cofinancing*, GEF/C.20/6/Rev.1

³ This figure comes from the Strategic Partnership for Nutrient Reduction.

PROJECT HIGHLIGHTS

11. Projects in this Work Program illustrate well the application of the GEF Project Review Criteria -- such as stakeholder participation, replicability and sustainability. There are also a number of good examples of the programmatic approach, strategic partnerships, innovation, integrated ecosystem management approach and advances in the scientific and technology arenas.

Stakeholder Participation

12. Participation of major stakeholders in project design and preparation is one of the most distinctive features of GEF projects. As in the past, this work program provides a number of examples of the way GEF projects promote the full engagement of stakeholders in project implementation. There are examples of stakeholder participation from various government sectors, local communities and NGOs, and the private sector.

13. The *GEF National Dialogue Initiative* project (UNDP) has its roots in facilitating stakeholder participation in the GEF process. In particular, the project seeks to continue the efforts of the GEF to (a) promote in-depth understanding of the GEF's strategic directions, policies and procedures; (b) strengthen country coordination and ownership in GEF operations and share lessons learned from project implementation; and (c) achieve greater mainstreaming of GEF activities into national planning frameworks and greater coordination and synergies amongst the GEF focal areas and convention issues at the national level. The project will convene country-based multi-stakeholder consultations on the GEF involving representatives from governments, GEF agencies, non-governmental organizations, indigenous and local communities, bilateral and other donors working in the country and the private sector. The project, based upon lessons learned from the GEF Country Dialogue Workshops, will serve as one tool under a comprehensive and strategic response to the recommendations of the Second GEF Assembly, the Third Replenishment of the GEF Trust Fund and the Second Overall Performance Study of the GEF concerning strengthened country involvement and ownership and capacity building for national focal points.

14. The *Kazakhstan: In-Situ Conservation of Kazakhstan's Mountain Agrobiodiversity* project (UNDP) focuses on the conservation and sustainable use of agro-biodiversity in two priority sites within Kazakhstan's Tien Shan Mountains. In particular, the project will develop and apply new methods and tools for conservation, including partnerships among conservation and land-use agencies, local governments, local communities and the private sector. The preparation of the project was designed under the full participation of all relevant stakeholders. This includes the local population, NGOs, different levels and sectors of government, research and economic institutions as well as the private sector. Special emphasis was given to local communities as the ultimate land users. The idea is that by creating alternative livelihoods for and with the local communities, the pressure on mountain agro-biodiversity will be reduced. Three organizational structures will be established to ensure local stakeholder participation: conservation teams to focus on agro-biodiversity issues; site land-user associations to target activities in adjacent productive landscapes; and public committees to deal with National Parks

Management to implement activities within the protected areas. The active involvement of the private sector will be a key element for improved marketing conditions for products and services.

15. The *Conservation of the Biodiversity of the Nimba Mountains through Integrated and Participatory Management* project (UNDP) in Guinea is another good example of a project with extensive stakeholder involvement, in particular during the preparation phase. Funding from the PDF provided support to consultations, awareness workshops for local populations, village meetings, meetings with rural development communes, consultations with over 10 major international donors and mining partners, consultations with government agencies, and local and international NGOs. In total more than 500 individuals were involved in the preparation of the PDF. Their proposed arrangement for implementation is also tailored to involve all stakeholders.

16. The *South Africa: CAPE Biodiversity and Sustainable Development* project (World Bank) and the *South Africa: Agulhas Biodiversity Initiative* (UNDP) have both gone through rigorous processes of stakeholder involvement during the preparation processes, and there are defined mechanisms for them to stay involved through the implementation phase, as well as be represented in key forums which take critical decisions

17. The *Armenia: District Heating* project (UNDP) project focuses, for the first time in GEF, on the development of economically favorable alternatives to district heating in a transition economy. The project aims at strengthening the role of the local condominiums or other forms of consumer associations in organizing and procuring the heat and hot water supply services collectively at the building level. The project will support consumer associations, equipment suppliers, and energy service companies and undertake necessary policy advice to frame the sector appropriately.

Replicability

18. Four projects in this Work Program provide excellent examples of potential replicability of approaches. For example, the *India: Energy Efficiency in Steel Re-rolling sector* project (UNDP) has a large replication potential with 1200 Steel re-rolling mills in the country and a growing steel production. The project will design a set of energy efficient and eco-friendly technology packages, which will be promoted by a Technology Information Resource and Facilitation Center, private ESCOs, equipment manufacturers and the Steel Development Fund. Funds have been budgeted by the Government of India and GEF to support the information dissemination of these packages and to run the Technology Center. The *South Africa: Agulhas Biodiversity Initiative* (UNDP) has significant scope for replication both within the project area and at the larger CAPE program level (see below for description). Several mechanisms have been designed into the project to ensure that this happens effectively. The *Lithuania: Conservation of Inland Wetland Biodiversity* project (UNDP) intends to be fully replicable in other wetlands in Lithuania and the region using the sites supported by this project as demonstration. Lastly, the UNEP project, *Addressing Transboundary Concerns in the Volta River Basin and its Downstream Coastal Areas*, will include the implementation of three demonstration projects designed to be replicable throughout the Volta and Sahel Basins.

Sustainability

19. Sustainability is one of the key principles in the GEF but it has not always been considered fully in the past during implementation. This Work Program has four examples of projects that have great potential of sustaining their outcomes after the GEF funding ends. For example, the *Bulgaria: Conservation of Globally Significant Biodiversity in the Landscape of Bulgaria's Rhodope Mountains* (UNDP) project will emphasize public-private partnerships as a key element of the effort to apply landscape level conservation practices and perspectives to the productive landscape and the protected areas within them. The GEF support to this project is timely, as it will provide practical demonstration of mainstreaming biodiversity considerations through various sector initiatives, as the country transits in its accession into EU, and evolves towards EU standards.

20. The *South Africa: Agulhas Biodiversity Initiative* (UNDP) project represents one of the complementary initiatives in support of the larger CAPE program. This project combines and balances well the science and technical issues in its design, with community livelihoods. The biodiversity-friendly micro-enterprises will review and support the certification system to provide for higher priced markets for the wild fynbos flowers derived from sustainably harvested fynbos, thereby improving livelihoods of the local communities over the long-term and increasing the potential for sustaining the project's outcomes.

21. New policy and regulatory frameworks for independent power producers under the *Ethiopia: Renewable Energy* project (World Bank) will ensure sustainability of grid-connected power production (i.e., small hydro). This project is one of a growing number that enable power sector policy development supportive of renewable energy.

22. The *Lithuania: Conservation of Inland Wetland Biodiversity* project (UNDP) is a good example of how a project should address the issue of sustainability. The project has leveraged substantive co-financing from government and a whole set of stakeholders. In addition, given the high-level of absorptive capacity in the country and the replication potential the project seems to be well equipped for long-term sustainability.

Financing Instruments and Business Models

23. Two issues very much related to sustainability are the selection of appropriate financing instrument and development of business models. The *Philippines: Electric Cooperative Loss Reduction* project (World Bank) will test an innovative business model for the difficult rural electricity distribution sector by supporting so-called "Investment Management Contracts (IMC)". The project will basically provide a partial risk guarantee for qualified Electric Cooperatives, which are willing to tender out an IMC to private investors. Under the IMC, these private investors will take over the management of the Electric Coop, invest in the distribution system to improve its efficiency and performance and run this system for a period of about 10-15 years. The GEF reduces the entry barrier for these private investors by lowering the general credit risk of the Electric Cooperative.

24. The *Tanzania: Transformation of the Rural Photovoltaics Market* project (UNDP) proposes to develop a micro-credit financing channel for rural household purchases of solar

home systems. Private sales, enterprise development, capacity building, and micro-credit, along with import duty and other incentives, are considered sufficient to build that market, and capital cost subsidies are not provided.

25. The *Peru: Lima Urban Transport* project (World Bank) will facilitate greenhouse gas reduction from ground transport in the Metropolitan Area of Lima-Callao through the promotion of a long-term modal shift to more efficient and less polluting forms of transport, such as non-motorized transport and high-capacity public transport vehicles operated on segregated busways. The project will provide financial incentives through a Credit Guarantee Fund (and hence low-cost loans) to bus concessionaires to encourage them to retire additional obsolete and pollutant public transport vehicles. The Fund will only be used to foster the retirement of additional bus units, above the minimum number required and achievable without the GEF intervention so it is expected that the Guarantee Fund will help provide credits for up to five times the value of the Guarantee Fund. The *Uruguay: Energy Efficiency* project (World Bank) will support another type of fund (Uruguay Energy Efficiency Fund) to support multiple private Energy Service Companies (ESCOs) to tap into project finance opportunities for energy efficiency in industrial and commercial facilities.

Country Drivenness

26. One interesting project in this Work Program with strong commitment and ownership by the proposing government is the *India: Energy Efficiency in Steel Re-rolling Sector* project (UNDP) has strong links to the Government's Energy Efficiency Bill and strategy which was recently enacted. The Government's Steel Development Fund will provide \$7.28 million for technical assistance and investment, which exceeds GEF's contribution of \$7.03million.

27. The government of Chile has strongly supported and is committed to the *Chile: Sustainable Transport and Air Quality for Santiago* project (World Bank). The project has been designed in close coordination with the General Commission for Transport in Santiago (CGTS), which will manage the implementation of the project. The commission was appointed by the President of Chile and is chaired by the Minister of Works, Transport and Telecommunication. Furthermore, the project was designed with ample participation of stakeholders and civil society and in cooperation with other agencies to determine appropriate measures to overcome barriers for sustainable transport programs.

Innovativeness

28. Innovativeness is one of the main principles in GEF-supported projects. One project with particularly innovative features is the *Ethiopia: Renewable Energy* project (World Bank) that supports pilot village power systems and productive-uses of renewable energy (i.e., income generation and social services in addition to home lighting). Rural businesses will be encouraged to support productive-use applications of renewable energy through business support grants and capacity building.

29. The *Mexico: Large Scale Renewable Energy Development* project (World Bank) presents an innovative approach to removing barriers for renewable energy. Based on a 'reverse auction' approach used in California (and sharing characteristics of renewable energy stimulus programs

used elsewhere) a Financial Mechanism will be developed to augment the national electrical company's base tariff awarded to project developers bidding the lowest total cost level required for their projects. This approach is expected to clarify the market for renewable energy developers and result in significant organizational learning from cumulative renewable energy installations, reducing the GEF tariff support required in subsequent tenders.

Integrated Ecosystem Management Approach

30. Two projects in this work program – *Honduras: Promoting Integrated Ecosystem and Natural Resources Management* (UNDP) and *China: Gansu and Xinjiang Pastoral Development* project (World Bank) -- are excellent demonstrations of the integrated ecosystems approach. The China project takes an ecosystem approach to land management across natural grasslands in a primarily production landscape to promote sustainable use and combat land degradation. The project will pilot participatory, integrated ecosystem approaches to grassland management and pastoral development in globally significant areas for biodiversity corridors in the Tian Shan, Altai and Qilian mountains and cover a wide range of grassland ecosystems across a full elevation gradient from cold alpine meadows to low-lying arid and semiarid grasslands. Together these grassland habitats form an important network of production landscape systems, which support transhumant pastoral systems. The project is consistent with OP# 12 in that it addresses cross-sectoral policies and land use practices to ensure better grassland management to enhance protection of environmental services, including biodiversity conservation, carbon sequestration and watershed protection in the headwaters of international waterways.

31. The Honduras project will directly support the integration and application of integrated ecosystems management principles into rural development. The project has been designed to address the barriers impeding inter-sectoral and participatory approaches to natural resources management planning and implementation, as well as those preventing the effective prioritization and strategic sequencing of needed policy reforms, capacity building requirements, incentive measures, and targeted investments. Strategic design considerations have been applied to the selection of pilot areas in order to maximize the synergy between the diverse GEF focal areas and optimize multiple global environmental benefits in biodiversity, prevention of land degradation, and management of water bodies, and stabilization of GHG emissions, within the context of sustainable development. This project will mainstream environmental considerations into the productive landscape, and more specifically into the strategies, activities and operational instruments of an established rural development project already providing financial and technical support to productive activities in rural communities, thereby maximizing cost-effective and replication potential.

Strategic Partnerships and Programmatic Approaches

32. Several projects are part of programmatic approaches. In the International Waters focal area, there are two projects within the Danube/Black Sea Basin Strategic Partnership on Nutrient Reduction, which is based on a programmatic approach. The UNDP-administered part of the partnership, *Strengthening the Implementation Capacities for Nutrient Reduction and Transboundary Cooperation in the Danube River Basin* project, involves eleven countries. The project is aimed at complementing the activities of the International Commission for the Protection of the Danube River (ICPDR) to develop national policies and legislation and the

definition of priority actions for nutrient reduction and pollution control with particular attention to achieving sustainable transboundary ecological effects within the Danube River Basin and the Black Sea area. The first tranche of funding for the project (\$5 million) was approved by the Council in May 2001 and UNDP is requesting in this work program approval for the second and final tranche of \$12 million.

33. The investment part of the partnership is the World Bank administered *Strategic Partnership for Nutrient Reduction in the Danube River Basin and Black Sea* project (Investment Fund). The objective of the project is to provide a focused regional framework for country level investments aimed at a common goal of combating eutrophication in the Black Sea. The program, with support from GEF, has developed strategies and identified priority “hot spots” for investments where interventions are needed to address transboundary concerns, particularly nutrient reduction. A total of 12 countries are involved in the initiative. The first two tranches of funding for the investment fund (\$20 million and \$16 million respectively) have already been approved by the Council. The request in this work program is for approval of the final tranche of US\$34 million. The investment fund has been very successful in mobilizing significant co-financing for nutrient reduction investments. In the proposal before the Council for example, the request for a GEF allocation of \$34 million is matched by co-financing of US\$ 275million.

34. The *China: Gansu and Xinjiang Pastoral Management* project (World Bank)⁴ is the second project and a key element of the country's GEF Partnership on Land Degradation in Dryland Ecosystems under Operational Program # 12 on Integrated Ecosystem Management, implemented by the Asian Development Bank. Programmatic frameworks are intended to secure a large and sustainable impact on the global environment through integrating and mainstreaming global environmental objectives into a country's national strategies through partnership with the country. GEF assistance will continue to focus on overcoming the seven barriers to a comprehensive approach to land degradation - weak policy and legislative framework, institutional driven sector policy fragmentation, poor application of lessons learned from previous experiences, underdeveloped participatory approaches to address the root causes, poorly developed locally-specific land use planning, perverse incentives, and inadequate financial arrangements and incentives to address land degradation in China. Land degradation control will yield multiple benefits at the local, national and global levels. The project's GEF investments will focus on sites and habitats recognized as threatened and globally significant for biodiversity and protect vulnerable grassland and mountain habitats.

35. The Cape Floristic Region represents one of six floral kingdoms worldwide, and is uniquely the only floral kingdom to be located entirely within the geographical confines of a single country. Hence the commitment of the South African government to address the

⁴ The *China: Gansu/Xinjiang Pastoral Development* project is the first major investment under the PRC/GEF/ADB Strategic Partnership on Land Degradation. It had originally been scheduled for an Intersessional Work Program and for subsequent Board approval on June 19, 2003. Because resources were not available for intersessional approvals in FY03, the submission of this project for Council approval has slipped to the current Work Program. To permit the World Bank to meet its Board approval date and thereby retain the link between the GEF component and the IBRD loan, Council Members are kindly requested, because of the exceptional circumstances, to provide their final comments on this project on the day the Council discusses the Work Program -- rather than by May 30, 2003.

conservation and sustainable development issues in this region systematically and programmatically, building on a firm science based approach and a comprehensive and innovate Cape Plan for the Environment (referred to as the CAPE Strategy) is very welcome. The *South Africa: CAPE Biodiversity and Sustainable Development* project represents the first phase of a three-phased 20-year program to protect the rich biological heritage of the Cape Floristic Region. Key performance indicators will be used to measure project performance and the triggers to be used to assess project's readiness to move from Phase 1 to Phase 2. At this stage, there is no commitment from the GEF to the subsequent phase of the program.

36. The GEF support to the first phase (\$11 million) of the CAPE program is matched by significant co-financing from the government and private sector (\$44 million). The program had been envisaged as a multi-donor effort at the proposal stage. This however, had not materialized due to donors' focus on the poorer provinces in the country. The GEF support to this phase (\$11 million) is, however, matched by significant co-financing from the government and private sector (\$44 million). The proponents will provide details on the strategy of the 'funder roundtable' (which is part of the project design) to further leverage funds to ensure financial sustainability of investments in the CAPE, by the time of CEO endorsement.

Science and Technology Issues

37. The UNEP project, *Building Scientific and Technical Capacity for Effective Management and Sustainable Use of Dryland Biodiversity in West African Biosphere Reserve*, proposes to provide tools to enhance the sustainability of protected area management through a targeted intervention. The project is expected to increase scientific and technical capacity, in the region, at the individual and institutional levels through better collaboration and coordination between government agencies responsible for research, conservation and natural resources management and other stakeholders, establish permanent dialogue to resolve conflict between resource users and authorities, and synthesis and dissemination of best practices and lessons learned.

38. Many other GEF projects also include substantial amount of resources for generating, testing, or improving scientific knowledge or technological know-how. In this Work Program, for example, the *Integrated Water and Ecosystems Management* project (World Bank) will improve the provision of water supply and sanitation services in selected Albanian cities. The project will support the creation and operation of a system of constructed treatment wetlands to reduce the load of nutrients (nitrogen and phosphorus) that are currently discharged in the Adriatic seas and threaten the marine ecosystem and the habitat of endangered water flora and fauna species of the coastal marshlands. The selection of this type of treatment facility was discussed and decided based on sound scientific and technical information and knowledge which will also fit Albania's needs and capacity as far as water supply and sanitation services are concerned.

39. The UNDP/UNIDO *Slovak Republic: Program to demonstrate the viability and removal of barriers that impede adoption and successful implementation of available, non-combustion technologies for destroying persistent organic pollutants* project will deploy a novel technology, gas phase chemical reduction, in Slovakia for the destruction of polychlorinated biphenyls (PCBs) in stockpiles and contaminated material including heavily contaminated soils and sediments. The technology achieves extremely high destruction efficiency of POPs, taking into

account releases in all media. It also appears to be less prone to variations in operating conditions and resulting destruction efficiency, therefore making it potentially attractive to replication in a developing country or country with economy in transition setting.

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