GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

June 9, 2010

COMPILATION OF TECHNICAL COMMENTS SUBMITTED BY COUNCIL MEMBERS ON INTERSESSIONAL WORK PROGRAM APPROVED BY COUNCIL ON JUNE 9, 2010

NOTE: This document is a compilation of technical comments submitted to the Secretariat by Council members concerning the project proposals presented in the May 2010 Intersessional Work Program approved by the Council on June 9, 2010.

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INTRODUCTION

1. The Intersessional Work Program for June 2010 consists of 28 FSP proposals and was submitted to Council members for comments to be received by June 7, 2010.

2. Comments were received from Canada, France and the United States for a total of 14 projects and are presented below. No comments were received on the other proposals.

BIOLOGICAL DIVERSITY

1. Ethiopia: Capacity Building for Access and Benefit Sharing and Conservation and Sustainable Use of Medicinal Plants (UNEP) (GEF Project Grant: $2,047,000)

COMMENTS FROM CANADA:

3. Additional clarity would be useful on how this project builds upon and learns from the World Bank project "Conservation and Sustainable Use of Medicinal Plants".

4. The proposal includes references to markets, businesses, revenue flows, export potential, etc… yet does not include any specific mention of private sector partners or private sector co-financing for the project.

COMMENTS FROM FRANCE:

5. Format**:** The table "project framework" is very difficult to read due to editing problem. Such a presentation is not acceptable and detrimental to the project.

6. Budget: The GEF contribution is of 2 047 000 USD. The co financing consists in 2 025 000 USD of in-kind contribution to the government. The nature and amount of the co financing should be confirmed in the later stages of the project preparation. With many activities targeting revenue generation and livelihood improvement, it is surprising also not to find in the co financing partners from the private sector.

7. Activities**:** Activities appear too general and transversal to really contribute to livelihood improvement: they might contribute to defining the institutional, legal framework to later develop ABS activities but it is doubtful that the project can achieve revenue generation during its life span.

8. Partners**:** To be credible of the livelihood improvement and revenue generation, the project should describe the associated partners it is going to engage in particular the private sector which will be key.

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CLIMATE CHANGE

2. Argentina: Sustainable Use of Biogas from Agro Industrial and Solid Waste Applications (IADB) (GEF Project Grant: $2,909,000)

(No Council comments received.)

3. Belarus: LGGE Improving Energy Efficiency in Residential Buildings in the Republic of Belarus (UNDP) (GEF Project Grant: $4,500,000)

(No Council comments received.)

4. Bhutan: Promoting Sustainable Rural Biomass Energy (UNDP) (GEF Project Grant: $1,703,000)

(No Council comments received).

5. Brazil: Mitigation Options of Greenhouse Gas (GHG) Emissions in Key Sectors in Brazil (UNEP) (GEF Project Grant: $4,180,000)

(No Council comments received).

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6. Iran: LGGE Policy Reforms and Market Transformation of the Energy Efficient Buildings Sector in the I.R. Iran (UNDP) (GEF Project Grant: $4,000,000)

COMMENTS FROM THE UNITED STATES:

The Council Member representing the U.S.A., in light of its national legislation regarding its country's voting position for development projects financed by certain development institutions, opposed this project.

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7. Jamaica: LGGE Promoting Energy Efficiency and Renewable Energy in Buildings in Jamaica (UNEP) (GEF Project Grant: $2,361,000)

COMMENTS FROM CANADA:

9. We share STAP concerns that the project proposal appears to focus too much on research and development, and piloting a zero net energy model building. It is not clear that a few training seminars and some publicity, as suggested by the project, will be able to catalyze this experience into mainstream Jamaican building.

10. We note that there are at least 17 other GEF projects that address LGGE and building energy efficiency around the world at various levels of execution. What key lessons learned have been generated through these projects and how will these be taken into account in the design of the Jamaica LGGE project? How will UNEP and Jamaica systematize and share key lessons learned once this project is completed?

11. Additional clarity would be useful on how this project builds upon and learns from the World Bank project "Demand Side Management Demonstration". This project strengthened the Jamaica Public Service Company (JPSCo) to implement an integrated approach to energy conservation. However, the LGGE project proposal does not mention JPSCo or the project.

12. Given the potential for large economic savings for private building owners, one would expect enhanced support from the private sector.

13. What consideration has been given to the cost of this model building compared with costs of typical local buildings of similar purpose and size? If these model buildings are far more expensive, then despite training and public awareness businesses would likely still choose the most cost-effective option, particularly in the absence of subsidies or other external incentives.

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8. Kazakhstan: LGGE Promotion of energy efficient lighting in Kazakhstan (UNDP) (GEF Project Grant: $3,400,000)

(No Council comments received.)

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9. Mauritius: Removal of Barriers to Solar PV Power Generation in Mauritius, Rodrigues and the Outer Islands (UNDP) (GEF Project Grant: $2,005,000)

COMMENTS FROM FRANCE:

14. The project is submitted for financing a USD 2 million GEF contribution. The global amount of the project is USD 13 million of which the bulk of financing comes from the JICA funding of USD 9 million.

15. **Need of comparative analysis.** The project assumes that photovoltaic solution is a solution in terms of cost-effectiveness without providing any evidence to demonstrate it, comparing to other renewable energies generating electricity.
It lacks a comparative analysis of the financial profitability of sectors of renewable electricity grid in Mauritius, which should be addressed in the Master Plan for Renewable Energy, which starts at the present time. Profitability depends on the following factors: (i) potential of the technology, (ii) local cost of MW installed (including grid), (iii) cost of financing (based on share capital and debt), and (iv) condition of feed-in tariff.

16. Government incentives should be based on the maturity of the industry and the profitability gap compared to conventional production (thermal).
Comparisons in terms of cost efficiency compared to other technologies should be conducted both on the production of electricity and on the carbon emissions avoided.

17. The draft refers to as demonstrative 1 MW and 26 300 tCo2 / year avoided what seems a cost-effective relatively low in a first approach.
Also, it is suggested that the appropriateness of the photovoltaic technology is more supported and coordinated with the overall strategy of developing renewable energy in Mauritius;

18. **Risks of overlapping with the renewable energy Master Plan currently on-going**
The project overlaps in some respects the Master Plan for Renewable Energy. There is redundancy, especially on component 1 (Point 1, 3, 4, & 5 particularly). The desirability of the project must be check by the findings of the Master Plan for Renewable Energy in progress. Linkage with the Renewable energy Master Plan study underway on financing WB / FFEM is likely to widen, particularly on the components 1, 6 and 8 of the draft suggested technical assistance. France (FFEM) also agreed to send the Master Plan report to JICA.

19. **Regulations.** The document presents the results as given of the ongoing project on the development of regulations concerning the connection to the grid of small producers of

electricity. Regarding the development of regulations on the grid connection of small power producers, a study was submitted to the Mauritian authorities last November, but so far none have resulted from political decisions do. This study should result in tariffs for the feed <50Kw while RE Master Plan should help the establishment of feed in tariffs for power> 50Kw. Hence, a grid code is being adopted (for powers less than 50kW). The Long Term Energy Strategy (2009-2025) settles among other objectives to introduce feed-in tariff and other incentives to promote small producers of renewable electricity (see UNDP Study – December 2009). Finally, the Regulatory Power Sector Authority, which must include regulating third party access to the grid, is being installed.

In this context, we could say that the regulatory and institutional framework is set up, but decisions are taken at the moment in a piecemeal.

20. **Other observations:**

Component 2.3. "Redesigned university / polytechnic engineering Curriculum that includes RETs, PVs in particular": *there is a lack of training in this field in Mauritius. Hence, it's opportune.*

Component 3: *there is no resource mapping to date, this can be an asset to the development of renewable energy system in a country with many micro-climate.*

Component 4: *regarding capacity building, it's very useful in the public sector (MPUs, CEB ...), but not necessary in the private sector. The skills are already present; many professionals trained in Europe or in la Réunion are already on the market. It seems more appropriate to create vocational training courses for the population of Mauritius which can benefit from the development of the sector and be trained locally.*

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10. Mexico: Fifth National Communication to the UNFCCC (UNDP) (GEF Project Grant: $2,707,536)

(No Council comments received).

11. Namibia: Concentrating Solar Power Technology Transfer for Electricity Generation in Namibia (NAM CSP TT) (UNDP) (GEF Project Grant: $1,718,000)

(No Council comments received).

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12. Panama: Sustainable and climate-friendly development in Veraguas Province – Proyecto Participa (IFAD) (GEF Project Grant: $1,500,000)

COMMENTS FROM CANADA:

21. The project proposal does a good job of combining the generation of global environmental benefits while contributing to the sustainable development of poorer segments of the population in rural Panama.

22. The general objective outlined (i.e. mitigating climate change through increased carbon sequestration) reflects the 2 proposed activities of reforestation, agroforesty and capacity building accurately. However, the second specific objective seems too broad and vague, particularly since sustainable rural development is a very large field, which is much broader than the scope of the proposed activities.

23. It is not clear how the program will "support the poorest rural populations in the province", and promote social development and poverty reduction. It is not clear how the linkages between how the 2 project components will achieve this.

24. The concept, role and function of the eco-enterprises could be further elaborated.

25. If successful, the proposed use of GIS, digital visualization techniques at the local level to monitor carbon fluxes would be innovative. The project could consider adding an element that would ensure that the lessons learned from this experience are properly analyzed and shared so that future initiatives can build upon this.

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13. Peru: Lighting Market Transformation in Peru (UNEP) (GEF Project Grant: $1,636,000)

COMMENTS FROM CANADA:

26. Note that there are at least 10 other GEF projects that address lighting markets and energy efficiency around the world at various levels of execution. What key lessons learned have been generated through these projects and how will these be taken into account in the design of the Peruvian project? How will UNEP and Peru systematize and share key lessons learned once this project is completed?

27. Additional clarity would be useful on how this project is related to the UNDP project "Energy Efficiency Standards and Labels in Peru". This project also aims to cover lighting efficiency throughout its various project components and only recently began in 2009.

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14. Russian Federation: Reducing GHG Emissions from Road Transport in Russia's Medium-sized Cities (UNDP) (GEF Project Grant: $5,400,000)

(No Council comments received.)

15. Seychelles: Grid-Connected Rooftop Photovoltaic Systems (UNDP) (GEF Project Grant: $1,160,000)

(No Council comments received.)

16. Sri Lanka: Promoting Sustainable Biomass Energy Production and Modern Bio-Energy Technologies (UNDP/FAO) (GEF Project Grant: $1,996,250)

(No Council comments received).

INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS (REFERENCE TO GEF/ IS/23)

17. Syria: LGGE Energy Efficiency Buildings Codes (UNDP) (GEF Project Grant: $3,460,000)

COMMENTS FROM THE UNITED STATES:

28. The Council Member representing the USA, in light of its national legislation regarding its country's voting position for development projects financed by certain development institutions, opposed this project.

INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS (REFERENCE TO GEF/ IS/23)

18. Tajikistan: Technology Transfer and Market Development for Small-Hydropower in Tajikistan (UNDP) (GEF Project Grant: $2,000,000)

(No Council comments received).

INTERNATIONAL WATERS

19. Global: Global Foundations For Reducing Nutrient Enrichment and ODFLB Pollution in Support of GNC (UNEP) (GEF Project Grant: $1,718,182)

(No Council comments received).

INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS (REFERENCE TO GEF/ IS/23)

20. Regional (Djibouti, Egypt, Jordan, Saudi Arabia, Sudan, Yemen): Red Sea and Gulf of Aden Strategic Ecosystem Management (World Bank) (GEF Project Grant: $3,000,000)

COMMENTS FROM THE UNITED STATES:

29. The Council Member representing the U.S.A., in light of its national legislation regarding its country's voting position for development projects financed by certain development institutions, opposed this project.

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21. Regional (Jordan, Morocco, Palestinian Authority): Regional Technical Assistance and Capacity Building for the Promotion of Treated Wastewater Reuse in the Mediterranean /MENA Countries (World Bank) (GEF Project Grant: $4,545,455)

COMMENTS FROM FRANCE:

30. The project aims at promoting wastewater treatment and reuse in the Mediterranean and MENA region through policy strengthening, investments facilitating in clean technologies and capacity building.

31. The objectives of the project are relevant but in these matters the main obstacle seems to be the promotion of the demand. Although the water gets a scarce resource for the Mediterranean region, there is strong prevention for using wastewater.
So that, the project has to focus his intervention on demand analysis and try to propose relevant and acceptable use for wastewater.

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MULTI FOCAL AREA

22. Regional (Belize, Guatemala, Honduras, Mexico): Meso-American Barrier Reef System II (World Bank) (GEF Project Grant: $6,340,000)

(No Council comments received).

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23. Regional (Central African Republic, Congo, Equatorial Guinea): CBSP – A Regional Focus on Sustainable Timber Management in the Congo Basin (UNEP)(GEF Project Grant: $3,075,681)

COMMENTS FROM FRANCE:

32. The project addresses reduction of deforestation by providing means of combating illegal logging through developing harmonized policies (component 1) as well as addressing market incentives (component 2) and contributing to a regulated governance system (component 3) that would ensure sustainable forestry.
These objectives seem relevant for strengthening sustainable forestry policies in the Congo Basin.

33. FFEM and KfW are funding a regional project aiming at the promotion of wood resources exploitation compatible with the safeguarding of forest surfaces and the environmental services produced by these forests for the current and future population, at the local, national and worldwide level. In a specific way, this project must make it possible

(i) to raise the level of quality of forest management plans in Central Africa by improving the methods and the techniques of design and by preparing these plans in a sustainable way (in particular for their social and environmental components),
(ii) to reinforce the capacity of management (monitoring and control management plans) of forest companies, public technical departments and other stakeholders (in particular NGO),
(iii) to diffuse near the forest companies, in relation with the forest departments, methods and steps of legality certification (in relation with the conditions of FLEGT initiative) and of eco-certification, within a framework of reinforcement of the capacities of the implied main actors,
(iv) to promote the eco-certification labels near the European importers of wood products.

34. The project refers in priority to the forestry companies involved in certification process but it is also based on a development of a close cooperation between all the actors implied closely or by far in the conservation and management of biodiversity: decentralized and central administrations (Environment, Forest, Land management), traditional authorities, local population (near the forest concessions), service providers (experts, NGO,…), international organizations (private, associative, etc).

35. The project includes four components:

- A first component in which are proposed, on the basis of diagnosis, improvements of the forest management plans under the social and environmental angles and their implementation by the principal beneficiaries of the project (forest companies, forest administration, local NGO),
- A second component makes it possible to train these beneficiaries on the fields of legality (traceability) and eco-certification through workshops, field visits, experience sharing, etc; *this component foresees moreover supports of regional centers of competences,*
- A third component includes activities of support to the development and the maturation of standards of certification (regional, national),
- A fourth component is focused on the development of the market of eco-certified products in Europe (importers and their customers).

36. The contracting authority of the project is a steering committee chaired by the SE-COMIFAC and composed of eight members. The project manager is ensured by ATIBT which signs contracts with companies in charge of the implementation of the activities of the components for the recipients of the project (forestry companies, administration, and civil society).

37. The global amount of the project is of 3.250.000 € including 1.500.000 € ensured by FFEM (46%). Co financing is ensured by institutions and projects (ProGID/KfW and ATIBT in particular).

38. The project will make it possible to increase the number of forestry companies involved in certification process (through, in particular, improvement of the social and environmental components of the forest management plan). It will sensitize the forest administration on the advantages of certification for sustainable management of the forest concessions. It will develop more professionalism near the national and local ONG and expertise offices. The trainings will be addressed to these four main actors who will be able to also profit from regional and national certification standards adapted to the Congo basin conditions. The whole of these results will contribute to offer certified products on the international market where the project will intervene too.
Facing the closed objectives for GEF and FFEM project, it could be desirable to identify the possible cooperation between these projects.

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24. Regional (Mongolia, Russian Federation): Integrated Natural Resource Management in the Baikal Basin Transboundary Ecosystem (UNDP) (GEF Project Grant: $3,898,000)

(No Council comments received.)

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25. Chile: Sustainable Land Management (World Bank) (GEF Project Grant: $5,863,636)

COMMENTS FROM CANADA:

39. This project proposal is positive in that it attempts to systematically coordinate existing and proposed new incentives in Chile for Sustainable Land Management. However, we agree with the STAP concerns in that additional details are needed both on what these incentives are and what are the expected outcomes of these incentives, before the remaining pieces of the project can be put together into a coherent plan of action.

40. The areas identified in the chart under 2.1.4 -2.1.8 may be an indication of where Chile is headed. It would be interesting to see the range and scale of incentives that would be considered, how Chile would measure their impact, and what the timelines are for implementation (Chile would have 5 years to develop, implement and evaluate these pilot projects and develop a national framework).

41. The project recognizes other initiatives underway in Chile and the need to coordinate across sectors, which will be very important to addressing the objective of developing "a national incentive program for mainstreaming sustainable land management planning and practices in order to combat land degradation, conserve biodiversity of global importance and protect vital carbon assets."

42. We also congratulate Chile on the high level of co-financing secured for the project. It would be useful to have a better understanding of how much of this co-financing, although channelled through the Chilean government, would originate from actual private sector users of ecosystem goods and services.

OZONE DEPLETING SUBSTANCES

26. Regional (Belarus, Tajikistan, Ukraine, Uzbekistan): Initial Implementation of Accelerated HCFC Phase-out in the CEIT Region (UNDP) (GEF Project Grant: $9,000,000)

COMMENTS FROM CANADA:

43. The project has a low cost-effectiveness level compared to other HCFC phase-out projects. This project would be about five times less cost-effective for the GEF than the Russian HCFC project presented in late 2009. In the case of the Russian project, the phase-out target for the project was 600 ODP T (about 9,500 MT) of HCFCs annually. In this project, the phase-out target provided is 273-289 ODP T cumulative over 5 years, which works out to 54.6-57.8 ODP T annually. GEF funding for the project (not including counterpart funding) is proposed to be $9 M. The annual cost-effectiveness would therefore be over $155/kg ODP. In the case of Russia, GEF funding requested was $18 M for a phase-out of 600 ODP T, resulting in annual cost-effectiveness of $30/kg ODP. It can of course be argued that phase-out is not as cost-effective in smaller countries. Nevertheless, if one were to use similar cost parameters as recently agreed to under the Montreal Protocol MLF, one would estimate that funding in the order of about $6-7M could be approved for the 4 countries.

44. The proposal alludes to uncertainty with respect to the countries' HCFC data, indicating that the consumption reported by countries to the Ozone Secretariat is inaccurate and cannot form the basis for compliance assessment. This project proposal apparently follows another project which included surveys for all the countries. What do these surveys indicate in terms of the countries' 2008 consumption and to what extent are the results different from reported consumption? Given that surveys were approved, should there not be complete confidence in the credibility of the data?

PERSISTENT ORGANIC POLLUTANTS (POPS)

27. India: Environmentally Sound Management of Medical Wastes in India (UNIDO) (GEF Project Grant: $10,000,000)

COMMENTS FROM CANADA:

45. We note that India has still not yet submitted its National Implementation Plan under the Stockholm Convention.

46. We agree with the STAP's concerns regarding the public-private partnership (PPP) model suggested in the project to manage medical wastes, and agree that the proposal would benefit from additional analyse on whether or not a PPP model is appropriate, and if so, how that model might be best designed to fir India's needs in this sector.

47. The proposal includes a reference to participatory funding systems for sustainable management of medical waste, but it is not clear how these "participatory" systems would work and how they would guarantee the sustainable funding of the waste management system.

48. We congratulate India on the high level of co-financing secured for the project, but note that only a small amount of co-financing originates from the private sector, despite the fact that the project is centered around a PPP model.

28. Lebanon: PCB Management Project (World Bank) (GEF Project Grant: $2,538,900

COMMENTS FROM FRANCE:

49. The project aims at helping Lebanon to fulfil its obligations towards the Stockholm convention with a focus on PCB. The main holder of PCB in the country is the national company of electricity: "Electricité du Liban".

50. The project will update the existing inventories of PCB, develop a long term PCB management plan and finally support the sound disposal of some of the government-owned stocks.

51. Classically, the second phase of the project towards disposal will depend greatly on the results of the first phase: inventory and management plan.
In this regards, the project will have to be built some flexibility to adapt to the data flowing from the inventories.

52. *On the inventories and disposal, it is not clear whether the project will consider the case of potentially contaminated soils in the PCB hotspots identified. Referring to on-going projects like the African Stockpile project, contaminated soils are considered as POPs and need to be dealt with accordingly. The project feasibility should look into this.*

53. *It appears otherwise as a sound and well structured project idea.*