



# Global Environment Facility

July 28, 2008

---

COMPILATION OF TECHNICAL COMMENTS  
SUBMITTED BY COUNCIL MEMBERS  
ON INTERSESSIONAL WORK PROGRAM  
APPROVED BY COUNCIL ON JULY 28, 2008

NOTE: This document is a compilation of technical comments submitted to the Secretariat by Council members concerning the project proposals presented in the June 2008 Intersessional Work Program approved by the Council on July 28, 2008.

## TABLE OF CONTENTS

	<u>PAGE NO.</u>
<b>GENERAL COMMENTS</b> .....	1
<b>BIOLOGICAL DIVERSITY</b> .....	2
1. Regional (Colombia, Ecuador, Peru) : Facilitation of Financing for Biodiversity-based Businesses and Support of Market Development Activities in the Andean Region [UNEP] .....	2
2. Regional (Kazakhstan, Kyrgyzstan) : Tien Shan Ecosystem Development Project [World Bank] .....	3
3. China : CBPF Integrated Ecosystem and Water Resources Management in the Baiyangdian Basin [ADB] .....	7
4. Cote d'Ivoire : Protected Area Management Project (PCGAP) [World Bank] .....	9
5. Haiti : Establishing a Financially Sustainable National Protected Areas System [UNDP] .....	10
6. Madagascar : Network of Managed Resource Protected Areas [UNDP] .....	11
7. Panama : Mainstreaming Biodiversity Conservation into the Operation of the Tourism and Fisheries Sectors in Las Perlas Archipelago [UNDP] .....	12
8. Philippines : Expanding and Diversifying the National System of Terrestrial Protected Areas [UNDP] .....	14
9. Vietnam : Removing Barriers Hindering PA Management Effectiveness in Vietnam [UNDP] .....	16
<b>CLIMATE CHANGE</b> .....	17
10. Brazil : Sugarcane Renewable Electricity (SUCRE) [UNDP] .....	17
11. China : Phasing-out Incandescent Lamps & Energy Saving Lamps Promotion (PIESLAMP) [UNDP] .....	18
12. Russian Federation : Market Transformation Programme on Energy Efficiency in GHG-Intensive Industries in Russia (EBRD/UNIDO) .....	20
13. Russian Federation : RUS: Transforming the Market for Efficient Lighting [UNDP] .....	22
14. Venezuela : Commercialization of Energy-efficient Appliances in Venezuela [UNDP] .....	23
<b>INTERNATIONAL WATERS</b> .....	25
15. Regional (Albania, Bosnia-Herzegovina, Croatia, Montenegro) : Protection and Sustainable Use of the Dinaric Karst Aquifer System [UNDP] .....	25

16. Regional (Armenia, Azerbaijan, Georgia) : Reducing Transboundary Degradation in the Kura-Aras Basin [UNDP].....	26
<b>PERSISTENT ORGANIC POLLUTANTS (POPS).....</b>	<b>27</b>
17. Regional (Benin, Burkina Faso, Chad, Cote d'Ivoire, Djibouti, Mali, Niger, Senegal, Togo, Congo DR, Mauritania, Morocco, Guinea-Bissau, Guinea) : Demonstration of a Regional Approach to Environmentally Sound Management of PCB Liquid Wastes and Transformers and Capacitors Containing PCBs [UNEP].....	27
18. Azerbaijan : Environmentally Sound Management and Disposal of PCBs [UNIDO] .....	28
<b>MULTI-FOCAL AREAS/CORPORATE PROGRAMS .....</b>	<b>32</b>
19. Regional (Dominican Republic, Haiti) : Reducing Conflicting Water Uses in the Artibonite River Basin through Development and Adoption of a Multi-focal Area Strategic Action Programme [UNDP]	32
20. China : PRC-GEF Partnership: Sustainable Development in Poor Rural Areas [World Bank].....	33
21. Haiti : SFM Sustainable Land Management of the Upper Watersheds of South Western Haiti [IADB]	34

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**GENERAL COMMENTS**

***COMMENTS FROM AUSTRALIA***

Australia approves the GEF Intersessional Work Program.

***COMMENTS FROM THE UNITED STATES***

In a letter dated July 18, 2008, addressed to GEF CEO, Ms. Monique Barbut, Mr. Dirk Joldersma of the US Department of the Treasury, writes:

“I am writing to convey the United States’ position and comments with regard to the 21 projects that you forwarded to the Council in late June. Please find attached comments on the projects.

The United States can support approval of all the project concepts except the UNDP project in Venezuela: “Commercialization of Energy-efficient Appliances”. We request that this project be scheduled for discussion at the next Council meeting. Before November, we would like to discuss the policy environment and incentives being created for energy efficiency in Venezuela. An analysis of willingness to pay more for more efficient appliances would be a useful input into that conversation, as would a discussion of the appropriateness of focusing solely on south-south technology transfer rather than on lowest cost, most effective and appropriate technology.

I note that the U.S. Government has similar concerns with the energy efficiency projects in Russia and China, but these concerns are mitigated by the forward movement on energy price rationalization that has been announced or is in progress in those countries. Nonetheless, given the very early point where those countries are at in reforming their policy environments, I ask that you consider the extent to which actual action on raising prices has occurred before you endorse of the projects and that such an analysis be included in the final project documentation. It would also be useful for the China project proposal to include analysis of consumers’ willingness to pay for higher priced, more efficient light bulbs.

Some of the projects draw from allocations during the second half of the GEF-4 period. We support this decision, since we are past July 1, but we are concerned that the Secretariat has not completed the readjustment of country allocations, as called for by the Council decision on the resource allocation framework (RAF). We understand that the delay is due to technical difficulties with the data, and that your staff is working hard to finalize the readjustment. I hope that you will be able to release the new allocations soon.

Thank you for your leadership and your efforts to improve the effectiveness of the GEF.”

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**BIOLOGICAL DIVERSITY**

**1. Regional (Colombia, Ecuador, Peru) : Facilitation of Financing for Biodiversity-based Businesses and Support of Market Development Activities in the Andean Region [UNEP]**

***COMMENTS FROM GERMANY***

1. We support (this) project without a need for further comments.

***COMMENTS FROM THE UNITED STATES***

2. We think this project has a well balanced mix between policy strengthening, outreach to the private sector, and capacity building.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**2. Regional (Kazakhstan, Kyrgyzstan) : Tien Shan Ecosystem Development Project  
[World Bank]**

***COMMENTS FROM GERMANY***

3. It is not said what the value-added of submitting the project as a joint effort between Kyrgyzstan and Kazakhstan is. Is transnational cooperation a national priority (see chapter B. on “Consistency of the project with national priorities/plans”)?
4. The linkage between component 1 and component 2 needs to be elaborated. Will GEF funds be used for managing component 2 as well?
5. The project envisages the investment of US\$7.0m for the afforestation of 18,000 ha, giving a unit price of US\$388 per ha. This price is very much at the lower end of afforestation costs and it would be good to get some economic data to show that these 18,000 ha can actually be afforested with the available funds.
6. The proposal gives little information what kind of impact can be expected from the first component other than ecotourism. The methodological approach is still at a very generic level and needs further elaboration, taking into account the limited potential of ecotourism.

***COMMENTS FROM SWITZERLAND***

**Overall Comments**

7. The global environmental objective of the project is to reduce anthropological pressure on forests and biodiversity by increasing the benefits generated by these natural resources. This will be addressed through three components:
  - (a) strengthening biodiversity conservation in protected areas and productive landscapes;
  - (b) reforestation and carbon trading in the Kyrgyz Republic; and
  - (c) project management.
8. Overall the PIF provides good background information and data and the objectives are well described. At a general level, all issues are well treated. The project seems consistent with GEF policy and the focal area strategy.

9. The importance of the Tien Shan Ecosystem for biodiversity conservation is high and it seems that in the combination of efforts regarding protected areas and productive landscape under one project alone is appropriate.

10. Despite the clear description, the project will encounter a series of challenges which merit special attention. Therefore we have identified some concerns and several questions which are summarized below.

### **Questions, Concerns and Challenges for the further Project Preparation**

- ▶ **Which are the links and synergies between the two thematic project components: biodiversity conservation and reforestation / carbon trading?**

The project assumes that the reforestations will become habitats for biodiversity, but apart from the intention that “the reforestation will concentrate on degraded land and that the selection of species will strictly control that no species with potential for invasiveness will be used” little information is given on the reforestations’ contribution to biodiversity conservation. The question is: how much will the reforestation contribute towards the targets of biodiversity conservation?

Reforestation which aims at maximizing the benefits with view to carbon sequestration may even be in conflict of interest with biodiversity conservation. Therefore it is necessary to clarify the conceptual aspects of the reforestation with regard to biodiversity conservation.

Considering that the current project is fully subscribed to the GEF focal area biodiversity, its component on reforestations and carbon trading should also follow the logic of biodiversity conservation and also quantify its benefits in terms of biodiversity conservation. Otherwise we would prefer considering fully separating the two thematic components into two project proposals. It is underlined that also the STAP reviewer was concerned about the lack of clear synergies.

And last but not least, one could even raise the question: why is this project not submitted within the multi-focal area?

- ▶ **Component (1) on biodiversity conservation is very ambitious and needs a further thematic concentration.**

On the one hand, this component refers to protected areas as well as to productive landscapes, implying different types of measures. On the other hand, the range and type of activity seems rather wide, covering forestry, hunting, agro-biodiversity and even eco-tourism.

Detailed information for each type of activity / field of intervention is necessary, such as: baseline studies, specific objectives and targets, indicators, etcetera.

We feel that this scope may be too ambitious, expect detailed information for each type of activity and recommend further thematic concentration in order to minimize the risk of dispersing efforts.

▶ **Lack of impact indicators in terms of global benefits.**

The indicators given in the project framework matrix are rather general. It is absolutely necessary to further specify them with regard to the different types of activity and to complement them with regard to impact and environmental benefits.

▶ **Is the strategy on biodiversity conservation sufficiently sound?**

We share the STAP reviewer's comment that the connection between the threats listed and the activities proposed is not sufficiently clear.

We not only expect that this will be shown with more soundness in the project document, but recommend as well to include the observation of the threats in the monitoring system and defining indicators which are appropriate to measure the project's benefits in terms of threat reduction.

▶ **High risk of failure of the reforestation efforts?**

The PIF states that the survival rate of the already existing reforestation efforts is only 10% and assumes implicitly that with a higher budget the survival rate of the GEF assisted reforestations will be much better.

We feel that the risk of failure of the new reforestations remains high and believe that the lack of budget allocation for the follow-up of the reforestations is not the only explanation. We therefore suggest a more thorough analysis of the reasons of such a low survival rate, and subsequently a more detailed strategy in response to it.

## **Conclusions and Recommendations**

11. Basically we support the current proposal and are convinced that it can become an important effort for global biodiversity conservation. Apart from that we expect that our concerns are carefully considered in the further planning process and we also recommend:

- envisaging two independent projects in the case that the contributions of component (2) on reforestation and carbon trading are not sufficiently relevant for biodiversity conservation, and
- concentrating component (1) regarding biodiversity conservation on less thematic issues.

## **Further questions**

- Is the project component (2) additional to the ongoing efforts or does it substitute the countries' ongoing efforts with forestation?
- Why does the project component (2) concentrate exclusively on the Kyrgyz Republic?
- Are there any synergies envisaged with the GEF's overall programme on small grants?

## ***COMMENTS FROM THE UNITED STATES***

12. This is a commendable project, and we like how it combines protected area strengthening with initiatives for reforestation, carbon sequestration, sustainable land management. We have two suggestions for the final project proposal.

- In terms of ecotourism development, the project should consider supporting other lodging options besides camping and yurts, but based on a demand analysis. There might be opportunities to support community owned/managed lodges, which could be developed in partnership with conservation NGOs and experienced private sector providers.
- We're pleased that the project will guard against invasive species, but the preferential approach should be to replant native tree species with the aim of rehabilitating natural forests. We would like to see a discussion or description in the proposal of the planned mix between rehabilitated native forests and plantation forests, which will have lower biodiversity values.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**3. China : CBPF Integrated Ecosystem and Water Resources Management in the Baiyangdian Basin [ADB]**

***COMMENTS FROM GERMANY***

13. The proposal meets the requirements referring to the Biodiversity Focal Area Strategy by and large. However, the following components need further improvement:

14. General comments on the Biodiversity Strengthening component:

- The PNRs were in 2002 and 2003 established. A detailed analysis is necessary why previous conservation measures were not successful and can the new suggested measures solve previous problems.
- Sustainable financing: Income from tourism should not only be used for PNRs but also benefit surrounding communities for e.g. village development measures.
- Proposed shift from mass tourism to low input eco-tourism is not sufficiently reflected in outputs and outcomes.

15. General comments on the Institutional Strengthening component:

- The institutional strengthening component takes up about 40% of the GEF-Grant budget.
- The expected output does not consider adequately the institutional strengthening of the townships and villages adjacent to or within the PNRs which play a key role in ensuring sustainable management of biodiversity.
- Institutional strengthening includes the establishment of cooperation and coordination mechanisms between different agencies (e.g. Min. of Agriculture, State Forestry Authority, Min. of Environment) on different levels as well and is the key to successful implementation. This is not reflected in the expected outputs.

16. General comments on project justification:

- Sustainability of protected areas can not only be achieved through improved management, monitoring and capacity building, but requires involvement of and

benefit sharing with local communities who are within or adjacent to protected areas.

- Mainstreaming biodiversity in production landscapes and sectors can not be achieved by promotion of economically linked mechanisms only, but requires incorporation of biodiversity promotion action plans of all involved agencies in their policies and regulatory framework, such as annual plans and revisions of their 5-year plans, etc. This aspect needs to be included.

### ***COMMENTS FROM THE UNITED STATES***

17. This is an important project, and we are pleased that it will help shift the region toward integrated river basin management. It is commendable that China is seeking to restore the levels of the Baiyangdian Lake.

- We are concerned that lake restoration will be achieved mainly through the diversion of water from another river basin, and we are unsure of the potential impacts on this basin. A preferable approach would have been to rely more on water conservation efforts upstream in the Baiyangdian basin, perhaps in combination with lower levels of inter-basin transfers.
- The plan for both basins should include the establishment of minimum environmental flow requirements, and we would like to see this addressed in the final project proposal.
- We disagree with the accounting of co-financing for this project and believe it does not comply with the GEF's 2003 policy on co-financing. Only those items integral to the accomplishment of the GEF objectives should be included in the co-financing total. It would seem appropriate to remove the financing for urban flood management, energy development, and some other components.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**4. Cote d'Ivoire : Protected Area Management Project (PCGAP) [World Bank]**

***COMMENTS FROM GERMANY***

18. The project is considered as an important support for the management of the OIPR and the foundation.

19. As mentioned in the report, the project will be based on the experiences of GTZ/KFW in the Tai National Park concerning mainly Co-management approaches, alternative resources of income a business planning.

20. There seems to be no overlap in supporting different ecological zones, as the GEF contribution is mainly targeted on the savannah region in the Ivory Coast.

***COMMENTS FROM THE UNITED STATES***

21. We supportive the project's approach, which is a continuation of Cote d'Ivoire's PCGAP project, but have the following comments:

- The capacity building/training component is insufficiently structured. In many of Cote d'Ivoire's parks, Marahoue being a notable example, conflict with communities is a major problem. The training component would be strengthened if it gave more emphasis to non-traditional approaches to engaging local communities.
- We believe a longer timeframe is needed to realize the benefits of the training program.
- It would also be helpful if the proposal noted where the training will be conducted (University of Cocody? Abidjan?).
- We strongly believe there is a need in Cote d'Ivoire to improve the current university and other wildlife management programs that train wildlife specialists in both traditional and emerging/non-traditional skills.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**5. Haiti : Establishing a Financially Sustainable National Protected Areas System [UNDP]**

***COMMENTS FROM GERMANY***

22. The baseline indicators for PA Programs in Haiti are very low (Capacities, political commitment, acceptance by the population etc.). Therefore the given priority set in the project design is right.

23. The project proposal is ambitious including an extended number of stakeholders from the political level (Ministries) to the regional, communal and village level, but without real alternative to get a sustainable orientation for PA's in Haiti.

***COMMENTS FROM THE UNITED STATES***

24. We support this project and believe the goal of building sufficient and sustainable financial support for Haiti's protected area system is of importance. We are pleased to see the linkages with the other projects in this work program.

- Given capacity constraints and limited funding, this project seems a bit overly ambitious in some ways. For example, we question whether it will be possible to generate significant resources from bioprospecting and scientific research, and it is unclear who would provide payments for avoided deforestation.
- We recommend that the significant number of outputs be scaled back where possible and that more funding be focused on capacity building in the national park system.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**6. Madagascar : Network of Managed Resource Protected Areas [UNDP]**

*COMMENTS FROM GERMANY*

25. We support (this) project without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**7. Panama : Mainstreaming Biodiversity Conservation into the Operation of the Tourism and Fisheries Sectors in Las Perlas Archipelago [UNDP]**

***COMMENTS FROM GERMANY***

26. We believe that the proposal could be further strengthened if the following comments would be taken into consideration for the final project document.

Project Framework

27. One of the expected outputs under the 1st project component reads: "MSC certification established based on sustainable use plans if proven feasible thus increasing fishermen's ability to sell their products at a premium".

28. Certification against MSC criteria and principles for sustainable fisheries will per se not necessarily increase fishermen's ability to sell their products at a price premium but will ensure that there is a future for the industry and all those who depend on the fisheries for their livelihoods.

29. With regards to introduction BD friendly fisheries practices an additional expected output on strengthening national level capacities to enforce new and existing fisheries policies should be added.

Part II: Project justification, Bullet 3

30. "In the fisheries sectors, the project will work with fishermen, will support the establishment of a fisherman's association in the pilot area and work up the supply chain to connect them to global markets for certified products".

31. With regards to certification of capture fisheries (e.g., according to principles and criteria of the Marine Stewardship Council) as a prerequisite fisheries management plans must be integrated on national and regional level and on the objectives for a particular fishery., Inter alia establishing a fisherman's association would be helpful, but effective government mechanism for limiting the fishing capacity and controlling effort must be agreed upon and should be a priority.

## ***COMMENTS FROM THE UNITED STATES***

- This is another worthwhile project, but we are somewhat doubtful that there are sufficient short-term financial incentives for stakeholders to undertake biodiversity-friendly development and sustainable fishing. We would like to understand better how “easier access to credit” will be linked to a shift to more biodiversity friendly behavior.
- We recommend that the project consider, in the short-run, reliance on fiscal incentives, to reward adoption of biodiversity friend practices.
- In the fisheries sector, the proposal should explain how the authorities will seek to lower overall fishing pressure. Will it be necessary to decrease fishing fleet size, and if so, how will this be accomplished?

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**8. Philippines : Expanding and Diversifying the National System of Terrestrial Protected Areas [UNDP]**

***COMMENTS FROM GERMANY***

32. The proposal has relevance to Strategic Program for GEF-4: 3. Strengthening Terrestrial Protected Area (PA) Networks. The project objective is to expand and strengthen the terrestrial PA system in the Philippines by developing new PA models and building capacity for effective management of the system. The expected outcomes include establishment of at least 945,000 ha (!) of new protected areas, address barriers to the sustainable management of the national protected area system and enhance its financial sustainability. While the goal to establish (and really protect!) close to one million ha of *additional* protected areas may be a bit unrealistic, the other two outcomes are very relevant and necessary to manage existing and additional protected areas sustainably in the long run. The proposal includes important expected outputs such as (i) improved regulations for protected area management in participation with communities (including indigenous people), municipalities and the private sector; (ii) removal of critical capacity barriers/improved management capacity of responsible staff; (iii) operational manual for national protected area management; (iv) protected area management and biodiversity conservation are integrated into the development planning systems of Local Government Units; and (v) strengthened national mechanisms to underwrite the financing gap for sustainable management of the terrestrial protected area system. The PIF proposal *does not* mention indicators for the achievement of intended outcomes and impacts; this task has urgently to be addressed during detailed project planning.

Estimated Cost and (Co-) Financing

33. The estimated total project budget of 7.7 million US\$ seems adequate to achieve the intended outcomes (2) and (3) and parts of (1). The overall target to establish 945,000 ha of additional protected areas may have to be readjusted according to available financing. The co-financing portion of 3.86 million US\$ (52%) has still to be confirmed (especially the 1.8 million US\$ expected from NGOs), before the final area targets may be set.

Concept for Further Project Development

34. The focus of the conceptual framework is to improve administrative, legal, personnel and management framework conditions and to expand/diversify the protected area system. New types of PAs shall be incorporated into the system, including indigenous peoples' lands managed as Ancestral Domain. Capacity constraints related to effective management of an expanded system including new types of protected areas shall be addressed. The project will develop an

operational manual for national PA management, the implementation of which will be demonstrated in at least five PAs. Similarly, common Protected Area M&E frameworks and protocols will be developed and demonstrated in at least five PAs and associated new conservation areas. PA management and biodiversity conservation will be integrated into the development planning systems of Local Government Units. The legal and regulatory basis for establishment of private reserves and other non-traditional PA types will be reviewed and strengthened. The presently inadequate system for financial management and resource mobilisation shall be improved, and business plans will be developed for selected pilot sites.

35. All these conceptual ideas are geared towards improvement and further development of the national protected area system. The components and steps are logical and relevant. In the final project document, however, a more detailed approach shall be developed how these concepts shall be implemented.

#### Overlaps with Ongoing Projects

36. The proposal mentions several other ongoing initiatives supporting the PA system in the Philippines. A close coordination and preferably joint planning and M&E workshops should be foreseen, including coordination/exchange of lessons learned with the German assisted community based forest management projects in the Visayas (by GTZ, KfW and DED). There are some interfaces to German TC or FC in the Philippines, but no overlap/duplication of activities.

#### Votum

37. The proposed project addresses well-known shortcomings of the national protected area system and deserves full support. Before expanding the protected areas on paper by another 945,000 ha, however, first, all mentioned shortcomings have to be tackled and the administrative, legal, management and financing framework has to be improved.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**9. Vietnam : Removing Barriers Hindering PA Management Effectiveness in Vietnam  
[UNDP]**

***COMMENTS FROM GERMANY***

38. In general the proponent has to be complimented on the project concept and its timing. The problem analysis of the complex PA management in Vietnam is accurate and profound. It addresses the major shortcomings and challenges of the management and financing system currently applied. The project framework designed to adequately respond to the weaknesses of PA management in Vietnam shows a differentiated system approach, which could well be able to achieve the project objective.

39. However, some parts of the project framework bear the risk to be overambitious. In particular the expected outputs 2.1: 'A national agency for protected areas management (...) established' and 2.3: 'PA management agencies and departments (...) capacities strengthened and reformed for more effective inter-sectoral collaboration' have - although essential - to be questioned concerning potential success as both outcomes rely on serious political willingness.

40. In the further process of project development the proponent should clearly provide evidence for the necessary national political commitment to implement the project.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**CLIMATE CHANGE**

**10. Brazil : Sugarcane Renewable Electricity (SUCRE) [UNDP]**

***COMMENTS FROM GERMANY***

41. The Project Identification Form (PIF) does not mention land-use issues with regard to the potential impact of an expanding sugarcane industry. The PIF does mention that the sugarcane industry is expanding in response to successful ethanol production, which implies a greater demand for land. Given the concerns raised in recent months with regard to land-use and emissions impacts from bio fuel production, the inclusion of a land-clearing mitigation strategy, which would address a scenario, such as sugarcane encroachment on forest land, may be necessary.

**Planning Steps:**

- Include monitoring component of direct and indirect land-use changes as a result of an expanding sugarcane industry.
- Have a strategic plan in place to mitigate for land-use impacts should they arise.

***COMMENTS FROM THE UNITED STATES***

- The focus on disseminating and replicating innovations from other projects is commendable.
- This project appears to be sufficiently focused on technical assistance and capacity building to be within UNDP's comparative advantage, but we are a bit surprised that UNDP did not seek to partner with one of the development banks since it mentions the need for "large investments in technology upgrades".
- The final proposal should explain more clearly who is funding the investment in the first set of mills. There should also be a clearer plan for replication beyond the first few plants, including outreach to potential investors.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**11. China : Phasing-out Incandescent Lamps & Energy Saving Lamps Promotion  
(PIESLAMP) [UNDP]**

***COMMENTS FROM GERMANY***

42. The PIF brings up the issue of waste from compact fluorescent lightbulbs, but then it goes on to say that consideration of waste management is probably not important due to the long lifespan of the bulbs.

43. Given the hazardous content of compact fluorescent bulbs, namely mercury, a future environmental problem can be avoided by planning for compact fluorescent lightbulb disposal prior to project implementation.

Planning Steps:

- Engage government agencies in policy discussion for managing compact fluorescent light bulb waste.
- Consider awareness-raising measures with regard to handling and disposing of compact fluorescent light bulbs. A broken compact fluorescent light bulb can pose serious health risks, particularly to children and pregnant women.
- Raise safety issues in both the production and distribution of compact fluorescent lightbulbs.

***COMMENTS FROM THE UNITED STATES***

44. We can support this project. We are pleased that, among other things, it will address the issue of processing waste from energy saving lamps (ESLs). There are several shortcomings that should be addressed:

- First, the document does not mention the risk that individuals and businesses might not purchase ESLs because of higher first costs. The technical assistance alone will not result in transformation unless if there is consumer demand for ESLs. The project document should include consumer demand analysis.
- Second, and related to this is the risk of “weak private sector participation.” This is mentioned, but the proposed mitigation strategy is not persuasive. The project

will need to assess whether industry perceives there to be sufficient demand for ESLs.

- Third, and most importantly, there is no commentary on the policy environment. China still maintains subsidies in the electricity sector, with an estimated average rate of subsidy of at least 10% in the electricity sector. Are price signals distorted to such an extent that there will be insufficient demand for ESLs? What is the government's program for tariff and energy price adjustment? These questions should be answered.
- We also have doubts about the methodology used to calculate carbon benefits. We think the estimates appear to be overly optimistic. For instance, we question the appropriateness of including in the project benefits savings due to ESLs exported and used in other countries. These benefits would seem to be more attributable to changes in policies and consumer behavior in the export markets.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**12. Russian Federation : Market Transformation Programme on Energy Efficiency in GHG-Intensive Industries in Russia (EBRD/UNIDO)**

***COMMENTS FROM GERMANY***

45. The PIF outlines the participation of outside agencies, namely the EBRD, UNIDO, and GEF, as funding the vast majority of the project, with no monetary inputs from the Russian government and an undetermined amount that is suggested to be approximately 10% of the total project cost coming from the private sector.

46. A clearer description of the contributions and commitments from targeted industries and government bodies is needed in order to demonstrate the sustainability of the project.

47. The PIF's mention of the lack of will on the part of Russian industries to prioritize energy-saving measures in their business plans, coupled with the non-enforcement of the energy-audit law that was passed by the government to monitor energy consumption at large industries is a signal that strong commitments and involvement from the beneficiaries need to be specified before implementation begins.

Planning Steps:

- Clarify roles of participating Russian Ministries
- Clarify inputs and commitments from benefiting industries.

***COMMENTS FROM THE UNITED STATES***

48. We agree with the project's premise that there is huge potential for energy intensity improvement in Russian industry. We agree that the cause of large inefficiencies in the sector is Russia's history of highly subsidized energy inputs.

- Because of such price distortions, however, we do not believe that a program of awareness raising, capacity building, and financing mechanisms alone will be sufficient to increase industrial energy efficiency in Russia. Without meaningful policy reform to remove subsidies, the project is unlikely to succeed in terms of a sustainable transformation of the sector.
- Power sector subsidies remain a large problem in Russia. The government of Russia has committed to a schedule of annual price increases for industry and consumers. The final project proposal should discuss the record of the government in actually implementing price rationalization.

- We believe a pre-requisite for final CEO endorsement of the project should be demonstrated action in raising prices and tariffs in the industrial sector.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**13. Russian Federation : RUS: Transforming the Market for Efficient Lighting [UNDP]**

***COMMENTS FROM GERMANY***

49. The PIF makes no mention of compact fluorescent lightbulb disposal-management. Given the hazardous content of compact fluorescent lightbulbs, namely mercury, a future environmental problem can be avoided by planning for compact fluorescent lightbulb disposal prior to project implementation.

Planning Steps:

- Engage government agencies in policy discussion for managing compact fluorescent lightbulb waste.
- Consider awareness-raising measures with regard to handling and disposing of compact fluorescent lightbulbs. A broken compact fluorescent light bulb can pose serious health risks, particularly to children and pregnant women.
- Raise safety issues in both the production and distribution of compact fluorescent lightbulbs.

***COMMENTS FROM THE UNITED STATES***

50. Similar to the comments for the EBRD project, we also have concerns about the potential to achieve transformation in the sector due to continued heavy subsidization of energy in Russia. There is a risk that it will fund technical assistance that will not promote a transformation because there is insufficient demand for more efficient lighting products.

- We believe it is essential for the project document to analyze whether electricity prices are high enough to shift demand towards more efficient lighting.
- We also would like the final project proposal to discuss energy price reform in Russia. We believe a prerequisite for CEO endorsement of this project should be demonstrated action in raising electricity tariffs.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**14. Venezuela : Commercialization of Energy-efficient Appliances in Venezuela [UNDP]**

***COMMENTS FROM GERMANY***

51. The PIF mentions that in the face of high inflation, a subsidy could be created to help supply low-income families with environmentally-friendly appliances; however, there is no explanation of how the subsidy would be financed.

52. The PIF also states that the combination of the VenEEzuela Project, Energy Revolution Program and Canasta Familiar Program provides a means to reduce global GHG emissions, see Part II. Section B. However, the justification section attributes GEF funding to the Canasta Familiar program, which seeks to avoid emissions, as opposed to reducing them, through the provision of more efficient appliance manufacturing. The description is confusing, as it seems to give credit to the GEF project for future emissions reductions that may actually be associated with one of the other on-going energy programs.

Planning Steps:

- Provide a plan for subsidizing appliance sales for poor consumers.
- Clarify expected outcomes for GEF project with regard to the Canasta Familiar Program.

***COMMENTS FROM JAPAN***

53. While the project “Commercialization of Energy-efficient Appliance in Venezuela” aims at promoting the commercialization of CFC-free energy efficient refrigerators, it is not clear from the document what alternatives are planned to be introduced in order to replace the CFC refrigerant and foam insulators.

54. Possible commercialized refrigerants include HFCs, which are in the basket of the Kyoto Protocol, and hydrocarbons such as isobutane. Possible foam insulators include ozone depleting HCFCs and hydrocarbons such as cyclopentane. HFCs and HCFCs are very potent greenhouse gases. Therefore, prioritization should be given to the utilization of isobutane and cyclopentane in order to avoid the associated climate impact. If HFCs and HCFCs are introduced as alternatives and no framework for proper management including recovery, recycling and destruction of these gases are put in place, attention should be paid to the fact that the benefit of greenhouse gas reduction described in G of the project document could be virtually reduced.

## ***COMMENTS FROM THE UNITED STATES***

55. We request that approval of this project be postponed and that discussion of it be scheduled at the next Council meeting. We have considerable doubts about the sustainability and replicability of this project because of high subsidies in Venezuela's energy sector. We doubt that consumers will have sufficient incentives to purchase more efficient appliances, and that absent such incentives, that industry will not respond by manufacturing more efficient models.

- It is well documented that Venezuela maintains high energy sector subsidies, particularly in the oil and natural gas sector, but also in the electricity sector. A 2007 UNFCCC paper estimated that the subsidies in the electricity were 25% of the applicable reference price. An earlier International Energy Agency study estimated if subsidies were removed in the energy sector, consumption would drop by 24% and CO<sub>2</sub> emissions would drop by 26%.
- Venezuela has not committed to a program to rationalize its energy prices. We believe it is important that such a project be implemented in a sounder policy context in order for it to be successful. We are unsure if consumers have sufficient incentives to purchase more expensive and efficient appliances, so there is a risk that this project will not succeed in sectoral transformation in the current environment. We would like further analysis of willingness to pay in Venezuela for more efficient appliances.
- We are also concerned about the emphasis of the project on "south-south" technology transfer. We believe the object of the project should be to facilitate the transfer of the most appropriate and cost-effective technologies, regardless of the source.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**INTERNATIONAL WATERS**

**15. Regional (Albania, Bosnia-Herzegovina, Croatia, Montenegro) : Protection and Sustainable Use of the Dinaric Karst Aquifer System [UNDP]**

***COMMENTS FROM GERMANY***

56. We support (this) project without a need for further comments.

***COMMENTS FROM THE UNITED STATES***

- This is a very valuable project, but we would like the goals, at the outcome level, to be more ambitious. The project should seek to go beyond diagnostic analysis, agreement on a cooperation mechanism, conferences, and dissemination of information. “Enhanced coordination,” “scientific understanding,” and “demonstration of political commitment” are all inputs for environmental improvement, not outcomes.
- We would prefer the project to aim for an outcome in which countries in the basin begin to implement some specified policy and institutional changes that will lead to improved environmental outcomes.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**16. Regional (Armenia, Azerbaijan, Georgia) : Reducing Transboundary Degradation in the Kura-Aras Basin [UNDP]**

***COMMENTS FROM GERMANY***

57. We support (this) project without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**PERSISTENT ORGANIC POLLUTANTS (POPS)**

**17. Regional (Benin, Burkina Faso, Chad, Cote d'Ivoire, Djibouti, Mali, Niger, Senegal, Togo, Congo DR, Mauritania, Morocco, Guinea-Bissau, Guinea) : Demonstration of a Regional Approach to Environmentally Sound Management of PCB Liquid Wastes and Transformers and Capacitors Containing PCBs [UNEP]**

***COMMENTS FROM GERMANY***

58. We support (this) project without a need for further comments.

***COMMENTS FROM JAPAN***

59. The document states that the demonstration project would be co-financed mainly by bilateral and multilateral cooperation and private sector's contribution. However, the details of contributors and the allocation among contributors are not clear. In order to secure the project implementation, it should be clearly described that which organization would make each contribution and for which component the contribution would be allocated.

***COMMENTS FROM THE UNITED STATES***

60. We support this proposal to address NIP priorities through the preparation of regionally-harmonized regulatory and administrative frameworks and to create a public-private partnership to deal with PCBs.

- We appreciate the clear targets for the project in terms of collecting and treating PCB wastes and contaminated equipment.
- We would appreciate clarification whether it is feasible to set targets on reducing uncontrolled trade of PCB oils and equipment (project component 4).

<b>INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS (REFERENCE TO GEF/IS/18)</b>
--

## **18. Azerbaijan : Environmentally Sound Management and Disposal of PCBs [UNIDO]**

### ***COMMENTS FROM GERMANY***

61. We support (this) project without a need for further comments.

### ***COMMENTS FROM SWITZERLAND***

#### **Overall Comments**

62. The general purpose of the project is without doubt of a very high importance for Azerbaijan. The description of the issue, the approach and the technical and economical background of the project within the PIF document are in line with the standard approach corresponding to the overall requests. At this stage the plausibility of the project is described sufficiently and the general interest can be confirmed. It is understood that the project framework focuses on PCBs, and not POPs in general, even if sometimes only POPs are mentioned. The coordination with other regional activities in the field is foreseen and activities are planned to organize this cooperation. The value added by GEF involvement is reported and plausible. Co-financing of local partners is important and will contribute substantially to final disposal activities. Cost effectiveness will be achieved by various measures, especially efficient waste segregation.

#### **Questions, Concerns and Challenges for further Project Preparation**

► **Overall:**

The project is based on three pillars: capacity building, management and implementation activities and awareness-raising.

Major technical concerns are the quality of information and data collected for the NIP and existing inventories and the technology evaluation and implementation for the safe intermediate storage and final disposal of PCBs.

Only very little information and few activities are mentioned about soil and underground water contamination by POPs (PCBs) nor about existing contaminated sites from former or still operating hazardous waste disposal sites. Potential contamination of groundwater and drinking water by such sites cannot be excluded and sanitation causes very high costs.

The strategy of the Azerenergy company to set up new (preventive) strategies and management practices for the maintenance of electrical equipment is of great importance and should be transferred to other involved private companies (if there are any).

As there are some important major issues which can contribute more or less to further ongoing contamination, an emergency plan should be developed and implemented as fast as possible, if necessary with substantial support of international expertise, in order to reduce these risks.

With respect to the national PCB activities in general and the inventory specifically it is recommended to consider the following key issues:

- All applications of PCBs from closed, partially closed and open sources should be considered in the inventory and the National Action Plan. According to the findings, further or new priorities can be set if necessary,
- Spare and waste oils should also be considered as a possible source of cross contamination.
- Such oil is usually stored in used 200 liter steel drums or tanks. Original packaging of new mineral oil or other insulation oils have often been used which could lead to misunderstanding as to whether new (and non-polluted) oil is in the drums or whether the contents are uncontrolled used-oil which might be contaminated by PCB,
- The application of PCBs in open systems should not be underestimated and therefore be considered in the Action Plan (e.g. direct health impact of workers maintaining pipes and equipment with PCB containing coatings, but also influence by e.g. zinc, lead and mercury evaporation during maintenance work),
- An important part of the inventory should also be possibly contaminated soil and construction parts, furthermore pumps, pipes and tanks and last but not least electrical scrap at the utility sites but also at the sites of scrap recycling or transporting companies;
- It is of utmost importance that the data obtained during the inventories can be recorded efficiently until the SC requirements have been fulfilled. Therefore, a standardized database for Azerbaijan should be one of the priority activities (preferably as Access). The SBC database could be considered as a basis for that purpose.

► **PCB disposal:**

The investigation in BAT/BEP technologies for the disposal of PCB containing waste in an environmentally sound manner will be a crucial issue for Azerbaijan. However, it should be considered that technologies vary for different types of wastes and concentration of PCB. For instance, cement kilns may never be an option for transformer carcasses or capacitors.

It is recommended to compile a complete inventory on PCBs in Azerbaijan including possibly contaminated mineral oil transformers, as well as applications from partially open and open systems, in order to be in a position to estimate the extent of the PCB

problem and the nature of the most important waste types. This will ease the investigation of nationally-tailored disposal options. For some waste, such as e.g. PCB containing capacitors, it is recommended to use solely export to high temperature incineration plants.

▶ **Financial resources:**

Based on the information provided in the PIF it is not possible to evaluate definitively if the resources available will be sufficient to fulfill the 3 main project components. The proponent should describe in more detail the activities and the resources needed in relation to the specific activities.

▶ **Training and awareness-raising:**

No information is available on how the proponent will organize and conduct training modules and awareness-raising seminars

▶ **Analytical capacities:**

The quality of the PCB related analytical services is of a very high importance when remediation and disposal activities have to be defined and their costs calculated. The capacities and competences of analytical laboratories are taken into consideration in the present PIF. An overview of laboratories and their implemented quality standards will have to be presented.

## **Conclusions and Recommendations**

63. An important part of basic information, facts and figures, planned concrete activities and the financial consequences are described quite generally, and have to be elaborated in more detail during the further planning process. In general terms the project goal can be confirmed. A preliminary action plan has to be developed and the necessary resources have to be attributed as well as a first time schedule for the next steps.

## **Summary**

- Develop an emergency plan to prevent more cross contaminations in the near future.
- Specify a detailed approach on how the technology evaluation for the final disposal will be conducted, including a technical and economical feasibility study.
- Include contaminated open systems and contaminated sites in the overall project framework.
- Set up a detailed action plan with specified deliverables including milestones and intermediate external controlling and evaluation reports.
- Develop a detailed financial plan including reserves for not yet detected and reported PCB contaminations.

***COMMENTS FROM THE UNITED STATES***

64. We support this project which aims to ensure environmentally sound management of 540 tons of PCBs waste. We appreciate the clear quantification of expected outcomes in this case.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**MULTI-FOCAL AREAS/CORPORATE PROGRAMS**

**19. Regional (Dominican Republic, Haiti) : Reducing Conflicting Water Uses in the Artibonite River Basin through Development and Adoption of a Multi-focal Area Strategic Action Programme [UNDP]**

***COMMENTS FROM GERMANY***

- The PIF is relatively weak in terms of co-financing, which is mostly already ongoing but unnamed in bilateral projects. Be more explicit in terms of co-finance.
- A first proposal for a likely GEF proposal has already been elaborated, with an important input regarding studies and analysis. Revisit and update the available information.
- Role of the GTI-CIP steering committee and ongoing projects of CIDA, GTZ/KfW and the World Bank are mentioned: streamline and coordinate the project approach explicitly with ongoing activities related to GTI-CIP and Artibonito. Link up with ongoing land-use planning processes.

***COMMENTS FROM THE UNITED STATES***

65. We think the PIF underrates the degree of risk arising from political and social instability. The focus on capacity building and sustainable financing is appropriate, but UNDP needs to think through how to mitigate political and social risks more thoroughly.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**20. China : PRC-GEF Partnership: Sustainable Development in Poor Rural Areas [World Bank]**

***COMMENTS FROM GERMANY***

66. Germany shares the opinion of the STAP that the proposal needs clarification in terms of how the proposed actions lead to outcomes. What systems and parameters will be established for monitoring and evaluation? For instance, will carbon sequestration from increased vegetation be quantified? For the project's first component, what means will be used for the rural electrification project, and will there be a significant increase in Greenhouse Gas emissions as a result?

Planning Steps:

- Provide more detail on project design and monitoring.
- Clarify impacts of electrification project, if any.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/18)**

**21. Haiti : SFM Sustainable Land Management of the Upper Watersheds of South Western Haiti [IADB]**

***COMMENTS FROM GERMANY***

67. The PIF is very specific in naming outputs from the project; however, there is no mention of how the outputs will be measured or how many farmers will benefit. Additionally, the benefits of reforestation as a means for carbon sequestration are mentioned, but there is no description of how, or if, carbon emissions reductions might be measured or quantified.

68. The PIF also mentions the strains created by fuel-wood demand on forests. Will the project address the issue of fuel wood and possible fuel alternatives?

69. With regard to income-generating activities for the farmers living in the watershed, mango and coffee production are mentioned. Will there be investments in infrastructure to process coffee? What other agro forestry alternatives are being considered?

70. Why did the WB Project ATPPF not achieve its desired objectives?

71. "Net increase by 2.5 % of forest cover in the project region" seems high given the relatively short project cycle of 4 years.

**Planning Steps:**

- Consider baseline and monitoring and evaluation components to ensure that they are sufficiently incorporated and financed through the project.
- Include a strategy for mitigating the impacts of demands for wood as fuel.
- Include alternatives to coffee and mango production to make income-generating activities more robust and specify how investments will be made in support of income-generating activities.
- Consider why the World Bank Project ATPPT did not achieve its goals. Are there lessons to be learned?
- Provide more details about how an increase of 2.5% forest coverage would be achieved.

## ***COMMENTS FROM THE UNITED STATES***

72. We are pleased to see that this project takes the creative approach of combining resources from the climate change focal area (from the strategic priority on land-use, land-use change, and forestry, LULUCF) and land degradation focal area for activities that aim to conserve watersheds and support reforestation activities.

- We ask that greater attention be given in the final proposal to training and capacity development, which will be needed for the project to be successful and sustainable.
- We recommend that each of the major activities to be undertaken should include a capacity building component.
- In addition, the small scale farmers in the project area should be a primary constituency and target for benefits from the activities. The final proposal should make clear how the project will engage this constituency and upgrade their skills in terms of sustainable land management.
- We also suggest including capacity development for the Macaya Reserve's staff. This project should coordinate with the UNDP protected areas project to see if it can fill any gaps in capacity building. One area that might need strengthening is local participation in the management of the reserve and ensuring that benefits are shared with local communities.