



# Global Environment Facility

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COMPILATION OF TECHNICAL COMMENTS  
SUBMITTED BY COUNCIL MEMBERS  
ON INTERSESSIONAL WORK PROGRAM  
APPROVED AUGUST 1, 2006

NOTE: This document is a compilation of technical comments submitted to the Secretariat by Council members concerning the project proposals presented in the Intersessional Work Program approved by the Council on August 1, 2006.

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**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**GENERAL COMMENTS**

***COMMENTS FROM JAPAN***

1. Japan has been supporting the activities of the GEF to address global environmental issues and to promote sustainable development. We understand the backgrounds of late release of the work program and the extension of the review deadline, agreed in the Council Meeting in June. It, however, does not mean that the review process can be shortcut. Given the scarcity of GEF funding which should be optimally allocated to projects, we strongly expect that adequate number of project proposals and due diligent review period should be provided hence appropriate voices of donors should be well-reflected.

***COMMENTS FROM THE UNITED STATES***

2. Our review found a number of projects that hold great promise for improving the global environment if they can be replicated successfully, such as the India Coal-Fired Generation Rehabilitation Project. We were also pleased to see projects put forward by the Asian Development Fund, the Inter-American Development Bank, and IFAD, and found them well thought through. In addition, we noticed an overall improvement in the quality of the monitoring and evaluation frameworks. If there is any criticism of these frameworks, it is that they may be too detailed in some cases, and would benefit from more focused attention on several key results targets, and less emphasis on detailed outputs. That said, we welcome the trend in improvement to results frameworks and hope it continues.

3. At the same time, however, this work program also represents a sharp increase in the trend of GEF full-size projects being transformed into “umbrella” programs with vaguely defined, or even undefined, subprojects; private-sector projects with fairly broad discretion on the use of instruments; and small grants programs or other kinds of instruments that delegate the Council’s authority to Implementing and Executing Agencies and the Secretariat. We continue to be concerned that the GEF does not yet have a policy on the criteria and accountability/quality control procedures that should be in place for these types of projects, consistent with agencies’ comparative advantage. Delegated authority may well be an efficient and effective way to utilize GEF resources in certain cases, but only as long as the case for doing so is clear and compelling, the rules and procedures under which authority is delegated are clear, and there are adequate provisions for oversight, transparency, quality control and accountability. In the meantime, the standard practice has always been that proposals over \$1 million go to the Council for approval.

4. Therefore, the United States requests that the Secretariat prepare a policy paper on these types of projects and put in place a moratorium on at least umbrella projects – those with undefined or vaguely defined subprojects – until there is a Council approved policy on their use.

In the meantime, we are requesting postponement of the currently submitted “umbrella” projects so that this issue can be discussed with the Council. We would note that the Council has already directed that the last two umbrella projects provide the Council a four week review period for subprojects. We would also request that the CEO ensure that all the projects in this work program with small grants programs (or similar funds embedded in them) include clear operating guidelines, including global environmental indicators, objective criteria for project selection, an open and competitive process for submitting grant proposals, a governance structure that is free of conflicts of interest and makes decisions based solely on merit, and a description of fiduciary standards and other key matters.

5. There are also three general issues that we would like to raise.

Guarantees: We appreciate the assurances from the World Bank and the IFC that unused guarantees in individual projects will be returned to the GEF Trust Fund. We believe this is the right approach and one that should be reflected in the upcoming guidelines on guarantees.

Comparative Advantages: We continue to be concerned that some agencies are operating outside of their comparative advantage, as described in the GEF instrument. Therefore, we have asked for postponement of two projects proposed by UNEP and hope that we can work out a solution between now and August so that those promising proposals can go forward.

Executing Agencies: There are several projects which identify executing agencies that are not IAs/EAs, multilateral institutions, or recipient government agencies. In these cases, we believe there should be a clear explanation of why this was necessary and how the selection was undertaken. These are effectively procurement decisions that should be based on open and transparent international competitions, or at least fully justified if that course is not believed to be necessary or feasible.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**BIOLOGICAL DIVERSITY**

**1. Global: Biodiversity and Agricultural Commodities Program (BACP) [WB/IFC]**

*COMMENTS FROM FRANCE*

1. This multi operational program is ambitious but innovative and worthwhile. We suggest to WB and IFC to pay special attention to the implementation of Ivory Coast component as the context can rapidly evolved on field.

2. ► **Favourable opinion**

*COMMENTS FROM GERMANY*

**Recommendation**

3. Germany asks for re-submission of the project proposal to the Council prior to the endorsement by the CEO.

4. Reasons:

- (a) Social impacts of the planned activities are not sufficiently considered. The production of i.e. sugar cane and soy bean in Brazil - is closely linked to the livelihood of marginalised people (land less field workers, small holders, and indigenous people). There is yet no involvement of the representatives of these groups in the planning procedures. The proposed M+ E system is not sufficiently considering social impacts. No social impact analysis is foreseen.
- (b) Organic agriculture is an important tool for the protection of biodiversity. Numerous initiatives to bring together social, economic and environmental considerations are assembled through this movement (i.e. through International Federation of Organic Agriculture Movement (IFOAM)). They already support the establishment of an important market for GMO free soy been in Europe. Cooperation with these initiatives are not designated yet.
- (c) Potential markets for trade of agricultural products have to be considered. For the trade to Europe the question of GMO or GMO free soy is crucial. The question needs to be reflected in the proposal.
- (d) The production of soy through GMO soy seeds, if used, might have a negative effect on biodiversity through gene transmission to agricultural and wild plants. There is no consideration of these aspects in the proposal.



- (e) The proposal is considering the conservation of natural biodiversity only. Whereas the sustainable use of the agricultural biodiversity – which is closely linked to the livelihood of rural people – is left out.
- (f) The information of the co - financing arrangements is lacking accuracy. The proposal should only be approved, if there are clear commitments of the private industry.
- (g) Germany is supporting several initiatives for the ecological and social production of agricultural commodities (i.e. in Ivory Coast). Cooperations are not foreseen yet.

**Further comment:**

- 5. Figure 8 – BACP organizational structure is not readable.

***COMMENTS FROM SWITZERLAND***

**General Comments**

6. The goal of the Biodiversity and Agricultural Commodities Programme (BACP) is the conservation of biodiversity at all levels within agricultural landscapes by transforming markets for palm oil, cocoa, sugar cane, and soy bean. The objective of the proposal is to promote global scale adoption of biodiversity-friendly Better Management Practices (BMPs), by moving sustainably produced commodities from niche markets into the mainstream. The project is organized in two phases of approximately 5 years each, with the second phase being subject to approval by GEF Council, based on the success of the first one. The initial target countries are Malaysia (palm oil), Indonesia (palm oil, cocoa), Ghana and Côte d’Ivoire (cocoa), and Brazil (sugar cane and soy bean). During the 10-year lifetime, additional countries may be added as warranted.

7. The BACP will fund projects implemented by private sector and NGO partners according to four project-related components: (i) Support the enabling market environment, (ii) support better production, (iii) support increased demand, and (iv) encourage development of financial services to support biodiversity-friendly practices. The programme includes a management and an evaluation component.

8. The programme seems compliant with GEF Operational Program OP 2 (coastal, marine, and freshwater ecosystems), OP 3 (forest ecosystems), OP 13 (conservation and sustainable use of biodiversity important to agriculture), OP 12 (integrated ecosystem management), OP 14 (persistent organic pollutants), and OP 15 (sustainable land management).

9. The identification of commodities and of the primary target countries is based on a transparent process and yields an appropriate selection of commodities in urgent need of BMPs. The threats to biodiversity are identified adequately. The approach using roundtables will enable a broad target audience (with exception of smallholders) to be reached, thus enhancing opportunities for the dissemination of BMPs. The identified trade-related indicators are well

suitable to monitor the quantitative success of the BACP. However, we have concerns related to the qualitative outcome of the project, especially regarding its impact on biodiversity. Our concerns are summarized as follows:

## **Main Concerns**

- (a) Relevant information is missing in the project documents  
The project documents do not yet deliver sufficient information for a concluding appraisal of the project. Indeed, the logical framework appears focused on providing outcomes related to market transformation, but not on identifying the impacts of market transformation on biodiversity. The budget provided does not allow an appraisal of the budgetary allocations to project component 1-4, thus also preventing an ascertainment of the orientation of the project towards commodity production/supply and commodity purchasing/demand. The Gantt-Chart is of a general nature only and does not include relevant and time-consuming activities, especially regarding project component 1.
- (b) How will the quality of the BMPs in terms of impact on biodiversity be ascertained?  
The very basis for a successful implementation of the project is the identification and selection of BMPs and the documentation of their positive impacts on biodiversity. This is a particular challenge since high quality information on BMPs is not available for most better practices, as mentioned in the project documents. However, we are convinced that ecosystem-friendly commodities must deliver on their claims. We invite WB/IFC to provide information on how the quality of BMPs will be secured, on the process and on criteria for the selection of BMPs as well as on the budgetary allocations to this fundamental step in project implementation.
- (c) The project's impact on biodiversity needs to be specified and corresponding indicators established.  
The project documents do not show how impacts of the BACP on genetic diversity, species diversity, and on the diversity of ecosystems are to be measured. It seems that the impact of the biodiversity indicators included in the logical framework is predominantly based on assumptions. It is not apparent which criteria will be used to assess the biodiversity-friendliness of BMPs. Further, we miss project selection criteria which define quantitative minimal standards for “fewer impacts on biodiversity” and to which a monitoring scheme of funded projects should at least comply. A monitoring scheme is an integral element of a GEF project. The information provided on this issue is not yet sufficient.
- (d) Need to specifically address small-scale farmers  
To specifically address smallholders is of particular importance as (i) recent evidence suggests that most environmental impacts per hectare of production of commodities come from small-scale producers, (ii) approximately one-third of

palm oil production comes from smallholders, and this figure is expected to grow (according to project document *nearly all cocoa produced in West Africa is on small farms*); and (iii) to avoid social tensions.

- (e) The project plans not to work directly with smallholders, but to reach this important segment of producers through larger businesses which typically have a monopsony relationship with surrounding smallholders, and through project activities. This approach is considered insufficient, as the most efficient BMPs for large-scale, efficient market-oriented producers are not the same as BMPs for small farmers attempting to produce on more marginal lands and on scales that are less competitive. We see a high risk that smallholders might be caught in a poverty trap, being not competitive regarding mainstream production and lacking alternatives in form of BMPs. It is probable that such a situation would increase the pressure on biodiversity.

## **Conclusions and Recommendations**

10. We recognize the value of the BMPs approach and the results achieved by IFC, WWF, and others in this field, and its potential to strengthen awareness on biodiversity/sustainable development among the private sector by integrating biodiversity considerations into daily business. At the same time, we consider the BACP to be a high risk project, which is oriented towards market transformation and lacks measurable outcomes with secured positive impacts on biodiversity.

11. We recognize a number of trade-offs which we consider not adequately resolved, i.e. between the number of commodities addressed, the scale of collaboration needed within the value chain to comply with sustainable development and secure measurable outputs relevant for biodiversity on-the-ground, and the possibility of additionally needed scientific work to ascertain and quantify “biodiversity-friendliness” of BMPs.

12. In line with our comments above, we are in favor of a re-submission of the project proposal to the GEF Council prior to the project endorsement by the GEF CEO.

### **Further Comments** (based on GEF Project Brief)

13. Page 27 Paragraph 101 (h): The benefit of the BACP will include the reduction of impact of government regulation and/or more time to comply – please provide further explanation.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**2. Global: Building the Partnership to Track Progress at the Global Level in Achieving the 2010 Biodiversity Target (Phase I) [UNEP]**

***COMMENTS FROM FRANCE***

14. The project addresses key issues of monitoring global trends in the sustainable use of biological diversity, including the state of pressures upon its components at ecosystem, species and genetic diversity levels, and communicating progress towards the 2010 target of reducing the rate of biodiversity loss by 2010. The project is timely and relevant. It is however understood that a number of meaningful indicators that will be used to track progress will need further development.

15. Table 1, page 21, paragraph 67, in document A. Project Brief, does not make specific reference to the development of indicators of fish and forest genetic resources, while these potential measures are included in other parts of the documentation provided, in particular in Annexes F & G (Indicator Development Summaries & Analysis), P and Q (SBSTTA recommendations and COP decisions).

16. The clear mention of genetic indicators is deemed essential to reaching the project objective of providing a snapshot of status and trends of biodiversity. It is understood that genetic estimators will need further development work and that a final suite may not be obtained at the end of the project. However, forests and water systems pool considerable amounts of biological diversity, which genetic component maintenance are essential to adaptation to climate variations and sustainable use by human beings. In addition, on-going efforts within the CBD framework to tackle the issue of access to genetic resources and the equitable sharing of benefits arising from their use point out the importance of tentative methodologies and procedures to assessing, monitoring and reporting on such components. In this regard, linkages and mutual supportiveness with SEBI2010 can be of utmost importance.

17. ► **Favourable opinion provided clarification** is given of the incorporation of forest, inland water and marine genetic diversity components in the project.

***COMMENTS FROM GERMANY***

**Recommendation**

18. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.”

## Comments

19. The project proposal states that this project is global in nature, and as such, country eligibility is not applicable. However, indicators for Outcome 3 and Output 3.1 refer to national governments and regional organizations. In both indicators it should be added “preferable from eligible countries” to assure that facilitation by the project to use the guidelines concentrates on eligible countries.

20. The STAP review rightly suggests that *“further ideas would be welcome to define ways both to market and use the knowledge resources generated by the project...”*. This should be considered in the Communication Strategy (Annex K) where the targeted audience includes business and industry, especially natural resources based industries (agriculture, fishing, forestry, mining, hydro power, etc.), but none other than environmental sector ministries usually involved in CBD implementation. However, other than environmental ministries are important if *“the work of a wide range of stakeholders will inevitably result in increased interest in future work on the indicators and therefore the potential to generate additional resources (some of which could be internal in form of annual budgetary allocations) to support this work...”*. This is also necessary regarding the long term results of the communication strategy (*In the longer run, the communication strategy needs to result in changes in discourse, policy, behaviour and biophysical and development trends, that “significantly reduce biodiversity loss at global, regional and national levels as a contribution to poverty alleviation and to the benefit of all life on earth”. BIP’s specific contribution to this goal is the facilitation of the flow of information needed to support decision-making*).

21. Likewise, the Communication Strategy on page 5 considers plenary presentations and side events at private sector fora (e.g. World Business Council on Sustainable Development, World Economic Forum, UN Financial Institutions Initiative), but not at WTO where due to controversies surrounding Access and Benefit Sharing (ABS) and Article 8j the CBD has become an issue.

## COMMENTS FROM SWITZERLAND

### General Comments

22. The goal of the project is a *reduction in the rate of loss at the global level, through improved decisions for the conservation of global biodiversity*. The objective is that *governments and other stakeholders are better informed to improve the conservation status of biodiversity at global level*.

23. The proposal complies with Operational Program OP 1 (Arid and Semi-Arid Zone Ecosystems), OP 2 (Coastal, Marine, and Freshwater Ecosystems), OP 3 (Forest Ecosystems), OP 4 (Mountain Ecosystems), OP 12 (Integrated Ecosystem Management), OP 13 (Conservation and Sustainable Use of Biological Diversity Important to Agriculture), and to the Strategic Priority BD 4: generation and dissemination of best practices for addressing current and emerging biodiversity issues.

24. The project is rooted in the international 2010 target process and is organised in two phases, with the first (2006 – 2009) focusing substantially on development and delivery of indicators, whereas the second (2009 – 2012) will concentrate on reporting progress and ensuring continued development and sustainability of the 2010 indicator suite. The project proposal focuses on phase 1. The second phase would result from an additional proposal to GEF.

25. Project-phase 1 will generate 3 outcomes: (i) information useful to decision-makers, (ii) improved global indicator implementation and availability, and (iii) improved contribution and use of global indicators by national governments and regional organizations.

26. The project design is scientifically and technically sound. The central role of the 2010 Biodiversity Indicator Partnership is underlined by the project's broad stakeholder involvement, the support it has in terms of co-finance, and its complementarity with other core processes and programmes, such as the Millennium Development Goals. Finally, we wish also to underline the excellent quality of the project documents.

### **Main Concerns**

27. We have no main concerns.

### **Conclusions and Recommendations**

28. We expect that the project will deliver significant results for the benefit of global biodiversity in support of the 2010 target process adopted by the CBD and endorsed by the WSSD. The project is an adequate answer to the call of CBD SBSTTA (recommendation X/5) and to the mandate delivered by CBD COP (decision VIII/15, paragraph 4).

29. We fully support the project and recommend its approval by the GEF Council.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**3. Global (China, Ecuador, Morocco, Uganda): Conservation and Use of Crop Genetic Diversity to Control Pests and Diseases in Support of Sustainable Agriculture [UNEP]**

***COMMENTS FROM FRANCE***

30. This project is very challenging. A special attention should be taken to strengthening links between Research Centers and on ground farmers in the chosen countries

31. ► **Favourable opinion**

***COMMENTS FROM GERMANY***

**Recommendation**

32. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

33. Although it is described that a wide stakeholder spectrum will be actively involved in the project, the proposal is not precise enough concerning the participation of CSO. On the side of the research institutions the proposal is very specific and concrete. All relevant research institutions are involved. For this reason a detailed stakeholder analysis in the respective countries - with special emphasis on CSO - should be done in order to improve the planning and implementation of the project.

34. Technical cooperation project should be actively involved in order to improve mainstreaming of the project outcomes: i.e. in China the TC project: Management of agrobiodiversity in Haiian and Hunan” and in Ecuador the GTZ program “Gestion sostenible de los recursos naturales, GESOREN”.

***COMMENTS FROM SWITZERLAND***

**General Comments**

35. The project will conserve and promote the sustainable use of crop genetic diversity in order to increase resistance to pests and diseases. It will promote the use of “diversity rich” solutions to manage pest and disease pressures for small and marginal farmers in six target crops

(rice, maize, barley, common bean, faba bean, banana, and plantain) through the development of experiences in four countries (China, Ecuador, Morocco, and Uganda), which contain areas of important crop genetic diversity for the selected target crops. The proposal comprises 4 components (named outputs): **1) criteria and tools to determine when and where intra specific genetic diversity can provide an effective management approach for limiting damage caused by pest and diseases, 2) practices and procedures that determine how to optimally use crop genetic diversity to reduce pest and disease pressures, 3) enhance capacity of farmers and other stakeholders to use local crop genetic diversity to manage pest and pathogen pressures, and 4) actions that support adaptation of genetic diversity rich methods for limiting damage caused by pests and diseases.**

36. The proposed project is consistent with GEF OP 3 (conservation and sustainable use of biological diversity important to agriculture) and is well subscribed to the principles of the CBD programme of work on agricultural biodiversity. It is also consistent with the GEF Strategic Priorities 2 and 4.

37. From the point of view of agriculture and agro-biodiversity, the project is scientifically and technically sound. It is based on an interesting approach to evaluate the farmers' practices concerning crop diversity, and to make available protocols (guidance) and tools applicable at diverse points of the world to reduce pesticide use and pesticide exposure of farmers and the surrounding environment. A great number of stakeholders, such as scientific and academic institutions at local, national and international level, as well as government departments at countries level, are involved with the major project beneficiaries (farmers and indigenous communities).

38. In general, we fully agree with the project objectives and the proposal in its broad aspects. Nevertheless, there are a few concerns which are outlined further.

### **Concerns**

- (a) At the time of our review, we did not have access to the majority of annexes mentioned in the project documents (annexes D – Q). Among other aspects, this rendered it difficult to get a clear understanding of the project indicators.
- (b) Independent from the lack of access to annexes, it seems that several of the impact indicators are not defined in a consistent way, especially regarding the surface areas.
- (c) In the same sense, without basic data and the socio-demographic description of the populations of the selected sites (to be found in the annexes), the significance of several outcomes and of the proportions of project beneficiaries indicated cannot be well assessed yet.

### **Conclusions and Recommendations**

39. We agree with the project proposal and recommend its approval by the GEF Council.



40. We do at the same time expect that our concerns regarding the lacking soundness and consistency of impact indicators will be resolved. We also trust that the annexes we could not yet consult, are of the same quality as the remainder of the documents.

### **Further Comments**

41. We fully recognize that the project approach focuses on the use and conservation of the genetic diversity of the selected crops. Considering that the conservation of biodiversity in ecosystems adjacent to the agricultural production systems is mentioned many times in the project documents, we regret that so far no activities and indicators are designed to further assess and monitor this kind of expected impact. We suggest that this aspect is addressed in the final project documentation.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**4. Global: Critical Ecosystem Partnership Fund, Phase II [WB]**

*COMMENTS FROM FRANCE*

42. The CEPF program is relevant as the retrospective evaluation of previous program is very positive. France intends to co finance it through an AFD contribution (grant).

43. ► **Favourable opinion**

*COMMENTS FROM GERMANY*

**Recommendation**

44. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments:**

45. Germany supports the proposed Project Development Objective that is designed to contribute to biodiversity conservation at the global level, mainly by investing in the protection and management of biodiversity hotspot areas and strengthening the role of civil society in these efforts. However, the Outcome Indicators should be strengthened towards expressing more clearly the desired project impacts than merely the performances being made (e.g. Project Outcome Indicator 2: “600 civil society groups undertake conservation projects with CEPF grants.”) in order to facilitate post-implementation impact studies.

46. Regarding the incremental cost analysis, the baseline calculation hitherto was not possible due to lacking information, as the CEPF Task Team affirmed it. This makes the cost analysis as a whole precarious and unsubstantiated, so that it is indispensable to effect the necessary baseline calculations as soon as possible.

47. The conflicting role of Conservation International (CI) as manager of the grants and potential grantee has been discussed repeatedly in precedent project evaluations. It has been recognized by Germany that in most cases the local capacities are still not sufficient for conservation approaches of this size, nevertheless we recommend to actively pursue the participation of other international and national organisations in order to assure that grants allocated to CI will not exceed 50% of the total funding volume.

48. Considering the need to increase the number of cooperatively managed biodiversity hotspots, it is desirable to similarly cooperate with bilateral donors and organisations, besides local NGOs only. Germany is supporting protected area management in 12 of the 22 biodiversity hotspots. (Atlantic Forest, Caribbean Islands, Caucasus, Guinean Forests West Africa, Indo-Burma, Madagascar and Indian Ocean Islands, Maputaland-Pondoland-Albany, Mesoamerica, Philippines, Succulent Karoo, Tropical Andes).

## ***COMMENTS FROM SWITZERLAND***

### **General Comment**

49. The positive results of the CEPF-1, substantiated through an independent review, appear to be indicative of a proven model to be applied to 14 of the 30 identified globally biologically richest ecosystems – biodiversity hotspots as defined by Conservation International – within the proposed phase two (CEPF-2).

50. In view of the growing threats to the targeted ecosystems, the grant proposal is timely, relevant, and of high global priority. The background information provided is sufficient in order to appreciate the importance of the project within a global context. The proposal appears scientifically and technically sound. Its objectives are clearly defined, and the four proposed project components are logically conclusive, sufficiently addressing participatory aspects, capacity development, and key stakeholder involvement at grassroots level. The deliberate focus on the intimate involvement of civil society as sub-grant recipient is especially appealing. The successful implementation of the activities to be financed through this grant is expected to result in global benefits.

51. The CEPF-2 fully complies with three of GEF's four Biodiversity Strategic Priorities and to four of its Operational Programs. The recipient countries providing stewardship to the 14 biodiversity hotspots all qualify for GEF funding as signatories to the CBD.

### **Main Concerns**

52. The nature of the CEPF does not permit an individual assessment of interventions to be financed by the grant as most interventions will only be developed after grant approval. The grant request has therefore to be judged at face value, posing a relatively high risk.

53. There appears to be a conflict of interest since the CEPF is a joint venture by Conservation International (CI) in partnership with the World Bank. The World Bank will be the Implementing Agency for the CEPF-2 and CI a major beneficiary of the GEF grant. Furthermore, CI will be instrumental in the selection process of proposals under this grant, which may constitute a conflict of interest.

54. 20% of the requested GEF grant is dedicated to the project implementation unit attached to CI. This amount appears rather high. An explanation why CI does not provide the project administration costs as in-kind contribution would be helpful. The 20% equals a 3.5 million USD

management fee for a 20 million USD grant to be spent within four years, a large sum to be spent in a relatively short time period.

55. An explanation would also be helpful on why the World Bank does seem not to provide any co-financing as partner and co-founder of the CEPF.

56. We also wonder whether the selection of the countries is indeed based on the results of an objective needs assessment?

57. The four-year timeline for this very complex project appears very short, especially since interventions will only be conceptualized and specified in the first two years after grant approval. Considering the lengthy process of individual project preparation, submission and approval, this will leave insufficient time for the implementation and will not permit gauging overall project success after four years.

58. The case of sustainability (financial, managerial etc.) is not yet convincingly argued in the project documentation and will need to be addressed further. We also consider that there is a need for more work on practical and effective graduation and exit strategies.

### **Conclusions and Recommendations**

59. The CEPF approach to the conservation of recognized, globally significant eco-regions is innovative and has shown positive results during the first phase. Its focus on enabling civil society participation in biodiversity conservation and its holistic approach to landscape level conservation planning in accordance with regionally developed strategies is laudable. An important asset is the CEPF's proven capacity to attract other donors which reflects its effectiveness in funding initiatives, hence providing a contribution to the financial sustainability of specific project interventions.

60. We propose the approval of the project by the GEF-Council, but expect that our concerns and questions will be addressed in the further elaboration of the project.

61. We also believe that the CEPF model is operational in principle, but consider that the lack of concrete work proposals, which will only be developed during the first two years of the CEPF-2, bears a relatively high risk. At the same time, we stress that the project, if successful, will lead to global benefits.

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

62. The United States seeks postponement of the project proposal.

63. The United States strongly supports efforts to protect the critical ecosystems that are the focus of this partnership fund. However, we note numerous problems with this fund. These include excessive administrative expenses, delegated authority (with no apparent limit on the size of projects that can be put forward), an inefficient delivery mechanism, serious conflicts of interest in the governance structure and a lack of fraud or complaint mechanisms. We were also

surprised to see that the independent evaluation of this fund explicitly did not evaluate results, consistent with its terms of reference, and that there is still no exit strategy, even though this was supposed to be done in the first year of the fund. In addition, we are disappointed that there has been so little engagement of the private sector, and are concerned that the IPR provisions appear biased towards the manager of the fund and could pose a serious impediment for local private sector groups (e.g., ecotourism operators) and others seeking to replicate global environmental benefits.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**5. Global: Institutionalizing Payments for Ecosystem Services [UNDP]**

*COMMENTS FROM FRANCE*

64. France supports this project which intends to develop the “Payments for Ecosystems Services”. PES is clearly one of the key instruments, with trust funds, to cover the recurrent costs linked to biodiversity protection inside and outside protected areas. Hence, their development is crucial to biodiversity.

65. France welcomes the important role given to the private sector and proposes that the project be used as an example to feed the GEF strategy with private sector. Considering now project final preparation, some specific points would need more attention: stronger involvement of NGO’s like WWF and CI, which have extended experience in the subject of PES, should be ensured.

66. They are only quoted as modest co-financers while they have developed interesting pilot models and programs; coordination with other initiative of the GEF portfolio dealing with PES is crucial; the rationale behind Forest Trend choice as global manager of the project should be explained more thoroughly; activities related to agro ecology for example do not appear to be in the core of Forest Trend expertise.

67. **Favourable opinion**

*COMMENTS FROM GERMANY*

**Recommendation**

68. Germany agrees to the project proposal. Changes outlines below should be made during further planning steps and during project implementation.

**Comments**

69. **Budget / Financial Modalities:** There are some differences and inconsistencies between the budget and the committed Co financiers outlined in the project proposal / executive summary and the number stated at the first page of the executive summary. This is with regard of the GEF-contribution and the co-financing commitments. These differences need to be clarified prior to project start and funds disbursement.

70. Furthermore have many of the committed Co financiers not yet signed the co-financing contract. More than 5 Mio.USD of funds are still missing and hopefully all contracts have been signed by February 2006.

#### **Baseline:**

71. Annex 12A describes the Baseline of the project. It already provides a very good overview of projects going on in Latin America, however there are many projects more and consequently the baseline needs to be adapted. E.g. Germany supports not only projects on PES in Costa Rica, but also in Ecuador. In Ecuador and other countries exist many projects of other donors, like inter alia PROFOR. Furthermore the baseline consists of many estimations – which from our viewpoint – are little realistic. This includes the assumptions that many countries invest 1 Mio. USD p.a. for 4 years. Consequently we ask to adapt the base line within the first year of project implementation.

#### **Experience sharing:**

- Without any doubts the Katoomba Group and Forest Trends play a major role in establishing PES systems world wide. However it shall not be neglected that there are many other players which have gained many experiences in PES systems. Those players are inter alia CIFOR, GTZ, KfW, FAO, CGIAR etc. The experiences of the many other players shall also be taken into account.
- Consequently staff and project leaders from those projects, as well as from regional Development Banks and commercial banks, shall be invited to participate in the regional networks.
- Furthermore there are other learning networks either already established or currently being established (e.g. Comunidad de Practica at FAO-IUCN-GTZ-NL-CCAD project on financing strategies in Latin America. See inter alia <http://www.fao.org/forestry/foris/webview/pageview.jsp?pageId=37118&geoId=-1&langId=3&84837439>
- All experiences, strategies etc. shall be made publicly available at [www.ecosystemmarketplace.com](http://www.ecosystemmarketplace.com)

#### **Regional approaches:**

72. Focussing within this project on Eastern and Southern Africa and Latin America makes sense, as the Katoomba Group and Forest Trends have already gained experiences on PES in these regions. However, it may be useful to – if this is at this stage already possible – further outline in which countries PES projects will be finally implemented, as this would allow projects of other donors already working in such countries to set the ground and start with first steps for a successful implementation of PES-projects. Knowing this it would also become easier facilitating the process in the countries and finding some partners which could possibly support the project at country level.

73. Somewhere (only once, as far as we have seen it) in the document it is mentioned that the project may become active in the Danube region and South Asia, as well. We don't see currently the rationale behind these regions, as there is the strong focus on Africa and Latin America. We assume that the project shall focus its efforts and available funds on the main project regions in Africa and Latin America.

## **Executive Summary**

74. The executive summary is with about 35 (even though some tables are in there) far too long.

## ***COMMENTS FROM SWITZERLAND***

### **General Comments**

75. The overall Development Objective of this project is to institutionalize and scale up payments for ecosystem stewardship so that the financial value of these services is fully reflected in economic decision-making by land managers, investors, consumers, and others. Following the project brief, the activities would increase the number of ecosystem service buyers from the private sector globally, and mobilize new buyers for four PES schemes (focusing on agricultural, forest, coastal, and mountain ecosystems).

76. The project would establish two PES networks, one in tropical Latin America and one in South Africa. These networks aim at facilitating the contacts and at providing information for PES potential sellers and buyers, as well as for policy makers. Basically, its logic follows a market-based approach.

77. The project would directly affect thirty projects; improve biodiversity outcomes directly of at least one million hectares in the two regions and indirectly of at least two million hectares globally (see “contributions to key indicators of the business plan”).

78. The project addresses GEF Strategic Priority 2. Overall, it seems consistent with GEF criteria.

79. We fully share the Development Objective of the project proposed and appreciate that in general the outcomes, activities and indicators, and even the commitments on co-financing, are given in a rather detailed manner. We also appreciate that the commitments on co-financing are substantial.

80. Nevertheless, the project seems rather complex, its goals are ambitious, and the risk of failure seems high. Essential issues such as the policy frameworks are not sufficiently addressed, and there are several concerns regarding the overall approach which require further attention. They are outlined below:

### **Main Concerns**

- (a) Existence and development of policy regulations on PES are a must for a successful project implementation. However, this crucial issue is not yet sufficiently addressed by the project:

The project brief does not give an analysis of the current situation of the legal frameworks in the target countries. Thus, an appraisal on opportunities and



possible obstacles is not possible. We are also concerned that the importance of this issue has so far been neglected by the project proponents.

The establishment of adequate regulations usually requires several years. Thus, it might become an obstacle for implementing PES in the target countries of the project.

As long as no legal regulations exist to require payments for services all over a targeted territory, most potential buyers will look for lower cost solutions instead of considering PES seriously (exception: CO<sub>2</sub> market). Without legal regulations, market rules will not encourage potential buyers to complete negotiations.

The provision of information on international experiences on PES to policy makers, and even training courses, will not be a sufficient condition on its own to guarantee an enabling policy environment for PES.

- (b) Potential service buyers of PES usually look for local benefits. Thus, it seems rather doubtful how this link will be achieved through the project's scheme of an "international" promotion of PES offers:

Unless no direct relation exists between services to be paid for and benefits of the potential buyers, it is difficult to believe that project goals will be achieved.

Most potential buyers are ready to pay for environmental services if they get some economic benefits instead (e.g. clean water). Such a local involvement of potential buyers is essential for most PES types. The question must at least be raised whether the proposed scheme of PES promotion may not be working at the wrong level.

It seems that the project proponents are aware of this type of project risk. However, their response of covering more countries and several PES schemes, hoping that if one or another do not develop as expected, there would be at least some other schemes or countries with better results, may be considered rather questionable.

- (c) The follow-up on service sellers to guarantee that the services are correctly achieved seems not to be part of the current project:

Ongoing GEF projects on PES spend a considerable effort on the follow-up on service sellers. This is not yet the case for this project. It needs to be adapted in this regard. The follow-up on the implementation of the negotiated services and the achievement of biodiversity outcomes cannot be left with the sellers and buyers of the services.

- (d) Outcome 3 (Operational Models) is not very tangible:

Outcome 3 is the one which is related to activities in the field, and thus to possible biodiversity outcomes. From the point of view of GEF objectives, it is the most crucial one. Therefore, we particularly regret that the activities and indicators described are not yet very tangible.

- (e) The indicators are not sufficiently consistent:

The promissory statements made below “contributions to key indicators of the business plan” (“would directly affect thirty projects; improve biodiversity outcomes directly of at least one million hectares in the two regions, and indirectly of at least two million hectares globally” - see above in our general comments) are not reflected in the project logical framework. This inconsistency needs to be tackled.

Furthermore, indicators on outcome 3 are so far as intangible as the description of the outcome itself (see our comment above).

## **Conclusions and Recommendations**

81. Although we fully share the development objective of the project proposed and are very favorable towards PES, we feel that the current project has several important issues which are not well addressed yet and need further extensive planning efforts. We therefore recommend further changes to the project in line with the concerns voiced above before approval by the GEF Council.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**6. Argentina: Sustainable Forestry Development Project [WB]**

*COMMENTS FROM FRANCE*

82. The project aims at enhancing environmental values of plantation forestry in Argentina. The project supports the adoption of biodiversity-friendly practices in plantation forestry. The targets are local institutions at different level (local, provincial, federal) and producers (small, medium, large).

**83. Favourable opinion**

84. It's important to mainstream biodiversity-friendly practices in the overall plantation forestry production schemes. To avoid any regression to the primary situation the project will need to achieve the maximum involvement of stakeholders.

*COMMENTS FROM GERMANY*

**Recommendation**

85. Germany agrees to the project proposal. Changes outlines below should be made during further planning steps and during project implementation.

**Comments**

86. **Project Area:** It was well described that the wetlands of Entre Rios and Corrientes are considered as part of an Endemic Bird Area. Within this region the project will work and consequently plantations will be set up, as “the most productive” plantations are located in these two regions. Special care – within the project and the Environmental Impact Assessments – is needed to not disturb and destroy the habitat of these Endemic Birds.

87. **Institutional Strengthening and Capacity Building:** It is planned to provide in-depth training on Environmental Impact Assessment. This may be sufficient to comply with the needs of Argentinean laws and regulations. While implementing the project one might think about training on “Strategic Environmental Assessment”. This tool is emerging in the World Bank, as well. This tool would support the focussed view on the project regions Entre Rios and Corrientes where a conflict (Endemic Birds versus Plantations – see above) may arise.

88. **Stakeholder Involvement:** It needs to be clarified, whether already mesas forestales within the national forest programme are in place. If this would be the case, this project shall link

up to the existing processes and mesas forestales to avoid duplication of processes. Furthermore the small, medium and large producers need to become part of the mesas forestales, as they will play a major role in the forest development process in the future, as well. In the project proposal it does not become totally clear, whether the Producers are part of the mesas forestales.

89. **Budget / Co-Financing Sources:** It is already agreed with the beneficiaries of the project that they contribute with about 3 Mio. USD? If this is not the case one need to find urgently new sources of funding, as these 3 Mio. are nearly half of the Co-financing sources. Generally the private sector shall play a more important role in the process and possibly the private sector is willing to contribute and co-finance some parts of the project.

90. **Influencing Policy Makers / Laws and Regulations / Incentives:** It becomes obvious that in some cases/provinces the laws and regulations are weak and need to be improved. The project might focus stronger on improving such kind of laws and regulations, rather than thinking and developing incentive systems to support producers with economic incentives to focus on areas less critical to biodiversity or increase efficiency to reduce the impact on native ecosystems. However incentive systems may in some cases be needed and it is also important implementing them.

91. **Page 35: Data on GTZ project:** Currently the GTZ project will end at 31<sup>st</sup> of December 2006. Current funds until the end of 2006 are 900.000 USD.

## ***COMMENTS FROM SWITZERLAND***

### **General Comments**

92. The proposed project is associated with the need to mainstream conservation practices into productive landscapes (mainly plantation forestry) which are expanding and which overlap Argentinean grassland and wetland ecosystems in an ecoregion of global importance for bird conservation. The current plantation forests lack sustainable forest management and biodiversity conservation practices. The project is partially combined with an IBRD loan for Sustainable Forestry Development Project. The GEF funds requested are to increase integration of biodiversity responsible practices and policies into the plantation forestry sector.

93. The project complies with the GEF key strategies “Mainstream Biodiversity in Production Landscapes and Sectors” (SP 2) and operational programs Forest Ecosystems (OP 3) and Semi-Arid Ecosystems (OP 1). The Project documents provide sufficient information and the Project is soundly designed from the technical and scientific point of view.

94. Nevertheless and at this point, we still have some concerns, mainly regarding a major project impact on biodiversity conservation of the project area.

## **Main Concerns**

- (a) We agree with the efforts to define the key impact indicators of every project component and their quantifications (expected number of hectares of forestry plantations with incorporation of practices for biodiversity conservation or mainstreaming its biodiversity). However, and considering the need to maintain habitat areas with natural conditions for the endangered species in the main ecosystems targeted in the proposed project (grasslands and wetlands), the proposed impact indicator of the component 3 (page 41 of exec. summary) is as of now weak: “*Baseline studies and public discussions for establishment of 7 new protected areas in the productive landscape*”. We regret that the project effort does not go as far as the establishment of protected areas and only takes into consideration discussions and baseline studies.
- (b) We are not sure whether we understand what are the major threats in the project areas classed as forest ecosystems, because the proposal mentions that plantation forests are primarily expanding on grasslands and wetland ecosystems, given that the current forestry legislation does not permit transformation of forest ecosystems for planting (page 35 of exec. summary). In this sense, we guess that the project activities to promote and establish agro-forestry systems concern mainly the forestry plantations and not the forest ecosystems: This is not sufficiently clear in the activities described (page 38 of exec. summary) under the component 3 (*Support for adoption of biodiversity–friendly plantation forestry practices*).

## **Conclusions and Recommendations**

95. We recommend that the project be approved by the GEF Council, but expect that the issues outlined above will be addressed in its further preparation.

## **Further Comments**

96. Financial sustainability (page 43 exec. summary): The proposal states that low recurrent costs are needed after the project ends. Costs such as maintaining the monitoring system of biodiversity impact are not taken into consideration, and would be more considerable than foreseen. Their lack can put into question a proper appreciation of the biodiversity conservation impacts of the project in the long term.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**7. Bosnia-Herzegovina: Forest and Mountain Protected Areas Project [WB]**

***COMMENTS FROM GERMANY***

**Recommendation**

97. Germany agrees to the project proposal, if our assumption under “Project Area/Indicators” (see below, in bold italics) is correct. Changes outlines below should be made during further planning steps and during project implementation.

**Comments**

98. We agree with all comments of the STAP review and ask implementing agencies to take specific care of the comments given. Additionally we have further specific comments.

99. **Project Area / Indicators:** We assume that the area under formal protection will be increased to 3% (150.000ha) of the entire area of BiH (5.1 Mio. ha, according to FAOs State of the Worlds Forest 2005). In the text (see executive summary page 5) it is stated that the area under formal protection increases by 3% and this proves to be totally different of the number given in the indicators (3% of area) at page 24 of the executive summary.

100. **In case our assumption is correct we agree with the project. If our assumption is false we believe that costs of the project would be far too high and would object to the project proposal and ask to defer it for consideration at the next regular meeting of the Council!**

101. **Financial sustainability:** We are concerned about the long-term financial sustainability of the project, knowing that this is always the major challenge in protected areas projects. Despite the matter of fact, that the portion of recurrent management costs covered by PA income increases to 15% from budget allocation, 40% from entry/service fees and 25% from fees for new PAs, there are at least 10% of recurrent management costs missing (even more, as number of PAs increases)! How will these 10% of recurrent management costs be covered?

102. We state that it is the responsibility of the project to develop proposals – within the first two years of the project duration –, how in the long-term the recurrent management costs can be covered and financed. In this regard it may be thought about adapting the outcome indicator. In this regard, the proposal of the STAP review may be considered, to have a close look on Payment for Environmental Services or other financing instruments, as the revenues raised by these instruments may serve to cover these costs. Overall, there are many other funding opportunities which not yet have been taken into account. Within the project such other funding

sources need to be explored to achieve long-term financial sustainability. Additionally we believe that with regard to financial sustainability the biggest share of recurrent management costs of PAs need to be covered by internal funding sources. External funding may leverage on a short-term basis funds, but in the long-term financing of PAs shall rely on internal sources.

103. **Funding of the Government of Bosnia-Herzegovina:** How much will the Gov. of BiH contribute to the project: USD 1.5 Million (executive summary page 11) or only 1.0 Mio (executive summary page 12)?

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**8. Botswana: Wildlife Conflict Management and Biodiversity Conservation for Improved Rural Livelihoods [WB]**

***COMMENTS FROM FRANCE***

104. France supports this project focused on the management of wildlife conflicts in the wetland and rangeland of Northern Botswana and welcomes the proposed coordination with other relevant initiative. Useful synergies can be drawn between this GEF/WB project and the FGEF/CI/DWNP conservation corridor project under preparation in Southern Botswana since both are targeting community development based on the sustainable use of natural resources.

105. Livestock being the main alternative to wildlife and natural resources use in Northern Botswana, the GEF/WB project will have to work closely with the Ministry of Agriculture. The role and impact of the numerous veterinary fences, built according to the EU-Botswana Beef protocol, will have to be looked into as well.

106. **Favourable opinion**

***COMMENTS FROM GERMANY***

107. Germany supports the project proposal without a need for further comments.

***COMMENTS FROM SWITZERLAND***

**General Comment**

108. The geographical and thematic focus of the proposed project is of high relevance and global interest. The issue at stake is of great importance and high regional priority. The rural poor and HIV-AIDS affected families have rightly been identified as key target groups and beneficiaries of the project. The background provided on the framework conditions of the project, the threats to the ecological integrity of the target areas and the root causes of the problems (i.e. wildlife/human conflicts) appears to be sufficient in detail, providing a solid basis on which to judge the project concept. The project objectives are sound and clearly formulated.

109. The project complies with GEF key strategies and operational programs and Botswana qualifies for GEF assistance as a signatory of the CBD.



## **Main Concerns**

- (a) The rural poor and the most vulnerable groups (i.e., HIV/AIDS caused female-, old age- and under-aged children led households) have been identified as key target groups and beneficiaries of the project. At the same time, the intervention package needs to be further refined to ensure that the interventions will be able to provide tangible benefits to this target group on a household level.
- (b) In the same line, the project needs to further strengthen its focus and the associated allocation of funds on addressing the wildlife/people conflict issue at the family-livelihood level. The capacity development needs to move in the same direction.
- (c) We also expect the elaboration of a stronger linkage between the identified threats to biodiversity, their root causes, and the proposed project interventions.
- (d) The “co-financing” provided appears to be the recurrent and development budget of key Government Agencies. Questions also arise regarding the financial sustainability of the project, which relies on the GoB to provide sustainable financing for the operational and maintenance costs of project interventions such as protective fences, boreholes/pumps, etc.
- (e) Further reliance on case studies and solutions to the problem from other parts of Africa would benefit the project.
- (f) The proposal also needs to put further emphasis on a sound and feasible project exit strategy.
- (g) The STAP reviewer suggests allocating more funds to component two (i.e. tangible benefits to the rural poor on a family level). At the same time, component three (monitoring of human/wildlife conflicts, study of traditional solutions, expansion of GIS capability, etc.) appears to be of low relevance related to effectively combating the problems.

## **Conclusions and Recommendations**

110. The STAP reviewer’s recommendation that more funds be allocated to the development and implementation of practical solutions to human/wildlife conflicts as the key issue is fully endorsed.

111. We recommend that the project be approved by the GEF Council, provided that the issues outlined above will be fully addressed in the further project preparation.

112. The suggested global benefits to be derived from the project depend on (a) the addressed conflicts are solved at grassroots level in a truly participatory fashion involving all major stakeholders and (b) tangible benefits are provided to the rural target groups that are most affected by marauding wildlife and by wildlife diseases.

### **Further Comments (on the Executive Summary)**

- Page 5 (Component 1, second paragraph): The sentence should read: (d) “Development of .....for elephants, rhinos and endangered predators”. Delete “other” since elephants and rhinos are not predators.
- Page 7: It is not clear how the identified key indicators will determine CBNRM benefits at the household level.
- Page 11: Please explain (a) how wildlife conflicts can be reduced through community monitoring as suggested in this context and (b) how benefits will flow to rural communities from wildlife monitoring.
- Page 14: Coordination with other Development Institutions: In this context the Kaza project needs to be mentioned as one of the key initiatives in the region directly affecting/benefiting the target area. Solutions/reduction of wildlife/people conflicts is a key component of the Kaza project.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**9. China: Guangxi Integrated Forestry Development and Biodiversity Conservation [WB]**

***COMMENTS FROM FRANCE***

113. Component 1: Expanding Timber Plantations (total cost 171.10 million)  
This component would finance: (a) the establishment of approximately 200,000 ha of fast-growing, high- yield timber plantations.

114. Component 2: Increasing Ecological Forest Cover (total cost US\$ 18.67 million)  
The component would finance the establishment of approximately 18,000 ha of multiple-use forests.

115. Component 3: Improving Management of Nature Reserves (total cost US\$ 7.02 million with a GEF grant contribution of \$4.81 million)  
The aim of this component is to enhance management of existing, globally- significant nature reserves; increase management capacity and knowledge of biodiversity resources, particularly in the little known and relatively rare limestone ecosystems; and strengthen cooperation between local communities and nature reserve staff to address mutual areas of interest and thereby promote biodiversity conservation.

116. Component 4: Enhancing Forest Institutional and Management Capacity (total cost US\$ 5.06 million, GEF grant contribution of US\$0.44 million)  
The GoC and GZAR (Guangxi Zhuang Autonomous Region) governments are strongly committed to sustainable forest management.

117. **Favourable opinion**

118. The project is effectively focusing on biodiversity priorities by contributing mostly to component 3. That's a good point. The challenge will be to guarantee the sustainability in the longer term by the re-focusing of existing government funds.

***COMMENTS FROM GERMANY***

**Recommendation**

119. Germany agrees to the project proposal. Changes outlines below should be made during further planning steps and during project implementation.

## **Comments**

120. This project is very ambitious, however we believe in the concept of the project.
121. There are already some more experiences in the entire forest- and plantation management in China, especially in Southern China. The province Guangxi was suggested as region for “timber production” by the GoC. Therefore this project fits into the strategies of the GoC.
122. It shall be recognised that there are at least three projects which have a very similar approach like the proposed GEF project. We propose to contact such projects to share experiences and knowledge, as well as to avoid duplications in the daily work of projects and stimulate cooperation and coordination of donors in this region. Those projects are the EU financed and GTZ implemented project on “Sustainable Forest Management” (which is already part of the ongoing WB/GEF project) and a project by KfW in Southern China, which aims since two years to implement an approach on Sustainable Forest Management.

## ***COMMENTS FROM SWITZERLAND***

### **General Comment**

123. The protected area component to be financed through the requested GEF grant is one of four forming part of a complex integrated sustainable forest management project in China’s Guangxi Zhuang Autonomous Region (GZAR). This Region is recognized for its unique and globally most important karst ecosystems, typified by biodiversity-rich forests. The project addresses the urgent need for timber production (establishment and expansion of plantation/production forest), soil stabilization and sustainable watershed management (establishment of protection forests), and biodiversity conservation in designated protected areas (support to five official nature reserves).
124. In view of the global uniqueness of the targeted ecosystems, the growing threats to their ecological integrity, and the ever increasing demand for wood-fiber in China, the project appears to be of priority concern and high relevance. The project is scientifically and technically sound, providing sufficient background information on the national, regional, and local framework conditions. Its objectives and corresponding activity programs are well defined and the project concept is logically conclusive.
125. The need for capacity development and stakeholder participation at grassroots level has been addressed. The project concept appears innovative for China and, if successful, could serve as a model for other parts of the country. The question of sustainability has been addressed. The project is consistent with GEF Strategic Priorities B 1 (Catalyzing Sustainability of PAs) and B 2 (Mainstreaming Biodiversity in Productive Landscapes) and complies with OP 3 (Forest Ecosystems).
126. The project appears well justified and, if successful, is expected to result in global ecological benefits.

## **Main Concerns**

127. The proposal does not provide information on (a) the geographic location of the areas subject to the interventions earmarked for the four project components, (b) the size of the individual areas, and (c) the distribution of land use categories used in the GZA Region (maps would be helpful in this context). Because of the missing background information it is unknown (a) whether the areas chosen are interlinked or scattered (fragmented islands), and (b) whether the project will sufficiently address the need for ecological connectivity, vital to sustainable biodiversity conservation.

128. Please indicate whether the selection of the target areas has been based on an existing spatial land use plan, whether any spatial land use planning has been taken place in the GZAR and which land use categories are in use. As of now, the project does not appear to sufficiently address the need for biological corridors critical for providing the link between protected areas and designated protection forests.

129. In view of the identified threats to the five targeted Nature Reserves, it appears prudent to establish designated support zones for each reserve to become a major focus of financial and technical assistance, rather than channeling funds exclusively to the reserves. Sustainable protection of the Nature Reserves will only be possible if local support can be secured. Local support comes with ownership, and ownership with tangible benefits provided in connection with the reserves.

130. 4.8 million USD out of the 5.6 million USD GEF grant are allocated to the reserves. This appears too large if none of this funding is dedicated to community development in the still to-be-designated support zones of the reserves.

The risk assessment does yet fail to address the issue of financial sustainability. This applies in particular to Component 3 (support to the five protected areas). The project does not provide any exit strategy for this component and it is not secure that sustainable government funding will be available to cover the costs resulting from the PA improvements to be financed by the GEF grant.

## **Conclusions and Recommendations**

131. The project provides a timely opportunity for effective conservation of threatened, globally significant, biodiversity-rich ecosystems. The grant approach is innovative and provides feasible solutions to identified forest destruction in the target area.

132. We recommend that the project be approved by the GEF Council, provided the issues outlined above will be addressed.

## **Further Comments**

133. How exactly will community support be mobilized with reference to the protected area component? Please identify the tangible benefits to be provided to the PA neighbors by the proposed interventions. Please also define the activities to be financed by the 1.83 million USD allocated to community relationships.

134. Output c): Please explain how communities will be involved in the elaboration and implementation of the management plans for the five targeted protected areas, and will there be any sustainable tangible benefits to the communities as a result?

135. Please explain the current protection status of the six nature reserves in comparison with the IUCN PA categories.

136. Page 10, point c: Please explain why there is a need to monitor the “biodiversity richness” of the targeted Nature Reserves and how this will be achieved since it is not possible to monitor the entire spectrum of flora and fauna. In this context, please also explain the proposed “community-based monitoring methods”.

137. Is there sufficient capability within each Nature Reserve to elaborate usable management plans as suggested by the proposal? Will reserve neighbors form an integral part of the management planning teams? Will the management plans address the need for the establishment of designated support zones and biological corridors? Will the management plans stipulate land use policies for these areas?

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**10. Congo: Agricultural Development and Rural Road Rehabilitation Project [WB]**

*COMMENTS FROM FRANCE*

138. The project aims at promoting the sustainable use of biological diversity of coastal areas. The project promotes action for sustainable management of fisheries and conservation of biodiversity in critical habitats.

139. The World Bank project related to the GEF contribution aims at improving local transport and farmer's access to the market. The objectives of the World Bank project seems not directly link with the GEF contribution. What kind of actions could be realized by the project for reducing the impact on biodiversity of rural roads rehabilitation?

140. ► **Opinion: no objection, however** we should receive sound information about relevant actions realized by the project for reducing the impact on biodiversity of rural roads rehabilitation

*COMMENTS FROM GERMANY*

**Recommendation**

141. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

142. Sources of additional income generation for the government due to the proposed project are described only vague (increased budget appropriations to both ministries [MAEP and MEFE] as a reward for high performance budget execution" [p.5 top]). The possible source of income for the Ministry of Agriculture, Livestock and Fisheries by sustainable managed fishing licences within the EEZ should be pointed out and involved into the project planning.

143. The outlined multi-level approach with the capacity building at high administrative levels and the direct flanking with initiatives at the local level is convincing. But some additional attention should be paid to the following issues:

144. Component 1: The project proposal describes the low performance of previous local expenditure programs as "[...] caused by weak accountability and lack of incentives of the civil servants, and poorly designed sectoral programs" [p.4 mid].

The project proposal does not mention any initiative to strengthen accountability and to provide incentives for the civil servants to address the mentioned problems of previous programs.

145. Component 2: The rising in general living standards due to given market access by rehabilitation of rural roads takes several years to decades. But the road access facilitates migration towards overcrowded cities right away. The proposal does not deal with the unwanted migratory effects into the project area.

146. Component 3: The set targets are very ambitious considering the scheduled financial resources within the given timeframe.



**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**11. Congo DR: Support to ICCN's Program for the Rehabilitation of the National Parks Network [WB]**

***COMMENTS FROM FRANCE***

147. The project aims at promoting protection and rehabilitation of Garamba and Virunga National Park and their buffer zones. These National Parks are some of the some important areas in term of biodiversity in DRC and ICCN seems to be a strong national institution able to support the project management.

148. ► **Favourable opinion**

***COMMENTS FROM GERMANY***

**Recommendation**

149. Germany agrees to the project proposal. Changes outlines below should be made during further planning steps and during project implementation.

**Comments**

150. Stakeholder Participation: A well documented list of all possible stakeholders with an analysis of their capabilities, current roles, participation in project, as well as possible conflicts and mitigation strategy is annexed to the project brief. Also, the project description for component 1 and 2 informs that multistakeholder meetings of CoCoCongo and CoCoSi will be supported. We recommend ensuring during project implementation, that especially disadvantaged groups (indigenous people and local communities) are trained by implementers (NGOs) in how to participate in consultation processes (positioning, argumentation, interest development, finding of allies, etc.). Experience shows that such strengthening of disadvantaged groups is important to guarantee real participation of all groups in consultation processes.

151. Financial sustainability and coordination with other projects: The project has set up very important linkages to other projects in the region and donor coordination is working effectively. There are interesting proposals on how to guarantee financial sustainability of the project once it has ended. Concrete plans will be developed during the first years of the project. Other projects in the area are establishing financing mechanisms, such as a fund by the KfW/GTZ project. We strongly recommend coordinating with these projects and to consider supporting one of the already existing financing models instead of setting up a new model and thus wasting efforts.

152. Political will of ICCN: The project description takes special care to ensure that there is political will by ICCN as the implementing agency to further the project. However, experience shows that ICCN is still a very weak organisation. Special care should be given to establishing controls that ensure project implementation even with institutional difficulties or delays.

153. Project area: In the course of the project it should be considered whether the project could be extended to include NP Maiko, as it was proposed in an earlier project version.

154. Executive Summary: The summary was with about 20 pages a little too long. The Annexes are with about 40 pages quite extensive.

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

155. The United States seeks recirculation (of the project document) to the Council prior to CEO endorsement.

156. The United States supports the objectives of this project (USAID is the largest cofinancier). The project documentation rightly identifies the resettlement and impacts on indigenous peoples as critical and sensitive issues. A social impact assessment (including an indigenous peoples plan, a resettlement policy framework and a resettlement process framework) have been completed, but are not yet available. Therefore, we like to request that those assessments be made available to the Council for its review prior to CEO endorsement.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**12. Ethiopia: Sustainable Development of the Protected Area System [UNDP]**

*COMMENTS FROM FRANCE*

157. The project aims at promoting management and extension of protected areas in Ethiopia. Ethiopia encompasses some of the most important areas in term of biodiversity due to their high level of endemism. So that the project seems to be relevant

158. ► **Favourable opinion**

*COMMENTS FROM GERMANY*

159. Germany supports the project proposal without a need for further comments.

*COMMENTS FROM SWITZERLAND*

**General Comments**

160. This project proposes aims to improve the human and institutional capacity to manage biodiversity values in and around Ethiopia's protected areas. It will improve and make more effective the capacity to manage the Protected Areas (PAs).

161. The proposal is well structured, the information available is complete and detailed, and in this sense it is possible to make a comprehensive appreciation of the project. The threats to biodiversity and the root causes are well identified, as well as the more important barriers to a more efficient PA management.

162. To start with, the proposal will build capacities and create institutional changes implemented through the GTZ (duration 4 years). Stage two focuses on the consolidation and replication of best management practices, executed by a ministerial / parastatal structure created during the first stage. The proposed project logic framework of these two stages and the respective outcomes are coherent and sound.

163. The project includes relevant participation and involvement of stakeholders (especially communities) in the planning and management of protected areas, to ensure its social sustainability. The project proposal has also a well designed set of key indicators and means of verification of its outcomes. The proposal is consistent with the GEF OP 4 and fits in with the SP1 (Catalyzing Sustainability of Protected Area Systems).

**Main Concerns**

164. No major concerns were found.

**Conclusions and Recommendations**

165. *We fully agree with the project and recommend it for approval by the GEF Council.*

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**13. India: Biodiversity Conservation and Rural Livelihoods Improvement [WB]**

*COMMENTS FROM FRANCE*

166. India is an emerging country with a long term experience with ecodevelopment and joint forest management projects. But its high level of human population density and growth, high incidence of poverty and large number of livestock accelerates the speed of degradation. This project, by strengthening the management of core protected and ecosensitive areas, by promoting rural livelihoods and integrating conservation concerns in lands surrounding the core protected areas, could help to reverse the trend.

167. France supports and welcomes this project focusing on eight landscapes in different biogeographic zones of the country. The project is a learning project, built on experience and best practices by including previous sites as learning centers to witness effective conservation models and sustainability mechanisms at first hand, thus providing the opportunity at state and national level, to a necessary participative approach.

168. ► **Favourable opinion**

*COMMENTS FROM GERMANY*

**Recommendation**

169. Germany asks for re-submission of the project proposal to the Council prior to the endorsement by the CEO.

**Comments**

170. The project title already indicates that the project is going to tackle both issues of global concern (biodiversity conservation) and of national concern (rural livelihood). The proposed project is a fully-blended operation, with a total cost estimated at US\$47.1 million, of which GEF has a share of US\$11.5 million. The project document has therefore not been specifically prepared for GEF, but for the overall operation, to which GEF contributes less than one fourth.

171. Seemingly justified by the fully blended operation, the description of the project components do not distinguish between GEF funded activities and activities funded by the other donor (IDA) and the Government of India. It thus becomes impossible to monitor the impact of GEF money on the related outcomes. So, the costs of the individual project components

comprise the costs of both baseline activities and incremental activities, and no breakdown of the costs is given. GEF money is thus used to fill a pool from which activities of global and domestic benefits can be funded.

172. It is strongly recommended to specify which activities are going to be funded with GEF money, and to develop an M&E plan, which allows monitoring the contribution of GEF towards the overall performance of the project.

173. One of the risks of blended operations is the synchronous release of funds; the funds of all sources are rarely released at the same time. The project document does not describe this risk and does not develop a strategy how to tackle problems possibly arising from it.

### **Secondary issues**

174. The project document gives sometimes the impression that it is half-finished. Some chapters, for example, consist only of headings without text

- C Implementation / 6. Loan/credit conditions and covenants
- D. APPRAISAL SUMMARY / 7. Policy Exceptions and Readiness
- Annex 2: Major Related Projects Financed by the Bank and/or other Agencies
- Annex 7: Financial Management and Disbursement Arrangements
- Annex 8: Procurement Arrangements (only standard text, not project-specific)
- Annex 12: Documents in the Project File

175. The Executive Summary gives in the annex all the extensive comments received from the STAP reviewer, from GEFSEC and from UNDP as well as the response to these comments. These annexes take 43 pages (!) alone. The responses to these reviews often contain additional information not given in the proposal itself. In our view, it does not make sense to give significant information such as the stakeholder analysis and the analysis of threats, root causes and the intervention logic in the response to the reviews, not in the project proposal itself! GEF Council members need for decision-taking a consolidated project proposal, which takes the comments and recommendations by the various reviews into account. We are not interested in the history of the development of the project, and thus not in the individual reviews. However, we want to be sure that the various remarks and recommendations have seriously been considered.

176. Concluding general remarks:

- (a) It is strongly recommended to specify which activities are going to be funded with GEF money, and to develop an M&E plan, which allows monitoring the contribution of GEF towards the overall performance of the project.
- (b) IAs are urged not to overload the GEF Council with extensive reviews and responses to reviews, but to submit consolidated project proposals.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**14. Indonesia: Fisheries Revitalization Project (FRP) [WB]**

*COMMENTS FROM FRANCE*

177. “Post-Tsunami” project of the economic activities revival in the coastal zones of Indonesia. This an interesting project in the spirit of what should be done with the local populations.

► **Favourable opinion**

*COMMENTS FROM GERMANY*

**Recommendation**

178. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

179. Aside from (difficult to measure) income “Household income increases by 40%” the key indicators for socio-economic and poverty do not cover broader socio-economic development aspects like access to education and health services, access to potable water, housing, household energy, etc.

180. The second indicator “average CPUE increased by 10%” just measures a reduction in total fishing effort and should include information to what extent desired management objectives (MEY, MSY) are achieved by EOP<sup>1</sup>.

181. The project relies on mainly one commodity (seaweed) to create alternative sources of income. To reduce risks, opportunities in other important economic sectors should be considered (through the provision of business development services)<sup>2</sup>.

182. The project documentation provides no information about stakeholder as well as gender participation in the composition of the Community/Village Management Units.

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<sup>1</sup> See project brief B. 3. Key indicators (a) socio-economic and poverty indicators

<sup>2</sup> See project brief B. 4. Project Components

183. The GEF specific project component is embedded in component C of the FRP: Co-management of Coastal Ecosystems and Fisheries Resources: (3) Conservation of Critical Coastal Habitats; (4) Marine Turtle Habitat Reserves Network/Partnerships.

184. The interventions above address the strategic priorities (capacity building and biodiversity) and fulfil the corresponding requirements of the operational programs.

## ***COMMENTS FROM SWITZERLAND***

### **General Comment**

185. This highly ambitious project addresses the root causes of the threats to Indonesia's coastal biodiversity. Its holistic approach to integrated coastal and seascape management and strong linkage to other donor and World Bank supported programs at the national and regional level are expected to create the enabling environment for improved livelihoods of coastal fishing communities, which is hoped to lead to an improved protection of designated protected sites and the sustainable use of sea resources.

186. The Project Document is well prepared and scientifically and technically sound. In view of the global ecological importance of Indonesia's extensive coastline habitats and the growing threats to their ecological integrity, the subject matter is of high relevance and priority. The comprehensive background information provided by the proposal is sufficient in detail in order to fully understand and appreciate the project's concept and complexity.

187. The project's objectives are clearly formulated. The proposed outputs and related activities are logically conclusive for all four project components. Stakeholder participation and capacity development are key concerns that appear to have been addressed satisfactorily by the project. The project is consistent with GEF Strategic Priorities B 1 and B 2 and complies with the principles of Operational Program 2 (OP 2). Global benefits can be expected if the project meets its overall goal and specific objectives.

### **Main Concerns**

- (a) The proposed timeline of four years is too short in order to achieve the desired results and to wisely spend an US\$ 8 million GEF grant.
- (b) The risk assessment fails to address the issue of financial sustainability. This applies in particular to Component 3 (support to the five protected areas). The project does not provide any exit strategy for this component, and it is not secure that sustainable government funding will be available to cover the costs resulting from the PA improvements to be financed by the GEF grant.



## Conclusions and Recommendations

188. Components one, two, and four will create the enabling conditions for successfully addressing the biodiversity conservation issues to be supported by component three, which is subject to the requested GEF support.

189. We recommend the project for approval by the GEF Council. It is strongly recommended, however, to extend the timeline and to revisit the issue of financial and social sustainability related to component three.

## Further Comments

- Page 5, Reference Indicators: The suggested increase of 40% household income for all sea-resource dependent households of the 1,500 targeted communities by the end of the 4-year project appears unrealistic.
- Page 6, Co-management: Please explain, how exactly community ownership in conservation will be developed in the collaboratively managed marine protected areas. What are the incentives for communities to the cause?
- Page 6, Biophysical indicators: Please explain, how to measure “management effectiveness” (proposed 30% increase over the project duration) and how baselines against which to gauge changes in effectiveness will be established correspondingly?
- Page 8, Sustainability: How realistic is it to: (a) expect district governments to cover the operational costs related to the protection of critical habitats on a sustainable level, and (b) for local communities to obtain sustainable donor support for the conservation management of marine turtle habitat sanctuaries? It appears prudent to search for more practical, reliable, and more sustainable solutions to this issue (i.e. Endowment Fund?).
- Page 9, Partnerships: Please describe the activities proposed to secure the proposed financial support by the private sector.
- Page 11, Co-financing: Is the listed co-financing by Conservation International already secured? Otherwise it would not yet qualify as a co-financing source.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**15. Jordan: Integrated Ecosystem and Natural Resource Management in the Jordan Rift Valley [WB]**

***COMMENTS FROM FRANCE***

190. The Jordan Rift Valley is the most important area for biodiversity in Middle East region. The project aims at improving the management of these areas. Project of improvement of the management of the biodiversity in the valley of the Jordan (extension of the protected areas, institutional support, alternative economic activities...). The region and the resources (water in particular) being shared with Israel and the TAP; we would wish that the project be a regional one taking into account the other countries.

**► Favourable opinion**

***COMMENTS FROM GERMANY***

**Recommendation**

191. Germany asks for re-submission of the project proposal to the Council prior to the endorsement by the CEO.

**Major issues**

- (a) The Jordan Rift Valley is situated on the flyway of many migratory bird species, including those of soaring birds. The existence of the flyway is a major justification for the project, and several IEM demonstration sites have been selected because of their importance for migratory birds. It is therefore surprising that the upcoming GEF Project “Mainstreaming conservation of migratory soaring birds into key productive sectors along the Rift Valley/Red Sea flyway” has been mentioned only once. GEF Council has approved to invest US\$ 10.2 million into this regional project, which aims at working through national or donor-funded “vehicles”. If such cooperation cannot be achieved even within the GEF family, it should be examined whether the “double-mainstreaming approach” suggested by the Soaring Birds Project is a valid model.
- (b) The Royal Society for the Conservation of Nature (RSCN) has been suggested as national executing agency. In addition to some GEF funded projects in which RSCN has played a minor role (such as the medicinal plants project), the RSCN has been the national executing agency for the following GEF projects:

| <b>Project</b>             | <b>Start</b> | <b>GEF contribution</b> | <b>Role of RSCN</b>                             |
|----------------------------|--------------|-------------------------|---|
| Dana & Azraq               | 1992         | US\$ 6.3 million        | executing agency                                |
| Dana & Azraq Consolidation | 1996         | US\$ 1.9 million        | executing agency                                |
| Dibeen                     | 2002         | US\$ 1.0 million        | executing agency                                |
| Soaring birds              | 2005         | US\$ 10.2 million       | national executing agency of a regional project |

All these projects included significant components for capacity building for RSCN. The Dibeen Proposal thus comes to the conclusion that RSCN has significant capacities and describes them as follows:

“RSCN has successfully secured a number of important internationally funded projects, including the GEF Dana and Azraq Projects which have achieved international acclaim for their effectiveness in creating regional models of integrated conservation and development, centered on protected areas. As a result of the capacity building elements of these projects, the staff of RSCN has undergone intensive training in a wide range of environmental and managerial disciplines and now represent some of the most skilled and experienced people in the region in terms of biodiversity conservation and institutional management.”

In the light of the fact that RSCN has thus been characterised as one of the most skilled and experienced NGOs in the region, it should be examined whether further capacity building for RSCN in the frame of the new GEF project should really be a priority for GEF.

- (c) The co-financing does not become clear:
- (i) Letters of co-financing issued by RSCN not attached to the proposal (although indicated in the text). It would be worthwhile to learn the modality of such a significant contribution of US\$ 2 million from a NGO. It is also more than what can usually be delivered as in-kind contribution through provision of labour force, office space, etc.
  - (ii) Co-financing by “other NGOs” in the height of US\$ 2.3 million not specified (only IUCN intending to make an in-kind contribution of US\$ 300,000)
  - (iii) GEF Small Grants Programme should not be considered a source of co-funding (“GEF co-funds GEF”).

### **Minor specific comments**

- (a) Indicator for project component 3 “Increase in the number of bird passing along the JRV” not a valid indicator. The birds passing through the Jordan Rift Valley come from Eurasia and fly to their African winter quarters (and back), whatever the situation in the Rift Valley is. The number of birds is thus independent from the ecological situation in the Rift Valley and also from the existence of protected areas, and can therefore not be used as indicator.
- (b) Also the indicator “Rate of generation or regeneration of vegetative cover/biomass in all four PAs” is very problematic, as the natural vegetation will recover in dry lands only at very limited degree from alone in the course of the project period. Acacia or Juniper forests need decades for recovering. The plantation of trees may support and accelerate the regeneration of this type of vegetation. The indicator may be used to measure active rehabilitation, but not enhanced management capacity.
- (c) “A SEA will be prepared to assess the capacities in the various departments, and have a better understanding of the resources and challenges.” – The envisaged assessment seems to be a Capacity Assessment rather than a Strategic Environmental Assessment (SEA). SEAs are foreseen to review specific programmes and policies.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**16. Kazakhstan: Conservation and Sustainable use of Biodiversity in the Kazakhstani Sector of the Altai-Sayan Mountain Ecoregion [UNDP]**

***COMMENTS FROM GERMANY***

**Recommendation**

192. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments:**

- (a) The loss, fragmentation and degradation of valuable habitats, especially in Kazakhstan's montane forests, need special management tools, which are not fully provided by the classical protected areas approach. A feasibility study carried out 2002-2004, supported by Germany and implemented by the GTZ, came to the conclusion that biosphere reserves would be an appropriate management instrument, to achieve a balance between the often conflicting goals of conserving biodiversity and promoting human development. The project proposal does not build on this preparatory work and does not even consider biosphere reserves as a management category to be applied in the Altai region.
- (b) Kazakhstan's incomplete protected area coverage: The fact that less than five percent of Kazakhstan's surface area is under protection (and thus significantly less than international standards) cannot be taken as an argument for incomplete protected areas coverage, as far more than 50 percent of Kazakhstan's surface area consists of steppes, semi-deserts and deserts which are only little influenced by human activities. In order to assess the need for establishing new protected areas, it should better be examined how far threatened ecosystems in the Altai project region are already included in the protected areas system, and which territories are in need of further protection.
- (c) Cost-effectiveness: The original PDF-B request aimed at developing a joint project between Russia and Kazakhstan for the Altai region. "In the course of the PDF B, however, it was decided that two national GEF projects should be developed with explicit integrated trans-boundary elements incorporated into each of them." – As the proposal does not give the reasons why the original project approach was discarded, it remains unclear whether the most efficient and most cost-effective way has been chosen.

***COMMENTS FROM SWITZERLAND***

## **General Comments**

193. The goal of the project is to help secure the globally significant biodiversity values of Kazakhstan. The objective of the project is to enhance sustainability and conservation effectiveness of Kazakhstan's National PA system through demonstrating sustainable and replicable approaches to conservation management in the protected areas in the Kazakhstani sector of the Altai-Sayan Ecoregion.

194. The project is organized according to the following five outcomes: (i) expansion of PA network, (ii) increased awareness and support for biodiversity conservation, (iii) a strengthened enabling environment, (iv) an increased community involvement in biodiversity conservation, and (v) monitoring and evaluation of the project and increased networking among PA to disseminate and replicate best practices and lessons learned at other locations.

195. The project is compliant with the GEF Operational Program OP 4 (mountain ecosystems) and the Strategic Priority BD 1 (catalyzing sustainability of protected areas).

196. The project is based on an holistic and outcome-oriented approach, and it is well designed. At this point, we wish to particularly highlight the complementarities of the present project with ongoing GEF projects in the Altai region of Russia and Mongolia, including the planned cross-border activities. Further, there are also important linkages to other GEF projects on the national level.

197. The stakeholder involvement is well taken into account and there is a strong commitment of the Government of Kazakhstan and departments of the local government of East Kazakhstan Oblast. Further, the private sector and NGOs are important partners of the project. The broad stakeholder involvement and the commitments in support of the project are important points favoring its sustainability.

198. We expect this project to achieve results contributing significantly to the conservation of the globally important biodiversity of the Kazakhstani sector of the Altai-Sayan Ecoregion.

## **Main Concerns**

199. We have no main concerns

## **Conclusions and Recommendations**

200. We fully support the project and recommend it for approval by the GEF Council.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**17. Serbia and Montenegro: Transitional Agriculture Reform [WB]**

***COMMENTS FROM GERMANY***

201. Germany supports the project proposal without a need for further comments.

***COMMENTS FROM SWITZERLAND***

**General Comments**

202. GEF funding is mostly seen to cover incremental costs of this ambitious reform programme to encourage farmers to engage in innovative activities that support biodiversity and landscape conservation in the Stara Planina region, and to support ecosystem restoration and management of the Stara Planina Nature Park (SPNP). In this sense, the part of the project funded by the GEF largely results from the outputs of a small transboundary project (Serbia/Bulgaria) previously funded by the Swiss Agency for Development and Co-operation (SDC) and implemented by the Regional Environment Centre with the support of Swiss consultants. The possible success and potential for replication of this new project is therefore also of high interest to Switzerland.

203. The demonstration of the potential of the Stara Planina region and the Nature Park for a sustainable development based on its high natural and cultural values, as well as the identification of the needs in order to achieve this result, have created a good basis for this GEF project; at the same time, the idea of a transborder “peace Park” and a transborder Biosphere reserve are also in development. We regret that the project addresses these aspects only very superficially and does not focus on building on the remarkable aspects of bi-national collaboration already achieved. But the project is of great importance in providing the opportunity to mainstream biodiversity conservation into a large government program that mostly aims at making the agricultural environment of Serbia compatible with EU integration.

**Main Concerns**

204. In spite of some improvements of the brief in response to the comments of STAP reviewer, it is still not very clear how the general effects of the agriculture reform, mainly oriented towards competitive access to export markets and adaptation to the EU agricultural policies, will be compatible with the expected outcomes of agro-biodiversity conservation. The project provides the impression that the Stara Planina region will constitute an ideal setting where conservation may be compatible with the livelihoods of a restricted number of residents,

while it is unclear how biodiversity will be maintained in the larger part of the country through (or in spite of) the reform implementation.

205. In addition to this general comment, we would raise two inter-linked issues:
- (a) Implementation arrangement: Little information is yet provided on how effective and efficient collaboration will take place between the various stakeholders in SPNP, notably “Serbijašume” (the Forestry public enterprise in charge of SPNP management) and the NGO or firm that will be coordinating the implementation of component 3. Similarly, the capacity of this public institution to evolve quickly to innovative activities will need particular attention. Capacity building is of course needed and relevant, but may not be enough to successfully remove cultural barriers tied to former management styles.
  - (b) Public participation: Success will much depend on how the project will be able to solve controversial issues of land use and development in SPNP, i.e. how a good management plan will be elaborated and agreed by all parties. Considerable attention needs to be put on all processes of participation involving all levels and segments of the public and the authorities. A number of successful experiences have been made in this sector by the previous SDC-funded REC project that might be used with profit to build on (“forums”).

### **Conclusions and Recommendations**

206. The project has a high potential (a) to make of this very valuable region of the Balkan a successful example of local sustainable development, and this through a sound use of the natural resources, and (b) to integrate biodiversity issues into key reforms of agricultural policies. This deserves our full support. We therefore recommend this project for approval by the GEF Council.

207. At the same time, we urge the project planners (1) to further consider how local results may effectively meet with consideration at the national policy level, and (2) to pay a particular attention to a full and effective public participation at all key stages of the territory management and management planning. In particular, we recommend to ensure that previous experiences of participatory assessment in the region are fully taken into account and possibly used as a basis for necessary dialogue structures.

### **Further Comments**

208. We did regret the relatively poor presentation of the annexes (several documents were not yet completed at the time of our review; Annex 14 “Country at a Glance” did not seem to refer to the region).

209. A clear table of the project activities is yet missing, as well as a more detailed incremental cost matrix (where group of activities, instead of components, could be considered through their domestic and global beneficial aspects). This would allow a better consideration of the relevant use of GEF funds.





**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**18. Seychelles: Mainstreaming Biodiversity Management into Production Sector Activities  
[UNDP]**

***COMMENTS FROM FRANCE***

210. The project intends to have local fishers manage fisheries in a sustainable way and to have tourism operators conserve land and marine areas under conservation. Complementary to regional **FFEM/FGEF** and EU project in Indian Ocean.

211. ► **Favourable opinion**

***COMMENTS FROM GERMANY***

**Recommendation**

212. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

213. The major goal of this project is to integrate biodiversity conservation objectives into key economic production sectors focussing on:

- **strengthening the enabling conditions** for mainstreaming the biodiversity management (with strong regard to capacity building activities);
- setting up / **improving** biodiversity and artisanal fishery **management plans**; and
- involving the **tourism** industry to address **conservation** as a part of good practice in business operations

214. The proposal of this project is – regarding its defined goals – sound, remarkably well structured and edited. Success indicators, incremental costs and the global environmental benefit are clearly defined and also the budget rationale, including the co-financing contributions is comprehensible outlined.

215. But within such a broad “mainstreaming approach” further important biodiversity conservation related issues should be integrated – or at least interfaces should designed - in order to make the project more comprehensive and also strategically effective regarding further aspects of the implementation of the CBD. Hence some additional aspects should be considered and to

be integrated during further planning steps and also during project implementation where applicable:

### **Access and Benefit Sharing (ABS) components**

216. As stated in the proposal, the project will support to fulfil provisions of the CBD, explicitly including Article 6, General Measures for Conservation and Sustainable Use, Article 7, Identification and Monitoring, Article 8, *In Situ* conservation, Article 10, Sustainable Use Management and Article 12, Capacity Building.

217. Based on the envisaged design the project would also have the potential to address the third goal of the CBD, to regulate the access to genetic resources and to equitably share the benefits arising from their use (ABS, CBD Article 15).

218. This topic is of major importance on the Seychelles, one of the “hottest biodiversity hotspots”, where numerous legal and illegal biomonitoring activities have been already stated, for some little time now also in marine ecosystems. Most of these exploration and exploitation cases of the archipelago’s (endemic) species / genes have brought no or only very little benefits for the government and the local population respectively (most prominent example: *coco de mer*).

219. Main reasons for the current insufficient ABS implementation on the Seychelles are:

- (a) non existing / non adopted legislation framework and regulation schemes;
- (b) lack of strategically coordinated and complete biodiversity inventories / information clearinghouse mechanisms;
- (c) capacity deficits and weaknesses – at institutional and local level; and
- (d) limited knowledge on biodiversity related economic potentials in other policy sectors and in business.

220. As all these structural deficits are foreseen to be tackled within the proposed GEF project - in order to improve the protection and sustainable use of biodiversity - it should be considered to also integrate ABS components into the efforts to strengthen the enabling conditions for mainstreaming biodiversity.

221. Long term national benefits of the project are also quite likely to be augmented due to possible future payments from genetic resources user countries and industries. In this context the important role of traditional knowledge of the different ethnical groups on the use of biodiversity should be beard in mind.

222. Such endeavors should be founded on / linked up with the activities of the Dutch-German ABS Capacity Building Initiative for Africa (proposed duration 2006-2008) in which also the Seychelles take part.

### **Climate Change Aspects**

223. As a SIDS the Seychelles – population as well as ecosystems - are particularly affected by and vulnerable towards negative impacts of climate change (sea level rise, increase of water temperature and weather extremities). Unfortunately the dimension of long term interrelations between climate change processes and biodiversity are not considered in the proposal.

For example:

- How are marine and terrestrial ecosystems affected by climate change scenarios?
- Which impact may these climate change processes have on fishery and tourism, which are the main economic pillars of the Seychelles and focal areas of the project?
- Which “buffer function” have intact ecosystems to reduce the population’s vulnerability against climate change.
- Are there options how improved ecosystem management can support climate change adaptation measures?

224. As sustainability has been a major consideration of the project, in planning as well as in implementing, drawing attention to these questions is recommended.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**19. Sierra Leone: Wildlife Protection and Biodiversity Conservation Project [WB]**

***COMMENTS FROM FRANCE***

225. Project co financed by **FFEM/FGEF**. France is in favor of a significative share of the GEF funding (1 to 2 M\$) reserved for the constitution of the trust fund for Gola Forest. International NGO (RSPB from UK and CI from USA) have already pledged an important contribution to this trust fund. Their commitment has to be matched by international public funds. Gola forest is one of the most important biodiversity area in all West African tropical forest, and the main problem for this area is to cover its recurrent costs. This project should contribute.

226. We support this project, as Sierra Leone is a post-conflict country, whose government is willing to strengthen and consolidate its wildlife protection and biodiversity conservation through protected area by combining their protection and management to promote pro-poor growth for food security and job creation.

227. The Gola forest project is already co financed by the FFEM for the implementation of a trust fund devoted to cover the recurrent costs. This project is wider by covering 3 ecosystem type (NBSAPs priorities), and could provide the opportunity for the communities (having rights and responsibilities) to receive more, better and in the long term goods and services from natural resources efficiently managed, thus helping also the poverty alleviation at the national level.

228. **Favourable opinion**

***COMMENTS FROM GERMANY***

**Recommendation**

229. Germany supports the project proposal.

230. Although still classified as “under discussion”, Germany is mentioned as an important co-financing partner in the proposal, this should be verified. According to our information Germany has no intention to co-finance this GEF-project.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**20. Uruguay: Catalyzing the Implementation of Uruguay's National Protected Area System [UNDP]**

***COMMENTS FROM FRANCE***

231. We support this project which intends to build of a national Protected Area System in Uruguay. A French support of the initiative is under consideration.

232. **Favourable opinion**

***COMMENTS FROM GERMANY***

**Recommendation**

233. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

234. Although the present project is focused on the second approach of the National Biodiversity Strategy of Uruguay (the *in situ* conservation and strengthening of land-use planning) the first approach (mainstreaming conservation issues in the productive sectors, principally the agricultural and livestock sector) will be essential especially in private owned areas. A strong coordination a search for synergies with organisations and projects focusing on that theme should be established.

235. The awareness building programme for key sectoral stakeholders should be accompanied by programmes on economic alternatives for agricultural and livestock activities which are ecologically harmless.

236. Expropriation is mentioned as a possible method to resolve land use conflicts. The project will support this by providing guidance for such situations. Before providing such guidance, it would be highly recommended to discuss this issue with a wide range of institutions and stakeholders during project implementation, taking into account that resettlement only in rare cases leads to sustainable solutions.

237. It should be taken into account that the process of establishing protected areas in a participatory way often takes much more time than initially planned. The experiences gained

during project implementation in the four pilot sites may lead to adapt the timeline for these and potential other protected areas.

238. The Project Executive Summary exceeds (including the annex 39 pages) considerably the generally recommended 10 pages for executive summaries.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**21. Venezuela: Expanding Partnerships for the National Parks System (resubmission)  
[WB]**

***COMMENTS FROM FRANCE***

239. We support and welcome this proposal. Strong coordination should be put in place with on-going projects, in particular with the **FGEF/TNC/INPARQUES** community development project working with the Pemones in Canaima national park.

240. Regional aspects should be strengthened when dealing in particular with Mount Roraïma area which is one of the richest of the park, which is shared with Brazil and Guyana. Due to the importance and representative character of Canaima Park in term of biodiversity, regional synergies should be built as well with the Guyana shield initiative, implemented by WWF and supported by FGEF, which intends to build of consistent regional network of protected areas.

241. ► **Favourable opinion**

***COMMENTS FROM GERMANY***

**Recommendation**

242. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

243. Although most of the indigenous people living in the project area belong to the Pemon communities, other tribes such as the Arawako communities should be taken into account as well.

244. The Co-Management-Committee is composed of the three main stakeholders as outlined in the project proposal, with the possibility to accommodate additional members. It should be considered if an open structure of this committee at the beginning of the project would be more sensible in order to invite all possible stakeholders.

245. Providing real economic alternatives in form of different methods of sustainable use of the natural resources is essential for long-term conservation by the local population. Therefore, it should be reviewed if the project cannot put more emphasis on this component during the implementation of the project.



246. Within the context of a cooperation project between Venezuela and Germany (Environmental Centre “El Refugio del Bosque”), an environmental education group called "Grupo Aprender con la Naturaleza (GANa), Venezuela" has been established by the environmental education centre in Paria (Centro Ambiental El Refugio del Bosque), Sucre state. The collaboration with this group could provide considerable input for the proposed environmental education program of the project.

247. The Project Executive Summary exceeds with 17 pages (and including the annex 52 pages) the generally recommended 10 pages for executive summaries.

## **COMMENTS FROM SWITZERLAND**

### **General Comments**

248. The aim of the proposed project is to implement an effective co-management model in Canaima National Park-CNP (with 3 million ha) to ensure biodiversity conservation based on supporting sustainable natural resource use. The CNP is particularly important for the global biodiversity because of its high level of biological diversity, numerous endangered animal species, a high concentration of globally vulnerable species, and its important role as a major biological corridor for genetic flow in the Guiana Shield region. In addition, the CNP also plays a very important role in the hydric resources of the Caroní River, one of the most important hydroelectric resources in Venezuela.

249. The project is in conformity with the GEF Operational Programs OP 3 (forest), OP 4 (mountain ecosystems), and OP 12 (integrated ecosystem management), and it also fits in with the GEF Strategy Priority 1 (*Catalyzing Sustainability of Protected Areas*). From a technical point of view, the proposed project is well structured, and the information included is largely satisfactory for its appraisal. Its four components (*C1-Implementation of Co-Management Model*, *C2-Biodiversity Conservation and Sustainable Use Program*, *C3-Pemon Life Plan environmental Sub-Projects*, and *C4-Project Management, Monitoring and Evaluation and Dissemination*) are equilibrated with respect to its activities, and its output indicators are coherent and well defined in their detail. At the same time, the proposal provides for a strong involvement of the CNP Pemon indigenous communities in the project design and implementation through their inclusion in a Co-Management Committee, considering that they will be the main project beneficiaries. Aspects such as financial sustainability and replicability are also well approached.

### **Main Concerns**

250. We have no main concerns.

### **Conclusions and Recommendations**

251. We welcome the proposed project and recommend it for approval by the GEF Council.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**BIODIVERSITY (BIOSAFETY)**

**22. Regional (Mexico, Colombia, Costa Rica, Peru, Brazil): Latin America: Multi-country Capacity-building in Biosafety [WB]**

*COMMENTS FROM FRANCE*

252. ► **Favourable opinion**

*COMMENTS FROM GERMANY*

**Recommendation**

253. Germany asks for re-submission of the project proposal to the Council prior to the endorsement by the CEO.

**Comments**

**(a) In support of some concerns of the STAP Roster Review**

We support the view of Dr. Ariel Alvarez Morales that proper biosafety systems should enable the governments to deal with future applications for the release of pharmaceutical producing GE plants (which are already tested in Chile) and transgenic animals, notably fish (which already has been developed in Cuba). It is not advisable to follow the approach suggested for example by the biotechnology industry group CropLife that advocates the setting up of biosafety systems only for agricultural plants.<sup>3</sup> Governments must be able to build up biosafety capacity BEFORE the actual applications for deliberate releases of various GMOs are submitted to them. The response of the project applicants that "plants producing pharmaceuticals are outside the scope of the CP" is wrong. Art. 5 of the Cartagena Protocol exempts GMOs that ARE pharmaceuticals from the risk assessment procedure. Considering the international standards of drug approvals, plants producing pharmaceuticals will never be pharmaceuticals themselves. They need to be processed to ensure a constant quality and content of the medical

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<sup>3</sup> Reference Guide for Biosafety Frameworks Addressing the Release of Plant LMOs, CropLife International, 2003, [http://www.croplife.org/library/documents/2003 - PUB - Reference Guide \(English - blue version\).pdf.pdf](http://www.croplife.org/library/documents/2003 - PUB - Reference Guide (English - blue version).pdf.pdf)

substances.<sup>4</sup> We strongly recommend to expand the capacity building activities of the project to other GMOs that are likely to be released in the next years.

**(b) Too narrow scope of potential partner organisations**

The project proposal states that "widespread public mistrust of GMO crops" is prevalent also in Latin American countries; the project should amongst other goals contribute to increase the confidence of stakeholders representing consumer and environment interest.<sup>5</sup> According to our experiences, this mistrust especially in Latin America is to a large extent a result of the dominance of biotechnology and biosafety experts representing the interests of and/or funded by the biotechnology industry and non-party governments. The suggested further partners almost exclusively fulfil these criteria.<sup>6</sup> If the goal is to increase the confidence of civil society groups and the public in general and this should be achieved through a biosafety capacity building project then a selection of a much broader group of potential partners is highly advisable. For example we strongly recommend the inclusion of the International Project on GMO Environmental Risk Assessment Methodologies<sup>7</sup> as a potential partner. This project funded by the Swiss development cooperation supports a Latin American Regional Group and has conducted extensive biosafety activities in Brazil, especially on Bt cotton.<sup>8</sup>

**(c) Too narrow focus on scientific issues as basis for decision-making**

It is generally accepted that risk assessments of GMOs has to be science-based - understood as applying the methodologies of natural sciences. It is also useful if the project contributes to enhance the capacities of the countries to generate science-based information to support the national decision-making procedures. But we cannot agree with the idea promoted by the project proposal that decision-making has to be science-based itself. In the international biosafety discussion the phrase "science-based decision-making" has been coined by those stakeholders who reject the concept of allowing governments to base their decisions on the precautionary principle and on socio-economic and other, political considerations. Both, the application of the precautionary principle and the taking into account of

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<sup>4</sup> See for example the "Explanatory Guide to the Cartagena Protocol on Biosafety", IUCN, 2003, p. 55 ff: "Article 5 clearly applies to pharmaceuticals for humans but not to the use of genetically modified plants and animals to produce them. The cultivation of such plants and the propagation of such animals and their transboundary movement is not exempt under this Article."

<http://www.iucn.org/themes/law/pdffdocuments/Biosafety-guide.pdf>

<sup>5</sup> pages 6 & 49

<sup>6</sup> pages 14 & 60

<sup>7</sup> The GMO ERA Project is a pioneering initiative driven by public sector scientists, most of whom have strong expertise in environmental science, as well as biotechnology and socioeconomics. The project is identifying and developing scientific methodologies and tools that can be used for environmental risk assessment (ERA) and management of transgenic plants, in accordance with the Cartagena Protocol on Biosafety and other international agreements. <http://www.gmo-guidelines.info/>

<sup>8</sup> Volume 2: Methodologies for Assessing Bt Cotton in Brazil, edited by A. Hilbeck, D.A. Andow and E. M. Fontes

socio-economic considerations are supported by the Cartagena Protocol. Consequently, we support the idea of the proposal to enhance the capacity of the countries to perform socio-economic analyses as a basis for decision-making. The proposal tends to imply that socio-economic analyses are in mostly cost-benefit analyses. This is not the case, the Cartagena Protocol consequently does not speak of cost-benefit analyses at all. We would suggest that the project proposal is revised to ensure an appropriate reflection of the content and spirit of the Cartagena Protocol and to present a differentiated view regarding the concepts and relationships between science-based risk assessment on the one side and decision-making taking into account socio-economic considerations and applying the precautionary principle, if necessary, on the other side.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**23. Regional (Benin, Burkina Faso, Mali, Senegal, Togo): West African Regional Biosafety Project [WB]**

***COMMENTS FROM FRANCE***

254. The project aims to strengthen institutional capacity for each state to manage GMO. This is relevant with France bilateral cooperation. Some expanded aspects could be promoted to supporting species inventory and agricultural research program in conservation, as there are existing centers for rice, sorghum, banana, and grapefruit

255. ► **Favourable opinion**

***COMMENTS FROM GERMANY***

**Recommendation**

256. Germany **objects** to the project proposal and asks to defer it for consideration at the next regular meeting of the Council.

**Reasons**

257. A core project part - the development and harmonization of IPR regimes - is not element of the Cartagena Protocol on Biosafety and thus not eligible for GEF funding. Furthermore we are of the opinion that the project aim is not primarily to support the countries to implement the Cartagena Protocol on Biosafety but to complement the current biotechnology resp. Bt cotton activities of USAID and the private sector in West Africa which appear to be implemented prematurely and to secure their investments. Following aspects support this decision:

**(a) Funding of non-eligible activities**

The project proposal itself mentions that funding of a regional observatory for modern agricultural biotechnology and the creation of a regional IPR framework is not eligible for GEF funding. The proposed sharing of the necessary funds between the GEF, the World Bank and other project partners cannot overcome this fundamental problem.

**(b) Inappropriate focus on regional harmonization of legal frameworks**

One core element of the proposed project is the suggested harmonization of biosafety legislation and ultimately the centralisation of GMO approvals mainly through activities of the West African Economic and Monetary Union. WEAMU

has been chosen as project partner not because of its expertise in protection of biodiversity and the environment or in biosafety matters but - as stated in the project proposal - because it is known of its "fast track adoption of compulsory harmonized regulation and sector policies". The proposal notes that WEAMU recently started to deal with environmental issues and is going to suggest a biosafety initiative. We could not find any respective documents on the WEAMU web page. Being aware of the growing critique of farmers' and civil society organizations with regard to the introduction of Bt cotton in West Africa and the respective USAID activities promoting biotechnology in the region we do not feel that WEAMU is the appropriate body to deal with the harmonization of legal issues in the field of biosafety.

Furthermore, the project document does not clarify if the respective Ministries of Environment of the five states have been involved in the project planning and will be involved in its execution. In all five states those Ministries harbour the national biosafety focal points and are/were implementing the GEF NBF projects. It is not acceptable if these ministries would be by-passed by the regional GEF biosafety project which might build up parallel biosafety structures.

In addition to these concerns, the delegates of African States at MOP-3 have explicitly rejected the provision of the draft decision on biosafety capacity building that called for support to "Coordinate and harmonize biosafety regulatory procedures and mechanisms at the regional and subregional levels". African delegates and with them all Protocol member states agreed that regional harmonization should only cover the non-binding national biosafety frameworks. The World Bank proposal does not reflect this decision of MOP-3.

**(c) Too strong interlinkage of the GEF project with the GMO promotion activities**

The project seems to be developed in the context of the USAID biotechnology support for West Africa as an outcome of the three USDA- and USAID-sponsored biotechnology conferences in Sacramento in 2003, Ouagadougou in 2004 and Bamako in 2005. It consequently deals with biosafety capacity building as an element of the promotion of genetically engineered crops linked additionally to IPR issues. According to the proposal the project "will drastically improve the investment climate in biotechnology for cash and food crops in the WAEMU area because of the reduced number of administrative requests from private companies."<sup>9</sup> The private sector, which activities should be regulated, approved and maybe restricted through the results of the project, is envisaged as a project partner itself. Neither the Cartagena Protocol nor the current GEF biosafety strategy support such an approach which is prone to conflicts of interest. Already the evaluation report of the UNEP/GEF Pilot Biosafety Enabling Activity Project notes that many countries "had not separated their role in promoting the technology from that of audit and safety assessment. The report suggests that it is

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<sup>9</sup> See page 40

important, in order to maintain public acceptance of a Government's objectivity, that a clear separation of duties/activities is maintained and the consequential necessary national capacities developed for the execution of the respective roles"; the Indicative framework for capacity-building under the Cartagena Protocol on Biosafety of the SCBD points out that there is "the need for decision-making by entities that are independent of the promoters and direct users of biotechnology, including living modified organisms."

We strongly recommend that all GEF biosafety projects follow the neutral attitude of the Cartagena Protocol on Biosafety towards the application of GMOs in agriculture and food production and concentrate on biosafety issues as outline in the Biosafety Protocol.

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

258. The United States seeks recirculation (of the project document) to the Council prior to CEO endorsement.

259. We are concerned about the lack of clarity about the relationship between this project and other ongoing efforts in the region to develop a regional biosafety system. In addition, we seek revisions to ensure integration of national and regional level capacity building efforts, to address a wider range of potential impacts on biodiversity and to expand the scope of the proposed regional Biosafety Clearing House (BCH).

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**CLIMATE CHANGE**

**24. Global (Bangladesh, Bolivia, Niger, Samoa, Guatemala, Jamaica, Kazakhstan, Morocco, Namibia, Vietnam): Community-based Adaptation (CBA) Programme [UNDP]**

***COMMENTS FROM FRANCE***

260. The project aims at exploring the issues of adaptation (i.e. impact, risk, vulnerability) to the climate change in various context of community areas (around 100 in total ) in ten different countries (Bolivia, Kazakhstan, Bangladesh, Morocco, Niger, Vietnam, Samoa, etc). The project is monitored by UNDP-GEF in conjunction with national coordinators in the countries, NGOs and communities. Beyond the support to specific projects (soils degradation, water, agriculture, etc), the expected outcomes are:

- (a) adaptation country program strategy;
- (b) national adaptation policies applied to community adaptation; and
- (c) international cooperation and capitalization.

261. The governments and NGOs are deemed to co finance the project (4, 52 M\$).

262. Opinion: the project is an ambitious one. It is difficult (i) to make the difference between certain development issues and climate change and adaptation issues and (ii) to identify the experts in the fields of adaptation who are able to tackle the multiples issues. The coordination of around 100 projects throughout 10 countries is a real challenge of organization, control, and consolidation.

263. **Favourable opinion:** however we suggest to clarify how many experts should be necessary and for what purposes to get significant results.

***COMMENTS FROM GERMANY***

**Recommendation**

264. Germany **objects** to the project proposal and asks to defer it for consideration at the next regular meeting of the Council.

**Comments**

- Generic Programme: The proposed CBA Programme covering 10 countries constitutes rather an UNDP/CBA Facility than a programme specifying what will



be actually done with the requested GEF Resources. Most of the description is therefore rather generic, defining a process of identifying adaptation as opposed to describing and analysing these measures directly. This limits the scope for comments to the process and the proposed organisational arrangements.

- Implementation Structure: The implications of the 10 country approach are, that the overall project structure is relatively heavy with plenty of potentially costly UNDP involvement without clarity of the value added of this approach (pp. 26-29). It is critical that the bulk of the resources actually go into actual implementation practical adaptation initiatives and not into process and implementation structure.
- Evaluation and Results: The benefits of what the document calls “a programmatic approach” are not entirely clear given that replicability and upscaling of projects in adaptation to climate change are limited by the site specificity of any climate adaptation problem (reference is made to STAP Review of Barry Smits, p. 54). While considerable room in the text is devoted to the issue of monitoring and evaluation it is not clearly spelled out how this will be done in cost effective and meaningful way. The importance of evaluation cannot be overstated as the CBA is being introduced as “pilot approach” which will only make sense if there is a chance for meaningful results beyond the initial cases. The document claims CBA is “a results-based approach” with “results based management”. What that actually means beyond having a “Goal, Objective, and a set of Outcomes” (p. 13) is not spelled out in the document. Great care is required to apply a coherent monitoring and evaluation system in order to have meaningful results.
- Dissemination: As Pilot Programme in community based adaptation little effort has been invested into information dissemination on the expected lessons and also in terms of reaching out to communities. Only standard dissemination methods are listed and little creativity (new media apart from websites, radio) is apparent from the document (p. 15).
- Incremental Costs: Operational Guidelines for the Strategic Priority “Piloting an Operational Approach to Adaptation” (SPA) foresee projects are eligible that “generate both local and (development-focused) and global benefits ...if their benefits are considered primarily global in nature...” (Para 6, page 2). The “incremental cost analysis” (pp 32-33) in the submitted document does not contain any specific analysis due to the generic character of the document. It develops generic scenarios much like a financing mechanism. No reference is made how this mechanism ensures adhering to the “double-increment” criterion in the SPA guidelines.
- Global Environmental Benefits: The generic character of the proposal also means that the question whether the projects results in global environmental benefits is being discussed on an abstract level. On this basis it is not possible to assess whether in fact this proposal will result in actual global benefits.

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

## General Comments

265. The community based adaptation programme banks on the experience gained with the small grant programme and it is in full line with the strategic priority adaptation defined in the document GEF Assistance to adaptation (GEF/C.23/Inf8/Rev1). The project design has been developed applying the “Adaptation Policy Framework”. It is a well-designed programme aiming to reduce the vulnerability and enhance the adaptive capacity of communities in selected countries to the adverse effects of climate change.

## Main Concerns

266. The executive summary and the project document outlining key steps and requirements are rather difficult to digest – even for specialists in the matter. The STAP reviewer points out the same problem. Many of the STAP reviewer’s comments are still valid for the final documents submitted to GEF:

- (a) Excellent practical adaptation objectives of the programme could be at risk because of so far regrettably onerous, inefficient, and ineffective requirements for monitoring, evaluation, and reporting.
- (b) The complexity also may have an impact on the transaction cost generated at country level. This in particular as the modalities of co-financing are not clear yet. Co-financing does in practice lead to an increase of complexity at the implementation stage.
- (c) This complexity is partly the consequence of guiding principles issued by the GEF on adaptation and incrementality (GEF/C.23/Inf8/rev1) with regard to global benefits. The programme should fit into the priorities laid out by the host countries in their initial national communication. The priorities of host governments and communities typically focus on enhancing coping capacity in terms of local development. This dilemma could possibly be overcome by short listing at the national level sectoral interventions which generate global environmental benefits in terms of e.g. biodiversity, land management, desertification based on the stressed resource base prevailing on eligible geographical areas. This could possibly reduce the M&E requirements to be applied to local level organizations and hence lead to a reduction of transaction cost. The global benefits are materialized in practice in a sustainable manner only if the programme is successfully implemented in development terms, and hence the local community does adapt the improvements in resource management during the operation and maintenance phase.
- (d) The programme implemented in NAPA countries may generate lessons on the manner in which local communities can successfully be integrated in an adaptation policy framework. Lessons learned with regard to the complementarities of the NAPA process and the CBA through the small grant programme would be highly welcome.

## **Conclusions and Recommendations**

267. We support the project and recommend it for approval by the GEF Council taking into consideration above comments. We trust in the implementing agency to further improve the final project document in the light of the comments of the STAP review and the complementary observations submitted by us.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**25. Global: Solar Water Heating Market Transformation and Strengthening Initiative  
(Phase 1) [UNDP/UNEP]**

***COMMENTS FROM FRANCE***

268. The International Energy Agency estimates that, by 2003, a total of 132 millions of square meters of solar water heaters (SWH) were installed in 35 countries, representing a 93 GW installed thermal capacity, an annual production of 55,000 GWh and the annual avoidance of 24.1 millions tons of CO<sub>2</sub>. Although this SWH market may seem large, it is concentrated, so far, on a limited number of countries, namely China, Turkey, Israel, Greece and Cyprus which have been highly successful in promoting SWH while many other countries lag behind despite good climatic conditions for their dissemination at cost effective prices. This renewable energy technology, fully mature, has a huge potential market in developed and developing countries but faces often institutional, technical, financial and organizational barriers in target countries which are often very similar, thus suggesting a common global approach to address them. The goal of the project is to accelerate global commercialization and sustainable market transformation of solar water heating, thereby reducing the current use of electricity and fossil fuels for hot water preparation in residential, private service sector and public buildings and, when applicable, industrial applications. It will build on the encouraging market development rates already achieved in some GEF program countries and seeks to further expand the market in other GEF program countries, where the potential and necessary prerequisites for market uptake seems to exist. The project will work initially (Phase I) in 6 countries (Algeria, Chile, India, Mexico, Albania and Lebanon/Palestinian Territories), and will be later expanded to over 16 countries. The objective for Phase I is an additional installation of 1 million square meter of SWH in target countries with local SWH markets growing at a minimum of + 20%/year by completion of Phase I. These SWH will generate a 3 millions tons CO<sub>2</sub> reduction over their 15 years lifetime. Over a long term period, it is estimated that SWH market development induced by this program might generate an overall 20 MT CO<sub>2</sub> by 2025.

269. Phase I project includes two main components:

- Global Knowledge Management and Networking
- Country Programs

**Comments**

270. The project document is based on a rational and consistent approach starting from an in-depth analysis of existing barriers for SWH development, analyzing SWH success stories in various countries. Its two components, global and national, are complementary allowing cost reductions through information sharing.

271. The project capitalizes a SWH world experience on all key aspects for market development (policy, finance, quality control, marketing, SWH industry and services development, etc) making this experience easily available to all developing countries while involving very early the 6 first candidate countries in national diagnosis on existing SWH development and designing consistent market development strategies tailored to local conditions, using the experience of other countries. The selection of proposed countries has been based on a rational multicriteria analysis and a verification of the interest of the related governments.

272. The project challenge will be the setting up of an excellent project management team and an efficient decentralization of national activities through UNDP offices.

273. This SWH project is innovative in many respects, avoiding short term cooperation initiatives which, in the past, often lacked of continuity and beneficiary country commitment.

274. GEF, so far, had only very few SWH market development projects at national level; this project is well in line with GEF sectoral priorities, it is focused on a major renewable energy opportunity for reducing CO<sub>2</sub> emissions while creating local employment and improved conditions of living. The SWH technology is mature and cost-effective as demonstrated in China, Turkey and other countries.

275. ► **Favourable opinion:** it is highly recommended to support this project well designed and careful in its step by step approach.

## ***COMMENTS FROM GERMANY***

### **Recommendation**

276. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

### **Comments**

- (a) The proposal was reviewed. The STAP has brought a number of issues; most of them have been endorsed. The integration of these remarks in the old text produces some minor confusion at some points.
- (b) A number of minor, mostly editing incongruity should be clarified.
- (c) There are some strong links to current or upcoming GTZ-activities in the MENA-region (MED-ENEC, SOLATERM (Morocco, Algeria, Tunisia)) and some minor to Chile and Mexico, possibly Pakistan and Bolivia. It is recommended to consider the GTZ-activities in the selection process for the additional 10 countries (phase 2).

277. The Executive Summary has 25 pages, with annexes 45.

## **COMMENTS FROM SWITZERLAND**

### **General Comments**

278. The objective of the project is to reduce greenhouse gas (GHG) emissions by accelerating the global commercialization and market development of solar water heating in residential, private service sector and public buildings and, when applicable, industrial applications. This shall be achieved through a two-phase approach:

- (a) During Phase 1 a global knowledge management system will be established and a bundle of specific country programmes for the development of the SWH market will be launched in six selected countries. The target is to install one additional million of square meters of SWH collectors/panels and to obtain a sustainable annual growth rate in these markets of 20% by the end of phase 1.
- (b) Phase 2 consists of additional country programmes designed to scale up market transformation by extrapolating the methods, tools, and activities to another 10 countries.

279. The proposed project is well formulated, appears to be highly relevant and cost-effective, is consistent with the goals of climate change mitigation and has a high potential for replication in dozens of countries all over the world providing similar climate and market conditions.

### **Main Concerns**

280. We have three main concerns:

- (a) *Development of market demand: How can potential beneficiaries be convinced to install SWH systems?* Despite favorable climatic conditions, SWH systems are so far not utilized on a wide scale. Market development has been limited to a few success stories in countries such as Cyprus, Israel, Greece, and Turkey. The strategy of the projects is to remove the barriers to market development. Although most of them have been clearly identified and a number of successful measures to overcome them have been formulated, there is no guarantee that these barriers can really be overcome. It should be taken into account that, especially in emerging markets, the promotion of SWH systems will have to compete with the promotion of consumer goods, such as electronics, or second hand cars, that are in a similar price/investment range. Advertisement for these consumer goods will be dominant and, in view of the mass market, financial institutes may be more interested to develop financing schemes for the purchase of these goods than for a smaller market to finance small investments into SWH systems.

The ability to sell the advantages of SWH systems, especially in competition to alternative consumer goods, to prospective beneficiaries, and the mobilization of the banks to finance these systems, will be two of the most important components of market acceleration. High emphasis should therefore be given to develop and

implement strong awareness rising programmes and sound marketing campaigns and to build up a strong partnership with financial institutions.

- (b) *Financing tools and mechanisms:* Both project document and STAP review correctly identify the availability of suitable, attractive financing tools and mechanisms as one of the most crucial area of SHP market acceleration. This is particularly true given the reluctance of financing institutions to lend relative small amounts of money for immobile goods (total costs of an ordinary (household type of) SWH system in the range of USD 1'000 to 2'000) and their alternative prospective to finance a quickly increasing market of often more attractive consumer goods that can easily be taken away in case the client fails to pay his interests. Utmost attention should therefore be given to explore all financial and fiscal incentives and to design a financing scheme that can contribute to achieve a break-through for SWH systems and ultimately increase the sustainability of the project.
- (c) *Commitment of national governments with a view to adapt policies and to enforce new laws, regulations and standards:* The project will have to ensure adequate policy support and the formulation of new or the adaptation of existing standards and regulations to promote the stated goals and targets within the targeted countries. This will include critical issues such as the revision of tariff policies, the creation or adaptation of product standards and quality management systems, and the setting-up of financial incentive systems. There are considerable risks that the national governments, though they formally support these revisions of the legislative framework, may not be fully committed to enforce the new laws and regulations. The project proponents will have to address these risks through intensive stakeholder consultations, ensuring that the responsible institutions and specific persons are strongly involved in the project and that high attention is paid not only at policy level, but also to the effective implementation and enforcement of concrete tools and mechanisms.

## **Conclusions and Recommendations**

281. The project strives to promote the use of a renewable energy technology which is proven, cost-effective, and economically viable but has so far not managed to cross the market barriers which are fairly common to most prospective SWH markets all over the world. The proposed package of concerted efforts to overcome these barriers and to create a sustainable market infrastructure is considered to be a bridging stone in the process to tap a vast potential for the replacement of conventional water heating systems by SWH systems and hence for the reduction of CO<sub>2</sub>- emissions.

282. **We highly recommend the project for approval by the GEF Council.** The project developers are, however, advised to undertake additional efforts to adequately address the main concerns outlined above, and the suggested improvements shall be integrated into the final project document.

***COMMENTS FROM THE UNITED STATES***

283. The United States seeks postponement of the project proposal.

284. This is an interesting project, but it also raises the same delegated authority issue. The responses to our questions suggested that the six country programs funded under this project would not be seen by the Council, but that additional country programs would follow normal project cycle requirements – requiring approval for full-size projects exceeding \$1 m and expedited MSP procedures with the GEF Secretariat review and CEO endorsement for projects up to \$1 m. We believe that the subprojects in the current project should also be seen by a Council. Therefore, we would like to have greater clarity on this point. In addition, we object to including the Palestinian Authority as a beneficiary of this project.



**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**26. Regional (Senegal, Gambia, Guinea-Bissau, Mauritania, Cape Verde): Adaptation to Climate Change - Responding to Coastline Change and Its Human Dimensions in West Africa through Integrated Coastal Area Management [UNDP]**

***COMMENTS FROM FRANCE***

285. Coastal erosion and sedimentation have been a reality for centuries in those countries, and are not a consequence of climate change due to anthropic carbon emission. On the other hand, only soft intervention (maintaining mangrove protection and dune vegetation for instance...) can be considered with that level of funding. There should not be any important public works which are beyond GEF mandate.

286. ► **Favourable opinion**

***COMMENTS FROM GERMANY***

287. Germany supports the project proposal without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**27. Regional (Ethiopia, Kenya, Malawi, Swaziland, Tanzania, Uganda, Sudan): Cogen for Africa [UNEP]**

***COMMENTS FROM FRANCE***

288. A key model of success for this Project is the experience in Mauritius where its sugar industry uses the bagasse residues generated from the factories as fuel in high pressure cogeneration systems which allow the project owners to implement much higher capacities than what the factories need, thereby giving them opportunity to sell excess power to the grid. Today, the electricity produced by these cogeneration plants in the Mauritian sugar industry is supplying close to 40% of the total consumption of the whole country.

289. In contrast, cogeneration in the sugar industry of the seven target countries for COGEN project for Africa (Djibouti, Eritrea, Ethiopia, Kenya, Malawi, Sudan, Swaziland, Tanzania and Uganda), which represents an installed capacity of about 200 MW, is still based on old technologies having low global energy efficiencies and poor environmental performances because of the existence of key barriers that hinder potential project developers/owners from adopting more efficient medium and high-pressure cogeneration technologies in their factories. The development goal of the Cogen for Africa Project is the creation of a self-sustaining cogeneration industry in Africa thereby contributing to the reduction of CO<sub>2</sub> emissions. Its overall objective is to help transform the cogeneration industry in Eastern and Southern Africa into a profitable cogeneration market and promote widespread implementation of more efficient cogeneration systems by removing barriers to their application.

**Comments**

290. The project is focused on a promising area for the use of renewable energy in Africa. Cogeneration of biomass waste issued from sugar plants, and other agro-industries is a mature technology, allowing electricity production based on national energy resources while reducing CO<sub>2</sub> emissions. Cogeneration using modern technology allows the production of excess electricity which can be sold to local utilities through the national grid or used locally for rural electrification. The COGEN project for Africa is built on the considerable successful experience acquired by the EC COGEN project for South Asia. The regional approach is relevant to save capacity building costs while capitalizing regional experience in cogeneration. The project document is well documented with a good and detailed approach for project activities. Clearly a significant preparatory work has been achieved based on numerous contacts with potential beneficiaries, financial organizations, governments and industry suppliers. The project has been apparently well received by the financial community at regional level (AfrDB, EADB) and national levels and some co-financing has been secured. Good contacts have also been built with bilateral financial organizations.

291. The project has a balanced approach between capacity building and dissemination and direct support to specific cogeneration projects to demonstrate the technical and financial viability of this technology. A good point also is the research of sustainability of the COGEN Center by the progressive selling of its services.

292. The COGEN project could be extended to Western and Northern Africa countries which have a significant agro industrial sector in a subsequent phase using accumulated experience in Southern Africa.

293. Project organization seems similar to the organization developed for COGEN in South Asia with a central regional office and national cogeneration centers. The promoters are planning to develop a procedure information manual and strict financial control systems to ensure efficiency and transparency. The project contributing to the rural development of target countries while reducing significantly CO<sub>2</sub> emissions is recommended.

294. ► **Favourable opinion**

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

295. Germany supports the project proposal without a need for further comments.

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

296. The United States seeks postponement of the project proposal.

297. This project is aimed at promoting a self-sustaining cogeneration industry in Africa. As we understand it, the project plans to partially fund the implementation of 40 megawatts of modern and efficient cogeneration capacity as Full-Scale Promotion Projects over the next 6 years. It also proposes to support an additional 20 megawatts of projects through the provision of advice, services and training. While the United States supports the goals of the project, a number of activities appear to be outside of UNEP's mandate, e.g., developing cogeneration investment packages and promoting them; implementing full-scale promotion projects; putting together a portfolio of financing sources; creating/opening up innovative financing schemes, designing and recommending financing structures appropriate for cogeneration projects. Therefore, we believe that the project should be scaled down to focus on UNEP's core business or a joint implementation arrangement should be worked out with one of the multilateral development banks. In addition, we are opposed to including Sudan as a beneficiary of the project.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**28. Regional (Burundi, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia): Greening the Tea Industry in East Africa [UNEP]**

***COMMENTS FROM FRANCE***

298. The objective is to increase investment in small hydropower to reduce energy costs in the tea industry in Eastern/Southern Africa, improve reliability of supply, increase power supply for rural electrification and reduce greenhouse gas emissions. The outcomes expected are: investment confidence among investors, technical capacity, models for PPP in rural electrification (ESCO), regulatory investment, and establishment of standard power purchase agreement (PPA).

299. The document addresses the issues raised through the project preparation. We suggest UNEP and EATTA to consider the impacts on profitability and efficiency of the investment components from the supplementary financial resources through Clean Development Mechanism credits normally generated by the project.

300. ► **Favourable opinion**

***COMMENTS FROM GERMANY***

301. Germany supports the project proposal without a need for further comments.

***COMMENTS FROM THE UNITED STATES***

302. The United States seeks postponement of the project proposal.

303. This interesting project would seek to promote investments in small hydropower projects for the tea industry through the creation of a \$24 m fund (Clean Energy Fund for Agroindustry in Africa), under the potential leadership of the Triodos Bank of the Netherlands and other institutional investors. While the project appears to be well thought through and structured, we are concerned that it is beyond UNEP's mandate and therefore request that UNEP narrow the scope to focus solely on technical advice or work on a joint implementation arrangement with one of the multilateral development banks to ensure adequate fiduciary oversight. In addition, we do not believe that the monitoring and evaluation framework, as laid out in the logical framework, is adequate since it does not specify targets and is not time bound.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**29. Regional (Kenya, Ghana): Lighting the "Bottom of the Pyramid" [WB/IFC]**

*COMMENTS FROM FRANCE*

304. ► Favourable opinion.

*COMMENTS FROM GERMANY*

305. Germany supports the project proposal without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**30. Regional (Argentina, Brazil, Mexico): Regional Sustainable Transport Project [WB]**

*COMMENTS FROM FRANCE*

306. The project aims at promoting long term modal shift to less energy intensive transport modes in Latina American cities, removing barriers and induce policy changes for sustainable transport projects, in 12 cities in 3 countries (Argentina, Brazil and Mexico), such as Cordoba, Belo Horizonte and Puebla. It has two main components:

- (a) Technical assistance and institutional strengthening at regional level (2,9 M\$) : it will be implemented in coordination with UNEP and the participation of keys players in the field of sustainable transport such as GTZ, WRI, the Clean Air Institute, etc.
- (b) Pilot investments, technical assistance and capacity building in selected cities (17,89 M\$), in the fields of freight transport, integrated management and planning of transport, land use and environment, better efficiency of public transport, development of non motorized transport system, and demand side transport management.

307. The co financing is estimated at 56, 37 M\$ and will be brought by the different Governments. The project will be supervised by the Clean Air Institute and by the Bank.

308. This regional project has the ambition of scaling up the rather successful experiences of Curitiba and Bogota BRT and other NMT initiatives. The oversight, administration and control of this regional project should imply a specific team to follow each of components of such a complex approach. It is not very clear to understand how this project will be monitored and managed.

309. The period of 4 years appears very short regarding the preparation, the studies, the mobilization of a number of decision-makers, technical assessment, and financing processes. The choice and the role of WRI, the Clean air institute are not very justified and would require more information.

310. The positive aspect of the project is the already committed engagement of the mayors of the various cities to co-finance the project and the selection process of the cities which makes them eligible for the Bank financing in the investment phases.

311. ► **Favourable opinion with answers** regarding the monitoring of the project and the clarification of the role of WRI and the Clean Air Institute.

## ***COMMENTS FROM GERMANY***

### **Recommendation**

312. Germany asks for re-submission of the project proposal to the Council prior to the endorsement by the CEO.

### **Comments**

- (a) Overall project design: Every activity to be supported by GEF should demonstrate that its inclusion is fully developed based upon an estimation of global environmental benefits and an assessment of incremental costs.

It must be ensured that the benefits stemming from the regional approach are realized and that the significant coordination needs are really counterbalanced by adequate benefits. (NB: The costs for management and monitoring of 1.5 million USD appear to be rather high.) One aspect to strengthen the benefits from the regional approach could be an additional emphasis on network development and exchange of best practices in order to avoid mistakes and diffuse best practices. This should be based on existing networks.

- (b) Incremental costs and global benefits: The methodology to calculate emission reductions should be refined and presented in a more transparent manner.

In addition, the emission reduction potential should be revised. The estimated offsets presented as “project key indicators” are always based on the most optimistic assumptions, e.g. it is assumed that all cities achieve the same modal shift as Bogotá. Given the limited funds for each of the 12 cities it has to be doubted that such a result could be achieved. In addition, the estimations assume that this shift can be achieved all at once (the offset over 20 years is calculated by simply multiplying the maximum annual offset by 20).

- (c) Co-financing arrangement: Due to the nature of the umbrella grant with various stakeholders it is difficult to assess the quality of the co-financing arrangements which often appears to consist of local authority in-kind contributions only. However, it must be ensured that other funds are leveraged.

- (d) Public participation: Participation processes are mentioned but they should be more clearly reflected in the activities, e.g. when planning or reviewing the transportation components for each city. Public participation should also be part of the project’s network development and exchange of best practices.

## ***COMMENTS FROM SWITZERLAND***

## **General Comments**

313. The proposed GEF Grant is expected to co-finance technical assistance and pilot investments aimed at removing existing barriers for climate-friendly transport and land-use planning as well as activities aimed at achieving modal shift to cleaner transport and reducing average trip length. In order to achieve enough critical mass, the project supports initiatives for sustainable transport policies and measures in 12 cities in 3 countries.

## **Main Concerns**

- (a) The project seeks to get experience in a critical sector, generating global and local benefits. At the same time, the project seems to use the GEF funds mainly for studies, workshops, communication / campaigns. To a certain extent pilot projects will be planned. This indicates that the project focuses mainly on strategic issues, i.e. implementation is so far very limited.
- (b) In line with the nature of the project, the topics addressed are wide-spread. It is, however, at times difficult to see a stringent concept behind the project idea. In addition, these topics will be addressed in many different cities. How regional information networks will contribute and be able to form a “critical mass” for success needs to be further illuminated and clarified.
- (c) Similarly, the pilot projects planned need to be further defined, thus allowing in the process to specify the incremental costs and tie them to particular benefits.
- (d) The proposal expects a direct emission reduction of 0.75 million t CO<sub>2</sub>, and an indirect reduction of 38.8 million t CO<sub>2</sub>. Particularly the latter value may seem optimistic being attributed to a project that at this junction in time needs to be further specified.

## **Conclusions and Recommendations**

314. We are in favor of the project and recommend it for approval by the GEF Council.

315. At the same time, we expect that during the further preparation and project implementation the focus of the project is more strongly geared towards implementation, adding substantial implementation elements and, among other aspects, ensuring that the regional networks contribute to an efficient exchange of lessons learnt and best practices.



**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**31. Regional (Fiji, Papua New Guinea, Solomon Islands, Marshall Islands, Vanuatu):  
Sustainable Energy Financing [WB/IFC]**

***COMMENTS FROM FRANCE***

316. “The main outputs/outcomes of the project will be: (i) Establishment of a sustainable energy risk sharing fund. It will be set up with US\$5.2 million of GEF resources, and will be utilized by commercial banks to establish affordable financial products for renewable energy and energy efficiency investment. The participating finance institutions will on-lend to MSEs and to end users of solar PV systems, pico hydro systems and coconut fueled power generation systems. (ii) Growth of profitable renewable energy lending portfolios in local banks and (iii) viable renewable energy supply businesses. Assistance provided under the project will enable Participating Finance Institutions (PFIs) to establish profitable sustainable energy portfolios and MSEs to profitably make commercial sales of alternative energy systems.”

**Comments**

317. The Pacific Islands are facing serious issues regarding their energy supply. So far, most of their energy for power production, lighting, cooling and air conditioning, transport and production activities such as fishing or tourism are dependent on imported oil products. In some of these islands energy imports have jumped from 4-8% of their GDP in 2002 at 12-25% of their GDP in 2005 causing serious financial problems to their governments. Nevertheless, most of these Pacific Islands benefit from significant renewable energy resources, mainly solar, hydro, wind and biomass which are becoming cost effective with the dramatic increase of imported energy. Despite these resources, the contribution of renewable energy to the local economies is extremely modest for a number of reasons and barriers well documented in the project document. In addition, despite the high price of energy, the energy efficiency of existing power installations and equipments (lighting, cooling, air-conditioning ...) are usually particularly low.

318. The project intends to alleviate these barriers to a wider use of renewable energy and energy conservation through a technical assistance package to government, utilities, banks and private actors to build a suitable business environment while setting up a fund providing partial risk sharing guarantees and initial support to rural private actors and users. The project is focused on 3 complementary range of products which are relevant for the region : small PV system (30 Wp) for lighting, small hydro plant in the range of 1 KW units and 7.5 KW diesel generating sets using coconut oil in total or partial replacement of imported diesel oil. The target users are the populations such as government officers which have a regular salary and use already kerosene or other commercial energies, peasants having regular cash crops such as copra or coffee, the small rural enterprises and other communities with financial resources. The

objective being that the users of these equipments have similar or lower monthly energy expenses for a better service.

319. In this respect the three proposed technologies have obtained encouraging results in the Pacific region (coconut oil diesel engines in Vanuatu, PV lighting dissemination program for teachers in Fiji, small hydro units in PNG). Their large scale dissemination is nevertheless hampered by financing constraints due to the reluctance of local banks to provide long term financing to individuals and a lack of marketing and maintenance infrastructures. The World Bank and IFC have jointly designed this GEF project in order to alleviate these serious barriers; their documentation is based on a serious preparatory work with extensive field missions and interviews with a wide range of actors.

320. The result is a project which is rather convincing and original in comparison of many previous bilateral and multilateral cooperation projects in the region which obtained limited results regarding the dissemination of renewable energy and energy conservation.

321. The positive points to support the financing of this project are the following: The project is addressing a serious energy issue for Pacific Islands with major consequences on local economic and social development.

322. The project has focused its efforts on three relevant RE technologies (small PV kits, pico hydro units and coconut diesel generating sets) which can be technically and financially attractive in the local context, with encouraging field results in some of these islands.

323. The project has focused its support on the financial sector which has, surprisingly, a significant presence in the rural sector, using a fund manager which will provide resources and risk covering to local banks and initial assistance to equipment producers, distributors and installers. The project is also realistic by focusing the promotion of RE and EE on target groups with regular cash resources, the proposed package being reasonably priced in front of present energy expenses for lighting, power generation, air conditioning, ... The dissemination objectives in terms of equipment quantities to be installed are also conservative. The project has benefited of World Bank experience in other regions regarding RE dissemination projects. The project organization and its relation with local governments and the banking sector has been well investigated. The project has a significant replication potential in the Pacific and other developing countries.

324. This GEF project faces nevertheless significant risks and limits, such as: Organizational risks due to the low level of human resources in some local governments requesting a large subcontracting to consultants and experts and heavy expenses for services and travels. Risks of delays in organization of long term credit to rural users in the absence of collaterals and past experience in lending.

325. Complexity of the project organization at regional level with rather unclear links with the other PIGAREPP GEF regional project which is partly addressing similar topics.

326. The viability of RE and energy conservation alternatives versus conventional energy is also based on the suppression of significant subsidies on gasoline and kerosene products and grid electricity. This might be is a political issue in some islands.

327. The willingness of local and regional banks for co financing RE and energy efficiency projects might need more time than expected even with risk sharing schemes and relevant financial incentives.

328. The local and regional markets are likely to remain too small to allow a significant local production share of the equipment, making the RE equipment still expensive for potential users. The project has a very limited CO2 emission reduction impact estimated at 0.5 Mt over 15years; its cost might seem high in comparison with other climate change options.

329. ► **Favourable opinion.** Despite these risks, we are in the opinion that the project is worth to be supported. Its content is original and innovative in many aspects; it associates the key private actors which are the local rural banks and the equipment manufacturers and distributors/installers. The proposed financing scheme with the banking sector has been well studied and participatory regional banks have already signified their potential interest in joining the project. A progressive approach is highly recommended with a first evaluation after the first two years.

## ***COMMENTS FROM GERMANY***

### **Recommendation**

330. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

### **Comments**

- Under component 2 (TA), activity (x) is meant to finance studies in large-scale RE investments that shall be financed under a separate WB loan. It should be avoided that GEF funds are utilised for investment preparation activities that have no impact on the identified barriers (unavailability of local dealer networks and unavailability of local finance). WB and or the local utility should mobilise funding for such design studies from other sources.
- The project will, inter alia, facilitate lower interest rates for local financing. It is suggested that after establishment of successful lending, local financial institutions will continue lending for RE/ EE out of a business interest. Such lending would supposedly take place at commercial (higher) interest rates. WB/ IFC should be asked to explain how the market is expected to absorb the higher interest rates after the project.

- The project will provide financial institutions with the option of longer lending terms. After the project, which other refinance sources for long-term loans are expected to be available for the local FIs?

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**32. Argentina: Energy Efficiency [WB]**

***COMMENTS FROM FRANCE***

331. The project comprises three integrated components that will address energy efficiency among the largest consumers in the industrial, commercial, residential, and public sectors:

- (a) Establishment of the Argentina Energy Efficiency Fund (AEEF)  
(Total estimated cost US\$38.9 million. Proposed GEF support of US\$7.8 million)  
This fund will include a project preparation facility and a guarantee facility to co-share financial risks with commercial banks.
- (b) Development of a Utility Program  
(US\$53.3 million, of which US\$3.7 million from GEF)  
This component will support energy efficiency investments by electricity utilities in order to achieve energy savings in the residential, commercial and public sectors, which are major consumers of electricity in Argentina.
- (c) Capacity Building and Project Management  
(Total estimated cost US\$5.54 million. Proposed GEF support of US\$ 3.68 million).

332. The proposed project would generate a 5.9 Mt CO<sub>2</sub> reduction over the life of the project (2012) and about 72 Mt of CO<sub>2</sub>, 10 years later, compared to the baseline.

**Comments**

333. The project document is convincing, demonstrating a pragmatic approach based on past experience. The existing barriers are well identified and the proposed objectives are realistic. The participation of major power companies like EDENOR and EDESUR is a key asset for project success. In past cooperation projects with the European Commission they have demonstrated a high commitment and efficiency in implementing the work programs and promoting achieved results.

334. The involvement of the World Bank, which has considerable experience in energy efficiency programs, is also a guarantee for successful project implementation. Argentina beneficiaries of a large number of consulting firms and ESCOs with excellent expertise, their involvement will ensure capitalization and dissemination of results.

335. The proposed Energy Efficiency fund with its preparation facility and its guarantee package seems well adapted to the requirements of local commercial banks and EE project promoters. As explained in the project document, there is now a good window opportunity to initiate ambitious energy efficiency programs in Argentina.

336. The proposed project is relevant without significant risks at technical level. Its impact on the environmental side is clearly evidenced. This energy efficiency project, by reducing energy costs supported by individuals and enterprises at a time of major energy price increases following the devaluation of the Argentinean currency and the recent world energy price surge has also a sizeable economic and social impact.

337. ► **Favourable opinion:** the implementation of this project is strongly recommended.

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

338. Germany supports the project proposal without a need for further comments.

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

##### **General Comments**

339. In Argentina, a relatively high percentage of energy is produced by hydraulic power (35%), but most of the marginal power comes from fossil fuels.

340. This project addresses the removal of barriers to energy efficiency: such as lack of regulatory incentives, lack of adequate price signals, lack of information among residential consumers, high transaction costs for EE investments, perceived high risk among financial institutions, and lack of matured ESCO industry.

341. The global objective of the project is to achieve a sustained increase in the energy efficiency of energy use in most sectors.

342. The intermediate objective is to develop a sustainable and growing market for energy efficiency services and equipment. This would be achieved by removing key institutional, financial, and information barriers that are currently limiting the development of an energy efficiency market.

343. “The global objective of the project is to reduce gas emissions and the climate change risk by systematically removing the barriers that prevent activities and investments in energy efficiency and energy conservation. (GEF Operational Program No. 5).”

344. The project is composed of three components:

- (a) Component 1: Establishment of the Argentina Energy Efficiency Fund (AEEF) with a GEF support of US\$ 7.8 million (20% of total). It contains two activities: a) Contingent Grant Facility to share the cost of feasibility studies, and b) a Guarantee Facility to co-share the risk of lending to EE projects with commercial banks.
- (b) Component 2: Development of a Utility Program with a GEF support of US\$ 3.7 million (7% of total). It will support EE investments by electricity utilities in the residential, commercial, and public sector.
- (c) Component 3: Capacity Building and Project Management with a GEF support of US\$ 3.7 million (67% of total). It consists of a) supporting the GOA in creating a favorable regulatory and institutional framework for EE, including peak load for residential customers, b) support the establishment of EE standards and labeling for home appliances, equipment, building materials, c) training of ESCOs and support dissemination of standardized contractual documents, d) creating and disseminating case studies and e) coordination, monitoring and evaluation support

## **Main Concerns**

345. The global project logical frame seems to be coherent. The alternatives considered and rejected as project models (Direct investments in EE, Loan-only Fund, exclusive reliance on ESCO Market development, focus only on industrial and commercial users, inclusion of gas utilities) support the proposed project structure.

- (a) One of the concerns is that the recipient of the grant is the Ministry of Economy and not the Ministry concerned. In similar manner to banks, it may lead to a cumbersome organization by bringing decision makers into the process who are not familiar with EE.
- (b) The capacity building component does not seem to include the electric utilities and concentrates mostly on ESCOs. On the other hand, electric utilities are seen as major participants in the project. Electric utilities' staff are generally not used to the new EE "attitude" (i.e sell less power but be more energy efficient). Sales of equipment may also not be so common in electric utilities. The dividing up of the roles of electric utilities and the appliance suppliers is not clearly defined in the project (electric utilities as sales organization [direct procurement through utilities] or only intermediary between clients and sales organization?). Price level for customers would be lower when they have alternative choices for procurement.
- (c) The project concentrates on EE investments, and does not seem to consider EE by optimization of operation and controls as an important component. Capacity building in this direction does not seem to be considered.

- (d) Certification and labeling is a good support for marketing of EE appliances. But in enterprises, unless a benchmarking and monitoring system is set up, a lot of the initial savings achieved by EE investments are likely to vanish by deviation from optimal operations and controls.
- (e) ESCOs have proven to be one of the alternatives for EE promotion. In many cases enterprises prefer to buy the hardware directly without paying back the overhead of ESCOs, paying initially only consultancy studies. This route does not seem to be firmly supported.
- (f) It is not clear how the electric utilities are going to develop the EE strategies for households.

### **Conclusions and Recommendations**

346. The project is generally relevant and the global frame well conceived.

347. We therefore recommend the project for approval by the GEF Council. The comments above address first of all issues that the project developers should consider when designing the operational plan in detail.

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

348. The United States seeks postponement of the project proposal.

349. It seems premature to move forward with this “demand-side” energy efficiency project until the Government implements the promised 2006 increases in electricity and natural gas prices. The price mechanism should play an essential role in giving businesses and residential consumers strong incentives to use energy more efficiently. Before GEF moves forward with the proposed guarantee facility and contingent grant facility to encourage commercial bank lending for energy efficiency investments by businesses, it needs more time to get a more complete understanding of the status of proposed price increases and the price increase’s impact on energy usage patterns.



**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**33. Bangladesh: Improving Kiln Efficiency for the Brick Industry [UNDP]**

***COMMENTS FROM GERMANY***

**Recommendation**

350. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

- The project summary is lacking a description of the improved kiln or the technical changes required to improve kiln efficiency. Further description of these improvements in terms of technology and techniques/application should be made.
- The project summary is not clearly stating, how and by whom is the technology going to be developed, constructed and how applied. If local professionals are trained and involved in the long run, they would make a relevant group of stakeholders to be involved.
- Sufficient participation of the BMI should be guaranteed.
- Key Indicators: considering the favourable major assumptions, some indicators seem very low. Two examples: The improvement in the overall specific consumption depends on the technology (see above), but seem low. The percentage of brick kilns in the country seems low as well.

***COMMENTS FROM SWITZERLAND***

**General Comments**

351. The proposal is well balanced regarding an interdisciplinary and integrated approach to reduce barriers to energy conservation and efficiency and initiate a transition towards Energy Efficient Kilns (EEK). It covers action lines related to (1) technology support program to assess technology options, clay resources, and performance of the brick-making Small and Medium Enterprises (SMEs); (2) demonstration program to showcase the major aspects of the application of EEKs and energy efficient brick-making practices; (3) managerial and technical capacity development program to strengthen the technical capacity; (4) communication and awareness program to raise awareness of the government, the public, and SMEs of the alternative

technologies and practices; (5) finance support program to facilitate access of financing for SMEs; and (6) policy development and institutional support program.

352. The selected Forced Draft Tunnel Kiln (HHK) technology is potentially an interesting and appropriate solution for the Brick Making Industry (BMI) in Bangladesh. Nevertheless, the application has a number of weaknesses which require further adaptation:

### **Main Concerns**

353. *EEK demonstration program:*

- (a) The envisaged number of demonstration projects (>30) is neither justified nor required. If demonstration is envisaged, a much smaller number is sufficient. The Vietnamese example of the VSBK (demonstration funded by UNDP SGF) shows that successful dissemination can be achieved even against existing barriers (political reluctance to license any Vertical Shaft Brick Kiln [VSBK operation]) with one single demonstration project which has until now been copied over 200 times in the country.
- (b) Reasons for technology acceptance and appropriateness are not yet fully understood and addressed: reluctance to change from current to other kiln types mentioned above is strongly related to required changes in the operation mode: kiln types which require permanent (24h) attention for fuel stoking are generally not well accepted in some countries. VSBK and HHK are such demanding processes. Lessons learned from other BMI sector transformation initiatives in Asia should be more strongly considered. Activity 1.1. rightly involves more detailed assessment of EEK for BMI and is contradictory with the fixation of HHK as single kiln technology to be provided, invested in 31 cases and further disseminated.
- (c) The mechanism / incentive to stimulate private sector engagement into 31 kilns and the organizational set-up are not made clear. The application provides for a Build Own Transfer (BOT) model. Instead, it would be seen as beneficial for the ownership of the technology to strengthen the role of the private sector in the implementation, restricting the role of the project to facilitating the implementation and to assign a more decisive and leadership role to the private BMI sector.
- (d) The investment related figures for the demonstration plants are not sufficiently clear: According to the footnote on p.34 of the Project Brief, it seems that USD 60,000 for a HHK with a yearly production of 15 million bricks is applied as basis for the cost calculation of project contribution. This assumption is appraised to be unrealistic, especially as this will include refractory lining of the firing chamber, the stoke hole system etc. At other places totally different and more justified figures are mentioned: total cost of a HHK based brick demonstration plant USD 900,000 according to p.65, kiln construction only costs USD 310,000 according to table 4, p.67/68, reflecting generally 30-50% of the overall plant cost

depending on the technology (based on international Southeast-Asian experience).

354. Instead of focusing on the manifold replication of “demonstration kilns”, it is suggested that more emphasis be put on those components which are crucial to initiate and facilitate the technological change towards a sustainable BMI: documentation and publication of results (in order to prevent monopolization of know-how and to support dissemination through private sector initiatives), support of the dissemination process, the provision of know-how on maintenance of the kiln structure, and the establishment of methods to generate proven reserves of clay at low costs.

355. *EEK Finance Support Program*. The footnote on page 32 provides that banks will spread lending over a period of 4-5 years. The payback period which has been estimated at 2 years is underestimated: instead 3-5 years are still optimistic. 2 years are needed until the full range of production with a new technology is achieved (construction, drying of kiln structure, test firing, optimization of firing parameters, establishing effective drying of bricks during rainy season, training of staff etc.)

### **Conclusions and Recommendations**

356. **We recommend the project for approval by the GEF Council.** It is well conceived and structured and fully in line with GEF objectives and strategic priorities. The main concern is related to the implementation framework of the new technology. The project applicants are advised to develop a planning for a phased intervention (phase one with around 5 pilot projects, review of experiences, redesign if required, phase two with dissemination without operating intervention of a public sector partner). A further concern is that the role of the private sector for the development of a sustainable BMI and ownership for the technology is not sufficiently reflected in the current proposal. Therefore the applicant should strengthen the role of the private sector in the organizational set-up related to all activities under component 2.

### **Further Comments**

- Soil moisture has an important influence on energy efficiency of brick kilns, especially during the rainy season. Even if comprehensive sealing of the foundation is envisaged, the heat losses in kilns with a large area exposed to the ground (such as HHK) may surpass 20%. This effect may partly jeopardize energy efficiency of the new kilns.
- Hydrofluoric acid (HF) or fluorine as the key environmental problem of brick making (with clay being the source) is not addressed in the project brief. Any environmental project in brick making should provide for upgrading the skills to monitor HF emissions and to implant means to reduce them.
- The importance of changes of product specifications (towards hollow ware) for energy conservation and efficiency and in brick making is not adequately addressed: if brick weight by introduction of hollow or perforated bricks is reduced by 30%, emissions can be reduced by even more than 30% due to faster firing process, transport weight can be reduced etc.

- It remains unclear how optimized clay resources management (Activity 1.2) shall be achieved (as mentioned as national benefit, p.20). This task requires extremely costly prospecting of clay deposits. Costs per km<sup>2</sup> even with least cost options are above USD 200. The large kiln units (demonstration plants) will require proven clay reserves of at least 1 million ton each. Neither the roles of the stakeholders for these tasks nor the budgetary implications are adequately addressed in the proposal and financial planning.
- *Annexes (which are mentioned in the text, photos etc.) as well as cost breakdowns would have been helpful for the review.*

**34. Egypt: Bioenergy for Sustainable Rural Development [UNDP]**

***COMMENTS FROM FRANCE***

357. Rural electrification in Egypt has improved considerably and 92.4% of rural household are now connected to the national grid. The remaining households (about 520,000) mainly situated in the poorest villages of the country are using kerosene or LPG lamps for lighting. At the same time, a significant share of agricultural wastes (straws, rice husk, leaves, shell nuts, etc) are left in the open air or burnt outside generating heavy smokes at the harvesting time. The project proposes to valorize these wastes into energy using biomass energy technologies (BET) such as individual or collective biogas plants, gasifiers or biomass boilers.

358. The project objective is “to facilitate and accelerate the market development for new BET in Egypt, thereby promoting the sustainable socio-economic development of the rural communities in Egypt and reducing the negative global and local environmental impacts associated with the use of fossil fuels and the environmentally not sound management of the agricultural waste”.

**Comments**

359. The project address a significant issue for Egypt which is the valorization of large quantities of agricultural wastes using biomass energy technologies which are operational elsewhere in developed or developing countries like India or China. The project document, nevertheless, in its present shape, is not fully convincing for the following reasons:

- (a) The project document remains at general levels with limited information and data.
- (b) The project underlines the numerous barriers which are existing in Egypt to succeed in implementing a large biomass energy dissemination project but does not convince the reader that the proposed approach is relevant to address them.
- (c) The project does not assess clearly the economics of the proposed biomass technologies and stresses that existing government subsidy on LPG and kerosene will make these technologies unviable without subsidy. It stresses also that their typical pay-back period will be longer (15 years) than usual investment projects in the rural Egyptian sector and that the target population will meet difficulty in obtaining long term loans taking into account their poverty. Furthermore, the 93% rural electrification rate of Egypt makes the viability of the proposed biomass technologies more difficult.

- (d) The project organization is also not convincing. Apparently, there is no strong leading organization to ensure its success; its decentralized character makes its success even more difficult. The document underlines also the lack of coordination existing between organizations dealing with rural development in Egypt. The involvement of the business industry and the financial sector is not either demonstrated.
- (e) The financing plan seems in part virtual; it is difficult to understand how a decentralized financing system will be set up practically to support individual projects.
- (f) There is also no demonstration of the social acceptability of the proposed technologies which are time consuming (water supply for digester, handling and transport of the wastes, storage of the wastes between harvest seasons). The competition of agricultural waste for other uses in particular as fertilizer seems in particular underestimated.

360. ► **Reserved opinion. Approval is subject to precisions above listed;** on the whole, the project document, while addressing an interesting topic, needs a better focusing with a comprehensive approach taking into account the difficulty of technology dissemination in the rural sector and the failure of many similar projects elsewhere.

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

#### **Recommendation**

361. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

#### **Comments**

- Sufficient participation of the population and civil society should be addressed already in an early stage of the adoption of the technologies to secure their proper operation and applicability under Egyptian conditions.
- Special attention should be paid to the installation of a quality control system and the institutionalising of after sales services.

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

## **General Comments**

362. The project focuses on the utilization of agricultural waste as fuel and aims at several targets. The most important ones are:

- (a) Reduction of air pollution from open field burning, which could be achieved by using agricultural waste as fuel.
- (b) Increase of the efficiency of the utilization of biomass, which is used as fuel for cooking stoves already but with extremely low efficiency (estimated to be app. 10%).
- (c) CO<sub>2</sub> reduction due to additional utilization of agricultural waste to replace fossil fuels in rural areas for lighting and cooking.

363. An energetic utilization of agricultural waste is regarded as a promising application to achieve these targets and hence the basic focus of the project is reasonable. Since open field burning results in excessive air pollution, which is strongly health relevant mainly due to inhalable, carcinogenic and toxic particles, measures to prevent open field burning are most important with respect to the reduction of airborne emissions. If the agricultural waste is applied in high efficiency plants to subsidize fossil fuels, a significant CO<sub>2</sub> reduction is achieved as well. However, as described in the proposal, there are significant technical, institutional, information, financial, and market barriers which hinder an economically interesting and ecologically acceptable application of agricultural waste in Egypt nowadays. The project aims to overcome these barriers. For this purpose, two technologies are planned to be implemented in rural areas in Egypt:

- (a) Anaerobic digesters for biogas production in different sizes ranging from plants for single households/farms to medium size plants. In very small applications, the gas would be used for cooking, while medium plants are planned for decentralized power production by use of internal combustion engines.
- (b) Two fixed bed gasifiers to be implemented for decentralized power production.

In addition, measures with respect to policy, financing, business skills, and information are to be implemented.

## **Main Concerns**

### **General Concerns**

364. Since Egypt does not only possess significant resources of fossil oil and natural gas, but in addition strongly subsidizes these fossil fuels, the proposed measures to promote biomass as an energy source is regarded as problematic with this specific boundary condition. Even in countries without subsidies for fossil fuels, bioenergy suffers from far higher investment costs. Hence, the proposed measures to promote bioenergy in Egypt risk being ineffective in comparison to the promotion of fossil fuels.

365. As elsewhere, the most powerful measure to promote energy savings (e.g. by higher efficiency of cooking devices) and renewable energies in Egypt would be to stop fossil fuel subsidies. Within the existing context, the installation of biomass gasifiers with engine and generator may even be counter-productive, as after installation of such plants in rural areas without electricity today, the engines may be operated with fossil fuels after line-up, as experience in other countries has shown.

366. Technical measures to be partially funded by GEF are described in detail in the project and discussed below. However, the main budget provided by other parties is for other than technical issues. The measures to be funded by third parties are as of now still vague. It is assumed that they do not primarily focus on CO<sub>2</sub> reduction but rather on rural development. It is crucial that these additional measures do also clearly focus on CO<sub>2</sub> reduction. Else, the project in total may rather lead to an increase in CO<sub>2</sub> emissions, as by funding for rural development, which might then be based on fossil fuels, the energy consumption and CO<sub>2</sub> emissions may even sharply increase.

## **Technical Concerns**

### *Small and medium size digesters*

367. Biomass digestion is regarded as an interesting technology for specific sorts of agricultural waste such as manure and other biomass with low content of lignin (hence no wood and woody biomass). Digestion is therefore regarded as a suitable technology for the proposed application and recommended. To decide which size of application is most suited, further experience is needed and hence it is regarded as useful to implement digestion in different ranges of applications. For small plants, technical skills to operate the plants should be improved by information as planned in the project. However, in the long-term, semi-industrial or industrial plants for digestion might be more promising with respect to efficiency and ecology and hence should be promoted with higher priority than so far planned in the project. For this purpose, more advanced technology from Western Europe should be evaluated in addition to the proposed technology from China and India.

### *Small scale biomass gasifiers*

368. Since digestion is not suited for all types of available biomass, other technologies need to be implemented as well. For this purpose, the realization of two small scale fixed bed gasifiers with internal combustion engines for decentralized power production is planned. However, small scale biomass gasification as planned in the project is regarded as most critical due to two reasons, i.e.,

- (a) small scale gasifiers are well suited for hardwood but critical for biofuels with low density and high content of ash, chlorine and other components, as regarded in the project.
- (b) the project aims to provide positive experience without technical problems of the implemented plants during its application. However, gasifiers may lead to negative experiences (as many examples in other countries have shown) if not



operated with relevant technical assistance. Hence, the application of small scale gasifiers, which are not well-proven technology and/or which exhibit in addition the potential of significant pollution if not operated properly (e.g. of highly contaminated waste water effluents), is not recommended for the proposed application.

### *Large scale application of power plants*

369. As an alternative to small, decentralized utilization of biomass, a limited number of large thermal power stations with biomass as dedicated fuel or with biomass used in combination with fossil fuels is regarded as a more attractive long-term strategy, as it promises:

- (a) significantly higher overall efficiency (even if the energy consumption for the transport is taken into account, transport distances of more than 100 km can be favorable in the overall energy balance).
- (b) far lower emissions with respect to air pollution and harmful effluents such as waste water.

In the project proposal, conventional steam cycle power production with 5 MWe and 40 MWe is discussed but not part of the project. However, to exhaust the advantages of high efficiencies and low emissions, it is proposed to focus on: a) combined heat and power production in industries with high heat demand and b) on dedicated power production either by co-firing of biomass in fossil power stations and/or in dedicated biomass power stations. However, power production by steam cycles should aim at size ranges of above 100 MWe rather than below 10 MWe. As a most interesting option in this size range, Integrated Gasification Combined Cycle (IGCC) should be regarded as well, as it enables efficiencies of up to more than 40%.

### **Conclusions and Recommendations**

370. The funding of the project with the proposed activities is regarded as critical with respect to CO<sub>2</sub> reduction, as within the context of subsidized fossil fuels, the effect of net CO<sub>2</sub> reduction may be put in question.

371. We can move to propose the project for approval by the GEF Council if clear boundary conditions are set that ensure CO<sub>2</sub> reduction and prevent an increase of fossil fuel consumption by promotion of rural areas.

372. With respect to the technologies, only digestion should be implemented for decentralized applications nowadays, while small scale gasification exhibits a large potential of failure which may disable a positive effect of the project and even negatively influence the future promotion of bioenergy.

## **Further Comments**

373. The use of agricultural biomass, which is not used today and partly burnt in open fields, exhibits a relevant potential. However, the following technologies are regarded as more promising than small scale gasifiers: Power production in large scale applications is regarded as more promising in the long-term and might be evaluated alternatively, although such a project would then exhibit a far higher budget. As a temporary measure for maximum 2 or 3 decades, the implementation of improved cooking devices might also be regarded, if existing cooking stoves achieve 10% efficiency only as described in the project. However, this might not be a long-term solution as it may significantly reduce air pollution in comparison to existing applications, but remain on an ecologically unacceptable level for long-term solutions.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**35. Egypt: Sustainable Transport [UNDP]**

***COMMENTS FROM FRANCE***

374. This general program is aimed at promoting and implementing sustainable transport solutions in the Great Cairo, including in the freight sector. The project is led by the Egyptian Environmental Affairs Agency. It intends to promote high quality public transport services in Cairo and its satellite cities, non motorized transport systems as walking and bicycle in provincial cities, to introduce new measures to discourage private cars, to optimize the freight system in liaison with the professionals, and finally to strengthen the institutions with the issues of sustainability of the transports systems.

375. The project is launched in the context of the construction of a third line of metro and the improvement of some ground rail based public transport systems in Alexandria and some of its satellite cities. The implementation of the project will require numerous partnerships with private and public entities. 28, 5 millions of co financing are expected of which 16, 0 millions for the Government.

376. ► **Favorable opinion:** the project is ambitious and complex to monitor but deserves to be supported.

***COMMENTS FROM GERMANY***

377. Germany supports the project proposal without a need for further comments.

***COMMENTS FROM JAPAN***

378. Among extraordinary number of project proposals, Japan would like to request further consideration in the GEF Council on the project number 35 in particular, the Egypt UNDP Sustainable Transport (GEF Grant:\$6.90m).

379. It is mentioned in Paragraph 109 of Executive summary that GED fund will cover some lost revenues. Although this risk sharing instrument will only share risks on 50-50 basis, thereby maintaining the incentive for the selected service provider to minimize the losses, we wonder whether it is justifiable to be included as the incremental cost for global environment. According to the GEF funding modalities in Paragraph 106, the proposed risk sharing instrument is classified as non-grant (partial risk guarantees) instrument, whereas repayment scheme is not clearly stated in this summary.

Therefore, Japan would request detailed explanation on this and to be reviewed by Council for approval.

## ***COMMENTS FROM SWITZERLAND***

### **General Comments**

380. The project proposes to:

- (a) initiate the development of new, integrated high-quality public transport services for Greater Cairo and its satellite cities;
- (b) promote non-motorized transport in medium-sized provincial cities;
- (c) introduce new traffic demand management measures;
- (d) improve the energy efficiency of freight transport; and
- (e) enhance awareness and capacity and strengthening the institutional basis for sustainable transport.

381. The project is composed of a variety of elements. The project overall may at first sight seem to be a patchwork of components based on other projects which are coincidentally presently running – in terms of either geography and/or content. In their integrity these components may add to the sustainability of the transport system.

### **Main Concerns**

- (a) The introduction of high quality public transport services for Greater Cairo and its satellite cities may be a sensible project on its own. The use of GEF resources for covering the risk of the first year's operation (by 1 million USD) needs to be clearly justified and set in relation to the overall project's global benefits.
- (b) The support of non-motorized transport in medium sized provincial cities seems in principle adequate. This project component seems so far to be an isolated "supply side measure" without backing by a corresponding transport policy to ensure sustainable success. The project thus merits being adapted in this regard.
- (c) The introduction of new traffic demand management measures may indeed be a promising contribution. It is crucial to present them within an overall context, as, at present, some of the elements mentioned may seem accidental and lacking in consistency. In addition, some are rather vague (e.g. "possibility for successful introduction of public transport priority treatment systems will be further explored and, when applicable, promoted during the project.").

### **Conclusions and Recommendations**

382. We support the effort to promote a sustainable transport system in Egypt. Hence, we propose the project for approval by the GEF Council, provided our comments are taken up in the further refinement of the project. We believe this would lead to a more integrated and coherent sustainable transport project.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**36. Ghana: Development of Renewable Energy and Energy Efficiency [WB]**

***COMMENTS FROM FRANCE***

383. “The global objective of this project is to assist Ghana in mitigating climate change through the reduction of greenhouse gas emissions. The development objective is to provide increased access to affordable, clean, and efficient energy services. The GEF project intends to assist Ghana in establishing an enabling environment of a policy and regulatory framework and providing business support and long-term financing to attract private sector participation in large-scale commercialization of RE/EE. GEF support is requested only for technical assistance to RE/EE, while IDA funding would provide long-term financing to renewable energy developers and consumers, as well as co-financing support to Energy Service Companies (ESCOs) conducting energy conservation projects.

384. It consists of four project components: 1) renewable energy policy framework and RE/EE capacity building; 2) large-scale grid-connected renewable energy; 3) mini-grid renewable energy and Energy Service Companies (ESCOs); and 4) stand-alone renewable energy systems. Consequently, it is expected that an increasing number of local entrepreneurs would be emerged to provide RE/EE services, which would result in increased energy access, improved energy efficiency, as well as reduced greenhouse gas emissions”.

**Comments**

385. Ghana has a rural electrification rate of 54% which is significantly above the average of West African countries; nevertheless the Ghanaian government wants to increase significantly the penetration of electricity in rural areas in households and productive activities. This rural electrification through grid extension is hampered by rising unit costs taking into account the fact that consumers are more and more remote from the main national grid. The project proposes a comprehensive approach including the design of a suitable business environment for rural electrification, a technical support for the development of renewable energy options whenever they are economic (micro and mini hydro, wind farms, biomass and cogeneration plants). The project includes also an energy efficiency component focuses on energy savings in the lighting, household appliances and air conditioning fields. The project has been seriously prepared on the field using past experience and many interviews with key actors. In particular, the main barriers to renewable energy development and energy conservation have been well identified.

386. In our opinion, the project should be firmly supported for the following reasons: The Ghanaian government has developed a serious energy policy aimed at strengthening the energy sector and has engaged important reforms towards the liberalization with the support of the World Bank. The country has known a sound economic growth in the last decade.

387. The country is beneficiating of important renewable energy sources such as solar, wind, hydro and biomass energy. These resources are already rather well known thanks to various cooperation projects (UNEP-NREL /SWERA) focused on resources inventories.

388. The GEF project is part of a much larger IDA project (GEDAP) focused on the power sector which addresses the production, the transport as well as the distribution. The development of the rural electrification with renewable energy will be made in a complementary approach with classical grid extension strategies. The legal, contractual and financial rules for private power production and/or distribution using mini grids, wind parks, small hydro or biomass cogeneration will be elaborated rationally to ensure a reasonable penetration of renewable energy and energy efficiency whenever it is economic and effective. The existence of a long term dialogue between the Ghanaian government and the World Bank on the modernization of the economy and the reform of the power sector is an asset for the success of this project.

389. Ghana has already a significant private sector (RE equipment producers, distributors and installers, ESCOs ...) focused on renewable energy promotion with good technical and management references. This sector has already developed a small market for solar and hydro power plants and is keen to embark on more ambitious development plans with the support of financial institutions. Recent calls for interest from the government for renewable energy projects have shown that there are private developers interested in developing large wind parks, mini grids with hydro or power generation from landfills.

390. The banking sector is well present in the rural sector with many agencies and is keen to enter in renewable energy projects and grid development with an initial technical and financial support.

391. The GEF project is also well linked with an other project IFC/IDA 45 MUS\$ project focused on Micro, Small and Medium enterprises development which will contribute to the upgrading of local industries and services companies actives in the RE and EE sectors.

392. There exist a good coordination between multilateral (WB, IFC, UNDP) and bilateral cooperation (KFW, AFD, JICA, DANIDA...) in Ghana to strengthen the economy and in particular the energy sector under the leadership of the Ministry of energy which ensures consistency and complementarity of initiatives and projects. Many projects in RE and EE in Ghana in particular an ESMAP project have capitalized experience for the design of this GEF project.

393. The GEF project provides a range of technical assistance to the government, the local banks and the private actors; its financial support will be well kept under control using a conditionality approach consistent with the overall dialogue between the World Bank / IFC and the Ghanaian government.

394. The project has a significant potential for replication in West Africa and Central Africa of its successes and experience (institutional frameworks, financing schemes, training processes,

quality control, ); Ghana taking into account its recent achievements is clearly the best platform to develop replicable approaches suitable for Nigeria, Ivory Coast, Mali, Senegal, Cameroon, ...

395. The project nevertheless, despite a sound logical framework, has significant risks: Relative complexity in its organization to ensure effective complementarity without overlapping with other major multilateral projects.

396. The project is split in four parallel components with rather ambitious equipment targets; a more progressive approach could have been retained focusing initially on the design of a renewable energy policy framework and RE//EE capacity building as well as in dissemination of stand-alone renewable energy systems and energy efficiency projects through ESCOs. The development of large scale and medium scale grids being initiated a bit later when the private and public actors have been strengthened through initial projects.

397. The project viability is highly dependent on the adoption of a suitable RE/EE policy ensuring fair electricity pricing for RE energy, free access to the national/regional grids and modifications of the regulatory framework. The ongoing cooperation with IFC/WB should reduce significantly this risk but delays are possible as seen on the present unbundling process for the power sector.

398. The financial framework for RE/EE financing is rather complex, with several entities and multilateral institutions involved in addition to the internal banking system with various levels of decisions. This issue has already been well studied by the World Bank which has proposed several relevant organizational schemes. The mobilization of other bilateral and local financial sources (about 100 MUS\$) is potentially feasible but conditioned by the preparation of convincing RE/EE project portfolios and adoption of a suitable business and regulatory framework necessary.

399. ► **Favorable opinion.** In total, this project, in our opinion, despite its relative complexity, should be firmly supported. Its success will depend of the quality of its management at national and multilateral levels. Its effective implementation is linked to the approval of the 15 MUS\$ IDA project (foreseen for September 2006) and the 8 MUS\$ IFC/IDA SME project Board approval was foreseen for June 2006))

## ***COMMENTS FROM GERMANY***

### **Recommendation**

400. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

### **Comments**

401. The project is well balanced and targeted at substantial expanding renewable energy generation in Ghana, taking advantage of favourable framework conditions. The only reservation we have concerns the expected US\$ 120 million of private sector investment in large scale, grid-connected renewable electricity generation (project component 2). This estimate seems to be exaggerated in the light of our experience. The private sector is still reluctant to invest in renewables to such an extent in the region. However, the project is fully viable and sensible even if less private sector investment is mobilised.



**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**37. Guinea: Electricity Sector Efficiency Improvement [WB]**

*COMMENTS FROM FRANCE*

402. This project is part of the Electricité de Guinée policy to enhance the energy efficiency of the distribution system including DSM/end –use efficiency and also in the operation of power plants. The project will support technical assistance related to repowering the Garafiri Hydro plant and the Tombo Thermal plant. The project is well designed and takes into consideration local specificities and historical conditions.

403. ► **Favorable opinion.** We suggest completing the project design in analyzing possibilities, from eventual CDM created by the efficiency program, to cover partially recurrent costs of the electric system.

*COMMENTS FROM GERMANY*

404. Germany supports the project proposal without a need for further comments.

*COMMENTS FROM SWITZERLAND*

**General Comments**

405. The proposed project addresses a major issue for the development of a sound electrical sector, which at present bills only 41% of the electricity generated, and only  $\frac{3}{4}$  of this amount is actually collected. A lot of the distribution is performed through long LT lines (high technical losses). The fact that a large part of the distribution is performed by LT allows also more easily for non-technical losses to occur (non metered consumption by direct clamping). At the same time, due to low-income level, a number of people may not have access to power unless the rates are subsidized. While the GEF role is to promote energy efficiency and renewable energy, the social issues should not be left out in the project design.

406. The project consists of 3 components:

- (a) Component 1: CREST- Distribution efficiency improvement through high voltage distribution systems, metering, reactive power compensation, ...
- (b) Component 2: Rehabilitation of Critical Generation to improve the efficiency of existing power plants
- (c) Component 3: Institutional Strengthening through Technical Assistance
  - (i) 3.1 Energy efficiency and conservation

- (ii) 3.2 Private sector partnerships
- (iii) 3.3 Financial and accounting systems
- (iv) 3.4 MIS and operational IT support

### **Main Concerns**

407. The project addresses the main technical issues to assist GOG improving its electricity sector. Its technical design appears to be sound.

408. While the electricity sector must be economically viable and support the development of the private economy, the access to electricity for the poorer sections should also be considered. Poverty reduction is correlated with electricity access. This aspect certainly goes beyond the purely technical frame of the project, but the project could partly address this issue by performing sensitivity studies on the tariffs applied to different categories of customers. It would assist the GOG to decide upon subsidy strategies with regard to social aspects and balance with cost-effective tariffs.

409. There are technical issues which seem to be underestimated. While capacity building applies to many relevant aspects, the shift from LT to High Voltage Distribution systems will require many more people trained in dealing with High Voltage and the associated dangers. It does not seem to be taken into account in the project design.

### **Conclusions and Recommendations**

410. We support the project and recommend it for approval by the GEF Council: The project is technically relevant to the challenge of electricity supply in Guinea. We do at the same time expect that the authors of the project, in the further project development, will aim at integrating some of the social issues in the reform process.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**38. India: Coal Fired Generation Rehabilitation Project [WB]**

*COMMENTS FROM FRANCE*

**Comments**

411. The Indian power sector is facing since many years important difficulties such as a persistent shortage of electricity, frequent black-outs, low electricity tariffs associated to heavy cross-subsidizing, and heavy technical and commercial losses in transport and distribution resulting in a poor financial situation for many state power utilities. The Indian power sector is also suffering of a complex institutional framework at national and state levels.

412. Economic growth and social development are hampered by this power supply situation which constrains industrial development and the financial losses of the power sector which remain a burden on public sector finances.

413. The Government of India is trying to address these issues through improvements of the power sector institutional framework, support in the modernization of existing power plants, reinforcement of the financial capacity of the Central Electricity Authority, and definition of guidelines for electricity tariffs in order to ensure the long term sustainability of the sector.

414. The challenge is to meet a growing electricity demand estimated at 100,000 MW of new capacity over 2002-2012 to meet the needs of an economy growing at +8% per year. In complement of this 100,000 MW of new power plants, the government of India wants to rehabilitate and modernize 10,000 MW of existing medium size coal power plants in the 100-150 MW range to increase their annual production of electricity while decreasing significantly their CO<sub>2</sub> emissions per kWh through a significant improvement in energy efficiency. The difficulty in implementing these rehabilitations is that the owners of these coal power plants, mostly state utilities, have low financing capabilities, are not yet convinced to spend extra money to improve their efficiency during rehabilitation and are extremely reluctant to stop their plants at a time where there are severe electricity shortages (11% on average and 18% during peak hours according to the World Bank).

415. The GEF project, well aware of the existing barriers through a World Bank in-depth analysis of the present situation, is addressing these issues focusing its efforts on the rehabilitation and modernization of existing medium sized coal fired power plants. This initiative is deeply linked with the other World Bank / IFC projects/loans in the power sector at national and state levels.

416. In our opinion, the project should be firmly supported for the following reasons:

The project is addressing a sector, the coal-fired power plants, which has received, so far, limited attention from GEF despite its huge impact on world CO2 emissions. The project, while focusing initially on a limited number of medium size existing coal power plants with a total capacity of 540 MW, has a very large replication potential in India estimated at 10,000 MW in this capacity range of existing power plants, corresponding to a total investment for rehabilitation estimated at 2,9 billions US\$. The project is well prepared with a good economic analysis of existing options. It demonstrates clearly that the rehabilitation/upgrading of existing medium size power plants is the most economic option compare to the closing of plant and construction of bigger ones. The modernization of existing coal fired power plants allows increasing the plant energy efficiency from 26% to 34% which is a major improvement in terms of greenhouse gas emissions while its increase the annual yearly electricity production and lower the unit kWh production costs through decrease of coal consumption per kWh...

417. The project has been thoroughly prepared by the World Bank and a team of consultants with a significant preparatory budget for project identification and instruction, the documentation is convincing.

418. The project is also in line with the policy of the government which has launched a major project called "Partnership for Excellence" aimed at closing the most inefficient and polluting coal power plants while at the same time supporting the modernization of the other medium size coal-fired power plants with a technical support from most modern utilities in favor of other state utilities with limited experience while providing complementary funding for efficient rehabilitation projects.

419. The GEF project is also a good opportunity for the multilateral and bilateral organizations to dialogue on the urgently needed power sector reform at states level taking into account the success obtained by the World Bank and other donors in some states (Orissa for example) more advanced in power sector reform.

420. India beneficiates of large qualified human resources in technical, legal, financing, institutional, management and environment aspects which makes the implementation of this rehabilitation program for medium sized coal-fired power plants a reasonable target.

421. The World Bank has designed the GEF project with a sound system of conditionality to ensure the viability and replicability of the projects receiving financial support

422. The organization scheme has been well investigated trying to address the complex institutional situation

423. Various bilateral donors from Japan, Germany ... are interested to participate in co financing specific rehabilitation projects.

424. The proposed GEF budget (45.4 MUS\$) may seem, at first glance, large; it covers technical assistance for 7.5 MUS\$ and a subsidy for 37.9 MUS\$ to finance the initial extra cost for improved energy efficiency and reduction of emissions, the baseline scenario for local utilities being a simple rehabilitation without significant improvements to increase efficiency and

reduce emissions. Actually, this GEF contribution is reasonable if compared to its potential for replication and its CO2 impact. With this 7.5 MUS\$ technical assistance envelop the GEF and the World Bank have an excellent opportunity to contribute to the design and implementation of a new power sector policy at national level and more specifically at states levels, the critical situation of the power sector makes this technical assistance component highly valuable. The subsidy package to be mixed with the World Bank/IDA loan is useful to alleviate initial barriers by demonstrating a few successful rehabilitation projects in coal-fired power plants. The Indian side is very attached to the physical demonstration of these solutions to convince other utilities to replicate such projects. A contribution to the modernization of 5-6 pilot power plants with a 10% subsidy seems reasonable to convince other state utilities operating about 1,000 similar power plants in India to enter in this process with convincing arguments regarding its actual costs and benefits and its energy efficiency.

425. This GEF project faces also significant risks, such as:

- (a) Organizational risks due to the complexity of the institutional context for the power sector between national and states levels.
- (b) Delays in some states to accept the necessary reforms and conditions to successfully carry out these power plant rehabilitation projects in a sustainable way (setting up of contracts, revision of tariffs, monitoring of results...).
- (c) Delays in accepting the temporary closure of some coal power plants for their transformation/upgrading while there is a critical electricity shortage.
- (d) Insufficient commitment of some local electricity boards.
- (e) There are difficulties in the financial closure of some rehabilitation projects due to the poor financial situation of many state utilities and the carefulness of local financing institutions.

426. Most of these risks can be reasonably alleviated taking into account the existing commitment of the government to alleviate as soon as possible the energy crisis and the existence of a sound dialogue with multilateral organizations. The demonstration by a few success stories will lift part of these risks.

427. ► **Favourable opinion.** In our opinion, this project, should be strongly supported as it addresses a key area for climate change. The overall approach of the project is sound and the potential for replication is extremely large in India but also in many other developing countries especially in Asia (China, Vietnam, Indonesia, Philippines ...). A strong monitoring and reporting system will be necessary to capitalize results and ensure eventual adaptations.

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

428. Germany supports the project proposal without a need for further comments.

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

## General Comments

429. The objective of the project is an enhanced rehabilitation of coal-fired power generation plants that includes a substantial increase of the energy efficiency at the point of generation.<sup>10</sup> This shall be achieved through a two-pronged approach:

- Component 1 is a technical assistance package (USD 7.5 million of GEF grants) to support a comprehensive barrier reduction approach for the development of energy efficient renovation & modernization (EE R&M) projects at the state level in India, in addition to preparation activities (such as policy and technical studies, stakeholder consultations and capacity building) for component 2.
- Component 2 is a financing window (USD 37.9 million of GEF grants with USD 117.7 million of IBRD) to directly implement four power plants with a total installed capacity of 640 MW to demonstrate the efficacy of the EE R&M measures.

430. In general, the proposed project appears to be highly relevant, is consistent with the goals of climate change mitigation through improved energy efficiency and has a high potential for replication both within India and other large countries such as China and Russia.

## Main Concerns

431. We have three main concerns:

- (a) *Is EE R&M of coal fired plants the best alternative to increase energy efficiency and electricity generation capacity and to reduce CO<sub>2</sub>- emissions on the generation side?* In his comment, the STAP reviewer correctly mentions that the project document should compare the project with alternatives based on scrapping the old coal-fired plant and replacing it by new high-efficiency coal power plants or new combined cycle gas power plants. We agree with the World Bank's arguments that such a comparison cannot be done on a general basis and that the availability of gas is a substantial constraint to large scale adoption of natural gas based power plants in India. Nevertheless, we would like to stress the point that a detailed economic analysis and a comparison of a EE R&M of coal fired power plants with alternatives should be carried out for each plant proposed to be financed under the project.
- (b) *Is the expected financial leverage realistic?* More than 40% of the investments into EE R&M measures are expected to come from commercial loans and own funds of power plant owners/operators. The willingness of the power producers to invest into EE R&M measures will however be a highly crucial issue, especially while taking into account the low electricity tariffs that might hinder cost effective investments. No information is provided on the opinion and the commitment of the power generators. A substantial reduction of the total project

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<sup>10</sup> In India rehabilitation of power stations is generally referred to as Renovation and Modernisation (R&M). Traditional R&M-projects focus on life-time extension and power load factor enhancements but do not include measures to improve energy efficiency (EE) and hence emission reductions.

budget would reduce the momentum and endanger the chances of successfully demonstrating the efficacy of the planned measures. The proposal should therefore expand on measures to ensure the commitment of the power producers. Furthermore, a revision of tariff policy – from which all other power plants (including renewable energy based power generation) would benefit, too – should also be addressed as part of the preparatory activities (component 2).

- (c) *Sustainability of the project? Risks?* Even if we assume that EE R&M measures are the most economical and hence most attractive way to rehabilitate coal fired power plants and to reduce CO<sub>2</sub>-emissions and that the power producers are ready to invest, the sustainability of the project fully depends on a successful removal of the other barriers identified. The project document gives a good overview of the barriers identified and the measures specified are considered to be reasonable. It mentions in particular the risks of long term financing for R&M for which a successful implementation of the proposed activities seems to be conditional. However, chances to overcome these barriers and to limit the risks are not explicitly addressed.

### **Conclusions and Recommendations**

432. We recommend the project for approval by the GEF Council despite some concerns which we expect to be addressed in the further project development.

433. The GEF support to the project is considered not only to be a generally cost effective approach to improve the energy efficiency and to reduce CO<sub>2</sub>-emission of power generation in India. It also has the potential to contribute to a growing energy efficiency culture among India's coal-fired power producers which could help in increasing the acceptability and adoption of the EE M&R approach on a wide basis. The developers are, however, advised to undertake additional efforts to adequately address the main concerns outlined above. In particular, we strongly recommend the project developer to try to ensure the commitment of the power producers in the early phase of the project.

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

434. The United States seeks recirculation (of the project document) to the Council prior to CEO endorsement.

435. This is an enormously promising project. The United States supports strengthened efforts by the GEF on retrofitting power plants to make them more efficient since this will have the biggest payoff for our scarce resources. The key to this project, however, is whether generating companies will be allowed to share in the benefits of the cost reduction from their investments, which is not current practice. If they are, companies will have an incentive to invest further and there is a prospect that the project will be replicated far beyond the project area bringing about not only enormous global environment benefits but economic benefits as well for India and the world. We would encourage the World Bank and the Indian authorities to

work hard on creating a positive enabling environment, and ask that Bank include an updated report on developments on this issue prior to CEO endorsement.



**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**39. India: Enabling activities for Preparing India's Second National Communication to UNFCCC [UNDP]**

***COMMENTS FROM FRANCE***

436. The three expected outcomes (and their nine outputs) are relevant:

- (a) consistent, comparable, comprehensive and transparent national GHG emission inventory for the year 2000 with reduced uncertainty
- (b) an integrated assessment of impacts of climate change and associated vulnerabilities in the various regions of India
- (c) description of the India national circumstances and the steps taken or envisaged to implement the Convention

437. We suggest to the Implementing and the Ministry of Environment and Forests to pay attention to the recurrent costs induced by the Enabling activities and covering them in a sustainable way.

438. ► **Favorable opinion.**

***COMMENTS FROM GERMANY***

**Recommendation**

439. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

440. The STAP has brought a number of issues that deserve further attention. Among those are the need to strengthen adaptation issues in National Communications (1.1, 1.2, 1.3). See also detailed questions under point 4 STAP review.

***COMMENTS FROM SWITZERLAND***

**General Comments**

441. India's Second National Communication (SNC) Proposal is a well conceived and very comprehensive project which effectively addresses capacity gaps identified in the Initial

National Communication. The timely approval of the project will ensure that India's Second National Communication is available to the parties for the subsidiary body meeting of the year 2010. The time requirement leading to the preparation of SNC project proposals after the Parties had endorsed the guidelines for SNCs at COP8 in Delhi in 2002 is substantive. The timeline from a COP decision to submission of second or as appropriate third national communication is a Convention process which merits streamlining. In 2010, the inventory data of the year 2000 contained in India's SNC will be 10 years old! Annex I countries submit GHG emission data to UNFCCC 15 months after closing of a given reporting period. The delays in the national communication convention process for non Annex I parties is not caused by GEF, but GEF procedures may also contribute to the significant time requirement for project proposal approval. The Council may reflect on adequate proposals to materialize a 4-5 year cycle for non Annex I national communications from non LDC parties for the decade 2010-2020. With the adoption of the IPCC guidelines 2006 this process could be started before receiving the major part of the Second National Communications.

## **Main Concerns**

### **(a) GHG inventory**

The proposed project builds on the INC reported by India in 2004.

- (i) Preparation of a transparent and consistent GHG inventory for the year 2000 with reduced uncertainties is one of the key outputs under the project. As roughly 60% of the emissions stem from the energy sector, focus of resource inputs to key sources and reduction of activities in non-priority areas is strongly supported.
- (ii) A significant amount of resources is proposed to be allocated to the development of national emission factors. On the other hand, the resources available for documentation, archiving and building a sustainable national inventory system capable of handling time series appear to be at the lower end. This, in particular, as significant coordination efforts will be required to ensure overall consistency.
- (iii) UNDP/GEF and the Government of India are encouraged to establish not only a consistent inventory for the year 2000 but to develop, as far as possible, time series for key sectors up to 2004/05 or 2005/06. Such a comprehensive data base for the energy and the industry sector could greatly benefit the development of customized carbon finance models under the CDM for the post 2012 period.

### **(b) Vulnerability assessment and adaptation**

- (i) The overarching goal of a national communication is to initiate a policy dialogue with key stakeholders on at least key elements of a national adaptation strategy. As the uncertainty regarding the climate response is unlikely to be significantly reduced in the near future (4<sup>th</sup> assessment report of IPCC), countries are encouraged by the UNDP/GEF to test the "Adaptation Policy Framework" as a vehicle for the development of a national framework for adaptation on the basis of incomplete information and a high level of uncertainties on future vulnerabilities.

- (ii) For the key sectors such as water resources, agriculture/forests, ecosystems, and coastal zone management, the national communication offers an opportunity to initiate a policy process across the 3 Rio conventions addressing climate change, biodiversity, and desertification. This in particular as not only climate variability/climate change but also issues of energy security (oil and gas prices, promotion of biofuels) and globalization (export of agricultural commodities) increase the pressure on land and possibly heighten future vulnerabilities.
- (iii) As processes such as degradation of land, water resources and ecosystems could be irreversible, time appears to be a critical factor. It may therefore be in the self-interest of the Government of India not to delay the development of a national framework for adaptation to the third national communication on grounds of time constraints, persisting uncertainties, and data/information gaps.

### **Conclusions and Recommendations**

442. We recommend the project for approval by the GEF Council, taking the above comments into consideration. The implementing agency is invited to continue the dialogue with the Government of India on improving SNC processes in the light of the comments above.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**40. India: Market Transformation through Consumer Awareness Programs for Energy Efficiency Standards and Labeling [UNDP]**

***COMMENTS FROM FRANCE***

443. This project aims at reducing the consumption of energy in India, in particular by increasing public awareness and by changing the technologies used for the production of air conditioners and refrigerators. This project will allow India to reduce its production of GHG what is essential in the current context, India is already one of the largest atmospheric polluters of Asia. This project aims at allowing India to continue its economic development, increase the welfare of its population and its legitimate will to consume but by using clean process.

444. ► **Favorable opinion**

***COMMENTS FROM GERMANY***

445. Germany supports the project proposal without a need for further comments.

***COMMENTS FROM SWITZERLAND***

**General Comments**

446. The project aims at reduced energy use by refrigeration appliances and air conditioners through market transformation with focus on energy efficiency. This is to be achieved through energy efficiency standards, labeling programs and awareness campaigns. The Indian Energy Conservation Act 2001 establishes the legal basis for the introduction of energy efficiency labels at pilot scale in 2006-2007.

**Main Concerns**

- (a) The Energy Efficiency Standards and Labeling programme has already been supported by several funding agencies since 2000.
- (b) The bulk of the budget is assumed to stem from the private sector (manufacturers/associations). Though it is stated that a commitment is obtained for these funds, no details are provided on how binding this commitment is. In case related funds would be reduced significantly, the project impact could be at stake as overall funding could drop below a critical level to achieve relevant impacts. The proposal should more precisely specify the type of commitment by the private sector as this is seen as a critical factor.

- (c) The assumed rate of energy savings from energy efficient designs appears unrealistically high under Indian market conditions. The project document assumes that by a project intervention of only 36 months duration the market is transformed in such a way that average energy consumption is reduced by 50% on a sustainable basis. This seems highly ambitious and raises questions regarding project preparation. The project design does not take into consideration that real life operating conditions in India will not accept the same compressor designs as used internationally due to grid quality. The compressors used on the Indian market are specified to operate from 120 Volts to 260 Volts. This will limit efficiency gains at the compressor end. For refrigerator cabinets, the Indian manufacturers are already using state of the art technology and efficiency gains would need to come from increased insulation thickness. This inevitably causes higher manufacturing costs due to more material being used. It is doubtful whether the extremely price-sensitive Indian market can be influenced in such a way that most of the buyers are ready to accept this additional cost on a voluntary basis.
- (d) Particularly for the refrigerator industry – this sector is assumed to contribute two-thirds of the project impact - it is important to note that the technological know how for energy efficient designs is already available or can be easily accessed. Almost all of the large manufacturers are multinationals or have close tie-ups with multinational companies which in other markets produce energy efficient appliances. In case there were a market demand and the willingness to pay for the associated cost increase, it can be expected that the industry can provide energy efficient models even without project input. The budget allocation for manufacturer capacity building and introduction of refrigerator manufacturers to technology options seems to be very high. How these funds are to be mobilized for the purpose of the project is so far not very clear.
- (e) It is assumed in the project document that design energy efficiency is maintained throughout the appliance life-time. In the Indian market after-sale service is important and is often performed by unorganized sector enterprises. Repairs frequently lead to a sub-optimal operating performance. Therefore, it is unlikely that design energy efficiency gains can be maintained throughout the lifetime of the appliance and hence avoided CO<sub>2</sub>-emissions seem overestimated.
- (f) Many of the proposed activities need more careful design. For example, under outcome 3 it is proposed to operate a buy-back scheme for used refrigerators. The buy-back schemes operated today by the appliance manufacturers in India do not lead to removal of the appliances from the market but lead to shifting of the old appliances into low-income market segments and therefore stimulate increased energy consumption. In case the project foresees buy-back schemes with destruction/recycling of the units, no such facilities exist today and it would be a major logistical effort to establish such facilities. In addition, the earmarked budget for this activity of 0.5 million USD seems grossly inadequate for achieving a relevant impact in a market of today, with 30 – 35 million refrigerators and several millions air-conditioning units under operation in households.

- (g) The project has close links to the ongoing project National CFC consumption phase-out plan for India (NCCoPP) which is supported by the Multilateral Fund to the Montreal protocol. Though this project is mentioned in general, no attempt is made to create synergies with this Indian Government-owned project. The potential for synergies is very high, as both projects include awareness components for the same target group and capacity building elements. UNDP and GTZ are also implementing agencies under NCCoPP.
- (h) The major risk – which is not reflected in the project document – is seen in the reluctance of the appliance buyers to accept higher cost for energy efficient appliances, despite the foreseen project interventions. Through promotional activities and awareness campaigns it may be possible to achieve willingness to pay for energy efficient appliances in higher income class market. The bulk volume of the market, however, is still very price sensitive and has a high time priority for investment decisions. Therefore, lifecycle cost considerations are not relevant for this market segment.

### **Conclusions and Recommendations**

447. The project addresses a very important potential for energy efficiency and also identifies valid measures for addressing this potential. Therefore, it is seen as highly relevant to start a project activity of the proposed nature. However, it is felt that the proposed project design lacks careful planning of major elements and also neglects in many aspects the particularities of the local conditions in the Indian market. Though the project document has been reworked on the basis of the comments by the STAP reviewer, many of the important points raised have not yet been addressed adequately. Some fundamental assumptions regarding co-financing of the project are questionable and there are doubts about the adequateness of the priorities in budget allocations: partly as budgets to key activities are assessed as critically low and partly as budgets for some of the proposed activities seem exorbitantly high. A crucial precondition for the success of the project is the legal enforcement of the 2001 Energy Conservation Act. With regard to coordination with crucial policy frameworks and synergy-building with ongoing government projects in the refrigeration and air-conditioning sector in India, the project document remains vague and a number of key issues have not been dealt with.

448. It is therefore recommended not to endorse the project in the submitted form. As the field of intervention is highly relevant it is recommend that the proposed project design undergoes critical review by experts with an intimate knowledge of the Indian refrigeration market. Subsequently, we recommend resubmittal of the improved proposal for approval by the Council, with crucial legal provisions enforced.

449. An email from Dr. Jose Romero dated July 27, 2006 clarified that this project be recirculated to Council prior to CEO endorsement.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**41. Indonesia: Bus Rapid Transit and Pedestrian Improvements in Jakarta [UNEP]**

*COMMENTS FROM FRANCE*

450. ► **Favorable opinion**

*COMMENTS FROM GERMANY*

451. Germany supports the project proposal without a need for further comments.

*COMMENTS FROM SWITZERLAND*

**General Comments**

452. The goal of this project is to

- (a) Improve the performance of the Jakarta bus rapid transit (BRT) and maximize ridership (no. of passengers).
- (b) To utilize BRT to build a better image of public transport and improve pedestrian, transport demand management (TDM), non-motorized transport (NMT), and land use options in Jakarta and other Indonesian cities.

453. The project follows a convincing basic principle, taking a promising project (BRT) as core activity and adding particular elements to enhance the environmental benefits which in principle should make the project accessible for GEF support.

**Main Concerns**

454. Despite the fact that the project has a solid base structure, some elements are not necessarily in full agreement with the principles of GEF financing of incremental costs of measures for achieving agreed global environmental benefits. While some added elements might indeed strengthen the position and competitiveness of the BRT system (such as NTM facilities and information campaigns to improve public perception), one has to question whether optimizing fare systems to stop fare leakage, improving intersection performance, or busway operations (by adding doors in buses and stations) can be justified by referring to environmental aspects. In fact, these elements should be part of a sensible project in any way.

455. We rather would propose to focus on elements such as TDM and land-use policies to help to create sustainable settlement structures - despite the risk of not getting support for implementation, which only makes it more urgent to find creative pathways for setting up effective policy plans.

456. Apparently, CNG is the fuel to be used for the BRT buses. While this may mitigate air pollution, it is not necessarily a cost-effective means of reducing GHG emissions per se (apart from the changes induced by varying transport demand patterns). Therefore, one could consider biofuel (biogas) as a possible additional means to enhance environmental benefits substantially, and/or focus on fuel efficiency.

### **Conclusions and Recommendations**

457. **We recommend the project for approval by the GEF Council**, since it combines a key measure (BRT) with additional components with a specific environmental focus. At the same time, we strongly encourage that the financing of some operational elements should be reassessed.



**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**42. Jordan: Promotion of a Wind Power Market [WB]**

***COMMENTS FROM FRANCE***

458. The majority of the investment cost of the 60 MW wind park(s), estimated at 78.0 MUS\$, would be financed by private developers (IPP) following an international bid launched by the Government of Jordan. To finance the incremental production costs of the wind farm in comparison with the production costs of existing natural gas power plants, the project consultants have estimated that an extra 7.6 MUS\$ financing would be necessary. This cost differential would be covered through a Renewable Energy Fund resulting from the reallocation of an existing Rural Electrification Fund providing 2.6 MUS\$, a GEF performance-based GEF subsidy of 3.0 MUS\$ and an electricity tariff increase of 2.0 MUS\$. For the Jordanian electricity consumer, these surcharges would represent about 0.04 cents US\$/kWh.

459. In addition, to these 85.6 MUS\$ investment and incremental costs, the projects has foreseen a 3.0 MUS\$ Technical Assistance package (Component 3) financed by GEF for 2.0 MUS\$ and 1.0 MUS\$ by Government and a Project Development Support package (Component 4) estimated at 2 MUS\$ financed by GEF for 1.0 MUS\$ and 1.0 MUS\$ by Government.

**Comments**

460. The project is relevant for Jordan, taking into account its high dependence on imported fuels (oil and gas) and related security of supply issues, and the availability of proven good wind resources. The Government of Jordan has already initiated significant reforms in the power sector through unbundling of production, transport and distribution. Private generation is now possible through IPP, the transport remaining the exclusivity of the national NEPCO utility.

461. The power sector is rather efficient with modern power plants and a near complete electrification of urban and rural areas. Efforts are being carried out to reduce power costs through efficient management and rational tariffs to facilitate economic development despite a difficult international environment. The power utilities are consequently cautious on the wind energy option fearing that it might increase generation costs and destabilize the interconnected grid.

462. The project document highlights well the main barriers to the dissemination of wind parks in Jordan and the proposed activities are focused on these bottlenecks. The project document, nevertheless, is not fully convincing on the demonstration of incremental costs, they seem oversized taking into account present world energy prices and the economics of wind parks elsewhere in the world. The comparison of wind park production costs with natural gas power plant costs seems biased by low gas prices below world market, and high O & M costs for wind

parks which are much above usual ratios (1.5% to 3% of windmill investment cost per year). Thus, the incremental cost might be lower than quoted in project document reducing therefore the need for subsidies.

463. The approach of implementing a significant wind farm investment while addressing all legal, technical and financial barriers is a sound and motivating approach and it seems that there is a genuine interest of foreign investors in developing this first large wind park, provided that the related legal, financial and technical frameworks for IPP wind production are sufficiently developed to ensure a sufficient project visibility and a reasonable internal rate of return. A success in this first operation would open the door for subsequent wind farm developments once the business environment has been clarified.

464. The proposed activities are addressing most key issues; their cost estimate (5 MUS\$) seems high taking into account that most of the experience (technical, legal, financial,) is available elsewhere in developed and developing countries and transferable without major difficulties. The planned wind park capacity (60 MW) is rather small in front of total installed capacity (1,600MW) and should not generate serious technical issues.

465. Regarding project organization, it might be interesting to give a higher role to the NEPCO grid utility to facilitate its involvement in subsequent stages and capitalize project experience.

466. ► **Opinion: no objection.** On the whole, the project is recommended but clarifications might be needed regarding the demonstration of incremental costs, the use of GEF contribution and project organization.

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

467. Germany supports the project proposal without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**43. Kenya: Development and Implementation of a Standards and Labeling Programme in Kenya [UNDP]**

*COMMENTS FROM FRANCE*

468. The goal and objective of the project are relevant. The six outcomes, outputs and means seem adequate. No special comment on the key indicators assumptions and risks

469. ► **Favorable opinion.**

*COMMENTS FROM GERMANY*

470. Germany supports the project proposal without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**44. Mongolia: Heating Energy Efficiency [WB]**

*COMMENTS FROM FRANCE*

471. This project is well included in the national plan and will help to develop infrastructures. Considering that this project will help to respond to the national needs, France gives a positive position.

472. ► **Favorable opinion.**

*COMMENTS FROM GERMANY*

**Recommendation**

473. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

474. Germany is in the process of planning a new programme on both energy efficiency and renewable energies. As district heating will be part of it, there are some synergy options that should be used.

475. The Executive Summary has an extension of 30 pages.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**45. Mongolia: Renewable Energy and Rural Electricity Access [WB]**

***COMMENTS FROM GERMANY***

476. Germany supports the project proposal without a need for further comments.

***COMMENTS FROM SWITZERLAND***

**General Comments**

477. The project comprises three components, a) home systems for herders (based on solar or wind), b) improvement of Soum centres' electricity supply systems including a new institutional set-up, grid-rehabilitation and up-grading of diesel systems to hybrid systems, and c) institutional and policy support. The proposal identifies all aspects relevant for long-term sustainability, namely technical and financial viability of the systems, marketing and financing issues, institutional aspects, linking of public and private participants, capacity building, necessity of productive end-use and the policy environment. However, not all of these aspects are adequately addressed by the proposed project activities. The project is consistent with GEF operational program OP 6 "Promoting the adoption of renewable energy by removing barriers and reducing implementing costs".

**Main Concerns**

- (a) Financial viability and cost reduction
  - (i) Affordability of herders' home systems not proven: Reasons for the limited success of the highly subsidized and prematurely stopped "100,000 Solar Gers" Program were the low quality of the systems and lack of after-sales service. The assumption that a more "commercial" approach with "smart subsidies" that offers higher quality systems would be more successful should be proven by information on peoples' ability and willingness to pay for such services. This information would also be needed to justify the level of subsidy required.
  - (ii) Financing of systems not yet well thought-out: For home systems, a "pro poor flat subsidy" of 80-100 USD per system independent of its size is proposed. Besides, a contribution of about 200 USD is expected from the herder (resulting in totally 300 USD per home system). The proposal should clearly present the actual cost of the systems, justify the subsidy part based on customers' ability to pay, specify whether a sales or service approach is aimed at, how the 200 USD should be raised by the customers,

how to avoid that (wealthier) people buy two smaller systems instead of one bigger (to increase benefit from subsidies) and clearly define a (subsidy) exit scenario. Theoretically, to supersede the subsidy part of 80-100 USD at project end a price reduction in the same order of magnitude would be required which can obviously not be achieved by merely improving the retail network. Regarding financing options, attractive saving and deposit schemes can be more convenient than micro credits. Particularly in the case that people cannot develop productive end-use, it is fairer to base the selling of electricity systems on saved money instead of borrowed money. This aspect should be part of capacity building for banks. In case of any credit finance, the repayment of loans should be included in the list of indicators to monitor the project success. As a general rule, to warrant long term sustainability, neither loan interests nor O&M costs should be subsidized (p.31 “limited or no operating subsidies”). One option for cost reduction of both herders’ and Soum centres’ component, would be to operate battery charging stations in Soum centres for the population in a certain perimeter of the centre. Thus the load factor of the Soum centre system could be improved (cost reduction) and some herders could do without a power generation system.

(b) Productive end-use

To address productive end-use of electricity the proposal suggests links to the Community driven Development CDD and the rural Information and Communication Technologies ICT Project but no further specification is provided. For a realistic assessment of options, the proposal should at least elaborate on some possibilities (e.g. lighting for evening activities such as wool-, milk-processing, weaving) and assign a respective part of the budget for the promotion and training on productive end-use. Due to the low capacity of household systems like SHS and the fact that they produce direct current not allowing for machine drive, realistically, productive end-uses will be mainly limited to the bigger supply systems in the Soum centres (as mentioned on p.4).

(c) Technical viability and replicability of hybrid systems

The Soum centres’ component is entirely based on the introduction of renewable-diesel hybrid systems although, so far, limited experience of such systems is available, and this mainly in countries such as Austria and the USA [Alaska] (p.12, p.14). To justify this risky approach, an evaluation of available experience and a rough assessment of the feasibility in Mongolia should be included, providing figures on technical and financial viability. To substantiate the assertions of cost reduction and improved service which are repeatedly mentioned (p.4, p.6), cost estimates, economic analysis and tangible arguments referring to existing systems are required. It could be expected that such sophisticated systems, based on two different energy sources, would need more technical know-how, provoke higher O&M cost etc. In addition, a rough cost-benefit analysis of increased generation capacity should be compared to energy efficiency and loss reduction measures.

The feasibility studies are budgeted at 400,000 USD. However, detailed planning and implementation are not explicitly mentioned or budgeted. Local consultants certainly need comprehensive technical assistance to plan and implement hybrid systems (p.10: “Local consultants will do most of the work”). The problem of limited know-how regarding the variety of proposed technological solutions (wind, solar, hydro, hybrid) is certainly a crucial RE-specific barrier (see p.31 point c) also relevant for replicability and needs a much stronger emphasis.

(d) Institutional set-up and capacity building

It is not clearly specified whether the information centres<sup>11</sup> should be a) profit-oriented intermediaries linking volume dealers to the end-users and making contracts with local banks to sell micro credits or b) “neutral advisors” having no or limited profit interest. If there is a close link between information centres and banks it must be avoided that the bank completely finances its services through project subsidies, as in that case sustainability beyond the end of the project could not be secured.

The proposal should elaborate in more detail on potential institutional models. The information centres could consist of people hired by the volume dealers (e.g. as franchisees) working profit-oriented, making service contracts with the herders and receiving together with the dealers monthly hire-purchase payments only in case of good working systems. The proposal does not clearly state who should finally take the responsibility for the equipment quality. As a general approach, the possibility of linking a service system for individual and community systems to achieve synergies, increase the efficiency of training and reduce costs should be analyzed. Both herders and Soum centres could share a (private) service entity / utility and a (public) entity functioning as an independent advisory body representing and safeguarding the consumers’ interests. In any case, the number of entities should be limited, their tasks and responsibilities well defined and no organization should be established which does not pay for itself.

## Conclusions and Recommendations

478. A clear strength of the proposal is the consideration of all crucial aspects, lessons learned, and co-operation with other projects. However, concerning the assessment of the technical and financial viability, the institutional set-up including appropriate service and financing models, the proposal needs more detailed analysis.

479. Concluding, we recommend the project for approval by the GEF Council, provided that all issues mentioned under “main concerns” are further analyzed and incorporated in the proposal.

## Further Comments

- Page 27: in year 5, the % of SHS and SWTs sold should be 100 %

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<sup>11</sup> Although not specified in the proposal it is assumed that the 50 RET information centres (see monitoring table) correspond to the “EICs on Soum level” mentioned in the text.

- Page 21/22, summary: 50,000 households should benefit from the herders' component. But in the calculation for emission reductions only 360 kWp as home systems (about 12,000 systems) and 160 kWp as institutional systems (about 200 systems of 800 W) are mentioned.
- Page 31, summary: Either 10 USD is an affordable price for all customers, meaning that electricity meters can be installed in all households or other cheaper options should be considered (e.g. current limiter, flat rates according to number of lights / sockets etc.). A strategy where bit by bit meters are installed, financed through the savings achieved by prevented commercial losses, might provoke disputes among the customers due to unequal treatment.



**46. Morocco: Energy Efficiency Codes in Residential Buildings and Energy Efficiency Improvement in Commercial and Hospital Buildings in Morocco [UNDP]**

***COMMENTS FROM FRANCE***

480. Morocco, with a population of 30 millions inhabitants, must import 97% of its commercial energy. Its energy consumption is growing fast (+8% per year for electricity) and the recent increase of world prices for fuels is hampering significantly its development. Subsidies for fuel prices are estimated at US\$1 billion for 2006, representing 5.4% of the government budget. It is going to be difficult for the country to sustain current growth trends given ongoing energy price levels. Morocco has yet to develop national energy efficiency (EE) policy and lacks the proper regulatory and institutional framework to launch a comprehensive national EE program. This problem is particularly acute in the housing and service sectors which represent 25% of the country's energy requirements. It is estimated that 15% or higher of the energy consumption of these sectors could be saved by the introduction of the proper set of EE measures in existing buildings, including building codes and minimum energy performance standards (MEPS). This is particular true for three key strategic areas that account for much of the construction activity in Morocco: housing, healthcare and tourism.

481. The project's objective is to improve the energy efficiency of buildings in Morocco, especially in the housing sector, through the introduction of an EE Building Code and standards for this sector. In doing so, the project seeks to reduce the expenditures of Moroccan households on energy through greater adoption of EE standards in housing construction and encourage greater energy efficiency in the health and hotel sectors, since buildings in the service economy represent a growing share of energy consumption in Morocco.

482. By achieving this objective, the project will contribute to the wider goal of reducing Morocco's overall energy-related CO<sub>2</sub> emissions (3.5 million tCO<sub>2</sub> over 15 years directly resulting of EE investments during project execution) in a cost-effective way. The project will also help to maintain the competitiveness of Morocco's service economy.

**Comments**

483. The project appears relevant at a time where the Moroccan government is: Supporting the construction of 100.000 housings each year to alleviate slums development. Recent technical studies have shown that with an extra investment cost of 2 to 3% on new low-cost housings it is possible to reduce the yearly energy consumption for heating and cooling by about 35%; Renovating 127 public hospitals facing major energy problems for hot water supply, heating and air conditioning; Launching the "Plan Azur" for the hotel sector aimed at receiving

10 million tourists per year. The challenge being to provide highly competitive hotel services while reducing unit operating energy costs.

484. The project document is consistent with a good analysis of existing barriers for energy efficiency in the Moroccan construction sector (housing, health and tourism). The six project components are complementary and useful. The description of the activities is rather short with limited data and information but demonstrates a good understanding of the issues to be solved and pragmatism in the proposals, taking into account the specific Moroccan context.

485. Regarding project organization, a steering panel has been foreseen including most stakeholders, while the actual project implementation unit is given to the Centre de Développement des Energies Renouvelables (CDER) in Marrakech which, so far, has no significant experience in the topic and will build from scratch an Energy Efficiency team for the building sector. This public organization, placed under the Ministry of Energy and Mines, may lack of initial recognition by the key ministries directly involved in the building activity and the professional public and private actors and organizations. It would be worth to consider various options for project organization ensuring a more direct participation of key actors in the project team at management and technical levels. The staff of the CDER team could initially include professionals temporarily detached from their original public organizations reinforced by Moroccan and foreign specialists of EE building codes (architects, engineers, building standard specialists, bankers).

486. Project risks are well identified at institutional and technical levels. There is significant uncertainty regarding the capability of municipalities to enforce new building standards, taking into account existing constraints. The project aims at promoting voluntary EE initiatives from stakeholders as a starting point, which seems pragmatic but insufficient to achieve proposed EE project objectives. Compulsory building regulations will have to be promulgated and effectively implemented, which will need political will and resources for its enforcement. The project aims to address these constraints through a large package of information, training activities and demonstration projects.

487. The project is, on the whole, good, addressing a key topic for Morocco development and environment protection. Limited foreign cooperation was received in the past; France and Italy have pledged financial support for its implementation. GEF project support is justified as this project is entering clearly in its priority area.

488. ► **Favourable opinion:** a complementary preparation is suggested to compare options on project organization, describe in more details project activities, and provide clarification on financing modalities of each partner.

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

489. Germany supports the project proposal without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**47. Namibia: Barrier Removal to Namibian Renewable Energy Programme (NAMREP),  
Phase II [UNDP]**

*COMMENTS FROM FRANCE*

490. ► **Favourable opinion.**

*COMMENTS FROM GERMANY*

491. Germany supports the project proposal without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**48. Nicaragua: Promotion of Environmentally Sustainable Transport in Metropolitan Managua [UNDP]**

***COMMENTS FROM GERMANY***

492. Germany supports the project proposal without a need for further comments.

***COMMENTS FROM SWITZERLAND***

**General Comments**

493. The objective of the proposed project is to mitigate GHG emissions by promoting a sustainable urban transport system in Metropolitan Managua, by means of modal shifts to public and non-motorized transport. The GEF intervention will support the implementation of a more environmentally sustainable transport system in Metropolitan Managua and its replication in provincial cities by:

- (a) the implementation of a Bus Rapid Transport (BRT) system (supporting the core activity financed by the Government of Managua);
- (b) setting up a new legal and operational framework for public transportation in Managua;
- (c) improve land-use planning in Managua;
- (d) promote cycling; and
- (e) capacity building and monitoring of the impacts, as well as replication to other cities.

494. The project follows a plausible basic pattern, adding particular environmental efforts to a promising project (BRT), which should make the project accessible for GEF support.

**Main Concerns**

495. Despite the fact that the project has a solid base structure, some elements are not in full agreement with the principles of GEF financing of incremental costs of measures for achieving agreed global environmental benefits. One can question whether a new legal and operational framework should be installed respectively financed under an environmental title, e.g. “the constitution of a metropolitan regulatory transport authority composed of national government authorities and local municipalities” or the “definition of a concession and fare structure that allows for a reasonable rate of return on equity for private investors operating bus routes” or the “the design and implementation of an independent fares recollection system that provides

financial sustainability to commercial credit disbursements and bus operational cost recovery”. These elements should be part of a sensible BRT implementation project anyhow.

496. We strongly support the projects plan to complement the BRT with the other components, in particular with the outcome 3 (land use planning) to ensure that the BRT investments add to a sustainable transport system and supports spatial patterns less dependent on private motorized transport. Similarly, outcome 4 (bicycle network) should contribute to a competitive BRT system under environmental terms.

### **Conclusions and Recommendations**

497. The project deserves support, since it combines a key measure (BRT) with additional components with a specific environmental focus. **Therefore, we recommend the project for approval by the GEF Council.** At the same time, we would like to emphasize that the financing of some operational elements should be reassessed.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**49. Philippines: Philippines Sustainable Energy Finance Program [WB/IFC]**

***COMMENTS FROM GERMANY***

**Recommendation**

498. The project proposal can be supported.

**Comments**

499. Project can be supported as it serves the GEF operational goals and strategic priorities and satisfies all eligibility criteria.

500. *Observations:* (i) the project executive summary provides a lot of information on IFC's abilities and experience with financial tools and markets in other countries, but less than desired information on the situation in the target country. In fact, the summary leaves the impression that IFC has a lot of good intentions but less hard facts. This is unfortunate as the project is much better than the document, and the full project document provides all the information required. Also, it is not always nice to read such a lot of self-praising as is contained in the summary document.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**50. Rwanda: Sustainable Energy Development Project (SEDP) [WB]**

*COMMENTS FROM FRANCE*

501. The project intends to support Rwanda to rehabilitate its electricity network. GEF co financing is focused on the development of sustainable energy in that framework.

502. The relevance of this project is clear and GEF contribution should be instrumental to put Rwanda on a more sustainable “Energy” path. The objective to develop bio-fuel is doubly interesting: 1) to reduce carbon emission, 2) to cut the energy bill and the import of fossil fuel.

503. ► **Favourable opinion.**

*COMMENTS FROM GERMANY*

504. Germany supports the project proposal without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**51. Sri Lanka: Portfolio Approach to Distributed Generation Opportunity (PADGO)  
(Phase 1) [WB/IFC]**

***COMMENTS FROM FRANCE***

505. Rationale, objectives, outputs and activities expected from the project are relevant and innovative.

506. Effective financial commitments from local banks, local sponsors and other donors are crucial to success of the project

507. ► **Favourable opinion.**

***COMMENTS FROM GERMANY***

508. Germany supports the project proposal without a need for further comments.



**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**52. Tanzania: Energizing Rural Transformation Project [WB]**

***COMMENTS FROM FRANCE***

509. This project consists in developing Tanzanian capacities in the field of electrification and enlarging access to electricity. Considering the huge need of the country - sole 1% of the population has electricity at home- this project is relevant. Moreover, considering the physical and geographical morphology of Tanzania, renewable energies are well considered in this project. This country is still in advance in the development of biomass sector and presents good capacities for geothermic and solar energy. Reinforce capacity building of the Tanzanian administration in the law and plan aspect is also present in this project. This finance issues and market structuring are also included. In a general point of view, this project is relevant and helpful for Tanzania. Nevertheless, one question rises: what to do with the 0.75Mt COs saved thanks to the project? Tanzania is on the annex 1 of Kyoto protocol and so can conclude Joint Implementation Agreement. Will Tanzania sell this Co2 tons in order to optimize all the efforts done?

510. **Opinion: No objection subject getting answers** to what Tanzania will do with the 0.75Mt COs saved thanks to the project.

***COMMENTS FROM GERMANY***

511. Germany supports the project proposal without a need for further comments.

***COMMENTS FROM SWITZERLAND***

**General Comments**

512. The project aims at intervening in many needed areas. The GOT has launched a partial capital subsidy for rural electrification.

513. The project is made of 5 components for rural electrification:

- (a) Grid based electricity connections (GEF support 0 US\$m)
- (b) Independent grid electricity connections (GEF support 1.5 US\$m)
- (c) Sustainable solar market packages for public services (GEF support 1.2 US\$m)
- (d) Solar energy for individual end users and enterprises (GEF support 0.8 US\$m)

(e) Technical assistance (GEF support 3.0 US\$m)

GEF provides catalytic elements to the programme, such as co-financing grants for the private sector development, technical assistance to remove barriers, and best practice expertise from other countries. The project has also an ICT component (without GEF support) and it addresses the urgent need to increase the access to electricity in rural areas.

**Main Concerns**

514. The project (GEF support) concentrates on PV technologies. It recognizes the need to develop sustainable and efficient after-sales systems. The project mentions a structured awareness creation programme for productive use of electricity to be implemented. This should be reinforced by a more global approach with actual support for productive use development (with financing). TANESCO should be supported in its activities in this domain. Utilities are usually initially neither competent nor interested in such activities. This could be developed with the help of NGOs, or even dealers for given standardized packages.

515. It is not clear yet how the sustainable solar market package for public services will be designed and which model is going to be applied. It seems that there are not many recorded successes of similar approaches.

516. Biomass is mentioned as a major potential source for cogeneration and other energy applications. It is however not integrated in the project design. It is recognized that PV has limited capability for productive use of electricity. Recent developments in the domain of biomass based small power generation should be taken into account and considered at least at a pilot level. In many cases, this option would be a least cost option when compared to PV for small clusters.

**Conclusions and Recommendations**

517. The project addresses urgent needs. We therefore recommend its approval by the GEF Council. When finalizing the project, the issues raised above should be taken into account.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**53. Vietnam: Hanoi Urban Transport Development [WB]**

***COMMENTS FROM FRANCE***

518. The Hanoi city (3 millions of inhabitants) is considering in a near future massive investment in its public transport system. In addition to the actual fleet of buses, the Hanoi People Committee is planning to develop Bus Rapid Transit (BRT) system which has experienced with success in Curitiba (Brazil) and Bogota (Colombia). The investment cost is 328 M\$ and will be financed by the Government (153 M\$) and IDA loan (175, 9 M\$). The GEF will support more specifically:

- (a) BRT stations, interchanges, pedestrian and bicycle access, media communication (4, 0 Ms)
- (b) Integration sustainable Land Development and Transport Planning (1, 75 M\$)
- (c) Strengthening of Public Transport Authority and Transport Policy (2, 7 M\$)
- (d) Project Management support and dissemination of information (1, 35 M\$)

519. **Opinion:** The Hanoi transport system is based actually on individual motorcycle (73% of the modal share) and the time is appropriate to set up a long term public transport system. The BRT solution is not well known in Asia so far and the risk of non endorsement of the project by the new leaders and by the public itself seems to be still quite high. The GEF grant may appear as an incentive to orientate the HPC decision. The project document does not make any mention to the light railways transport (LRT) project that the HPC are about to approve and the necessity of integration of all these various systems, including the Railways central station. The **FGEF** supported in 2005 a number of studies in the frame of the development of the tramway on the line Central Railways stations – University (Nohn).

520. ► **Favorable opinion.** However, the HPC and the MPI should confirm their commitment to the BRT project.

***COMMENTS FROM GERMANY***

**Recommendation**

521. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

## Comments

522. Risks: The proposal puts forward several risks related to the successful implementation of the BRT scheme and stresses that GEF funding would help reduce that risk. Other options for risk mitigation should be considered as well and should be integrated into the project planning.

## *COMMENTS FROM SWITZERLAND*

### General Comments

523. The project intends to increase the efficiency and cost-effectiveness of the public transport system and to develop an urban growth plan which is compatible with public transport. More specifically the project focuses on:

- (a) the establishment of high capacity busways on two major corridors;
- (b) the integration of planned investments in road infrastructure with land-use plans to generate a transit-friendly urban landscape; and
- (c) enhanced capacity of Hanoi City's government institutions to create and implement a growth strategy that is conducive to public transit-oriented development and to better urban environmental conditions.

### Main Concerns

524. The project in general makes clear distinctions about where GEF co-financing is sought. While in most cases the reasoning can be supported, some items in the context of the implementation of the BRT system, in particular component 1 B, are questionable. Even if we agree that the development of a "brand identity" is a valid argument to increase the attractiveness of a system (particularly for non-captive riders), and hence contribute to the modal shift and eventually reduce the GHG emissions), it is not convincing why such initiatives (e.g. architectural competitions for more attractive stations, improved interiors etc.) should be funded by referring to environmental benefits.

525. The project designs in its third component an exhaustive program to "support Air Quality Management, Traffic Safety, the Public Transport Authority Strengthening, Transport Policy and Replication". Nevertheless, the explanations about the GHG emissions of the bus sector itself are limited; this may be an area for further consideration (such as the introduction of alternative fuels), with direct GHG emission reductions on top of the benefits induced by behavioral changes.

### Conclusions and Recommendations

526. The project deserves support since it has a solid structure, and combines a promising core activity (BRT) with relevant additional "hardware" (NMT) and "software" programs (air quality, land use, transport policy).

527. **We therefore recommend its approval by the GEF Council.** When finalizing the project, the issues raised above should be taken into account.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**54. Zambia: Promotion of Renewable Energy to Increase Access to Electricity [WB]**

*COMMENTS FROM FRANCE*

528. The project intends to support Zambia to develop access of its population to electricity. GEF contribution is blended with IDA funds and focused on local independent grid, solar project and technical assistance.

529. Based on the experience of other project, the target number of kits considered in the PV solar component (2000) does not reach the critical mass to put in place a sustainable system.

530. ► **Favourable opinion.**

*COMMENTS FROM GERMANY*

531. Germany supports the project proposal without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**INTERNATIONAL WATERS**

**55. Regional (Senegal, Nigeria, Ghana, Kenya, Mozambique, Seychelles, Tanzania, Cameroon, Gambia): Demonstrating and Capturing Best Practices and Technologies for the Reduction of Land-sourced Impacts Resulting from Coastal Tourism [UNEP]**

*COMMENTS FROM FRANCE*

532. This project could be focused on numerous countries. One should better appreciate the magnitude of Cameroon or Nigeria coastal tourism.

533. ► **Favourable opinion.**

*COMMENTS FROM GERMANY*

**Recommendation**

534. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Criteria for evaluation**

535. The main criteria for the project evaluation are met in the project proposal. However, the following issues need to be addressed and further elaborated:

- (a) The current existing indicators are formulated too general in relation to the objectives. In order to be able to assess the achievement of an objective using an indicator, indicator values are required. These define the anticipated state from which it can be inferred that a given objective has been achieved. Therefore it is recommended to define the status of the baseline data.
- (b) The project proposal could be tightened and better structured. An Executive Summary of 69 pages is just too long.
- (c) Annex D is the Threats and Root Causes and Barrier Analysis. Threats resulting from tourism are listed in Column 1, their proximate causes in Column 2. Column 3 presents the Overall Management Issues & Key Barriers and effectively summarises the set of root causes that need to be addressed in order to mitigate

and remove the impacts and causes identified under the two previous columns. Proposed solutions for such interventions and barrier removal are captured in the following column (4). Column 5 describes any on-going baseline activities that may be addressing these issues through regional level interventions.

Three threats resulting from tourism are presented in Column 1 and only the first threat is completely analysed. For the second and third threat only columns 1 and 2 are analysed, the analysis of the other columns is missing.

- (d) Annex J lists the private sector stakeholders that have been consulted and agreed to participate in the project for the respective countries involved in the project. The list is incomplete and misses private sector stakeholders from the Seychelles and Tanzania.

## ***COMMENTS FROM SWITZERLAND***

### **General Comments**

536. The objective of the Project is to demonstrate best practice strategies for sustainable tourism to reduce the degradation of marine and coastal environments of transboundary significance. The major component of the project deliverables (and a substantial focus of the funding) is toward on-the ground delivery through demonstrations targeting selected hotspots. More specifically, the project encompasses five components with distinctive expected outcomes, namely (i) capture of best available practices and technologies (total financing: USD 14.0 million), (ii) development and implementation of mechanisms for sustainable tourism governance and management (total financing: USD 3.7 million), (iii) assessment & delivery of training & capacity requirements emphasizing an integrated approach to sustainable tourism (total financing: USD 1.1 million), (iv) information capture, management & dissemination (total financing: USD 5.1 million), and (v) project management coordination, monitoring & evaluation (total financing: USD 4.8 million).

537. The project objectives and outcomes are in line with the Operational Programme 10 (International Waters). The acknowledged links with biodiversity issues are adequately addressed in the project's coordination activities and the cross-thematic integration will benefit the project's outcomes.

538. We recognize that the project document is well structured and comprehensive. We welcome the project's direct focus on a single, yet central economic activity which lives on, but also threatens, the globally significant coastal and marine ecosystems of nine sub-Saharan African coastal states bordering the Atlantic and Indian Ocean.

539. At the same time, we share the STAP Roster Reviewer's concern on the preservation of the most valuable ecosystems in the region. We feel that the timely completion of the demonstrations and their replication through the implementation of reforms to governance and management for sustainable tourism will show the ultimate success of the project.

## **Major Concerns**

540. There are no major concerns.

## **Conclusions and Recommendations**

541. We recognize the importance of the targeted ecosystems, their transboundary character, the relevance of the project objectives, the adequacy of the proposed approach, and the efforts made in the preparation of the project proposal. **We therefore recommend its approval by the GEF Council.** A specific suggestion for the project is given below.

## **Further Comments**

542. Having in mind the applied participatory approach in selecting the sites for the demonstration activities, we recommend to directly engage the local project partners from the start in the work on the indicators and in the achievement of the targets, both at the national and the regional level.



**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**LAND DEGRADATION**

**56. Regional (Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan, Tajikistan): Central Asian Countries Initiative for Land Management (CACILM) Multi-country Partnership Framework, Phase 1 [ADB]**

***COMMENTS FROM GERMANY***

543. Germany supports the project proposal without a need for further comments.

***COMMENTS FROM SWITZERLAND***

**General Comments**

544. The project under consideration involves Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. The five countries are located in Central Asia, three of them with large deserts and plains, two with mountainous chains and more closed valleys. The five countries are former members of the Soviet Union and today part of CEI.

545. The main goal of the project is to rehabilitate 2,840,000 hectares of degraded land and to create sustainable conditions and improvement on another 7,000,000 hectares. It is a very ambitious, long-term overall project and, given its size, with a related considerable cost.

546. In the GEF projects four different aims are spelled out:

- (a) Addressing land degradation in desert, dryland mountain regions, forestry etc.
- (b) Multifocal: National Capacity Assessment for Global Environmental Management, Agriculture and Watershed Management, etc.
- (c) Biodiversity: Each country represents a specific zone with specific protections
- (d) International Waters: esp. the Aral Sea Basin

547. The project represents an accumulation of project components that link up to form a larger project encompassing the whole region and addressing a variety of problems facing the countries of Central Asia. Although land degradation in Central Asia seems to have the same effects all over, the causes are certainly different from one region to another.

## **Main Concerns**

- (a) We acknowledge that the types and effects of land degradation are quite different in dry plains and basins or in mountainous regions, and the project will need to address this diversity in its subcomponents.
- (b) The central governments will need to address the problem of land degradation at the level of regulations and incentives – taking into account that the setting and the problems may vary across the region.
- (c) In line with this variability, the project (paragraph 21 and ff) chooses various approaches for each country, at least in the first phase. The program will therefore originally follow a country by country approach, with selected topics for each country.
- (d) The former project to fight desertification seems to have failed. The authors give various reasons for this failure. They do not mention changing climatic conditions which might well be the primary reason for the degradation and the failure of the action undertaken at the time.
- (e) The multi-country approach will have positive effects through the common use of information systems and exchange of data, research, and experiences.
- (f) A very positive point is the massive involvement of diverse aid agencies and the amount of funding, both internal and external, that will be mobilized.
- (g) To guarantee project success, it will be crucial to maintain a bottom-up approach, and this through the duration of the program.

## **Conclusion and recommendations**

548. We recommend this project for approval by the GEF Council.

549. The project is well formulated, the analyses of degradation in the various regions well conducted, and the financial side well presented.

550. The project addresses the large needs to reverse past and current tendencies and to restore the production system. The GEF project is timely in that regard. We also acknowledge that poverty can be linked to land degradation and lack of production, and this project can certainly help restore the land and alleviate poverty in the region.

551. The overall project may seem costly but the program's aim to restore very large surfaces and very different geo-systems is far-reaching, with the outlook to give numerous people a much better life.

552. The willingness of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan to cooperate in this large project is laudable, the bottom-up approach very promising. If the commitment of the five countries to cooperate persists throughout and beyond the project,

and goes among other aspects in line with the countries' commitment to support the bottom-up approach, we consider the chances of success as good.

***COMMENTS FROM THE UNITED STATES***

553. The United States seeks postponement of the project proposal.

554. This is a very promising proposal and one that we support. However, again this is a delegated authority "umbrella" project and there is not sufficient clarity on whether or not the Council will see the subprojects prior to CEO endorsement. In addition, we think it will be hard for the project to have substantial impacts in Uzbekistan, given the governance concerns in the country. While the Asian Development Bank has agreed to allow the Council four weeks to review subprojects, the Secretariat has not yet agreed to this. Therefore we have no choice but to postpone.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**57. Regional (Tajikistan, Kyrgyzstan): Sustainable Land Management in the High Pamir and Pamir-Alai Mountains - and Integrated and Transboundary Initiative in Central Asia Phase I [UNEP]**

*COMMENTS FROM FRANCE*

555. Interesting project which copes, through a relevant approach, the regional, national and local problems in an area hardly affected by desertification. We should emphasize particularly on the interest of component 3 which allows to implement community level micro-projects.

556. ► **Favourable opinion.**

*COMMENTS FROM GERMANY*

**Recommendation**

557. Germany asks for re-submission of the project proposal to the Council prior to the endorsement by the CEO.

**Comments**

558. We welcome the project which is in line with OP 15 in general, and we acknowledge the need for targeting desertification issues in the Pamir Region. With regard to assuring its success we recommend to improve the project concept as follows.

559. **Baseline costs and cofinancing:** an impressive list of projects in both countries are listed under baseline costs, regardless whether they are ongoing or terminated or whether there is an organic relationship between these projects and the GEF project. Baseline costs should be revised and limited to financial contributions in the framework of a coherent project approach and institutional arrangements with the relevant institutions covering baseline costs. 50 percent of the co financing has not been confirmed yet, this should be done before approval.

560. **Institutional setting and Management:** A considerable effort is to be made to make sure that the management structure of the project includes other line ministries (Agriculture, Land Use planning) and relevant stakeholders. Public administration structures are weak in the remote Pamir regions and have no experience with management of projects of such a size. The project integrates the need for national capacity building under component 2. Nevertheless the project concept is lacking a convincing approach on how to assure or to promote capacity building. Given the remoteness of the region the regional coordination unit will have a limited

impact on the day to day implementation business. Thus the institutional set up in the project sites will be of major importance. The national implementing institution in Tajikistan will be the State Committee on Environmental Protection and Forestry. Nevertheless it is not clear whether the project management office in Gorno Badakchan will be the National Park administration. The NPA is lacking experience with the management and implementation of such kind of projects and information on capacity building is more than scarce. We have serious doubts that international backstopping limited to a regional technical advisor will be sufficient with regard to the more than ambitious goals.

561. **Experiences and Partnerships:** The concept is seriously lacking clear partnership arrangements with stakeholders in the project regions. We see the risk that the project might work in isolation. Example: The MSDSP Project, mainly financed by the Agha Khan foundation is mentioned as one of projects under the “baseline finance list” is omnipresent in Tajikistan’s Pamir region and a major stakeholder with regard to village development structures. It is necessary to evaluate past experiences of such stakeholders and to present a concept on how to cooperate with major stakeholders.

562. **Sequencing of outputs:** A careful sequencing of the outcomes is to consider the time-lag between a large-scale participatory bottom-up planning at the level of rural communes and investment which comes as a response to this. Up to now there is no information on sequence of the expected outcomes: A project of that size and in the given context has to be based on participatory approaches and to invest in training and awareness building. Thus input and output have to be sequenced according to a defined project approach to be added.

## ***COMMENTS FROM SWITZERLAND***

### **General Comments**

563. A very interesting and ambitious project designed to strengthen trans-boundary cooperation in a high mountainous region of Central Asia. The project has two complementary goals: restore the natural production system, and improve the well-being of local communities. The project will give back the responsibilities of managing the natural system to the traditional society and make best use of the knowledge of their members, thus improving their well-being and helping to overcome the current level of poverty.

564. The project is designed to work on both sides of the mountain range in both countries simultaneously. This is an important point, considering that the two mountain chains constitute the main water source in Central Asia. One has to bear in mind that these ranges culminate at over 7.500m above sea level, belonging to the highest mountains in Central Asia.

565. The principal object is to alleviate poverty through sustainable Land Management. This point is stressed in different parts of the project.

566. Various natural hazards are considered and taken into consideration according to the authors; these could cause delays for certain phases but not endanger the whole program. These

natural hazards are greater in the first phase of the project, whereas in the future, sound land management will alleviate such dangers.

567. As far as financing is concerned, several sources of funding are already available, either from the governments in Tajikistan and Kyrgyzstan or from foreign aid agencies, such as GTZ, SDC, Finland, and many others. The important financial involvement of the two governments is a good indication of the importance and the interest they demonstrate for this Land Management question in their mountain regions.

### **Main Concerns**

568. The legal framework is not yet in place and will be constructed as the project evolves.

569. The rationale of the project would further benefit if the link between poverty and land management was dealt with in further detail.

570. The regional project officer is to be appointed and based in the region ; he /she will be supported by the national project officers in each country. This set-up may appear somewhat complicated, and it merits a clear specification of tasks.

571. Countries have « specific activities » and « common shared activities ». These activities shall tie into the common effort.

572. The project would further profit from the inclusion of climatic and natural environmental situation data, and in a phase of climatic warming, we consider that the project documentation should also include references to permafrost and frost/thawing related hazards.

573. The relationship of this project with Calcim and possibly other projects in the region merits being addressed more specifically.

574. This first phase of the project implies important investments from the local governments and from aid agencies. It will be important to secure funding for the future project phases.

### **Conclusions and Recommendations**

575. We recommend this project for approval by the GEF Council: The project and its components are worth financing. It is well presented, of major relevance, and addresses an important problem in Central Asia. The willingness of Tajikistan and Kyrgyzstan to engage in this transboundary project and tackle the problem together is laudable.

576. The impact on the local populations will certainly be of importance.

577. The replicability of this program and the dissemination of lessons learnt and best practices could prove very fruitful for other mountainous regions in Central Asia, such as Kara Koroum or the Himalaya range, with similar activities and populations facing the same poverty and land degradation.

578. The eco-touristic dimension of the project is equally very promising and is in line with increasing demand.

### **Further Comments**

579. The question of high mountain ecosystems is of great importance in the area, it being the « water tower » of Central Asia with important basins that ensure the irrigation of Western and Central parts of the sub-region.

580. This is a program that involves two comparatively small countries with proven needs for land management and restoration of the ecosystem in a region with a rich biodiversity, which is certainly worth protecting.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**58. Burkina Faso: Partnership Programme for Sustainable Land Management (CPP),  
Phase 1 [UNDP]**

***COMMENTS FROM FRANCE***

581. An ambitious project. Some methods and practices (ZINCO ...) purposed have already been used to combat desertification, with a few results.

582. Objective 1: to develop and implement a sustainable intersectoral partnerships for an integrated approach to sustainable and integrated land management: all the aspects are covered through the 3 sub objectives, also the financing system;

583. Objective 2: to promote a better policy and institutional environment: a key issue but how can it aimed trough regional level? The actions at national level are not well described

584. Objective 3: to foster an integrated approach to sustainable and equitable land management practices including innovative and/ or local level: good objectives (NB: link with the IREMLCD initiatives in Burkina Faso)

**Questions**

585. Duration of the project: risk of a gap and of result's lost between the two phases (pilot test and valorization). The link between local level and the national is not well drowned up. creation of a "National sustainable land Agency" to coordinate the projects and make the link between the phases: it is not pertinent with regards to the mainstreaming approach

586. Positive component: link with the others well-known initiatives on that subject: the LADA program Terrafrica.

587. There has been numerous projects dealing with land degradation for the last 50 years, some with very important means, amounting to hundreds of million dollars (547 M\$ is the base line for this project!). It seems ambitious for UNDP to pretend to settle the capacity building problems (already 176 M\$ funding in the base line) and policy making problems (already 29 M\$ funding in the base line) with that kind of funding.

588. ► **Opinion: no objection subject to clarify** whether the project will finance 4 local projects (as it appears in page 12) or it will finance national activities, as it appears in the logical framework or incremental analysis.

***COMMENTS FROM GERMANY***



## **Recommendation**

589. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

## **Comments**

- Technical and institutional solutions for sustainable land management and especially for soil conservation have been developed and implemented at large scale. The project should systematically take into account past experience and precisely document how links to existing experiences have been established.
- For outcome 2.1 „Institutional reforms aimed at instituting a favorable framework for SLM“ a systematic review of existing structures should be undertaken in order to avoid duplication. Special attention has to be paid to NGO and CBOs whose role has to be strengthened throughout the process.
- Outcome 3.2 „SLM best practices are adopted and successful experiences are adopted and replicated on a large scale.“: Soil conservation and soil fertility belong to the key issues in desertification control and SLM in BuF. Investment in both should be intensified while defining from past experiences which kind of action has to be supported by the project, and what kind of activities can be organized and provided by farmers and NGOs themselves.

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

590. The United States seeks postponement of the project proposal.

591. This project attempts to address a very serious problem for Burkina Faso, with 30% of arable land severely degraded. However, it is another delegated authority project and the response from UNDP to our request for Council to review subprojects was not clear. Therefore, we would like greater assurances on this point. In addition, we would like to better understand the balance being struck in Burkina Faso between land rehabilitation activities and the prevention of land degradation.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**59. Senegal: Groundnut Basin Soil Management and Regeneration [UNDP]**

***COMMENTS FROM FRANCE***

592. Objective.1: Crop land fertility increasing through up scaling innovative, adapted technologies in the groundnut basin: the most technical component of the project, focusing on small scale farmers, is 53 % of the financing. Intensification of the production systems and sustainability of the systems (economic and environmental goals)

593. Objective.2: Rationalized forest and pasture use through scaling up practices: the budget is quite reduced for that component (13 %), which might be the most difficult (purpose new codes and rules for pasture and land management). A good point for mentioning it.

594. Objective.3: Harmonized policies and local partnerships and stronger capacities for integrating clan management at the landscape level: the local level seems more efficient for the capacities enhancement and the elaboration of policies on land management

595. Objective.4: To promote income generating activities compatible with NRM and SLM: link between economic sustainability and environment

596. Objective.5: monitoring of the project

597. ► **Favorable opinion.**

598. This project is clear and focusing on three outcomes for one region of the Senegal. The Groundnut basin is interesting because of its economic potential and the need to promote sustainable practices. The project takes advantage of the other initiatives (Italy CILSS project, GIP's...). Economical issues are taken into account and investment of the civil society is a focus point too.

***COMMENTS FROM GERMANY***

**Recommendation**

599. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

- We welcome the project which is in line with OP 15 in general, and support the proposed approach targeting desertification issues in its proper context of rural regional development
- A considerable effort is to be made to make sure that the management structure of the project includes other line ministries (Agriculture, Interior), as their proactive behavior will be crucial for the project's success.
- A careful sequencing of the outcomes is to consider the time-lag between a large-scale participatory bottom-up planning at the level of rural communes and investment which comes as a response to this.
- The baseline analysis is to be updated for the point in time when the project is to start effective implementation. This is – among others – to make sure that the steering of the project considers stakeholders, which are really relevant for the outcomes.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**MULTI-FOCAL AREAS**

**60. Regional (Costa Rica, Panama): Sustainable Environmental Management for Sixaola River Basin [IADB]**

*COMMENTS FROM FRANCE*

600. We support and encourage the aims of this project. These two countries are well concerned with the protection of environment and legitimately deserve a financial assistance and an international moral gratitude for their efforts.

601. ► **Favourable opinion.**

*COMMENTS FROM GERMANY*

602. Germany supports the project proposal without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**61. Regional (Albania, Algeria, Bosnia-Herzegovina, Bulgaria, Croatia, Egypt, Lebanon, Libya, Macedonia, Morocco, Serbia and Montenegro, Syria, Tunisia, Turkey): World Bank-GEF Investment Fund for the Mediterranean Sea Large Marine Ecosystem Partnership (Tranche I) [WB]**

***COMMENTS FROM FRANCE***

603. This project is in line with previous operations: SAP Med and SAP Bio.
604. Very interesting project
605. ► **Favourable opinion.**

***COMMENTS FROM GERMANY***

**Recommendation**

606. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Criteria for evaluation**

607. Some of the main criteria for the project evaluation are not met in the project proposal yet. The following issues need to be addressed and further elaborated:
- (a) There is no analysis of the incremental costs principle relating to the identification of the global environmental benefits at this stage. The project proposal says that it will be carried out by the individual projects funded under the Investment Fund.
  - (b) The amount and quality of co-financing is not yet fixed in the project proposal. The project proposal describes, that co-financing may be obtained from a combination of national sources, loans and credits from the World Bank or other IFIs, or additional grant funds from the EU and bilateral sources. It is recommended to secure the amount and quality of co-financing.
  - (c) The participation of the local communities and their contribution to sustainable development is not clearly formulated in the project proposal. It is recommended to further elaborate on the identification of appropriate institutional structures to

ensure the permanent involvement and genuine commitment of various local stakeholders.

- (d) No STAP review was carried out for the Investment Fund so far.
- (e) The Results Indicators should be revised. In order to be able to assess the achievement of an objective using an indicator, indicator values are required. These define the anticipated state from which it can be inferred that a given objective has been achieved. Therefore it is very important to define the status of the baseline data.

## ***COMMENTS FROM SWITZERLAND***

### **General Comments**

608. The background information provided for the proposed Investment Fund (IF) is both comprehensive and sufficiently detailed so as to view the implications in their proper context. Previous initiatives / interventions in support of the protection of the Mediterranean Sea over the years were predominately fragmented and focusing more on diagnostic and planning rather than physical investments (the latter being the core issue of the IF).

609. With the support of GEF, a Trans-boundary Diagnostic Analysis (TDA) was carried out in 1997, followed by the preparation of two Strategic Action Plans (SAP), one for land-based pollution (SAP MED), and one for biodiversity protection (SAP BIO). In collaboration with GEF, the World Bank, UNEP and Mediterranean Action Plan (MAP), the countries of the Mediterranean basin have proposed the establishment of a Strategic Partnership (SP) for the Mediterranean Sea Large Marine Ecosystem (MSLME) to leverage reforms and to catalyze investments.

610. This SP should achieve its objective through the implementation of two components (pillars):

- **Regional Component (RC):** Implementation of Regional Activities for the Protection of the Environment of the Mediterranean and its Coastal Areas (USD 15 million GEF grant, under preparation and to be implemented by UNEP and partners; expected for Council approval end of 2006)
- **Investment Fund (IF)** for the MSLME-Strategic Partnership (SP) (USD 85 million grant, implemented by World Bank, 1<sup>st</sup> tranche to be released is 10 million USD); this Investment Fund is presently under review.

611. The SP for the MSLME follows the model established by the SP for the Black Sea and Danube basin which has been under implementation for about five years and which is supposed to have already very successfully achieved many of its targets (GEF-WB).

612. From the above it may readily be recognized that three distinct levels of organizational and institutional set-ups must be considered for properly locating the IF. These are, in ascending hierarchal order, the following:

- (a) Project level: Individual projects to be (co-)financed by the IF, constituting the bottom level
- (b) The Investment Fund (IF) proper, as well as its so-called “twin”, i.e. the Regional Component (RC) at the middle level
- (c) The Strategic Partnership (SP), constituting the top level.

613. *Projects* are to be conceived, accepted, implemented, evaluated and monitored according to established GEF rules, including STAP reviews.

614. Administration of the *Investment Fund* is to be facilitated by a (small) “Coordination Team”, with a representative each of the World Bank regional departments Europe, Central Asia, Middle East and Northern Africa. It supposedly also monitors the links to the *project* level, and continues consultations with Partners and countries of the *Strategic Partnership (SP)* level. In this context one misses so far a clear definition of the organizational set-up and total composition, including ToR, of this “Coordination Team”.

615. Furthermore, World Bank staff are supposed to participate in the “Steering Committee” and the “Coordination Group” for the *Strategic Partnership (SP)*, established under the UNEP-led “Regional Component (RC)”. This is but one of the many project-document-references to the Regional Component (RC), the “twin” of the Investment Fund (IF) [see Main Concerns]. Unfortunately, neither “Steering Committee” nor “Coordination Group” are for the moment defined, nor is it so far clear what their relationships are with the “Coordination Team” for the IF.

### **Main Concerns**

616. Both in the “Partnership Investment Fund Brief” and in the “Project Executive Summary (PES)” for the proposed Investment Fund (IF), many references are made to the UNEP-led Regional Component (RC). To all intents and purposes, the parallel implementation of IF and RC seems to be of paramount importance. In fact, one of the main risks mentioned under the PES relates to the possibility that the Regional Component is either not approved by GEF, or that it cannot undertake the activities assigned to it in support of the Investment Fund.

617. We consider this to be our only major concern. Successful implementation of the Investment Fund heavily relies on proper implementation of the Regional Component. The mitigation measures against this risk as proposed in the PES are not yet sufficient. If, contrary to expectations, RC does not materialize, then the Fund will have to take over at least some of the functions intended for RC.

### **Conclusions and Recommendations**

618. The Investment Fund (IF) is based on sound principles and procedures. It has a marked catalyzing effect, with the idea that ultimately (i.e. by the end of Tranche 3) 250 million USD

worth of co-financing will have been generated. A first tentative relevant indicator should at any rate already be revealed at the end of Tranche 1.

619. We do therefore recommend that the IF be established, and that the first tranche be released at its earliest possible convenience. This always under the assumption that the concern voiced above are taken care of.

620. We recommend furthermore that, apart from the type of projects listed for funding in the PEF, two more categories of projects, either on their own, or as sub-projects, should seriously be considered for funding:

- (a) Reliable and independent trans-boundary water quality and quantity monitoring, as well as other qualitative and quantitative environmental monitoring, including provision of specialized instrumentation and sophisticated data evaluation. This is one of the major aspects frequently neglected and/or underestimated. It is of paramount importance for sound E&M activities.
- (b) Supplementary, specialized educating and training efforts in all aspects of environmental monitoring/improvement, in order to build up even greater awareness and/or to enhance the chances of sustainability of the investments.

#### **Further Comments**

- As mentioned earlier in the chapter “General Comments”, and as stated amongst others in the PES, the Strategic Partnership for the Black Sea and the Danube basin not only served as a model for the IF, but also already successfully achieved many of its targets. The project outline could be enhanced by repeating the core issues of this former project which were indeed copied. Furthermore, it might be helpful to know which targets were already successfully achieved, and which not, and why.
- As further mentioned in the chapter “General Comments”, the functioning amongst others of the “Coordination Team” of the IF is not yet fully clear. Therefore, the organizational scheme of the IF, including that of the proposed RC and their inter-relationship, should be a mandatory component of the proposal.

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

621. The United States seeks postponement of the project proposal.

622. This project is an important one that we generally support. However, the project delegates authority to the World Bank and CEO over specific projects, even though the Council directed last November that subprojects for two similar Large Marine Ecosystem Partnerships be sent to the Council for review with four weeks to convey any concerns prior to CEO endorsement. In addition, there was not a STAP review for this framework, which we believe would be useful to ensure that we are targeting the right global environmental indicators. Finally, we object to providing funds to Syria and the West Bank.



**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**62. Antigua and Barbuda: Demonstrating the Development and Implementation of a Sustainable Island Resource Management Mechanism in a Small Island Developing State [UNDP]**

***COMMENTS FROM GERMANY***

623. Germany supports the project proposal without a need for further comments.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**63. Brazil: Caatinga Conservation and Sustainable Management Project - Mata Branca [WB]**

***COMMENTS FROM FRANCE***

624. The project aims at contributing to the preservation, conservation, and sustainable management of the biodiversity of the Caatinga biome in the States of Bahia and Ceará, which is one of the least protected biomes in Brazil. The project aims also at improving the quality of life of its inhabitants. There is a high level of endemism and the biological diversity of the Caatinga is very threatened, so that the project seems to be relevant.

625. ► **Favorable opinion.**

***COMMENTS FROM GERMANY***

**Recommendation**

626. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

627. We very much welcome the project proposal as its overall strategy complements German development cooperation and its partners at national as well as at the Bahian and Ceara state level. In particular, the emphasis given to policy and regulatory reforms necessary for the biome's conservation and sustainable use corresponds to our strategy in the region, which itself is built upon the United Nations Convention for the Combat to Desertification (UNCCD).

628. We also very much welcome the planned coordination with the other two GEF financed projects in the Caatinga, namely the "GEF-Caatinga Project" (UNDP) and the "GEF-Sertao Project" (IFAD).

629. More details should be provided however, regarding the way in which the project will achieve coordination and cooperation with the network of actors involved in Combating Desertification within the framework of the National Action Plan (PAN-Brasil). This network includes focal points at the Ministry of Environment, the state governments as well as the civil society at both the national and state level. At national level there is an intergovernmental working group (GTI) responsible for promoting harmonization between policies relevant to resource management in the desertification prone areas.

630. In this context we'd like to bring to your attention a memorandum of understanding that has been signed in 2005 between the government of Brazil, the Global Mechanism of the UNCCD, IICA, UNDP, UNEP and the German Federal Ministry for Economic Cooperation and Development. This memorandum acknowledges the PAN-Brasil as framework for cooperation in the northeast region. As member of the Facilitating Committee of the Global Mechanism, we would like to recommend to the World Bank that it join this initiative and use it to maximize the financial and human inputs of the proposed project, as well as to avoid unnecessary overlapping of efforts.

## ***COMMENTS FROM SWITZERLAND***

### **General Comments**

631. We consider the significance of the project objectives to be very high in relation to the problems indicated.

632. The Millennium Ecosystem Assessment underlines the importance of a proactive, integrated approach and of poverty alleviation as key aspects for preserving ecosystem services and human wellbeing. This assumption has been proven by a large number of concrete experiences.

633. A significant increase in productivity compared to demographic growth is an imperative condition for mitigating poverty. In order to achieve this, improving livelihood strategies is highly relevant.

634. A differentiated assessment of livelihood strategies corresponding to their economic, ecological and social potentials and the given or probable opportunities constitute an important precondition. The following measures will make it possible to obtain sustainable growth of productivity.

- (a) Improvement of living conditions (e.g. sanitation, medical care, etc.)
- (b) Intensification of agricultural production through sustainable use of natural resources (e.g. conservation of soil fertility, vegetal cover, water, etc.)
- (c) Amelioration of access to markets and improvement of market conditions
- (d) Generation of off-farm income (e.g. transformation of farm products, services)

### **Main Concerns**

- Development trends, e.g. population development, new economic constraints and opportunities, natural resource dynamics, and new technologies are not yet taken sufficiently into consideration and merit further reflection. So far, the mid- and long-term perspectives that show how results – such as knowledge generated and structures established by the project – will be valorised and contribute to

sustainable local and regional development after the phasing out of the project are yet missing.

- It is not sufficiently clear how the necessary increase in productivity at the level of households and local communities will be attained to improve living conditions, access markets, generate off-farm income, etc.
- The indicators related to improving livelihoods and achieving sustainable development at the local level remain too general and qualitative indicators are so far missing.

## **Conclusions and recommendations**

635. We recommend the project for approval by the GEF Council with the following adaptations:

- (a) To amplify a proactive project approach oriented towards sustainable land management, we recommend that more attention be paid to mid- and long-term trends in order to adjust objectives and project activities to further processes of change.
- (b) The current livelihood strategies of different types of households should be documented and assessed at least until the beginning of the project implementation phase. Possible options for strengthening sustainability options and adapting them to changing conditions should be pointed out.
- (c) To enhance economic, social, and ecological synergies among the expected results (Promotion of Integrated Ecosystem Management Practices / Models of Demonstration Subprojects, incentives and promising livelihood strategies), the relevant activities require mutual adjustment. Relevant indicators should be developed.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**64. Mozambique: Zambezi Valley Market Led Smallholder Development [WB]**

*COMMENTS FROM FRANCE*

636. The GEF component of the project has two main components. (out of four components):

- (a) Agricultural Production and Marketing Development  
US\$2.5 M technical support and advice to environment friendly technologies: agro forestry, soil conservation, and energy sources (wood)  
We think that this kind of very classical advices could be included in the core program of technical advisors funded by the World Bank
- (b) Community Agricultural and Environmental Investment Fund  
US\$2.4 M grants for native plants, home gardens, protection of wetland and riparian forest, honey collection and protection of sites for medicinal plants  
However document should provide figures about situation on ground and indicators to cope with this objective

637. From a more general point of view, proposed indicators for global environment could be more relevant: neither biodiversity losses and disappeared species are documented, nor expected carbon stock modification.

638. STAP questions are clear and responses could be more precise. We should have a more comprehensive idea of the population density which is the basis of the land use analysis: last figure concerning the proportion of cropped land is 11 years old (1995).

639. Altogether, US\$6.2 M to deal with those issues in the area of 20 000 ha seem quiet expensive. The add value of the GEF fund should be emphasized compared to what should be a normal WB project.

640. ► **Favorable opinion:** we suggest taking into consideration above remarks to improve project document.

*COMMENTS FROM GERMANY*

**Recommendation**

641. **Germany agrees to the project proposal.** Changes outlined below should be made during further planning steps and during project implementation.

## Comments

- We welcome the project which is in line with OP 15 in general, and support the proposed approach targeting desertification and poverty reduction at the provincial and district level.
- The project seems to meet very favorable core conditions in the sense that it works into an ongoing decentralization programme and that it can rely on cross sectoral bureaucratic structures implying the relevant ministries at the national level. This obvious advantage is however to be actively followed-up und translated into areas of mutual benefits between the project and the ongoing processes by an attentive project management during the implementation phase.

## *COMMENTS FROM SWITZERLAND*

### General Comments

642. The project is in accordance with the government's Poverty Reduction Strategy Paper (PRSP). The Project brief is well documented. We consider the integrated project approach with its geographic and thematic focus to be promising.

643. The objectives of the project are relevant to GEF Strategic Priorities and development goals.

644. In spite of detailed information relating to market opportunities (annex 9), it is not yet fully clear how the proposed project activities will lead to the expected results in relation to existing market opportunities.

### Main Concerns

- (a) The document does not clearly present whether mid- and long-term development trends (e.g. population growth, economic, social and ecological opportunities / potentials / constraints) were taken into consideration in formulating the project brief. We believe that development processes should be proactively oriented towards long-term trends in order to strengthen their sustainable effects.
- (b) The document indicates a demand-driven approach as key indicator. The brief will need to indicate more clearly how and where such a demand-driven approach will be implemented.
- (c) The phasing out strategy of the project remains unclear. The project duration of 6 years will allow intended activities to be launched and linked in order to promote adequate economic and social dynamics. But we consider that this time frame may not suffice to consolidate achievements and transform them into sustainable development processes.

## Conclusions and Recommendations

645. We recommend the project for approval by the GEF Council, taking into account the comments above and the recommendations below:

- (a) Development tendencies in a mid- and long-term perspective relating to the project area and probable changes of the economic and ecological conditions as well as new technological solutions merit to be further highlighted. This would allow the implementation of a more proactive strategy of sustainable land management.
- (b) From our point of view, a demand-driven approach should cope with the following criteria:
  - (i) Defined stakeholders (groups) are invited to submit proposals for funding small-scale, local-level projects for strengthening their livelihood and village development strategies.
  - (ii) Proposals for funding are selected by a steering committee on the basis of transparent rules and criteria.
  - (iii) Selected projects are implemented with a direct and significant contribution of the stakeholders.
  - (iv) Implemented projects are evaluated on the basis of the project proposal.
  - (v) The project brief should be completed with a clear description of the “demand-driven approach” and the adequate communication activities related to this matter.
- (c) The phasing out strategy of the project should be described in the project brief. In addition to the expected quantitative results, more details about integration of promoted structures, know-ledge, human resources and their development, and financing as well as the valorization of project findings after the end of the project should be indicated.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**65. Philippines: National Program Support for Environment and Natural Resources Management Project (NPS-ENRMP) [WB]**

***COMMENTS FROM GERMANY***

**Recommendation**

646. Germany asks for re-submission of the project proposal to the Council prior to the endorsement by the CEO.

**Comments**

647. We fully agree with the generally positive assessment of the proposal by the STAP review and we share the concerns of the STAP reviewer regarding the absorptive capacities of the DENR.

648. In the responses to the main concerns raised by the STAP reviewer (Project Brief, p. 131) it is stated that

- *“... (a) implementation of the project , in particular the GEF components would not be through DENR only; rather the LGUs will play an important part, including direct access to financing resources for activities they are responsible for ...”*  
We fully support the important role assigned to the LGUs and their direct access to funding.
- *“Looking at the way the money actually flows, the 5% needed to implement flows very erratically so that the planned activities are rarely implemented on time. The IBRD loan would go to ensuring that the budget arrives when it is needed, ...”*  
We assume that this applies also to the GEF grant as nowhere in the document it is stated that the grant would not be channelled through DENR.

649. However, the proposed Action Plan for the improvement of the “Financial Management and Disbursement Arrangements” (Annex 7 of the Project Brief, p. 70) seems to contradict this positive response. It recommends that *“2. The Project should, in its forecasting, plan for delays in cash releases and look for opportunities to avail of the Direct Payment mode of Disbursements to alleviate issues with delayed funds flow;”*. Beside lack of sufficient funding, here a core problem of DENR is spelled out and the project developers seem to have no solution to effectively address the problem and improve the abilities of DENR to ensure timely cash flow



towards its projects/programs and partners. Even with the implementation of the Action Plan the risk for the project is rated as “Moderate”, otherwise as “High”. (Project Brief, p.71)

650. Considering the existing weakness of DENR and the fact that the project is designed to develop the capacities of DENR to perform its core tasks, we strongly suggest that at least

- the implementation of the proposed Action Plan should be mandatory for DENR and requires close monitoring: indicators and timelines for the implementation of the Action Plan need to be developed and integrated into the project documents.

651. Otherwise main concerns (1) and (2) of the STAP Review are not addressed as stated in the respective responses.

652. We would also welcome if the indicators on synergies and trade-offs as well as all the baselines for the indicators would be available in the project documents (see Project Executive Summary, p. 10) to be at all able to assess the quality of the indicators.

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

653. The United States seeks postponement of the project proposal.

654. This project appears to be well structured and targeted. However, the leading executing agency, the Department of Environment and Natural Resources of the Philippines, has serious capacity problems and there does not appear to be sufficient government commitment in the form of counterpart funds.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**66. Sri Lanka: Participatory Coastal Zone Restoration and Sustainable Management in the Eastern Province of Post-Tsunami Sri Lanka [IFAD]**

***COMMENTS FROM FRANCE***

655. The project promotes the restoration and sustainable use of ecosystems along the Eastern Coast of Sri Lanka damaged by the Indian Ocean tsunami. It is designed to overcome three key barriers to the restoration of coastal ecosystems and to catalyze a replicable low-cost system, mainstreaming restoration into the government of Sri Lanka's reconstruction program.

656. ► **Favourable opinion.**

***COMMENTS FROM GERMANY***

**Recommendation**

657. Germany asks for re-submission of the project proposal to the Council prior to the endorsement by the CEO.

**Comments**

658. The development objective of the GEF Project is to 1) demonstrate that ecosystems can be restored and to 2) mainstream participatory conservation management into the reconstruction process (after 3 years all GOSL and Donor reconstruction projects include an ecosystem component) after the Tsunami. Three "key barriers" are seen as the main reasons for the degradation of most eco-systems: insufficient technical know-how to rehabilitate ecosystems, insufficient priority accorded to ecosystem degradation, and economic dependency of coastal population on the natural resources. Ecosystem damages derives from human activities or in-activities rather the impact of the Tsunami.

659. The four objectives of the project are:

- (a) To develop and demonstrate replicable low-cost best practices for effective restoration and sustainable management (US\$2.8 million);
- (b) To mainstream effective ecosystem restoration into post Tsunami reconstruction and rehabilitation projects implemented by authorities and donors (US\$2.4 million);

- (c) To develop a scientifically-based, low-cost, community-based approach to rehabilitate 3 key coastal ecosystems (mangroves, coastal lagoons, sand dunes) at specific pilot sites (US\$6.1 million); and
- (d) To provide project management including monitoring and evaluation (US\$1.8 million).

660. The executing agencies are the Ministry of Fisheries and Aquatic Resources (MFAR) and IFAD for GEF. The implementing agency is the newly formed Ecosystem Restoration and Adaptation Unit (ERAU) in the Coast Conservation Department of the Ministry of Environment (MOE). IUCN will provide operational support and technical assistance.

661. Aside from the above mentioned agencies the North Eastern Provincial Council, the Provincial Planning Secretariat with its Centre for Information Resources Management, the Reconstruction and Development Authority (RADA) of the Centre for National Operations (Tsunami) under the Presidential Secretariat, the District Secretariats and others are important stakeholders either in project planning, coordination and implementation.

662. The project area is along the eastern coast of Sri Lanka. The process of establishing peace in the area seems to be suffering new setbacks as tension has risen again and violence is on the increase<sup>12</sup>.

663. The project approach is still rather technical (restoration practices). Aside from the indicators (25% increase in household income within 3 years of commencement of co-management; 20% increase in income derived from co-managed area within 3 years of commencement) the project document is not clear on how to achieve this. What are the incentives for the coastal population to participate in co-management? What kind of alternative sources of income can be promoted and supported? Multi-agency approaches are required because of the possible demand for a diversity of different skills, knowledge and experience. Income generating activities and the envisaged micro-enterprises centred on the local population require targeted support to access potential markets. Vocational and other training as well as business development services might be needed to support at least some IGAs.

664. A vast amount of funding and manpower is allocated towards the implementation of isolated (?) pilot measures (objective 3). If the aim of the project is to foster replicable low-cost systems and technologies why then is it so expensive to develop and to test those? The publication of best practices even in 3 languages is not sufficient to sensitise the communities and development agents. There is a need for a “marketing and support strategy” to bring the messages across and to initiate replication of proposed best practices.

665. More emphasis should be targeted towards mainstreaming rather implementing pilot measures. “Getting policies right and implementing regular impact assessments is crucial to creating and maintaining an environment that enables livelihood change strategies”<sup>13</sup>. Why not

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<sup>12</sup> IMM LTD; Development Update, Local Partnership for Aid Effectiveness, Number 1, July 2006

<sup>13</sup> IMM: lessons learned from Cambodia

provide support directly to the reconstruction projects by including an environmental component to those?

666. The implication of co-management approaches on legislation as well as policy formulation and adaptation for the different stakeholders involved is not fully described. Clear jurisdiction (user and management rights) over the natural resources (mangroves, fish etc.) need to be established. There should be exit strategies developed if the political process comes to halt. The MFAR has not supported community based fisheries co-management in the past. The Fisheries Management Authorities if they exist are dominated by civil servants and politicians rather community members (12:3).

667. The lack of coordination of development efforts is one of the problems addressed in the project documentation. However, capacity building is limited to the ERAU of the CCD. A project dealing with mainstreaming environmental aspects should have a much wider scope on organisational development, capacity building and change projects within the major agencies involved.

668. The project objectives meet the GEF Strategic Priorities.

669. References above are based on the Project Executive Summary (PES) - covering 18 pages with a very small font.

**PERSISTENT ORGANIC POLLUTANTS**

**67. Global (Argentina, India, Lebanon, Philippines, Senegal, Vietnam, Latvia, Tanzania):  
Demonstrating and Promoting Best Techniques and Practices for Reducing Health-care  
Waste to Avoid Environmental Releases of Dioxins and Mercury [UNDP]**

*COMMENTS FROM FRANCE*

670. The project is proposed by 8 Parties of the Stockholm Convention on POPs and is aiming at the development and the promotion of non-incineration equipments and materials in the case of health-care waste management. This approach is in line with article 5 (c) of the Stockholm Convention which gives priority to the promotion of the development and, where it deems appropriate, the requirement of the use of substitute or modified materials, products and processes to prevent the formation and release of the chemicals listed in its annex C. Medical waste incineration belongs to priority source categories identified in the Stockholm Convention (“part II” category).

671. The project will focus on the deployment and evaluation of appropriate commercially available technologies (except in the case of Tanzania where low-cost technologies will be targeted). Moreover the alternative techniques listed in the annex 6 of the project document are very close to the BAT and BEP developed by the Expert Group on BAT/BEP under the Stockholm Convention. Argentina, Latvia and the Philippines are actual members of this Expert Group, which should result in an optimal consideration of the Expert Group work into this project.

672. The proposed methodology is a bottom-up approach which seems very relevant to fulfill the objectives. The first part of the project deals with the establishment of model facilities using BAT/BEP. Nominative hospitals or clinics (associated with alternative techniques) are already identified in each country, which is a very good starting point. On this concrete basis, capacity-building programs, national policies reviews/updates and results dissemination for awareness-raising will be achieved. This part of the project is very ambitious; however the proposed management arrangements should ensure an efficient progress of the work.

673. The different baselines in each country are well described, as well as the risk of a “business as usual” scenario (i.e. growing trend toward the combustion of wastes in very bad conditions: open burning or poorly performing incinerators). In the case of a BAU scenario, releases of dioxins are expected to continue at an estimated 187 g / year. This should be confident estimations as at least half of the countries (Argentina, Vietnam, Lebanon, and the Philippines) were first users of the PCDD/Fs toolkit developed by UNEP. On the whole,

countries proposing this project have a high level of awareness of PCDD/Fs issues at least at the institutional level. To give another example, Senegal is hosting COP3 of the Stockholm Convention.

674. ► **Favourable opinion.**

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

675. Germany supports the project proposal without a need for further comments.

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

##### **General Comments**

676. The project concerned is aimed at the minimization of POP's as well as other persistent toxic substances and mercury releases to the environment. The overall goal of the project is to demonstrate and promote techniques and best practices for health-care waste management in developing countries and countries in transition that have ratified the Stockholm convention.

677. The project is based on demonstration and promotion through model facilities and training programs to reduce barriers to national implementation of such strategies. The specific components to achieve this goal are the following: 1) leveraging existing infrastructure/expertise, 2) demonstration of best practices/techniques, 3) awareness raising, and 4) capacity building. The emphasis of the project is rather on know-how dissemination activities than on technology development and widespread implementation.

678. The project objectives seem to be in accordance with GEF-eligible activities under the GEF Operational Program on Persistent Organic Pollutants (OP 14). The heavy metal part (mercury) has been included as important supplementary component of health-care waste and linked to the GEF Operational Program 10, the operational program of the international waters focal area.

679. The co-financing of more than half of the project cost by governments and national partners is regarded as a major driving force in the execution of the project and the achievement of the goals set. Moreover, the extensive preparatory work done for this project reduces the risks of inadequacies during the project realization phase.

##### **Main Concerns**

680. We have the following concerns about the project content and its consistency:

##### **Monitoring and Evaluation**

681. It is stated that project monitoring and evaluation will be conducted in accordance with already established UNDP and GEF procedures and will be provided by the project team and UNDP. In Annex 2C a set of quantitative and semi-quantitative indicators are listed that will be used as performance and impact indicators. From our point of view, some of these indicators are until now too general to be appropriate for project monitoring. For instance, a 50% reduction of overall waste at those facilities that do not currently practice segregation does not necessarily minimize the amount of dioxin and mercury indicated in the project proposal. Specific indicators for these releases should be included and the real values measured with spot checks. Furthermore, the installation of one alternative treatment technology in all countries as indicator does not prove its effective and efficient operation. This has to be considered with specific quantitative indicators.

682. Moreover, the indicator for training programs should be adjusted. The counting of participants in training courses is simple but an increase of the number of personnel trained on best practices in HCWM is no guarantee for the use of proper methods. Indicators targeting realized improvements in e.g. hospitals are more result-oriented and more appropriate to measure the outcome.

683. Also, the indicators regarding policy improvement remain so far rather vague and are not quantitative. The initiation of a policy dialogue in a certain country is hard to measure. If national governments are involved it is likely that policy dialogue will result in revised or further developed policies that can be measured quantitatively.

#### Waste to be treated

684. From the project description it is unclear why so far only dioxins and mercury are included in the minimization program. Other substances such as chemotherapeutic, pharmaceutical or radioactive medical waste, should also be considered if they have a significant environmental impact. This evaluation should be done in fact during a preliminary investigation.

#### Technology

685. The project is promoting non-incineration technologies for the treatment of health-care waste. In combination with proper waste segregation this will most probably reduce the total amount of dioxins release to the environment. However, by using wet thermal treatment systems (e.g. steam autoclaves) instead of incineration methods for bio-hazardous waste (pathogenic agents) the detoxication of organic substances in pharmaceutical waste (expired drugs), chemotherapeutics, laboratory waste etc. is not guaranteed. Also, chemical treatment methods, as e.g. hydrolysis, can not handle all remaining categories. It would therefore be reasonable to combine both non-incineration and incineration methods for separated waste treatment. From that point of view, standardization of technologies for specific waste streams would be an asset.

686. Other options at the national level for the use of existing alternative incineration capacities in the countries involved are not yet mentioned. Cement kilns could handle some of the waste categories and eliminate a significant amount of hazardous organic compounds, even chlorine containing substances, if operated at an adequate temperature level.

#### Know-how transfer

687. The dissemination of the information gained during the project phase to other developing countries or countries in transition, this in a pursuit to reduce the global impact of the substances addressed, is not yet clearly addressed in the project, but should be specifically included in the program.

#### Budget

688. Against the background that the development, purchase and implementation of new and adjusted non-incineration technology are rather sophisticated, the allocation of only 37% of the total project budget (Annex 1B) to these activities seems to be underestimated.

#### **Conclusions and Recommendations**

689. We support the project proposal and recommend it for approval by the GEF Council, taking into account the comments above and the recommendations below.

690. The extensive preparatory work done for this proposal addresses all of the aspects relevant to the realization of the project. The main project activities are targeted on the solution of the various problems occurring from health-care waste in developing countries and countries in transition.

691. Nevertheless, the definition of measurable goals (indicators) is a pre-requisite for the successful realization of the project. Furthermore, it is important to be consistent in the choice of technology. National or even local conditions in the countries will definitely influence the way how waste is finally treated and should be considered. Alternative technologies and their owners who could prove their environmentally sound operation, such as e.g. cement companies, should be considered.

692. It is very welcome that not only POPs are considered, but that the program also focuses on mercury as a toxic substance. However, we suggest that all other problematic components of health-care medical waste should also undergo a preliminary evaluation to show their contribution to the overall environmental impact of health-care waste.



**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**68. Regional (Nigeria, Ghana): Regional Project to Develop Appropriate Strategies for Identifying Sites Contaminated by Chemicals listed in Annexes A, B and/or C of the Stockholm Convention [UNIDO]**

***COMMENTS FROM FRANCE***

693. According to article 6 Section 1(e) of the Stockholm Convention states that Parties shall “endeavor to develop appropriate strategies for identifying sites contaminated by chemicals listed in Annex A, B or C”. The objective of the proposed project is to build capacity in Ghana and Nigeria to develop appropriate strategies for identifying such lands and sites. In our view, this project is very interesting. We only have few remarks: concerning the importance given to PCB, there are other POP and as the project is planned for 4 years, it could be useful to consider “new” POP, which could be added to the convention. However there are other POP already concerned by the text, so there is no reason to focus on PCB. This is underline p 27, as “many similar toxic chemicals” are mentioned but it could be clearer.

To conclude this project will be very helpful for these countries, if local authorities are supported it.

694. Important initiative for Western Africa

695. ► **Favourable opinion.**

***COMMENTS FROM GERMANY***

**Recommendation**

696. Germany agrees to the project proposal. Changes outlined below should be made during further planning steps and during project implementation.

**Comments**

697. There is ongoing work by an expert group to prepare guidelines on Best Available Techniques and Best Available Practices for presentation and discussion at POPs COP 3. The implementing agency (UNIDO) should guarantee information flow between this expert group and people responsible for the project execution and should take care that policies and strategies defined for Nigeria and Ghana might match the contents of the guidelines under development.

***COMMENTS FROM THE UNITED STATES***

698. The United States seeks recirculation (of the project document) to the Council prior to CEO endorsement.

699. We had requested clarification whether only POPS listed under the Stockholm Convention are being addressed in this project. We also sought clarification that GEF funding will not be paying for remediation of the contaminated sites identified as part of the project. While such remediation efforts are beneficial, the costs of remediating POPS-contaminated sites on a global basis are not likely sustainable in the context of GEF funding.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**69. Brazil: Development of a National Implementation Plan in Brazil as a First Step to Implement the Stockholm Convention on Persistent Organic Pollutants (POPs) [UNEP]**

***COMMENTS FROM FRANCE***

700. According to article 7 of the Stockholm Convention, each Party shall develop plan for the implementation of its obligations under this Convention. Brazil indicates the submission of a provisional document in 2006, in accordance with the deadline for submission due to the ratification of the Convention. This document takes into account existing information available from Government and other stakeholders. This project aims at developing an updated NIP document in order to provide a complete assessment of the country's situation regarding POPs. It proposes to undertake the investigations, ranking, capacity building and action planning necessary for the preparation of a comprehensive National Implementation Plan (NIP) for Brazil. It will be completed within two years, allowing the NIP to be developed for submission for Government endorsement before transmission to the Conference of the Parties early in 2009. We appreciate that the proposal takes into account the new chemicals proposed at the first meeting of the Conference of the Parties and gives special attention to PCB. Moreover, this project seems to plan to establish a sustainable capacity to manage further implementation of the NIP and a mechanism allowing systematic involvement of stakeholders. It could be useful to include measures related to public communication in the evaluation process, in particular the National Information System.

701. ► **Favourable opinion.**

***COMMENTS FROM GERMANY***

702. Germany supports the project proposal without a need for further comments.

***COMMENTS FROM THE UNITED STATES***

703. The United States seeks postponement of the project proposal.

704. This is generally a strong project proposal, and we support it. However, it includes chemicals that are not yet included in annexes to the Stockholm Convention. Initiating work on proposed substances not yet agreed to be added to the Convention by the COP could constitute a potentially unnecessary and burdensome amount of work (e.g., if the substances are proposed but not worthy of addition to the Convention) and presumes the outcome of COP decisions on

addition of substances to the Convention. For these reasons, we believe that the work on the nonlisted substances should be removed from the proposal or linked to OP10.

**INTERSESSIONAL WORK PROGRAM: COMMENTS FROM COUNCIL MEMBERS  
(REFERENCE TO GEF/IS/15)**

**70. China: Alternatives to DDT Usage in the Production of Anti-fouling Paint [UNDP]**

***COMMENTS FROM FRANCE***

705. France supports this project which intends to help China phase out the use of DDT in Antifouling Paint.

706. ► **Favourable opinion:** nevertheless two issues should be clarified:

- (a) Chinese naval painting private companies are described as key partners and co-financers of the project. According to the document, the main private partners are nevertheless to be chosen later through a tendering process. How can the company co-financing be guaranteed considering this tendering process?
- (b) The project should ensure that it reaches small family or individual business as much as big companies involved in antifouling painting production.

***COMMENTS FROM GERMANY***

707. Germany supports the project proposal without a need for further comments.

***COMMENTS FROM SWITZERLAND***

**General Comments**

708. This project addresses an important problem that needs to be solved. The project of the Government of the People's Republic of China is aimed at replacing DDT in antifouling paints currently widely used on small boats and medium sized vessels in China. The use of DDT amounts to currently 250 MT/year, which is about 4% of China's annual production of this environmentally harmful chemical. Under this project, China will take measures to phase out DDT-based antifouling paints and to promote environmentally sustainable alternatives. China signed the Stockholm convention on Persistent Organic Pollutants (POP's) in May 2001, Congress ratified it in June 2004 and it entered into effect on November 11, 2004. Therefore, it is legally binding for China to phase out DDT. The state will establish and implement long-term environmental protection mechanisms to control POP's through international co-operation and communication. China has not yet acceded to the IMO Convention to phase out harmful tributyltin (TBT)-based antifouling paints. The project addresses the important goal to prevent the replacement of DDT by equally or even more harmful TBT.

709. The overall goal is to replace the harmful DDT-based antifouling paints with alternatives to be developed within the framework of this project. The project consists of both the establishment of the institutional setting and governmental regulations to replace DDT, and the establishment of alternative procedures and their implementation. The project aims at removing technical and governmental barriers to achieve this goal. Key components are (1) institutional framework including establishment of institutional setting and revision of regulations, (2) activities to facilitate the conversion from DDT-based antifouling paints to alternatives, (3) promoting the production, distribution and use of alternative products.

710. The project objectives seem consistent with GEF funding policy. The proposal is well prepared, considers various aspects and components of the problem, and is well written. Of the project costs for 4 years in the range of 24 Million US\$, the GEF contribution will be 11.9 Million US\$, the contribution of the Chinese Government and Industry will be 3.75 and 8.5 Million US\$, respectively.

711. We recognize that the project has important goals, but there are concerns which should be considered prior to possible funding of this project. The main obstacle seems to be that some important parts of the project do not need GEF funding, and that the goals may not be achieved in four years. Alternatively to funding the whole project, it should seriously be considered funding only parts of it. The governmental aspects and regulations do not seem to be the core issue in GEF funding. It should therefore be covered by the Chinese government itself. However, other parts, such as the production and implementation of synthetic repellent-based antifouling paints, as well as the education of people about the consequences of DDT- and TBT-based antifouling paints on human and environmental health, merit to be funded by the GEF.

712. An important issue is that environmentally friendly antifouling paints (e.g. Sea Nine 211) are already on the global market. It seems more straightforward to use these alternatives and subsidize their use, making their application economically more feasible for fishermen in China, and this instead of developing new alternatives which take time and resources. Thus, it seems more straightforward to phase out DDT as quickly as possible by using already existing alternatives. At the same time, GEF may fund the development and promotion of most innovative alternatives, such as the use of capsaicine or capsaicoids-based antifouling. In case they can be developed and produced successfully, the Chinese producers could sell these products globally. However, this is not guaranteed and in the worst case, no new alternatives may be promoted. In this case, only strict enforcement by law may lead to phasing out DDT.

### **Main Concerns**

713. Although we support the general goal of the project, we are reluctant to recommend funding it in general. We feel that many aspects of the proposal should be implemented by the Chinese government itself, as a consequence of the Stockholm Convention on POPs and in relation to the National Implementation Plan. This includes establishment of the institutional setting, the administrative and organizational implications, action plans, revision of regulations etc. We feel that these aspects do not need funding from GEF. We recommend to focus on areas that need attention for fast removal of DDT and to prevent TBT being used as an alternative.

Specifically, serious consideration should be given to subsidizing already existing alternatives and development and production of additional alternative antifouling paints.

714. An additional focus of GEF-funding should be the education of end-users, e.g. the fishermen. Convincing them to adopt the new alternatives and at the same time prohibiting the use of DDT- and TBT-based antifouling paints is an important step. This needs strong commitment to law enforcement.

715. A risk of the project is the possibility of a lack of success in the development of alternatives that is dependent on the funding, participation and co-operation of small and medium sized enterprises in China. Financial support from these enterprises is largely dependent on the successful development, which takes time. The lack of alternatives would seriously hamper the whole project. So the question arises why not subsidize and promote already existing alternatives. Prevention of illegal use of DDT-antifouling paints will only be a success if technically feasible, economically viable, and environmentally friendly alternatives are already on the market, and do not have to be developed first (as it is intended in this project). Would it not be better to support very promising and already available environmentally friendly alternative antifouling paints?

### **Conclusions and Recommendations**

716. The intention and effort of the applicants in the preparation of the project and its goals are very valuable. We greatly recognize the value of the general goals of the proposal and recommend its approval by the GEF only in parts, but not in its full extent. The phasing out of DDT-based antifouling paints is a must and should be implemented as soon as possible. Environmental friendly alternatives are on the market and should be subsidized as a first step, rather than developing new alternatives in China, which takes a longer time.

717. The alternatives should already be available at the beginning of the project, and not be developed during the course of the project. This fact hampers significantly its success.

718. We recommend that GEF funding should be directed to promoting already existing alternatives and to subsidy their use, and as a further step, to fund the development and promotion of repellent-based antifouling paints containing synthetic capsaicine, and to promote education of antifouling paint users.

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

719. The United States seeks postponement of the project proposal.

720. This project does not appear to be a cost-effective use of GEF funds. We appreciate the information provided by UNDP on the budget for this project, but believe the costs are still too high. We doubt, for instance, that it makes sense for the GEF to pay \$1 million to produce films for a promotional campaign.