

# Review of the Council Work Program of GEF/C35

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### Cover Note

As usual, Switzerland comments on a number of PIFs out of the Work Program. It is our intention to point at those aspects of project design that could lead to weaknesses at implementation stage, once the final project documents are not sufficiently clear. Thereby we want to further increase the quality of GEF projects and programs.

Out of the PIFs reviewed, the following seem to be the most critical and require special attention:

- **N°24: Algeria: Integrated approach for zero emission project development in the new town of Boughzoul**

The objectives of the GEF component are important and the concept is overall well designed. However, as per information available, implementation of the overall project seems already to be ongoing. Therefore there are doubts about the role to be played by and the efficiency of GEF involvement at this stage of implementation. Environmental objectives should be integrated into project design as early as possible, otherwise the potential to influence project design is lessened and the cost-effectiveness of the environmental investments is reduced.

- **New Programmatic Approach on BD: India Coastal and Marine Programme**

At a first glance, the programme seems well defined. Nevertheless, quite a lot of crucial issues are treated so far in marginal manner and need further attention, particularly: impact, baseline, the role of the legal framework and of its enforcement, cooperation with the private sector, institutional arrangements.

- **New Programmatic Approach on IW: Sustainable MED**

Particularly there are doubts regarding co-financing: (a) does the co-financing given really exclude baseline financing (as by GEF rules), and (b) is it correct to consider as co-financing contributions from other GEF projects, which are financed by GEF source?

## **Biological Diversity**

**N°01: BD-2906; Regional\*: Sustainable Financing of Protected Area Systems in the Congo Basin; (UNDP); GEF cost: 8.2 million USD; total project cost: 58.8 million USD**

\* Central African Republic, Congo, Cameroon, Gabon, Equatorial Guinea, Congo DR

### **Overall Comments**

The project objective is to have in place capacities, institutional frameworks and model mechanisms for the long-term financial sustainability of PA systems and associated ecosystems within the Congo Basin.

The PIF underlines the importance of the Congo basin for biodiversity and global climate and specifies the key threats to biodiversity. It also states that despite the efforts made with the establishment of Protected Areas, the trend of biodiversity loss on the ground is not improving significantly, among others due to the fact that the PA systems within the Congo Basin operate at extremely low levels of human and institutional capacity, and receive only a minimal proportion of the funding needed to cover the capital investments needed and basic operating costs. In consequence, the project puts emphasis on the improvement of the PA systems and of its financial sustainability.

Overall the project is consistent with GEF criteria, strategies and programmes. Basically it seems well conceived and well focused. We also welcome that there is substantial co-financing.

### **Questions, Concerns and Challenges for further Programme Refinement**

#### **► Threat reduction.**

Although the approval of a threat reduction strategy is explicitly mentioned below the expected outputs of component 1 (legal, policy and institutional frameworks), the project's role and targets to implement that strategy are not clearly outlined.

Following the project framework, higher priority seems to be given to innovative revenue generation than to threat reduction.

We recognise that the current project has the potential to improve substantially the management of the PA systems concerned, but to alter facts on the ground it will also be essential to take up and explicitly deal with the threats to biodiversity.

### **Conclusions and Recommendations**

We fully support the current project, recommend its approval and hope that in further planning more attention is given to the issue of threat reduction.

**N°10: BD-3955; Cuba: Enhancing the prevention, control, and management of Invasive Alien Species in vulnerable ecosystems in Cuba; (UNDP); GEF cost: 5 million USD; total project cost: 15 million USD**

**Overall Commentaries**

The PIF is presented under GEF's Strategic Objective 3 "*To safeguard biodiversity*" of the Focal Area Biodiversity. The project fulfils eligibility criteria under Strategic Programme 7 "*Prevention, control and management of invasive alien species*". The project also contributes to Strategic Objective "*To mainstream biodiversity in production landscapes/seascapes and sectors*" and its programme 4 "*Strengthening the policy and regulatory framework for mainstreaming biodiversity*".

The project aims at strengthening the institutional and policy framework for preventing, controlling and managing invasive alien species, enhancing the capacities of relevant protagonists, and coordinating actions of all stakeholders in the field with the objective of safeguarding globally significant biodiversity in vulnerable ecosystems in Cuba.

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

- Criteria for identification of the seven biodiversity-critical protected and productive areas?  
The PIF does not provide information/reasons/criteria about the identification of the seven areas selected for activities in the field. We have strong concerns regarding the effectiveness of the adopted site-based approach and strongly recommend considering a species-based approach, according to national priorities.
- National Capacity Self-Assessment (NCSA) for Global Environmental Management  
Are there synergies between the GEF project "National Capacity Self-Assessment (NCSA) for Global Environmental Management" in Cuba (ID-2064) and the present one?

**Conclusions and Recommendations**

We support the current proposal and recommend to the GEF the approval of the current PIF, expecting obviously that the above questions are resolved in further planning.

## Climate Change

**N°24: CC-3927: Algeria: Integrated Approach for Zero Emission Project Development in the New Town of Boughzoul; (UNEP); GEF cost: 8.24 million USD; total project cost: 30.24 million USD**

### **Overall Commentaries**

The project document is well written and well conceived. The project justification is well addressed and gives all the necessary information. The introduction provides useful information on the economic and demographic growth that is taking place in Algeria as well as valuable information on the natural assets of Algeria that can be turned into renewable energies. The government of Algeria has acknowledged the necessity to promote renewable energies (RE) and energy efficiency (EE) and all stakeholders seem ready to collaborate in this adventure. All seven components are well described and there is no major concern about the concept as such.

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

According to the document, introducing renewable energy (RE) and energy efficiency (EE) should lead to two major outcomes: I) reducing the domestic dependence on natural gas, thereby assuring energy resources for strategic application; and ii) creating new job opportunities for clean technology transfer for sustainable development. (According to the news agencies, the project Phase I has been awarded to an international company for \$650 Million.)

These two outcomes are pertinent but we have one reservation as regard outcome ii) job creation: since it seems that more than 7'000 workers are to be directly imported from Philippines thus entering into direct competition with local workers. Besides the social and economical aspects, there is of course an environmental impact of such transfer of workers that should not be underestimated.

If one wants to arrive at or be near zero emission in the new town of Boughzoul through an integrated approach, special care has to be given during the planning phase of the project. Indeed, experience shows that the preparation phase is crucial since it gives the opportunity to all stakeholders in the project to share their views and recommendations ensuring optimization of the project in terms of energy efficiency etc. Thus, the main challenge lies in GEF's ability to ensure a successful implementation of the component 2 Energy Efficiency in buildings while taking into account that phase 1 of the project has already been signed and approved by the Government of Algeria. In that regard, we are a little concerned about the information picked up on the website (...) that approximately 7'000 workers will be "imported" from the Philippines. Besides the social and economic considerations, one can wonder if this decision is environmental-friendly.

- Component 1: Clean energy policy framework

The policy framework is a major added value to the project. It will ensure coordination among the different government institutions and agencies involved in RE and EE activities. It will also aim at strengthening legislative and financial support and serve as a baseline for new projects of this kind. It is crucial that all stakeholders approve the framework before the detailed planning and construction of the town actually begins.

- Component 2: Energy efficiency in buildings

On the basis of the information gathered, the contract for the first phase has already been signed with an international company based in South Korea. Thus, it seems difficult to develop a "mandatory EE code in new buildings as well as standards and labels for different types of appliances" in the course of the project. Experience has shown that such codes should be defined and approved before the beginning of the project. It is crucial that such codes be fully in-

egrated in the building standards of the town of Boughzoul before the mass planning has actually been completed.

- Component 3: Development of adapted urban management plans  
Developing context specific urban strategies that integrate the environmental constraints is wise. The timeframe is adequate and should ensure a successful implementation of the strategies to be developed.
- Component 4: Development of RE master plans  
The attention paid to the development of RE master plans is appreciated and in line with Algeria's natural assets which can be turned into renewable energies. Solar and, to a lesser extent, wind energy have a strong and long-term potential in Algeria. It is important to set up a green energy programme that includes all sectors of the modern societies.
- Component 5: Promotion of EE and RE pilot projects  
Using the RE master plans and experience gained in Boughzoul is a good initiative.
- Component 6: Capacity strengthening for technology transfer  
No comment
- Component 7: Capacity strengthening for technology transfer  
No comment

## **Conclusions and Recommendations**

The project should be supported, but one should make sure that the impact of the projects on objectives and strategies comes early enough in the design process. As per information available, it is likely that this has been missed in phase I.

The questions, concerns and challenges noted above should be taken into consideration while designing the terms of reference for town planning and design.

**N°33: CC-3758: Kazakhstan: Energy Efficient Design and Construction in Residential Sector; (UNDP); GEF cost: 5.1 million USD; total project cost: 18.5 million USD**

**Overall Commentaries**

Kazakhstan has huge natural resources of metals, minerals and fossil fuels, and is one of the most carbon intensive economies world-wide. Due to a strong growth in the construction sector with 20% additional heated space annually, energy consumption in the residential sector is strongly increasing. The existing buildings and the building technology today exhibit a poor quality standard with respect to energy efficiency. Building components such as windows, insulation, and heating equipment are also of a poor technical standard and industry in the country does not have the know-how of present-day technologies. Also for imported components, quality is not safely guaranteed. Furthermore, the technical knowledge of engineers and architects does not reflect the standard in building technology available in Western Europe. Finally, today's tariff system for heating costs does not create sufficient incentives for consumers to invest in energy efficiency. Consequently, CO<sub>2</sub> emissions will steeply increase due to the growth in the residential sector in the next decades. The target of the project is to implement new building technologies to break this trend and to reduce the energy consumption for newly erected buildings. For this purpose, four activities are planned, i.e.: (1) improve the enforcement of energy efficiency standards, (2) expansion of markets for energy efficient products, (3) raising the awareness for integrated building design, (4) demonstration of integrated building design with two pilot residential buildings.

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

Both know-how and components for low-energy buildings are basically available in Western Europe. Hence the target of know-how transfer seems realistic and can be highly efficient, as it can enable a multiple effect when introduced in the current stage of a strongly increasing residential sector.

On the other hand, political boundary conditions might question the success of the project, as it is described in the section F as a risk. It is essential to change tariff systems in a way that cross-subsidies are safely eliminated and consumption-based billing of energy consumption is introduced. Hence measures to reach this target are essential and need to be strengthened in further project preparation.

In addition, the project focuses on energy efficient building, which is a high priority issue in the residential sector. However, energy production should be integrated in the project plan. A second priority target is to replace fossil fuels by renewable energies where applicable. Here, for example, automatic wood combustion plants should be evaluated to replace fossil fuels in district heating nets, small-scale wood heating appliances should be considered in medium-scale building (obviously with wood supply coming from sustainable production), and decentralised solar energy for warm water might be considered. With respect to heating technology with both fossil fuels and biomass, know-how transfer of technologies enabling higher efficiencies in the conversion of fuels to collectible energy might also be considered, as this offers an additional and relevant potential of CO<sub>2</sub> savings.

**Conclusions and Recommendations**

The implementation of energy efficient buildings in the residential sector in Kazakhstan has a huge potential for GHG savings at low CO<sub>2</sub> cost. The project proposal focuses on four activities to introduce energy efficiency in new buildings which complement each other and promise a relevant impact. The project can be supported and has potential to be complemented with measures to replace fossil fuels by renewable energies. In addition, it might act as a catalyst to start-up initiatives for energy saving in existing buildings in future.

## **N°34: CC-3944: Liberia: Installation of multi-purpose mini-hydro infrastructure (for energy & irrigation); (UNIDO); GEF cost: 1.8 million USD; total project cost: 5.7 million USD**

### **Overall Commentaries**

The PIF provides a good description of existing barriers and concludes that there is a lack of national capacity for exploring mini-hydro resources. At the same time it is suggested that the project will:

- establish a hydropower site in an off-grid isolated community;
- use the process for learning by doing;
- build local capacity;
- review existing regulatory framework;
- recommend financial mechanisms promoting private sector involvement;
- lay the foundation for a market environment for mini-hydro;
- have a significant demonstration effect;
- contribute to scaling up and replication;
- conduct a baseline study of the region, for future monitoring and review;
- develop a tariff and management model;
- address repair and maintenance issues;
- promote productive end-use and income-generating activities;
- reduce the country's dependency on fossil fuels;
- avoid considerable amounts of GHG emissions;
- strengthen local manufacturing;
- assist in market linkages and networking.

All these features are relevant and probably feasible in a well-defined, properly managed 100 Mio. USD program and with a time horizon of 10 years – but definitely not in the framework of a 5.7 Mio. USD project with a project period of 48 months.

It is suggested splitting the project into 3 phases and addressing the identified issues step by step.

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

It is suggested that the risks that might prevent the project objective are reviewed.

- **Risk 1:** Insufficient flow during dry season. This risk has a great influence on the financial viability of the scheme provided the generated electricity could be sold. The proposed mitigation measure (“the use of storage trough reservoir dams and deliberate introduction of flow regulation in project design and construction”) is highly unprofessional. An appropriate measure would be to select a site where the hydrological parameters are sound and compatible with the energy demand of the local population.
- **Risk 2:** It is unclear to what extent hydro-power could be a substitute for thermal or diesel power stations and it should be kept in mind that presently the vast majority of people in Liberia is not served with electricity. It is most likely that more thermal and hydro is required.
- **Risk 3:** This risk can be mitigated by simplifying the project and reducing the number of goals to be achieved.
- **Risk 4:** Banking on subsidies will undermine the sustainability of the project. The best mitigation strategy is to involve experienced experts understanding low-cost approaches.
- **Risk 5:** Envisage afforestation programs in the catchment areas of the mini hydro schemes.

### **Conclusions and Recommendations**

Basically we support the project objective and recommend the approval of the project. However we feel that the goals are too ambitious, and therefore recommend splitting the project into 3 phases: (1) preparation of work plan, baseline survey, (2) site selection, feasibility study, detail design, (3) implementation, capacity building. Furthermore we expect that in further planning special attention is given to minimize the risks, as discussed above.



## **Land Degradation**

**N°48: LD-3484; China PR: Management and Policy Support for Combating Land Degradation in Dryland Ecosystems, (Asian Development Bank); GEF cost: USD 3 million; total project cost: USD 9.2 million**

### **Overall comments**

The objective of improving the performance of GEF co-financed partnership in China is highly relevant. "The Project will serve as the core organizational and coordination framework for the PRC's efforts to combat land degradation." (PIF/I.) However, the project as the core framework for a huge effort to combat land degradation is too narrowly focused on the GEF programme and is not specific enough in the support of policy and management for combating land degradation. The project is intended to achieve outcomes in multiple dimensions (test approaches, pilot projects, deepening of understanding, legislative capabilities, institutional reforms, studies, CBAs, PES and compensation mechanisms, IEM, SLM, RBM, new SLM technologies, comprehensive LD monitoring and assessment, innovation for SLM, sustainable financing for SLM, scaling up). The project lacks clear orientation; the PIF shows little conceptual coherence in its structure and the wording is fuzzy. The issues at stake are complex, and the project must indeed deal with this complexity, but it should not try to do everything everywhere. There are positive experiences in supporting capacity development for dealing with land degradation by integrating approaches and experiences of and among many agencies, experts, and programmes in China (e.g. BEST PRACTICES for Land Degradation Control in Dryland Areas of China). This compilation of best practices developed by the China-GEF partnership and LADA according to WOCAT methodology is an example of how to develop instruments and processes for effective knowledge management and sharing.

### **Questions, concerns and challenges for further project preparation**

One fundamental question is how to develop a coherent conceptual framework for integrating the multitude of existing approaches, methods, and tools. Further questions concern where and when learning processes, negotiations and decision-making will take place, as well as who is to do what, and who can do what best.

### **Conclusions and Recommendations**

The project has to focus and specify its support in order to do an effective and efficient job of providing support and not to become an institution implementing programmes for a certain time and then leaving behind a big gap in China. The main focus should be on support and fostering of capacity development based on an overall concept of knowledge management that can frame and accommodate the various components.

A broadly shared concept and understanding of SLM and IEM in the context of China can offer the topical framework for proper monitoring and assessment of LD as well as approaches and technologies for SLM. Policy advice, legislative capabilities and institutional reforms have to relate to this shared overall concept of SLM and IEM.

Collaboration between major global programmes such as LADA and WOCAT will allow for integration of global knowledge and methodologies to foster innovation based on scientific knowledge and local expertise and knowhow. The methodology of WOCAT (hosted and CDE, University of Bern) offers a promising potential to enhance the project.

## **Multi-Focal Area**

**N°49: MFA-3924; Global: Development Market Place 2009; (World Bank); GEF cost: 2 million USD; total project cost: 6.3 million USD**

### **Overall Comments**

The aim to foster innovation for development and adaptation is relevant. The Development Market Place approach was conceived to foster technological innovation for development. CC in developing countries increase the challenges of vulnerability and resilience. These are related to technologies, but the critical dimensions are rather to be found in resource governance and in the institutional capacity to regulate resource management. In this nexus, the significance of technologies depends highly on the context, which is subject to high local, social and temporal differentiation (CC). Therefore, any global approach to fostering effective innovation for adaptation is quite limited. The importance of institutional innovation and capacity is underestimated in the project design under review.

### **Questions, concerns and challenges for further project preparation**

Selection criteria focusing on measureable results and “financial sustainability” are problematic. The concept of “financial sustainability” seems confusing: does it refer to a sound financial ground for implementing the project (which should be included in the criterion of “realism”) or does it imply the attempt to assess, at this stage, the “economic” feasibility of the innovation in question, which in fact depends on the very institutional context that needs to adjust in order to achieve sustainable development?

High emissions from travel contribute to CC. The project’s approach to communication is not sufficiently adapted to the overall aim to reduce CC impact. Are any mechanisms foreseen to control such side-effects of the project?

### **Conclusions and Recommendations**

The project can become much more effective by developing and applying mainly process criteria (rather than the currently proposed criteria focusing on measurable results and “financial sustainability”) for fostering innovation for sustainable development.

The project can also become much more credible and effective by drastically reducing emissions caused by the project itself by burning fossil fuel.

Overall, we support its objective and recommend the approval of this project.

## **Persistent Organic Pollutants (POPs)**

**N°59: POPs-3804; Nigeria: Less burnt for a clean earth: minimization of dioxin emission from open burning sources in Nigeria; (UNDP); GEF cost: 4.785 million USD; total project cost: 16.035 million USD**

### **Overall Commentaries**

The project focuses on two relevant sources of UPOPs in Nigeria: uncontrolled burning of municipal waste and burning bush clearing. The generic strategy chosen seems to be appropriate, but many questions are still open. It seems that the current environmentally unsound practices of open burning have a strong economic background (people living from waste separation using burning as a separating and compacting method). The project aims at helping to introduce Integrated Waste Management Strategies, but it is somehow open what exactly this means, how such strategies can contribute to UPOPs-reduction and how the economic background of the people concerned is taken into account.

Also in the case of bush clearing the general idea is clear, but the strategy (mainly awareness raising) is somehow poor (how would you explain the relevance of TEQ to people in the bush?) and neither are alternatives discussed nor are risks and benefits of the current practices shown (perhaps the benefit of reducing POPs has to be seen in a context of other risks like hygiene, pest control, etc.).

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

It is not clear how composting will work technically. Is there a separate collection of compostables planned or separation of collected municipal waste (which probably would not lead to good results)?

Is separation of other waste categories (e.g. metals, glass, paper, batteries, plastics, etc.) through separate collection also planned? What would be the destination of these materials? (probably these materials are more important with respect to UPOPs).

It should be shown exactly how this project will assist the implementation of Integrated Waste Management Strategies (responsibilities in the two projects, persons involved, milestones). How is it possible to make sure that there is a common strategy for both activities? How is double financing of the same activities avoided?

### **Conclusions and Recommendations**

The project idea to reduce significantly UPOP emissions from uncontrolled burning of municipal waste and from burning bush clearing is clearly relevant. But important questions still are open. The proposal needs minor and major revision.

Therefore, we support its approval, but expect that in further planning special attention is given to the questions raised above.

**N°60: POPs-3983; Tajikistan: POPs Pesticide Elimination, Mitigation and Site Management Project; (WB); GEF cost: 4 million USD; total project cost: 12 million USD**

**Overall Commentaries**

The purpose of the project is for Tajikistan of high importance. As no investment has been made in disposing stockpiles and, even more urgent, also in safeguarding sites, project component 1 is to be implemented as soon as possible. The importance of project components 2-4 is given to complete and sustain the activities in project component 1.

The description of the issue, the approach and the technical and economical background of the project within the PIF document are in line with standard approach corresponding to the overall requests. The coordination with other regional activities in the field is foreseen and activities are planned to organise this cooperation. The value added by GEF involvement is reported and plausible. Co-financing of local partners is important and will contribute substantially to final disposal activities.

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

- Who will be trained, from which institutions, who will be the trainers?
- Who is responsible for an applied setup and how will it be monitored?
- What is in general the content of the monitoring system and which independent authority will be responsible?
- Who is the project leader and who is responsible for time schedule and budget?
- What has been done so far in the domain of the targeted objectives in Tajikistan, who are the main national and international project teams involved, etc.?

**Conclusions and Recommendations**

Contribution to project 2 in relation to the other project seems to be quite small. Maybe a larger budget for the field work and reducing budget of project 2 makes sense. This has to be clarified in more detail. Points b, c are described sufficiently at this stage of the project submission status, but have to be elaborated in more detail in the next phase.

With respect to the national Pesticides activities in general and the inventory specifically it is recommended that the following key issues are considered:

- All applications of Pesticides should be considered in the inventory and the National Action Plan. According to the findings, further or new priorities can be set if necessary,
- An important part of the inventory should also be possibly contaminated soil and sites.
- It is of utmost importance that the data obtained during the inventories can be recorded efficiently until the SC requirements have been fulfilled. Therefore, a standardised database for Tajikistan should be one of the priority activities.

## **New Programmatic Approaches**

**Biodiversity; BD-3661: India GEF Coastal and Marine Program; (UNDP); GEF cost: 10.5 million USD, total programme cost 27.9 million USD**

### **Overall Comments**

The goal of the proposed programmatic approach and the two projects subscribed to it is to demonstrate multi-sectoral approaches to mainstream biodiversity conservation objectives in economic activities in two marine eco-regions of India. The programme covers three components: (1) mainstreaming of coastal and marine biodiversity conservation into sectoral policies and a knowledge management system, (2) institutional capacity development, and (3) sustainable community livelihoods and natural resource use in the buffer of marine protected areas and other areas of high biodiversity value. As a result of the proposed programme, the main underlying barriers to sustainable coastal and marine ecosystem management will have been removed in the two demonstration sites and key production activities will be taking place in ways that are more compatible with the maintenance of the coastal and marine biodiversity at the landscape level.

Overall the PDF of the programmatic approach and the corresponding PIF of one of the two subscribed projects (which is also part of WP C.35) seem well described and consistent with GEF criteria and strategies.

However, the range of production activities to be tackled is wide and covers fisheries, aquaculture, medium and large-scale industries, ports, and tourism. Therefore, the goals of the programme are to be considered as rather ambitious and merit special attention. Our main questions and concerns are outlined below.

### **Questions, Concerns and Challenges for further Programme Refinement**

► **Measurable impact in the field? And what about the legal framework (and barriers) and its enforcement?**

The programme puts emphasis on mainstreaming biodiversity conservation into sectoral policies and will have to deal with a wide range of threats to biodiversity (e.g. regarding the industrial activities they include: industrial discharges and spillage of offshore oil exploration and production and shipping that result in pollution and bio-accumulation of heavy metals and synthetic compounds).

Nevertheless, little information is found in the PDF on the legal framework and its enforcement. For us it is difficult to understand that the change towards more environmentally sound industrial production would take place only on a voluntarily basis. This point has to be clarified; otherwise it is difficult to believe that any impact in the field will be measurable.

► **Need for a sound baseline. Agree with concerned sectors on the input data. Identify the most relevant threats and prioritize measures.**

At a first glance, the project framework of the subscribed Godavari River Estuary Project (PIF BD3936) seems well-detailed and also refers to indicators regarding biodiversity ("*population of indicator species [e.g. Olive Ridley turtles] remains stable*"). The related expected output however is little concrete: "*fisheries, industrial, port and tourism development policies of Andhra Pradesh incorporate coastal and marine biodiversity considerations*".

What are the current trends of those species? Without baseline and assessment of the current trends, it is not possible to appraise whether such a goal can be attributed as a success of the programme.

Please note that such a baseline should not cover exclusively biodiversity, but should include also all those production activities that the programme tries to deal with.

There is a need for both an identification of the relevant sources, and for a prioritisation of measures, otherwise the programme risks being overcharged and dispersing its efforts. Unfortunately, so far neither the programme's PDF nor the subsequent project PIF clarify the ways to proceed in this respect.

▶ **Institutional arrangements?**

The current programme involves several sectors, thus the design of the institutional arrangements is crucial for its success. The PDF leaves quite a lot of questions still open. Thus more detailed information must be provided in, and is expected from, the final documents.

▶ **The risk that cooperation from industries may not be forthcoming initially due to apprehension that their economic interests would be compromised, and that the benefits gained from participation in the project may be minimal.**

We consider this risk (identified by the programme designers) as substantial and the corresponding mitigation measures discussed in the PDF as comprehensible but as not sufficient. We believe that a potential to reduce that risk lies with the legal framework (see also our comments above), and therefore recommend analysing further related opportunities and barriers.

▶ **Little information on co-financing.**

Following the PDF, GEF financing of the programme would be 10.5 million USD, whereas co-financing would come up to the amount of 17.7 million USD; a cash and in-kind contribution by the project government.

In order to well-situate the GEF contribution, information about the type of the co-financed activities has to be given.

## **Conclusions and Recommendations**

We fully support the current programme and recommend its approval.

Nevertheless, for further planning, a fine-tuning of the focus is needed and we expect that the questions discussed above are taken up.

## **International Waters; IW-3977: Mediterranean Environmental Sustainable Development Program [‘Sustainable MED’]; (IBRD and UNEP) GEF cost: 50 million USD, total programme cost: 787.15 million USD**

Regional: Albania, Algeria, Bosnia Herzegovina, Bulgaria, Croatia, Egypt, FYR Macedonia, Lebanon, Libya, Morocco, Serbia and Montenegro, Syria, Tunisia, Turkey, West Bank and Gaza

### **Overall Commentaries**

The Mediterranean Environmental Sustainable Development Program (Sustainable MED) objective is to enhance and accelerate the implementation of transboundary pollution reduction, improved water resources management, and biodiversity conservation measures in priority hotspots and sensitive areas of selected countries of the Mediterranean basin that would help achieve the Strategic Action Plan's targets. The Sustainable MED program is a continuation of the Investment Fund of the GEF/IWs Mediterranean Sea Large Marine Ecosystem Strategic Partnership which was approved by the GEF Council in August 2006.

To secure and enhance the delivery and impacts of the Sustainable MED program, it will seek to put in place "sustainability elements" supported by the GEF. This will include: (i) the initiation of a governance structure consisting of a "Higher Council for Environment and Sustainable Development" for renewed and coordinated assistance; and (ii) the initiation of a "Know-MED Center" which will allow for a targeted approach to knowledge generation, capacity building, informed decision making, and overarching technical assistance for new investments.

We concur with the STAP's advisory response that the elements on governance structure and a technical assistance centre can become important foundational components for the sustainability of the investment component. As a prerequisite to this, the relevance of the Sustainable MED program to the riparian countries' economies will have to be proven.

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

The given justification of the GEF grant financing is the pilot nature of some of the investments as well as the significant global importance of the transboundary resources managed. It is further mentioned that, given the urgency of addressing the water crisis and the constraints faced by a number of the countries in the region due to the food crisis and economic downturn, it is expected that grant funding will probably have a great impact. While acknowledging this rationale, we also see a certain risk that the grant financing lessens the pressure for a stringent needs testing from the perspective of the riparian countries' economies. Hence, an early determination of well targeted knowledge products for identified user groups will be a critical issue for the sustainability of the knowledge system.

The Mediterranean Sea Region is generally expected to become one of the most affected regions in terms of climate change, particularly in terms of pronounced future droughts. We feel that developing and monitoring options for climate change adaptation could thus be of joint importance for the riparian countries and could constitute a directional issue for the Sustainable MED program. We would therefore welcome an early development of this investment type.

The proposed Higher Council is expected to consist of one member from each participating country at cabinet or ministerial level and to also include representatives from all line ministries. The role of the Council is intended to be complementary to the role of the Mediterranean Commission on Sustainable Development which includes only representatives of Ministries of Environment. We assume that the sustainability of this new governance structure will mainly depend on how far a complementarity can be achieved between the proposed Higher Council and the existing Mediterranean Commission. While developing the TORs for the Higher Council, thoughts should be given on how to assure that the cabinet or ministerial level will represent the overall governmental position.

The identified projects under the Sustainable MED program will all require some payment for environmental services in one or the other form to successfully run beyond the program. We therefore fully support the proposed focus of the technical assistance to the public sector on this issue.

Regarding co-financing: First of all we welcome and recognize the enormous amount of co-financing. Following the PDF, GEF financing of the programme would be 50 million USD, whereas co-financing would come up to the considerable total amount of 737 million USD; including among others 547 million USD in the subscribed Tunisian project, a World Bank loan (with GEF agency source) of 210 million USD, and an UNEP grant (again with GEF agency source) of 3 million USD. We would like to outline the following observations:

- In general, we expect that further information on co-financing will be given in the final project documents, not only on the sources but also on the type of the co-financed activities. For that we underline the existing GEF policy and rules not to consider baseline-financing as co-financing.
- Is it correct to consider contributions as co-financing, if the source is the GEF itself, as mentioned above? In our point of view, it should not, as otherwise it puts wrong the overall picture of co-financing, and last but not least would contradict the efforts regarding sustainability.

### **Conclusions and Recommendations**

We recognise the importance of the targeted ecosystems, their transboundary character, the relevance of the program objectives and their consistency with GEF strategies and strategic programs.

We recommend continuing with program preparation while taking into account the issues raised above. And particularly regarding co-financing, we expect that detailed information will be given, showing among others that GEF rules regarding baseline- & co-financing are respected.