

**Technical Comments submitted by the United States on  
GEF Projects in the April 2008 GEF Work Program**

**GEF PROJECTS**

**1. Regional (Antigua and Barbuda, Barbados, Dominica, St. Kitts and Nevis, St. Lucia, St. Vincent and Grenadines, Trinidad and Tobago): Biosafety Regional Project for Implementing National Biosafety Frameworks in the Caribbean Sub-region – under the GEF Biosafety Program (UNEP)**

- The United States supports improving the science-based biosafety capacity of countries in the Caribbean.
- Harmonizing the biosafety regulation and rules of the region would increase trade and decrease barriers to trade for the region.
- However, we have concerns about some of the specific language in the proposal because it does not appear to be science-based and gives the impression of being anti-biotech as opposed to neutral. We request that terms and phrasing such as those indicated below be avoided in the final project document when it is presented to Council for review.
  - The paper uses the term “*modern biotechnology threats*” in several instances, which makes it sound like biotech is definitely a threat rather than a possible risk or potential threat.
  - There is also a mention that biotechnology is a threat to “biodiversity, agriculture, and sustainable livelihoods.” We would like to point out that we do not know of any instances in which biotechnology or products of biotechnology has damaged biodiversity. More appropriate language would be: ‘Improved biosafety capacity will decrease the possibility of potential negative effects from biotech products.’
  - On page two, the following language is unclear: “..... in order to minimize the possibility for unintentional and or accidental release of LMOs into *inappropriate* environment in CARICOM member states.” It is not clear who decides what an ‘inappropriate’ environment is? You might want to this as “unintentional or accidental release of LMOS into other CARICOM member states.”

**3. Cameroon: Biosafety Development and Implementation of a National Monitoring and Control System (Framework) for Living Modified Organisms (LMOs) and Invasive Alien Species (IAS) (UNEP)**

- The United States believes that biosafety capacity building and the prevention of invasive alien species (IAS) introduction are important objectives, but we had significant misgivings about handling both IAS and LMOs under the same proposal.
- We reluctantly agreed to allow the PIF to go forward but only on the condition that the final project document demonstrate clearly that the project will establish clearly separate regulatory frameworks for LMOs and IAS in Cameroon.
- The United States does not believe it is a sound approach to place IAS and LMOs under the same framework because threats from LMOs and IAS are not comparable, and they do not require comparable regulatory systems.

- We agree that some of the same issues need to be assessed with IAS and LMOs (e.g. potential for invasiveness), but we disagree that these two types of organisms can or should be regulated/managed under the same framework since the goals are fundamentally different.
- Different tools and expertise are needed to address LMOs and IAS. For example, Project component 1 lists as an expected output, the upgrading of laboratories to handle LMO and IAS detection. Generally, no laboratory tests are needed to identify IAS. Another listed expected output is “operational manuals for handling detection, risk assessment and management for LMOs and IAS”. LMOs and IAS require distinctly different detection, risk assessment and management strategies, and such a manual would be ineffective at dealing with at least one, and likely both, of these issues.
- The PIF overstates the magnitude of the threats of LMOs, by suggesting that without the proposed framework “Cameroon will not have the capacity to manage the threats on food security that may result from inability to monitor/control the introduction of IAS and LMOs to natural habitats and to agriculture” (pg 7). In reality, the introduction of LMOs is more likely to contribute to food security than threaten it. Additionally, LMO’s, whatever threats they may pose, are highly unlikely to degrade ecosystem services such as “water level, [...] biogeochemical cycles, [or] climate/weather”.
- We also don’t agree that risk assessment and management needs to be done at the point of entry to ensure safe transboundary movement for both LMOs and IAS. The focus should be on risk assessment prior to import, or on management of risk (i.e., containment) for products coming in as experimental material. It would be impossible to test for all products coming in and to perform any type of risk assessment at the borders.
- The project references a project to harmonize national biosafety projects in the Central Africa Region. We also understand that CORAF/WECARD intends to conduct outreach to Central African countries in the hopes of including them in a process to develop a regional biosafety framework for West and Central Africa. Given that Cameroon has limited technical expertise in biosafety and biotechnology, any proposed biosafety projects should explicitly link to projects and processes to establish regional biosafety frameworks, to better take advantage of the larger pool of regional expertise.
- Our technical experts are available to discuss this proposal further and our expectations with regard to how IAS and LMOs should be regulated under separate regimes. We will review the final project proposal carefully when it is circulated to Council.

#### **9. Mexico: SFM Transforming Management of Biodiversity-rich Community Production Forests through Building National Capacities for Market-based Instruments (UNDP)**

- We believe the results framework for the final project will need to be stronger. The PIF included a good list of expected outcomes but without baseline, interim or target benchmarks. We request that baseline information and interim and target benchmarks be included in the final project.
- We’re pleased this project is building off of experience with USAID projects in other countries in the region and that USAID will be providing some cofinancing.

## **20. Uzbekistan: Promoting Energy Efficiency in Public Buildings**

- In terms of technical aspects regarding building design standards, this project appears to be sound. We are concerned, however, by the lack of attention given to energy pricing and energy sector reform in the proposal.
- We believe that low energy prices in the country will significantly impede replication because building managers will not have a sufficient incentive to adopt the standards.
- Several studies have noted the problem of low energy prices in the country. According to a 2006 World Bank report, based on 2003 data, electricity tariffs were only 37% of cost recovery levels, and this was estimated to translate to an implicit subsidy of 12% of GDP. Uzbekistan's 2007 Welfare Improvement Strategy stated the following:

“The extremely high energy consumption rate, one of the highest in the world and exceeding the energy intensity of many developing countries by 200-250%, remains a major problem for the country. The low costs of major energy resources does not create incentives for consumers to use energy efficiently. If high energy efficiency losses cannot be prevented (currently they exceed 20%) and a highly energy efficient economy is not created, then the country will need additional generating capacity to support the annual 8% GDP growth.”

- We believe the PIF does not give sufficient attention to fundamental economic questions. There is no mention of the need for energy price reforms, particularly in section F on project risks. This section rightly notes the risk of “lack of government commitment” and “lack of motivation among public facilities managers” to revise and introduce the standards, but this is a risk is due to the lack of incentives caused by low prices. The proposed mitigation is a “command-and-control” response that relies on new regulations. Public facilities managers would have a much more powerful incentive if they knew they were going to have to pay higher prices for energy.
- The section on “weak energy management” also demonstrates this weakness. We believe an important reason why energy audits are not performed and why there is only one energy audit in the country is the lack of an incentive for such activities. Raising energy prices would provide a more powerful and cost-effective incentive than relying on enforcement of the standards, which can always be subject to evasion.
- As we discussed with UNDP and the GEF Secretariat and mentioned in our comments in Council, we would like the GEF to draft a strategy for its climate change operations in Uzbekistan that specifically addresses the issue of energy pricing in the country. We would like this to be an information note to Council and for it to be circulated prior to circulation of the final project document for CEO endorsement.

## **29. Regional (Armenia, Azerbaijan, Georgia, Iran): Reducing Transboundary Degradation in the Kura-Aras Basin (UNDP)**

- We would like to note that USAID has provided assistance to Armenia in the water sector for the past seven years and hope to continue to collaborate and coordinate with UNDP in the water sector in Armenia.

## GEF PROGRAMMATIC APPROACHES

### Coral Triangle Initiative Program Associated Projects

- The United States strongly welcomes GEF's proposed support for the Coral Triangle Initiative, as detailed in the CTI Program Framework Document (PFD) and the five Project Identification Forms (PIFs) in the work program.
- The US Government is also making a significant financial commitment to implementing the CTI, and we request that the CTI implementing agencies and the GEF Secretariat coordinate on a regular basis with US agencies to insure complementarities with and synergies between the CTI work that USAID and GEF are funding.

We would like to offer the following technical comments:

**1. National policy reform commitments:** Success and sustainability for CTI investments will require strengthened political will to make hard national policy reform commitments, and implement them. Issues like reducing fishing fleet over-capacity, removing subsidies that promote overfishing, clarifying near-shore marine tenure arrangements, including for community-based management, and adopting an ecosystem-based approach to fisheries require significant policy shifts in most CTI countries. CTI project preparation needs to include: analysis and specification of needed policy reforms in each country, the securing of commitments to those reforms from each government, and establishment of indicators and milestones. GEF financing should be provided in phases, with disbursements dependent on achievement of agreed policy reform milestones.

**2. Financial commitments from CTI governments:** At least in the case of Indonesia and the Philippines, the counterpart financial commitments from national budgets, as listed in the PIF, are, at \$250,000/year, an order of magnitude below what we would consider acceptable. GEF and the agencies need to seek and obtain more realistic financial commitments from the participating governments. Provision of mutually agreeable levels of domestic co-financing should also be key milestones conditioning the disbursement of GEF, as is the case with policy reform milestones, as noted above.

**3. Bringing in partners to deal with capture fisheries aspects of CTI:** We support the inclusion of fisheries issues within the CTI Framework. We believe, however, that action on the fisheries aspects of CTI will require bringing in some new partners with specific mandates and expertise to address regional fisheries issues, particularly for large commercial fisheries such as tuna.

**4. Developing and Implementing Country-specific Capacity Building Strategies:** A strong focus should be placed on identifying and addressing the capacity building needs within each country. During the design phase, one of the assessments should focus on the level of individual and institutional capacity within each country and develop appropriate strategies to build the required capacity to meet the stated goals and objectives of the CTI. This assessment could be coupled with the early consultation process to also capture the "best practices" and "lessons learned" from other programs and activities that have been previously implemented in each

country. The CTI should build upon the best information and practices available already existing within each country context. Regional sharing of best practices could then occur after the national assessments and consultations.

**5. Sustainable livelihoods should have greater emphasis than alternate livelihoods:** The United States places a strong focus on reforming capture fisheries management to promote sustainable livelihoods. With regard to the creation of alternative or supplemental livelihoods, we support these efforts ONLY if there is a direct and demonstrable link with reduced fishing pressure on a permanent basis. Direct management efforts could include such actions as regulations to cap and reduce the number of fishers, the number of licenses, and quotas. Based upon our experiences, investments in alternative livelihoods without a direct link are ineffective and thus poor investments. USG also does not support the generation of livelihoods through promotion of the exotic pet trade.

**6. Marine ornamental trade:** The USG is very concerned about the unsustainable nature of the international marine ornamental trade (including the aquaria, seashell, curio, and jewelry trades) and the use of destructive and illegal collection practices associated with these trades. Many of these products originate from the Pacific and the Coral Triangle and are destined for US, EU and Asian markets. USAID and the GEF have made substantial investments to reform the marine aquarium trade through certification efforts, but these efforts have failed. The GEF agencies involved might wish to consider forming a technical working group to develop options for reforming the trade and conserving coral reef biodiversity, especially within an ecosystem-based approach to fisheries management.

**7. Geographic scope of CTI:** The geographic scope of the GEF CTI projects extends beyond the six countries that are formally part of the Coral Triangle Initiative to include a number of additional countries in the Pacific. While we understand the rationale for this extension, we urge the GEF Secretariat or the executing agencies to consult closely on this expansion with the governments that are formally part of the CTI.

**8. Donor collaboration:** it is essential that we avoid thematic and geographical overlap to the extent possible, including during the assessment and stakeholder consultation phase. If not, CTI governments, and especially their rural communities, will be fatigued by the whole process. USAID is planning to provide a “program integrator” function that will (among other things) provide for an annual work planning meeting to which all donors will be invited for the purpose of synchronizing and achieving not just coordination but collaboration. We also note that between the two GEF/ADB CTI projects, (SE Asia and the Pacific), there is not complete synchronicity, with assessments and consultations for each on different timeframes.