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# GLOBAL ENVIRONMENT FACILITY

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## Medium-Sized Projects

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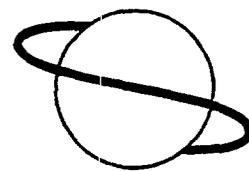




GLOBAL  
ENVIRONMENT  
FACILITY

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Medium-Sized  
Projects



GEF

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## Global Environment Facility

**MOHAMED T. EL-ASHRY**  
CHIEF EXECUTIVE OFFICER  
AND CHAIRMAN

Dear Colleague:

The Global Environment Facility (GEF) strives to promote global sustainability by integrating local, national and regional economic development with protection of the planet's environment. It is creating new coalitions to address development and environment and to accelerate the transfer of environmentally friendly technologies by seeking partnerships among governments, non-government organizations, private groups and international institutions.

Recognizing that there are many diverse pathways to reach the goal of global sustainability and that much can be gained from exploring as many of those pathways as possible, the GEF Council approved procedures to expedite the processing and implementation of medium-sized projects—projects for which the requested GEF financing does not exceed US\$1 million. Through such projects we hope to increase flexibility in the programming of our resources and to encourage a wide range of interested parties to propose and develop project concepts.

This information kit is a basic “how-to” of medium-sized projects and should enable those with a project concept to shepherd their idea through the GEF procedures for project preparation and approval.

I am very excited about the opportunity that medium-sized projects present for advancing our activities with old and new partners. I encourage you to share the information in this kit with anyone interested in contributing to our common goals.

I would like to express my sincere appreciation to all those in the GEF family who have worked collaboratively and diligently on this matter. I would especially like to thank those from nongovernmental organizations and private foundations who contributed their time and expertise to the task force established to prepare the operational guidelines and this kit—their insights and experience were invaluable.

We very much consider this a work in progress. The Council has requested us to report back in 1998 as to the effectiveness of the new procedures. We hope that you will assist us in making this new pathway a success. We welcome your views and comments on your experience with the kit and on the application of the expedited procedures. In this way, we can make the adjustments necessary to efficiently promote high quality projects that serve to protect the global environment and enhance sustainability.

Sincerely



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# The Global Environment Facility: Medium-Sized Projects

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## QUESTIONS AND ANSWERS

### INTRODUCTION

**T**his brochure and the accompanying materials in the information kit are designed to assist those who are interested in preparing proposals for medium-sized projects. These questions and answers were prepared to respond to requests for information commonly asked by those interested in applying for financing of project activities addressing global environmental issues.

#### What is the Global Environment Facility?

The Global Environment Facility (GEF) provides incremental cost financing to developing countries and those with economies in transition to protect and manage the global environment.

Its activities are focused in four focal areas: biological diversity, climate change, international waters and depletion of the ozone layer. Activities addressing land degradation — especially, desertification and deforestation — are also funded when they relate to one or more of the focal areas.

Three Implementing Agencies — the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank — work with project proposers to prepare the projects and activities that receive GEF financing. All project proposals must be submitted to the GEF through the Implementing Agencies.

#### What are medium-sized projects?

Medium-sized projects require no more than US\$1 million in GEF financing. Most GEF projects average \$5.5 million per project and take several years to implement. As the GEF has gained experience in implementing projects, it has been recognized that smaller projects could benefit from expedited procedures so that they could be designed and executed more quickly and efficiently. At its October 1996 meeting, the GEF's governing body — the GEF Council — approved procedures to simplify the processing of medium-sized projects.

#### Who can submit project concepts?

Governments, national institutions, local communities, non-governmental organizations, academic institutions, international organizations and private sector entities can submit medium-sized project concepts for consideration. The entity submitting a project concept is known as the project proposer. This same entity may or may not be responsible for implementing the project in the field.

#### What are the requirements for medium-sized projects?

*The key requirements for medium-sized projects are:*

*They should be undertaken in an eligible country. Countries may be eligible for GEF funds in one of two ways: (1) if they are eligible for financial assistance through the financial mechanism of either the United Nations Framework Convention on Climate Change or the Convention on Biological Diversity (those developing countries that have ratified the convention are eligible under the convention's rules); or (2) if they are eligible to borrow funds from the World Bank (IBRD and/or IDA) or to receive technical assistance from UNDP through a Country Programme. For climate change or biodiversity projects, the country (or countries) in which the project will be implemented should have ratified the relevant convention.*

*They should be consistent with national priorities and programmes. One important principle of GEF projects is that they should be country-driven. In other words, they should originate within the country and be supported by many national stakeholders. Most countries have plans and programmes for achieving national and international environmental objectives that identify the country's principal challenges and priorities for action. A good project idea should be consistent with those national priorities.*

*They should address one or more of the GEF focal areas.* The GEF's mandate is to finance activities related to biological diversity, climate change, international waters, and depletion of the ozone layer. Although there are many excellent ideas for addressing a broad range of environmental problems, proposals should address one of the four focal areas to qualify for GEF funding.

*They should be consistent with the GEF Operational Strategy, which provides for operational programs and short-term response measures.* The Operational Strategy provides program guidance for preparing initiatives. It includes basic policy principles that have been developed by the participating governments (see appendix 1). The Strategy also identifies ten initial operational programs to guide the preparation of project activities (see appendix 2). These are frameworks for the design and coordination of a set of projects which collectively should contribute to achieving specific global environmental objectives. Copies of the operational programs can be obtained from the Secretariat and the Implementing Agencies, and are also available on the GEF home page (<http://www.worldbank.org/html/gef>).

In addition to projects that are consistent with the operational programs, financing may be available for short-term response measures. These are project activities which yield short-term benefits at a low cost. They are considered on a case-by-case basis. Examples would be a climate change project aimed solely at reducing net emissions of greenhouse gases or urgent measures to conserve an extremely endangered species.

*They should seek GEF financing only for the agreed incremental costs of measures to achieve global environmental benefits.* The GEF provides funds to assist recipient countries in making changes to existing or planned (baseline) activities so that the revised (alternative) activities benefit, or do not contribute to damaging, the global environment.

*They should involve the public in project design and implementation.* Public involvement is essential to developing quality, sustainable projects. GEF projects should involve stakeholders in project identification, design, and implementation. They should provide for information dissemination and address social and participation issues, such as the needs of vulnerable groups, potential social impacts of the project, and possible conflicts arising from project implementation.

*They should be endorsed by the government(s) of the country(ies) in which they will be implemented.* Before receiving any GEF funding, the proposal for a medium-sized project needs to be endorsed by the person or entity in the national government responsible for GEF projects (the GEF national operational focal point).<sup>1</sup> Without this endorsement, the project cannot go forward.

## **Are there any specific formats which have to be followed when preparing project proposals?**

The information kit includes: (1) a project concept format, for the initial submission of an idea; (2) Project Preparation and Development Facility (PDF) form, for project proposers requesting financing (up to US\$25,000) to prepare the project; and (3) a project brief format, for project proposals which are being submitted for approval by the GEF.

In order to facilitate preparation and submission of the project concept and the project brief, as of June 1, 1997, electronic templates of the formats can be viewed online or downloaded directly to a personal computer as an original Word 6.0 file from the GEF home page (<http://www.worldbank.org/html/gef>.)

## **Where should project concepts be sent?**

Project concepts and project briefs should be submitted to an Implementing Agency (see the list of contact addresses in the information kit). Sometimes project proposers will submit a project concept to more than one Implementing Agency, either because they are uncertain which Agency is best suited to oversee the project or because a project proposal may involve complementary activities of interest to more than one Agency. Project concepts can also be submitted to the Secretariat to determine if they meet country and/or program eligibility requirements.

<sup>1</sup>The GEF home page has a section on Country Bulletins, which includes the names of the political and operational focal points, as well as the addresses of country or regional offices of UNDP, UNEP, and the World Bank.

## **Who is involved in considering and approving proposals for medium-sized projects?**

The GEF sets great store by partnerships: partnerships with government agencies, partnerships with Implementing Agencies, partnerships with executing agencies, and others. This approach raises the confidence of all actors that the best projects will receive financing and that they will be effective in contributing to the GEF's goals.

The GEF Council is the main governing body. The 160 states participating in the GEF are organized into 32 constituencies, of which 14 are represented by a Member drawn from the donor countries and 18 are represented by a Member from a developing country or a country with an economy in transition. The Council meets twice a year to make policy decisions to guide GEF activities and to approve project proposals.

The GEF **Implementing Agencies** are responsible for oversight of the development of projects, and of their subsequent implementation through the executing agencies — those who execute the projects in the field.

The **Secretariat** coordinates the formulation and oversees the implementation of GEF policies, strategies and project activities. The Secretariat is headed by the Chief Executive Officer/Chairperson of the Facility.

The Secretariat and the Implementing Agencies follow the guidance of, and are accountable to, the GEF Council.

The **Scientific and Advisory Panel (STAP)** is a group of twelve experts who provide scientific and technical advice to the Council, the Secretariat, and the Implementing Agencies. UNEP provides the STAP Secretariat.

The **national operational focal point** is the person or government agency at the national level which acts as the principal contact point for GEF activities undertaken in the country. The focal point is responsible for reviewing project ideas and concepts, endorsing their consistency with respect to the national programs and priorities, facilitating broad consultation, and providing feedback on GEF activities in the country.

## **What is the usual timeframe from initial submission of the project concept to receiving funding for a medium-sized project?**

It is expected that it will take approximately six months between the time a project concept is approved and project implementation can begin. Some projects may take less time - others longer. Much depends on the time required by the project proposer to prepare a project brief, to ensure adequate national consultation and endorsement, to facilitate public involvement, to coordinate with existing or other complementary activities, to meet contractual and financial requirements, and/or to fulfill other key criteria essential for successful execution of the project.

## **BASIC PROCEDURES FOR PREPARING MEDIUM-SIZED PROJECTS.**

The steps described below should be followed to receive approval of a project proposal under the expedited procedures for medium-sized projects. These steps are sequential and assume that a project proposal has cleared each step before proceeding to the next one. The preparation of a project proposal may be stopped at any of the steps, and a proposal should not be considered approved until it completes the final step.

### **STEP 1. Preparation of the project proposal**

The project proposer should first submit a project concept (*see the project concept format in the information kit*) to an Implementing Agency. The project proposer can either send the concept to the headquarters of the Implementing Agency or discuss it with the local or regional representative (in the case of UNDP and UNEP).

If the project proposer would like a preliminary review of the concept to determine that it meets country and program eligibility requirements, he or she can seek the Secretariat's advice. If needed, the Secretariat can also provide guidance in identifying the appropriate Implementing Agency to consider the project concept further. The Secretariat will respond to such queries within 15 working days.

Once a project concept is cleared, the project proposer is responsible for developing the concept into a project proposal (*see the project brief format in the information kit*). Funding of up to \$25,000 may be available through the GEF Project Preparation and Development Facility (PDF)<sup>2</sup> to assist in preparing the project. Project preparation funds are authorized by an Implementing Agency. Written endorsement of a project concept by the GEF national operational focal point is necessary before PDF financing can be approved. The information kit includes an application form and outlines the basic requirements for PDF funding (*see Block A PDF form*); further information is available from the Implementing Agencies.

Written endorsement by the national operational focal point of the project brief is required before its approval. This ensures that the project is country-driven and based on national priorities. Project proposals will also need to include an incremental cost assessment. The information kit outlines how to do a quick assessment of incremental costs. In some cases, a fuller analysis of incremental costs may be necessary, and the Implementing Agencies can assist in preparing such an analysis.

Medium-sized projects should also attract co-financing from other sources. Co-financing may include contributions, such as donated land, equipment and staff time. Those projects which provide for a minimum of co-financing commitment equal to or greater than the amount of GEF financing are more likely to be approved more quickly than projects with minimal or no co-financing. Projects with no co-financing have to provide more detailed justification for GEF financing, since, in such cases, all costs would be incremental.

### **STEP 2. Review and approval of project proposal**

Once the project brief has been jointly accepted by the proposer and the Implementing Agency, the Implementing Agency submits the project proposal to the GEF Secretariat, and circulates copies to the other Implementing Agencies, the Scientific and Advisory Panel (SIAP), and to the conventions' Secretariats, when appropriate. The comment period for reviewing projects will normally not exceed 15 working days.

Medium-sized project proposals up to and including US\$750,000 do not require a technical review by an expert from the SIAP roster; but the project proposer, an Implementing Agency, or the Secretariat may request such a review if it thinks it beneficial. For proposals requesting GEF financing above US\$750,000, a technical review by an expert from SIAP roster is required.

The GEF Secretariat will review the project proposal and consolidate comments.

The Secretariat will recommend to the Chief Executive Officer (CEO) that the project proposal be: i) submitted for approval, ii) returned for revision in light of the comments, or iii) not be further developed.

For projects that require revision, the Implementing Agency will promptly undertake the steps necessary to have the project proposal revised by its proposer. The Implementing Agency will be available, if so requested, to advise on the proposal's revision. The revised project proposal, if it responds sufficiently to the points raised in the request for revisions, will be submitted to the CEO through the Secretariat.

<sup>2</sup>GEF project preparation financing is included in the total GEF financing of the project.

The CEO will circulate copies of the project proposal to the Council for review and comments within 15 working days. Project proposals requesting up to US\$750,000 of GEF financing can be approved by the CEO. Project proposals requiring more than US\$750,000 will be sent to the Council for approval, either at the next meeting or by mail.

**STEP 3. Preparation of the final project document and project implementation**

Once the project proposal has received approval, the Implementing Agency will inform the executing agency and immediately work with it to finalize the project document and other contractual arrangements. The final project will need to meet the requirements of the Implementing Agency.

The time between approval of the project proposal by the CEO or the Council and the approval of the final project document and other contractual arrangements by the Implementing Agency should normally not exceed **eight weeks**.

The executing agency is responsible for carrying out the project's activities. The Implementing Agency is responsible for monitoring the implementation of the project, including the effectiveness of the executing agency in managing the project. It is also accountable to the Council for the preparation and cost-effectiveness of GEF projects, and for the implementation of the GEF operational policies, strategies and Council decisions.

Additional information on Implementing Agency procedures and requirements will be included in the information kit, as it becomes available.

## OPERATIONAL PRINCIPLES

Each project submitted for financing must be consistent with the following operational principles:

1. For purposes of the financial mechanisms for the implementation the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change, the GEF will function under the guidance of, and be accountable to, the Conference of the Parties. For purposes of financing activities in the focal area of ozone layer depletion, GEF operational policies will be consistent with those of Montreal Protocol on Substances that Deplete the Ozone Layer and its amendments.
2. The GEF will provide new, and additional, grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits.
3. The GEF will ensure cost-effectiveness of its activities to maximize global environmental benefits.
4. The GEF will fund projects that are country-driven and based on national priorities designed to support sustainable development, as identified within the context of national programs.
5. The GEF will maintain sufficient flexibility to respond to changing circumstances, including evolving guidance of the Conference of the Parties and experience gained from monitoring and evaluation activities.
6. GEF projects will provide for full disclosure of all nonconfidential information.
7. GEF projects will provide for consultation with, and participation as appropriate of, the beneficiaries and affected groups of people.
8. GEF projects will conform to the eligibility requirements set forth by the *Instrument for the Establishment of the Restructured Global Environment Facility* (paragraph 9).
9. In seeking to maximize global environmental benefits, the GEF will emphasize its catalytic role and leverage additional financing from other sources.
10. The GEF will ensure that its programs and projects are monitored and evaluated on a regular basis.

## INITIAL OPERATIONAL PROGRAMS

- Biodiversity:
- Arid and semi-arid ecosystems
  - Coastal, marine, and freshwater ecosystems (including wetlands)
  - Forest ecosystems
  - Mountain ecosystems
- Climate Change:
- Removing barriers to energy conservation and energy efficiency
  - Promoting the adoption of renewable energy by removing barriers and reducing implementation costs
  - Reducing the long-term costs of low greenhouse gas-emitting energy technologies
- International Waters:
- Water-body based program
  - Integrated land and water Multiple Focal Area
  - Contaminant-based program



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# Operational Guidance for the Preparation and Approval of Medium-sized Projects

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## INTRODUCTION

The Global Environment Facility (GEF) is a financial mechanism for funding activities in recipient countries aimed at protecting the global environment.<sup>1</sup> Since the replenishment and restructuring of the Facility in March 1994, the GEF Council (which is the main governing body of the GEF) has adopted various policies and procedures, including the *GEF Operational Strategy*<sup>2</sup>, to guide its actions and ensure its resources are used cost effectively to maximize global environmental benefits.

Given growing support by governments and non-governmental organizations (NGOs) to expedite the implementation of smaller projects, the GEF Council at its October 1996 meeting approved procedures to streamline the processing and financing of medium-sized project proposals. Medium-sized projects are defined as those for which GEF financing does not exceed US \$1 million.<sup>3</sup> This takes into account the fact that medium-sized projects often do not require the same level of preparation and oversight as larger projects. The procedures are designed to encourage the submission from a broad range of groups and individuals of smaller projects which address the GEF thematic focal areas.

As with all GEF-financed activities, medium-sized project proposals must be consistent with the operational policies and principles of the GEF (see box 1), including the principles incorporated in the *Instrument for the Establishment of the Restructured GEF* (hereafter called the *Instrument*) and the Operational Strategy. In addition, all project proposals developed in accordance with these procedures will be consistent with the eligibility criteria of the *Instrument* and the Operational Strategy (see box 2).

The procedures for preparing and approving medium-sized project proposals are based upon the GEF project cycle approved by the Council. Certain steps have been simplified to shorten the time needed to complete

the project cycle. These procedures apply to project proposals submitted by all potential executing agencies, including governments, national institutions, international organizations, local communities, non-governmental organizations, academic institutions, and private sector entities. They also explain the role and responsibilities of the recipient governments, Implementing Agencies (United Nations Development Programme, United Nations Environment Programme, World Bank), the GEF Scientific and Technical Advisory Panel (STAP), the GEF Council, and the Chief Executive Officer (CEO)/Chairman.

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## GOAL AND OBJECTIVES

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The goal of these procedures is to establish simplified, expedited procedures that promote high-quality projects requiring up to US \$1 million of GEF financing.

To fulfill this goal, the procedures are aimed at meeting the following objectives:

- (a) ensuring that medium-sized projects are consistent with the GEF policies and Operational Strategy, including its operational programs and short-term measures, and are country-driven and based on national priorities;
- (b) streamlining and simplifying project preparation and implementation processes, thereby making them "user-friendly" to a wide range of potential executing agencies; and
- (c) providing an appropriate and efficient level of accountability of project executors and Implementing Agencies to the Council.

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**BOX 1**

**Operational Principles for the Development and Implementation of the GEF's Work Program**

- For purposes of the financial mechanisms for the implementation of the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change, the GEF will function under the guidance of, and be accountable to the Conference of the Parties (COP).
- The GEF will provide new, and additional, grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits.
- The GEF will ensure the cost-effectiveness of its activities to maximize global environmental benefits.
- The GEF will fund projects that are country-driven and based on national priorities designed to support sustainable development, as identified within the context of national programs.
- The GEF will maintain sufficient flexibility to respond to changing circumstances, including evolving guidance of the COP and experiences gained from monitoring and evaluation activities.
- GEF projects will provide for full disclosure of all nonconfidential information.
- GEF projects will provide for consultation with, and participation as appropriate of, the beneficiaries and affected groups of people.
- GEF projects will conform to the eligibility requirements set forth in the *GEF Instrument*.
- In seeking to maximize global environmental benefits, the GEF will emphasize its catalytic role and leverage additional financing from other sources.
- The GEF will ensure that its programs and projects are monitored and evaluated on a regular basis.

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## PROCEDURES FOR DEVELOPING AND APPROVING MEDIUM-SIZED PROJECTS

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The steps described below are sequential and assume that a project proposal has cleared each step before proceeding to the next one. It is recognized that preparation of a project proposal may be stopped at any of the steps (see annex A).

### *Step 1. Prescreening of project concepts*

Any eligible entity or organization (see box 2) undertaking activities in an eligible country may submit a project concept to the GEF. The entity proposing the project concept may become the project's executing agency should the project be approved; it is also possible, however, that another entity (for example, a government agency) may execute the project.

Project concepts, which should be submitted in accordance with the concept paper format (see the attached format), should be sent directly to an Implementing Agency.<sup>5</sup> The concept paper should include information as to the status of the national operational focal point endorsement, such as confirmation that the concept has been submitted to the focal point (see box 3) and is either awaiting endorsement or has been endorsed. Written endorsement must be submitted to the Implementing Agency before any GEF project preparation funds can be approved to develop further the concept.

Prior to submitting a concept to an Implementing Agency, the project proposer may seek the advice of the Secretariat for an initial review as to the consistency of the concept with GEF eligibility criteria and the Operational Strategy. An Implementing Agency may also wish to request the advice of the Secretariat as to the concept's eligibility before proceeding with its consideration of the idea. When a project concept has been submitted to the Secretariat for advice as to its initial eligibility, the Secretariat will respond within 15 working days as to whether the project concept is consistent with the *GEF Operational Strategy* and policies. Secretariat or Implementing Agency confirmation that the project meets eligibility criteria does not constitute approval of the concept for further development and GEF financing.

The proposer of a project concept may also solicit the good offices of the Secretariat in identifying the appropriate Implementing Agency to consider the project concept further.

Medium-sized projects should *not* fund project preparation activities (see box 4); enabling activities which already are subject to expedited approval procedures; and extensions of existing projects. Medium-sized projects also should not fund a series of smaller, related and/or complementary projects instead of one larger project.

If the GEF Secretariat considers that a medium-sized project raises a significant operational policy issue, for example, the use of a new financing modality, it may be necessary to draw that issue to the attention of the Council before a project is approved. In such cases, the project would be included in the next work program submitted to the Council for its approval.

Grants for medium-sized projects should normally be allocated for expenditures necessary to carry out in-country activities. They may include provisions for project-related administrative costs but funds should not be allocated for the executing agency's general administrative overhead, especially in the case of international organizations whose headquarters are located outside the project country.<sup>6</sup>

### *Step 2. Preparation of project proposal*

Once the Implementing Agency has informed the project proposer that the project concept is accepted for further development, the proposer is responsible for preparing and, if necessary, revising the project proposal. The Implementing Agency may assist the project proposer to develop the concept into a project proposal. If project preparation financing is required, the project proposer should submit a request for Block A PDF funding. Such project preparation financing may be provided by the Implementing Agency, consistent with PDF guidelines and procedures (see box 4 and Block A PDF form). Medium-sized project proposals are not expected to require project preparation financing beyond the Block A ceiling of US \$25,000. Project proposals should be prepared in accordance with the guidelines for the project proposal format (see project brief format).

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**BOX 2****GEF Eligibility Criteria*****Program eligibility***

Consistent with the *Instrument*, eligible GEF projects include measures and activities to achieve global environmental benefits in one of the GEF focal areas (see *endnote 1*). The types of measures and activities eligible for GEF financing are detailed in the Operational Strategy. The operational programs provide more detailed information on the current programmatic objectives and goals of the GEF and provide guidance as to the type of initiatives that may usefully contribute to such goals. GEF financing should be for the incremental costs of such measures and activities.

***Country eligibility***

For projects financed under the financial mechanism of the Convention on Biological Diversity or the United Nations Framework Convention on Climate Change, activities are to be undertaken in a country that is eligible in accordance with criteria decided by the Conference of the Parties of each convention. At present, financing through the financial mechanism is available for developing country parties to the convention.

For projects outside the financial mechanisms of the conventions, the recipient country should be eligible to borrow from the World Bank or should be an eligible recipient of UNDP technical assistance through its Indicative Planning Figures. In addition, to receive GEF financing for activities in either the biological diversity or climate change focal areas, the recipient country must be a party to the convention concerned.

***Eligible entities***

Any entity, be it a government institution, non-governmental organization, a local community organization, academic institution, the private sector, or any other group, can submit a concept paper for and can execute a medium-sized project.

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**BOX 3****Operational Focal Points**

Most recipient countries have nominated an operational focal point with which the Implementing Agencies collaborate on GEF operational activities. The GEF operational focal point is responsible for:

- (a) acting as the principal contact point for all GEF activities in the country;
  - (b) reviewing project ideas and concepts, endorsing their consistency with respect to the national programs and the country's participation in the climate change or biological diversity conventions, confirming their national priorities;
  - (c) facilitating broad as well as project-related consultation; and
  - (d) providing feedback on GEF activities.
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Pursuant to the *Instrument*, every medium-sized project must include an analysis of the incremental costs of measures to achieve agreed global environmental benefits. In order to expedite processing of medium-sized projects, a rapid incremental cost assessment should be undertaken to determine GEF financing for the project. In some cases (for example, a particularly complex project), a more detailed incremental costs analysis might be required before the project is approved. The Implementing Agency is available to assist in preparing the analysis.

All medium-sized projects should normally include co-financing, including in-kind contributions (such as donated land, equipment, staff time). Projects which provide for a minimum of co-financing commitment equal to or greater than the amount of GEF financing are more likely to be approved expeditiously than projects with minimal or no co-financing. Projects with no co-financing would have to provide more detailed justification for GEF financing.

When a project proposal is ready for submission to an Implementing Agency, the operational focal point will need to endorse the proposal. Prompt review by the operational focal point of project proposals will help facilitate the approval process. The written endorsement

of the national operational focal point (or, where a project is being implemented in more than one country, all the national operational focal points of the countries in which GEF-financed activities are undertaken) must be submitted to the Implementing Agency together with the project proposal.

**Step 3. Review of project proposal**

Once the project proposal has been prepared, the Implementing Agency will submit it to the GEF Secretariat and will circulate copies of the project proposal for comment to the other Implementing Agencies, STAP<sup>7</sup> and, for projects in the appropriate focal area, to the Convention Secretariats. Medium-sized project proposals up to and including US \$750,000 will not require a technical review by an expert from the STAP roster, but the project proposer, any Implementing Agency, or the Secretariat may request such a review if it thinks it beneficial. For proposals requesting GEF financing above \$750,000 a technical review by an expert from the STAP roster would be required.

The comment period will normally not exceed 15 working days. The Secretariat will prepare a consolidated list of all comments, and on the basis of the comments received, the Secretariat will recommend to

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**BOX 4**

**Block A Project Preparation and Development Facility (PDF)**

Generally, Block A PDF funds are used at the very early stages of project or program identification. They finance in-country expenditures and normally are used for the development of specific project concepts leading to the preparation of an initial project brief or a draft project document.

Any entity, be it a government institution, non-governmental organization, the private sector, or any other group can submit a Block A PDF proposal for a medium-sized project. Project sponsors are encouraged, wherever possible, to provide some level of self-financing and co-financing, including in-kind contributions.

Proposals must be endorsed by the government (through its GEF operational focal point), before submitting them to an Implementing Agency. The Implementing Agency approves Block A PDF funding. Approved Block A submissions are sent to the GEF Secretariat for information and should include a basic project description, executing agency, expected outputs, and budget amounts (see *Block A PDF format*).

Block A funding can cover:

- (a) local consultations, national hearings, and/or workshops to discuss specific project and/or program concepts, including translation into local languages, where appropriate, and the preparation of background papers that could facilitate discussion;
- (b) travel costs for local experts to visit neighbouring countries for consultations and discussions on potential transboundary projects;
- (c) consultancies to develop program and/or project options, including the preparation of terms of reference for feasibility studies, strategy papers, and, where possible, the preparation of such papers;
- (d) scientific, technical, and environmental reviews of proposed projects to ensure that they warrant further consideration; and
- (e) costs of external expertise, as appropriate.

Outputs of Block A grants could include:

- (a) preliminary/initial project briefs;
- (b) assessment of scientific, technical, environmental, and economic feasibility of the proposed activity, including its relevance for future funding;
- (c) preparation of specific documents such as terms of reference for further feasibility work, short strategic notes on programs and policies designed to facilitate in-country discussion, sectoral strategy notes or issues and options papers designed to facilitate informed decision-making in the country; and
- (d) documentation of in-country consultations on GEF programs and potential project options.

the CEO that the project proposal be: (i) submitted for approval, (ii) returned for revision in light of the comments, or (iii) not be developed further. The Secretariat recommendation will be formulated within 10 working days of the close of the comment period.

The Implementing Agency to which the project proposal was submitted will be responsible for notifying the proposer of the recommendation resulting from the project proposal review.

For proposals that require revision, the Implementing Agency will promptly undertake the steps necessary to have the project proposal revised by its proposer. The Implementing Agency will be available, if so requested, to advise on the proposal's revision. The revised project proposal, if it responds sufficiently to the points raised in the request for revisions, will be submitted to the CEO through the Secretariat.

#### ***Step 4. Approval of the project proposal***

The CEO will circulate the project proposal(s) to Council Members for review and comment within a 15-day period before approval. When circulating such proposals, the CEO will specifically confirm that the proposal is consistent with the Operational Strategy and other GEF requirements (*see annex B*). After the comment period, the CEO/Chairman of the GEF is authorized to approve proposals of up to US \$750,000 of GEF financing.

Medium-sized proposals requiring more than US\$750,000 in financing will be included in the next available proposed work program submitted to the Council.

#### ***Step 5. Preparation of the final project document and other contractual arrangements***

Once the project proposal has been approved, the Implementing Agency will promptly inform the executing agency and will immediately start working with that entity to finalize the project document and other contractual arrangements with a view to ensuring early implementation of project activities.

The project proposer is responsible for finalizing the project document in accordance with the requirements of the Implementing Agency. The Implementing Agency will work with the proposer to prepare any

additional documentation required for final approval of the project and other contractual arrangements. The time between approval of the project proposal by the Council or the CEO and the approval of the final project document and other contractual arrangements by the Implementing Agency should normally not exceed eight weeks.

In order to facilitate early implementation of project activities, the Council has agreed that an Implementing Agency may include in the project proposal's budget a component, amounting to 15% of the total GEF financing, as an advance on project implementation, which could be available to ensure prompt initiation of on-the-ground project activities. The procedures for making these funds available will need to be determined by each Implementing Agency. The intention behind authorizing the Implementing Agencies to make available an early release of financing is to expedite project implementation.

#### ***Step 6. Project Implementation***

The executing agency is responsible for the implementation of the project. The Implementing Agency is responsible for monitoring the implementation of the project, including the effectiveness of the executing agency in managing the project. The Implementing Agency will be accountable to the Council for the project's implementation consistent with GEF policies and procedures, including public involvement and monitoring and evaluation. The Implementing Agencies have agreed to expedite their procedures with a view to promoting rapid and efficient execution of the project. Information on the expedited internal procedures of the Implementing Agencies will be included in information materials on medium-sized projects, as it becomes available.

1. The *Instrument for the Establishment of the Restructured Global Environment Facility* provides that the GEF will provide grant and concessional financing to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the following focal areas: biological diversity, climate change, international waters, and ozone layer depletion. The agreed incremental costs of activities concerning land degradation, primarily desertification and deforestation, as they relate to the four focal areas are also eligible for funding.

The Convention on Biological Diversity and the United Nations Framework Convention on Climate Change have each designated the GEF to serve as its financial mechanism on an interim basis. The GEF is not the financial mechanism for the Montreal Protocol on Substances that Deplete the Ozone Layer, but the GEF's operational policies are consistent with those of the Montreal Protocol.

2. The Operational Strategy guides the preparation of country-driven initiatives in the GEF's focal areas. It explains the broad strategic considerations and sets out the programming of GEF operations. These include operational programs, enabling activities, and short-term response measures. An operational program is a conceptual and planning framework for the design, implementation, and coordination of a set of projects to achieve a global environmental objective in a particular focal area: it organizes the development of country-driven projects and ensures systematic coordination between the Implementing Agencies and other actors. The GEF has identified 10 initial operational programs cited below. Enabling activities are either a means of fulfilling essential communication requirements to a Convention, providing a basic level of information to enable policy and strategic decisions to be made, or assisting planning that identifies priority activities within a country. Short-term measures include projects which yield immediate benefits at a low cost.

The 10 operational programs are: Biodiversity – 1. Arid and semi-arid ecosystems; 2. Coastal, marine and freshwater ecosystems (including wetlands); 3. Forest ecosystems; 4. Mountain ecosystems; Climate Change – 5. Removing barriers to energy conservation and energy efficiency; 6. Promoting the adoption of renewable energy by removing barriers and reducing implementation costs; 7. Reducing the long-term costs of low greenhouse gas-emitting energy technologies; International Waters – 8. Waterbody-based program; 9. Integrated land and water Multiple Focal Area; and 10. Contaminant-based program.

3. The *Instrument* stipulates that the GEF provides grants and concessional funding. To date, most of the financing has been in the form of grants.

4. An "executing agency" is the entity which actually receives the GEF funding and implements the project on the ground. This can be a government body, an NGO, a local community organization, an academic or research institute, a private sector firm, or any other group undertaking the project activities in the country or countries. The term "executing agency" should not be confused with the project execution departments of the Implementing Agencies; however, such departments may also execute a project,

if the project proposer, Implementing Agency, and other project stakeholders so decide.

5. Project proposers may submit their concept papers to: the country offices or headquarters of UNDP, the regional and outposted offices and headquarters of UNEP, or the headquarters of the World Bank. The Implementing Agencies will undertake to ensure that field office representatives are knowledgeable about GEF policies and programs so that they can provide guidance to project proposers on necessary steps to develop project concepts.

6. The Operational Strategy states that the GEF "should ascertain that its resources are applied as new and additional funding, not substitutes for regular sources of development finance. The principle that GEF funds will be additional to the funds required for national sustainable development helps to ensure that scarce resources are not diverted from development financing and to maximize global impact of GEF resources. The GEF will not provide budgetary financing for the staff or activities of international organizations or other international bodies, to fulfill their own mandates, even those concerned with the global environment."

7. STAP will undertake selected cluster analyses of medium-sized projects at least once a year and submit the results to the GEF Secretariat for inclusion in its annual report to the Council on medium-sized projects.

## TIME LINE

## STEPS

Dependent on proposer of project idea

## PRESCREENING OF PROJECT IDEAS

1. Project proposer drafts concept paper and seeks national operational focal point endorsement
2. Project concept submitted to Implementing Agency
3. Secretariat review for eligibility may be requested

Dependent on proposer of project idea

## PREPARATION OF PROJECT PROPOSAL

1. PDF Block A for funding may be provided
2. National operational focal point endorsement

15 working days for internal GEF review:  
10 working days for preparing recommendation of Secretariat on basis of comments made during review period: if revision required, time period will depend upon work undertaken by project proposer; 15 working days for Council Member review

## REVIEW OF PROJECT PROPOSAL

1. Review of project proposal by GEF Secretariat, other Implementing Agencies, STAP, and appropriate Convention Secretariat. Comments submitted to Secretariat which is responsible for recommending further action to CEO
2. Review by STAP expert, if over US \$750,000. STAP selective review for projects under US \$750,000.
3. Implementing Agency to notify proposer of recommendation resulting from the review
4. If necessary, project proposer to undertake revision of project proposal to respond to comments made during review
5. Circulation to Council Members for review

## TIME LINE

If proposal is up to \$750,000, CEO can approve; if proposal is more than \$750,000 timing of approval is dependent upon schedule for Council consideration of the work program

Eight weeks

Dependent on specific project: Annual and end-of-project reporting

## STEPS

### APPROVAL OF PROJECT PROPOSAL

1. CEO authorized to approve project proposals requesting up to US \$750,000 in GEF financing. Proposals requesting more than US \$750,000 in GEF financing to be included in proposed work program for Council approval.

### PREPARATION OF FINAL PROJECT DOCUMENT AND FINAL APPROVAL OF PROJECT

1. Project proposer, with the assistance of one Implementing Agency, is responsible for preparation of final project document consistent with the Implementing Agency's internal procedures. The Implementing Agency is responsible for the final approval of the project document

### PROJECT IMPLEMENTATION AND MONITORING AND EVALUATION

1. Project will be implemented by the executing agency

2. Implementing Agency will oversee management of the project

## ANNEX B

The following GEF documents are recommended for project preparation and can be obtained from the Secretariat and the Implementing Agencies (please refer to the contact list in the Medium-sized Project Information Kit):

- The Instrument for the Establishment of the Restructured Global Environment Facility;
- The Operational Strategy and operational programs
- The GEF Project Cycle
- Public Involvement in GEF-financed Projects
- The Project Preparation and Development Facility (PDF)
- Incremental Cost Analysis

# Medium-sized Project Concept Paper

## INTRODUCTION

**A**ny entity proposing a medium-sized project should submit a project concept paper to one of the GEF Implementing Agencies. The purpose of the concept paper is to:

- Provide sufficient substantive information to enable the Implementing Agency to understand the rationale for GEF financing and the context in which the proposed activities will be undertaken;
- Enable the Implementing Agency to determine whether the project concept is eligible for GEF funding; and
- Provide information needed by the government focal point to determine whether the government favors development of the project concept.

Eligible projects should:

- be undertaken in an eligible country;
- be consistent with national priorities and programs;
- address one or more of the focal areas;
- be consistent with the Operational Strategy, including its operational programs or short-term measures;
- cover only the agreed incremental costs of measures to achieve global environmental benefits in the focal areas;
- provide for public involvement in project design and implementation; and
- be endorsed by the government(s) of the country countries in which the project is being implemented.

MEDIUM-SIZED PROJECT CONCEPT PAPER	
1. Project name:	2. GEF Implementing Agency:
3. Country or countries in which the project is being implemented:	4. Country eligibility:
5. GEF focal area(s):	6. Operational program/Short-term measure:
7. Project linkage to national priorities, action plans, and programs:	
8. Status of national operational focal point review (dates): Submitted: _____ Acknowledged: _____ Endorsed: _____	
9. Project rationale and objectives:	
10. Expected outcomes:	
11. Planned activities to achieve outcomes:	
12. Stakeholders involved in project:	
13. Information on project proposer:	
14. Information on proposed executing agency (if different from above):	
15. Estimated budget (in US \$ or local currency): GEF: Co-financing: TOTAL:	

If the project proposer wishes to check if (a) the project is being undertaken in an eligible country and/or (b) it is consistent with the Operational Strategy, he or she can send the concept initially to the GEF Secretariat, which will inform the proposer if the concept meets these basic eligibility requirements. If so, the concept should then be sent to an Implementing Agency for further consideration.

The Implementing Agency will inform the project proposer if the concept should be developed into a fuller project proposal. If so, the Implementing Agency may assist the proposer in developing a project brief. A request for financial assistance to prepare the project brief may be submitted using the form for project preparation financing included in this information kit.

## ANNOTATIONS TO THE PROJECT CONCEPT PAPER

### 1. Project name

*The name usually explains what the project is expected to achieve.*

### 2. Proposed GEF Implementing Agency

*This should indicate to which Implementing Agency (UNDP, UNEP, World Bank) the project proposer will submit the project concept paper. If the concept is submitted to more than one Implementing Agency, this should be indicated in the concept paper.*

### 3. Country or countries in which the project is being implemented

*If the project is to be implemented in more than one country, its title can reflect that it is to be implemented in a given region, but the names of all the countries in which the project is to be implemented should be included in the proposal. If the project has global applications, it should be called a global project.*

### 4. Country eligibility

*Countries may be eligible for GEF funds in one of two ways: (1) if they are eligible for financial assistance through the financial mechanism of either the United Nations Framework Convention on Climate Change or the Convention on Biological Diversity (those developing countries that have ratified the convention are eligible under the convention's rules); or (2) if they are eligible to borrow funds from the World Bank (IBRD and/or IDA) or to receive technical assistance from UNDP through a Country Programme. In both cases, a country must have ratified the climate change or biodiversity convention to receive GEF funds in the relevant focal area.*

### 5. GEF focal area

*The relevant focal area(s) (biodiversity, climate change, international waters, ozone depletion) should be listed. Some projects cut across several or all focal areas.*

### 6. Operational program/Short-term measure

*Medium-sized projects should fall into at least one GEF operational program or be a short-term measure, as defined by the Operational Strategy.*

### 7. Project linkage to national priorities, action plans, and programs

*This should explain how the project is linked to national priorities, environmental action plans, relevant sectoral activities, and other national activities.*

### 8. Status of GEF national operational focal point review

*This section should indicate when the concept has been submitted to an operational focal point for endorsement and when it has been endorsed. Project preparation funds cannot be released until the concept paper has been endorsed by the operational focal point.*

### 9. Project rationale and objectives

*This should explain the goal and purpose of the project. It should also explain briefly the relationship of the GEF-financed activities to the baseline (or co-financed) activities.*

### **10. Expected outcomes**

*This should identify which concrete results (changes) are expected from the project in order to address global environmental issues (i.e. it should explain the global environmental benefits of the project).*

### **11. Planned activities to achieve outcomes**

*This should identify what specific activities the project will undertake to achieve expected outcomes benefiting the global environment.*

### **12. Stakeholders involved in project**

*This should briefly describe stakeholder groups that will be involved in the project and/or those groups affected by the project activities.*

### **13. Information on project proposer**

*Information on the proposer should include: name, type, and location of the entity. Additional information, such as the date of establishment, mandate/terms of reference, and membership/leadership of the entity, evidence of registration/accreditation, latest annual budget (including sources of revenue), and relevant experience or activities, including prior or ongoing activities with the Implementing Agencies, can be attached to the concept paper.*

### **14. Information on executing agency**

*If the project proposer intends to execute the project, information should be provided on its unique or special qualifications for this role. If a different entity is expected to execute the project on the ground, information should be included, as appropriate, on the name, type, and location of such entity. Additional information, such as the date of establishment, mandate/terms of reference, membership/leadership of the entity, latest annual budget (including sources of revenue), and relevant experience or activities, including prior or ongoing activities with the Implementing Agencies, can be attached to the concept paper.*

### **15. Estimated budget**

*The budget should include a preliminary estimate of the GEF-financed portion of project execution costs, the portion expected to be financed by other sources, and the total.*



## Block A PDF

### PART I – ELIGIBILITY

1. Project name:	2. GEF Implementing Agency:
3. Country or countries in which the project is being implemented:	4. Country eligibility:
5. GEF focal area(s), and/or cross-cutting issues:	6. Operational program/Short-term measure:
7. Project linkage to national priorities, action plans, and programs:	
8. GEF national operational focal point and date of country endorsement:	
9. Project rationale and objectives:	
10. Expected outcomes:	
11. Planned activities to achieve outcomes:	
12. Stakeholders involved in project:	

### PART II – INFORMATION ON BLOCK A PDF ACTIVITIES

13. Activities to be financed by the PDF:
14. Expected outputs and completion dates:
15. Other possible contributors/donors and amounts:
16. Total budget and information on how costs will be met (including the Block A grant):

### PART III – INFORMATION ON THE APPLICANT INSTITUTION

17. Name:	18. GEF Implementing Agency:
19. Mandate/terms of reference:	20. Country eligibility:
21. Recent activities/programs, in particular those relevant to the GEF:	

### PART IV – INFORMATION TO BE COMPLETED BY IMPLEMENTING AGENCY

22. Project identification number:
23. Implementing Agency contact person:
24. Project linkage to Implementing Agency program(s):

## **Project Preparation Financing – Block A**

PDF funds may be available at the very early stages of project development to provide assistance for preparing a project brief. This is an opportunity, not a requirement. It is fully expected that many project briefs will be prepared without GEF project preparation financing.

Any project proposer can submit a request for PDF Block A financing for the purpose of preparing a medium-sized project brief. Project proposers are expected to provide some level of self-financing and co-financing for project preparation, including in-kind contributions.

Requests should be endorsed by the government (by its GEF operational focal point) before submitting them to an Implementing Agency. The Implementing Agency approves PDF Block A financing, and submissions are sent to the GEF Secretariat for information.

Block A funding can cover:

- (a) local consultations, national hearings, and/or workshops to discuss specific project and/or program concepts, including translation into local languages, where appropriate, and the preparation of background papers that could facilitate discussion;
- (b) travel costs for local experts to visit neighboring countries for consultations and discussions on potential transboundary projects;
- (c) consultancies to develop program and/or project options, including the preparation of terms of reference for feasibility studies, strategy papers, and, where possible, the preparation of such papers;
- (d) scientific, technical, and environmental reviews of proposed projects to ensure that they warrant further consideration; and
- (e) costs of external expertise, as appropriate.

Outputs of Block A grants can include:

- (a) project brief;
- (b) assessment of scientific, technical, environmental, and economic feasibility of the proposed activity, including its relevance for future funding; and
- (c) preparation of specific documents such as terms of reference for further feasibility work, short strategic notes on programs and policies designed to facilitate in-country discussion, sectoral strategy notes or issues and options papers designed to facilitate informed decision-making in the country.

# Medium-sized Project Brief

## INTRODUCTION

**A** project brief has several components:

- a summary, which includes basic information about the project and an outline (based on a logical framework approach) of its objectives and activities;
- a narrative description of what the project is, what it will achieve, inputs required to achieve the project outcomes, risks to its sustainability, and stakeholder involvement in the project;
- an incremental cost assessment;

- a budget;
- an implementation plan;
- information on public involvement;
- a monitoring and evaluation plan;
- a technical review; and
- additional information, as required.

These components are explained more fully in the annotations to the project brief.

## PROJECT SUMMARY

Project Identifiers	
1. Project name:	2. GEF Implementing Agency:
3. Country or countries in which the project is being implemented:	4. Country eligibility:
5. GEF focal area(s)	6. Operational program/Short-term measure:
7. Project linkage to national priorities, action plans, and programs:	
8. GEF national operational focal point and date of country endorsement:	
Project Objectives and Activities	
9. Project rationale and objectives:	Indicators:
10. Project outcomes:	Indicators:
11. Project activities to achieve outcomes (including cost in US \$ or local currency of each activity)	Indicators:
12. Estimated budget (in US \$ or local currency): PDF: GEF: Co-financing: TOTAL:	
13. Information on project proposer:	
14. Information on proposed executing agency (if different from above):	
15. Date of initial submission of project concept:	
Information on Institution Submitting Project Brief	
16. Project identification number:	
17. Implementing Agency contact person:	
18. Project linkage to Implementing Agency program(s):	

## PROJECT DESCRIPTION (Max. 5 Pages)

The following are key components of the narrative section of the project brief, describing what the project is undertaking and what it expects to achieve:

- Project rationale and objectives (consistent with GEF policies and programs);
- Current situation (baseline course of action);
- Expected project outcomes, with underlying assumptions and context (alternative course of action);
- Activities and financial inputs needed to enable changes (increment);
- Sustainability analysis and risk assessment; and
- Stakeholder involvement and social assessment.

## INCREMENTAL COST ASSESSMENT

GEF projects require an estimation of incremental cost. Depending on the type of project, the proposer can prepare either a streamlined incremental cost assessment or prepare a fuller analysis, based on GEF guidelines.

## BUDGET

The project summary (item 11) should include costs for each project activity. In addition, projects should include a budget table for line item expenditures such as those listed in the table below (in US \$ and/or local currency, if necessary). When GEF financing has been approved to assist in the preparation of the project brief (i.e., Block A PDF), such financing should be a component in the project budget, since project preparation financing is an integral component of total project costs.

## PROJECT BUDGET

Component	GEF	Other sources	Project total
PDF:			
Personnel:			
Subcontracts:			
Training:			
Equipment:			
Travel:			
Evaluation mission(s):			
Miscellaneous:			
Project total (PDF+ project costs):			

## IMPLEMENTATION PLAN

The implementation plan should indicate the duration of the project and outline the expected progress of the project in completing the project's various activities.

## PROJECT IMPLEMENTATION PLAN

Duration of Project (in months)							
ACTIVITIES	PROJECT – MONTHS						
Completion of project activities	6	12	18	24	30	36	42...
1.							
2...							

## PUBLIC INVOLVEMENT PLAN

Public involvement plans will vary by country and region and thus should be developed in a flexible manner. The following components should be included in medium-sized projects:

- Stakeholder identification;
- Information dissemination and consultation;
- Stakeholder participation; and
- Social and participation issues.

## MONITORING AND EVALUATION PLAN

The monitoring and evaluation plan should include provisions for:

- collecting and reporting data on performance indicators identified for the project;
- the schedule of any planned mid-term reviews,

self-evaluations, and/or end-of-project evaluations;

- a description of how monitoring and evaluation activities will involve project participants and stakeholders;
- resources that will be allocated to monitoring and evaluation; and
- how monitoring and evaluation results will be used in project management.

## TECHNICAL REVIEW

A technical review by an expert selected from the roster of the Scientific and Technical Advisory Panel (STAP) is required for projects requesting GEF financing above US \$750,000.

## PROJECT CHECKLIST [Optional]

Boxes describing the project activities should be checked off to assist in project tracking and data management.

## PROJECT CHECKLIST

Project Activity Categories			
BIODIVERSITY	CLIMATE CHANGE	INTERNATIONAL WATERS	OZONE DEPLETION
Prot. area zoning/mgmt.:	Efficient production and distribution:	Water body:	Monitoring:
Buffer zone development:	Efficient consumption:	Integrated land and water:	Country program:
Inventory monitoring:	Solar:	Contaminant:	ODS phaseout:
Ecotourism:	Biomass:	Other:	Production:
Agro-biodiversity:	Wind:		Other:
Trust fund(s):	Hydro:		
Benefit-sharing:	Geothermal:		
Other:	Fuel cells:		
	Other:		
Technical Categories			
INSTITUTION BUILDING:			
INVESTMENTS:			
POLICY ADVICE:			
TARGETED RESEARCH:			
TECHNICAL/MANAGEMENT ADVICE:			
AWARENESS/INFORMATION/TRAINING:			
OTHER:			

Supplementary information on procurement and contracting practices and procedures, financial recording, and auditing may be required at the Implementing Agency level, in

accordance with internal Implementing Agency procedures; however, this information would not be submitted to the GEF Secretariat.

## ANNOTATIONS TO THE PROJECT BRIEF

### Project Summary

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#### 1. PROJECT NAME

The name usually explains what the project is expected to achieve.

#### 2. GEF IMPLEMENTING AGENCY

This should indicate which Implementing Agency is overseeing the development and execution of the project.

#### 3. COUNTRY OR COUNTRIES IN WHICH THE PROJECT IS BEING IMPLEMENTED

If the project is being implemented in more than one country, its title can reflect that it is being implemented in a given region, but the names of all the countries in which the project is being implemented should be included in the proposal. If the project has global applications, it should be called a global project.

#### 4. COUNTRY ELIGIBILITY

Countries may be eligible for GEF funds in one of two ways: (1) if they are eligible for financial assistance through the financial mechanism of either the United Nations Framework Convention on Climate Change or the Convention on Biological Diversity (those developing countries that have ratified the convention are eligible under the convention's rules); or (2) if they are eligible to borrow funds from the World Bank (IBRD and/or IDA) or to receive technical assistance from UNDP through a Country Programme. In both cases, a country must have ratified the climate change or biodiversity convention to receive GEF funds in the relevant focal area.

#### 5. GEF FOCAL AREA

The relevant focal area(s) (biodiversity, climate change, international waters, ozone depletion) should be listed. Some projects cut across several or all four focal areas.

#### 6. OPERATIONAL PROGRAM/SHORT-TERM MEASURE

Medium-sized projects should fall in at least one GEF operational program or be a short-term measure, as defined by the Operational Strategy.

#### 7. PROJECT LINKAGE TO NATIONAL PRIORITIES, ACTION PLANS, AND PROGRAMS

This should explain how the project is linked to national priorities, environmental action plans, relevant sectoral activities, and other national activities.

#### 8. GEF NATIONAL OPERATIONAL FOCAL POINT AND DATE OF COUNTRY ENDORSEMENT

The name and address of the national operational focal point should be listed in the project brief, along with the date the project proposal has been endorsed by the country. Written endorsement of the national operational focal point should be attached to the project brief.

N.B. Sections 9-11 follow a logical framework approach to doing a project matrix.

#### 9. PROJECT RATIONALE AND OBJECTIVES

This should explain the goal of the project, with specific indicators for determining and assessing whether the objectives of the project have been met.

#### 10. PROJECT OUTCOMES

This should identify which changes the project will generate to meet the project's goals in the long-term, with specific indicators to show how such changes can be measured or quantified.

#### 11. PROJECT ACTIVITIES TO ACHIEVE OUTCOMES

This should explain what project activities will be undertaken and how such activities contribute to the project outcomes, with specific indicators to measure to what extent and how planned activities have been implemented.

#### 12. ESTIMATED BUDGET

Project budgeting should incorporate GEF principles on incremental cost. The "baseline" is defined as the likely course of events or activities in the country that would be undertaken without explicitly taking into account the global environment. The "alternative" is those activities which will achieve the same national benefits as in the baseline while also providing global environmental benefits. Thus, the budget should include GEF financed activities and activities co-financed from other sources, the sum of which would be the total cost of the project. It should also indicate project preparation expenditures (up to US \$25,000 may be financed by the GEF), where applicable, since project preparation financing is an integral component of total project costs.

### 13. INFORMATION ON PROJECT PROPOSER

*Information on the proposer should include: name, type, and location of the entity. Additional information, such as the date of establishment, mandate/terms of reference, and membership/ leadership of the entity, evidence of registration/accreditation, latest annual budget (including sources of revenue), and relevant experience or activities, including prior or ongoing activities with the Implementing Agencies, can be attached to the project brief.*

### 14. INFORMATION ON EXECUTING AGENCY

*If the project proposer is to execute the project, information should be provided on its unique or special qualifications for this role. If a different entity is to execute the project, information should be included, as appropriate, on the name, type, and location of the entity. Additional information, such as the date of establishment, mandate/terms of reference, membership/ leadership of the entity, latest annual budget (including sources of revenue), and relevant experience or activities, including prior or ongoing activities with the Implementing Agencies, can be attached to the project brief.*

### 15. DATE OF INITIAL SUBMISSION OF PROJECT CONCEPT

*This is the date when the project concept paper was submitted to an Implementing Agency for consideration. In some cases, project proposers may choose to submit a project brief without having submitted a project concept.*

### 16. PROJECT IDENTIFICATION NUMBER

*The project identification number is used by the Implementing Agency for keeping track of the project in its portfolio.*

### 17. IMPLEMENTING AGENCY CONTACT PERSON

*This is the person in the Implementing Agency responsible for working with the project proposer and executing agency to develop the project proposal; once the project is approved, this person will also keep track of its implementation.*

### 18. PROJECT LINKAGE TO IMPLEMENTING AGENCY PROGRAM(S)

*This should explain the linkage of the project to existing programs and activities of the Implementing Agency.*

## Project Description

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### PROJECT RATIONALE AND OBJECTIVES

*This section should describe what the project intends to achieve; whether the project complements or substitutes existing activities in the country; its eligibility for GEF financing, including which operational program it addresses; how the project is country-driven and based on national priorities, plans, and programs; and how it contributes to integrating protection of the global environment into national activities.*

### CURRENT SITUATION

*This section should explain the baseline course of action in the country or countries in which the project will be implemented that is relevant to the project's activities. What is the current economic situation in the area where the project would be undertaken? What are the environmental and developmental assumptions affecting the project?*

### EXPECTED PROJECT OUTCOMES, WITH UNDERLYING ASSUMPTIONS AND CONTEXT

*This section should describe how an alternative course of action will provide environmental benefits and, where applicable, change development and other activities. It should provide a longer-term perspective on the results of the project. It should also show what changes are necessary to the baseline activity in order to produce global environmental benefits.*

### ACTIVITIES AND FINANCIAL INPUTS NEEDED TO ENABLE CHANGES

*This section should show the cost of the alternative course of action over the baseline and how such changes in project activities meet both national objectives and global environmental objectives (please refer to the next section on incremental cost).*

### SUSTAINABILITY ANALYSIS AND RISK ASSESSMENT

*This section should analyze how the project will be sustained after implementation, both in financial (for example, recurrent costs) and institutional terms (for example, capacity-building, organizational arrangements). Key project risks should be listed, and the brief should explain how they will be addressed, including specific provisions for capacity, policy, incentives, and institutional arrangements.*

## STAKEHOLDER INVOLVEMENT AND SOCIAL ASSESSMENT

This section should describe the process leading to the formulation of the project, especially the involvement of NGOs, community-based organizations, and other stakeholders in the identification and design of the project.

### Incremental Cost Assessment

GEF projects require an estimation of incremental cost. The "baseline" is defined as the likely course of events or activities in the country that would be undertaken without explicitly taking into account the global environment. The "alternative" is those activities which will achieve the same national benefits as in the baseline while also providing global environmental benefits.

Complementary activities can add something to the baseline without changing it; substitutional activities change the baseline by substituting the current course of action with an activity beneficial to the global environment. Both types of activities are possible, and each should demonstrate that baseline financing has been secured and that the alternative is least cost.

For complementary project activities (for example, managing a protected area, undertaking surveys and inventories, education and outreach activities), a streamlined incremental cost assessment can be prepared. In addition to address-

ing cost-effective baseline financing and alternatives, the assessment should answer the following questions:

- What evidence is there that the amount of GEF financing is genuinely additional, with no crowding out or deleveraging of other or pre-existing sources taking place? What assurances are there for the continuance of existing levels of finance from government agencies or others that have previously financed similar activities?
- What cost-sharing with beneficiaries would be appropriate, and how could cost recovery mechanisms be built into the project to encourage environmental responsibility and financial sustainability in the absence of continued GEF support?
- What level of Implementing Agency, bilateral agency, private sector, NGO, or other co-financing is available in the light of benefits received by the local population or the country as a whole?

For substitutional project activities (for example, replacing fossil fuel technologies with renewable energy technologies), the emphasis will be on describing and costing the baseline (all the activities that will be replaced or affected by the project). Before the project is submitted for inclusion in the GEF's work program, an incremental cost matrix will need to be produced in accordance with GEF guidelines. The increments are the differences in economic costs, the domestic benefits, and global environmental benefits for the baseline and the proposed alternative.

### INCREMENTAL COST MATRIX

	Baseline	Alternative	Increment (Alternative-Baseline)
Global Environmental Benefits			
Domestic Benefits			
Costs			

More detailed information on incremental costs may be necessary for projects which include only minimal or no baseline funding.

## **Budget**

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*PDF* – includes the funds spent for project preparation (up to US \$25,000 of GEF financing).

*Personnel* – includes professional project staff, administrative support staff, and consultants (national and international) to be financed by the project.

*Subcontracts* – includes specific project activities (for example, scientific/technical research, designing and building infrastructure, mapping) which might be undertaken by government agencies, research institutions, NGOs, private companies, etc.

*Training* – includes service workshops, group seminars, and international expert meetings related to the project.

*Equipment* – includes vehicles, computers, lab and library equipment, and other tools to implement the project.

*Travel* – includes in-country and/or international travel by project personnel required to design and implement the project.

*Evaluation mission* – includes expenses for monitoring and evaluating the project.

*Miscellaneous* – includes reports and publications, other expenses, management support.

## **Implementation Plan**

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This section should indicate the expected duration of the project and list the specific project outputs and the time it will take each output to be implemented.

## **Public Involvement Plan**

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This section should outline the stakeholder participation plan for execution of the project.

*Stakeholder identification* – describes the stakeholders who will be involved in the project as executing or co-executing agents or as collaborators in the project activities; groups who will benefit from the project; local groups likely to be affected by project outcomes; and other groups in civil society who may have an interest in the project. The nature of involvement of these groups should also be described.

*Information dissemination and consultation* – outlines activities that have occurred or are being planned in relation to information disclosure, notification, and public access, especially at the sub-national and village levels. It also covers completed and planned consultations, including the

topics of, categories of groups represented in, and major decisions or outcomes of the consultations.

*Stakeholder participation* – describes in detail public involvement in projects, including: stakeholder groups directly involved in the project on a long-term basis; stakeholder groups involved in project decision-making; and mechanisms to sustain local participation.

*Social and participation issues* – includes the key social and participation issues of the project, such as needs of vulnerable groups; potential adverse social impacts as a result of the project; and anticipated project related conflicts.

## **Monitoring and Evaluation Plan**

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*Self-explanatory.* Additional materials can be obtained from the Secretariat and the Implementing Agencies, as they are required.

## **Technical Review**

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Medium-sized project proposals up to and including US \$750,000 will not require a technical review by an expert from the Scientific and Technical Advisory Panel (STAP) roster, but the project proposer, any Implementing Agency, or the Secretariat may request such a review if it thinks it beneficial. For proposals requesting GEF financing above US \$750,000 a technical review by an expert from the STAP roster would be required.

## **Project Checklist [optional]**

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The purpose of the project checklist is to assist in collecting and maintaining accurate data on the project in the GEF database. All project proposers are strongly encouraged to complete this section of the project brief.



## SAMPLE MEDIUM-SIZED PROJECT CONCEPT PAPER - MAKYS

<p><b>1. Project name:</b> <i>Modifying the Assembly Line at Makys Industries, Pvt. Ltd., to Produce Electric Scooters</i></p>	<p><b>2. GEF Implementing Agency:</b> <i>World Bank/IFC</i></p>
<p><b>3. Country or countries in which the project is being implemented:</b> <i>Hydrelia</i></p>	<p><b>4. Country eligibility:</b> <i>ratified FCCC on 15 March 1995.</i></p>
<p><b>5. GEF focal area(s)</b> <i>Climate Change</i></p>	<p><b>6. Operational program/Short-term measure:</b> <i>This proposal would fall under the short-term response measure of GEF's Operational Strategy. Experience gained under this project would also help develop GEF's long-term operational program on transportation systems.</i></p>
<p><b>7. Project linkage to national priorities, action plans, and programs:</b> <i>As a part of activities to prepare the first national communication to FCCC, the Government of Hydrelia is exploring those strategies that simultaneously benefit the local and global environments. Reducing vehicular emissions, which have deteriorated the air quality, especially in the capital city, and reducing imports of oil are first priorities. This project will help improve air quality, reduce oil imports and benefit the global environment. The Government has announced a decision to phase out over the next seven years the manufacture and sale of two-stroke vehicles, the largest single cause of air pollution in the capital.</i></p>	
<p><b>8. Status of national operational focal point review (dates):</b>  <b>Submitted:</b> <i>24 February, 1997</i>      <b>Acknowledged:</b> <i>( By Postal Receipt) 29 February, 1997</i>  <b>Endorsed:</b></p>	
<p><b>9. Project rationale and objectives:</b> <i>Given the Government's decision to phase out the use of two-stroke engines in the transport sector, Makys Industries has started negotiations with the Anodh Motor Company to replace the current two-stroke scooter engines with 4-stroke internal combustion engines long used in Anodh motorcycles. The forward-looking management of Makys Industries would like to use this opportunity to make-over the assembly line to also have the possibility of manufacturing electric scooters. Having this flexibility in manufacturing will incur incremental costs. As there is a long waiting list for scooters in Hydrelia, it is certain that there will be willing customers for electric scooters (Many scooter drivers now frequently wear gas masks while traveling). As almost all of the country's electricity comes from plentiful hydro-electric sources, there will be significant global benefits from the reduction in emissions from the petrol-based scooters that would otherwise be sold.</i></p>	

**10. Expected outcomes:**

*As a result of the extra investments made in the assembly line and in manufacturing processes, Makys expects to turn out 1000 electric scooters in the first year and gradually increase production to 10,000 units per year. Makys is positioning itself to be a market leader in producing zero emission vehicles given the virtual certainty that pollution control regulations will be tightened further.*

**11. Planned activities to achieve outcomes:**

*Makys will conclude a joint venture agreement with Anodh Motor Company. Anodh has also produced a prototype electric scooter that it is willing to introduce in Hydelia. GEF will support the in-country costs (incurred in foreign exchange) of the Makys-Anodh joint venture agreement. The joint venture agreement will also include the limited manufacture of electric scooters. The switchover of the assembly line to scooters with 4 stroke engines will be complete in 3 years, the first electric scooter will roll in four years.*

**12. Stakeholders involved in project:**

*With the help of a Block A PDF, Makys will conduct a consumer survey to gauge the demand for, and features desired of, electric scooters.*

**13. Information on project proposer:**

*Makys Industries was set up as a parastatal organization in collaboration with Trabant Motor Works in 1962. It was privatized in 1993 with IFC's assistance, and now runs profitably as a commercial organization.*

**14. Information on proposed executing agency (if different from above):**

*Same as above.*

**15. Estimated budget (in US\$ or local currency):**

**GEF:** \$975,000  
**Co-financing:** - 0 -  
**TOTAL:** \$975,000

*Note : IFC does not normally make grants. The GEF grant will be used in this case to buy-down the interest rate.*

## SAMPLE MEDIUM-SIZED PROJECT CONCEPT PAPER - PARANGARICUTI

<p><b>1. Project name:</b> <i>Parangaricuti nature conservation and sustainable use project through medicinal plants management</i></p>	<p><b>2. GEF Implementing Agency:</b> <i>United Nations Development Program (UNDP)</i></p>
<p><b>3. Country or countries in which the project is being implemented:</b> <i>Swalti, Parangaricuti and Rinicuari States</i></p>	<p><b>4. Country eligibility:</b> <i>CBD ratification: January 19, 1995</i></p>
<p><b>5. GEF focal area(s)</b> <i>Biodiversity</i></p>	<p><b>6. Operational program/Short-term measure:</b> <i>This proposal would fall within the Forest and Mountains Operational Programs. Experience gained during project preparation and implementation should help other indigenous and local communities in the region to address conservation and sustainable use issues. It would also set the stage for GEF support on this important thematic area of COP guidance.</i></p>
<p><b>7. Project linkage to national priorities, action plans, and programs:</b> <i>Swalti has one of the highest indigenous populations in the region. Approximately 70 percent of the population is indigenous and are distributed in two distinct geographic areas: the Parangaricuti in the highlands and central valleys, and the Rinicuari in the lowlands of the oriental part of the country. The government of Swalti has identified both regions as of the highest-priorities in its National Biodiversity Strategy to address the preservation and maintenance of knowledge, innovations and practices of indigenous communities embodying traditional lifestyles. With this action, the government hopes to promote the wider application of indigenous knowledge with the approval and involvement of the holders of such knowledge and encourage the equitable sharing of benefits generated by that knowledge and practices.</i></p>	
<p><b>8. Status of national operational focal point review (dates):</b> <i>Submitted: March 15, 1997                      Acknowledged: Pending                      Endorsed: Pending</i></p>	
<p><b>9. Project rationale and objectives:</b> <i>The project will assist in conserving and sustainably managing nationally significant medicinal plants, their habitats, species and genomes. Particular attention will be given to endemic species and those under threat by protecting them in-situ and by cultivating them in home gardens. Medicinal plants provide a vital contribution to health services throughout Swalti and neighboring countries and are especially important to the rural poor. Sustainable use will be boosted through ex-situ propagation/conservation in the region and by monitoring levels of extraction and impact on wild populations.</i></p>	
<p><b>10. Expected outcomes:</b> <i>A viable management system for medicinal plants and animals under intense use, increased cultivation and production of selected medicinal plants and animals on farms and in home gardens, indigenous information on medicinal plants and animals recorded, used, stored and preserved; improvement of the indigenous capacity to conserve plant species improved.</i></p>	

(cont.)

**11. Planned activities to achieve outcomes:**

*Expansion of in-situ conservation including establishing four key botanical reserves in both states; establishing community organizations and management for botanical reserves; planting and natural regeneration of selected species; promotion of alternative village income through the medical attention and training to be provided on site. On sustainable use, monitoring of rates and levels of extraction of selected plant and animal species used for medicinal purposes will be monitored through agreed methods, management plan of extractive activities will be established and silvicultural options pursued based on improved natural resource management practices. On the policy side, the government will promote appropriate legal and policy frameworks and will strengthen the multi-disciplinary capacity in the health sector to make use of lessons learned and best practice; benefit sharing pilot initiatives will be established.*

**12. Stakeholders involved in project:**

*Stakeholder involvement through "shamans" has been strong, western trained medical doctors have been somewhat reactive about the approach and the project will make efforts to bring them into the project. The project will start in the indigenous states and may expand to other regions as part of the regular country's health program. Strong awareness program will be set in motion before the project begins to create a more receptive attitude.*

**13. Information on project proposer:**

*The project will be coordinated by the Parangaricuti and Rimicuari Solidarity Committees. These have been established as regional NGOs with institutional development support from international and nationally recognized NGOs.*

**14. Information on proposed executing agency (if different from above):**

*Same as above.*

**15. Estimated budget (in US\$ or local currency):**

**GEF:** \$525,000  
**Co-financing:** \$ 25,000 (in-kind)  
**TOTAL:** \$550,000

*Incremental costs will be calculated based on the agreed policies, estimation will be completed during project preparation.*

**SAMPLE BLOCK A PDF - MAKYS**

<b>PART I - ELIGIBILITY</b>	
1. Project name: <i>Modifying the Assembly Line at Makys Industries</i>	2. GEF Implementing Agency: <i>World Bank/IFC</i>
3. Country or countries in which the project is being implemented: <i>Hydelia</i>	4. Country eligibility: <i>Hydelia ratified the UNFCCC on March 15, 1996</i>
5. GEF focal area(s), and/or cross-cutting issues: <i>Climate Change</i>	6. Operational program/Short-term measure: <i>Short-term response measure</i>
7. Project linkage to national priorities, action plans, and programs: <i>As a part of activities to prepare the first national communication to FCCC, the Government of Hydelia is exploring those strategies that simultaneously benefit the local and global environments. Reducing vehicular emissions, which have deteriorated the air quality, especially in the capital city, and reducing imports of oil are first priorities. This project will help improve air quality, reduce oil imports and benefit the global environment. The Government has announced a decision to phase out over the next seven years the manufacture and sale of two-stroke vehicles, the largest single cause of air pollution in the capital.</i>	
8. GEF national operational focal point and date of country endorsement: <i>Ministry of the Environment/Energy Department - February 24, 1997</i>	
9. Project rationale and objectives: <i>Given the Government's decision to phase out the use of two-stroke engines in the transport sector, Makys Industries has started negotiations with the Anodh Motor Company to replace the current two-stroke scooter engines with 4-stroke internal combustion engines long used in Anodh motorcycles. The forward-looking management of Makys Industries would like to use this opportunity to make-over the assembly line to also have the possibility of manufacturing electric scooters. Having this flexibility in manufacturing will incur incremental costs. As there is a long waiting list for scooters in Hydelia, it is certain that there will be willing customers for electric scooters (Many scooter drivers now frequently wear gas masks while traveling). As almost all of the country's electricity comes from plentiful hydro-electric sources, there will be significant global benefits from the reduction in emissions from the petrol-based scooters that would otherwise be sold.</i>	
10. Expected outcomes: <i>As a result of the extra investments made in the assembly line and in manufacturing processes, Makys expects to turn out 1000 electric scooters in the first year and gradually increase production to 10,000 units per year. Makys is positioning itself to be a market leader in producing zero emission vehicles given the virtual certainty that pollution control regulations will be tightened further.</i>	
11. Planned activities to achieve outcomes: <i>Makys will conclude a joint venture agreement with Anodh Motor Company. Anodh has also produced a prototype electric scooter that it is willing to introduce in Hydelia. GEF will support the in-country costs (incurred in foreign exchange) of the Makys-Anodh joint venture agreement. The joint venture agreement will also include the limited manufacture of electric scooters. The switchover of the assembly line to scooters with 4 stroke engines will be complete in 3 years, the first electric scooter will roll in four years.</i>	
12. Stakeholders involved in project <i>To be determined (see Part II)</i>	

PART II - INFORMATION ON BLOCK A PDF ACTIVITIES	
13. Activities to be financed by the PDF: <i>(a) Workshop with industry, government, and consumer representatives to discuss terms of reference for a consumer survey; and</i> <i>(b) Consumer survey to gauge the demand for, and desired features of, electric scooters.</i>	
14. Expected outputs and completion dates: <i>(a) Terms of reference (to be completed by May 31, 1997); and</i> <i>(b) Tabulation and analysis of consumer survey (to be completed by June 30, 1997)</i>	
15. Other possible contributors/donors and amounts: <i>Makys (US\$5000) for workshop; Government of Hydelia (US\$5000) for workshop. Total: \$10,000</i>	
16. Total budget and information on how costs will be met (including the Block A grant): <i>Workshop - \$US10,000 (Co-financing)</i> <i>Consumer survey - \$US25,000 (GEF)</i> <i>TOTAL: US\$35,000</i>	
PART III - INFORMATION ON THE APPLICANT INSTITUTION	
17. Name: <i>Makys Industries</i>	18. Date of establishment, membership, and leadership: <i>1962; CEO: Mr. X, 2000 employees</i>
19. Mandate/terms of reference: <i>Commercial enterprise; used to be a parastatal with Trabant Motor Works; privatized in 1993. Makys produces scooters and other light vehicles</i>	20. Sources of revenue: <i>Annual sales: US\$10,000,000</i>
21. Recent activities/programs, in particular those relevant to the GEF: <i>N/A</i>	
PART IV - INFORMATION TO BE COMPLETED BY IMPLEMENTING AGENCY	
22. Project identification number: <i>WB-97-0016</i>	
23. Implementing Agency contact person: <i>J. Blow</i>	
24. Project linkage to Implementing Agency program(s): <i>National Environmental Action Plan</i>	

**SAMPLE MEDIUM-SIZED PROJECT BRIEF - FORESTLAND**

**PROJECT SUMMARY**

<b>PROJECT IDENTIFIERS</b>	
1. Project name: <i>Saving Frontier Forests in Forestland through Community-Based Management</i>	2. GEF Implementing Agency: UNDP
3. Country or countries in which the project is being implemented: <i>Forestland</i>	4. Country eligibility: <i>Forestland ratified the CBD on October 15, 1996 and meets all other eligibility requirements</i>
5. GEF focal area(s): <i>Biodiversity</i>	6. Operational program/Short-term measure: <i>Forest Ecosystems (OP#3)</i>
7. Project linkage to national priorities, action plans, and programs: <i>The project is based on the forest sector priorities as indicated in the National Biodiversity Action Plan for Forestland and corresponding government programs to save remaining intact natural forests and biodiversity resources, including implementation of the action plans for national protected areas.</i>	
8. GEF national operational focal point and date of country endorsement: <i>Ministry of Forests, Economic Development Department - Endorsed: February 1, 1997</i>	
<b>PROJECT OBJECTIVES AND ACTIVITIES</b>	
9. Project rationale and objectives: <i>goal: to conserve globally significant biodiversity in highly threatened sites in Forestland;</i> <i>objectives: to promote sustainable community-based management of forests; and to provide the enabling conditions for preserving biodiversity.</i>	Indicators: <i>(a) scope and scale of protection of forest biodiversity resources;</i> <i>(b) effective community-based approaches to forest management;</i> <i>(c) legislative, economic, and social policies and programs for sustainable forest management.</i>
10. Project outcomes: <i>(a) regional and global impact of preserving threatened species;</i> <i>(b) replicable models of community-based forest management;</i> <i>(c) replicable approaches to dealing with root causes through enabling conditions.</i>	Indicators: <i>(a) biodiversity species preserved in close to 30% of the world's remaining intact natural forest;</i> <i>(b) effective community-based enforcement of controlling access to, and use of, forests;</i> <i>(c) effective policies and programs addressing the root causes of biodiversity loss.</i>
11. Project activities to achieve outcomes (including cost in US\$ or local currency of each activity): <i>(a) inventory of biodiversity resources (status, monitoring, identification of threats, etc.) (500,000);</i> <i>(b) conduct of social assessments and participatory approaches in development of community-based approaches (795,000);</i> <i>(c) conduct of studies and policy dialogues to deal with root causes of biodiversity loss (250,000).</i>	Indicators: <i>(a) numbers, scale, and extent of biodiversity resources (status, threats, etc.);</i> <i>(b) social issues and participatory approaches that define appropriate governance systems, consensus-building, etc.;</i> <i>(c) agreements with policy makers, linkage with national programs, etc. to address root causes.</i>
12. Estimated budget (in US \$ or local currency):	
PDF:	\$ 25,000
GEF:	\$745,000
Co-financing:	\$400,000 (\$350,000 in-kind)
	\$100,000
	\$300,000
TOTAL:	\$1,570,000
	World Forest Resources Institute
	John Doe Foundation
	Government of Forestland (in-kind)

PROJECT SUMMARY/CONTINUED

INFORMATION ON INSTITUTION SUBMITTING PROJECT BRIEF	
13. Information on project proposer:	<i>World Forest Resources Institute (WFRI) – see attached description (to be sent later)</i>
14. Information on executing agency (if different from project proposer):	<i>N/A</i>
15. Date of initial submission of project concept:	<i>January 7, 1997</i>
INFORMATION TO BE COMPLETED BY IMPLEMENTING AGENCY	
16. Project identification number:	<i>RLA/97/Fxx</i>
17. Implementing Agency contact person:	<i>T. Smith</i>
18. Project linkage to Implementing Agency program(s):	<i>Project fits with UNDP assistance strategy for Forestland; it complements Capacity 21 program of action.</i>

## PROJECT DESCRIPTION

### PROJECT RATIONALE AND OBJECTIVES

Almost one-half of the world's original forest cover has been depleted within the past three decades. The survey of the remaining intact natural or frontier forests done by the World Forest Resources Institute (WFRI) shows that 20% of global frontier forests are located in Forestland. Within Forestland, more than 70% of national biodiversity is found inside these forests. Although these lands are inside declared protected areas of government, some 15% to 25% of its current cover are cut or degraded each year by logging, land clearing, fuelwood collection, and infrastructure (e.g., roads, mining).

This project offers a new dimension to the government's protected areas programs through support of community based management. It is consistent with the GEF's forest ecosystems operational program (OP#3), and responds to the first two objectives of the Convention on Biological Diversity (CBD). In particular, it addresses Art. 8, *in-situ* conservation of biodiversity resources, and COP guidance on sustainable use of vulnerable ecosystems and species; capacity building and human resource development; institutional strengthening; indigenous communities; innovative measures; and government-private partnerships for land management. Since WFRI made use of national environmental and biodiversity plans, and periodically consulted with government agencies and non-governmental groups, the project's objectives and activities are responsive to in-country national priorities and programs.

### CURRENT SITUATION

The project covers a region which ranks among the highest biologically rich areas in the world. Forestland has more than 2.2 million sq kms of frontier forest, representing 17% of the world's total. Its temperate forests contain at least 50 species of timber trees, one-half of which are endemic. It harbors within its boundaries the Hemisphere's largest conifer, and trees that are more than 3,000 years old. Its southern state, where most of the frontier forests are found, is part of the Dryland Basin Forest complex, which is the largest single block of tropical dryforest that is ranked among the highest megadiversity regions (with the highest number of endemic species per unit of cover) in the world.

As designated protected areas, the forest park agencies receive funding from the national government for salaries of park guards and for conduct of various types of conservation and park maintenance activities. However, these funds are often insufficient to enforce restrictions on forest uses from illegal logging, wood cutting, and hunting inside park boundaries. These activities continue to accelerate as regional and national markets expand. In Forestland, for example, the consumption of timber and paper has increased by 86% between 1961 and 1990. Population growth rates are high in Forestland; together with urbanization and the closing of the agricultural frontier, have induced greater land clearing from forests to make way for new settlements and cultivated croplands.

WFRI and other regional and national NGOs have been invited by governments and international funding agencies to discuss regional forestry development strategies. For example, NGO views were included in the Declaration for the Summit for Sustainable Development held in December, 1996. Through such fora, and meetings with national government officials, the importance of linking nationwide policies and programs with forest sector plans was highlighted, including coordination of external assistance.

## EXPECTED PROJECT OUTCOMES

The main objective of the project is to conserve globally significant biodiversity in one of the world's most important, yet seriously threatened, frontier forests. The secondary objective is to provide the necessary enabling conditions in order to promote sustainable community based forest management approaches.

The project activities will be carried out over a period of six years to allow sufficient time for community organization and consensus building. At the end of the project, the following outputs are expected.

- initial scientific assessment of the numbers, scale, and extent of biodiversity in three forest national parks, including a mechanism for long-term monitoring of biodiversity resources;
- replicable models of organized community based programs with well-established governance structures, including long-term approaches to local management of forests;
- ongoing programs at the community level addressing root causes of biodiversity loss (e.g., property rights, support for indigenous groups, controls over migrant encroachments, etc.);
- replicable capacity strengthening programs (e.g., periodic training, cross-site visits, information exchange, etc.).

## ACTIVITIES AND FINANCIAL INPUTS

In order to achieve project objectives, the following activities will be implemented:

- scientific assessment and monitoring of biodiversity resources (including inventory and stock-taking, identification of threatened species, mapping, etc.), at a cost of US\$500,000;
- community based management (engaging local groups in the conduct of scientific assessments and monitoring, and enforcement of controls over access to, and use of, forest resources, including support for alternative livelihood options) at a cost US\$795,000; and
- capacity strengthening and environmental awareness (broadening information and public support for biodiversity conservation) at a cost of US\$250,000.

These activities will be designed in close coordination with larger efforts at addressing the root causes of biodiversity loss. Because these efforts require much larger investments and country commitments, other international funding agency programs are better placed to address these concerns. However, there will be mechanisms in this project to ensure that linkages are established, such as joint programs with key government agencies, coordination with the national biodiversity strategies, and dialogues with institutions engaged in sectoral studies. The John Doe Foundation funds will be used primarily for looking at the national programs and special studies, and how findings from these initiatives can be incorporated into the community based approaches.

These activities will be completed at demonstration sites in three areas of global importance:

- (a) Atlantic tropical rainforest in the coastal areas of Forestland which contain 70% of the country's plants, including the wild relatives of important foodcrops such as pineapple, cassava, sweet potato, and papaya, and 20% of primate species that are found nowhere else in the world;
- (b) temperate forest ecosystems in the southern part of Forestland, which contain more than 700 vascular plant species, most of them endemic to the region; and
- (c) Dryland Tropical State Park, which is the region's largest tropical frontier forest.

The activities and outputs from the demonstration sites are listed below.

Activities	Locations	Index Measurement	Outputs
scientific assessments and monitoring	(a) villages x,y,z in the Atlantic coast of Forestland; (b) villages a,b,c, in southern Forestland; (c) villages h,i,j in Dry Tropical State Park	land area in 000 sq. kms.: (a) 500.0; (b) 320.0; (c) 410.0	a) initial inventory of biodiversity resources in 120 forest grids (each grid equivalent to 50 sq. kms.); (b) classification of key flora and fauna; (GIS mapping and ground truthing); (c) identification of threatened species.
design and implementation of community based forest management	(a) villages y and z; (b) villages a and b; (c) village h	population size (000 persons): (a) 1,350.0 (b) 278.0 (c) 1,200.0	(a) established community organization engaged in sustainable forest management and assisting in scientific assessments & monitoring; (b) program of support for small scale alternative livelihoods, including micro-finance schemes.
capacity strengthening and environmental awareness	(a) villages y and z; (b) villages a and b; (c) village h environmental awareness: regional and nationwide campaigns.	target beneficiaries: (a) community leaders; (b) hired community organizers or facilitators; and (c) general media.	(a) completed training programs on project execution and management (e.g., procurement, accounting, etc); (b) cross-site visits (within country and across three countries); (c) training manuals on biodiversity and forest management; (d) environmental awareness publications translated into local languages; media programs.

## SUSTAINABILITY ANALYSIS AND RISK ASSESSMENT

The following activities are designed to ensure long-term sustainability of forest and biodiversity conservation management: (a) establishment of project executing arrangements that are community based and conform to existing governance structures (e.g., coordination with local governments; recognition of traditional leaders; etc.); (b) linking project initiatives with national government programs to ensure consistency as well as continuity of operations beyond the project's life (e.g., making sure that counterpart government contributions are set up to support the community activities); (c) design of local resource mobilization strategies, including collection of receipts from livelihood initiatives such as ecotourism, and generating funds from other funding agencies; and (d) training of people in leadership and management skills.

Project risks include failure to receive adequate government commitment, especially from local governments. The project will facilitate discussions with local, state, and national government agencies and promote joint implementation such as biodiversity inventories and monitoring. Another risk is the possible mismatch of community management with existing government protection efforts. However, because this project is aimed at supplementing the work of park officials, attempts will be made to ensure that there is close coordination and cooperation. This will be done through joint committees in decision making and sharing of resources.

## STAKEHOLDER INVOLVEMENT AND SOCIAL ASSESSMENT

WFRI has been working in the region for the past five years by collaborating with local NGOs in the conduct of initial biodiversity assessments and mapping activities. Preparation funding from GEF (Block A grant of \$25,000), WFRI (\$30,000) and the John Doe Foundation (\$40,000) have been used for the conduct of national workshops and village meetings. Focus group meetings were held with special interest groups, such as women's associations (who were the dominant groups in fuelwood collection), small-scale loggers, and local government officials.

An initial social assessment was completed using participatory rural appraisal (PRA) techniques. Findings from the appraisal indicate the importance of integrating into the project's activities those issues related to gender (women's groups); property rights of indigenous groups and clarification of access to forests in relation to migrant populations; cultural diversity associated with ethnicity and transboundary migration; and alleviation of poverty and reducing dependence on fuelwood and timber based incomes.

## INCREMENTAL COST ASSESSMENT

The government is currently implementing the national biodiversity strategy which consists of a multi-pronged approach to protected area management, including funding for park officials and site management. The strategy contains provisions for addressing some of the root causes of biodiversity loss, and there are studies currently underway to review policies and programs in the forest sector. Full-scale implementation of the national biodiversity program is critical, but it needs to be supported by national and sectoral schemes, especially in controlling logging and land clearing. The existing rural development programs that are aimed at reducing poverty in the agriculture and forest sectors provide positive inputs to managing national forest parks.

However, despite these ongoing baseline activities, fragmentation and conversion of natural habitats continue to increase at scales that are difficult to control without timely and significant interventions. It is also necessary to provide local, state, and national governments with additional funds to engage in activities that go beyond conventional park policing and maintenance. These include activities such as scientific assessments and monitoring, and execution of alternative or supplemental community based management approaches.

Under the GEF alternative, an expanded program would be implemented, focusing on those activities that generate global benefits. These include initiatives for biodiversity resource assessments and on-the-ground inventories in five demonstration sites within forests of high global significance; promotion of alternative livelihood options in globally important and threatened forest areas as models that may be replicable in other sites; development of community based management approaches to supplement government park enforcement by engaging residents and indigenous groups in sustainable forest management; and application of findings and coordination of efforts with the various levels of government in addressing the root causes of biodiversity loss.

The total cost of the baseline activities is estimated at \$57.7 million (\$48.0 million of which will be funded through external sources such as bilateral and multilateral organizations). The cost of the GEF alternative is US\$1.545 million, about half of which (or \$745,000) is being requested from the GEF, and the remainder (US\$800,000) will be contributed by the Government of Forestland, the John Doe Foundation and WFRI. Other co-financing and government counterpart funds are targeted for implementation of some of the baseline activities, including provisions by government for family planning and health services in some of the proposed project sites.

## BUDGET

Estimated Breakdown of Costs by Budgetary Component (US\$000)

Components	GEF	Government Counterpart	WFRI	John Doe Foundation
Preparation: PDF A	25.0			
Others			30.0	40.0
Personnel	130.0 <sup>1</sup>	135.0 <sup>2</sup>	90.0	
Subcontracts	240.0 <sup>3</sup>		80.0	30.0
Training	90.0		50.0	30.0
Equipment	70.0 <sup>4</sup>	100.0 <sup>5</sup>		
Travel	95.0	40.0 <sup>6</sup>	80	
Evaluation Mission	50.0	25.0 <sup>7</sup>	70	
Project Support <sup>8</sup>	70.0			
<b>TOTAL</b>	<b>770.0</b>	<b>300.0</b>	<b>400.0</b>	<b>100.0</b>

<sup>1</sup> Project personnel include part-time project coordinator from WFRI; one international consultant; two local consultants; and one locally-hired resident community organizer or facilitator from each sub-region within the country.

<sup>2</sup> Government counterpart and non-GEF personnel costs are already existing and represent in-kind contribution and monetized by percent of time allotted to the project.

<sup>3</sup> Subcontracts will be given as follows: (a) study for integrating national biodiversity strategies and programs addressing root causes into community based approaches; (b) outreach activities to one local NGO from each region; and (c) science contracts to an academic institution from each country.

<sup>4</sup> Standard office equipment, one computer, and bicycle/horses will be purchased for each site.

<sup>5</sup> Represents currently used equipment and coverage for maintenance of project-purchased equipment.

<sup>6</sup> Represents in-kind counterpart contribution for use of vehicles, etc.

<sup>7</sup> Represents in-kind use of headquarters and field offices, etc.

<sup>8</sup> Represents project administration and support costs of UNDP as the implementing agency.

## PROJECT IMPLEMENTATION PLAN

The project will be executed by WFR's Threatened Forests Program. A part-time project coordinator will be assigned to coordinate project activities across regions. A project steering committee will be organized and composed of representatives from forestry and environmental agencies in Forestland; a representative from the local governments in each project site; and three community-based NGOs. Decision making regarding strategies and approaches for design and implementation of project activities will be made by the steering committee, but these will be based upon a compilation and assessment of feedback from local community groups.

At the local or site level, each community will design its own project structure and decide on the composition of membership of the local site management committees. Consensus building among communities will be facilitated through the work of full-time community organizers (or facilitators) who will be hired by the project. The same procedure of selection will be done in setting up the monitoring and evaluation team for each project site.

Criteria for awarding of subcontracts (including consultants) and procurement of equipment will be determined at the start of the project through a sub-committee of the Project Steering Committee.

### PROJECT IMPLEMENTATION PLAN

DURATION OF PROJECT (IN MONTHS): 72	
ACTIVITIES	PROJECT-MONTHS
Completion of project activities	6 12 18 24 30 36 42-72
1. Scientific assessment and monitoring of biodiversity resources (24 months)	_____ ]
2. Community based management (60 months)	_____ ]
3. Capacity strengthening and environmental awareness (12 months)	_____ ]

## PUBLIC INVOLVEMENT PLAN

### *Stakeholder Identification*

Aside from GEF and UNDP, and the other co-financing agencies, the key stakeholders in the project are: (a) the local, state, and national governments who have a stake in ensuring sustainable forest management and reducing biodiversity and forest loss; (b) project executing agencies, including local and national governments, local and international NGOs who have a special interest in the project's performance and impact; (c) community beneficiaries who have a lot to gain from engaging in sustainable livelihoods by preserving resources for future use while addressing current concerns; and (d) sub-populations of vulnerable groups, such as women, indigenous communities, and poor households who are expected to benefit from special interventions affecting their access to, and use of, forest resources.

### *Information Dissemination and Consultation*

Three regional workshops were held with a multisectoral representation from government, NGOs, and local groups. A special meeting was organized with the private sector (e.g., some logging companies, a mining firm, and consulting firms). Village meetings, using focus groups and participatory rural appraisals (PRAs), were conducted over a period of one month in each country.

The project structure allows for continuous consultation with local groups. In addition, there will be six multisectoral workshops organized (at the start and end of the project). Feedback from affected groups will be done through the community facilitators who will provide quarterly reports to the Project Steering Committee regarding findings from PRAs, village meetings, etc.

### *Social and Participation Issues*

Based upon initial results of the consultations and social assessments conducted during preparation, the anticipated social issues are: (a) gender concerns, specifically role of women in fuelwood collection; (b) needs of indigenous communities, in particular, recognition of property rights over ancestral lands and integration of indigenous technical knowledge into scientific assessments; (c) cultural diversity arising from a stratified and diverse population due to migrant encroachments from various regions, including transboundary migrants; and (d) common property resource rights governing access to, and use of, forest resource, in particular, diversified tenurial arrangements over land, trees, and tree products.

## **MONITORING AND EVALUATION PLAN**

Monitoring of the project will be undertaken by the Ministry of Forests. About US\$100,000 has been allocated for the evaluation. It will include data on performance indicators, a mid-term review, a description and analysis of stakeholder participation in the project design and implementation, and an explanation of how the monitoring and evaluation results will be used to adjust the implementation of the project, if required, and/or to replicate project results throughout the country and, possibly, the region.

## **TECHNICAL REVIEW**

[ To be provided later]

## PROJECT CHECKLIST

PROJECT ACTIVITY CATEGORIES			
Biodiversity	Climate Change	International Waters	Ozone Depletion
Prot. area zoning/ mgmt.: x	Efficient prod. and distr.:	Water body:	Monitoring:
Buffer zone development:	Efficient consumption:	Integrated land and water:	Country program:
Inventory/ monitoring: x	Solar:	Contaminant:	ODS phaseout:
Ecotourism:	Biomass:	Other:	Production:
Agro-biodiversity:	Wind:		Other:
Trust fund(s):	Hydro:		
Benefit-sharing:	Geothermal:		
Other:	Fuel cells:		
	Other:		
TECHNICAL CATEGORIES			
Institution building: x			
Investments:			
Policy advice:			
Targeted research:			
Technical/ management advice:			
Technology transfer:			
Awareness/ information/ training: x			
Other:			



## SAMPLE MEDIUM-SIZED PROJECT BRIEF - PARADOR

### PROJECT SUMMARY

PROJECT IDENTIFIERS	
1. Project name: <i>Parador Small Hydro Systems</i>	2. GEF Implementing Agency: <i>UNDP</i>
3. Country or countries in which the project is being implemented: <i>Parador</i>	4. Country eligibility: <i>Parador ratified climate change convention on August 27, 1996</i>
5. GEF focal area(s): <i>Climate change</i>	6. Operational program/Short-term measure: <i>OP6 - Promoting the adoption of renewable energy by removing barriers and reducing implementation costs</i>
7. Project linkage to national priorities, action plans, and programs: <i>Parador has passed a series of laws to promote rural development through funding of specific programs and the promotion of private/public enterprises in certain economic sectors, such as energy. Given the physical difficulty and economic cost of establishing electricity grid systems, the government is supporting efforts to build, operate, and maintain independent energy systems, with a particular emphasis on renewables</i>	
8. GEF national operational focal point and date of country endorsement: <i>Ministry of the Environment/Energy Conservation bureau</i>	
PROJECT OBJECTIVES AND ACTIVITIES	
9. Project rationale and objectives: <i>(1) Reduction of CO2 emissions; (2) Promoting innovative financing for renewable energy production (3) Strengthening knowledge about renewable energy</i>	Indicators: <i>(1) Lower CO2 emissions; (2) Increased investment in renewable energy technologies (3) Increased commitment to small hydro investment by all levels of government, local communities, and financial institutions</i>
10. Project outcomes: <i>(1) Investment in small hydro systems (2) Improved capacity for building, operating and maintaining renewable energy systems; (3) Replication of technologies throughout Parador.</i>	Indicators: <i>(1) Purchase of small hydro systems outside of Parador; in-country construction of small hydro (2) Fewer systems breakdowns; better maintenance of systems; (3) Investment in small hydro throughout rural communities in Parador.</i>
11. Project activities to achieve outcomes (including cost in US\$ or local currency of each activity): <i>(1) Establishing local electricity companies (\$250,000); (2) Financial sector mobilization and strengthening (\$700,000); (3) Training to strengthen local electricity companies (\$100,000).</i>	Indicators: <i>(1) Electricity companies set up in local communities; service/payment infrastructure established; (2) Barriers to investment in small hydro lowered; stimulation of public/private renewable energy enterprises in local communities; (3) In-country capacity to build, operate and maintain systems; replication of knowledge throughout Parador</i>
12. Estimated budget (in US\$ or local currency): PDF: 25,000 GEF: 800,000 Co-financing: 250,000 (150,000 Government of Parador; 100,000 bilateral aid) TOTAL: 1,075,000	

PROJECT SUMMARY/CONTINUED

INFORMATION ON INSTITUTION SUBMITTING PROJECT BRIEF

13. Information on project proposer:

*Ministry of Economic Development/Department of Rural Communities*

14. Information on proposed executing agency (if different from above):

*Same as above*

15. Date of initial submission of project concept: *December 7, 1996*

INFORMATION TO BE COMPLETED BY IMPLEMENTING AGENCY:

16. Project identification number:

*RB-9703-0046*

17. Implementing Agency contact person:

*E. Woodhouse*

18. Project linkage to Implementing Agency program(s):

*Rural Electrification Project (1990-1995)*

## RATIONALE AND OBJECTIVES

The proposed activity is consistent with GEF operational program 6, "Promoting the adoption of renewable energy by removing barriers and reducing implementation costs." It would substitute for the development of a series of small, local utilities fueled by oil. GEF support is required to remove the identified barriers to the sustainable financing of small hydro-based electrification, build capacity to manage and sustain small hydro, and promote replication of the technology in rural communities throughout Parador.

Parador's government has been implementing a long-term strategy to decentralize a number of key economic activities, including rural electrification. A combination of factors – including the isolation of rural communities (Parador is almost totally mountainous), the high physical difficulty and economic cost of establishing distribution networks for fossil fuels and expanding central grids to rural areas, and the government's desire to improve air quality – has led the government to accord high priority to innovative renewable energy technologies. This is supported by government efforts to promote local financing for development activities.

This project is consistent with a GEF operational program. It includes the employment of decentralized, community level small hydro systems in some communities; capacity-building to ensure local communities can build and manage the small hydro facilities, and longer-term management of project financing to ensure sustainability. By itself, this project could reduce CO<sub>2</sub> emissions by 20,000 tonnes in 20 years; associated projects could generate another 40,000 tonnes in potential CO<sub>2</sub> emission reductions. By promoting a renewable energy technology, Parador is integrating protection of the global environment into national development activities.

## CURRENT SITUATION

Parador is a landlocked, mountainous republic (about 1.2 million square kilometers) located in the Western hemisphere. Its entire population of 7 million people live either in the high plateau region or in mountain valleys, where the average altitude is 3000 meters. Half the population lives in rural areas. Average per capita income is \$1000 per year, with urban dwellers earning about 25% more than rural dwellers. Given its topography and relatively low population density, towns and villages are relatively isolated, with almost all being linked by single lane mountain roads. There are few railway links.

Parador has a rich endowment of energy resources, including oil and gas, traditional fuels (fuelwood, bagasse, and animal waste), and hydroelectric power. About 95% of urban residents have access to electricity; only 25% of rural residents have electricity. Almost all the electricity is supplied by a combination of gas turbines and diesel engines; construction of electrical utilities adheres to national energy policies and programs.

Over the last few years, the government has passed a series of laws to decentralize the provision certain goods and services to (a) promote the more efficient management of certain economic activities, involving a mix of public and private sector enterprises and (b) to better serve rural communities. The affected industries and activities include energy, transportation, telecommunications, mining, agriculture, and education. The government channels one-quarter of government revenues to municipal governments for their exclusive use.

The government has also taken significant steps to promote sustainable development, including the passage of legislation to establish guidelines for environmental impact evaluations, protect the environment, conserve natural resources, and promote sustainable development. Parador has ratified several international conventions, including the UN Framework Convention on Climate Change.

#### **EXPECTED PROJECT OUTCOMES, WITH UNDERLYING ASSUMPTIONS AND CONTEXT**

There is considerable interest and commitment to using renewable energy alternatives in Parador. Several demonstration projects, financed by state governments, bilateral aid agencies, and the private sector, have proven to be successful, but Parador has purchased on average only one small hydro system per year for the last few years. Because there are so few small hydro systems operating in Parador, few people know how to set up a system and properly maintain it. Financial institutions are unwilling to take risks on a relatively unknown technology. Most rural communities are familiar with running low-cost diesel fuel generators and have opted to build such units, in spite of the fact that they are inefficient and environmentally damaging.

The project is designed to remove financial and institutional barriers to investing several small hydro systems. These include buying down risk so that financial institutions will advance financing to local communities, helping offset high initial capital costs for purchasing the systems, and overcoming human resource limitations by training local people to build and maintain the system.

#### **ACTIVITIES AND FINANCIAL INPUTS NEEDED TO ENABLE CHANGES**

In the baseline, there will be some investment in rural electrification, but the larger part of this investment will be in decentralized small diesel generating sets and in connection to the grid.

The global environmental objective is to reduce greenhouse gas emissions. The national objective is to increase rural electrification, decentralize financial decision-making for certain types of economic activities, including the energy sector, and develop capacity to install and maintain energy systems which are sustainable. The system boundary is the Paradoran energy sector.

Small hydro systems cost less to install than diesel generators, but they face significant barriers which affect the establishment and longer-term viability of such systems. Such barriers include: institutional; financial-institutional; and human resource limitation barriers.

In both the baseline and alternative cases, communities would have to overcome certain institutional barriers. For example, the new electricity law states that only public/private mixed enterprises can generate electricity above 300 kW. Such a requirement could preclude the establishment of small electricity companies in local communities. Yet, some form of profit-making enterprise is necessary to obtain financing, ensure long-term system maintenance, and qualify for government funding targeted to municipalities. The cost to establish and manage such local enterprises in both the baseline and alternative is US\$250,000.

Another barrier is the financial-institutional barrier, namely the long-standing policy of Parador's financial institutions to provide loans to only those enterprises which have a significant credit history; a large, existing capital base; and a limited set of known investment activities. High interest rates (20%), short payback periods (4 years) and strict collateral requirements (300% guarantees) are all deterrents to financing new enterprises, in particular those involving non-traditional technologies. The incremental cost of (a) strengthening financial institutions interested in rural electrification; (b) lengthening amortization periods for investment in small hydro; and (c) strengthening the coverage of financial institutions working on renewable energy in rural areas is US\$700,000.

Human resource limitations also are a significant barrier to rural electrification. There is little knowledge of how to build, operate, and maintain small hydro systems (at present, there are not technicians or managers). Most communities do not know how to organize or run a public/private electricity enterprise. The incremental cost of training skilled workers, semi-skilled workers, and company managers is US\$100,000.

In summary, the project involves the following activities:

- (1) Establishing local electricity companies (US\$250,000 co-financing);
- (2) Financial sector mobilization and strengthening to support investment in small hydro systems (US\$700,000 GEF financing); and
- (3) Training to strengthen local electricity companies (US\$100,000 GEF financing).

## **SUSTAINABILITY ANALYSIS AND RISK ASSESSMENT**

The project has strong government support, in particular the Ministries of Economic Development and of Energy. The Ministry of Energy will provide direct technical support for the small hydro systems and maintain a national-level database on renewable energy projects and programs. The Ministry of Economic Development will be responsible for coordinating the project in several villages and communities. The local UNDP resident representative will undertake to conduct regular reviews of the project and provide technical assistance for project-related equipment and services.

The project also has strong support in local communities, with commitment to provide a key portion of the equity in electricity supply systems and to cover operating and administrative costs of the service.

## PUBLIC INVOLVEMENT PLAN

### *Stakeholder identification*

Aside from GEF and UNDP, the key stakeholders are: the national government, local communities, local electricity companies, and sub-populations of vulnerable groups, such as women, indigenous communities, and poor households who are expected to benefit from the project.

### *Information dissemination*

Three local workshops were held with multisectoral representation from government, local community groups, and local electricity companies to explain the project to the affected households and communities. Village meetings, using focus groups and participatory rural appraisals were conducted over a period of two weeks.

The project structure allows for ongoing consultation with local communities. Feedback from community households will be done by the Ministry of Economic Development; it will provide semi-annual reports to the Project Management Unit on issues raised by community users.

### *Social and participation issues*

Social assessments will analyze the costs and benefits of decentralized decision-making about the management of energy resources, the participation of local households in designing and implementing the project activities, and the potential expansion of community services and economically productive activities. The assessment will also examine to what extent vulnerable groups (women, indigenous communities) have participated in developing the project.

## BUDGET

This budget includes the PDF; consultants and project staff; financing to enable local communities to purchase and install small hydro systems; training to establish and operate local electricity companies, and to use and maintain the systems; computers, tools and other project equipment; travel in the regions implementing the project (including by international consultants); and one evaluation mission after the project is implemented.

### BUDGET (US\$)

Component	GEF	Other sources	Project total
PDF:	25,000		25,000
Personnel:	320,000	100,000	420,000
Subcontracts:	300,000	115,000	415,000
Training:	100,000	10,000	110,000
Equipment	20,000	5,000	25,000
Travel:	25,000	10,000	35,000
Evaluation mission(s):	20,000		20,000
Miscellaneous:	15,000	10,000	25,000
Project total (PDF+project costs):	825,000	250,000	1,075,000

## STAKEHOLDER INVOLVEMENT AND SOCIAL ASSESSMENT

Key stakeholders include: the Ministries of Economic Development and of Energy; the local communities (1000 households) benefiting from the electrification project; and local electricity companies (in some of the communities).

Social assessments will analyze the costs and benefits of decentralized decision-making about the management of energy resources and the potential expansion of community services (such as enhanced potable and agricultural water supply, health services, schools, lighting of streets and market places) and economically productive activities (such as agriculture, artisan activities, and small industries). The local electricity companies will coordinate efforts to ensure that local residents understand how to use (and to not abuse) the energy systems, and that each end-user pays agreed-upon electricity usage fees.

The project will also support information dissemination activities across the country, with a particular focus on keeping energy specialists informed about key technical developments, as well as informing the public about how this technology solves practical problems.

### INCREMENTAL COST MATRIX

	Baseline	Alternative	Increment (Alternative - Baseline)
Global environmental benefits	Emissions from diesel generators	Emissions from diesel generators avoided	Less CO2 emissions by Parador
Domestic benefits	Profitable rural electrification with diesel generators	Profitable rural electrification	Same benefits as with small hydro systems
Costs (US\$)	Baseline Costs	Alternative Costs	Incremental Costs
Activity 1: Establishing local electricity companies	250,000	250,000	- 0 -
Activity 2: Financial sector mobilization and strengthening	1,500,000	2,200,000	700,000
Activity 3: Training to strengthen local electricity companies	- 0 -	100,000	100,000

### INCREMENTAL COST ANALYSIS

This project is substitutional; it seeks to replace conventional diesel generators (baseline) with small hydro systems (alternative) by lowering institutional, financial, and human resource barriers. Other costs include the establishment of local electricity companies and training of technical and managerial personnel, to ensure the viability and eventual replication of the project technology all over Parador.

## PROJECT IMPLEMENTATION PLAN

DURATION OF PROJECT (IN MONTHS): 18 MONTHS							
ACTIVITIES	PROJECT-MONTHS						
	6	12	18	24	30	36	42
1. Establishing local electricity companies	—] (9 months)						
2. Financial sector mobilization and strengthening	—] (12 months)						
3. Training to strengthen local electricity companies	—] (6 months)						

## MONITORING AND EVALUATION PLAN

The project will be monitored by the Ministry of Energy, the contracted project supervision firm, and by experts selected by UNDP. UNDP's extensive experience in monitoring large programs will be drawn upon to ensure that the project activities are carefully documented.

Data will be collected on the key performance indicators, including amount of investment in small hydro (and, where available, other renewable energy systems), implementation of rural electrification activities, CO2 emissions (before and after project implementation), technology replication, and strengthened training in and awareness of renewable energy technologies. Results of the monitoring and evaluation survey will be used to implement changes to the project, if necessary, and for future reference in the development of similar projects, as well as other renewable energy activities.

An initial amount of \$20,000 has been allocated for the project evaluation.

## TECHNICAL REVIEW

(To be attached upon receipt.)

## PROJECT CHECKLIST

PROJECT ACTIVITY CATEGORIES			
Biodiversity	Climate Change	International Waters	Ozone Depletion
Prot. area zoning/mgmt.:	Efficient prod. & distrib.:	Water body:	Monitoring:
Buffer zone development:	Efficient consumption:	Integrated land and water:	Country program:
inventory/monitoring:	Solar:	Contaminant:	ODS phaseout:
Ecotourism:	Biomass:	Other:	Production:
Agro-biodiversity:	Wind:		Other:
Trust fund(s):	Hydro: x		
Benefit-sharing:	Geothermal:		
Other:	Fuel cells:		
	Other:		
TECHNICAL CATEGORIES			
Institution building: x			
Investments:			
Policy advice:			
Targeted research:			
Technical/management advice: x			
Technology transfer:			
Awareness/information/training: x			
Other:			



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### Country Bulletins:

Please see the Country Bulletins on the GEF web site. These include the names of the political and operational focal points.





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