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In December 2010 the Ministry of Housing, Land Management and Environment of Uruguay –through its Environment Authority–, and myself as GEF Operational Focal Point held a National Portfolio Formulation Exercise style meeting.

The exercise was attended by more than fifty representatives from NGOs, UN agencies (UNDP, UNEP, UNESCO, FAO, UNIDO were there, while the WB could not come), Government ministries and local governments among others. The main aim of the meeting was to communicate GoU's priorities and to listen to other initiatives that could be eligible for GEF financing.

After a whole day of debate, both in general meetings and workshops, the National Director of Environment announced that it was the GoU's intention to split the STAR's fund allocation according to the following scheme:

- * A clear support of the Small Grants project, through a contribution from Uruguay's STAR allocation.
- * A main climate change project, to be implemented through the WB.
- * A second project on biodiversity, to be implemented through UNDP.

According to later agreements, the GoU allocated \$ 416,000 to the SGP (including fees), kept up to \$ 3,793,000 for the CC project (under the supervision of the ministries of Agriculture, Environment and Energy) and up to 1,897,000 for a biodiversity project.

An endorsement letter for the SGP funds was signed and presented to you in December 2010.

A draft PIF of CC project (called "Transformation of environmental liabilities of the agriculture, agro-industries and rural areas into energy sources") is almost ready.

The project aims at promoting the use of biomass waste from agricultural, agro-industrial and rural areas as renewable energy sources, aiming to reduce GHG emissions and reverse the trend of environmental degradation, while boosting the development of small and medium scale farms and agro- industries.

The project has 5 components:

Component 1: Feasibility study for energy production from agriculture, agroindustries and rural areas residues. (Total cost US\$1.5 million of which US\$ 0.5 million from GEF) - The objective of this component is to strengthen the GoU's capacity to support the development and implementation of on-farm investment sub-projects.

Component 2: Strengthening the policy, legal and institutional framework for the promotion and control of the use of waste with the greatest energetic potential (Total cost US\$0.8 million of which US\$ 0.3 million from GEF) - The objective of this component is to strengthen the GoU's institutional and legal framework to promote the use of farm waste to produce clean energy.

Component 3: Establishment of GHG and land degradation reduction on-farm and demonstration subprojects (Total cost US\$51.175 million of which US\$2.275 million from GEF) - The objective of this component is support design and implementation of on-farm investment sub-projects.

Component 4: Building an enabling environment for long-term sustainability for energy production from waste (Total cost US\$0.8 million of which US\$ 0.3 million from GEF) - The objective of this component is to strengthen the GoU's capacity to promote the use of farm waste to produce clean energy.

Component 5: Project Management and Coordination (Total cost US\$2.375 million of which US\$ 0.375 million from GEF) .

Biodiversity project is at an earlier stage of development, and will take up to \$ 1,897,000 of the country's allocation.

This project aims at the sustainable use and management of environmental services in areas that already make part of our National System of Protected Areas.

Through this Project the GoU intends to promote the consideration, sustainable use and preservation of environmental goods and services located in protected rural areas.

It has also been decided to begin the planning of the Biodiversity Strategic Plan 2011-2020 through enabling activities to be implemented with UNDP (non STAR funds). This includes the update of the BD National Strategy, the Fifth National Communication to CBD and the design and implementation of the ClearingHouse Mechanism.

The GoU also expressed high interest on:

- A POPs project on dioxins and furans that includes site identification and remediation (already under preparation with UNDP and UNEP)
- A regional project on "mata Atlántica", under discussion by a local NGO and regional partners
- A COPs project on final disposition of cars batteries (with UNIDO's participation)
- An IW project on the Río de la Plata basing management agreement
- A regional project on coastal impact of CC (with UNESCO involvement)

According to GEF's policies, Convention's allocations should be considered as follows:

	Allocations (USD)	Projects
Climate Change	3,703,000	Agriculture liabilities
Biodiversity	1,897,000	Biodiversity
Land Degradation	90	Agriculture liabilities



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