

**Sender:**

**Frank Fass-Metz**  
**GEF Council Member**  
**Head Division**  
**Climate Policy and Climate Financing**  
**BMZ (Federal Ministry for Economic Cooperation and Development)**  
**Adenauerallee 139-141**  
**53113 Bonn, Germany**

Email: Frank.Fass-Metz@bmz.bund.de  
Advisor: Matthias Seiche  
Email: Matthias.Seiche@bmz.bund.de

---

Ref.No.: 312-K8185-40/94

Date: 4 March 2010

No. of pages incl. this page: 11

To: Monique Barbut  
Chief Executive Officer and Chairperson  
Global Environment Facility  
Email: gcoordination@TheGef.org

**Subject:     Comments by Germany on Intersessional Work Program March 2010**

Dear Ms. Barbut,

Please find below Germany's comments on the Work Program.  
Best regards

Matthias Seiche  
on behalf of  
Frank Fass-Metz

***Germany has objections to the following PIFs:***

**35. Chiller Energy Efficiency Project (Indonesia)**

The proposed project aims at replacing older chillers by non-ozone depleting substance (ODS) ones which are more energy efficient. However, the non-ODS chillers that shall be deployed through this project cannot be considered climate-friendly. The chillers would be equipped with a HFC-134a refrigerant, which is an extremely potent greenhouse gas covered by the Kyoto Protocol. The additional HFC-emissions caused by the chiller replacement would more than undo the climate benefit of the energy savings achieved. The project proposal does not fulfill GEF's strategic objective of reducing greenhouse gas emissions, unless climate-friendly, HFC-free chiller technology will be deployed.

**40. Lighting and Appliances Efficiency (Mexico)**

The proposed project aims at replacing old refrigerators and ACs equipped with CFC-12 by ones which are more energy efficient and are equipped with HFC-134a. The appliances that shall be deployed through this project cannot be considered climate-friendly. The appliances shall be equipped with a HFC-134a refrigerant, which is an extremely potent greenhouse gas covered by the Kyoto Protocol even though it is less climate potent than CFC-12. The project proposal does not fulfill GEF's strategic objective of reducing greenhouse gas emissions, unless climate-friendly, HFC-free technology is deployed.

**We are seeking clarification on this concern before we can approve these two PIFs.**

***Germany approves the other PIFs in the work program but asks that the following comments are taken into account:***

## **Biodiversity**

### **1. Global (Brazil, Kenya, Sri Lanka, Turkey) : Mainstreaming Biodiversity Conservation and Sustainable Use for Improved Human Nutrition and Well-being (UNEP/FAO) (GEF Project Grant : \$5,517,618)**

The project proposal should be amended in substantive terms. The overall approach is purposeful and builds on existing initiatives, notably the FAO/CBD/Bioversity Cross-cutting Initiative on Biodiversity for Food and Nutrition. Insufficient attention is presently given to the potential of (agricultural) biodiversity to improve human nutrition. The project contributes to remedying this situation.

Suggestions for improvement of the project proposal: The ITGRFA (International Treaty on Plant Genetic Resources for Food and Agriculture) Secretariat, with its various initiatives, and the issues covered by that Treaty (notably Article 9, Farmers' Rights), which are highly relevant to farm-level breeding and thus to the conservation of agrobiodiversity, should be given greater substantive consideration (project component 2). Greater priority should be given to the approach of establishing markets for biodiversity products in order to create an economic incentive for biodiversity conservation (project component 2). The project proposal does not yet integrate key partners in the farming/agricultural sector, e.g. in Brazil. Without their involvement, it will be unlikely to achieve efficient cross-sectoral cooperation.

### **2. Global - Expanding FSC Certification at Landscape-level through Incorporating Additional Eco-system Services; GEF**

Approval is recommended and implementation of this proposal is fully endorsed. Country selection is strongly biased towards Asian countries. Amazon region and all of Africa are not taken into consideration despite the vital lessons that can be learned in these regions. Even though this can be explained by depletion of country quotas under GEF 4, we strongly recommend to prepare a project extension under GEF 5.

Countries could be: LAC: Peru., Colombia, Nicaragua: SSA: Democratic Republic of Congo; Republic of South Africa, Cameroon.

### **4. Removing Barriers to Invasive Species Management in Production and Protection Forests in SE Asia**

The expected outcome 1 should be revisited, and more extensive coordination with ASEAN envisaged. The proposal states "that strong national and regional institutions working in a collaborative way" are needed to reduce the negative impacts of Invasive Alien Species (IAS). It targets at four SE Asian countries which have not yet established effective IAS programmes, and which shall act as pilots for the region. The project component 1 ("Establishing National Policy and Institutional Frameworks"), however, only targets "Policy and institutional environment enabled in at least two of four countries for cross-sectoral prevention and management of IAS". Given the size of the project and its focus on institution building and cross-sectoral exchange, it is proposed that the project aims at enabling the institutional environment in all four pilot countries (Indonesia, Cambodia, Philippines and Vietnam).

Given the regional orientation and focus on networking and information exchange, the ASEAN Secretariat in Jakarta should, besides the ASEAN Center for Biodiversity in Manila,

become involved. Coordination with ongoing ASEAN projects, e.g. the ASEAN-German Regional Forest Programme, should be targeted.

Long term funding for the proposed “Asia Pacific Forest Invasive Species Network” should be indicated to achieve required project sustainability.

## **6. Amazon Region Protected Areas Program (ARPA) Phase 2**

The project proposal builds on the first phase of the project. Therefore, only a few aspects have to be commented:

The Brazilian Forestry Service (SFB) is not mentioned in the cooperation aspects. The SFB will be mandated to take the lead for the national REDD strategy, and in this context it can also provide knowledge on monitoring of large forest areas (especially remote sensing) and on the sensitive agricultural frontiers.

Risk 2: Availability of qualified management personnel for the protected areas is low. If financing human resources is not possible, a regular training opportunity should be included in the project measures.

## **8. China: CBPF: Demonstration of Estuarine Biodiversity Conservation Restoration and Protected Area Networking (FAO)**

While the problemacy addressed in the PIF is quite complex, with a great variety of factors and sectors contributing to current ecological degradation, more explanation should be given to the fact, that the State Oceanic Administration (SOA) has been chosen as a lead counterpart agency.

The objective of the project is to provide “best practices” which “could prove to be catalytic in launching similar activities in China.” (PIF p.6). To actually achieve the up-scaling of best practice example the backstopping of a political partner from the beginning of the project with this in mind is indispensable and hardly realizable at a late stage of a project.

Coordination with other related initiatives should be envisaged – not only other GEF projects and initiatives, but also e.g. BMZ/GTZ project Wetland Biodiversity Conservation PR China.

## **9. China : CBPF: Strengthening the Effectiveness of the Protected Area System in Qinghai Province (UNDP) (GEF Project Grant : \$5,354,545)**

One of the identified key factors for undermining the conservation objectives is the infrastructure development in Qinghai. One example mentioned is the Sanjiangyuan Ecological Construction Programme, which is a national level programme. It should be explained, whether and to which degree this specific, and other relevant national level programmes, permit the provincial level administration to influence their implementation.

The participation of the local communities is considered an essential factor in the successful management of the PA system (in Qinghai). On page 7 of the PIF clear resource access and use rights are considered the main incentives for the local communities to avoid the unsustainable use of resources. On page 9, financial and other support is mentioned. A clearer elaboration of the proposed benefit sharing should be made.

As with regards to the risks, inter-sectoral coordination with the objective to create an effective partnership is a challenge. The risk rating will therefore be probably higher than low. Furthermore, it should be explained how the experiences made at the provincial level can be upscaled to the national level to strengthen the effectiveness of the national protected area system.

**10. Colombia : Mainstreaming Biodiversity in Palm Cropping in Colombia with an Ecosystem Approach (IADB) (GEF Project Grant : \$4,250,000)**

Although palm oil plantations are financially highly profitable, from an environmental perspective results are widely considered negative or at least problematic. The proposal stresses rightfully that many aspects are experimental in nature and still have to show their feasibility. One important issue is the application of criteria and indicators as developed by the Roundtable for Sustainable Palmoil. Considering that the main destination of the palm oil is for biofuel, the project should apply the recently developed criteria and indicators as proposed by the Roundtable on Sustainable Biofuel and should actively participate in the on-going worldwide pilot testing of the RSB Standard in biofuel supply chains to identify needs of further refinement.

**12. Guatemala : Promoting Ecotourism to Strengthen the Financial Sustainability of the Guatemalan Protected Areas System (SIGAP). (UNDP)**

The Strategy is very clear and precise (enhance economic situation of protected area system via ecotourism incomes), therefore it focuses on institutional capacity strengthening and change of legal framework conditions. Although this clarity is positive, the project design is focusing exclusively on CONAP benefits (National Protected Areas Council). It does not take into account or reflect other governance models for protected areas or equitable benefit sharing mechanisms from tourism, i.e. with local communities, NGOs, private enterprise, etc. Although clearly addressed as a challenge in Project Justification (point 3 “local communities receive few benefits from ecotourism, which contributes to the lack of public support for the PAs.”), this thought is not being addressed in project design or in expected outputs. It might be worthwhile to look into options to “partner” this project with another one, focussing i.e. on ecotourism benefit sharing mechanisms in protected areas (understanding the term “benefit” in a very broad sense, and being more comprehensive than just economic).

**13. Biodiversity Conservation in Multiple-Use Forest Landscapes in Sabah**

Field monitoring, the role of the local people, and coordination with other relevant projects should be strengthened. The proposal clearly outlines its link to the Heart of Borneo (HoB) initiative. HoB is a tri-national initiative, involving Malaysia (Sarawak, Sabah), Indonesia (Kalimantan) and Brunei Darussalam. Cooperation is envisaged with the GEF/ADB financed “Sustainable Forest and Biodiversity Management in Borneo” Project, but collaboration should also include other similar initiatives in the HoB region, including the Indonesian-German Forest and Climate Change Programme with its REDD and HoB components in districts neighbouring Sabah.

The project lacks a field monitoring component which controls that the objective of “no net loss of biodiversity” was achieved in the project area. The proposal mentions multi-stakeholder participation. It should stronger outline the role of the local population, in particular related to the planned enlargement of the conservation areas and to bio-prospecting. The proposal should discuss possible links to other REDD initiatives in Sabah (outside of the project area).

**14. Enhancing effectiveness and financial sustainability of Protected Areas in Malaysia.**

More evidence should be provided for the costs calculated for supporting institutional change and networks on national/sub-national level (totalling US\$ 9.1 million in the PIF, with an envisaged contribution of US\$ 3.1 million by GEF).

The development of “protected area business plans” on site level is very relevant and was e.g. supported by BMZ/GTZ in the Kayan Mentarang National Park Management Project in East Kalimantan during 2009 (the area also belongs to Heart of Borneo).

**15. Mexico : Fostering Sustainable and Competitive Production Systems Consistent with the Conservation of Biodiversity (World Bank) (GEF Project Grant : \$11,688,182)**

The different existing standards and certifications schemes should be analyzed related to their application and/or adaptation potential in the mentioned production chains. The experiences already made with different certification schemes should be reflected in the project proposal. The development of new “green standards” and “market brands” bears the risk of reinventing the wheel and – especially in international markets and commodity markets - to provoke consumers` confusion.

Although it is clearly addressed as a requirement in the project justifications that the “ the private sector and markets need to play a greater role in encouraging sustainable production”, the strategic elements to involve the private sector in project activities might be elaborated a little more. To explore the market potential of products and services derived of sustainable use of Biodiversity, the demand-side of the value chain should participate more actively in the product innovation and differentiation process. Furthermore the development of models of benefit sharing – benefit understood in a broader sense - of high-value-products should also be concretized in the project proposal.

As already mentioned in the GEF-PIF-Screening, the links between certification systems and positive social and environmental should be elaborated more precisely and explain how the impacts will be measured.

**16. Russian Federation: Mainstreaming Biodiversity Conservation into Russia's Energy Sector Policies and Operations (UNDP) (GEF Project Grant : \$7,200,000)**

Germany fully supports the STAP comment requiring minor revisions, especially with view to participation of stakeholders as outlined in Para 3 of the STAP comment and the valuation of other ecosystem services besides the provision of energy as outlined in para 4 of the STAP comment. These aspects should be incorporated into the project concept in order to support mainstreaming of biodiversity.

## **Climate Change**

**21. LGGE Energy for Sustainable Development in the Caribbean (ESD-Caraibes) Promotion: Regional (Antigua and Barbuda, Belize, Grenada, St. Lucia, Trinidad and Tobago)**

It remains unclear what the role of Jamaica will be within the project proposal. Jamaica is not mentioned but in the table on GHG emissions. Clarification would be helpful as the share of Jamaican GHG emissions reductions would make up more than one third of total project mitigation effects.

The characteristics of the rating system and especially the label remain unclear (performance based?). As the introduction of building labels can be a highly complex procedure, more information on the planned activities would be helpful.

**22. Promoting Sustainable Transport Solutions for East Africa (Kenya, Ethiopia, Uganda)**

The PIF lacks information on how the planned interrelation between the sustainable transport projects in the three capital cities will be achieved. This could be further clarified.

The project focuses on creating basic conditions for planning and implementing sustainable transport solutions, though the funds required for the construction of physical infrastructure are not part of the project's financial framework and shall be leveraged externally by the three city governments, e.g. through loans from MDBs. While this is not problematic per se and there is willingness of governments to provide funding, the costs for these measures are high and considerably uncertain, estimated between \$50-100 million per city. How is it ensured that these substantial investment needs do not exceed governments' ability to pay implementation?

**24. Pilot Project for Methane Mitigation and Recovery from Hydroelectric Power Reservoirs (Brazil)**

Due to the untested nature of the technology we would support the STAP recommendation of reclassifying the project as Targeted Research. It seems premature to promote the adoption of the proposed technology before its technical feasibility and environmental effectiveness have been demonstrated.

**25. SPWA-CC: Promotion of Jatropha Curcas as a Resource of Bioenergy in Burkina-Faso**

During the project preparation alternative biofuel resources should be assessed to focus not only on Jatropha Curcas production but decentralize energy supply. Thus, the high initial investments and continuous need of production inputs could be mitigated. It is not clear if the potential yield of Jatropha Curcas is maintained particularly on degraded soils, without irrigation and use of pesticides and fertilizer.

Land use conflicts might arise, owing to the expansion of Jatropha Curcas production into non-degraded land. This might release more GHG than would be captured on degraded land. It is not clear if the project will constitute an alternative to the lack of land use options.

The success of the project depends on its promotion as erosion control and soil conservation measure through an extensive production system.

**27. SPWA-CC: Promoting market based development of small to medium scale renewable energy systems in Cape Verde**

The PIF argues that business as usual growth of RE in Cap Verde would be insufficient to satisfy growing power demand and to prevent a further increase in oil-based power generation capacity. Against this background, the project aims at removing barriers for an accelerated development of RE. However, the description of the business as usual scenario versus the project scenario is sketchy, rather qualitative and needs to be substantiated with further data and analysis so as to enhance the demonstration of the project's incremental costs.

RE is commercially as well as technically viable in Cap Verde, though this fact is being little appreciated by the private sector. This is why the project includes seed funding for two pilot projects designed to demonstrate the viability of RE. However, some RE projects are already underway in Cap Verde according to the PIF. Why are those not sufficient to demonstrate commercial and technical viability? Couldn't awareness raising efforts use these as examples? The necessity of the pilot projects should be further elaborated, while it may be necessary to allocate more resources to outreach activities.

## **29. Energy Efficiency Promotion in Industry (China)**

WB should elaborate more on the dissemination of information on the lessons learned from pilot projects; in view of the large investment planned within the pilot projects, more emphasis should be given to the information dissemination strategy

## **30. Eco-Transport in City Clusters: Model Development & Pilots (China)**

Component 4 "Monitoring and evaluation" should go beyond the mere support of the project management and include the integration of project results into the international dialogue, in order to apply them as lessons learnt to future projects.

## **32. Catalytic Investments for Geothermal Power (Colombia)**

Which steps will be taken if the cost-effectiveness analysis finds that geothermal power generation in Colombia scores very poorly in terms of cost-effectiveness compared to non-renewable alternatives? Would the project be abandoned?

The PIF states that "The Colombian Government has indicated its intention to reduce its dependency on hydraulic power by expanding the thermal power option (gas and coal) as well as other renewable sources of energy such as wind and geothermal". Further explanation should be provided as to why investments in geothermal power would not occur under a business as usual scenario.

## **33. Mechanism for Voluntary Mitigation of Greenhouse Gas Emissions in Colombia**

The PIF's language on quality requirements for the environmental integrity of VER projects is rather weak. A credible demonstration of additionality is vital for achieving real emission reductions through baseline & credit schemes. But the PIF does not explicitly mention additionality or the prevention of leakage as a requirement. Rigorous criteria for environmental integrity need to be a key determinant for the selection of the VER standard to be adopted. Otherwise there is a risk of compromising the credibility and reputation of the scheme.

While the PIF contains information on the volume of emissions reductions to be achieved in a first phase through the initial portfolio of projects (i.e. 204.000 tCO<sub>2</sub>), it does not provide a medium- and long-term vision for the expected size and further development of the scheme. The steps to be taken after the initial project portfolio has been realized are not clear. How will domestic VER demand be sustained over time?

## **36. Wind Hybrid Power Generation (WHyPGen) Marketing Development Initiatives (Indonesia)**

The Role of demonstration projects (comp. 2) should be included in the promotion strategy (comp. 5) for WHyPGen. Demonstration projects and information dissemination should not be treated separately. Questions regarding cost efficiency should be addressed: Will local banks/financing institutions be interested in providing loans to WHyPGen projects? How long is the expected payback period? Capacity building and TA activities should comprise such information.



### **37. Industrial Energy Efficiency in Key Sectors (Iran)**

The reputational and financial incentives planned to be provided for industrial companies that are willing to commit to voluntary energy agreements are possibly not strong enough, given the high level of energy subsidies in Iran which already lead to the failure of the “Note 11” financing initiative. Therefore, there is a real risk that the emission reductions which shall be achieved through the energy agreements do not materialize as expected. It should be clarified how these risks are mitigated before further development of the project proposal. Further details should be provided on how the legal and regulatory changes are supposed to be driven. Concrete avenues for collaboration with policymakers should be established to support this goal.

### **38. Sustainable Transport in the City Of Almaty (Kazakhstan)**

There are partial overlaps between the outputs of project component 1 and 4 (e.g. “Increase fleet of public vehicles” as component 1 and “Demonstration bus/trolleybus rapid transit systems on priority lanes” as component 4). Better integration of outputs seems advisable. The project proposal does not include a monitoring and evaluation concept in order to measure project progress and output. This should be added and implemented. Project results should be used in the international dialogue, in order to apply them as lessons learned to future projects.

### **41. Mexico - SFM Mitigating Climate Change through Sustainable Forest Management and Capacity Building in the Southern States of Mexico (States of Campeche, Chiapas and Oaxaca)**

Mexico is in the final stage of preparing its REDD- readiness proposal for the Forest Carbon Partnership Facility. As that proposal will determine important aspects of REDD readiness the GEF project should be revised accordingly and should include more detailed data.

### **42. Energy Efficiency in the Industrial Sector (Morocco)**

Possible synergies with the Morocco/German project “Promotion of renewable energies and energy efficiency” (working together with ADEREE and MEMEE) should be determined. In component 4 adequate financing mechanisms for EE in SMEs shall be analyzed and the industrial sector shall be informed on the results. Given the relatively low amount allocated to this component (US\$ 40,000 in total), the target “industry wide knowledge of viable financial models to undertake EE projects” seems to be unrealistic.

### **43. Kathmandu Sustainable Urban Transport (SUT) Project (Nepal)**

The PIF points out that ADB would like to utilize the experiences made with this project for further development of its project pipeline. We suggest that the results should be made available for use and distribution to other institutions as well (i.e. development banks, donors and implementation agencies).

### **44. Promoting Sustainable Energy Production and Use from Biomass in Pakistan**

There is a high risk that the policy and regulatory assistance as planned in the proposal will duplicate the ongoing coordinated TA for RE policy and may lead to overlapping activities or confusion. UNIDO is presently not very active in Pakistan’s power and energy sector and is

not participating in the donor working group for coordination of support to AEDB for RE policy development. Pakistan's RE Policy is presently under review with support of Asian Developing Bank (ADB), USAID and GTZ-REEE programme and is expected to be presented to the cabinet before June 2010 for approval. It should be ensured that the project is coordinated with the efforts of other donors, incl. GTZ-REEE. We kindly ask for a report on the results of these co-ordination efforts within three months.

**50. Energy Efficiency and Cogeneration Investment Scale-Up and Biomass Pilot (Tunisia)**

The core piece of the proposed project is a WB line of credit (hard loan) of US\$ 55 Mio. The loan was requested by the Government of Tunisia and would have been provided also without the associated GEF project. While for the line of credit there is 100% co-financing through WB, the TA measures will be financed by GEF 100% and 75%, respectively. It should be clarified if co-financed fraction for TA measures of as little as 6% (\$ 100,000 of \$ 1,710,000) can be justifiable.

**POPs**

**56. PAS Pacific POPs Release Reduction Through Improved Management of Solid and Hazardous Wastes – Regional (Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Niue, Papua New Guinea, Palau, Tonga, Tuvalu, Vanuatu, Samoa)**

We welcome the integrative approach in addressing release reduction of POPs, and observe that the proposed GEF co-financing is expected to cover POPs and non-POPs related measures. We observe that several of the proposed participating countries do not yet have advanced or completed NIPs drafts. In this connection, further clarification may be required on the NIP status of FSM.

**57. Africa Stockpiles Program (ASP) - Project 1- Supplemental Funds for Disposal and Prevention - Regional (Mali, Tunisia)**

We support this proposal for supplemental funds for the disposal and prevention in Mali and Tunisia in the context of the Africa Stockpile Programme and agree with comments by STAP. Referring to the proposed treatment of obsolete pesticides and associated waste, in national facilities, further clarification may be helpful with regard to the project's scope on what type of treatment is envisaged in the national facilities to be tested and implemented in both countries as well as which national facilities will be involved.

**58. Demonstration Project for Decontamination of POPs Contaminated Soils Using Non-thermal Treatment Methods (Botswana)**

With regard to component 4, further information may need to be provided in the proposal with regard to the envisaged pilot measures, given the current status of in-country disposal facilities. Referring to component 5, the establishment of a treatment plant appears to be ambitious in relation to the proposed funding.

**59. Elimination of POPs Wastes (Kazakhstan)**

We agree with this proposal for the elimination of POPs waste in Kazakhstan and support the comments of STAP. The envisaged outcomes, results and quantities to be disposed under this project appear to be ambitious in relation to the proposed funding.

**60. PCB Management and Disposal Project (Nigeria)**

We support the comments of STAP. In continuation of the comments by STAP, with reference to component 2, we suggest to further quantify the results envisaged with regard to inventory and disposal of PCB equipment as well as to include indications where and how these are to be disposed off.