

Binational and integrated water resources management in the Merín Lagoon Basin and Coastal Lagoons

Review PIF and Make a recommendation

Basic project information

GEF ID

10550

Countries

Regional (Brazil, Uruguay)

Project Name

Binational and integrated water resources management in the Merín Lagoon Basin and Coastal Lagoons

Agencies

FAO

Date received by PM

3/23/2020

Review completed by PM

4/17/2020

Program Manager

Christian Severin

Focal Area

International Waters

Project Type

FSP

PIF

Part I – Project Information

Focal area elements

1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?

Secretariat Comment at PIF/Work Program Inclusion

27th of March 2020 (cseverin): Partly. The agreement was that this investment would be including Laguna Merin and the main river that feeds it, namely River Yaguron. The latter is missing. Instead, the river has been replaced with other coastal lagoons. that is not the intend of the investment envisioned.

13th of April 2020 (cseverin): Addressed.

14th of April 2020 (cseverin): the Yaguarun River is still not mentioned in the Objective, and in the outcomes or outputs. In order to formulate TDA/SAP that will be providing the countries with a joint management tool for the entire catchment, the river needs to be more centrally placed in the project and its deliverables. Further, Please note that this investment is supposed to be focusing on IWRM, which includes fisheries, but also food, energy, water and other economic sectors that are active in the basin and lagoon system.

15th of April 2020 (cseverin): Addressed

Agency Response

13th of April 2020:

The project partners confirm that the geographic scope of the project is the Merín Lagoon basin in its entirety, including all of its tributaries and sub-basins. In the PIF, the term Merín Lagoon refers to the actual water body of the lagoon, while the term Merín Lagoon *basin* encompasses the entire surface that drains into the Lagoon (including all the tributary water courses and in particular the Yaguarón river). At the request of the national government partners, two coastal lagoons that are considered ecosystems closely linked to the river dynamics of the basin have been included, since there are hydrologic linkages between the Merín Lagoon basin and these other coastal lagoons. To more clearly explain the project's geographic scope, the first paragraph of subsection 1a. *The global environmental problem...* has been revised.

15 of April 2020, Agency response:

The project objective, outcomes and outputs have been improved as requested, by making more visible the Yaguaron river (see Component 1, Outcome 1.1, Component 2, Outcome 2.1 and 2.2, Component 3, Output 2.1.6, 3.1.3, 3.1.5, 3.1.9). In addition, the focus on IWRM has been clarified in the project objective.

Please see changes in Table B, Section 3: *The proposed alternative*, and Theory of Change.

Indicative project/program description summary

2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?

Secretariat Comment at PIF/Work Program Inclusion

27th of March 2020 (cseverin): partly, the agreed focus of the investment was the formulation of a TDA and SAP for the transboundary Laguna Merin and the main river that feeds it, River Yaguaron. The latter has not been included. Please add this important set of activities to the proposal. This change will have cascading impacts through out the components, which have not all be captured in the below comments, as many of them will be self explanatory when making this change to the scope of the investment.

- 1) Please change the Objective so that it correctly reflects on the Merin and Yaguaron river as well as mentions the TDA that will be produced. Further, please ensure that the Strategic Action Programme is referenced properly.
- 2) The cost of producing a TDA and the time needed for this process is often rather substantial, as the TDA is based on scientific input from local, national, regional and sometimes global scientific data, in order to identify the transboundary root causes of degradation. Laguna Merin is a fairly small transboundary water body, however, when combined with RIVER Yaguaron, then impacts and underlying pressures will surely become more complex. Sub component 1.1.3, mentions that the TDA will be built on the water/food/energy nexus. This may be appropriate in relation to parts of the river basin, but in the coastal lagoon, salt water intrusion into coastal aquifers, Integrated Coastal Management, Marine Spatial Planning may be other tools and principles that may be more appropriate for the lagoon itself.
- 3) In Component 1 and 2, it will be essential to not only involve the Merin Lagoon Commission, but also transboundary commissions that may exists to manage River Yaguaron, as well as national agencies, NGOs and private sector players. This seems to be missing in the results framework.
- 4) Under subcomponent 2.3, please change " SAP Agreed" to SAP signed and endorsed at ministerial level. this needs to happen both under outcomes and associated outcome.

13th of April 2020 (cseverin): Addressed.

Agency Response

13th of April 2020:

As explained above, the project was designed (i.e. the investment was formulated) for the entire Merin Lagoon *basin*. However, under Component 2, the Yaguaron River watershed will be prioritized as an area to develop and implement an integrated watershed management approach with transboundary elements, based on the fact that it is the most important river feeding into the Merin Lagoon and it is the only transboundary watershed in the project (see Output 2.3.1). In addition, some of the

Pilot Projects under Component 3 will focus on specific areas within the basin, most notably Merín Lagoon itself and the Yaguaron River. For example, many of the fisheries activities (e.g. Outputs 3.1.3 and 3.1.9) will be concentrated in the Merín Lagoon. As for the Yaguaron River, activities to address the impacts of livestock and rice plantations on water quality and flows (e.g. from agrochemicals, nutrient loading, erosion) will focus on the Yaguaron River watershed (see Output 3.1.1), as will activities to reduce pollution from municipalities in the Yaguaron River watershed that severely impact the river and the Merín Lagoon. The latter includes the two major urban centers in the Merin watershed that have no sanitation systems at all (see Output 3.1.2). Additional text has been added to the project Outputs in this regard. Please see Table B and Section 3: *The proposed alternative scenario*.

- 1) The wording of the Objective has been revised (Please see Table B and section 3: the *Proposed alternative scenario*). Strategic Action Programme is referenced properly.
- 2) The wording of Output 1.1.3 has been revised to expand the water/food / energy nexus. In addition, the output now includes reference to Integrated Watershed and Coastal Area Management. With regard to coastal aquifers, salt water intrusion is not a significant issue in the project area, and consultations with the participating national governments indicated that no country wished to include management of aquifers in the proposed project.
- 3) While there is no existing transboundary commission specifically for the Yaguaron river, the mandate of the existing *Joint Commission for the Development of the Merín Lagoon Basin*, which is the bi-national body that administers the Merín Lagoon Treaty, encompasses the Yaguaron river watershed. In addition, text has been added under Components 1 and 2 to clarify that the project will involve other commissions, namely the Merín Lagoon Basin Commission in Uruguay and the Merín Lagoon Agency in Brazil, as well as other key stakeholders (national agencies, agricultural producers, fishermen, private sector, women's associations, NGOs).
- 4) Outcome 2.3 has been revised as requested. Please see table B and section 3: *The proposed alternative scenario*.

Co-financing

3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?

Secretariat Comment at PIF/Work Program Inclusion 27th of March 2020 (cseverin): Please note that cofinancing identified as Investment Mobilized, require that the project proponent will be able to detail how this was identified at the time of CEO Endorsement. For sources of co-financing, cofinancing letters are of course required at the time of CEO Endorsement.

Agency Response

13th of April 2020:

Point taken. By CEO endorsement, the Government of Brazil will provide more detailed informed on how the investment mobilized was identified and will issue the related co-financing letters. Preliminary information is still provided under Table C of the PIF.

GEF Resource Availability

4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): As the proposed investment is different from what was originally discussed and agreed on, it can not be answered. The issue on scope of investment needs to fixed, prior to discussing size of investment.

13th of April 2020 (cseverin): Please lower the financing envelope to \$5 mio plus fee, as originally agreed

14th of April 2020 (cseverin): addressed

Agency Response

13th of April 2020:

The Yaguaron river, which is of high concern for being a binational river shared by Uruguay and Brazil, is one main feature of the revised project scope. A better description of the Merin Lagoon *basin* has been included in Section 1: *The global environmental problem and adaptation, root causes and barriers*, as well as specific outputs to be delivered in the Yaguaron river /Table B and Section 3: *Proposed alternative scenario*.

14th of April 2020:

The requested amount has been adjusted to USD 5 million plus fees, as required.

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The LDCF under the principle of equitable access

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Project Preparation Grant

5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)

Secretariat Comment at PIF/Work Program Inclusion

30th March 2020 (cseverin): Yes, PPG is requested, considering the pending discussion on size and scope of investment, the size of the PPG may change too.

14th of April 2020 (cseverin): Addressed

Agency Response

13th of April 2020:

The project scope and size have been revised, clarifying that the Yaguaron river and the Merin Lagoon are the main project intervention areas, while addressing the whole Merin Lagoon *basin* through TDA and SAP design.

Kindly consider the PPG amount as it was submitted.

Core indicators

6. Are the identified core indicators in Table F calculated using the methodology included in the correspondent Guidelines? (GEF/C.54/11/Rev.01)

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): Yes, however, it is noted that the amount of beneficiaries seems to be a bit high, considering Lake Merin has a low density population.

14th of April 2020 (cseverin): Addressed

Agency Response

13th of April 2020:

The population of the Merin Lagoon basin has been confirmed at over 900,000 persons; citations for this have been added in a footnote in the PIF. In addition though, the number of direct beneficiaries has been revised at 4,000 (2,000 women and 2,000 men) in the PIF.

Project/Program taxonomy

7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): No, please add Strategic Action Programme, river basin, fisheries, pollution and reassess if other IW tags could be relevant

13th of April 2020 (cseverin): Addressed.

Agency Response

13th of April 2020:

The project taxonomy has been updated as suggested.

Part II – Project Justification

1. Has the project/program described the global environmental / adaptation problems, including the root causes and barriers that need to be addressed?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): partly, Please add the lack of a SAP, to the list of barriers for sustainable development of the Merin and Yaguaron River

13th of April 2020 (cseverin): Addressed.

Agency Response

13th of April 2020:

A barrier identifying the lack of a SAP has been added to the PIF.

2. Is the baseline scenario or any associated baseline projects appropriately described?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin):yes

Agency Response

3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): partly, Please add the lack of a SAP, to the list of barriers for sustainable development of the Merin and Yaguaron River. The lack of the Yaguaron river to the component descriptions also needs to be fixed.

Please also elaborate on the identification of and/or establishment of an organisation, which has the mandate to manage the shared water and its resources. The current concept seems to suggest that all management of the transboundary water resource will be strictly happening through the national ministries.

Further, it will also be essential to identify and establish a data sharing agreement and mechanism and find out where such a mechanism will be hosted

13th of April 2020 (cseverin): Addressed.

Agency Response

13th of April 2020:

This comment has been addressed above.

References to activities in the Yaguaron river have been added to the component descriptions. Please see Table B and Section 3: *Proposed Alternative Scenario* of the PIF

A paragraph has been added which clarifies that the already existing *Joint Commission* will be the body in charge of shared water management in the basin, in coordination with the relevant national ministries. Additional text has been added under Output 2.2.1 to specify that the data exchange system for decision-making will be administered by the existing Commission. Please see Table B and Section 3: *Proposed Alternative Scenario* of the PIF

4. Is the project/program aligned with focal area and/or Impact Program strategies?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): Yes

Agency Response

5. Is the incremental / additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin) Yes

Agency Response

6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): Yes, however, please consider reassessing Core Indicator 11, as the amount of inhabitants of the Merin Lagoon Area may have low inhabitant density

13th of April 2020 (cseverin): Addressed.

Agency Response

13th of April 2020:

The population of the Merin Lagoon basin has been confirmed at over 900,000 persons; citations for this have been added in a footnote in the PIF.

Please see changes in the *Global Environmental Benefits* section.

7. Is there potential for innovation, sustainability and scaling up in this project?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): Please elaborate on this in the portal submission

13th of April 2020 (cseverin): Addressed.

Agency Response

13th of April 2020:

The descriptions of innovation, sustainability and scaling up in this project have been revised and expanded in the PIF.

Project/Program Map and Coordinates

Is there a preliminary geo-reference to the project's/program's intended location?

Secretariat Comment at PIF/Work Program Inclusion

13th of April 2020 (cseverin): Addressed.

Agency Response

Stakeholders

Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): Yes, however, please explain why local communities have not been included in the stakeholder engagement process??

13th of April 2020 (cseverin): Please tick box with "indigenous Peoples and local communities"

14th of April 2020 (cseverin): Addressed

Agency Response

13th of April 2020:

The regional offices (the *Merín Lagoon Basin Commission* in Uruguay and the *Merín Lagoon Agency* in Brazil) have been consulted and participated thoroughly in the process of preparing the PIF.

The governance structure of these two offices includes representation from most parties interested in the management of the Lagoon Merin basin resources, namely: government agencies, resource users, academia, and civil society:

- 1) The Merín Lagoon Basin Commission (Uruguay) is composed of groups of resource users and rural inhabitants such as: the Rural Association of Uruguay, the Forest Producers Society, the National Association of Milk Producers, and the Rice Growers Association.
- 2) The Merín Lagoon Agency (Brazil) includes various groups of resource users and rural workers, such as the Federation of Agriculture of Rio Grande do Sul and the Federation of Workers, among others.

During PPG, local validation workshops will be organized at grassroot level to include those communities who may not have representation in the above-mentioned basin offices. This will be particularly relevant to validate target field activities designed under Component 3.

Please see changes made in section 2: *Stakeholders*.

14th of April 2020:

The indigenous peoples and local communities box has been checked as suggested.

Gender Equality and Women's Empowerment

Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): Yes, however, please explain why the project will not be working towards "generating socio-economic benefits or services for women."
"

13th of April 2020 (cseverin): Yes

Agency Response

13th of April 2020:

The PIF has been revised to show that the project will in fact be working towards "generating socio-economic benefits or services for women". In addition, the text in the Gender section has been completely revised. However, the box for "closing gender gaps in access to and control over natural resources" has now been unchecked because the project may not generate changes in the control of natural resources.

Private Sector Engagement

Is the case made for private sector engagement consistent with the proposed approach?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin); Yes

Agency Response

Risks

Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): Yes, risks have been assessed and mitigation strategies have been identified.

Agency Response

13th of April 2020:

Additional information on the project's Environmental and Social Safeguards – Risk screening at PIF stage has been added to this section. In addition, the mitigation strategy for the risk relating to climate change has been revised.

Coordination

Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): Partly. one of the essential factors for successful implementation of a transboundary project is that an organization with the mandate to manage the shared resource on behalf of the countries. If this does not exist, it will be essential to identify and potentially create such a mechanism. It will also, usually, be with in such a transboundary organizations mandate to manage and ensure access to the shared data gathered.

13th of April 2020 (cseverin): Yes, addressed

Agency Response

13th of April 2020:

The existing Joint Commission for the Development of the Merin Lagoon has the mandate to manage the shared resources on behalf of the two countries, and text explaining this has been added under Section 6: *Coordination*.

Consistency with National Priorities

Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): Yes

Agency Response

Knowledge Management

Is the proposed “knowledge management (KM) approach” in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project’s/program’s overall impact and sustainability?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): Yes, the investment will be fully in alignment with the IWLEARN guidelines.

Agency Response

Part III – Country Endorsements

Has the project/program been endorsed by the country’s GEF Operational Focal Point and has the name and position been checked against the GEF data base?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): No, please upload endorsement letters.

13th of April 2020 (cseverin): No, please upload missing endorsement letter ASAP

17th of April 2020 (cseverin): yes

21st of April 2020 (cseverin): Please upload an LOE from Uruguay signed by the actual Focal Point, as communicated.

Agency Response

13th of April 2020:

The Uruguay LOE is uploaded. Kindly note that, in view of these extraordinary circumstances, the Brazil LOE is expected to arrive in the week of 13th April.

23 of April 2020:

Please find the LOE signed by the actual Focal Point of Uruguay uploaded into the portal with description in the section Record of Endorsements.

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?

Secretariat Comment at PIF/Work Program Inclusion

30th of March 2020 (cseverin): no, please address comments.

13th of April 2020 (cseverin): No, please address above comments and resubmit ASAP

14th of April 2020 (cseverin): No, Please address comments and resubmit ASAP

15th of April 2020 (cseverin): No please upload missing endorsement letter

17th of April 2020 (cseverin): Yes, project is recommended for technical clearance.

21st of April 2020 (cseverin): No, need to amend a LOE signed by the actual focal point from Uruguay.

27th of April 2020 (cseverin): Yes, project is recommended for technical clearance.

ADDITIONAL COMMENTS

Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.

Secretariat Comment at PIF/Work Program Inclusion

Review Dates

	PIF Review	Agency Response
First Review		
Additional Review (as necessary)		

	PIF Review	Agency Response
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

The abundance of freshwater contributing to Merín Lagoon is the origin of the Basin's wealth in economic and environmental terms: wide water availability in terms of quantity, regime and quality, is the basis for agricultural, forestry, livestock, fishing, aquaculture, tourism, together with other services in both countries. The Merín Lagoon basin catchment, is located in eastern Uruguay and southeastern Brazil, and is connected to the transboundary Yaguaron river basin on the border between Brazil and Uruguay.

Binational cooperation in the basin (governance) has a long history of institutionalization through the Brazil-Uruguay Joint Commission for the Development of the Merín Lagoon Basin. The proposed investment will strengthen capacities in Brazil and Uruguay for joint and integrated management of fisheries and water resources in the wider Yaguarun River and Merín Lagoon Basin and Coastal Lagoons, with emphasis on the sustainable and efficient use of water, preservation of ecosystems and their services, and adaptation to climate change, through the development of a Transboundary Diagnostic Analysis and Strategic Action Programme.

This investment will facilitate harmonization of strategies, integrate development and financing programmes, improve collaboration and cooperation mechanisms between institutions, and mitigate current and future problems such as climate change, pollution, urban development, rural-urban migration, pressure on wetlands and coastal areas, while equitably benefiting the various water users and the population of the basin in the short and long term.