

**UNITED NATIONS DEVELOPMENT PROGRAMME
GLOBAL ENVIRONMENT FACILITY**

Proposal for Review

Country: Algeria

Project Title: Elaboration of a National Climate Change Strategy and Action Plan

GEF Focal Area: Climate Change

Country Eligibility: [X] Eligible under financial mechanism of the UNFCCC
[] Eligible under paragraph 9 (b) of the Instrument

GEF Financing: US \$ 194,670

Government Counterpart Financing: In kind

GEF Implementing Agency: UNDP

Executing Agency: Government of Algeria, Ministry of Interior
Secretariat of State in Charge of Environment (DGE)

Local Counterpart Agency: Members of the National Committee on Climate Change;
Higher Council on Environment and Sustainable Development

GEF Operational Focal Point: Taous Ferroukhi, Advisor to the State Secretary of Cooperation and Maghrebin Affairs

FCCC Focal Point: Mr. Sid Ali Ramdane, Director, Secretariat of State in Charge of Environment (DGE)

Project Duration: 18 months

BACKGROUND/CONTEXT

Located in Northern Africa, Algeria has a land area of over 240 million hectares, of which 75% are in the semi-arid and arid zone of the Sahara Desert (under 200 mm annual rainfall). It is the tenth largest country in the world and the second largest in Africa. The country's arable land covering 3 per cent of the national territory is concentrated in the northern coastal area, where the competition for land between agriculture and urban development is intense.

Economy

Algeria is a low- to middle income country with huge reserves of natural gas and other hydrocarbons. The hydrocarbons sector accounts for about 95% of Algeria's export earnings and about 30 % of the country's GDP. Now at its multisectoral development stage, Algeria draws almost all of its raw materials from its natural resources. Needless to say, the Algerian economy depends heavily on income generated by petroleum products. At the same time, the Algerian development pattern, long under a centrally planned economy, was mainly geared towards heavy, diversified industries which, in most cases, were established in ecologically sensitive areas. Most commonly this can be seen through the encroachment of industry upon irrigable and even irrigated lands, thus reducing the available arable area.

Energy Sector

Algeria's energy sector is mainly based on the extraction and export of hydrocarbons. Oil fueled Algeria's Economic development in the 1970's, but has increasingly been supplanted by gas production as the main export revenue. Oil production began in the Sahara on a serious scale in 1958. By 1980, it accounted for 73% of Algeria's commercial hydrocarbon production.

Sonatrach is both the state-owned operator and parent company of Algeria's hydrocarbons industry. Formed in 1964 to transport crude oil by pipeline to the coast, it became the main producing company following nationalization in 1971. Sonatrach retains overall responsibility for policy, exploration, production, transport and export of hydrocarbons. However, since 1991 international companies have been allowed to work in, or even own, existing oil fields.

Inadequate interest has been taken in renewable energy. A solar plant opened in 1985 in southwest Algeria and was claimed to be the largest in the world. As Algeria receives 2,200 kW/year of solar energy per m², it also designed and sponsored several pilot projects in this field including the manufacture of solar panels and solar household water heaters. However, no serious attempts have been undertaken to develop the renewable resources further.

BUDGET FOR EXPEDITED PROCESSING OF THE PROPOSAL FOR PREPARING THE INITIAL NATIONAL COMMUNICATION OF ALGERIA

Information to be included into the national communication	Enabling activity to produce the information needed	Type of Activity			Total Costs in US \$
		Planning & execution	Capacity Building		
			Inst.	Training	
1. National circumstances	Compilation of the information from existing sources	-	-	-	-
2. Greenhouse gas inventory	Data gathering and an inventory of GHG emissions	28,000	7,000	9,000	44,000
3. General description of steps					
(a) programs related to sustainable development, research, public awareness, etc.;	An assessment of potential impacts of climate change in the country	17,000	13,000	12,000	42,000
(b) policy options for monitoring systems and response strategies for impacts;	An analysis of potential options to adapt to the impacts of climate change	0	0	0	0
c) policy frameworks for implementing adaptation measures and response strategies;	An analysis of potential options to abate the increase in GHG emissions and enhance sinks.	18,000	RAB	RAB	18,000
d) building capacity to integrate Climate change concerns into planning;	Formulation of programs and policy frameworks for implementing the identified response measures.	RAB	RAB	RAB	RAB
e) programs to address climate change and its adverse impacts, including the abatement of increase in GHG emissions and enhancement of sinks					
4. Compilation and production of national communication	Preparation, translation (as appropriate), and publication of the national communication.	15,000		5,000	20,000
Project management		32,000	5,000	8,000	45,000
Monitoring/Evaluation		20,000			20,000
Subtotal					189,000
Project support services (3%)					5,670
GRAND TOTAL		130,000	25,000	34,000	194,670

Electricity Sector

At present the main electricity sources are gas-fired power plants at Algiers, Annaba and Oran. Algeria also has a number of small Hydroelectric power stations which account for about 7% of the current electricity output. By the end of 1991 installed capacity had risen to 4,771 MW, compared with 3,436 MW in 1984. Still new major power plants are being planned to meet increased industrial and domestic demand. However work on these schemes has been delayed due to political and financial problems.

The state utility, Sonelgaz, is working to complete the rural electrification program. A report issued by the company in 1995 showed that 94% of Algerian homes were connected to the grid, the best in the Maghreb region. Around 150,000 new homes are being connected each year. The power network will reach 345,000 km by 2005, up from 150,000 km in 1992.

Hydrocarbons

Algeria's total export of primary energy reached 82.1 MTOE in 1995. Proven recoverable reserves of oil are 9.2bn barrels. Crude oil production stood at 750,000 barrels/day in 1995. Since foreign firms returned to Algeria in 1991, 20 oil discoveries have been made. On the natural gas side, proven reserves stand at 4.5trn cu meter, or about 36bn barrels of oil equivalent. Actual reserves of natural gas are probably larger.

Algeria's industrialization is based on the extraction and export of hydrocarbons that enabled it to install an array of industrial units and complexes throughout the national territory. Several pipelines run through the country from the south to the coast and on to Europe, via Morocco and Tunisia, transporting some 61 billion m³ of natural gas and 92 million tons of oil, LPG and LNG per year.

Environment Sector

Facing such major environmental issues as a fragile and degraded vegetation cover, a fauna and a flora under severe threats, advancing desertification, strong soil erosion, dwindling water resources, degraded marine environment, complex urban problems and increasing industrial pollution of various types, over the last thirty years, Algeria has undertaken a number of diverse actions targeting public health, natural resource preservation and environmental enhancement. However, the country did not effectively chose to adopt a national environmental policy until the 1980s, which was a direct result of the amassing of the environmental issues at the national level and the stakes at the international level.

Institutional and Legal Framework

After numerous changes in authority the entity in charge with environmental affairs stabilized in 1994. It changed from a simple Directorate of Environment with only eight executives into a General Directorate of Environment (DGE). Both the number of technical units and technical staff quintupled. Moreover, as of 1996, the DGE was transformed the Secretariat of State for Environment under the Ministry of the Interior, Local Communities and Environment. The Secretariat of State for Environment created a number of external units, called Environment Inspectorates, which are entities in charge of ensuring the enforcement of the regulations at the local level. There are 48 such Inspectorates, and have full decision-making power in this area.

Since 1990, the institutional structure has been strengthened further through the creation of non-governmental organizations. These NGOs play an important role in the implementation and success of the various initiatives. Since they started work, it has become clear that their systematic participation is strongly supported by the Government (several projects with NGO involvement received funding from the National Environment Fund).

Furthermore, an environmental fund (The National Environment Fund (FNE)) was established under the Finance Law of 1992 for the purpose of granting financial assistance to activities aimed at protecting the environment. This included pollution control activities, environmental monitoring activities, studies and research, information and awareness-raising activities in particular. Also in 1992, a tax on polluting or environmentally hazardous activities was enacted. This tax is levied only on those classified installations listed in the tax decree and constitutes the main source of funds for the FNE.

In addressing the need for a policy forum where issues linking environment and sustainable development can be raised and discussed, the Higher Council for Environment and Sustainable Development (HCEDD) was instituted by presidential decree in December 1994. The HCEDD is chaired by the Head of Government and its membership consists of twelve Ministers and six persons with recognized knowledge in the fields of environment and sustainable development. Among these six specialists is one representative of a NGO. It is the entity within which the national policy on environmental matters and the measures for its implementation are to be designed and formulated

In Algeria the governmental institutions currently involved in activities aimed at protecting the environment belong to the sectors of Environment (DGE), Agriculture (DGF, ANN, HCDS, INRF, INRAA), Transportation (ONM), and Scientific Research (URZA, Universities, ISMAL and others...).

Prior and Ongoing Activities

In 1993, USAID through its USCSP committed \$US 200,000 to undertake an inventory of Algeria's greenhouse gas emissions. However, due to the prevailing situation in the country the project/proposal was canceled.

In view of the serious environmental problems facing Algeria, the Secretariat of State for Environment took measures aimed at elaborating an National Environmental Action Plan (NEAP). This plan would acquire more accurate knowledge about the scope of the environmental degradation phenomenon that can be seen in Algeria, identify the causes and long-term consequences, set priorities to address these problems, develop an environmental policy, propose institutional and legal measures to reinforce the capacities to deal with the issues and determine the funding requirements to do so. This task will be performed with the technical assistance and financial support of the World Bank through METAP II (Mediterranean Technical Assistance Programme). It will be implemented in two phases: a diagnostics phase and a proposal phase. The NEAP will facilitate international funding insofar as it will constitute a consensual document clearly establishing priorities concerning the environment. The work will extend over a period of one year and the results will be submitted to the Government Council for approval.

As regards international funding, including *inter alia* support from the Global Environment Facility, two projects have been implemented: (1) a project to combat harbor pollution (with a Maghreb component) and (2) a project for the management of the wetland complex and the National Park of El Kala, managed by the Ministry of Agriculture and Fisheries.

A capacity-building project aimed at strengthening national capabilities in the field of environment is currently being implemented with financial support from UNDP with a total amount of US\$ 1.8 million (50% funded by the Government). The project falls within the Sixth Country Programme framework of cooperation between UNDP and the Government of Algeria.

An enabling activities project document for Biological Diversity was approved in July 1997 for an amount of US\$ 230,500. Moreover, a GEF PDF Block A has been allocated for the development of a project titled: Strengthening capacities of NGOs in the field of biodiversity and land degradation.

REGIONAL PROJECT FOR CAPACITY BUILDING IN THE MAGHREB.

Algeria is also part of the ongoing Maghreb regional project RAB/94/G31 "*Building Capacity in the Maghreb to respond to Challenges and Opportunities Created by National Response to the Framework Convention on Climate Change*".

While the proposed Enabling Activities project will ensure that Algeria has the capacity to

complete its national inventory assessment and communicate these to the Conference of Parties to the Convention, the Maghreb project complements these efforts comprehensively by building capacity for the region to take advantage of the opportunities created by international concern over climate change. The Maghreb project will also enhance cooperation and coordination among member countries and institutions in data collection/sharing, information dissemination and programme coordination matters pertaining to climate change in addition to promoting the knowledge and links between cross-sectoral climate change adaptation/mitigation strategies and national goals of sustainable development.

More specifically, the regional project tasks focus on:

- Disseminating information to, and raising awareness of, policy makers and technical stakeholder institutions and individuals on all climate change related issues, in addition to the terms and responsibilities of the Maghreb countries in response to the UN/FCCC.
- Developing climate change mitigation projects (national and regional) that are in line with and advance national sustainable development objectives, and solicit adequate support for their funding and implementation.
- Creating national Sustainable Energy and Environment Information Centers to promote the efficient use of energy in commercial and residential sectors, in addition to promoting a national and regional understanding of the links between climate change and other environmental and economic issues.
- Establishing an operational and sustainable regional network to initiate and sustain information exchange on the technical and policy issues of climate change throughout the region.

Of special significance to this project, is the fact that Project Steering Committee of the RAB/94/G31 agreed that the project would assume the costs of both the adaptation measures and of the adaptation plan in Algeria. As a result, the currently proposed project does not assume any cost for such adaptation activities, while clearly focusing on meeting the specific obligations undertaken by the countries under the UNFCCC (such as the national inventories and national communication).

PROJECT CONTEXT

At the international level, Algeria ratified the UN Framework Convention on Climate Change (UNFCCC) on 9 June 1993 and assumed all the obligations pertaining thereto. Algeria is making all necessary efforts to implement an environmental policy consistent with national conditions, including as regards national capacity-building, through the creation of the Secretariat

of State in charge of Environment and Sustainable Development, chaired by the Head of Government.

PROJECT OBJECTIVES

The immediate objective of the project is to contribute to the preparation of the first national communication of Algeria to the Conference of the Parties (CoP) in accordance with Article 12 of the UN Framework Convention on Climate Change, and following the guidelines adopted by the CoP for the preparation of initial national communications by Parties not included in Annex I to the Convention. The project will be implemented parallel to the RAB/94/G31 project funded by the GEF.

In addition to meeting the communication obligations, the project can be seen as an essential exercise to enhance general awareness and knowledge of climate change related issues in Algeria. It will enable Algeria to take those issues into account in general planning and strategy formulation for different economical and technical sectors, and also strengthen its role in the international scientific forums and negotiation processes related to climate change. A part of this task is to facilitate the dialogue, information exchange and cooperation between all the relevant stakeholders including governmental, non-governmental, academic, private and "grassroots" sectors.

As part of the commitments to be met for the elaboration of national communications, this project will therefore ensure significant capacity-building at all levels. In addition, it will make it possible to study the potential impacts of climate change on arid and semi-arid zones as well as coastal zones.

PROJECT DESCRIPTION

During project preparation the following components were identified to respond to the objectives of the project, and to implement the project successfully:

1. Organize the work by: (i) identifying and hiring a competent project manager; (ii) establishing a Project Steering Committee (PSC); (iii) preparing a detailed work plan for the project; and (iv) organizing a project initiation workshop with participants from all the relevant sectors to present the objectives of the project, to clarify links to other relevant ongoing national and international activities (i.e. the regional project), and to clarify the institutional and other practical arrangements to facilitate a successful implementation of the project.
2. Facilitate the electronic communication and access to internationally available information on climate change related information in Internet for the project manager,

participating project teams (if any) and for the relevant participating institutions, and identify and create links to both national and international sources of information (such as, the regional RAB/94/G31 project, the US Country Study Program and other bilateral programmes, UNEP, IPCC, CC:INFO, CC:TRAIN, international research institutes, ongoing enabling activities in other countries etc.) to gain information to support the implementation of this project, and to learn from experiences of similar kind of projects elsewhere. In that context, the project will cooperate, as appropriate, with the UNDP's SDNP (Sustainable Development Network Programme) and UNFCCC Secretariat's CC:INFO/Web initiatives. It is foreseen that such a network will continue to operate after the project, enabling interested parties in Algeria to learn about other national or international activities, and assisting interested individuals and institutions outside Algeria to obtain information on ongoing, planned or finalized climate change related activities in Algeria.

3. Organize and undertake a national inventory of greenhouse gases for 1994 (eventually prepare a time series starting from 1990) following the guidelines adopted by the CoP for Annex I countries.
4. Organize a workshop to present the results of an analysis of potential options to abate the increase in greenhouse gas emissions and to enhance removals by sinks. This analysis will be mainly undertaken within the regional project.
5. Study the potential impacts of climate change on the following sectors: agriculture, water resources, coastal zone, and natural ecosystems.
6. Organize a workshop (with wide local participation and relevant international partners) to present the results of the project, together with results or status of other ongoing national projects (including the regional project) relevant to the issue, and to discuss the results with an objective of formulating a national program / action plan for effective response measures to climate change (focusing on "win-win" abatement measures).
7. Based on the results of the studies, compile and prepare the additional information that the country wants to present in its national communication including, *inter alia*: a) financial and technological needs and constraints associated with the implementation of the Convention under Articles 4 and 12; b) projects for financing; and c) material relevant for calculation of global emission trends.
8. Using the outputs of this project as well as results of other ongoing projects, prepare, translate (as appropriate), and publish the first national communication of Algeria following the guidelines adopted by the CoP, with all the inputs of the regional project. We have to note that a part of the communication will be funded by the regional

project such as the adaptation plan...

9. Based on the results of the studies, compile and prepare the additional information that the country wants to present in its national communication including, *inter alia*: a) financial and technological needs and constraints associated with the implementation of the Convention under Articles 4 and 12; b) projects for financing; and c) material relevant for calculation of global emission trends.

INSTITUTIONAL FRAMEWORK AND PROJECT IMPLEMENTATION

The Executing Agency of the project will be the Secretariat of State in Charge of the Environment (DGE) on behalf of the Government of Algeria. The National Committee on Climate Change, established for the regional Maghreb RAB/94/G31 project, will be directly involved in the implementation of this project as well. Along with other relevant parties, it will participate in the development of a detailed workplan for the project. As all relevant Ministries and sectors are already represented in this committee, the establishment of a separate Project Steering Committee was therefore not seen as necessary, however, if deemed necessary the committee could be expanded to include all relevant parties from Ministries or NGOs. Still, recognizing the importance of involvement and cooperation of all the relevant stakeholders including key government ministries, NGOs, academic institutions and private sector representatives at technical as well as at political level, a number of workshops have been designed to ensure that their input will be fully taken into account in implementing the project activities, and formulating strategies for further action. In addition, the national experts that will be hired to implement the activities are required to liaise and conduct the studies in close consultation with the relevant line ministries and other stakeholders, and are also requested to incorporate a summary of the inputs/comments of these institutions into their final report.

The activities will be carried out in sequence so that tasks building on the results of prior activities are only undertaken if these prior steps have been taken. For instance, the GHG abatement analysis will build on the results of the inventory, and the vulnerability assessment will be used as input to the regional project's Adaptation analysis. Based on the results of the studies, a national action plan for effective response measures to climate change will be formulated. In implementing the different activities, the project will follow the internationally adopted guidelines and use the existing methodologies and tools whenever available. Technical assistance will be provided by regional and local experts whenever possible.

Regarding the international collaboration, working links with relevant regional and international expert institutions will be created, and they will be consulted when selecting the methodologies for, and implementing the specific activities of the project. The project will also utilize results and lessons learnt from other ongoing or finalized international projects

such as UNEP Country Case Studies on Climate Change Impacts and Adaptation Assessment, CC:TRAIN and US Country Study Programme to avoid duplication of effort. As a mean of identifying and disseminating information, the project will utilize, to the extent feasible, electronic networks such as Internet and cooperate with the CC:INFO initiative of the FCCC Secretariat.

Regarding the regional cooperation, links to other countries with ongoing or finalized enabling activities, or ones just to be started will be created and areas for collaboration such as regional training or information exchange workshops will be identified. Especially strong links will be created with the Maghreb regional RAB/94/G31 project to ensure exchange of information, and to avoid duplication. It is worth noting that the latest meeting of steering committee for the regional project held in Rabat, Morocco in May 1997, assigned US \$ 50,000 for the purpose of development of adaptation measures for Algeria. Moreover, strong emphasis will be placed on the participation of civil society in this project, which will need to be effectively and concretely involved. Within the framework of the regional project RAB/94/G31, one NGO, ARCE (*Association pour la Recherche sur le Climat et l'Environnement*) is a full-fledged member of the project steering committee. It should be noted that it is taking a very active role in the regional project initiatives.

It would be advisable that the grassroots and community groups participate in the project from the very beginning of the preliminary discussions. Their presence will be indispensable in the projected workshops, as a *sine qua non* for the success of the project, with a number of project tasks (e.g. awareness-raising and information in particular) to be entrusted to them.

Civil society would be represented in particular within the national committee, as it is currently represented with the national committee of the regional project RAB/94/G31.

The detailed content and target audience for the workshops will be determined during the further preparation of the project (project document formulation). However, a general strategy is to open the "policy oriented" workshops for a broader audience including both policy makers and technical experts from the governmental as well as from the independent sector while targeting the technical training/coordination workshops more for the people who are actually conducting the studies or which need to be involved as providers of the information for the studies.

Monitoring and evaluation

After the detailed work plan has been prepared, an external review will be undertaken to identify already in the early stage of the project eventual gaps, overlaps and other risks of successful implementation, as well as to identify potential partners and sources of information of which the project could benefit.

The executing agency together with UNDP will be responsible for monitoring the project on a continuous basis. In order to do this, the project manager, with the help of the leaders of the research teams, will prepare regular reports on the progress of the project as a whole and the different sub-tasks under it.

For the remaining part, the project will rely on common UNDP monitoring and evaluation practices including a midterm evaluation and a tripartite review to be held within the first 12 months of the start of the full implementation of the project.

COVERAGE OF THE ACTIVITIES TO PREPARE THE INITIAL NATIONAL COMMUNICATION OF ALGERIA

Information to be included into the national communication	Enabling activity to produce the information needed	Type of Activity ¹			
		Planning ² & Execution	Capacity Building		
			Institutional	Human	
1. National circumstances	Compilation of the information from existing sources	-	-	-	
2. Greenhouse gas inventory (incl. CO₂, CH₄ and N₂O) for: - all energy sources - industrial processes - agricultural processes - land use change & forestry - other sources	Data gathering and inventory of GHG emissions from: - all energy sources - industrial processes - agricultural processes - land use change & forestry - other sources	X	X	X	
3. General description of steps					
(a) programs related to sustainable development, research, public awareness, etc.;	An assessment of potential impacts of climate change in the country	X	X	X	
(b) policy options for monitoring systems and response strategies for impacts;	An analysis of potential options to adapt to the impacts of climate change.	-	-	-	
(c) policy frameworks for implementing adaptation measures and response strategies;	An analysis of potential options to abate the increase in GHG emissions and enhance the sinks.	X (RAB)	X (RAB)	X (RAB)	
(d) building capacity to integrate CC concerns into planning;	Formulation of programs and policy frameworks for implementing the identified response measures.	X(RAB)	X (RAB)	X (RAB)	
(e) programs to address climate change and its adverse impacts, including the abatement of increase in GHG emissions and enhancement of sinks					
4. Other information including, as appropriate:					
a) Financial and technological needs and constraints associated with the implementation of the Convention under articles 4 and 12.	Based on the results of the studies compilation and preparation of the additional information that the country wants to present in its national communication	X	X	X	
b) projects for financing					
c) material relevant for calculation of global emission trends					
5. Compilation and production of the initial national communication	Preparation, translation (as appropriate), and publication of the national communication	X (RAB)	X (RAB)	X (RAB)	

RAB :RAB/94/G31

² X activities covered by the proposed project

³ including data gathering and research related to the preparation of the national communication