

## GEF SECRETARIAT REVIEW FOR LDCF/SCCF PROJECTS<sup>1</sup>

(For both FSPs and MSPs)

Type of Fund: Special Climate Change Fund (SCCF)

Country/Region: Azerbaijan

Project Title: Azerbaijan: Integrating climate change risks into water and flood management by vulnerable mountainous communities in the Greater Caucasus region of Azerbaijan

GEFSEC Project ID: **4261**

GEF Agency Project ID: 3929 (UNDP)

GEF Agency: UNDP

Anticipated Project Financing (\$): PPG:\$100,000

GEF Project Allocation:\$2,700,000 Co-financing:\$7,260,000

Total Project Cost:\$9,960,000

PIF Approval Date: May 13, 2010

Anticipated Work Program Inclusion: November 01, 2010

Program Manager: Bonizella Biagini

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Review Criteria	Questions	Secretariat Comment at PIF/Work Program Inclusion <sup>2</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	Yes.	
	2. Has the operational focal point endorsed the project?	Yes. Letter dated April 28, 2010 is on file.	
	3. Does the Agency have a comparative advantage for the project?	UNDP has led the country's disaster management team, and it has a comparative advantage in capacity building.	
Resource Availability	4. Is the proposed LDCF/SCCF Grant (including the Agency fee) within the resources available in the LDCF/SCCF fund?	Yes.	
Project Design	5. Will the project deliver tangible adaptation benefits?	Yes. It will reduce the vulnerability of the communities of the Greater Caucasus region of Azerbaijan to water stress and hazards by improved water and flood management, benefitting over 1 million people by improving risk management on over 22,067	

<sup>1</sup> Some questions here are to be answered only at PIF or CEO endorsement. Please do not answer if the field is blocked with gray.

<sup>2</sup> Work Program Inclusion (WPI) applies to FSPs only. Submission of PIF of FSPs will simultaneously be considered for WPI. For MSPs, once the PIF is approved by CEO, next step will be to continue project preparation until the project is ready for CEO approval.

		sq. km of land.	
	6. Is the adaptation benefit measurable?		
	7. Is the project design sound, its framework consistent & sufficiently clear (in particular for the outputs)?	Yes. The project has three main components: 1) Responding to climate risk management through Water and Flood management policy and regulatory frameworks, 2) Building technical capacities to improve climate risk management in the Greater Caucasus, and 3) Achieving demonstrated community resilience. Outputs include EWS disseminating timely weather-risk information to the local communities through innovative community-based methods, participatory and consensus-based land use planning that mainstreams climate change through local multi-stakeholder committees, pilot land-use plan for the implementation of sustainable water and flood management measures, public information campaign targetting flood-prone communities, water legislation modifications incorporating climate change considerations, development of the conjunctive water management model and guidelines for surface and groundwater use, climate-smart land use planning (development of hazard risk maps, flood zoning, etc.)	
	8. Is the project consistent with the recipient country's national priorities and policies?	Yes. The project is consistent with the latest findings and adaptation priorities underlined by the Second National Communication. Water is featured as the top adaptation priority in the section of V&A. Realizing the magnitude and urgency of the issue the government has undertaken number of measures to address the water stress and hydrological hazards. State Program on Socio-Economic Development of Regions is a development framework of all economic zones of Azerbaijan and support to adaptation measures is part of the long-term State Program on Poverty Reduction and	

		Sustainable Development covering 2008-2015. In addition, the State Program on Development of Hydrometeorology envisages strengthening capacities for monitoring, hydrological forecasting and warning systems, and water resources assessment for improved water resources management.	
	9. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	Yes. Regional Disaster Prevention in the South Caucasus (managed by GTZ in Azerbaijan), ADB Flood Mitigation Project supporting flood protection schemes, through a \$23 million loan, EU Water Initiative EECCA (Eastern Europe, Caucasus and Central Asia) component seeks to promote Integrated Water Resources Management. UNECE is conducting National Policy Dialogues to identify issues, define priorities and establish plans of action in the water sector. Upcoming initiatives: A regional project on development and implementation of International and Regional Flash Flood Guidance and Early Warning Systems covering 8 countries in the Black Sea and Middle East Regions. In order to avoid duplication of efforts and maximize synergy with the above listed initiatives, the project will support a technical advisory group including representatives of the donor agencies involved in the water sector.	
	10. Is the proposed project likely to be cost-effective?	Yes. The proposed project strategy is considered cost-effective in as much as it introduces the soft, policy measures as well as non-structural on-the-ground risk management and adaptation measures by improving the water resource and flood management practices that offer greater flexibility and resilience to multiple water users, including the most vulnerable communities, and will confer a long-term climate-change adaptation benefit. Increasing capacity towards adopting	

		a forward-looking water use and management approach will be achieved. Cost-effectiveness of the project will be further detailed during the PPG phase.	
	11.Has the cost-effectiveness sufficiently been demonstrated in project design?		
	12. Is the project structure sufficiently close to what was presented at PIF?		
	13.Does the project take into account potential major risks and include sufficient risk mitigation measures?		
Justification for GEF Grant	14.Is the value-added of LDCF/SCCF involvement in the project clearly demonstrated through additional cost reasoning?	<p>Yes. The project will result in a modified policy and regulatory framework, institutional capacity, and community climate risk management practices that are expected to increase climate resilience of the target area and population.</p> <p>By CEO endorsement, please clarify the role of LDCF funding vis-a-vis Outcome 2 specifically relating to the EWS, considering that LDCF does not fund Business-as-Usual development (including upgrading or correcting the problems with the existing systems that may be needed even in absence of climate-change), but rather the gap between what is normally funded by BAU and what is needed to make BAU climate resilient (i.e. for which conventional development funding has not been available.)</p>	See comment at PIF
	15.How would the proposed project outcomes and adaptation benefits be affected if LDCF/SCCF does not invest?		
	16.Is the LDCF/SCCF funding level of project management budget appropriate?	Yes, at almost 10% respective to the LDCF project grant.	
	17.Is the LDCF/SCCF funding level of other cost items (consultants, travel,		

	etc.) appropriate?		
	18. Is the indicative co-financing adequate for the project?	Yes, at slightly over two times the amount of LDCF project grant.	
	19. Are the confirmed co-financing amounts adequate for each project component?		
	20. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
Secretariat's Response to various comments from:	STAP		
	Convention Secretariat		
	Agencies' response to GEFSEC comments		
	Agencies' response to Council comments		
<b>Secretariat Decisions</b>			
Recommendations at PIF	<b>21. Is PIF clearance being recommended?</b>	Yes. This is a very good proposal. Azerbaijan is a water-stressed country for which significant reductions in water availability are expected as a result of climate change in the coming decades by mid-century. This project will seek to reform water management policies such that long-term climate change considerations are mainstreamed, and directly reduce the vulnerability and improve water and flood disaster risk management over an area of 22,000 sq km, and benefit over 1 million people.	
	22. Items worth noting at CEO Endorsement.		
Recommendation at CEO Endorsement	<b>23. Is CEO Endorsement being recommended?</b>		

## REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	Yes. While the PPG activities include looking at the socio-economic and financial sustainability of the project results, no mention is made of environmental sustainability under 4-g. Climate change adaptation often promises to be environmentally sustainable, but this is not necessarily a given, and environmental considerations should be explicitly taken into account as well when considering the feasibility of various alternatives. Please consider inclusion into PPG activities.
	2. Is itemized budget justified?	Yes.
	3. Is the consultant cost reasonable?	Yes.
	4. Is the proposed LDCF/SCCF Grant (including the Agency fee) within the resources available in the LDCF/SCCF?	xxPPGResorcesxx
Recommendation	<b>5. Is PPG being recommended?</b>	The outputs are clear, and comprehensive in scope, including, among others, a vulnerability analysis, conjunctive water management, a feasibility analysis (including feasibility of alternative approaches), an analysis of the socio-economic and financial sustainability of the project results, and a proposal for sustainability and financial plan for the project. This PPG and the PIF are very strong, and the PPG is recommended. (The suggestion under 1. should be considered and implemented if the task team concurs that it is relevant to this particular context.)
Other comments		