**Proposed Volta River Basin Institutional Development (P147202) and**

**Strategic Action Program Implementation (GEF; P149969) Project**

# PCN Review meeting

**March 13, 2013**

## Team Responses to Comments Received

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| **Comment** | **Team Response** |
| 1. **Overall Comments**
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| The PCN is very well written and effectively lays out the scope and rationale of the project. The basin is currently facing with many challenges such as increasing population pressure, poor land-use planning and practices, water quality and quantity degradation, environmental and coastal changes etc... in addition to the impact of climate change which exacerbate the problems in water resources management (CHP) | Thank you. |
| The project is to start in October 2014, and will be implemented over 4 years. While a preliminary list of priority actions has been presented in the PCN, a framework-based approach is proposed, whereby actions will be selected during the project implementation period. It is not clear whether some of the proposed actions are nearly ready for implementation (eg with ToRs, bid documents, etc) or not, and how long a preparation period will be needed to bring them to bidding stage. This should give a sense whether the framework approach is commensurate with the project implementation period and financing. Since the institutional capacity of the implementing agency is low and it does not have prior experience of Bank-financed projects, it may not be prudent to push the preparation work into the implementation period. Also, the preparation period (6 months, from now to October 2014) seems to be too short, for designing and consulting on implementation arrangements and investment framework (SP).  | Noted. Since the project is building on the previous GEF project which financed a TDA and SAP, all priority actions are already identified. GEF requires that the actions be defined upfront so a framework approach will not be used. The preparation grant will be used to prepare the feasibility studies and detailed designs for the priority actions. The project design has been kept simple in line with VBA’s capacity and since VBA already had the activities included in their strategic action plan, draft TORs etc are already available.  |
| Due to the early, upstream character of the PCN, from GEF side we would like to get assurance from the PCN review meeting that there will be a QER of the project carried out and GEF be involved. This would serve to manage the risk of overlap with other GEF finance as well as assuring that indicators and targets are commensurate with the GEF IW strategy and finance and result in enhanced GEBs. We believe that this collaboration and formalized review and comment during preparation will be mutually beneficial to not have hold ups at late stages prior to endorsement (AH) | Agreed. |
| Co-finance: we recognize the differing definition of co-finance between the GEF and the WB. Yet, the GEF definition requires that co-finance sources are to contribute to the same objective (AH).* Most SAP implementation partners, for example, would fall under that category and one would hope that - as in many other basins in Africa - a donor consortium would be formed to provide coordinated finance to VBA. Is the project - or other financial or other support to VBA - aiming in facilitating such?
* How are the listed WB national activities/projects envisioned to contribute? While co-finance is indicative at PIF stage, it is highly recommended that some additional thought is devoted to the co-finance of the project in order to avoid getting to endorsement stage with very large discrepancies in overall co-finance (i.e. to a degree that would be questioned at endorsement stage).
* Baseline versus co-finance -would CIWA not be direct co-finance to the increment?
 | A donor committee already exists at VBA; the project could serve as the means to re-activate this committee.The team will review the co-financing for the project; however in order to reach the GEF requirement of 1:5, it is clear that most co-financing will be national IDA sectoral projects in the riparian countries. The team will list these projects so it is clear how they are contributing.The team confirms that the CIWA financing is the baseline project.   |
| Collaboration with partners (AH):* ECOWAS - relation to VBA and cooperation remains unclear. Please address in project design
* EU- Masterplan - see comment above. Address in project design.
* UNEP: We have been made aware that the VBA was rather not clear that UNEP is not part of the GEF finance requested for SAP implementation. What is overlap of planned activities by WB with UNEP-VBA envisioned activties? Please address when moving forward and seek collaboration in accordance with each GEF agency's comparative advantage in the Volta Basin.
* IUCN, Sweden - assure coordination and suggest exploring co-finance during project design - -as relevant based on final project design
* Germany, Sweden - ditto, especially with regard to information management
 | Noted; team will incorporate into PCN and PAD better description of linkage between ECOWAS and VBA and cooperation.All activities under the proposed project are aligned to the VBA Masterplan. The team will ensure this is clear in the PCN and PAD.The SAP recommendations cover a range of different issues and has a budget which far exceeds the capacity of any single agency. As such, there is no reason for overlap among the agencies and coordination will be ensured so that a cohesive program for VBA.With the reactivation of the donor committee, this coordination can be assured. The WB team already recommended this to VBA.  |
| GEF datasheet: Please correct math errors and inconsistencies in co-finance amount and agency fee (note; to not exceed 9.5 %) (AH); please revisit what is IW 1 versus IW 3 and unclear in table A. (AH) | Noted. Team will revise the GEF datasheet. |
| GEF formal prerequisites prior to consideration for the WP - please put on record: a signed SAP on ministerial level by all countries prior to WP posting (i.e. WP inclusion); endorsements by OFPs before cut-off for technical clearance - please assure that they have reviewed the document prior to endorsement (AH). | Noted. Team is working with the VBA to ensure that these prerequisites are being met.  |
| 1. **Regional and Country Context**
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| This section is well articulated with rich information on the basin characteristics, but there is little information on the potential of the basin in term of hydropower development, sediment flow, nutrient, fisheries... and its role in national economics for the riparian countries within the basin. The establishment of the Volta Basin Authority (VBA) in 2009 was intended to help the six riparian member countries to handle many water issues; it seems it not functioning as expected due to the lack of institutional framework for close coordination and cooperation between VBA with and amongst the riparian member countries. These kinds of information would be helpful in the Regional Context to explain the various issues presented in the Sector Context in which many water issues are very well articulated – (CHP) | Noted. More information on the basin potential across the various sectors (energy, agriculture, environment, etc.) will be included in the PAD. Noted. The parallel Bank-executed institutional assessment will investigate these issues and propose recommendations. The findings of this assessment will inform the PAD and project design accordingly. |
| 1. **Sector Context**
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| The TDA completed in 2012 identifies a series of water issues and comes up with a SAP. The SAP is comprehensive and mentions natural hazards in the overall context of IWRM in the basin. However, the changes in water quantity and seasonal flows - mentioned in para.7 - mainly caused from uncoordinated water distribution system or upstream development should be highlighted in this section. In addition, impacts of ineffective socioeconomic and cultural utilization of the water should be referenced. Climate change e.g. more evaporation during summer due to higher temperatures and more flooding during the rainy season, is also a major risk, thus, flood and drought risk management should be taken into consideration (CHP) | Noted. More information will be provided in the PAD on causes of water flow reduction and overall climate change impacts. A priority action related to flood and drought risk is under consideration. |
| Water quality, quantity, fisheries, environmental challenges and dam operations versus downstream flood effects are key transboundary issues that require an effective institutional framework at basin and/or sub-basin level. However, it is not clear why VBA has not been able to handle such issues in the period since its establishment. A section on institutional weaknesses of VBA is needed to make a more compelling story to convince the reader that it is not only the lack of funding that prevents the six riparian countries from implementing their water plans, but also the lack of coordination and technical guidance from the basin level. Why is it that the VBA, with its six (6) divisions (assuming their mandates and responsibilities are clearly defined) could not handle the various water issues at basin and sub-basin level, especially on transboundary water issues? (CHP) | Noted. More information will be provided in the PAD explaining the evolution of VBA to date; the weaknesses which hamper it from fully executing its mandate and the rationale for Bank engagement. |
| The PCN posits that sedimentation in water courses has arisen as a consequence of construction of a number of large and small dams. This is somewhat novel and may be questioned. Perhaps the team could explain what is meant by this statement ( a more common occurrence is poor uplands management increasing erosion/sediment transport rates which in turn adversely affects reservoir storage and operations). In some places the PCN seems to imply that development of infrastructure is adversely affecting the flows, other sections emphasize the need for development of more infrastructure. Both statements are correct, but they could be balanced a bit better with some careful editing (SP) | Noted. The team will clarify these aspects in the PCN and in the PAD. |
| Separating institutional design versus capacity issues: The "original causes" of poor basin management (including transboundary management) are either the absence or poor design of institutions, or lack of sufficient capacity in institutions. Most basins (transboundary or otherwise) face the first constraint - the process and political dynamics of establishing a multi-sector institution for basin management are quite difficult, and the difficulties are compounded when sovereignty and trans-national authority are involved. Hence the number of trans-boundary river basins with existing agreements or basin-management agencies remains a minority. Although there always exists a scope for improving the design of institutions, it seems that the Volta basin is well-placed regarding the existing of basin-level agency with sufficiently strong mandate. The second constraint - of insufficient capacity - is more common, including in many basins in the developed economies. However, it is also important to note that the capacity development is primarily a time-dependent process. The good examples of basin agencies that are referred to around the world today (e.g. the Murray Darling Authority or the Danube Commission) took many decades to develop the capacity and command the institutional space they occupy today. The language of the PCN, especially in Introduction and Context (Sections B and C), is quite clear on the capacity issues, but is vague on whether there are any institutional design problems as well. This question comes up again in relation to Component One, which is aimed at development of a water charter for the VBA. The only rationale provided in the PCN for this activity is that it has been identified as a measure under the Strategic Action Plan. It would be useful if the team can provide a brief analysis of the weaknesses/gaps in the existing structure of the VBA, including its mandate, and a causal explanation of how these weaknesses/gaps are preventing xyz from happening, and how the development/adoption of a water charter will fix the problem (SP) | Noted. The challenges facing VBA are related to both institutional design and capacity issues. The team will provide more information in the PCN and in the PAD. The parallel Bank-executed institutional assessment will investigate these issues and propose recommendations. The findings of this assessment will inform the PAD and project design accordingly. |
| 1. **Project Development Objectives**
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| The current PDO appears too generic. It is a bit difficult to understand the practical meaning of "transboundary water resources management". I understand that the project is to support the application of IWRM principles in the basin in a more open, transparent and cooperative/collective manner through establishment of a legal framework and guidelines and procedures for the Basin Authority to perform and series of institutional and capacity building development. In this context, I would suggest the PDO statement "*the proposed development objective is to strengthen (or promote) the IWRM-based transboundary coordination and dialogue amongst riparian member countries of the Volta River Basin through institutional alignment, capacity building development and implementation of priority actions of the Strategic Actions Program*". This revised PDO would give special focus of the project to tackle with transboundary water issues at both basin and national-level scales (CHP) | Noted. The team will consult with AFTOS to strengthen PDO. |
| The PDO reflects need for strengthened transboundary management, as well as SAP implementation. That is overall fine yet does not indicate aimed outcomes of selected SAP implementation actions. Please think about enhancing and adding to this (as the SAP should not be an end to itself - its builds on a Visions and spells out outcomes) (AH) | SAP measures were developed to meet environmental quality objectives. The team will link SAP measures to EQOs (environmental quality objectives) in the PCN and PAD to show that SAP measures relate to higher level outcomes. |
| 1. **Project Indicators**
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| In my view the establishment and implementation of VBA Focal Structures in the basin member countries is critically important to ensure effective coordination of VBA's activities at the national level. As such this achievement should be used as one intermediate indicator. Indicator (ii) - Persons informed ... - may need further consideration as it appears too soft and would not contribute to improve the institutional performance of the management structure at both basin and national levels (CHP) | The parallel Bank-executed institutional assessment will investigate these issues and propose recommendations. The findings of this assessment will then inform the PAD and project design accordingly. It is perhaps unrealistic to expect full installation of the focal structures during project implementation given the budget and time-frame for implementation. The team will work with AFTOS to define appropriate indicators. |
| The primary indicator directly relating to the PDO is “Improved capacity and operations of the VBA for more effective transboundary water resources management in the Volta River Basin “ . This indicator is too vague. While the proposed indicator meets the requirements of being attainable, relevant and time-bound, it fails in not being specific or measurable as proposed. It would be useful to modify this indicator as " “Improved capacity and operations of the VBA ..., as measured by the selected set of metrics pertaining to: needed procedures in place; staffing; annual planning, budgeting, technical, contracts management, audits, etc." OPCS could provide some good examples of projects which have devised good indicators for institutional capacity. The second indicator - “Direct project beneficiaries benefitting from implementation of the SAP priority actions” is appropriate and eminently measurable, but it is not explained how would beneficiaries be defined and measured for such a large variety of planned actions (SP) | Noted. The Team will work with AFTOS to define appropriate indicators. |
| 1. **Project Components**
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| **Component 1** |  |
| To make the Charter effective a certain number of guidelines and procedures should have to be prepared and legalized. At a basic minimum level the following guidelines may be needed for the VBA and its national Focal Point to perform: guidelines on data and information collection and information sharing; guidelines on hydraulic-hydrodynamic modelling and guidelines on impact assessment of mainstream water extraction. Procedures would include (a) Notification, Prior Consultation and Agreement; (b) Water Quality Monitoring; and (c) Minimum Environmental Flow. Suggest that all Guidelines and Procedures should be legalized and adopted by riparian member states and their application monitored by VBA (CHP) | Noted. The team will include more information on which sub-activities will be covered by the components including the support to the Water Charter in the PAD. |
| The development of the Water Charter and the establishment of the Basin Management and Regulation Committee is commendable (component 1 and 2) and the Water Charter clearly spelled out as a SAP priority - assuming the SAP will be signed on ministerial level in its present form. Please highlight that both surface and groundwater need to be addressed coherently in basin management (AH) | Noted. As above. The team will include more information in the PAD. |
| The SAP makes considerable effort to relate the formulation of the Water Charter to the development of the Water Master Plan (EU finance) , yet component 1 does not mention this relation at all. This needs addressing. (AH) | Noted. As above. The team will include more information in the PAD. |
| The PCN analysis as well as outline of activities in the development of the Master Plan (see SAP annex) clearly states the needs for a range of national policy and legal reforms of a very fragmented system that has hindered VBA effectiveness already. Such actions on regional and national level are very much in line with the GEF strategy. (AH) | Noted. The parallel Bank-executed institutional assessment will investigate these issues and propose recommendations. The findings of this assessment will then inform the PAD and project design accordingly. It is perhaps unrealistic to expect that project will be able to address of these issues, given implementation period and budget. |
| **Component 2** |  |
| The component should **include joint assessment of transboundary issues and preparation of mitigation plans**, in addition to technical forums and preparation and deployment of a communication plan. The component title may need to be revised to avoid potential misunderstanding especially the use of "Monitoring and Project Development" as this gives the impression of much more concrete activities than are planned (CHP) | Noted. The TDA and SAP have already covered a join assessment of the transboundary issues and identified mitigation and other actions to address the problems. The component name will be revised to prevent misinterpretation.  |
| A donor coordination mechanism (e.g. is the VBA Donor Consultative Group (DCG) still active?) as well as **VBA financial sustainability strategy** are additional items to be considered to be added here or elsewhere. (AH) | A donor committee already exists. The team will discuss with VBA reactivation of this committee to ensure donor coordination. |
| **Component 3** |  |
| It is not clear from the Note that implementation of the SAP measures means that all the projects to be financed by **this component are related to transboundary issues**. The component should support a series of **consultation activities by riparian countries to identify common transboundary issues and agree on joint mitigation solutions/measures** in order to develop sound project proposals. Using the measures identified in the SAP as reference in selecting priority projects. It is suggested to include the following works in this component: **(a) support for Basin Plans and Technical Studies.** Support for Basin Plans would include (i) **update of the existing basin profile using remote sensing and GIA application to complete mapping and assessment of climate change impact and upstream development**; (ii) carry out **multi-sectoral Basin Planning including sub-basin water resources management plans to guide investments**. The plan should give different development scenarios depending on future development needs and strategic land use planning, taking into consideration the impact of climate change, upstream development and other external factors (CHP) | Noted. Under the previous GEF project, several pilots were initiated to address certain transboundary issues. The proposed project will build on these using the SAP as a base reference. The project design needs to have actions span the regional to local horizon to be successful in terms of raising the profile of VBA so this component focuses on concrete actions at the national and local level.  |
| One of the most important determinants of success of nascent basin institutions is whether they get something to work on the ground with - the "learning-by-doing" approach". This helps the new institutions not only with capacity-building but also in squeezing into the crowded institutional space and creating their turf. Therefore it is good to see that the proposed operation devotes a majority of the resources of implementation of priority actions. However, it is not clear how these actions will be implemented. Although the actions have been selected specifically with a view to improve transboundary waters management, they will need to be executed at local scale. It is not clear which agencies would be involved, and how they would relate to the VBA Executive Directorate which is mentioned as the implementing agency for the project. I imagine that the details of the implementation arrangements will be finalized during the preparation period, but at least some information about the local-level implementing agencies and the funding/accountability structures would be helpful at this stage. It will be of particular importance to explain how actions under different national structures would be planned, funded and monitored by the VBA. This concern pertains mostly to Component Three but may be there in some measure for the other components as well (SP) | Noted. These actions will be implemented at the local and national levels and during preparation the implementation arrangements will be defined. More information will be provided in the PAD.  |
| There remains a weak delineation of what the project outcomes in terms of SAP implementation are expected to be. This also does not allow us to assess the alignment with or duplication of efforts in terms of previous GEF finance or activities. (AH) | Noted. As above. More information will be included to link SAP measures to EQOs in the PCN and PAD to show that SAP measures relate to higher level outcomes. |
| Building on previous GEF project (UNEP implemented): right now this project is listed among other ongoing projects (Pg. 8) which is not adequate. As you describe elsewhere and in terms of GEF logic of progressive financing steps the proposed project and its outcomes - incl. the TDA/SAP - build the foundation for the current project. In fact, signature of the SAP by all countries on ministerial level is to be assured prior to GEF work program inclusion (AH) | Noted. The team will address in a revised PCN. |
| The PCN states that SAP actions "will be agreed with the VBA and riparian countries". Can you please outline how the proposed indicative SAP implementation areas have been derived and agreed on with VBA and the countries? What have been communication and coordination mechanisms with other development partners? (AH) | Noted. As above. Under the previous GEF project, several pilots were initiated to address certain transboundary issues. The proposed project will build on these using the SAP as a base reference. The team has shared last 2 aide memoires which fully detail project preparation to date with other donor partners. |
| The Annex with criteria for determination for selecting SAP implementation activities is appreciated. Please further strengthen in moving forward by relating e.g. watershed management actions to key infrastructure. (AH) | Noted. |
| We note that the SAP provides quantified indicators and targets for these same actions (in the PCN Annex) in terms of anticipated impacts, while the *PCN lacks both*. This would need to be addressed latest by endorsement as measurable impacts are an expected outcome in GEF SAP implementation finance (AH) | Noted. Indicators and targets have been added to Annex X of the PCN. These are tentative and will be further refined during project preparation and detailed in the PAD.  |
| In selecting and implementing SAP activities, please explore impacts and relevance of groundwater management and recharge in activities (e..g efficient irrigation, watershed management, wetlands). (AH) | Noted. The team will review these aspects with VBA and include more information in the PAD accordingly. |
| How were watershed management, wetland restoration, pollution control, sharing of environmental information, and coastal bank erosion be selected as likely candidate measures for this project? ( as compared to e.g. flood and drought early warning which is highlighted in the PCN as major problem) (AH) | Noted. As above. Under the previous GEF project, several pilots were initiated to address certain transboundary issues. The proposed project will build on these using the SAP as a base reference. The criteria for the selection of the priority actions have been established and these actions have been selected based on discussions and priorities identified by the VBA and the riparian countries. |
| Please clarify the envisioned role of the Volta Basin Observatory - especially in terms of information management. (AH) | Noted. The team will include more information in the PAD. |
| **Component 4** |  |
| This component should include M&E work for the VBA to monitor the utilization of water resources within the basin and provide necessary information for timely interventions. The establishment and implementation of VBA Focal Structures in member countries is very important, but a program of capacity building for such Focal Structures would be needed. Otherwise, they will not perform after their establishment (CHP) | Noted. The team will review during preparation. However it is perhaps unrealistic to expect that project will be able to address all of these issues, given implementation period and budget. |
| 1. **Implementation Arrangements**
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| VBA will be the executing agency for this project acting through its Executive Directorates which has 5 technical staff plus a couple of support staff. The Note highlights that recruitment of additional staff is ongoing. However, it is not clear who will be implementing those transboundary priority projects under component 3. One of the preferred options is to let the riparian countries be in charge of implementing such projects so that they could jointly prepare and implement the projects together. The team may need to consider this option further, but try to simplify the project implementation arrangements so that it is less bureaucratic (CHP) | Noted. The priority actions will be implemented by VBA but in close collaboration with the national focal structures in the riparian countries. The implementation arrangements will be further discussed and detailed during preparation and more information will be included in the PAD. |
| 1. **Risk**
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| This project would be the first project supported by the Bank for VBA and the executing agency appears to be under-staffed and have a weak governance structure. Thus, I would suggest the team to reconsider the proposed risk rating to make it "substantial" or at least the overall implementation risk should be substantial (CHP) | Noted. It was agreed at the PCN meeting that the overall implementation risk would be raised to substantial.  |
| The risk of VBA’s capacity to handle funds is listed as moderate. Given that VBA lacks experience with WB procedures and limited experience in handling large amount of funds, this risks needs to be taken serious. The project will experience considerable hold-ups if this (limited experience with WB required procurement and FM) is not addressed and mitigated consciously in project design. (AH) | Noted. It was agreed at the PCN meeting that the overall implementation risk would be raised to substantial. FM and procurement assessments have been conducted for VBA and adequate measures will be put in place to strengthen their capacity and ensure full compliance with WB requirements. |
| Please consider upgrading project design risk to moderate. A multi-country process to come to an agreement to the Water Charter has high political sensitivities. 'Straightforward' may not be the right word to use. Further SAP implementation in countries of which most have limited institutional capacity and policy and regulatory frameworks have additional challenges. (AH) | Noted. It was agreed at the PCN meeting that the overall implementation risk would be raised to substantial. |