



Global Environment Facility

March 27, 1997

Mr. Ahmed Djoghla
GEF Executive Coordinator
United Nations Environment Programme
Nairobi, Kenya
FAX: 254 2 520 825

Dear Mr. Djoghla:

I have reviewed the proposed project document, *Strategic Action Programme for the Binational Basin of the Bermejo River*. I am pleased to endorse it for final approval in accordance with UNEP procedures subject to the \$231,000 PDF Block B grant being reflected in the total project costs on the cover sheet and cost table (p.22) of the project document (i.e., total project costs of \$3,221,00).

The project is consistent with the proposal included in the work program approved by the Council in October 1996 and with GEF policies and procedures.

Sincerely,

Ian Johnson
Acting Chief Executive Officer and
Chairman

cc: Messrs. Rafael Asenjo (UNDP), Lars Vidaeus (World Bank)
Pier Vellinga (STAP)



Mr. E. Executive Coordinator
United Nations Environment Pro
gramme, Nairobi, Kenya

Dear Mr. Director:

I have

received your letter of the 14th of the month and am pleased to learn
that the final approval in accordance with UNEP procedures subject to the \$231,000
PDE Block B grant being reflected in the total project costs on the cover sheet
of the cost table (p. 22) of the project document.

The project is consistent with the proposal included in the work programme
approved by the Council in October 1990 and will

Very truly,
Yours,
Johnston
ing Chair
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Vidua

Vidua (P.T.A.)

**GLOBAL
ENVIRONMENT
FACILITY**

MOHAMED T. EL-ASHRY
CHIEF EXECUTIVE OFFICER
AND CHAIRMAN

February 26, 1997

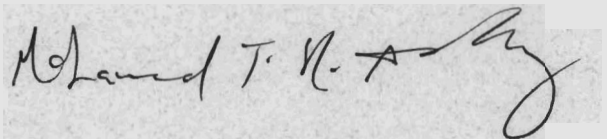
Dear Council Member:

The UNEP, as the Implementing Agency for *Strategic Action Programme for the Binational Basin of the Bermejo River*, has submitted the attached proposed project document for CEO endorsement prior to final approval of the project document in accordance with UNEP procedures.

Over the next four weeks, the Secretariat will be reviewing the project document to ascertain that it is consistent with the proposal included in the work program approved by the Council in October 1996, and with GEF policies and procedures. The Secretariat will also ascertain whether the proposed level of GEF financing is appropriate in light of the project's objectives.

If by March 26, 1997, I have not received requests from at least four Council Members to have the proposed project reviewed at a Council meeting because in the Member's view the project is not consistent with the Instrument or GEF policies and procedures, I will complete the Secretariat's assessment with a view to endorsing the proposed project document.

Sincerely,



cc: Alternates, Implementing Agencies, STAP





UNITED NATIONS ENVIRONMENT PROGRAMME
PROGRAMME DES NATIONS UNIES POUR L'ENVIRONNEMENT



RECEIVED

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UNEP/GEF COORDINATION OFFICE

Date: 20 February 1997

Mr Mohamed T El-Ashry
CEO/Chairman
The GEF Secretariat
1818 H Street NW
Washington, DC 20433,
USA

Dear Mr El-Ashry

Attached please find a copy of the final version of the project entitled "Strategic Action Programme for the Binational Basin of the Bermejo River".

As you are aware, this project was part of the work programme, circulated but not approved in July 1996. It was subsequently approved at the October Council Meeting.

The final version has been revised to take into account comments made by Council members and others.

I look forward to receiving your views on this.

Best regards.

Yours sincerely

Ahmed Djoghlaif

PROJECT DOCUMENT

ACTION SUBJECT

Sub-Project

Strategic Action Program
of the Bernese Alps

Project Number

Geographical

Implementation

Implementation of the
States (GSOA)

1.6 Duration

Commencement
DateJanuary 1980
completion

Cost of Project

expressed in

US\$

130.4

130.4

2,358.4

2,310.4

2,310.4

Cost to Trust Funds

Cost to

Cost to the Co-ordinating

Support

Total

2,728.800

Total of the Project

Project
forProject
forFor the General
Organization of
States (GSOA)Central
Secretary General
Branch
DateThese funds
administered by the
United Nations Environment
Programme, Geneva, Switzerland.

SECTION 2: SUMMARY AND BACKGROUND INFORMATION

2.1. SUMMARY

The proposed GEF project responds to a request of the Governments of Argentina and Bolivia for technical assistance in the formulation of a Strategic Action Program (SAP) for the Bermejo River Basin. The primary objective of the SAP will be to promote environmentally sustainable development within the basin, taking into consideration the program of investments being prepared by the Binational Commission for the Development of the Upper Bermejo and Grande de Tarija Rivers Basins. This is seen as the only solution for reversing the environmental degradation occurring to the land and water resources of the binational basin. In September 1995, the Governments' request for a GEF Project Development Facility, Block B (PDF/B) Grant in the amount of US\$ 231,000 was approved. It provided for the preparation of an international waters project with the following objectives: 1. Conducting an environmental diagnostic survey of the basin to identify priority transboundary environmental concerns and related sectoral issues; 2. Formulating a Strategic Action Program for the Binational Basin addressing different GEF focal areas and seeking to solve priority transboundary environmental issues as part of the implementation of the water resource and environmental agreements between the countries; 3. Assisting the Governments of Argentina and Bolivia to incorporate transboundary environmental concerns, including biodiversity and land degradation protection, into their development policies, plans and programs for the basin; and, 4. Conducting pilot demonstration activities during the process of SAP formulation to gain information needed for management purposes. A fifth objective focuses on public participation. This objective involves helping both countries to institute a system of public consultation on the implementation and development projects of general interest in the basin, so that they are environmentally sustainable and socially acceptable. This GEF International Waters project proposal is the result of the PDF activities.

It is to be anticipated that the project will identify specific investment projects and activities of a transboundary nature that will meet GEF criteria. During the formulation of the SAP for the Bermejo River Binational Basin, the comprehensive approach set forth in the International Waters Scoping Paper approved by the GEF Council will be used to develop mechanisms for the control of transboundary sedimentation, conservation of biological diversity, prevention of land degradation and the rehabilitation of degraded lands, enhancement of carbon sequestration potentials through sustainable agro-forestry, and implementation of environmentally-sound development proposals. Such actions are consistent with the GEF principle of linking project elements with the major cross-cutting issues addressed by the GEF, with the priorities identified in the UNEP desertification studies which identified the Bermejo Basin as a critical area, and with the UNEP Environmentally Sound Management of Inland Waters (EMINWA) integrated watershed management planning process.

Demonstration projects for the control of desertification, biodiversity conservation³, carbon sequestration and transboundary sediment abatement have been identified. They have been selected in order to collect information in the short term and test different measures for more widespread implementation later, and include: a) Their appropriateness with respect to the environmental character of the area, and their contribution to sustainable development; b) Their economic feasibility, preferably with low levels of investment; c) The adequacy of their components to the extension or transference of knowledge; and, d) The testing of popular participation methods in both, the planning and implementation of projects. Most demonstration projects require some additional work of definition and institutional organization, before they are started.

2.2. BACKGROUND

Overview. The Bermejo River Basin, shared by Argentina and Bolivia, is a regionally important part of the Plata Basin. The Bermejo River has the unique characteristic of linking two major geographic features of the southern tip of South America: the Cordillera de los Andes and the Paraguay-Parana Rivers, crossing completely the huge expanse of the Chaco Plains. Thus, it acts as a corridor allowing the connection of biotic elements of both the Andean mountains and the Chaco Plains. Radically differing weather conditions in the large basin (about the size of the Rhine Basin) promote an array of rain forests, humid valleys and mountain deserts in the Upper Basin and dry forests as well as humid and gallery forests in the Lower Basin. There is an exceptional habitat diversity along the course of the river. Erosion and sedimentation are serious issues: it has been estimated recently that the Bermejo Basin produces about 80% of sediments in the Plata River.

Despite its potential, the basin is an economically disadvantaged area in both countries. It has a history of "extractive" exploitation of forests and natural pastures. Incomes are very low and a large proportion of the population is indigenous. An opportunity exists for the gradual substitution of new systems of production. Innovative methods of environmental management, agro-forestry and watershed management will be required and active participation of communities is needed to understand and adopt new practices. Poverty and the low level of education of the population are restrictions

Conservation of biodiversity, both flora and fauna, has been a major consideration in the formulation of the present proposal. At least nine of the Work programme Elements (WPE) make substantial contributions to conservation of biodiversity in the Chaco, namely: Transboundary Pollutant Movement (WPE 1.1); Erosion Control Santa Ana Camacho (WPE 2.2.); land Use in the Lower Bermejo River (WPE 2.5); management of Forage-Humid Chaco (WPE 2.6); Transition Forest-Salta (WPE 3.1); Sustainable Development-Yungas, Salta (WPE 3.3); Environmental Corridor-Baritu/Tariquia (WPE 4.3); Environmental Education-Formosa (WPE 5.2); and, Formulation of the Strategic Action Programme (WPE 6.1).

to any proposal for changes in the management of the basin. Although the area has been studied for many years,⁴ it is only recently that actions have been taken to implement development projects in this basin. For example, in the Upper Basin, Argentina and Bolivia have agreed on the construction of a series of multipurpose water resources development projects related to the general development of the region that could have potential impacts in the downstream biomes. Programming the economic and social development and managing the natural environment of the region in a careful and orderly fashion leading to sustainable development, is a challenge clearly recognized by both Governments. For such purposes, they have created by the treaty of June 9th, 1995, the full text of which appears as an Annex to the PDF/B document and in summary form as Annex 1 to this document, a Binational Commission for the Development of the Upper Bermejo and Grande de Tarija Rivers Basins, which is requesting GEF technical assistance. This Binational Commission has international legal status, full authority in technical, administrative and financial matters and legal capacity to acquire rights and acts on behalf of the Governments of Argentina and Bolivia, and has been given authority by both Governments to actively pursue all the actions required for the implementation of the present Program.

More than fifty institutions, government agencies and NGOs, participated in drafting this proposal, many of which are expected to participate in the execution of this project. This proposal is based on some twenty reports and detailed project documents prepared during the PDF/B process. A full review of reports and basic documentation available in different Government agencies of both countries, and contacts with those agencies, as well as with private sector representatives, academic institutions and NGOs, was the first task completed during the PDF/B process. This review identified specific gaps in knowledge and understanding of the transboundary pollution problems in the Bermejo Binational Basin which are addressed by this Program. Fourteen consultants (seven Argentineans, six Bolivians and one American) participated in the preparation of the present proposal. Copies of the reports of the consultants have been forwarded to the GEF Secretariat and the GEF implementing agencies, and are available for consultation at the GS/OAS headquarters in Washington, D.C. The relationship between the intentions stated in the PDF/B Grant and the present proposal is fully developed in art IV, Project Description of this document. The proposal is consistent with the National Environment Program of Bolivia and has been prepared in constant consultation with the Secretariat of Natural Resources and Human Environment of Argentina.

Links with Regional Strategic Work. The Bermejo River is a part of the Plata System, the second largest waterway in South America, an important economic artery in the region. Potential impacts arising in the Bermejo Basin extend throughout the Plata System from the Andes to the coastal zone, and these impacts affect many other developmental activities throughout the Mercosur and Plata Systems, including impacts

⁴ See OAS reports entitled "Study of Water Resources in the Upper Bermejo River Basin" (Argentina and Bolivia), 1971-73, and "Study of the Lower Bermejo River Basin" (Argentina), 1973-75."

on the Paraguay-Parana Waterway and the Plata estuary. The proposed project would try to redress some undesirable priority problems related to land degradation, such as the excessive soil losses from the slopes of the Andes that lead to sedimentation and loss of beneficial uses downstream, that have characterized the history of the region, and address priority threats to the environment associated with development projects. It would identify pilot activities promoting sustainable use of natural resources, from both the economic and the environmental points of view. Support to some of those pilot activities is a part of this proposal.

The project complements other planned GEF projects which address broad development impacts in the Plata Basin or in neighbouring areas. These include: 1. The GEF Uruguay Coastal Wetland Project which borders the Plata Large Marine Ecosystem (LME), which is the proposed project area for the Maritime Front Project being developed by the UNDP; and, 2. The GEF Patagonia Project in Argentina.

National and Regional Actions in the Bermejo River Basin. Within the framework provided by the Plata Basin Treaty and other binational integration and cooperation agreements, the Governments of Argentina and Bolivia have recently agreed on promoting the construction of a series of multipurpose (hydropower, irrigation, water supply and sediment control) projects for the development of water resources, and promotion of general development in the region.

The Financial Fund for the Plata Basin (FONPLATA) agreed, on December 7, 1992, and December 11, 1995, to finance feasibility studies for a series of multipurpose dams in the Upper Bermejo Basin, for a total of US\$ 918,820. Included in the studies were the preliminary evaluation of fourteen reservoir sites, market research for energy and agricultural products from areas to be irrigated, and the economic analysis of costs and benefits of an optimized system of dams. The objective of Phase I was selecting the sites with the greatest economic potential. It concluded selecting Las Pavas, Arrazayal and Cambari as the best reservoir sites. Phase II is presently being carried out, also financed by FONPLATA; its purpose is making detailed topographic maps, analyses of building materials and environmental impact assessments at Las Pavas, Arrazayal and Cambari. Through an agreement with the Secretariat of Public Works of Argentina, additional geological and geotechnical studies are in progress in those three sites.

On the basis of these analyses, the Governments of Argentina and Bolivia intend to call for international bids, offering the private sector the opportunity to build and operate some of the most promising reservoir projects under conditions yet to be defined. It is noteworthy that even though some of the projects may be located in territory of one of the countries, both Governments have made the commitment of considering the operation of those projects as binational. It means that conditions for sale of energy generated would be similar to those existing for nationals in each of the markets. The bidding process has already been initiated.

In addition to the binational initiatives, several provincial or local projects are underway or planned based on the present availability of water from the Bermejo. In Argentina, for example, projects for the supply of drinking water to urban areas in the Province of Chaco are being planned or implemented; the Laguna Yema irrigation project is being constructed in the Province of Formosa, although the final extent of this scheme is yet to be determined; and other river regulation activities are being considered in Salta, Chaco and Formosa provinces. In Bolivia, similar projects exist, including the San Jacinto irrigation scheme, portions of which have been constructed and further portions proposed. All of these actions have the potential, in combination, to seriously affect the Bermejo River to the detriment of both the economy and the environment of the Basin and downstream to the Plata Rio System. This project will help gain an understanding of possible transboundary concerns and help to guide the development projects so that they will be more environmentally sustainable.

Geographic Characteristics and Global Biological Significance. The Bermejo is a tributary of the Paraguay River, which in turn is a tributary of the Parana, flowing into the Plata River. The Plata Basin, a combination of three distinct major rivers, drains waters from some 3,100,000 km² - almost a fifth of the South American continent - to the Atlantic Ocean. Extending through the Tropic of Capricorn, the Bermejo River watershed covers some 190,000 km², and has a length of some 1,200 km, approximately the size of the Rhine basin.

The Bermejo has a unique characteristic: it is the only river that crosses the huge area of the Chaco Plains. Other major rivers in the region, such as the Timani, the Pilcomayo or the Juramento, flow into the groundwater system of the plains and do not maintain their identity as surface water systems. This fact has three consequences of great importance:

- a. There is exceptional habitat diversity along the water course;
- b. Being the only river spanning the plain, the Bermejo is an "exporter" of sediments, with a large influence on the sediment contents of the Paraguay-Parana rivers;
- c. The great diversity of habitats determines ideal conditions for maximizing biodiversity. Being a continuous course of water it acts as a corridor, allowing the connection of biotic elements of both the Andean and Chaco Plains ecosystems.

Sediment loadings in the Bermejo waters are some of the highest in the world (8 kg/m³). Total discharge of sediment is in the order of 100 million tons/year. The greater part of the sediment is produced in the Upper Basin and flushed down during peak floods. A recent report of the World Bank⁵ estimates that 80% of the sediment in

⁵ An analysis of flooding in the Parana/Paraguay River Basin, LATEN Dissemination Note #5, The World Bank, September 1993

the Plata River originates in the Bermejo. In the Lower Basin there is intense fluvio-morphological activity, determined by large seasonal variations in stream flow, the high contents of sediment and the extremely low hydraulic gradients and flat topography. As a consequence it is fairly common to find processes such as the abandonment of river beds, or, as occurred last century, the capture of the Bermejo by the Teuco River. These processes have a strong influence on the dynamics of the riverine forests due to the extreme changes they induce in water availability, and wreak havoc with fixed infrastructure such as roads, bridges and human settlements.

Population is estimated at 1.2 million, the majority being native peoples. Indigenous people are among the poorest sector of the population: temporary workers and small farmers, with the lowest levels of education and capital availability. Many of them make regular temporary migrations to obtain some monetary income. Some survive through subsistence hunting and fishing, and others supplement their incomes selling regional handcrafts. Land capability and use have been extensively researched during the PDF/B process; information on those subjects is presented in the reports of the consultants as referred to above.

From the economic point of view, the Bermejo River Basin has a great potential for development but at the present time it is an economically disadvantaged area. Levels of income, education and sanitary conditions are among the lowest. Some regional products are of national importance including; wine, wine spirits and a variety of fruits in Tarija, cotton in Chaco and Formosa, fruits and vegetables around Oran, Salta, sugarcane in the Ramal area of Salta and Jujuy and in Tarija. Tannin production has lost the importance it once had in the Chaco region, being replaced by synthetic substitutes for leather tanning. Extensive livestock farming, including cattle, sheep and goats is a widespread activity in most of the basin. Recently, soybeans and rice have being introduced as crops with good economic potential, but seasonally intensive water demands in the case of rice.

Environmental Threats and Priorities. Human beings have intervened in a destructive fashion in the ecosystems of the Bermejo and exploited its forest resources for a century. Use of forestry resources and pastures has been carried out with a view to immediate economic return, not considering the sustainability of either the activity or the ecosystem. Forest use under extractive "mining" conditions has diminished biodiversity, and impoverished the resource, extracting in a systematic way trees of the highest commercial value. Natural regeneration of those species has been seriously limited. Overgrazing has been widespread since 1900, and in some areas has resulted in the total elimination of vegetative cover creating problems of erosion and desertification. Both activities have aggravated sediment mobilization in the river basin and have contributed to downstream environmental degradation.

Development and sustainable use of natural resources are not mutually exclusive in the Bermejo River Basin. Both are required and change in how development is accomplished is needed to provide a sustainable future for the residents. The present level of degradation of natural resources (both severe soil erosion and desertification) in the Lower as well as in the Upper Basin, results in low levels of productivity of lands. Low levels of income force temporary migrations of many local farmers, seeking additional revenue, and resulting in the general neglect of farms and farmed land. Under the present subsistence systems of production, simultaneous attention to economic profitability and environmental protection is difficult to achieve.

International Waters Impacts. Irregularity of flow and the production and transportation of sediments create transboundary difficulties for the development of the basin. The extensive amount of sediment, deposited along the course of the lower basin during floods, changes the course of the river continuously, impeding a rational use of land and land resources. Aquatic biodiversity is influenced by the excessive sediment load. There is a potential for navigation, but due to the variability of flow and large transportation of sediments, the use of that potential is impossible until the erosion/sedimentation problems are resolved. The potential further impacts of the creation of new hydraulic structures could result in a significant redistribution of sediments of the system by altering the deposition and scour patterns already established, as is the case in the San Jacinto project, where sedimentation is filling the reservoir almost three times faster than originally calculated, thus creating a "hot spot" needing attention. These schemes, and other water resources oriented projects, could also affect the quantity of water in the system, and impact the biodiversity and degree of land degradation occurring in the basin. This project will help to ensure that binational cooperation will be achieved in addressing these problems.

Transboundary Impacts. The frontier zone between Argentina and Bolivia has a remarkable level of commercial activity. Of the three main frontier points where commerce and movement of travelers occurs, the one between Aguas Blancas and Bermejo is located in the Bermejo Basin; it is the seat of movement of important volumes of goods and passengers. Transboundary trade is typical of towns with similar conditions in most of South America; local businessmen and populations obtain the benefits accruing from relative price differentials, mostly in food and staple products. Migration of Bolivian nationals into Argentina, temporarily as well as permanently, is an important transboundary impact creating needs for transportation infrastructure, housing, and essential resources that encourage or contribute to land degradation, unsustainable development, and pressure on the water resources, generating pollution loads which alter the quality and character of the river system, and which are transmitted downstream. Binational actions are needed to address these issues.

2.3. RATIONALE FOR GEF FINANCING

Urgent Global Priority. The proposed project meets GEF eligibility criteria by addressing critical transboundary threats to the ecological viability of a regionally important transboundary watershed, and urgent biodiversity conservation needs that, if not addressed, would result in sustained and probably irreversible damage to important valleys, subtropical forests and soils. It would promote the consideration of sustainability criteria in actions to be carried out, such as construction of multipurpose reservoirs for power generation, irrigation, water supply and sediment control, leading to environmentally-sustainable development of the region.

Critical decisions are being programmed for the development of the Bermejo River Basin. Once those decisions are implemented they will affect the environment and lives of people for many years. Some impacts of development may have undesirable, perhaps irreversible, side effects if environmental concerns are not taken into consideration. A Binational Commission has been created. It needs to be strengthened to enable it to help change development practices in the basin to include environmental sustainability and reduction of transboundary impacts. Thus, now, when decisions are being made, is the appropriate time to consider environmental sustainability and to incorporate global environmental considerations into planned development activities. The Bermejo River Basin offers a singular opportunity: being an area where important development projects are programmed, it is possible to influence some of those programs from the start. This means that undesirable side effects may be prevented from the very beginning, providing a watershed scale example for emulation elsewhere in semi-arid mountain regions.

2.4. PARTICIPATION

The formulation of the Bermejo River Basin SAP proposal, including its proposed GEF components, has involved extensive and broad-based participation by representatives of local and national Governments, academic and research institutions, private sector representatives and non-governmental organizations. The participation process was facilitated by a series of consultative meetings and seminars, conducted in Resistencia, Formosa, Salta and Jujuy, in Argentina, and Tarija in Bolivia. At the regional level two workshops were programmed. One was held in Salta, on December 14 and 15, 1995, and the other was held in Tarija, in June 22-23, 1996. Preparation of the proposal involved the participation of several Universities, governmental agencies and NGOs based on the watershed or close to it. The GEF project preparation Task Force met in Buenos Aires on October 15, 1995, in Washington D.C. on March 6, 1996, and finally revised the present document in April, 1996. Popular participation is built into the demonstration project and in development of the SAP. During the final preparation of the present proposal several meetings and consultations were held with representatives of the GEF Secretariat and all three implementing agencies. Valuable comments were received and they have been considered and discussed with those representatives,

resulting in improvements of the proposal. Additional comments were received at the GEFOP meeting of May 2nd, 1996, and have resulted in changes or additions to paragraphs 3,5,6,23,25,31,34,40 and Annex 5. In August 1996, the Government of the United States presented several comments to the Secretariat of the GEF regarding elements of the proposed SAP for the Bermejo River project for Argentina and Bolivia. These comments were addressed, as appropriate.

SECTION 3: PROJECT OBJECTIVES, ACTIVITIES AND OUTPUTS

3.1. PROJECT OBJECTIVES

Background. The proposed GEF project will result in the formulation of a Strategic Action Program for the Integrated Water Resources Management of the Bermejo River Binational Basin. The project is designed to identify priority transboundary concerns and needs within the Basin and to assist in developing a watershed-based approach for integrating environmental and development concerns into the planning programs of the two Governments, with a view toward protecting and maintaining the essential ecological structure and functioning of the entire system, including its downstream components.

This project proposal is being compiled at a time when the Binational Commission is considering the construction of several multipurpose dams on international stretches of the Bermejo or on tributary rivers located in either one of the countries, near the borders. Based on a report funded by FONPLATA, a final decision has been made as to the sites to be selected: Las Pavas and Arrazayal, on the international course of the Bermejo, and Cambari on the Grande de Tarija River, in Bolivia; the total cost of construction of which is estimated to be about US\$ 460 million (see Annex 2). These dams will change the present flow dynamics of the Bermejo River, creating opportunities for agricultural development primarily downstream in Argentina, urban development and infrastructure. Anticipating and mitigating the impacts of these changes on the Bermejo River Binational Basin in an holistic manner, beyond the minimum requirements for environmental impact assessment, would be an integral part of the proposed Strategic Action Program planning process. The preparation of the SAP will be consistent with GEF Operational Strategy⁶. Main stages of the preparation will be:

- (a) Transboundary water-related environmental analysis;
- (b) Analysis of the Relationship of the SAP to national environmental planning and economic development documents;
- (c) Establishment of clear priorities (such as priority preventive and remedial actions, cross-cutting issues and linkages to other focal areas etc);

⁶ Global Environment Facility, Operational Strategy, Chapter 4 box 4.1, Washington D.C., February, 1996.

- (d) Establishment of a realistic baseline; and,
- (e) Determination of agreed incremental costs.

Transferability/Replicability. Production and transportation of sediments are characteristics defining the behaviour of the Bermejo River. Analysis of the potential for control of erosion and sedimentation in the Upper Basin may have premium returns in promoting sustainable development in the rest of the basin. It may also result in gaining knowledge and practice on watershed management applicable to other areas with comparable conditions in the Andean region. Studies on erosion and sedimentation in the watersheds of the Valley of Tarija and in the Tolomosa River are included as special activities within the proposal.

3.2. PROJECT ACTIVITIES

Proposed Project Activities correspond to the six activities identified in Part I of the Proposal for the PDF, Block B Grant. The six activities are designed to provide information for, and permit formulation of, a Strategic Action Plan for the Bermejo River Binational Basin, and are concentrated in three principal task areas as set forth below. Detailed descriptions and budgets of each of the proposed work program elements have been supplied to the GEF International Waters focal points in each Implementing Agency and the GEF Secretariat. Work program elements have been selected on the basis of recommendations originated during the PDF/B process described above.

A. TASK AREA I: TRANSBOUNDARY DIAGNOSIS.

Task Area I, the transboundary diagnosis, is designed to provide for the collection and analysis of additional field data relevant to the diagnosis of the priority transboundary pollutants of concern. These data will contribute to the sound scientific and technical basis for the remedial actions identified in the SAP process. This task area consists of two principal activities that will permit quantification of existing pollutant movements, thereby updating and consolidating older data, and provide for the forecasting of additional, potential future pollutant sources and movements that might affect the system. Based on analysis conducted as a result of PDF activities, the proposed work program elements in this latter Activity target specific, representative locales where specific data and information are required.

Activity 1: Analysis of regional problems in matters of water, erosion and sedimentation in the entire Bermejo Basin and its area of influence; assessment of their relevance for the Binational Commission and countries; and proposal of activities that are best executed through regional coordination, based on available groundwork and the results of work by national agencies.

Work Program Element 1.1: Transboundary Pollutant Movement. (US\$ 250,000) This project will determine the regional impact of sediment transport on the Paraguay-Parana Waterway, the delta of Parana and the Plata River. In the Upper Basin of the Bermejo River, the operation of dams will change the patterns of water and sediment flows, affecting conditions downstream. The study will utilize an existing computerized simulation model of the Waterway developed by the National Direction of Ports and Waterways of Argentina, under various operational scenarios for the system of dams. In addition, possible measures to ensure environmental sustainability such as a guaranteed minimum flow release or downstream riverside buffer strips will be explored (See Task Area III, Activity 4).

Activity 2: Assessment of major present and emerging transboundary environmental problems in the basin and its area of influence.

Work Program Element 2.1: Stream Classification. (US\$ 70,000) This is a project to establish criteria and parameters of classification of water courses within the Upper Bermejo Basin and optimize use and quality control. Work to be done consists of sampling of water courses, laboratory analyses, processing and evaluation of data, classification of water courses, definition and regulation of water courses and preparation of guidelines for use and conservation of water resources.

Work Program Element 2.2: Erosion Control-Santa Ana/Camacho. (US\$ 150,000) This project consists of updating of existing studies and experiences for control of erosion, land reclamation, and management of natural resources. The studies are: Analysis of soils, vegetation, cattle management, and agriculture, and a social-economic survey; Formulation of a plan for the management of natural resources and erosion control; Identification of demonstration areas, and botanical species suitable to the area.

Work Program Element 2.3: Land Tenure-Tarija Valley. (US\$50,000) This study is to determine the use and ownership of eroded land within the Tarija Valley. Work required will consist of: a cadastral survey of the land; a census of owners of eroded land; legal characterization of property; and usage and conservation of land. This is important in order to establish legal information as to avoid greater damage to soils, and to establish ownership of land where projects are to be developed.

Work Program Element 2.4: Range Management-Tarija Valley. (US\$ 50,000) This is a project for zoning of natural grazing fields in accordance to their potential. It will establish sustainability criteria, limiting the number of cattle allowed in each grazing field. In order to do so, it is necessary to prepare an

inventory of natural flora and fauna, evaluation of the potential for raising cattle in the area, detailed cartography indicating zoning and natural units of grazing fields, and establishment of strategies for the control of quantity of cattle grazing in the area

Work Program Element 2.5: Land Use in the Lower Bermejo River. (US\$600,000) This study will focus on two areas, defined by the fluvio-morphological character of the river: a. The Western Sector, of some 21.000 km², has the character of a braided river, flowing within a very wide plain and **changing periodically its course**; and, b. The Eastern Sector, some 5.000 km², where the river flows within a relatively narrow bed, meandering and eroding continually its margins. The results of this study would be the identification of strategies, policies and actions solving or mitigating some of the priority environmental problems originated in the severe fluvio-morphological activity of the river. Another result would be to improve practices of utilization of flood waters presently used by farmers. Those results would facilitate the formulation of a program of sustainable development in the region, i.e. the SAP. The study would involve local Universities and NGOs. Needs for protection of critical wetland habitat will be identified, and measures for protection explored.

Work Program Element 2.6: Management of Forage-Humid Chaco⁷, Province of Formosa. (US\$ 80,000) This is a project of strategic value in the humid and sub-humid areas of the Chaco. In this area there are some two million hectares of land infested by vinal⁸, affecting predominantly middle sized and small farmers. The objective is to determine the costs of utilizing practices for the control of vinal under farm conditions, and establishing the economic benefits to the farmer of the recuperation of productive levels in cattle ranching. The Experiment Station INTA-El Colorado has developed management procedures for vinal utilizing water from seasonal waterbodies. Use of those procedures is the only way to ensure protection of the habitat for numerous species of local flora, especially those of natural pastures. A small group of farmers will introduce those practices in their farms. The Experiment Station of INTA-El Colorado provides extension services and general supervision and monitoring of the project assuring adequate management of the waterbodies.

⁷ The Chaco region is an extensive area of plains located in the central part of tropical and sub-tropical South America, covering approximately one million square kilometers, in parts of Argentina, Paraguay and Bolivia.

⁸ Vinal (*Prosopis ruscifolia*), a woody invasive tree or shrub in the Chaco region, is a close relative to mesquite (*Prosopis juliflora*).

B. TASK AREA II: POPULAR PARTICIPATION AND PILOT DEMONSTRATIONS.

Task Area II, providing public participation and demonstration projects, is designed to provide for the collection and analysis of the information on the feasibility and relative costs of certain remedial measures identified during the PDF Activities as well as a means of transferring such experiences to the public at large. By involving the Basin communities in practical, "hands on"-type involvement in the identification and field testing of remedial measures, as well as in a dialogue process, actions formulated through the SAP process will have the advantage of benefiting from actual community insights and experiences, and of being acceptable to the communities as sustainable alternatives to presently-destructive practices. This task area consists of one principal activity and four work program elements that target specific ecoregions--in the form of four representative sites--within the watershed.

Activity 3: Conduct of a Reforestation and Land Management Needs Survey by Binational Commission and possible donors. This includes a compilation of erosion, desertification problems and determining options for solving them. Limited pilot projects to determine costs and test methods for popular participation will be conducted with a view to developing carbon sequestration projects and recommendations for activities designed to promote sustainable livelihood and resource use in the damaged binational basin. Information collected from the early experiences of the demonstration projects will be used in formulating the SAP.

Work Program Element 3.1: Transition Forest-Salta⁹ (US\$ 55,000) Transition forests are being converted to agricultural use, mainly soybean production, creating a threat to their existence. No area of this unique ecosystem is presently protected. The objective of the project is to obtain the participation of local farmers in the conservation of selected areas, through the adoption of management practices compatible with the conservation of forests and resulting in a productive and sustainable use in a pilot demonstration.

Work Program Element 3.2: Tolomosa Watershed. (US\$ 500,000) This is a demonstration project for land reclamation, control of sediments, reforestation and sustainable management of soils and water. It will be executed by the San Jacinto Association. The feasibility study for this project is concluded, the full project consists of 91 small dams for retention of sediments; 3145 ha to be fenced for forest protection; management and conservation of soils in 2949 ha. The amount requested only covers the execution of a demonstration project to determine full project costs, and effectiveness of measures in sediment abatement

⁹ Transition forests are located in the plains, in the ecotone between mountain rain forests and dry forests of Chaco.

Work Program Element 3.3: Sustainable Development. - Yungas,¹⁰ Salta. (US\$ 90,000) This project, to be developed by a group of small farmers in an area in the vicinity of Los Toldos, will draw upon the experience of the Laboratory for Ecologic Research in the Yungas (LIEY-University of Tucumán). Main objectives will be monitoring results of methods of agro-forestry and cattle management in forests, evaluating costs and benefits of operation and determining costs of extension activities. Methods to be evaluated in this demonstration project have been successfully tested on an experimental, laboratory-scale basis in the Los Toldos area in a project previously executed by LIEY and supported by the German Technical Cooperation Agency (GTZ).

Work Program Element 3.4: Removal of Constraints-Dry Chaco and Humid Chaco. Province of Chaco. (US\$ 80,000) The area of application is Comandancia Frías and Fuerte Esperanza (Dry Chaco), covering some 10,000 ha, and in San Martín (Humid Chaco). The adoption of practices of sustainable use of natural resources are constrained by both the lack of land title and the poor quality of surface and groundwater during the dry season in the Dry Chaco and by floods in the Humid Chaco. The objective will be to determine costs of removal of those constraints, and the benefits of introducing adequate management practices.

C. TASK AREA III: DEVELOPMENT OF THE STRATEGIC ACTION PROGRAM.

Task Area III, development of the Strategic Action Program, is designed to provide for the synthesis of data and experiences, feasibility assessments and cost analyses developed in the two preceding task areas. Included in the three principal activities within this task area are working program elements that address the legal, institutional, and human and natural resources bases essential for implementation of the remedial actions identified through the SAP process. The six work program elements, based upon wide-ranging consultations explicitly provide for the cooperative development of a comprehensive Strategic Action Program by both the public and private sectors, based on a multi-sectoral, holistic approach to environmental management and economic development in this Basin, as provided for in Chapter 18 of Agenda 21.

Activity 4: Analysis of water resource development projects in the basin and how they can be designed and operated to protect biodiversity and the water environment of the region. This will include upstream and downstream analysis for sharing water resources for sustainable development, and will lead to a water resources and sustainable development element of the SAP, including: (I) Evaluation of transboundary

¹⁰ The Yungas region are mountain rain forests located in the primary slopes of the Andes.

environmental impacts of projects in the Upper Bermejo and Grande de Tarija Rivers Basins; (ii) Continued coordination and consultation with agencies of the Governments of Argentina and Bolivia, with civil institutions including NGOs, and with scientific and academic institutions, etc.; (iii) Incorporation of the Plan for Environmental Action for the Upper Bermejo River Basin as a complement to the feasibility studies; (iv) Strengthening the ongoing regional coordination and programming framework. The Binational Commission, with assistance of implementing/executing agencies, will identify needed actions for strengthening its regional role to address its responsibilities, including institutional structures, regional monitoring and analysis capabilities, its role as promoter and manager of development, relationship with other levels of government, etc., for incorporation into the SAP. Specifically, the Binational Commission will be responsible for coordinating the activities of the government agencies and NGOs participating in the SAP process, and in the execution of individual work program elements. Computer-based information networks will be used to link the Commission, national inter-ministerial committees, and different levels of government in conducting the project. If there is interest, NGOs and universities might also be hooked into the network.

Work Program Element 4.1: Hydrometeorological Network. (US\$ 150,000)

This is a project for the design of a complete binational hydrometeorological network and the rehabilitation of the existing network in the Upper Bermejo River Basin, in order to obtain reliable and continued data needed for monitoring the basin. This is a priority project for designing what type of network is required to meet binational needs.

Work Program Element 4.2: Environmental Law. (US\$ 30,000) In Bolivia this study will promote the establishment of a legal framework harmonizing laws for sustainable development in critical eroded areas, creating legal conditions for policies, actions and interventions by landowners and public and private institutions within the basin. The project will be one of the first activities in implementing the Treaty on Environment between Argentina and Bolivia (a summary of which appears as Annex 3), and will determine how that agreement will be implemented in this basin. The results of this study will be an updating of existing legal dispositions, the analysis of reasons impeding sustainable development, proposals for complementary or alternate regulations, and proposals of laws that will: a. Stop the process of subdivision of agricultural parcels; and, b. Allow the intervention of the Government in eroded areas. In Argentina, results expected are a continued support to provincial and federal initiatives to regulate natural resource use, standards and methods of control of the environmental quality. The use of environmental zoning will be explored in the binational basin.

Work Program Element 4.3: Environmental Corridor-Baritu/Tariquia. (US\$ 50,000) This study will focus on the optimization and conservation of flora and fauna through the formulation of joint policies between Baritu and Tariquia to preserve biodiversity, the equilibrium of the ecosystem, management of

information and to restore the natural conditions that will allow the conservation of the reserves. Work needed is an analysis of the legal and political regulations of Baritu and Tariquia; an inventory and ecological complementarity of both reserves; formulation and analysis of alternatives for the installation of a biological corridor; and evaluation of the physical, legal and biological feasibility of the corridor. Also links will be made to lower basin corridor needs and to critical habitat identification elements.

Activity 5: Preparation of a socioeconomic survey and review of regional environmental practices and their relationship to population. It will emphasize public participation in the management of priority ecosystems with recommendations for activities designed to promote sustainable livelihood and resource use in the context of the SAP. Also included will be pilot projects in how to involve citizens and community groups in the sustainable development of the basin. The new popular participation program in Bolivia will be strengthened to work in the basin and approaches will be shared with colleagues in Argentina, including: (I) Preparation of issues papers on social issues and convening of a workshop in each country; and (ii) Conducting social assessment (with pilot participatory rural appraisals) in the early part of the project (for funding, see work program element 6.2).

Work Program Element 5.1: Transboundary Migration. (US\$ 80,000) This is a study to determine the temporary and permanent transboundary migrations of people so as to establish the role of migrations in the use, conservation and sustainable development of natural resources within the Bermejo Basin. Work needed is compilation of statistical information and social-economic conditions of the transboundary migrations; social, economic, cultural and anthropological surveys, establishment of patterns of temporary and permanent migrations; and an analysis of the relationship of the migration with management and use of resources. This study takes into consideration the relationship of human resources with integral management of the basin.

Work Program Element 5.2: Environmental Education-Formosa. (US\$ 40,000) The purpose of this project will be to promote a program of environmental education through forest cultivation in selected schools and communities in Eastern Formosa. Forests in this area are affected by a process of degradation due to poor management practices. The objective of this project will be to show the local population that costs of management practices are justified by the productive recuperation of native forests.

Activity 6: Creation of appropriate inter-ministerial committees within each country to address priority transboundary environmental issues. The project will seek to assess and facilitate agreement on priority actions to address International Waters issues, such as the nature of project interventions, global risk, cross cutting significance (land degradation, biodiversity), etc., including: (I) The identification of these priority

issues and activities to allow project formulation for solutions to priority regional problems before the completion of the comprehensive SAP; (ii) Completion of the comprehensive SAP, including detailed regional planning and an overview of long term coordination of GEF activities with the Binational Commission and detailing how the water resources development and environmental agreements between the two countries will be carried out in this basin; (iii) Elaboration of GEF-eligible project/program concepts as identified in the SAP, to be prepared as annexes to the SAP document. Such project/program concepts could be both national and regional in scope; (iv) Development of a Program of Public Awareness and Regional Information involving Workshops and Seminars at two levels will be programmed, directed at two different markets: a) For interested parties of the private sector in the project area, with the objectives of facilitating local participation in projects and programs, and of receiving feedback and promoting local initiatives, and b) For all the Plata Basin countries, inviting the participation of interested Government and private sector participants in order to encourage a wide discussion of the SAP.

Work Program Element 6.1: Formulation of the Strategic Action Program. (US\$ 665,000) Formulation of a SAP is the main activity. It consists of the identification and harmonization of development initiatives in the Bermejo Basin, followed by an strategic integration and rationalization of those initiatives and proposals for sustainable development in the region. It will include an environmental evaluation of the basin, emphasizing the analysis of transboundary problems, and a socioeconomic survey reviewing environmental practices and their relation with the education, health, income and organization of local population, and the identification and coordination of organizational arrangements. Support to Government efforts at introducing environmental considerations into the laws and regulations at the national and regional levels is a part of SAP. A practical result of the SAP would be the explicit incorporation of the focal areas of interest of GEF into regional development programs, looking for methods and procedures for the solution of priority transboundary environmental problems and obtaining global benefits. A pilot program promoting the participation of local population in the evaluation and implementation of sustainable development projects would be tested as part of the project and future use of these methods would be another practical result of the SAP formulation.

Work Program Element 6.2 Popular Participation. (US\$ 150,000) This is a program of seminars, courses, workshops and publications designed to engage the active participation of the many communities living in the Bermejo River Basin, in order to increase the awareness of inhabitants in relation to environmental concerns, avoid the disruption of the ecological balance and promote the protection of their habitats. This is linked with Activity 5.

3.3. OUTPUT

The proposed GEF project will result in the formulation of a Strategic Action Program for the Integrated Water Resources Management of the Bermejo River Binational Basin. The project is designed to identify priority transboundary concerns and needs within the Basin and to assist in developing a watershed-based approach for integrating environmental and development concerns into the planning programs of the two Governments, with a view toward protecting and maintaining the essential ecological structure and functioning of the entire system, including its downstream components.

3.4 LESSONS LEARNED AND TECHNICAL REVIEW

Lessons Learned. Lessons learned from previous international waters projects indicate that developing a Strategic Action Program is an important first step in addressing problems of international waters. The proposed project would provide linkages with ongoing initiatives in the Plata Basin, and would ensure a concerted international approach to achieve global benefits through linkages with on-going and planned national and regional development initiatives, laws and technical and institutional capacities.

Project Monitoring and Evaluation. Utilizing key process and status indicators would be an intrinsic process of the project through the establishment and integration of monitoring tools into project components. A monitoring and evaluation plan will be prepared by the Binational Commission before initiation, and will be approved by the Governments and UNEP. The objective of this monitoring is to contribute to improving, and, if needed, adapting management of program activities as well as creating the basis for project evaluation. A project implementation review would be undertaken jointly by the Governments and the UNEP two years after the end of the project.

Technical Review. The technical review of the proposal was prepared by W.D. Williams, Ph.D., D.Sc., Professor Emeritus, University of Adelaide, Australia. Dr. Williams is a designated experts for STAP Roster of Expert. The review, presented as annex 11, concludes that:

- (a) "The proposal represents a significant transboundary project of water resource (and catchment) management for an economically disadvantaged region that has been subject to considerable environmental damage that in the long run is unsustainable. As such, it is a timely and sensible response to events which no government concerned to enhance or at least maintain the value of its natural resources should ignore.
- (b) "Whatever the case, it is certainly one of only a few proposals that attempt seriously and comprehensively to redress the lack of attention that the management of international rivers has attracted.

- (c) "The incremental costs of the proposal, i.e., costs of implementation the proposal, are relatively modest. The costs of implementing the GEF alternative situation (vis-a-vis baseline situation) in absolute terms are not inconsiderable (US\$ 5.725 million, cf. US\$ 0.7 million for the baseline situation) but in relative terms, and when viewed against, for example, the costs of dam construction alone (US\$ 458.9 million), are insignificant. They become even more insignificant when the likely costs of ongoing and future environmental damage (especially erosion, desertification and decreases in productivity) are taken into account.
- (d) "In summary, this review gives substantive approval to both the overarching objectives of the proposal and their rationale, and the ways proposed to achieve the objectives. Its acceptance is recommended."

3.5. SUSTAINABILITY.

Project activities and implementation are designed (including the participation process) to achieve sustainability. Demonstration projects have been selected on the basis of their sustainability, both from the ecological as well as the economic point of view. Studies proposed have the purpose of identifying the causes and effects of degradation of soils and forests, and of reclaiming once productive areas and keeping them productive. Wherever possible the project would develop opportunities for the establishment of financial incentives, private sector investment and cost recovery in environmental management (e.g., in reclamation of eroded lands, pastures and forests, management of areas infested by vinal, rational management of natural forests, exploitation of newly forested areas), and provide actual, working examples of the new or refined land management actions necessary for the sustainable development of the watershed. Use of demonstration projects on this scale would highlight issues affecting the sustainable implementation of practices allowing refinements or modifications to be made prior to large-scale use. The Binational Commission will be responsible for transmitting recommendations to the appropriate governmental bodies.

The national and regional governments of Argentina and Bolivia are committed to the sustainability of the project. They have pledged their support to actions implemented by GEF, with a budget of US\$ 2,500,000 for a period of two years. Moreover, once environmental considerations are included in the design of development projects they become parts of them, and make them sustainable projects.

3.6. ISSUES, ACTIONS AND RISKS

The main issue of this project is to address priority transboundary environmental concerns needed for sustainable development of the Bermejo Basin. To effect this, it is necessary to formulate a comprehensive program of coordinated actions by the Governments of Argentina and Bolivia for the solution of these matters.

The main risk facing development in the Bermejo River Basin is that environmental considerations are not properly included into projects under study. This might produce serious, undesirable environmental side effects, such as soil degradation due to agricultural use of soils not suitable for agriculture, or desertification of pasture areas due to continued practices of overgrazing. Some natural ecosystems are experiencing a loss of biological diversity, due to excessive pressure of the population on limited resources. This is the case with wildlife, which is being hunted or fished beyond the reproductive capacity by an impoverished population.

Opportunities exist for the reclamation of some natural resources, such as soils and forests, utilizing adequate environmental management procedures making economic sense. The GEF proposal could make a difference in the development of this region, helping to popularize those procedures among the population.

SECTION 4: PROJECT FINANCING AND BUDGET

The GEF Council approved Project budget is US\$ 5,725,000, being comprised of funds provided by the Governments of Argentina and Bolivia, UNEP and the GS/OAS, as well as incremental GEF financing as set forth below in Table 1. The detailed expenditure lines are provided in UNEP format in Annex 4.

Table 1: GEF COUNCIL APPROVED PROJECT BUDGET IN US\$

DESCRIPTION	P/M	NON-GEF COST SHARE	GEF	TOTAL
Project Personnel	294	323,000	617,440	940,440
International Experts	48	0	264,000	264,000
Short-Term Consultants	436	174,000	656,980	830,980
Mission Costs	0	50,000	0	50,000
Nationally-recruited Project Professional Personnel	126	631,000	18,400	649,400
PERSONNEL SUB-TOTAL	904	1,178,000	1,556,820	2,734,820
Workshops & Meetings	0	165,000	125,000	290,000
MEETINGS SUB-TOTAL	0	165,000	125,000	290,000
Miscellaneous	0	501,600	1,021,200	1,522,800
Reporting Costs	0	82,000	53,000	135,000
Sundries	0	39,000	7,000	46,000
Support Costs	0	769,400	226,980	996,380
SUPPORT SUB-TOTAL	0	1,392,000	1,308,180	2,700,180
GRAND TOTAL	904	2,735,000	2,990,000	5,725,000

4.1. CASH ADVANCE REQUIREMENTS:

An initial cash advance will be made upon signature of the project document by both parties and will cover expenditures expected to be incurred by the GS/OAS during the first six months from the UNEP contribution. Subsequent advances are to be made quarterly, subject to:

- (I) Confirmation by the GS/OAS, at least two weeks before the payment is due, that the expected rate of expenditure and actual cash position necessitate the payment, including a reasonable amount to cover "lead time" for the next remittance; and
- (ii) The presentation of:
 - (1) a satisfactory financial report showing expenditures incurred for the past quarter, under each project.

4.2. INCREMENTAL COSTS

Total cost of the project is estimated at US\$ 5,725,000. Total funding for the baseline situation without GEF financing is a minimum of approximately US\$ 700,000. For the alternative project, non-GEF financing by the Governments of Argentina and Bolivia is US\$ 2,510,000; by UNEP, US\$ 150,000; and, by GS/OAS, US\$ 75,000. The GEF contribution is US\$ 2,990,000 (see Annex 5 for calculation of the incremental costs).

Domestic benefits from this project would be the prevention and control of erosion, land reclamation, sediment control, irrigation of the lowlands, and water supply for drinking and agricultural uses. The values of these benefits cannot be estimated now. The Governments involved are contributing a substantial amount of funds, demonstrating their full support and interest in this program, and this investment is assumed to account for local benefits.

SECTION 5: INSTITUTIONAL FRAMEWORK AND EVALUATION

5.1. INSTITUTIONAL FRAMEWORK

The project will be executed by the GS/OAS at the regional level and the Bermejo River Basin Binational Commission at the local level.

(1) The **GS/OAS** will be responsible for timely production of financial and progress reports to UNEP as mentioned in section 6 below.

(2) All the proposed activities will be managed on a day-to-day basis by the **Binational Commission**, in consultation with the UNEP and GS/OAS ("UNEP/OAS"). The Binational Commission will appoint two Executive Directors of the Project, one for Argentina and one for Bolivia. The cost of these two Executive Directors will be born by their respective Governments. Two Technical Coordinators, one for Argentina and one for Bolivia, will be contracted by the Executing Agency (GS/OAS), in consultation with the Binational Commission, with funds provided by GEF through the Implementing Agency. The Terms of Reference for these Technical Coordinators will be drafted by the Executing Agency (GS/OAS) in consultation with UNEP, and will be cleared by the Binational Commission.

The Binational Commission has international legal status, autonomy in technical, administrative and financial matters, and legal capacity to acquire rights and assume obligations. Among its functions are: selecting projects to be carried out; arranging funding for studies and projects selected; and planning and executing activities necessary for the development of the basin. The Binational Commission is, therefore, responsible for managing the basin so as to achieve sustainable development, optimize the use of natural resources, generate employment, attract investments and provide for rational and equitable use of water resources.

Activities of national personnel, with the support of the international agencies, will be based upon preparatory work and Terms of Reference agreed with and approved by the Binational Commission, in consultation with UNEP/OAS. To the extent possible, all tasks will be executed by national agencies of Argentina and Bolivia and/or by consultants from those countries.

UNEP will be responsible for clearance and transmission of financial and progress reports to the Global Environment Facility. UNEP retains responsibility for review and approval of the substantive and technical reports produced in accordance with the schedule of work.

The other two GEF implementing agencies will be asked to participate according to their comparative advantages. UNDP could assist in consultations among countries in the basin and in preparing project elements relating to institutional strengthening; and the World Bank could provide guidance for the preparation of project elements relating to economic development and associated sectoral policy issues and convene donors' meetings as necessary. To this end, the Binational Commission is encouraged to present its requirements for financing of specific activities, not covered under this proposal but identified in the process of formulating the SAP, to the Implementing Agencies at the earliest possible opportunity.

All correspondence on administration, substantive and technical matters of the project should be addressed to:

(1) In GS/OAS:

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5.2. EVALUATION

Upon completion of the project, UNEP Water Branch and UNEP GEF Coordinating Unit will undertake a desk evaluation to measure the degree to which the objectives have been achieved.

SECTION 6: MONITORING AND REPORTING

6.1. QUARTERLY PROGRESS REPORTS:

Every three months GS/OAS shall submit to UNEP Water Branch with a copy to GEF Coordination Unit, using the format given in Annex 6, quarterly reports on the progress in project execution.

6.2. HALF-YEARLY PROGRESS REPORTS:

Within 30 days of the end of the reporting period, the GS/OAS shall submit to the UNEP Chief, Fund Management Branch, with copies to UNEP Water Branch and UNEP GEF Coordinating Unit, using the format given in Annex 7, a half yearly progress report as at 30 June 1997.

6.3. TERMINAL REPORT:

Within 60 days of project completion, the GS/OAS shall submit to the Chief Fund Programme Management Branch with copies to UNEP Water Branch and UNEP GEF Coordinating Unit a project terminal report, using the format given in Annex 8.

6.4. SUBSTANTIVE REPORTS:

Copies of the substantive and technical reports produced in accordance with the schedule of work will be submitted to UNEP Water Branch for technical review with copies to UNEP GEF Coordinating Unit and to the Chief, Fund Programme Management Branch.

6.5. FINANCIAL REPORTS:

6.5.1 PROJECT EXPENDITURE ACCOUNTS

- (i) Details of expenditures will be reported on an activity by activity basis, in line with project budget codes as set out in the project document, as at 31 March, 30 June, 30 September and 31 December using the format given in Annex 9. All expenditure accounts will be dispatched to UNEP within 30 days of the end quarter to which they refer, certified by a duly authorized official of the GS/OAS.

- (ii) The expenditures account as at 31 December, certified by a duly authorized official, should be dispatched to UNEP within 30 days, as for other quarters, but in addition, UNEP requires that the end of year expenditure account should be reported as part of an annual independent audit of the External Auditors of the GS/OAS.
- (iii) Within 90 days of the completion of the project, the GS/OAS will supply UNEP with a final statement of account in the format as for the three-month statements. The General Secretariat confirms that the financial records of this programme will be an integral part of the financial records of the General Secretariat, which are subject to an independent audit by the board of External Auditors of the GS/OAS, and agrees to furnish copies of these audit reports to UNEP along with such other related information as may be requested by UNEP with respect to any questions arising from the audit report.
- (iv) Any portion of cash advances remaining unspent or uncommitted by the GS/OAS on completion of the project will be reimbursed to UNEP within one month of the presentation of the final statement of accounts. In the event that there is any delay in such disbursement, the GS/OAS will be financially responsible for any adverse movement in the exchange rates.

6.5.2 CASH ADVANCE ACCOUNTS

A statement of advances of cash provided by UNEP should be submitted quarterly in the format shown in Annex 10.

6.6. TERMS AND CONDITIONS

6.6.1 NON-EXPENDABLE EQUIPMENT

The GS/OAS will maintain records of non-expendable equipment (items costing \$1500 or more as well as items of attraction such as pocket calculators) purchased with UNEP funds, and will submit an inventory of all such equipment to UNEP, indicating description, cost, date of purchase, cost and present condition of each item attached to the terminal report submitted on completion of the project. Non-expendable equipment purchased with funds administered by UNEP remains the property of UNEP until its disposal is authorized by UNEP, in consultation with the GS/OAS. The GS/OAS shall be responsible for any loss of or damage, ordinary wear and tear expected, caused by GS/OAS to equipment purchased with UNEP funds.

6.6.2 RESPONSIBILITY FOR COST OVERRUNS

Any cost overrun (expenditure in excess of the amount budgeted in each budget sub-line) shall be met by the organization responsible for authorizing the expenditure, unless written agreement has been received by letter or cable, in advance, from UNEP. In cases where UNEP has indicated its agreement to a cost overrun in budget subline, either to transfer funds from one sub-line to another, or to increase the total cost to UNEP, a revision to the project document amending the budget will be issued by UNEP.

6.6.3 CLAIMS BY THIRD PARTIES AGAINST UNEP

The GS/OAS shall be responsible for dealing with any claims which may be brought by third parties against UNEP and its staff, in relation to work executed by GS/OAS under this Agreement and UNEP shall not be liable to GS/OAS in relation to those claims unless those claims were caused by the negligence or other conduct of UNEP or UNEP's staff. Nothing in this Agreement may be construed as a waiver of the immunities from suit, legal process, execution, of either UNEP or GS/OAS.

6.6.4 DISPUTES RESOLUTION PROVISION

Any controversy or claim arising out of, or in accordance with this Agreement or any breach thereof, shall, unless it is settled by direct negotiations, be settled in accordance with the UNCITRAL Arbitration Rules as at present in force.

The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy or claim.

6.6.5 MODIFICATION

This Agreement may be modified or otherwise amended by the written agreement of the Parties, signed by their duly authorized representatives, dated, and attached hereto.

6.6.6 TERMINATION

Either party may terminate this Agreement with sixty days' advanced written notice to the other. In the event of such termination, each party shall provide the corresponding funding in accordance with its obligations herein to cover any project costs up until the termination date, including, but not limited to, the costs of complying with third-party commitments made pursuant to the project that may run beyond the termination date and which cannot be revoked without incurring liability.

- ANNEXES:**
1. Summary of the Agreement for Multiple Use of the Resources of the Upper Bermejo and Grande de Tarija Rivers Basins.
 2. Costs and Technical Parameters of Reservoir Sites.
 3. Summary of the Treaty on Environment Between the Governments of Argentina and Bolivia.
 4. Budget in UNEP format
 5. Calculation of Incremental Costs.
 6. Format for quarterly reports
 7. Format for half-yearly reports
 8. Format for terminal report
 9. Format for Project Expenditure accounts
 10. Format for cash advance statements
 11. Review of UNEP/OAS Bermejo River GEF proposal

11.	Review of NEPAO	
10.	Form for cash advance statements	
9.	Form for Project Expenditure accounts	
8.	Form for (annual) report	
7.	Form for half-yearly report	
6.	Form for quarterly reports	
5.	Calculation of Capital Costs	
4.	Budget in US\$	
3.	Summary of the Treaty on Environment Between the Government of Argentina and Bolivia	
2.	Costs and Technical Parameters of Reservoir sites	
	Summary of the Agreement for Multiple Use of the Reservoir of Upper Bermejo and Grande de Tarija Rivers Basins	

ANNEX 1.

SUMMARY OF THE AGREEMENT FOR MULTIPLE USE OF THE RESOURCES OF THE UPPER BERMEJO AND GRANDE DE TARIJA RIVERS BASINS: CREATION OF THE BINATIONAL COMMISSION.

On June 9th, 1995, the Governments of Argentina and Bolivia agreed on establishing a Binational Commission for the Development of the Upper Bermejo and Grande de Tarija River Basins. This Binational Commission is responsible for managing those two basins, so as to achieve the sustainable development of their area of influence, optimize the use of their natural resources, generate employment, attract investments and provide for rational and equitable use of their water resources.

The Binational Commission has international legal status, autonomy in technical, administrative and financial matters and legal capacity to acquire rights and assume obligations. Among its functions are: selecting projects to be carried out; arranging funding for studies and projects selected; issuing international calls for bids; awarding contracts for water resources studies, programs and project works; granting concessions for the execution and use of planned works and projects, without Governments guarantees or endorsements; contracting the services necessary for fulfilment of the objectives of the Agreement; and planning and executing activities necessary for the development of the basins.

A specific paragraph establishes that power generated by hydroelectric plants built in Bolivia may be sold on the Argentinean market under the same conditions as for power produced in the Argentine Republic. Also, anyone constructing hydraulic works in the basins will agree with the parties to set aside capacity throughout the year or during certain months, to accumulate water during high water periods, and to mitigate negative impacts downstream.

SUMMARY OF THE OF THE AND GRAND DE TARJA RIVERS BASIN THE BIMINATIONAL COMMISSION

On 5th, 1995, the Government of Argentina and Bolivia agreed on establishing a Bimnational Commission for the Development of the Upper Bermejo and Grande de Tarija River Basin. This Bimnational Commission is responsible for managing those two basins, so as to solve the sustainable development of their area of influence, optimize the use of their resources, generate employment, attract investments and provide for rational and efficient use of their water resources.

The Bimnational Commission has administrative and financial powers and legal capacity to acquire rights and assume obligations. Among its functions are: selecting projects to be carried out; arranging funding for studies and projects; selecting international calls for bids; awarding contracts for water resources studies, programs and projects; granting concessions for the execution and use of planned works and projects; without Government guarantee or endorsement; contracting the services necessary for fulfillment of the objectives of the Agreement; and planning and executing activities necessary for the development of the basin.

A specific paragraph establishes that power generated by hydroelectric plants built in Bolivia may be sold on the Argentinean market under the same conditions as for power produced in the Argentine Republic. Also, anyone constructing hydroelectric works in the basin will agree with the parties to set aside capacity throughout the year or during certain months, to control water during high water periods, and to mitigate negative impacts downstream.

ANNEX 2

COSTS AND TECHNICAL PARAMETERS OF RESERVOIR SITES SELECTED BY THE BINATIONAL COMMISSION

COSTS (In million US\$)	<u>CAMBARI</u>	<u>ARRAZAYAL</u>	<u>LAS PAVAS</u>
Direct Costs	153,70	92,40	93,00
Indirect Costs	23,00	13,90	13,90
Costs of Roads and Accesses*	18,70	7,00	4,40
Costs of Irrigation Works	13,30	9,60	16,00
Total Costs	208,70	122,90	127,30
Cost of Three Reservoirs			458,90
TECHNICAL PARAMETERS			
Height of Dam. (m)	120	100	103
Power (MW)	102	93	88
Average Yearly Generation (Gwh)	505	423	380
Utilization Factor	0,61	0,51	0,49
Cost Kwh (mills)	28,77	23,66	25,27
Location	Grande River	Bermejo River	Bermejo River
*In Arrazayal and Las Pavas cost of road relocation.			
Flow at Juntas de San Antonio (m³/s)			
<u>95% Probability</u>			
Without Regulation	22		
With Cambari and Las Pavas ¹¹	100		
With Cambari, Arrazayal and Las Pavas ¹¹	137		

¹¹ Expected peak flow

ANNEX 3.

SUMMARY OF THE TREATY ON ENVIRONMENT BETWEEN THE GOVERNMENTS OF ARGENTINA AND BOLIVIA.

On March 17th, 1994, the Governments of Argentina and Bolivia agreed on carrying out joint or coordinated actions for the protection, preservation, and conservation of the environment, sanitation and promotion of the environment and rational and equitable use of natural resources, considering the relationships among environment, development and integration.

Fields of action will be:

- Atmospheric Protection (Climate change; deterioration of the ozone layer and transboundary atmospheric contamination).
- Protection of Soil Resources.
- Protection and Use of Water Resources.
- Development of Indigenous Populations and Other Local Communities.
- Protection of Biological Diversity.
- Treatment of Wastes and Dangerous Products..
- Negative Environmental Impacts of Industry, Mining and Energy Production.
- Prevention of Urban Contamination.

The parties agree to exchange information on existing legislation, on the creation of data banks, the exchange of scientific and technological information, the execution of joint investigations, the organization of seminars, symposia and workshops, and the harmonization of existing legislation.

A Subcommittee on Environment is created within the Coordination Committee of the Permanent Council for Binational Integration.

Each party agrees not to execute actions that could cause a damage to the environment of the other party.

SUMMARY OF THE TREATY ON

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out joint or coordinated actions for the protection, preservation, and conservation of the environment, sanitation and promotion of the environment and rational and efficient use of natural resources, considering the relationship among environment, development and

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Fields of action w

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Protection of Soil Resources.

Protection and Use of Water Reso

Development of Indigenous Populations.

Protection of Biological Diversity.

Treatment of Wastes and Hazardous Sub

Reactive Environmental Emergencies and Disasters

Prevention of Urban Contamination

The parties agree to exchange information on existing legislation, on the creation of data banks, the exchange of scientific and technological information, the creation of joint investigations, the organization of seminars, symposia and workshops, and the harmonization

in existing legislation.

A Subcommittee on Environment is created with

Committee for Binational Inter

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ANNEX 4:
BUDGET in UNEP Format for 1997 and 1998.

Expressed in US\$	97	UNEP 98 ¹²	97	GEF 98	Total
10 Project Personnel Component					
1100 Personnel					
1101 Coordinator (Argentina) (24 p/m)			66,000	66,000	132,000
1102 Coordinator (Bolivia) (24 p/m)			66,000	66,000	132,000
1200 Consultant					
1201 External consultants			492,735	164,245	656,980
1202 Local consultants			476,880	158,960	635,840
1300 Administrative Support					
1301 Support cost			113,490	113,490	226,980
1999 COMPONENT TOTAL			1,215,105	568,695	1,783,800
20 Sub-contract					
2301 Civil Construction			123,000	0	123,000
2999 COMPONENT TOTAL			123,000	0	123,000
30 Training Component					
3301 Meetings and workshops ¹³			190,200	190,200	380,400
3999 COMPONENT TOTAL			190,200	190,200	380,400

¹² UNEP's contribution in 1998 is subject to the availability of funds and to the approval of relevant components in the 1998-99 work programme of the Water Branch.

¹³ This amount includes workshops and meetings costs, tickets and travel expenses as well as per diem for workshops and meetings participants.

40 Equipment and premises					
4100	Expendable equipment (satellite images, aerial photographs, tires, seeds and seedlings)			70,500 23,500	94,000
4200	Non-expendable equipment				
4999	COMPONENT TOTAL			431,100 143,700	574,800
50 Miscellaneous					
5100	Operation and maintenance of equipment			34,000 34,000	68,000
5200	Reporting cost			13,250 39,750	53,000
5300	Sundries			3,500 3,500	7,000
5999	COMPONENT TOTAL			50, 750 77,250	128,000
60 UNEP Participation cost ¹⁴					
6100	Personnel Component				
6110	Technical Resources Officer (P3 - 9 months)	60,000	30,000		
6131	Administrative support (G4 - 9 months)	8,000	4,000		
6160	Travel on Official Business	25,000	18,000		
6500	Miscellaneous component				
6530	Communication cost	3,000	2,000		
6999	COMPONENT TOTAL	96,000	54,000		
GRAND TOTAL		96,000	54,000	2,010,155 979,845	3,140,000

¹⁴ These funds are coming from the already approved project FP/11000-96-01 "Support to the Sustainable Management and Use of Freshwater, Coastal and Marine Resources" and more specifically from BL1116, BL1316, BL1601 and BL5301.

ANNEX 5.

CALCULATION OF INCREMENTAL COSTS.

Broad Development Goals.

The goal of the Strategic Action Program for the Binational Basin of the Bermejo River is to promote environmentally sustainable development within the basin, taking into consideration the program of investments being prepared by the Binational Commission for the Development of the Upper Bermejo and Grande de Tarija Rivers Basins.

Baseline Situation.

The baseline situation consists of: (1) a long term development program for the Upper Basin of the River, where investments in three dams and reservoirs, hydropower generation, roads and some irrigation infrastructure are being planned for construction in the next ten to fifteen years; (2) A minimum of environmentally related activities, basically those considered as remedies to problems created by the construction of the reservoirs described in (1), and forming part of the environmental impact assessments; and, (3) Relatively uncoordinated activities and concerns being planned or executed by many government agencies of both governments and/or private parties, in the whole basin or even outside it - some creating negative impacts and others seeking to redress or mitigate negative impacts - requiring some coordination.

The baseline activities in category (1) include: (a) a program of investments for an estimated US\$ 460 million (See Annex 1), to be executed primarily with private sector participation, under a concessionary program to be devised in consultation with interested investors; (b) additional investments required for general development of irrigated agriculture, industry and urban infrastructure, not calculated yet, but possibly in an order of magnitude comparable to (a) above; and (c) possibly compensation or subsidies to investors willing to develop some of the activities in (a), not yet defined.

Costs of these general development programs have not been considered in the calculations presented in Table 1; those activities, however, are a main reason for a GEF financed project in the basin, and may be subject to substantial modification as a result of the GEF project, in order to take into consideration sustainable development. In this sense, a modest GEF project in the Bermejo might have substantial environmental benefits, redefining projects that might, otherwise, have had adverse environmental impact.

Table 2 has included some of the costs belonging to category (3): activities presently being executed by some government agencies, having direct relation to specific Program Elements. Baseline costs are, in each case, the amount that those government agencies are planning to spend in the next two years, in the absence of the GEF program. -

GEF Alternative Situation.

The alternative situation consists of the actions needed to both introduce sustainable development within projects of development in the Bermejo River Basin, and capture the resulting global environmental benefits, including transboundary environmental problems. These are the costs necessary to include sustainable development concerns in projects for the development of the basin over and above the requirements of regular environmental impact assessments.

Development of the Bermejo River Basin will be directed and coordinated by the Binational Commission. This new agency will require strengthening, to be provided through GEF support.

Each Activity of the project, its baseline cost and incremental cost is presented in Table 1, and analyzed below.

Activity 1 (Project Element 1.1). The baseline cost of this activity is US\$100,000, and is associated with monitoring the streamflow of the Paraguay and Parana rivers, and the transportation of sediments. The alternative project cost are US\$ 440,000: GEF funding in the amount of US\$200,000 is requested for consulting costs, travel expenses, preparation and use of models describing the behaviour of the basin, and similar components. UNEP is expected to contribute US\$ 50,000, and the Governments of Argentina and Bolivia US\$190,000 to cover reinforcement of the hydrometeorological network, personnel costs, and additional operation costs.

Activity 2 (Project Elements 2.1 through 2.6). The baseline cost of this activity is US\$ 260,000, and is comprised of the cost associated with controlling erosion in different parts of the Central Valley of Tarija, Bolivia (S\$60,000) and the cost of providing improved information for environmental zoning in the Lower Basin within Argentina (US\$ 200,000). The alternative project cost is US\$1,735,000: GEF funding in the amount of US\$900,000 is requested for consulting costs, travel expenses, purchase of basic equipment and remote sensor imagery. UNEP is expected to contribute US\$ 100,000 and the Governments of Argentina and Bolivia US\$735,000 to cover strengthening of human resources capacity, reinforcement of institutions working in the basin, and additional operating costs.

Activity 3 (Project Elements 3.1 through 3.4). The baseline cost of this activity is US\$ 150,000, and is comprised of the cost incurred by the Governments and NGOs associated with controlling erosion in different parts of the Central Valley of Tarija, Bolivia and the Yungas region, Salta Province, Argentina, including actions being taken by the University of Tucumán. The alternative project cost is US\$1,260,000: GEF funding in the amount of US\$725,000 is requested for implementation of demonstration projects activities (covering popular participation and the cost of the construction of dikes and sediment control works, the supply of seeds and seedlings, some agricultural equipment and partial on-farm costs). The Governments of Argentina and Bolivia are expected to contribute US\$535,000 to cover strengthening of human resources capacity, and additional operating costs.

Activity 4 (Project Elements 4.1 through 4.3). The baseline cost of this activity is US\$160,000, and is comprised of the cost incurred in monitoring streamflow and sediment transport within the Bermejo River Basin; and some costs associated with the improved management in Tariquia National Reserve. The alternative project cost is US\$480,000: GEF funding in the amount of US\$ 230,000 is requested to improve the design of the international network of hydrometeorological observations, install a few additional key stations, support national efforts at improving environmental regulations and establish a corridor between Tariquia and Baritu National Parks. The Governments of Argentina and Bolivia are expected to contribute US\$250,000 to cover additional equipment and installation of new hydrometeorological stations and reinforcement of institutional capacity.

Activity 5 (Project Elements 5.1 and 5.2). The baseline cost of this activity is US\$20,000, and is comprised of the cost incurred in undertaking statistical surveys of migrants at frontier stations. The alternative cost is US\$210,000: GEF funding in the amount of US\$120,000 is requested to conduct additional special surveys and investigations into the environmental costs of transboundary migrations, and a demonstration project on environmental education in Formosa. The Governments of Argentina and Bolivia are expected to contribute US\$90,000 in support of the migration surveys and environmental education project.

Activity 6 (Project Elements 6.1 and 6.2). The baseline cost of this activity is US\$10,000, and is comprised of the cost incurred through popular participation activities in Tarija, Bolivia. The alternative project cost is US\$1,600,000: GEF funding is requested in the amount of US\$815,000 to cover costs of formulating the SAP (including popular participation), personnel, travel expenses, and some equipment required for the interconnection of the offices of the Binational Commission in Argentina and Bolivia and government agencies involved in the development of the basin. The purchase of vehicles needed for field operations is also included, as is the cost of outreach materials, seminars, courses and workshops. OAS is expected to contribute US\$75,000, and the Governments of Argentina and Bolivia US\$710,000 in support of operational costs, maintenance and operation of vehicles, popular participation programs and strengthening of the Binational Commission.

Additional Domestic Benefits and Costs.

Increased productivity of soils is a local benefit to be expected as a result of the activities of the Program. Additional local costs are unknown at this stage. These benefits can not be estimated and it is assumed that domestic funding will compensate for the domestic benefits.

TABLE 2. INCREMENTAL COST MATRIX IN US\$

No.	Work Program Element	Baseline Project Cost	Alternative	Project	Cost
			Non-GEF	GEF	Total
1.1	Transboundary Pollutant Movement	100,000	Governments 190,000 UNEP 50,000	200,000	440,000
2.1	Stream Classification	0	Governments 55,000	70,000	125,000
2.2	Erosion Control-Santa Ana/ Camacho	50,000	Governments 100,000	150,000	250,000
2.3	Land Tenure-Tarija Valley	10,000	Governments 30,000	50,000	80,000
2.4	Range Management-Tarija Valley	0	Governments 30,000	50,000	80,000
2.5	Land Use in the Lower Bermejo River	200,000	Governments 450,000 UNEP 100,000	500,000	1,050,000
2.6	Management of Forage-Humid Chaco, Province of Formosa	0	Governments 70,000	80,000	150,000
3.1	Transition Forest-Salta	0	Governments 35,000	55,000	90,000
3.2	Tolomosa Watershed	100,000	Governments 350,000	500,000	850,000

3.3	Sustainable Development- Yungas, Salta	50,000	Governments 80,000	90,000	170,000
3.4	Removal of Constraints-Dry Chaco and Humid Chaco	0	Governments 70,000	80,000	150,000
4.1	Hydrometeorological Network	150,000	Governments 150,000	150,000	300,000
4.2	Environmental Law	0	Governments 70,000	30,000	100,000
4.3	Environmental Corridor-Baritu to Tariquia	10,000	Governments 30,000	50,000	80,000
5.1	Transboundary Migration	20,000	Governments 70,000	80,000	150,000
5.2	Environmental Education- Formosa	0	Governments 20,000	40,000	60,000
6.1	Formulation of the Strategic Action Program	0	Governments 560,000 OAS 75,000	665,000	1,300,000
6.2	Popular Participation	10,000	Governments 150,000	150,000	300,000
	TOTALS	700,000	2,735,000	2,990,000	5,725,000

FORMAT OF QUARTERLY REPORT TO UNEP/GEF

1. IDENTIFIERS

Country: Regional: Argentina and Bolivia

Project Title: Strategic Action Programme for the Binational Basin of the Bermejo River.

Focal Area: International Waters

Implementing Agency: United Nations Environment Programme

GEF Funding: US\$ 2,990,000

Co-funding: US\$ 2,510,000 (in kind and in cash contribution from Governments of Argentina and Bolivia)

(in cash & kind): US\$ 75,000 (in kind and in cash contribution from the GS/OAS)
US\$ 150,00 (in cash contribution form UNEP)

2. FINANCIAL STATUS

[Commitment and disbursement data as of the date of the report]

3. IMPLEMENTATION PROGRESS

[Statement of progress of the project components in relation to agreements or plans. Assessment of Overall status. Report on the reasons, in the event of delays, cost over-run or positive deviations]

4. ACHIEVEMENT OF PROJECT OBJECTIVES

[Assessment of likelihood that project objectives will be achieved.]

5. SPECIFIC ASSESSMENT OF FACTORS RELATING TO THE INTERNATIONAL WATERS FOCAL AREA.

[Status of the comprehensive Transboundary Diagnostic Analysis; and Strategic Action Programme; progress in developing multi-country institutional arrangements]

FORMAT OF HALF-YEARLY PROGRESS REPORT
as at 30 June and 31 December

Responsible Office (PAC/Unit/Branch) _____

Project No.: _____

Project Title: _____

Reporting Period _____

1. Experts/consultants required, including duration of contract:

Name, nationality, duration of contract, fee and brief terms of reference

2. Major items of equipment ordered: (Value over \$1,500)

Please attach to the half-yearly progress report an inventory of all non-expendable equipment, indicating date of purchase, description, serial number, quantity, location, cost and remarks, for vehicles, give mileage report

3. Status of the implementation of the activities listed under WORKPLAN in the project document, and status of documents, reports, manuals, guidelines, etc.

(a) List actual activities/outputs* completed/produced under the following headings where appropriate:

(see next page)

(Please tick appropriate box)

(i) MEETINGS (UNEP-convened meetings only)

☐ Intergovernmental (IG) Mtg ☐ Expert Group Mtg. ☐ Training Seminar/Workshop ☐ Others

Title _____

Venue and dates _____

Convened by _____ Organized by _____

Report issued as doc. No./Symbol _____ Languages _____ Dated _____

For Training Seminar/Workshop, please indicate: No. of participants _____ and attach annex giving names and nationalities of participants.

(ii) PRINTED MATERIAL

☐ Report to IG Mtg. ☐ Technical Publication ☐ Technical Report ☐ Others

Title _____

Author(s)/Editor(s) _____

Publisher _____

Symbol (UN/UNEP/ISBN/ISSN) _____

Date of publication _____
(When the above reports have been distributed, attach the distribution list)

* Please see attached definitions

(v) SERVICES

Description

Dates

(iii) ☐ TECHNICAL INFORMATION

☐ PUBLIC INFORMATION

Description _____

_____ Dates _____

(iv) TECHNICAL COOPERATION

☐
☐ Grants and Fellowships

☐
☐ Advisory Services

☐
☐ Staff Missions

☐
☐ Others (describe)

Purpose _____

Place and duration _____

For Grants/Fellowships, please indicate:

<u>Beneficiaries</u>	<u>Countries/Nationalities</u>	<u>Cost(in US\$)</u>
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_____	_____	_____
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_____	_____	_____
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_____	_____	_____
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(v) SERVICES

Description _____

_____ Dates _____

(b) Status of activities/outputs underway:

- (i) Meetings, seminars, workshops study tours, training courses, fellowships under preparation
- (ii) Status of documents, reports, manuals, guidelines being prepared
- (iii) Status of studies, surveys underway
- (iv) Status of implementation of other activities

4. Summary of the problems encountered in project delivery (if any)

5. Actions taken or required to solve the problems identified in (4) above

FORMAT OF TERMINAL REPORT

Responsible Office (PAC/Unit/Branch) _____

Project No.: _____

Project Title: _____

1. Project objectives

Re-state the objectives, needs and results of the project.

2. Project activities

Describe the activities actually undertaken under the project, giving reasons why some activities were not undertaken, if any.

3. Project outputs

Compare the outputs generated with the ones listed in the project document. List the actual outputs* produced under the following headings where appropriate:

(Please tick appropriate box)

	(a) MEETINGS (UNEP-convened meetings only)	
	<input type="checkbox"/> Inter-governmental (IG) Mtg. <input type="checkbox"/> Expert Group Mtg. <input type="checkbox"/> Training Seminar/Workshop <input type="checkbox"/> Others	
	Title: _____	

	Venue and dates _____	
	Convened by _____ Organized by _____	
	Report issued as doc. No/Symbol _____ Languages _____ Dated _____	
	For Training Seminar/Workshop, please indicate: No. of participants _____ and attach annex giving names and nationalities of participants.	

(b) PRINTED MATERIALS

☐ Report to IG Mtg. ☐ Technical Publication ☐ Technical Report ☐ Others

Title: _____

Author(s)/Editor(s) _____

Publisher _____

Symbol (UN/UNEP/ISBN/ISSN) _____

Date of publication _____

(When technical reports/publications have been distributed, attach distribution list)

* Please see the definitions attached to the format of Half-yearly Progress Report

11

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

(d) TECHNICAL COOPERATION

- | | |
|---|--|
| <input type="checkbox"/> Grants and Fellowships | <input type="checkbox"/> Advisory Services |
| <input type="checkbox"/> Staff Missions | <input type="checkbox"/> Others (describe) |

Purpose _____

Place and duration _____

For Grants/Fellowships, please indicate:

<u>Beneficiaries</u>	<u>Countries/Nationalities</u>	<u>Cost(in US\$)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(e) SERVICES

Description _____

Dates _____

Description

Dates

(f) OTHER OUTPUTS

For example, Centre of excellence, Network, Environmental Academy, Convention, Protocol
University chair, etc.

4. Use of outputs

State the use made of the outputs.

5. Degree of achievement of the objectives/results

On the basis of facts obtained during the follow-up phase, describe how the project document outputs and their use were or were not instrumental in realizing the objectives/results of the project.

6. Conclusions

Enumerate the lessons learned during the project execution. Concentrate on the management of the project, indicating the principal factors which determined success or failure in meeting the objectives set down in the project document.

7. Recommendations

Make recommendations to:

- (a) Improve effect and impact of similar projects in the future;
- (b) Indicate what further action might be needed to meet the project objectives/results.

8. Non-expendable equipment (value over US\$1,500)

Please attach to the terminal report a final inventory of all non-expendable equipment (if any) purchased under this project, indicating the following:

Date of purchase, description, serial number, quantity, cost, location and present condition, together with your proposal for the disposal of the said equipment.

FORMAT OF QUARTERLY PROJECT EXPENDITURE ACCOUNTS FOR SUPPORTING ORGANIZATIONS
 Quarterly project statement of allocation (budget), expenditure and balance (Expressed in US\$) covering the period

.....to.....

Project No.:.....

Supporting organization.....

Project title:.....

Project commencing:.....

Project ending:.....

Object of expenditure by UNEP budget code	(date)		(date)					
	Project budget allocation for year.....		Expenditure incurred				Unspent balance of budget allocation for year.....	
			for the quarter		Cumulative expenditures			
	m/m	Amount	m/m	Amount	m/m	Amount	m/m	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(2)-(6)
1100 Project personnel								
1200 Consultants								
1300 Administrative support								
1400 Volunteers								
1600 Travel								
2100 Sub-contracts								
2200 Sub-contracts								
2300 Sub-contracts								
3100 Fellowships								
3200 Group training								
3300 Fellowships								
4100 Expendable equipment								
4200 Non-expendable equipment								
4300 Premises								
5100 Operation								
5200 Reporting costs								
5300 Sundry								
5400 Hospitality								
99 GRAND TOTAL								

Signed:

Duly authorized official of supporting organization

NB: The expenditures should be reported in line with the specific object of expenditure as per project budget.

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CASH ADVANCE STATEMENT

Statement of cash advance as at.....
And cash requirements for the quarter of.....

Name of co-operating agency/
Supporting organization

Project No.

Project title

I. Cash statement

1. Opening cash balance as at.....\$
2. Add: cash advances received;

Date	Amount
.....
.....
.....
.....

3. Total cash advanced to date \$
4. Less: total cumulative expenditures incurred ()
5. Closing cash balance as at..... \$

II. Cash requirements forecast

6. Estimated disbursements for quarter
ending..... \$
7. Less: closing cash balance (see item 5, above) ()
8. Total cash requirements for the.....
quarter..... \$

Prepared by _____ Request approved by: _____

Duly authorized official of co-operating agency/
supporting organization

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of cash covers as
requirements for the

ment
cash

3. Total cash advanced to date
4. Less total cumulative expenditure
5. Closing cash balance as at

6. Estimated disbursements for quarter
ending
7. Less closing cash balance (see item 5)

ANNEX 11

REVIEW OF UNEP/OAS BERMEJO RIVER GEF PROPOSAL

INTRODUCTION

1. This report responds to a request to review the UNEP/OAS Bermejo River GEF proposal, viz., the proposed GEF Project *Argentine and Bolivia Strategic Action Program for the Binational Basin of the Bermejo River*.
2. In responding, note that I am a designated expert for the STAP Roster of Experts with particular experience and knowledge concerning inland water in dryland (arid and semi-arid) regions. Of direct relevance in this connection is my previous involvement with studies of waters in the Aral Sea Basin (as a member of the UNEP Expert Working Group involved in the preparation of a Diagnostic Study for the basin) and my former position as Chairman of the Research Advisory Committee (and member of the Board of management) of the Murray-Darling Freshwater Research Centre, a centre which addresses research and management issues in the Murray-Darling basin, a river system with considerable similarity to at least the lower reaches of the Bermejo River.
3. Note further that I am not directly familiar with the Bermejo River basin; my experience of this part of South America is limited to the southern part of Bolivia (southern Altiplano).
4. In preparing the review, I have consulted a variety of published and unpublished documents. To broaden my awareness of the river basin in question. I have read *inter alia* articles on the Parana River system (including the Bermejo River) by Bonetto (1986, 1994) and Neiff (in press). Of direct relevance in the preparation of the review has been the document approved by the GEF Council and that addresses the comprehensive approach required from proposals such as the present one: *International Waters Scoping Paper*. Of wider relevance have been the publication of Jordaan *et al.*, (1993) [*Water in our common future: a research agenda for sustainable development of water resources*], El-Habr (1993) [*Environment and water development: some critical issues*]. Petts (1994) [*Rivers: dynamic components of catchment ecosystems*]. Davies *et al.*, (1994) [*Dryland rivers: their ecology, conservation and management*], and Ando (1995) [*Directory of water related international cooperation*].
5. The relevance of several international conventions is noted, e.g. the Convention on Biodiversity, and the Convention on Environmental Impact Assessment in a Transboundary Context.

6. The of the report does not reflect the extent to which documents relevant to the project have been consulted, nor the perceived importance of the proposal.

SCOPE OF THE REVIEW

7. In reviewing the proposal, I have borne particularly in mind (1) the extent to which it addresses those criteria listed as 'project selection criteria' and used to assess eligibility for GEF funding, and (2) the extent to which tasks, work programs and activities outlined in the proposal focus upon stated objectives of the proposal.

8. Also borne in mind has been the extent to which the proposed project addresses matters of a more global type, and its structure in terms of generally agreed procedures in water resources management.

GEF PROJECT SELECTION CRITERIA

9. The proposal involves elements which relate to all of the criteria listed - though to different degrees - and thus is clearly eligible for selection for GEF funding on this basis.

10. Thus the proposal addresses:

- a. transboundary concerns about several matters that degrade the quality of international waters, particularly sediments endangering biodiversity in the river and riverine ecosystems, land degradation and hydrological modification;
- b. several widespread and significant transboundary ecological problems involving both terrestrial and aquatic ecosystems;
- c. the question of how best to preserve biodiversity and prevent further loss) in the region;
- d. leveraging of development assistance;
- e. and includes plans for capacity-building components;
- f. addresses problems common to many if not all dryland rivers, and in particular to those of low gradients, high sediment loads, and widely used as a resource sustaining large local populations;
- g. and is consistent with national environmental planning documents [cf, The treaty on environment between the Governments of Argentina and Bolivia, 1994; Binational Commission for the development of the Upper Bermejo and Grande de Tarija River basins, 1995]. The extent to which the proposal is also consistent with international legal obligations is strictly not clear but on present documentation is likely to be consistent.

STATED OBJECTIVES OF THE PROPOSAL

11. Key questions in reviewing the proposal are essentially two-fold and sequential: are the objectives of the proposal in accord with and an adequate response to the management and developmental issues involved; and is the proposal structured in such a way that provides optimism that stated objectives are likely to be achieved?

12. With regard to the first question, stated objectives are seen as comprehensive and rigorous and in accord with and an adequate response to the issues involved. In this regard, note is made of the logical structure of the proposal, - a structure held in common with similar environmental management schemes worldwide, i.e. (1) the identification of problems, (2) the development of a plan to resolve them, (3) the involvement of stakeholders, (4) the provision of pilot studies, and (5) community involvement. These five steps easily equate with the five objectives of the proposal namely (1) the conduct a diagnostic study, (2) the formulation of a strategic plan, (3) assistance to the governments of Argentine and Bolivia in incorporating environmental concerns in basic development plans, policies and programs, (4) the conduct of pilot demonstration activities, and (5) encouragement of public participation.

13. Of critical significance within the terms of this review is the question of whether stated objectives are likely to be met given the structure of the proposal. It is my considered opinion that the proposal offers a sound basis for the achievement of all objectives.

14. In this context, the information that is part of the background information for the proposal comprehensively identifies the major issues that form the subject of wider investigation in the diagnostic study, namely, (1) the potential (and actual) loss of biodiversity within a basin characterized by a naturally high diversity of biota, (2) catchment erosion (resulting from exploitative forestry practices and overgrazing) leading to land degradation, desertification, and lower productivity, (3) excessive silting and sediment loads in the river, (4) the need for coordinated development planning in the region to assure sustainability, to prevent and mitigate environmental damage, and to enhance local economic activity.

15. The proposals for formulation of a strategic action program, likewise, provide a sound basis for the resolution and mitigation of environmental and associated problems. To this end, the key elements of strategic action plans are contained in the proposed formulation: it offers an analysis of priority transboundary environmental problems (including input from national environmental and economic development documents), it establishes clear priorities including *inter alia* provision for a balanced program of preventative and remedial actions, and it provides realistic baseline environmental commitments and determines agreed incremental costs.

16. Again, assistance to the governments of Argentine and Bolivia will be provided in a variety of ways identified in the proposal's activities (creation of an inter-ministerial commission, support for governmental efforts to include environmental considerations in legislation, etc). Pilot demonstration activities and the involvement of the public will be covered by those activities under Task Area II.

CONCLUSION

17. The proposal represents a significant transboundary project of water resource (and catchment) management for an economically disadvantaged region that has been and is subject to considerable environmental damage that in the long run is unsustainable. As such, it is a timely and sensible response to events which no government concerned to enhance or at least maintain the value of its natural resources should ignore.

18. Whatever the case, it is certainly one of only a few a proposals that attempt seriously and comprehensively to redress the lack of attention that the management of international rivers has attracted (see, for example, Biswas, 1993)

19. The incremental costs of the proposal (Annex 4). i.e. the costs of implementing the proposal, are relatively modest. The costs of implementing the GEF alternative situation (*vis-a-vis* baseline situation) in absolute terms are not inconsiderable (US\$ 5.725 million cf. US\$ 0.7 million for the baseline situation) but in relative terms, and when viewed against, for example, the costs of dam construction alone (US\$ 458.9 million), are insignificant. They become even more insignificant when the likely costs of ongoing and future environmental damage (especially erosion, desertification and decreases in productivity) are taken into account.

20. In summary, this review gives substantive approval to both the over-arching objectives of the proposal and their rationale, and the ways proposed to achieve the objectives. Its acceptance is recommended.

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