



## GEF-6 GEF SECRETARIAT REVIEW FOR FULL-SIZED/MEDIUM-SIZED PROJECTS THE GEF/LDCF/SCCF TRUST FUND

GEF ID:	9571		
Country/Region:	Regional (Belarus, Georgia, Ukraine)		
Project Title:	Promoting Accelerated Uptake of Environmental Technologies and Promotion of Best Practices for Improved Water, Chemicals, and Waste Management in the Black Sea Basin		
GEF Agency:	EBRD	GEF Agency Project ID:	
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Multi Focal Area
GEF-6 Focal Area/ LDCF/SCCF Objective (s):	IW-2 Program 4; IW-3 Program 5; CW-2 Program 3;		
Anticipated Financing PPG:	\$250,000	Project Grant:	\$5,933,105
Co-financing:	\$22,165,525	Total Project Cost:	\$28,098,630
PIF Approval:		Council Approval/Expected:	November 01, 2017
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Steffen Hansen	Agency Contact Person:	Marta Simonetti

PIF Review			
Review Criteria	Questions	Secretariat Comment	Agency Response
<b>Project Consistency</b>	1. Is the project aligned with the relevant GEF strategic objectives and results framework? <sup>1</sup>	<p>Shansen (7.25): Yes, the project is aligned with obj 2, program 4, outcome 1.4 targeting increased Water, Food and Energy security.</p> <p>Shansen (1/6/17):</p> <p>- In table A under "objectives/programs", please replace Obj 2, program 4 with obj 3, program 5.</p>	

<sup>1</sup> For BD projects: has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track the project's contribution toward achieving the Aichi Target(s)?

## PIF Review

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		<p>- In table A under "expected outcomes", please replace outcome 4.1 with outcome 5.1: 5.1 "Elimination/substantial decrease in frequency/extend of "dead zones" in sizable part of the developing countries LMEs".</p> <p>- Following the above changes please edit table F so that it states "0 number of freshwater basins".</p> <p>Shansen(3.30.17): GEF has discussed with the EBRD and agrees with the changes made in table A and F.</p> <p>The project is also aligned with CW programs 1, 3 and 4.</p>	
	<p>2. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions?</p>	<p>Shansen (7.25):</p> <p>Missing LOEs: Please re-submit the package with all missing LOEs.</p> <p>Shansen (1/6/17): LOEs from Bosnia and Herzegovina, Georgia and Serbia are missing. Please consider if the shortfall will impact the geographical extent of the project. If this is the case then the re-submission will have to be revised accordingly. If this is not the case then please resubmit the package with all missing LOEs.</p>	

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		<p>Shansen(3.30.17): LOEs have been included as requested. Note that due to the reduction in available funding the geographic scope of the project has been limited to Belarus, Georgia and Ukraine.</p> <p>In addition, please include in the package an endorsement letter from the Black Sea Commission.</p> <p>Shansen (1/6/17): Thank you for chasing and submitting a LOE from the Black Sea Commission.</p>	
<b>Project Design</b>	<p>3. Does the PIF sufficiently indicate the drivers<sup>2</sup> of global environmental degradation, issues of sustainability, market transformation, scaling, and innovation?</p>	<p>Shansen (7.25):Yes, market transformation, scaling and innovation is at the center of the EBRD mandate and forms an integral part of the PIF. The EBRD/GEF investment will 1) pursue an active policy dialogue and reform agenda to address market failures (based on specific needs of the countries identified during PPG) and 2) utilize grants and other economic incentives to play a compensating role towards meeting the GAP between traditional polluting technologies and low environmental footprint technologies with sector wide uptake potential " recognizing that reforms to address</p>	

<sup>2</sup> Need not apply to LDCF/SCCF projects.

## PIF Review

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		sector wide market failures need financial support to be addressed effectively. Importantly, all investments will build on the vast experiences from past GEF investments.	
	4. Is the project designed with sound incremental reasoning?	Shansen (7.25): Yes, GEF resources will be critical in providing additionality to EBRD investment resources to stimulate investment into targeted technologies and techniques.	
	5. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs?	Shansen (7.25): GEF IW acknowledges the current project design with project component 2 providing technical assistance to support pipeline development for the piloted financing mechanism. However, currently the PIF lacks sufficient detail as to what kind of IW investments EBRD will undertake: i.e. where, what and with what estimated impact? The reader needs to be able to understand where the investments will take place, what kind of investment it will be and what impacts the project will have. Please note that the PIF does not need to include actual quantitative stress reduction amounts based on baseline data, but should aim to include estimated impacts. Therefore, please make sure to include a break down of planned investments across countries and sectors (in alignment with Annex	

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		<p>C country profiles), along with an initial estimate of stress reduction impact and/or policy reform/enforcement results (impact estimates should be reflected in a revised Global Environmental Benefits Section). The IW team are happy to discuss further with EBRD should additional clarification be needed.</p> <p>Shansen (1/6/17): Thank you for adding an illustrative breakdown of potential investments and stress reduction in section 5. Please note that while a cost breakdown per country is not required, it remains a requirement that investment activities are identified at PIF stage and that the stress reduction estimates are derived based on that analysis. Currently the PIF does not contain this detail. From IW side we recognize that pipeline developments (especially in private sector) are dynamic making this a difficult task. Consequently, there is room for flexibility should some activities shift during PPG stage (provided that project deliverables do not significantly change). Again, from IW side we are happy to discuss further should additional clarification be needed.</p>	

## PIF Review

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		<p>Shansen(3.30.17): Addressed. A detailed list of indicative investments across countries and sectors has been included.</p> <p>Shansen (1/6/17): please note that introduction of water management best practices in the agriculture sector (non-point pollution) such as improved irrigation systems is not eligible for IW funding. As discussed previously introduction of best practice for fertilizer management is eligible, including piloting of bio fertilizers, however, the technology needs to be of an innovative nature for the region and hold promise of wider uptake.</p> <p>Shansen(3.30.17): Addressed. By modifying the IW objectives/targets of the project the above issue has been solved.</p> <p>Shansen (1/6/17):</p> <p>The below comments are specific to the global environmental and/or adaptation problems section and the Barriers that need to be addressed section.</p> <p>1. The global environmental and/or adaptation problems section should be</p>	

## PIF Review

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		<p>more specific so that it is clear to the reader what concrete GEBs the project seeks to deliver. The section should state 1) The prime focus of the project - in the case of IW the focus is on point/non point nutrient pollution 2) Key impacts (negative externalities) occurring from nutrient pollution (dead zone development and impact on fisheries coupled with negative effects on tourist industry and health) 3) The main anthropogenic sources of nutrient pollution and 4) a rough analysis pointing to the projected nutrient pollution trends in the basin, i.e. will there be increased pollution in the future due to an expected increase in population/economic growth etc... As it stands the GEB section is a mix of generic descriptions on historic facts, climate change, Water stress and a bit on point and non-point sources of pollution. Hence, it is difficult to identify the Global Environment problem that the project will be addressing.</p> <p>Shansen(3.30.17): Addressed.</p> <p>2. In the Barriers that need to be addressed section, please specify if the Black Sea Commission has provided an estimate as to the overall</p>	

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		<p>carrying capacity of the Black Sea ecosystem, i.e. is there an order of magnitude of nutrient pollution stress reduction necessary to reverse the current situation? This information is key towards understanding the continued need for investments in the Black Sea basin and will provide value for the upcoming consultations (component 1) to be held with the relevant regional and national institutions with the purpose of discussing the feasibility of developing a regional agreement on targets for nutrient loading for nutrients originating in the individual countries.</p> <p>Shansen(3.30.17): Addressed sufficiently at PIF stage. EBRD plan to revisit this question during the PPG phase.</p> <p>Finally, while the section includes some text as to the barriers pertaining to optimized waste water treatment management there is no specific mention of non-point nutrient pollution barriers. Since none point pollution is a key nutrient pollution source across several of the involved countries text should be included speaking to this issue.</p>	



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		<p>Shansen (3.30.17): addressed.</p> <p>Shansen (7.25): Table B, component 1, output 1.1.3: Please rephrase text so that output 1.1.3 reads "knowledge management systems in place and linked to relevant regional organizations, including the Black Sea Commission".</p> <p>Shansen (1/6/17): Addressed</p> <p>Shansen (7.25): under component 1 output 1.1.3: please include text that the project will share best practices and relevant datasets with the GEF/UNEP project titled "Towards an International Nutrient Management System" (GEF ID 5400).</p> <p>Shansen (1/6/17): Addressed. The project will share best practices and data sets with the Black Sea Commission, which in turn should liaise with the Towards INMS project.</p> <p>Shansen (7.25): Please include text under component 2 stating that "all activities under component two (2) will be coordinated with relevant regional organizations, including the Black Sea Commission."</p>	

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		<p>Shansen (1/6/17): Adressed.</p> <p>Shansen (7.25): Please note that GEF has invested extensively in the Black Sea/Danube area over the course of two decades. To secure that limited GEF funds are utilized in an efficient and truly innovative manner, please expand the baseline so that it includes references to past GEF projects relevant to the Danube/Black Sea basin. The expanded baseline should include a table speaking to the objectives of past GEF interventions.</p> <p>In addition to the above, please expand the baseline with text stating that the PPG phase will be used to consult key GEF partners involved in past nutrient reduction efforts in the Danube/Black Sea, incl UNDP and the World Bank. Within this context GEF would like to see that the dialogue with past key GEF agency partners is used to inform EBRD and the space for truly innovative interventions. Consequently, the dialogue should help inform the set of eligibility criteria that public/private stakeholders must comply with to gain access to IW project funding via the envisioned financing mechanism.</p> <p>Examples of past GEF projects:</p>	

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		<p>- The Danuabe River Basin Regional Project Phase 1 &amp; 2 (UNDP)                      - Black Sea Ecosystem Recovery Project Phase 1 &amp; 2 (UNDP/UNEP)                      - Investment Fund for Nutrient Reduction (WB) – this investment fund includes several successful nutrient reduction initiatives.</p> <p>Shansen (1/6/17): Thank you for adding a historic summary showcasing past GEF investments across the Black Sea basin and inserting language stating that EBRD during the PPG stage will consult key GEF agencies involved in past nutrient reduction efforts across the basin. The baseline section however is still weak and the analysis needs to build on the information provided when better answering the question: "where, what and with what estimated impact?". The exercise therefore is for EBRD to show how the suggested investments will build on the previous investments and policy frameworks co-funded by GEF. During the PPG stage this analysis can then be further developed via a more direct dialogue with past key GEF agencies.</p> <p>Shansen(3.30.17): Addressed sufficiently at PIF stage.</p>	

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		<p>Shansen (7.25): "Root causes and Black Sea context sections": Right now the proposal only references the 2009 Black Sea SAP, which points to the necessity of addressing nutrient pollution. Please add additional text referencing new literature and/or recent Black Sea Commission reports, which make clear the continued need to invest in nutrient reduction as a means to secure a good ecological state within the Black Sea. Also, the additional text should mention the historic trends of the Black Sea dead zones (expansion/retraction) from the initial GEF investments and to date (year 2016).</p> <p>Shansen(3.30.17): Addressed.</p> <p>Shansen (1/6/17): References have been added, but the Root Causes and Black Sea sections still needs to be more concrete and include information as to the geographical extent of the nutrient pollution problem related to the Black Sea, i.e. does dead zone development continue to exist and/or expand? Also, are commercial fish species impacted and are endemic species at risk? In terms of the endemic species at risk the below few lines can be expanded:</p>	

## PIF Review

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		<p>"Consequently, nutrient enrichment leads to significant loss off marine flora and fauna and other species that depend on them.. This has had significant adverse impacts on the biodiversity of the Sea; for example, in 1960 there were around 26 commercial fish species, while now there are only five or six."</p> <p>Also, the Root causes and Black Sea sections should specify if the project aims towards reducing the effects of nutrient pollution of larger parts of the North West Black Sea shelf or if it simply aims to mitigate the effect of nutrient pollution pertaining to specific sensitive tourist/fishing areas?</p> <p>Shansen(3.30.17): Addressed</p> <p>Shansen (7.25): "Root causes and Black Sea context sections": please replace current text with the following text: "...In particular, the presence of excessive nutrient loads lead to the sea's eutrophication, resulting in algal blooms that block the penetration of sunlight, while also depleting the oxygen level in the benthic zone due to decomposition of algae biomass. Consequently, nutrient enrichment</p>	

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		<p>leads to significant loss off marine flora and fauna and other species that depend on them."</p> <p>Shansen (1/6/17): Addressed</p> <p>Shansen (7.25): Thank you for adding a breakdown of funds specific to IW/C&amp;W for each of the three (3) components. However, for component two (2) text should be added specifying that IW funding will be used primarily for the purpose of technical assistance, advancing policy reform and enforcement, along with infusion of near marked mature and innovative nutrient reduction technologies. C&amp;W funding will be utilized for interventions specific to i.e.. POPs and Mercury reduction. Suggestion for additional text:</p> <p>Under the subsection "Finance mechanism development" please add the following text in the form of a footnote:</p> <p>"In the case of IW, the selection of investments to be supported by the Financing Mechanism should be aligned with priorities as defined in both the BS SAP and the IW GEF 6 strategy. IW investments will focus mainly on technical assistance, policy</p>	

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		<p>reform and enforcement, along with demonstration of innovative nutrient reduction technologies (point and non-point nutrient pollution sources) with potential for sector wide uptake".</p> <p>Shansen (1/6/17): Addressed</p> <p>Please also consider inserting a footnote to the same effect in the "the proposed alternative scenario" section.</p> <p>Shansen (1/6/17): Addressed</p> <p>Additionally, the baseline scenario for example describes at least 24,000 tons of POPS material in the region, yet the project is only targeting a modest amount of 250 tons. Please clarify.</p> <p>E Swain, 1/6/17: The cost effectiveness for CW is lower that what we would expect for this type of project. The GEFs are lower than we would expect for this level of funding.</p>	
	<p>6. Are socio-economic aspects, including relevant gender elements, indigenous people, and CSOs considered?</p>	<p>Shansen (7.25): Yes, specific civil society organizations are to be consulted during project preparation. Also, gender will be further integrated into the proposal during PPG and will be one of several eligibility criteria</p>	

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		that the potential pipeline projects are evaluated against.	
<b>Availability of Resources</b>	7. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	<ul style="list-style-type: none"> <li>• The STAR allocation?</li> </ul>		
	<ul style="list-style-type: none"> <li>• The focal area allocation?</li> </ul>	<p>Shansen (7.25): Yes</p> <p>Shansen (1/6/17): Please note that due to the shortfall the IW envelope will need to be reduced to \$2.5 million (including fees and PPG).</p> <p>Shansen (3.30.17): The FA allocation is subject to the projected shortfall of the GEF Trust Fund. Availability of the FA allocation will have to reviewed at the time of potential future work program inclusion.</p> <p>ESwain, 1/6/17: Table A and Table D do not match for CW funding. Table A call for \$2M from mercury while Table D calls for \$3.75M from Mercury. The shortfall will effect CW funding, especially for mercury and we will not be able to accommodate the request for mercury funds at this time.</p>	
	<ul style="list-style-type: none"> <li>• The LDCF under the principle of equitable access</li> </ul>		
	<ul style="list-style-type: none"> <li>• The SCCF (Adaptation or Technology Transfer)?</li> </ul>		



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	<ul style="list-style-type: none"> <li>Focal area set-aside?</li> </ul>		
<b>Recommendations</b>	8. Is the PIF being recommended for clearance and PPG (if additional amount beyond the norm) justified?	<p>Shansen (7.25): No, please address comments and resubmit.</p> <p>Please include a comments response matrix as part of the resubmission.</p> <p>Shansen (1/6/17): No, please address comments and resubmit.</p> <p>Please include a comments response matrix as part of the resubmission.</p> <p>Shansen (5/2/17): Yes, the PM recommends CEO clearance.</p>	
<b>Review Date</b>	Review	August 15, 2016	
	Additional Review (as necessary)		
	Additional Review (as necessary)		

CEO endorsement Review			
Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments

## CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
<b>Project Design and Financing</b>	1. If there are any changes from that presented in the PIF, have justifications been provided?		
	2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?		
	3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?		
	4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)		
	5. Is co-financing confirmed and evidence provided?		
	6. Are relevant tracking tools completed?		
	7. <i>Only for Non-Grant Instrument:</i> Has a reflow calendar been presented?		
	8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?		
	9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?		

## CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
	10. Does the project have descriptions of a knowledge management plan?		
<b>Agency Responses</b>	11. Has the Agency adequately responded to comments at the PIF <sup>3</sup> stage from:		
	• GEFSEC		
	• STAP		
	• GEF Council		
	• Convention Secretariat		
<b>Recommendation</b>	12. Is CEO endorsement recommended?		
<b>Review Date</b>	Review		
	Additional Review (as necessary)		
	Additional Review (as necessary)		

<sup>3</sup> If it is a child project under a program, assess if the components of the child project align with the program criteria set for selection of child projects.