



REQUEST FOR CEO ENDORSEMENT/APPROVAL

PROJECT TYPE: Medium-sized Project

THE GEF TRUST FUND

Submission Date: Dec. 07

Re-submission Date:

PART I: PROJECT INFORMATION

GEFSEC PROJECT ID: 1014

GEF AGENCY PROJECT ID: GF/1010-05-

COUNTRY(IES): Brazil

PROJECT TITLE: Integrated Water Resources

Management of the São Francisco

River Basin and Its Coastal Zone

GEF AGENCY(IES): UNEP

OTHER EXECUTING PARTNER(S): OAS - ANA¹

GEF FOCAL AREA(S): International Waters,

GEF-4 STRATEGIC PROGRAM(S): SP2-SP3

NAME OF PARENT PROGRAM/UMBRELLA PROJECT: N/A

Expected Calendar	
Milestones	Dates
Work Program (for FSP)	
GEF Agency Approval	June 2008
Implementation Start	July 2008
Mid-term Review (if planned)	
Implementation Completion	June 2010

A. PROJECT FRAMEWORK

Project Objective: Building on national and GEF previous work, the objective of the proposed MSP is to promote an integrated approach to the planning and management of the São Francisco River, its coastal zone, and its river basin, as well as to implement strategic remedial actions to protect the marine environment from land-based sources of pollution, and integrating ecological management and economic development activities, based upon the comprehensive coastal studies to be undertaken in the context of this proposed MSP.

Development Objective: In the longer term, these actions support and facilitate the achievement of the development goal of integrated environmental management and economic and human development which will be catalyzed by this proposed MSP.

Project Components	Indicate whether Investment, TA, or STA**	Expected Outcomes	Expected Outputs	GEF Financing*		Co-financing*		Total (\$)
				(\$)	%	(\$)	%	
1. A comprehensive Coastal zone analysis	STA	Will support an integrated approach in the planning and management of the SFRB and its coastal zone which in turn will generate significant environmental benefits to the region and potential global benefits through demonstration of integrated approaches to freshwater basin and coastal zone management.	A comprehensive analysis of the Coastal Zone	330,000	8	3,082,040	92	3,412,040
2. Creation of a fully operational Basin Agency	TA	A fully established and functioning Basin Authority,	An inventory of water users and associated geo-referenced data;	150,000	50	149,640	50	299,640

¹ OAS – Organization of American States – ANA – Brazilian Water Agency

		comprised of the existing Basin Committee (legislative element) and proposed Basin Agency (executive element)	<p>A documented framework for water supply and demand including flood control and flow regulation information;</p> <p>Documented water charging system; and</p> <p>Agreed institutional arrangements for a fully operational Basin Agency</p>					
3. Formulation of an investments portfolio and identification of mechanisms and sources of financing for priority investments in the São Francisco River Basin and its Coastal Zone.	TA	Full and sustainable implementation of the strategic interventions identified in the SAP and elaborated in the Basin Plan	<p>A inventory of prioritized actions;</p> <p>A financing strategy, including nontraditional stakeholder contributions, innovative financial mechanisms including an evaluation of the “Payment for Ecological Services” concept, and continued presence of traditional funding through the PPAs² and related governmental financial mechanisms;</p> <p>A compendium of sources of potential funding and documented protocols for accessing such funding; and</p> <p>A portfolio of investments including pre-feasibility studies.</p>	224,000	40	334,040	60	558,040
4. Replication, dissemination of integrated, participative resource planning, and management	TA	Institutional articulation and broad based participation by basin stakeholders,	An operational integrated inter-sectoral system promoting articulation amongst sectors	170,000	40	249,280	60	419,280

² PPA = Brazilian Pluri-Annual Plan allocating funding for the management of the Sao Francisco

systems.		essential elements for integrated water resources planning and management. Disseminated experience from the SFRB management model throughout Brazil and LAC	and stakeholders through a well-structured Basin Committee capable of being replicated in other hydrographic basins in Brazil; A fully operational decision support system, the SIGRHI or Integrated System for the Management of Water Resources in the São Francisco River Basin and Its Coastal Zone; An international symposium to disseminate the experiences and knowledge gained from the São Francisco River Basin project; Ongoing maintenance of the National Water Agency website and dissemination of information in a variety of languages (e.g., English and Portuguese).					
Project management				96,000	9	970,000	91	1,066,000
M&E				30,000	100		0	30,000
Total Project Costs				1,000,000	17	4,785,000	83	5,785,000

* List the \$ by project components. The percentage is the share of GEF and Co-financing respectively to the total amount for the component.

** TA = Technical Assistance; STA = Scientific & technical analysis.

B. FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	<i>Project Preparation*</i>	<i>Project</i>	<i>Agency Fee</i>	<i>Total at CEO Endorsement</i>	<i>For the record: Total at PIF</i>
GEF		1,000,000	100,000	1,100,000	
Co-financing		4,785,000		4,785,000	
Total		5,785,000	100,000	5,885,000	

* Please include the previously approved PDFs and PPG, if any. Indicate the amount already approved as footnote here and if the GEF funding is from GEF-3. Provide the status of implementation and use of fund for the project preparation grant in Annex D.

C. SOURCES OF CONFIRMED CO-FINANCING, including co-financing for project preparation for both the PDFs and PPG.

(expand the table line items as necessary)

<i>Name of co-financier (source)</i>	<i>Classification</i>	<i>Type</i>	<i>Amount (\$)</i>	<i>%*</i>
Government of Brazil	Nat'l Gov't	In-kind	1,605,000	
CHESF **	Para Statal Cie	Grant	2,940,000	
ANA	Nat'l Gov't	In-kind	190,000	
OAS	Multilat. Agency	In-kind	50,000	
Total Co-financing			4,785,000	100%

* Percentage of each co-financier's contribution at CEO endorsement to total co-financing.

** CHESF = Electrical Company of the Sao Francisco River Basin

D. GEF RESOURCES REQUESTED BY FOCAL AREA(S), AGENCY(IES) OR COUNTRY(IES) – N/A

<i>GEF Agency</i>	<i>Focal Area</i>	<i>Country Name/ Global</i>	<i>(in \$)</i>			
			<i>Project Preparation</i>	<i>Project</i>	<i>Agency Fee</i>	<i>Total</i>
(select)	(select)					
(select)	(select)					
(select)	(select)					
(select)	(select)					
(select)	(select)					
Total GEF Resources						

* No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

E. PROJECT MANAGEMENT BUDGET/COST

<i>Component</i>	<i>Estimated p/m</i>	<i>GEF(\$)</i>	<i>Other sources (\$)</i>	<i>Project total (\$)</i>
Locally recruited personnel*	24 p/m @ USD 4,000	96,000		96,000
• Technical Coordinator (TC)				
• Admin/secretarial support			50,000	50,000
• Technical Assistance from CHESF – ANA etc			700,000	700,000
Internationally recruited consultants*	N/A			
Office facilities, equipment, vehicles and communications			10,000 (see highlight in first column)	10,000
Travel			160,000	160,000
Overall support from EA (OAS)			50,000**	50,000
Total		96,000	970,000	1,066,000

** The EA will contribute USD 50,000 as in kind support to the Technical Unit, backstopping the project.

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

<i>Component</i>	<i>Estimated person weeks</i>	<i>GEF(\$)</i>	<i>Other sources (\$)</i>	<i>Project total (\$)</i>
<i>Local consultants*</i>	33 months in total i.e. 132 weeks	132,000	731,640	863,640
<i>International consultants*</i>				
Total		132,000	731,640	863,640

* Detailed information regarding the consultants is in Annex C.

G. DESCRIBE THE BUDGETED M&E PLAN: SEE ALSO ANNEX 2

The project will follow the standard UNEP procedures for Project Monitoring and Evaluation (administrative, technical and financial) which include quarterly and half-yearly progress reports; quarterly and annual statements of expenditures, including co-financing and counterpart contributions; a mid-term review (MTR); and a final evaluation. The MTR will be performed within the next quarter after project execution had reached the mid-term; that is, between the 13th and the 15th months of project execution, regardless the level of execution and disbursement. The final evaluation will take place once all funds have been disbursed and all activities completed.

Overall, the Project Monitoring and Evaluation activities will track progress in project implementation and, if necessary, identify corrective measures and/or changes in the project design in order to achieve more effectively and timely the stated project objective.

During its first month of implementation, the Project will prepare a detailed Monitoring and Evaluation Plan based on the outline presented in Annex 2, supported by an M&E system based on the outline Logical Framework (Annex A). This Plan will be formulated by the Project Management Unit assigned by ANA, as the national executing agency, led by the Project Manager recruited by the GS/OAS, as the international executing agency, in close consultation with UNEP. The Plan will be approved by the Steering Committee. The M&E system will make use of the SIGMA software developed by ANA in support of the previous GEF-IW São Francisco and Upper Paraguay River Basin-Pantanal projects. This software will permit evaluation of the fulfillment of the project milestones, and final outcomes and outputs. The indicators will be useful tools for monitoring, and considered as a continuous evaluation process of Project advancement and achievements.

The e-based M&E system developed under this proposed project will continue to be used by the São Francisco River *Basin Committee* and its *Basin Agency* following conclusion of the GEF supported project thereby allowing monitoring of the basin committee's activities hence further strengthening it as well as its Basin Agency. The e-based M&E system software will ensure a feedback process for decision makers. In particular, the M&E system will enable the provision of an "early-alert" of the need for project modification (adaptive management) and the rapid design of corrective measures.

Monitoring and evaluation of the effectiveness of the Basin Plan and progress in achieving the objectives of the SAP will be assessed from a baseline condition to be established during this project, and tracked using Process and Stress-reduction Indicators identified and quantified during the MSP. These latter Indicators are likely to include:

Process Indicators

- Initial implementation of the Decision Support System – SIGRHI;
- Adoption of specific integrated and coastal zone strategies for the São Francisco River Basin and its coastal zone;
- Creation and put-into-operation of the *Basin Agency*; and
- Establishment and application of standards, criteria and guidelines for water quality and water quantity monitoring.

Stress-reduction Indicators

Stress-reduction Indicators will measure the impact and results of Artificial Floods. These indicators and their parameters, physical, biological, chemical, and operational will be developed as the first task of the M&E Plan, during the first month of project execution.

PART II: PROJECT JUSTIFICATION

A. DESCRIBE THE PROJECT RATIONALE AND THE EXPECTED MEASURABLE GLOBAL ENVIRONMENTAL BENEFITS:

Background and statement of issues

The São Francisco River Basin covers an area of about 639,220 km² from its headwaters in the State of Minas Gerais to its outlet to the South West Atlantic Large Marine Ecosystem (LME). The River drains areas of the States of Goiás, Bahia, Pernambuco, Alagoas, Sergipe, and Federal District. Along its 2,865-km length, the São Francisco River crosses a diverse region, both in terms of climate and physical characterization, as well as in terms of environmental and social diversity. The São Francisco River Basin (SFRB) has great social and economic importance to this diverse region, providing water for a range of uses, including water supply, hydropower generation, cattle-raising, agro-industrial production, fisheries production, and tourism. This intensive economic activity is exerting increased pressures on both the natural and water resources that not only affect the estuary by altering flooding cycles, but also impact the near-shore marine environment by modifying the nutrient and sediment content of the river water. This, in turn, affects marine fauna, and the sediment and turbidity dynamics of the estuary and the LME into which it discharges.

The São Francisco River system (river, estuary and coastal areas) is typical of many of the most vital and important river systems in the world, in terms of its size and complexity, and the serious problems of estuarine degradation, point- and nonpoint-sourced pollution, and multiple use conflicts faced by this system. An integrated approach to the planning and management of the São Francisco River, its coastal zone, and its river basin, as well as the implementation of strategic remedial actions to protect the marine environment from land-based sources of pollution, therefore, provides an important, ongoing case study that fits into the GEF approach to International Waters, by including cross-sectoral activities, integrating ecological and development needs and applying a holistic analysis of the carrying capacity of the water environment.

The proposed project is designed to support an integrated approach to the planning and management of the São Francisco River Basin and its coastal zone. It will not only promote the principles of Integrated Water Resources Management (IWRM) within Brazil but will generate significant environmental benefits to the region as a whole, with potential global benefits through the demonstration of integrated approaches to freshwater basin and coastal zone management in a typical tropical system.

Testing the effectivity of artificial floods, created by releases of impounded water from reservoirs, on the coastal zone and estuary provides a basis for evaluating this practice as a means of rehabilitating ecosystems downstream of the dams. Such releases deliver not only sediment to the estuary but nutrients needed for fish spawning, improving morphological and environmental conditions of the river bed and coastal lagoons. This innovative approach is potentially replicable in similar environments elsewhere, hence generating an impact beyond the São Francisco River Basin.

Project rationale and objective

The Strategic Action Program (SAP)³ and associated Basin Plan⁴ provide the **rationale** for this proposed MSP. These documents, developed in part with the support of the GEF,⁵ identified priority actions to, *inter alia*: (i) incorporate environmental considerations into development policies, plans and programs by fostering an integrated management approach for the basin, its natural resources and coastal zone; (ii) promote the establishment of a Basin Agency as the operational mechanism for regulating water resources and ensuring economic sustainability of water resource development; (iii) implement programs, projects and actions to prevent environmental degradation through sustainable economic development utilizing the instruments of the National Policy for Water Resources (NPWR)⁶; and, (iv) facilitate the operationalization of the integrated system for the management of water resources in the São Francisco River Basin and its coastal zone (SIGRHI) adjacent to the South West Atlantic Large Marine Ecosystem (LME)—Components I and II of the SAP. See Annex 1 for additional information about the SAP. This proposal builds on this foundation by supporting the implementation of activities designed to address these priority actions.

Consequently, building on this previous work, the **objective of the proposed MSP** is to promote an integrated approach to the planning and management of the São Francisco River, its coastal zone, and its river basin, as well as to implement strategic remedial actions to protect the marine environment from land-based sources of pollution, and integrating ecological management and economic development activities, based upon the comprehensive coastal studies to be undertaken in the context of this proposed MSP.

In the longer term, these actions support and facilitate the achievement of the development goal of integrated environmental management and economic and human development which will be catalyzed by this proposed MSP.

Global Environmental Benefits

As mentioned, the project is designed to support an integrated approach in the planning and management of the São Francisco River Basin and its coastal zone. It will not only promote the principles of Integrated Water Resources Management (IWRM) within Brazil but will generate significant environmental benefits to the region and potential global benefits through demonstration of integrated approaches to freshwater basin and coastal zone management. The proposed project actions have the potential not only to influence the lives and livelihoods of the inhabitants of this river basin, but also to affect both global oceanic and atmospheric circulations with respect to the quantity and quality of fresh water inputs to the South West Atlantic Large Marine Ecosystem.

Further, testing artificial floods from reservoirs on the estuary and coastal zone in an attempt to recuperate the ecosystems downstream of the dams releasing not only sediment but nutrients for fish spawning, improving morphological and environmental conditions of river

³ ANA/GEF/UNEP/OAS (2004) *Strategic Action Program for the Integrated Management of the São Francisco River Basin and its Coastal Zone – SAP – Executive Summary*. www.ana.gov.br/gefsf/.

⁴ ANA (2005) *Plano Decenal de Recursos Hídricos da Bacia Hidrográfica do São Francisco (PBHSF) (2004-2013)*, Agência Nacional de Aguas. www.ana.gov.br/prhbsf/index.htm.

⁵ The SAP or policy document completed in December 2005, served as the basis for the Basin Plan formulation, a requirement under the Brazilian water law 9433/97. The Basin Plan operationalises the SAP and was completed in December 2005.

⁶ The instruments of the NPWR are: (i) development of water resources master plans; (ii) establishing classes of water bodies according to preponderant uses; (iii) implementing water rights concessions; (iv) implementing water charge systems; (v) establishing compensation mechanisms to municipalities; and, (vi) developing a water resources information system.

beds and coastal lagoons is a very innovative approach and could be replicated elsewhere in similar environments hence having an impact beyond the Sao Francisco River basin.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL PRIORITIES/PLANS:

Project linkage to national priorities, action plans and programmes.

During 1997, the Federal Government of Brazil promulgated Law 9433/97, creating a National Policy on Water Resources (NPWR), and establishing the framework for the implementation of “basin committees” as legislative fora to regulate water rights and water charges which would be implemented through “basin agencies.” In July 2000, Law 9984/00 created the National Water Agency (ANA) charged with implementing Law 9433/97; however, the Secretariat for Water Resources (SRH) retained responsibility for formulating water resources policy under this Law. Subsequently, the Committee for the São Francisco River Basin (CBH-SF) was established by Presidential decree on June 5, 2001. The GEF São Francisco River Basin project actively supported the creation of the CBH-SF, which currently reflects the anxieties, concerns, and expectations of 503 municipalities in seven states, with a population of approximately 13.3 million people.

With the support of the GEF, the Government of Brazil initiated a process to develop a Strategic Action Program (SAP) for this Basin.⁷ Building on the SAP, in accordance with the federal water law, a Basin Plan was developed to guide interventions within the watersheds under the jurisdiction of the Basin Committee.⁸ This Plan sets forth a strategy for the holistic and integrated management of the Basin and its coastal zone, and develops an implementation program for achieving the integrated management and economic and human development of the Basin. See Annex 1 for detailed information.

In parallel with these efforts, the National Water Agency (ANA) is putting into place the administrative and management mechanisms necessary to implement the priority recommendations set forth in the SAP. Through the Basin Committee for the São Francisco River Basin, it is envisaged that the basis for the issuance of water rights and implementation of water use payment systems will be operationalized by the proposed Basin Agency to be established with the support of this project.

Activities in the Brazilian Coastal Zone are regulated by Federal Law No. 7661/88, and implemented through the National Coastal Management Programme, the principle objectives of which are the sustainable use of natural resources in the Coastal Zone, and the preservation, conservation and rehabilitation of ecosystems in the Coastal Zone to promote sustainable development. In the course of the SAP formulation, for the first time ever, investigations of the hydrodynamic, sediment and erosional processes as well as of the nutrient loads and existing ichthyofauna in the lower São Francisco River Basin and its coastal zone were conducted. Although the results were limited due to the short length of the time available for the conduct of the research, these investigations provided a preliminary picture of the actual

⁷ ANA/GEF/UNEP/OAS, *Integrated Management of Land-Based Activities in the Sao Francisco River Basin: Strategic Action Program for the Integrated Management of the Sao Francisco River Basin and Its Coastal Zone—SAP, Final Report*, August 2004, 336 pp. ISBN 85-98276-02-2.

⁸ The Basin Plan for the Sao Francisco River Basin includes the priority actions set forth in the SAP as well as investments required to ensure the rational and sustainable development of the land and water resources of the Sao Francisco River Basin and its coastal zone. These investments include investments necessary to develop both the land and water resources of the basin in a sustainable manner, as well as investments necessary to protect water quality and ensure the public health and welfare—these latter investments including the capital costs of sewerage and solid waste management facilities.

situation and related problems. The root causes, however, need to be further understood. To this end, mitigation measures and alternatives for ensuring minimum ecological flows to maintain the equilibrium of the environmental dynamics at the São Francisco River mouth is an important element which needs urgent attention, as noted in the SAP and recommended by the Basin Committee.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:

As stated above, the São Francisco River system (comprised of the river, estuary and coastal areas) is typical of many of the most vital and important river systems in the world, in terms of its size and complexity, and the serious problems of estuarine degradation, point- and nonpoint-sourced pollution, and multiple use conflicts faced by this system. An integrated approach to the planning and management of the São Francisco River, its coastal zone, and its river basin, as well as the implementation of strategic remedial actions to protect the marine environment from land-based sources of pollution, therefore, provides an important, ongoing case study that fits into the GEF approach to International Waters. It includes cross-sectoral activities, integration of ecological and development needs, and application of a holistic analysis of the carrying capacity of the water environment. As such the proposed project will continue to serve as a demonstration project for the implementation of the Global Programme of Action for the Protection of the Marine Environment from Land-based Activities (GPA) in Latin America hence contribute to GEF-IW Strategic Priority 2.

This proposal is wholly consistent with the WSSD mandate and the GEF-IW Strategic Objective 2 seeking to catalyze financial resources for implementing stress reduction measures and policy/legal/institutional reforms within the São Francisco River Basin, as well as GEF-IW Strategic Priority 3 which supports the demonstration of innovative approaches to Integrated Water Resources Management (IWRM) through balancing competing uses. Indeed, in this highly regulated basin, testing the effectiveness of artificial floods from reservoirs on the estuary and coastal zone is highly innovative and has high potential for replicability in similar basins worldwide.

D. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

The experience of the São Francisco River Basin project in empowering the water law and creating a Basin Committee, and the related experience in creating a Basin Agency, developing a water charging system, involving basin stakeholders in the decision making process as well as in planning and managing the land and water resources of the Basin, as proposed herein, can be used and adapted to other targeted basins within Brazil and elsewhere. Indeed, it is the stated purpose of the Government of Brazil to utilize this program as a model for future development of basin management programs in the other hydrographic basins of the country. The Basin Committee and its associated Basin Agency, to be created under the auspices of this project, will be key instruments in transferring their experiences both within and without the region through cooperation agreements. The results of the Project will be disseminated through governmental institutions, nongovernmental organizations, universities and other stakeholder entities participating in the activities. The experiences gained from this project, including all meaningful “lessons learned,” will be disseminated in the first instance through an international symposium to be held under the auspices of this project, and through the multi-media dissemination channels provided by ANA and other agencies and organizations.

The implementation of the Integrated System for the Management of Water Resources in the São Francisco River Basin and Its Coastal Zone (SIGRHI), as defined in the Strategic Action Program—including mechanisms for the control and reduction of contamination and pollution, operation of a management system for multiple use allocations of water resources, and control and mitigation of erosion and land degradation—will support the full implementation of the National Policy on Water Resources in the São Francisco River Basin and provide global benefit by reducing contaminant flows into the South West Atlantic Large Marine Ecosystem and the Brazil Current, preventing the degradation of the marine environment. Such an information, communication, and decision support system, to be implemented during this project, will constitute an important mechanism for disseminating and transferring experiences and designing best management practices (BMPs) for integrated water resources management. In addition, the information and communications elements of the SIGRHI will assist in the replication of the institutional arrangements, sustainable practices, technologies and methodologies developed under the auspices of this project.

The project will also continue to serve as a demonstration project for the implementation of the Global Programme of Action for the Protection of the Marine Environment from Land-based Activities (GPA) in Latin America. It will identify specific integrated water resources and coastal zone management strategies and serve as a test case for implementing the UNEP Integrated Coastal Area and River Basin Management (ICARM) conceptual framework and planning guidelines. The experience generated through this proposed project will be disseminated and replicated through the UNEP GPA and ICARM networks. In addition, lessons learned will be disseminated through the IW:LEARN network, to which the project website will continue to be linked, and through participation in the biennial knowledge and information sharing efforts convened by the GEF.

Project linkage to Implementing Agency program(s):

The 2002 World Summit on Sustainable Development (WSSD) emphasized water as a limiting resource for sustainable development, affecting not only the human populations and their economic activities but also the natural resource base underlying these economic activities and sustaining human life. For this reason, the Summit specifically called upon participants, in paragraph 26 of the Plan of Implementation, to develop integrated water resource management plans at the national and regional levels. To facilitate the preparation of such strategies, plans and programs, the Summit called upon governments and international agencies to support the development of integrated water resources management plans as a matter of urgency. Consequently, the GEF identified issues of water scarcity and competing use of water resources, especially those resulting from climatic fluctuations, as the strategic priority for International Waters. This proposal is wholly consistent with the WSSD mandate and the GEF-IW priorities, seeking to catalyze financial resources for implementing stress reduction measures and policy/legal/institutional reforms within the São Francisco River Basin.

These proposed actions are consistent with the UNEP programme of work that provides the framework for GEF project interventions and which is built on four main pillars:

- Environmental assessment, analysis and research;
- Development and demonstration of tools and methodologies for improving environmental management;

- Strengthening the enabling environment so that countries can more effectively implement commitments made as Parties to various environmental conventions; and
- Management of transboundary ecosystems, with the development of the GEF portfolio building on the experience gained through previous transboundary water projects that involved the formulation of Transboundary Diagnostic Analyses and Strategic Action Programs for a variety of freshwater basins and Large Marine Ecosystems (LMEs). Specific areas of intervention will include integrated land and water resources management in selected mega-basins in Latin America.

Further, the proposed actions are specifically in line with the principals of UNEP's Environmentally Sound Management of Inland Waters (EMINWA) integrated watershed management planning process and will continue to serve as a demonstration project for the implementation of the Global Programme of Action for the Protection of the Marine Environment from Land-based Activities (GPA) in Latin America.

UNEP has extensive experience as a GEF Implementing Agency for International Waters projects in the Latin America and Caribbean Region, including those in the Amazon River Basin, the la Plata River Basin, the São Francisco and Upper Paraguay River basins in Brasil, the San Juan River Basin in Costa Rica and Nicaragua, and the Bermejo River Basin in Bolivia and Argentina, having demonstrated considerable experience in watershed management.

This proposal continues the partnership with the GS/OAS in catalyzing an holistic approach to watershed management in Latin America and the Caribbean by developing the obvious synergy between the GEF-IW projects and the EMINWA approach.

E. DESCRIBE THE INCREMENTAL REASONING OF THE PROJECT:

Incremental cost reasoning

The Government of Brazil and the riparian state and municipal governmental units have committed significant resources to the management of the São Francisco River Basin. These investments are assumed to provide national benefits, which form the **baseline** condition in the Basin. As noted in the SAP, however, these allocations alone, as reflected in the Federal and State PPAs, are insufficient to fully implement the priority actions for the management of the São Francisco River and its coastal zone, as identified in the SAP and adopted in the Basin Plan. Consequently, additional resources are required. In this regard, the **funds requested from the GEF under this proposal are intended to catalyze further investments by donors and stakeholders** within and outside of the Basin. Without GEF participation, these additional investments would be extremely unlikely to materialize.

Under the **alternative** scenario, the Government of Brazil, the riparian state and municipal governmental units, and other participating parties defined herein, have committed substantial new funding to this project, both in the form of direct national appropriations for projects in Minas Gerais and those associated with the proposed inter-basin transfer scheme as well as the Hydroelectric Company for the São Francisco (CHESF). These governmental and nongovernmental entities have proposed counterpart contributions that represent a substantial percentage of the total funds required. Notwithstanding, these funds, in large part, are contingent upon the **incremental** financing requested from the GEF, and build upon the foundation of investment thus created. In this regard, the incremental investment by the GEF

will **catalyze an investment** of USD 2.94M in cash co-financing from CHESF alone; these funds are to be provided in support of the GEF-financed effort with the GEF participation providing a **validation** of the need for, and application of, these additional funds. Incremental GEF financing will promote **consideration of issues of global environmental concern**, within a strategic, sustainable development framework, focused on the coastal zone and South West Atlantic LME. These incremental contributions also will support the **implementation of recommended strategic actions** set forth in the SAP and embodied in the Basin Plan for the São Francisco River Basin, a critical element of which is the creation and operationalization of the Basin Agency as the executive arm of the Basin Committee. **Replication** of the Basin Committee-Basin Agency structure based upon the experienced gained in the São Francisco River Basin in the other hydrographic basins of Brasil, and **dissemination of the experiences and knowledge gained** to other countries and river basins and coastal zones will form an important incremental element of this MSP.

F. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED AND OUTLINE RISK MANAGEMENT MEASURES:

This proposed project, which implements recommendations set forth in the SAP, is designed to be highly instrumental in empowering the Brazilian Water Law. The Strategic Action Program (SAP) provided the framework within which the Brazilian National Basin Agency (ANA) and the São Francisco Basin Committee developed the Basin Plan, which is necessary for the full implementation and operationalization of the instruments of the National Policy on Water Resources in the São Francisco Basin and its coastal zone. Given this intimate linkage, it is **assumed** that there is sufficient basis and commitment for the implementation of this project.

At the same time, the SAP strengthened and consolidated the (then) recently-created Basin Committee by providing its first comprehensive agenda for the integrated, sustainable, and participative management of the Basin, and its environmental revitalization, in accordance with the provisions of the Brazilian Water Law. Furthermore, the process of SAP formulation and validation, based on the mobilization of the principal Basin stakeholders and the compatibilization of proposed investments within the Federal and State Pluri-annual Action Plans (PPA), culminated in an agreed and consolidated agenda for interventions within the São Francisco River Basin with an unprecedented integrated approach to Basin management and a strong social and institutional commitment for its full implementation. It is **assumed** that this commitment will continue.

The implementation of this proposed project coincides with the placement of the São Francisco River Basin at the top of the governmental agenda. The São Francisco River Basin is the pilot basin for the full implementation of the instruments of the National Policy on Water Resources (NPWR). It is **assumed** that this support will continue and that the experiences in the São Francisco River Basin will be replicated in the other hydrographic basins of Brasil.

During the SAP formulation, the level of public participation was exceptionally high. This level of participation provided stakeholders with a sense of ownership of the project. The extent and degree of community and stakeholder participation in the SAP formulation forged strong linkages between the project and the local and national communities. Hence, it is **assumed** that those same stakeholders, involved in the formulation of the SAP, will continue

to promote integrated water resources management under the leadership of the Basin Committee and Basin Agency through application of the financial resources allocated under the PPAs and generated through the Basin Agency.

The SAP has been adopted by the Basin Committee. The Government, through its water agency (ANA), the Basin Committee, and its multiple stakeholders are the real “owners” of the proposed project; hence, there is a high probability of long-term sustainability and a **low risk** inherent in the implementation of this project.

Major **impact indicators** applicable to this project include the following:

- an efficiently operating Basin Committee with sound inter-ministerial support and cooperation and an operational Basin Agency as the executive arm of the Basin Committee;
- strengthened national capacities for the conduct of integrated water resources and coastal zone management;
- agreed principles for the management of competing uses and resolution of inter-sectoral conflicts within a highly regulated river basin and its coastal zone; and,
- conduct of sustainable economic activities and continued access to water within local communities in the São Francisco River Basin and its coastal zone.

G. EXPLAIN HOW COST-EFFECTIVENESS IS REFLECTED IN THE PROJECT DESIGN:

Taking a holistic approach to the implementation of IWRM in a hydrographic basin has been shown to be a much more cost effective approach compared with undertaking these actions on an individual or state basis. Cost effectiveness is when dealing with IWRM at the basin level, optimizing both human and financial resources through consideration of the transboundary/trans-state dimensions of the issues to be addressed. Cost effectiveness can be maximized by avoiding "double counting," such as is often the case when implementing pollution abatement practices that meet minimum requirements in an upstream area, but which result in degraded conditions downstream that require increased treatment prior to use of the abstracted waters for other economic purposes. The IWRM approach to be adopted in this project overcomes the sectoral focus of traditional water resources management activities and actions, and, hence, addresses the need for consideration of both economic and ecologic outcomes in the management of the basin as a sustainable resources.

Further, this project will continue to be highly instrumental in empowering the Brazilian Water Law. Indeed, the TDA and SAP provided the framework for ANA and the São Francisco Basin Committee to develop the Basin Plan necessary for the full implementation and operationalization of the instruments of the National Policy on Water Resources in the São Francisco River Basin and its coastal zone. At the same time, the SAP strengthened and consolidated the recently-created Basin Committee by providing its first comprehensive agenda for the integrated, sustainable, and participative management of the Basin and its environmental revitalization, in accordance with the provisions of the Brazilian Water Law. Furthermore, the process of SAP formulation and validation, based on the mobilization of the major basin stakeholders and the compatibilization of proposed strategic actions with the Federal and State Pluriannual Action Plans (PPAs) related to the basin and its coastal zone, culminated in an agreed and consolidated common agenda, with associated budgetary allocations. This unprecedented integrated approach for the management of the São Francisco

River Basin underlies the strong social and institutional commitment for its full implementation.

The implementation of this proposed project is consistent with the continued placement of the São Francisco River Basin at the top of the governmental agenda. The São Francisco River Basin is being used as a pilot basin for the full implementation of the instruments of the National Policy on Water Resources (NPWR). To this end, the TDA and SAP were adopted by the Basin Committee.

A hallmark of the SAP formulation process was its exceptionally high level of public participation. This level of participation provided stakeholders with a sense of ownership for the project. The extent and degree of community and stakeholder participation in the SAP formulation project indeed forged strong linkages between the project and the local and national communities. Several seminars were organized with local, national and international participation. Presentations on the project were given in Brazil and overseas. Consequently, the Government through its National Water Agency, ANA, the Basin Committee, and its multiple stakeholders are the real “owners” of the proposed project leading to a high likelihood of long-term sustainability.

Beyond the resources currently allocated by the Federal and State governments, the creation of a fully equipped and operational Basin Agency collecting revenues from water charges, as proposed herein, will be a key element for the long-term sustainability of the São Francisco River Basin. The strong stakeholder commitment identified during the SAP formulation is indicative of the public support for the continuing allocation of public funds to this Basin through the Federal and State PPAs. Similarly, the formulation of a prioritized investment portfolio, as proposed herein, will seek to attract sufficient additional funding to meet the full cost of implementing the SAP, beyond that level able to be provided through the PPAs.

PART III: INSTITUTIONAL COORDINATION AND SUPPORT

A. PROJECT IMPLEMENTATION ARRANGEMENT:

All the proposed activities will be driven by a Project Steering Committee composed of representatives of ANA/MMA, as national Executing Agency; UNEP, as Implementing Agency of the GEF; GS/OAS, as the international Executing Organization and CHESF as main co-financier. Other GEF Implementing Agencies, as well as the President of the São Francisco River Basin Committee, will be informed of, and may participate in, meetings of the Steering Committee in an *ex officio* capacity.

The Steering Committee, at its first meeting to be convened at the earliest possible moment following project approval by the GEF and UNEP, will be chaired by the National Water Agency (ANA) of Brazil, who will nominate, in consultation with UNEP and the GS/OAS, amongst its staff a National Director in support of the Project. The Technical Coordinator for the project, to be contracted by the project will also be confirmed at this inaugural meeting of the Steering Committee. The Steering Committee also will agree on administrative and reporting procedures consistent with UNEP standards. The Steering Committee will determine a proposed concept of execution for the program of work outlined herein. This program of work will be elaborated by ANA, in consultation with UNEP and OAS, within two weeks after the Inaugural Steering Committee meeting and in any case prior to the implementation inauguration of project Components. Finally, the Steering Committee, at its

inaugural meeting, shall conduct any other such business as may be required to initiate project Components, and set a date for the second meeting of the Steering Committee.

Subsequent meetings of the Steering Committee shall be scheduled by the Steering Committee but shall be at least every six months during the project period. The activities of the Steering Committee will be supported by the ANA, with funds provided by GEF through its Implementing Agency. UNEP and GS/OAS will support project execution.

Activities will be based upon preparatory work and Terms of Reference agreed with and approved by ANA, and UNEP. ANA will coordinate field activities, as directed by the Steering Committee. The main Coordination activities will be directed from Brasilia, Brazil. All project activities will be conducted within the Basin by the various stakeholders under the auspices of the Basin Committee and subsequent Basin Agency.

ANA, as the institution responsible for the implementation of the National Water Resources Policy established by Law No. 9433, will be responsible for the basin wide cooperation and coordination of development activities related to water resources management in the Basin. With this background, ANA is the agency responsible for executing the project at the country level.

GS/OAS, due its partnership with UNEP in similar projects within the region, will act as Executing Organization and manager of the funds provided to the project by UNEP on behalf of GEF, consistent with UNEP financial reporting requirements.

The GS/OAS in consultation with UNEP will assign, from its core staff, as its institutional contribution to the project, an OAS staff to be responsible for undertaking in a timely fashion, all administrative measures that will permit ANA to promptly execute project activities. The designated OAS staff (International Coordinator/Project Manager) will liaise with UNEP (Division of the Global Environment Facility Coordination) on all technical, financial, and administrative regarding the project.

UNEP, as the GEF Implementing Agency of this project, will be responsible for overall project supervision to ensure consistency with GEF and UNEP policies and procedures, and will provide guidance on linkages with related UNEP- and GEF-funded activities as well as technical guidance on specific issues. UNEP also have the responsibility for regular liaison with the GS/OAS on substantive and administrative matters; assisting ANA; and participating in meetings and workshops as appropriate. The UNEP/GEF Division will provide assistance and advice to the GS/OAS in project management (e.g. revisions of work plans and budgets) and policy guidance in relation to GEF procedures, requirements and schedules.

The GS/OAS will be responsible for timely production of financial and progress reports to UNEP supported by ANA.

All project activities will be managed at the country level on a day-to-day basis by Project Coordination Unit composed of the Technical Coordinator supported by the proposed project (see above) and counterpart staff of the ANA.

The UNEP/GEF Division will be responsible for clearance and transmission of financial and progress reports on the relevant portions of the project to the Global Environment Facility Secretariat. UNEP/GEF retains responsibility for review and approval of all substantive and technical reports and products produced in accordance with the schedule of work.

PART IV: EXPLAIN THE ALIGNMENT OF PROJECT DESIGN WITH THE ORIGINAL

PIF: N/A

PART V: AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for CEO Endorsement.	
<i>Name & Signature</i> GEF Agency Coordinator	Project Contact Person: Isabelle van der Beck
Date: <i>(Month, Day, Year)</i>	Tel: +1-202-458-3772 Email: isabelle.vanderbeck@unep.org

ANNEX A: PROJECT RESULTS FRAMEWORK

OBJECTIVES	KEY INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS / RISKS
Development Objective: Advancement in the Integrated environmental management and economic and human development	<p>Reduction of past environmental liability (“environment passives”) vis a vis water resources.</p> <p>Indication of decreasing environmental costs</p> <p>Dynamics of marginal lagoons and their productivity.</p> <p>Increased erosion and sedimentation process of river banks and bed.</p> <p>Registered changes in river bed geomorphology.</p>	<p>Reports with frequency/periodicity in the flooding of marginal lagoons and its impacts</p> <p>A geo-referenced geodesic network</p> <p>Use of sediment transport models for the river, its mouth and adjacent costal zone</p>	<p>Leadership and political commitment from ANA and other federal and state government agencies.</p> <p>Effective public and stakeholder participation in decision-making is assured.</p> <p>Comprehensive negotiating process is conducted to overcome conflicts between local, regional, and inter-state interests in the management of the Basin water resources, seeking consensus for joint strategies.</p> <p>Sources of funding are earmarked to ensure the execution of the Basin Plans and most pressing priorities.</p>

OBJECTIVES	KEY INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS / RISKS
<p>Project Objective:</p> <p>To promote an integrated approach to the planning and management of the São Francisco River, its coastal zone, and its river basin, as well as to implement strategic remedial actions to protect the marine environment from land-based sources of pollution, integrating ecological and development and based on comprehensive coastal studies undertaken in this proposed MSP.</p> <p>Outcomes:</p> <ul style="list-style-type: none"> ▪ Improved River Basin and Coastal Zone environmental analysis; ▪ Sustainable Financing plan for the Basin; ▪ Improved inter-sectoral coordination and joint management of the Basin and Its Coastal Zone; and ▪ Improved organizational structure for the implementation of the Basin Plan ▪ Sharing of experience engendered 	<p>Manifestation of social willingness by the users in the adoption of water resources management instruments.</p> <p>Price definition for the different water uses, its socio-economic impacts and analysis of market prices versus user's willingness to pay.</p> <p>Identification of potential partners which can fund the implementation of the SAP and the Basin Plan, and the establishment of a governmental policy towards the Basin</p> <p>Documented and disseminated experience</p>	<p>Effective implementation of the Committee's decisions and implementation of the actions established under the SAP and Basin Plan</p> <p>Creation of a Basin Agency</p> <p>Report on the ICARM Brazilian experience in the São Francisco basin</p> <p>Symposium proceeding, technical papers and articles, multi-media transmission records</p>	<p>SFRB remains on the top governmental agenda for implementing the National Water Resources Policy in Brazil.</p> <p>Counterpart commitments are met.</p>

OBJECTIVES	KEY INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS / RISKS
Results by Activities			
Activity 1. <i>Preparing a comprehensive analysis of the coastal zone issues in support of the integrated river basin and coastal zone planning and management, including testing of artificial flood.</i>	<ul style="list-style-type: none"> •Ecological discharge models; •Calibrated artificial flood models; •Tests of artificial flood; and •Framework for the regularization of the lower São Francisco 	<p>Water level hourly oscillations measured at of the river mouth and measured impacts of the erosion on the margins of the river</p> <p>Analysis of the reduction in flooding of marginal lagoons, effects on the river bed and sediment loads as a consequence of regulation of the river.</p>	<p>The Government of Brazil, ANA and the basin constituency supports an integrated approach to drainage basin and coastal zone management as per the water law prerogatives.</p> <p>CHESF maintains their interest and technical and financial support to the project activities.</p>
Activity 2: <i>Establishing a Basin Agency for the implementation of a water-use regulatory system, including: (i) water rights concessions; (ii) water charges; and (iii) compensation mechanisms to municipalities.</i>	<ul style="list-style-type: none"> •Water users inventoried; •Framework for water supply and demand including flood control and flow regulation information; •Water charging system; and •Institutional arrangements for a fully operational Basin Agency agreed 	<p>Adoption by the users of the management instruments as established in the Water Law</p> <p>Reports re number of local water resources management institutions using management instruments and involved in the Basin Agency</p>	<p>SFRB remains on the top governmental agenda for implementing the National Water Resources Policy in Brazil.</p> <p>ANA and state water resources management bodies support the establishment of mechanisms and tools for water resources management in the interim period, until a system of water-use charges has been instituted.</p> <p>Negotiation and articulation with federal and state authorities, as well as water users, is successfully conducted.</p>
Activity 3. <i>Formulating an investment portfolio for the Basin Plan, including setting priorities for investment and identifying funding sources.</i>	<ul style="list-style-type: none"> •Inventory of prioritized actions •Portfolio of investments including pre-feasibility studies 	<p>SAP and Basin Plan implemented actions.</p> <p>Number of financing institutions involved in the financing of the different basin actions</p>	<p>The competent Brazilian bodies give priority to mobilizing financial resources, nationally and through international cooperation.</p> <p>Commitment and support from national and international agencies.</p>

OBJECTIVES	KEY INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS / RISKS
<p>Activity 4. Replication and dissemination of integrated, participative resource planning and management systems</p>	<ul style="list-style-type: none"> • Basin Committee with inter-sectoral participation • Specific integrated and coastal zone strategies for the São Francisco River Basin and its coastal zone • Institutional mapping system • Fully operational decision support system • Engendered SF experience dissemination and replication within Brazil and elsewhere 	<p>Number of local institutions actively participating in the Basin Committee and Basin Agency</p> <p>Changes in the institutional organization of the Basin regarding water resource management</p> <p>Adoption of specific integrated and coastal zone strategies for the São Francisco River Basin and its coastal zone</p> <p>Participation of the various basin institutions in the concession system.</p> <p>Definition of the charging parameters and implementation of the charging system.</p> <p>Development and use of monitoring system for institutions involved in the charging system.</p> <p>Records of shared experience within Brazil and elsewhere (Internet hits, scientific papers, symposium reports, Committee's meeting minutes,...)</p> <p>Participation in Experience sharing symposium</p>	<p>Articulation between programs of federal, state, and municipal bodies, basin committees, and other participants in the system is established on a regular basis.</p> <p>CHESF maintains their interest and technical and financial support to the project activities.</p>

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF)



GEF SECRETARIAT MEDIUM-SIZED PROJECT AGREEMENT REVIEW

Country/Region : Brazil

Project Title : Integrated Water Resources Management of the Sao Francisco River Basin and Its Coastal Zone

GEFSEC Project ID : 3128

Operational Program : 10

Implementing Agenc(ies) : UNEP

Anticipated project financing (\$ million) : PDF \$

GEF Project Allocation \$ 1.00

Total Project Cost : 5.84

Target CEO Approval Date : January 2007

Program Manager : Alfred M. Duda

IA Contact Person : Shafqat Kakakhel

Summary

The objective of the project is to strengthen the enabling environment for the implementation of the Strategic Action Program (SAP) to promote sustainable development in São Francisco basin and its coastal zone. The SAP identified priority actions to:

- (i) incorporate environmental variables into the development policies, plans and programs by fostering an integrated management vision of the basin, its natural resources and coastal zone, including the testing of an artificial flood from upstream dams to restore downstream floodplains;
- (ii) promote the establishment of the Basin Water Agency as the mechanism for regional articulation, coordination and public participation;
- (iii) implement programs, projects and actions that will prevent environmental degradation by alleviating poverty through sustainable economic development and stimulating the adoption of sustainable practices for managing natural resources through implementing the instruments of the National Policy for Water Resources (NPWR); and,
- (iv) facilitate the establishment of an integrated system of inter-sectoral resource planning and management for the São Francisco River Basin with respect to the delivery of contaminants from land-based sources to the coastal marine environment of the South West Atlantic Large Marine Ecosystem. This system will implement and foster the implementation of the Basin Plan on a permanent basis as a logical and natural extension of the SAP and integral element of its operation. The implementation of the SAP will help ANA to operationalize and implement adequate institutional, technical, legal, and financial instruments, as well as prevention and remediation policies, for integrated river basin and its coastal zone management.

Expected Outputs

August 15, 2007

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Project outcomes:

1. Improved river basin and coastal zone environmental analysis within the basin and its coastal zone
2. Improved public and stakeholder participation through hands on-type involvement of communities in the remedial measures
3. Improved inter-institutional participation on the establishment of priorities of actions and the corresponding investments in the São Francisco River Basin and its coastal zone
4. Implementation of the organizational structure --- a Basin Agency--needed to implement financial mechanisms for water rights and water charges, as provided for under federal law 9433/97, in the São Francisco River Basin.
5. Financial sustainability of programs and actions under the action program/Basin Plan

Comments :

Recommendations :

MSP Project Brief Review

1. COUNTRY OWNERSHIP

Country Eligibility:

Under para. 9(b) of GEF Instrument

Country Drivnness:

Country is supporting the project with high co-financing (1:4.5)

Endorsement :

yes

2. PROGRAM AND POLICY CONFORMITY

Program Designation and Conformity

Fits well with OP 10, the GPA demo component in that it takes a large basin and works to build the enabling environment to incorporate coastal issues into national basin management under the Brazil water law. A good demo effort, which will apply very innovative approaches to integrated management, and techniques.

8/10/07 (ad). This project was stuck in the last part of GEF 3 and was cleared for CEO posting, but was required to be resubmitted in new format with new budget information. The resubmission occurred July 19, 2007. The proposal, which was repipelined for 2007, fits nicely the new GEF 4 strategic program # 3 on balancing conflicting uses of water resources with operationalization of the Brazil water law, catalyzing operations of a basin agency, and demonstration of an artificial flood from a series of hydropower projects to test this method of re-wetting

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downstream coastal floodplains in need of additional flooding per the GPA for land-based activities. This may end up achieving a balancing of conflicting uses of the waters in the basin and at its mouth.

Project Design

Design seems suitable to achieve the outputs/outcomes.

Sustainability (including financial sustainability)

Outcomes include a Basin Agency for integrated management under the Brazil law, which would have water allocation/water charging authority that would contribute to sustainability---institutionally and financially. Another key outcome is the test of an artificial flood from upstream hydropower dams to test utility of reflooding floodplains downstream, which would hopefully be sustained if the test was positive.

Replicability:

Once demonstrated here under the new Brazil water law, this experience will be replicable to other Brazilian basins. Given the high level of country support to this project, replication is likely to occur. The rehabilitation of the coastal natural processes will also have a global replication potential.

Stakeholder Involvement:

Stakeholder involvement plan is available and will be followed in this MSP.

Monitoring and Evaluation:

M & E framework available in annex 2.

3. FINANCING

Financing Plan

Plan shows leverage of 1 GEF to 4.5 others, including contributions from national government and the energy generating company, CHESF. This is the highest co-financing ratio ever in a GEF IW MSP.

Management costs do not exceed 10%; only local consultancies are utilized; No international consultants.

One small mistake in addition on the first page should be fixed with a resubmission; additionally, UNEP, OAS and country co-financing still need confirmation letters.

Implementing Agency Fees

4. INSTITUTIONAL COORDINATION AND SUPPORT

Core Commitments and Linkages

linked to action program adopted earlier and to the implementation of the brazil water law.

Consultation, Coordination, Collaboration between IAs, and IAs and EAs, if appropriate

N/A

5. RESPONSE TO REVIEWS

Convention Secretariat

GEF Secretariat

incorporated suggestions made earlier in revised MSP that were sent by A. Merla and have resubmitted in the new MSP format with proper budget information.

Other IAs and RDBs

Review by expert from STAP Roster

GENERAL COMMENTS

(for records purpose only, not pre-conditions)

SUMMARY RECOMMENDATIONS BY PROGRAM MANAGER

PM recommends CEO approval for this highly innovative MSP, subject to revision recommended below.

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10.19.2006.

PM recommends CEO approval based on previous assessment and the present revision of the additional 9 criteria for re-pipelining that have been addressed in a satisfactory way, with expanding sections on replicability and Innovativeness of the MSP.

May 9, 2007 - The program manager has requested further modifications to the IC section and submission in new format. Would recommend CEP approval upon receipt of revised proposal.

8/10/07 (ad). This MSP was stuck in the last part of GEF 3 and was cleared for CEO posting, but was required to be resubmitted in new format with new budget information in GEF 4. The resubmission occurred July 19, 2007. The proposal, which was repipelined for 2007, fits nicely the new GEF 4 strategic program # 3 on balancing conflicting uses of water resources.

Revised proposal addresses GEF comments and includes the text in the new MSP format. One small mistake in addition seems to be included on the first page; additionally, UNEP, OAS and country co-financing confirmation letters are missing. PM recommends CEO approval of the MSP for posting and subsequent CEO endorsement following resubmittal of the MSP with correct numbers on the first page and confirmation letters for co-financing included.

FURTHER PROCESSING

The proposal would benefit from a revised - expanded section of replicability, that would include mention of the rehabilitation of the coastal area as a globally relevant outcome of the project. Financial resources should be explicitly earmarked for Replication Activities, including dissemination strategy, website, and IW LEARN links.

It is recommended to strengthen the section on Innovation, at point 7 of the GEF Project Review Criteria, to do justice to this highly innovative initiative.

8/10/07 (ad) revised MSP now ready in new format with budget material that was requested.

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Response from IA

As per the PM comments in the above review sheet, all comments raised by GEF Sec were taken into consideration and documents amended and refined accordingly. PM indeed cleared the document in August 2007.

ANNEX C: CONSULTANTS TO BE HIRED FOR THE PROJECT

<i>Position Titles</i>	<i>\$/ person week</i>	<i>Estimated person weeks</i>	<i>Tasks to be performed</i>
For Project Management			
Local			
Project Technical Coordinator	USD 1000/week [USD4000/m]	96 weeks [24 months]	The Technical Coordinator will coordinate the project day to day activities including the work of consultants, preparing their TORS, reviewing their products and interacting as a technical interface between the ANA, CHESF and the Basin Committee on the one hand and UNEP and OAS on the other hand.
International	N/A		
For Technical Assistance			
Local			
Consultant in support of Activity 1 (A1) – Expert in Ecological flow	USD 1000/week	32 weeks	Together with the CHESF led team of experts, the expert will define the TORs for the ecological discharge model which will define the minimum ecological flow in the lower Sao Francisco Basin
Consultant in support of Activity 1 (A1) – Expert in modeling	USD 1000/week	32 weeks	Together with the CHESF led team of experts and the Consultant on Ecological Flow, the model engineer will contribute to the design the ecological flow model.
Consultants in support of A2 + A3 – IWRM experts	USD 1000/week	20 weeks	Together with the ANA and the Basin Committee staff in support of the project, the consultants will prepare a documented framework for water supply and demand including food control and flow regulation information. The consultants will also document the appropriate institutional arrangements for a fully operational Basin agency and will prepare the technical part of the pre feasibility studies which will form part of the investment portfolio for SAP implementation.
Consultants in support of Activity of A2 + A3 - Economists	USD 1000/week	20 weeks	Together with the ANA and the Basin Committee staff in support of the project, the economists will

			prepare a documented water charging system. The consultants will also prepare a financial strategy including a compendium of financial sources of funding and protocols for accessing such funding in support of SAP implementation.
Consultant in support of Activity A4	USD 1000/week	28,000	Together with the ANA and the Basin Committee staff in support of the project, the system experts will design a comprehensive DSS in support of the integrated management of the Basin water resources to be hosted with the Basin Committee
International	N/A		

ANNEX D: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS –

N/A

- A. EXPLAIN IF THE PPG OBJECTIVE HAS BEEN ACHIEVED THROUGH THE PPG ACTIVITIES UNDERTAKEN.**
- B. DESCRIBE IF ANY FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION.**
- C. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES AND THEIR IMPLEMENTATION STATUS IN THE TABLE BELOW:**

<i>Project Preparation Activities Approved</i>	<i>Implementation Status</i>	<i>GEF Amount (\$)</i>				<i>Co-financing (\$)</i>
		<i>Amount Approved</i>	<i>Amount Spent To-date</i>	<i>Amount Committed</i>	<i>Uncommitted Amount*</i>	
	(Select)					
	(Select)					
	(Select)					
	(Select)					
	(Select)					
	(Select)					
	(Select)					
	(Select)					
Total						

* Uncommitted amount should be returned to the GEF Trust Fund. Please indicate expected date of refund transaction to Trustee.

List of Additional Annexes

- Annex 1: Summary SAP
- Annex 2: M&E framework
- Annex 3: Endorsement letter from Brazil
- Annex 4: CHESF contribution
- Annex 5: Co-financiers confirmation letter
- Annex 6: ANA in kind co-financing endorsement letter
- Annex 7: OAS in kind co-financing endorsement letter
- Annex 8: GEF Budget in UNEP format
- Annex 9: Co-financing budget in UNEP format

Annex 1

Strategic Action Programme for the Integrated Management of the São Francisco River Basin and its Coastal Zone.

The strategic action program for the integrated management of the São Francisco river basin and its coastal zone – sap- was the first program for the São Francisco basin to encompass the entire area, including the coastal zone, using an integrated approach to water resources management.

The sap formulation and validation process built on the comprehensive Diagnostic Analysis of the Basin and its coastal zone (DAB), which was prepared on the basis of information gathered and conclusions drawn from the 28 activities implemented in the São Francisco river basin and its coastal zone. These conclusions were discussed in detail with the technical and scientific communities, and with representatives of local stakeholders in the various parts of the basin, during the dab validation process.

The SAP encompasses two major components, focusing mainly on the strengthening of institutions and public participation, sustainable water-resources development, and environmental protection, along with the concept of social inclusion targeted at the population of the basin.

These two components are: (1) implementation of the integrated water resources management system for the basin and its coastal zone-SIRGHI, and (2) sustainable use of water resources and rehabilitation of the basin and of its coastal zone.

The first component encompasses priority strategic actions such as: strengthening of institutional articulation; implementation of the integrated basin management system institutional and technical instruments, training and public participation mechanisms; and social mobilization and environmental education.

The second component covers the following strategic actions: promotion of multiple water use; water, soil and biodiversity conservation; access to environmental sanitation and mitigation and adaptation measures in case of floods and droughts; and protection and sustainable use of groundwater.

The SAP has been further broken down into a number of activities related to each strategic action with these having been identified by a diverse array of stakeholders, including the federal government, states, municipalities, private institutions and NGOs, among others. As a result of the broad coordination and consultation process, the actions are also clearly linked to the components of the multi-year action plans (PPAs) prepared by the federal government and the states directly involved in the basin and its coastal zone, thus ensuring coherence with national planning and further implementation of the national water policy principles and instruments in the basin.

Defining the institutional framework needed to generate, sustain, and support the commitment to the actions indicated, and assessing the necessary financial, technical, and human resource requirements for implementing the program, hence the SAP provides stakeholders in the basin

and its coastal zone, the basin committee, and other interested parties with a ready reference document that defines strategic actions and guidelines for integrated overall management of water resources and revitalization of the basin. moreover, it orients studies and provides details for the formulation of projects and interventions so as to enable their evaluation within the framework of the basin plan. in this manner, the sap contributes to the consolidation of actions performed by the basin committee, providing it with a work agenda for the early years of its operation.

Annex 2

SÃO FRANCISCO MONITORING & EVALUATION FRAMEWORK

São Francisco MSP will be approaching M&E as the systematic and deliberate set-up of an integrated structure, processes and tools to support project management for continuous improvement of decision-making. The project will use the following management processes:

1. **Project Planning process:** the development of a formal, approved document used to guide execution and control
2. **Risk Management Process:** systematic identification, analysis and response to project risk. This process feeds into the Monitoring and Control process
3. **Monitoring and Control Process:** capture, analysis and report on project performance as compared to plan to manage change into the work plan
4. **Review Process:** identification of project's best practices and lessons learned which feed back into the planning process
5. **Internal Evaluation Process:** measurement and further identification of expected project results (outputs, outcomes, impact) indicators, involving the definition of appropriate standards.
6. **Independent Evaluation Process:** external analysis/assessment of the success of a project. Ideally, external evaluation takes place after the impact of a project has had a chance to be realized.

Overall, Monitoring and Evaluation (M&E) as an integral part of Project Management will seek to provide the means to monitor and evaluate progress and performance in all components of the Project, and achievement of its goals. The above processes will be clustered in two components: (1) Monitoring of progress; and (2) Evaluation of performance and achievement. While both components may use the same set of performance/achievement indicators, each use a different set of tools and processes. The Monitoring is characterized by a more frequent set of activities, providing for timely reviews and quick assessments. Often, decision-making lies on the Execution Coordinating Unit. The Evaluation, on the other hand, is performed at a predetermined number of times, and decision-making corresponds to the highest level, the Steering Committee of the Project.

Responsibilities for monitoring and evaluation are assigned to the various participating institutions –the National Executing Agency, the Brazilian National Basin Agency (ANA,) in coordination with other participating national institutions, such as the Hydro-Electrical Company for the São Francisco Basin (CHESF;) the GEF Implementing Agency, UNEP; and the International Executing Agency, GS/OAS; and different Project officers, according to their management functions and responsibilities. M&E is guided by the principles of accountability and transparency. These principles apply to both, institutions and individuals.

Monitoring and evaluating project execution requires a systematic collection and analysis of data, comparison with baseline data, and consideration of needed changes in the plan of operations, resources assignments, and the timetable. Graph #1 represents an outline of the major activities, tools and means to undertake the monitoring and evaluation of the Project.

For purposes of achievement, learning, measurement and accountability, São Francisco will follow the internal UNEP-GEF Monitoring and Evaluation approach and procedures as described below.

Graph #1. Major activities, tools and means

M&E PLAN COMPONENT/ ACTIVITY	FREQUENCY	SUPPORTING TOOLS			REPORTS/ OUTPUTS	
		UNEP M&E procedures and formats IMIS system	GS/OAS MIS (Oracle)	ANA's Project Management System (PMS)	Quarterly & Half-yearly Operational Report	Quarterly & Final Expenditure Statement
Monitoring						
Preparation of the Project Plan of Operations (PoP), Work-plans and Time-tables, and budgets	PoP: at the beginning of the Project Work-plans & Time-tables: Quarterly	X	X	X		
Preparation of Risk factor table	Risk Table at the beginning of the project with quarterly updates	X	X	X	X	
Preparation of the IW indicator table	Indicator Table at the beginning of the project with yearly updates	X			X	
Preparation of Progress Reports including risk analysis	Quarterly				X	X
Preparation of Expenditure Statements (including co-financing)	Quarterly	X	X	X	X	X
Preparation of counterpart contribution reports	Quarterly	X	X	X		X
On-site supervision of Projects activities	Monthly/half-yearly	X	X	X	X	

Meetings of the Basin Committee and Inter-ministry Committee	TBD					
Public Participation Workshops	TBD					
DDS/OAS Supervision Missions	Quarterly/half yearly	X	X	X		
Evaluation						
Meetings of the SC	Twice a year	X	X	X		
Mid-Term Review (MTR)	Once (1 st quarter after mid-term)	X	X	X		
Final Evaluation (FE)	Once (upon completion)	X	X	X		
Project Implementation Review (PIR) to the GEF – and Annual Self Evaluation Reports to UNEP	Once a year	X	X	X	X	X

Performance and Achievement Indicators measure progress in the execution of Project activities, and include procurement and production of goods and services, works and infrastructure, and use of resources –human and monetary resources. They also include specific measurable goals, as established by the set-forth outputs of the Project and milestones identified in the PoP and associated Time-table/Gantt. These indicators are then used to monitor the progress of Project execution, and assess the achievement of its goals and specific outputs. They are also used to evaluate performance. These indicators are found in the Log Frame, Annex 3.

Process Indicators are used to measure the effectiveness of the Basin Plan and the SAP and likelihood that these instruments achieve the environmental and global benefits sought. They measure progress in the institutional and policy reforms necessary to implement programmed actions –as proposed in the SAP, for addressing the issues identified in the TDA. While environmental-status indicators and stress-reduction indicators may not be measured during the life-time of the project, and until after a considerably long time has passed after actions have been taken, Process Indicators allow for assessing the likelihood of undertaking the proposed actions and achieve the sought outcomes. Nevertheless, given the nature of the actions included in this project, specifically those related to the implementation of Artificial Floods, *Stress-reduction Indicators* will be identified and a baseline developed as to monitor

and assess their impact on the functions of the coastal and marine ecosystems of the South Atlantic.

Unlike Performance and Achievement Indicators, *Process* and *Stress-reduction Indicators* will be established during the execution of the MSP as part of the Project activities and outputs. Nevertheless, in order to provide some guidance to the Project Management Team, below, Table #1 includes some preliminarily established indicators, along with parameters to be measured, their baseline values and means of verification. It is worth to note that the collection of the indicators and parameters selected do not require additional financial support, and data-collection and analysis systems are already available in ANA and partner institutions.

Table #1 summarizes the process and stress reduction indicators applicable to the project. Table #2, below, provides the responsibility assignment for all M&E tasks.

Table #1. Process and Stress-reduction Indicators

Indicator/ Description	Parameters measured	Baseline value	Means of Verification
Development Objective: <i>Recovery of ecosystem functions of the South Atlantic Coastal and Marine Zone</i>			
<p>Sediment loads at the river mouth during low or high tides</p> <p>Water quality assessment (physical, chemical and biological) in the estuary and coastal zone including a socio-economic impact.</p> <p>Space and time variability of the bio-ecological dynamics of native species of the river, estuary and marchlands, and interaction with the marginal lagoons</p>	<p>Sediment quantity at the river mouth and evolution of the river banks</p> <p>Population density of the existing species and number of identified species</p> <p>Number of new job positions created and fishermen's income evolution</p>	<p>Socio-economic and environment investigations done</p>	<p>Space and time variation of transported sediment</p> <p>Fish stock quantification and occurrence of invasive species</p> <p>Analysis of information and statistics provided by the fishermen's association</p>
<p>Purpose of the project: <i>To continue building the enabling environment for the implementation of the Strategic Action Program and associated Basin Plan in order to promote sustainable development in São Francisco basin and its coastal zone.</i></p> <p>Outcomes:</p> <p><i>Improved River Basin and Coastal Zone environmental analysis;</i></p> <p><i>Sustainable Financing plan for the Basin;</i></p> <p><i>Improved inter-sectoral coordination and joint management of the Basin and Its Coastal Zone; and</i></p> <p><i>Improved organizational structure for the implementation of the Basin Plan</i></p>	<p>Number of agreements and thematic and geographic coverage</p>	<p>To be established by the Project</p>	<p>To be identified based on existing monitoring and evaluation instruments/systems available in the Country</p>

Indicator/ Description	Parameters measured	Baseline value	Means of Verification
Creation of a Basin Agency and implementation of the management instruments established under the Water law 9433/97 Involvement of the local institutions responsible for water resource management in the Basin	Concession emitted and implemented payment collection system Consistency among the precepts of the Law 9 433/97 and effective application in the São Francisco River Basin	Socio-economic studies and investment plan for the basin	Number of emitted concessions and of cases of implemented payment collection Redistribution of social costs Relationship registered users/emitted concessions/implemented collections

Table #2. Responsibility Assignments

M&E COMPONENT/ ACTIVITY	RESPONSIBILITY ASSIGNMENT		MEANS OF ASSESSMENT/ MONITORING DATA SOURCE
	INSTITUTION/ AGENCY	PROJECT/ AGENCY OFFICER	
Monitoring Preparation of the Project Plan of Operations (PoP), Work-plans and Time-tables, budgets Risk and IW indicator tables	PROJECT MANAGEMENT UNIT/ ANA In consultation and with approval of UNEP-OAS	PROJECT MANAGER OAS Project manager and UNEP Task Manager	PROJECT DOCUMENT RESOLUTIONS OF THE STEERING COMMITTEE MEETINGS
Preparation of Progress Reports	PROJECT MANAGEMENT UNIT/ ANA In consultation and with approval of UNEP-OAS	PROJECT MANAGER OAS Project Manager and UNEP Task Manager	Management Project Unit's reports
Preparation of Expenditure Statements (including co-financing)	OAS	OAS Project Manager	OAS MIS (Oracle)
Preparation of counterpart contribution reports	PROJECT MANAGEMENT UNIT/ ANA OAS UNEP	PROJECT MANAGER (IN COORDINATION WITH PARTICIPATING NATIONAL INSTITUTIONS) OAS Project Manager UNEP Task Manager	ANA's Project Management System (PMS) OAS MIS (Oracle) UNEP IMIS system
On-site supervision of Project Activities	PROJECT MANAGEMENT UNIT	PROJECT MANAGER (IN COORDINATION WITH ANA'S PERSONNEL)	On-site data collection
Meetings of the Basin Committee and Inter-ministry Committee	BASIN COMMITTEE Project Manager/ANA as Secretariat of the Inter-ministry Committees	BASIN COMMITTEE OFFICERS PROJECT MANAGER	Minutes of the Meetings and documents of the Committees

M&E COMPONENT/ ACTIVITY	RESPONSIBILITY ASSIGNMENT		MEANS OF ASSESSMENT/ MONITORING DATA SOURCE
	INSTITUTION/ AGENCY	PROJECT/ AGENCY OFFICER	
Public Participation Workshops	PROJECT MANAGEMENT UNIT ANA	PROJECT MANAGER ANA'S OFFICERS	Minutes of the Meetings
DDS/OAS Supervision Missions	OAS	OAS Project Manager	On-site data collection Mission reports
UNEP-OAS supervision missions	UNEP-OAS	OAS Project Manager and UNEP Task Manager	On-site data collection Mission reports
Evaluation Meetings of the SC	PROJECT MANAGEMENT UNIT (acting as Secretariat of the Committee)	PROJECT MANAGER OAS Project Manager and UNEP Task Manager	Minutes of the meetings of the SC
Mid-Term Review (MTR)	UNEP in consultation with OAS, ANA, the project Management Unit, and participating institutions and stakeholders	Independent consultant	On-site data collection Consultant report
Final Evaluation (FE)	UNEP in consultation with GS/OAS, ANA, the project Management Unit, and participating institutions and stakeholders	Independent consultant	On-site data collection Consultant report
Project Implementation Review (PIR) to the GEF and SER to UNEP	UNEP - OAS with the assistance of ANA, and project Management Unit	UNEP Task Manager OAS Project Manager	On-site data collection PIR and SER reports

ENDORSEMENT LETTER FROM BRAZIL



MINISTRY OF PLANNING, BUDGET AND MANAGEMENT
SECRETARIAT OF INTERNATIONAL AFFAIRS
Esplanada dos Ministérios, Bloco K, 5º andar
70040-096 Brasília DF
Fone: (61) 429-4292 Fax: (61) 225-4022

Ofício nº 182 /2003/MP/SEAIN

Brasília, July, 01, 2004

Mr. AHMED DJOHLAF
Executive Coordinator
GEF Coordination Office
United Nations Environment Programme – UNEP
P.O Box 30552
Nairobi, Kenya

Subject: Project GEF – *"Development of tools to implement a Basin Land and water Management Plan for the Sao Francisco River Basin and its Coastal Zone"*

Dear Mr. Djoghlaif,

I would like to inform you that this Secretariat, in its capacity as GEF Operational Focal Point in Brazil, endorses the proposal *"Development of tools to implement a Basin Land and water Management Plan for the Sao Francisco River Basin and its Coastal Zone"*, in the amount of US\$ 2.705.000,00.

Sincerely,

CARLOS EDUARDO LAMPERT COSTA
GEF's Operational Focal Points

ISLR

MINISTÉRIO DO PLANEJAMENTO, ORÇAMENTO E GESTÃO
SECRETARIA DE RECURSOS INTERNACIONAIS
Esplanada dos Ministérios, Bloco K, 5º andar
CEP 70040-905 Brasília DF

FRANCISCA MENESES

Ponto Focal do GEF no MMA

Fax nº 317-1022

Data: 06/07/2004

De: LUIZ EDUARDO PEREIRA DE OLIVEIRA

Gestor Governamental - CGOS

Tel: (61) 429-4847

Fax Nº: (61) 225-4022

E-mail: luis.oliveira@planejamento.gov.br

Número de Páginas: esta + 1

Documento Nº. 1576

Assunto: Projeto GEF "Development of ~~-----~~plement a Basin Land and Water Management Plan for
the São Francisco River Basin and its Coastal Zone"

Prezada Sra,

Encontra-se em anexo o ofício de endosso do Projeto "Development of tools to implement a Basin Land and
Water Management Plan for the São Francisco River Basin and its Coastal Zone".

Atenciosamente,

LUIZ EDUARDO PEREIRA DE OLIVEIRA
Gestor Governamental

1.2/PO

ANALYSES OF PHYSICAL AND ANTHROPOLOGICAL CHANGES OBSERVED IN LOWER SÃO FRANCISCO RIVER, ITS MOUTH AND COASTAL ZONE

Companhia Hidroelectrica do São Francisco - CHESF contribution

1. Action TO IDENTIFY CHANGES IN THE MORPHOLOGY, SEDIMENTOLOGY, OCEANOGRAPHY AND ICHTHYOFAUNA OBSERVED IN THE SÃO FRANCISCO RIVER MOUTH, COASTAL ZONE AND CONTINENTAL PLATFORM	Period Months	US\$
Activities and Products		
1.1. To determine the total sediment discharge in the mouth and coastal zone as well as its relation with delta geomorphology and environmental control	18	1,000,000
<ul style="list-style-type: none"> • Evaluation and quantification of the several anthropogenic actions in São Francisco Basin and their consequences over sediment transport by São Francisco River. • Bathymetric maps of sediment distribution and granulometry deposited in the river mouth. • Temporal maps of deposited sediment showing migratory flow(s) and mobility interpretation as well as its relation with ocean current sediment flow dynamics. • Characterization of water quality in terms of physical, chemical, biological and mineralogical variables associated with transported sediments as well as local aquatic life and its socioeconomic impacts over the estuary and adjacent coastal zone. • Study of ocean currents, tide and wind regimes in the São Francisco mouth region as well as their influence on the mouth and adjacent coastal line. • Responses to the consequences caused by climate change and sea level changes over sediment transport dynamics in a tropical estuarine ecosystem, in its coastal zone and adjacent continental platform; identification of dynamic equilibrium conditions. • Identification of morphological, sedimentological and oceanographic changes in the São Francisco River mouth, coastal zone and adjacent continental platform. • Definition of role played by São Francisco River liquid discharges in sediment dispersion in its mouth. • Quantification of both sediment yielded from plant cover changes and sediments captured and non-captured by river dams, including simulations of natural hydro-sedimentological metric conditions. • Quantification of the several natural and non-natural factors influencing processes of erosion in the adjacent São Francisco mouth coastal line. • Reconstruction of evolution in São Francisco River Delta from upper Holocene to date, focusing on the past 500 years. 		
1.2. To carry out an inventory of Sub-medium and Lower São Francisco aquatic ecosystems and to monitor ichthyofauna, fisheries biology and statistics and aquatic macrophyte, limnological and water quality controls.	18	540,000
1.2.1. Inventory of Sub-medium São Francisco aquatic ecosystems		
<ul style="list-style-type: none"> • To carry out and inventory, characterise and systematically classify species belonging to several aquatic groups. • To carry out, inventory and characterise aquatic ecosystems in physical, chemical and biological terms, including riparian vegetation. • To map and characterise aquatic species reproduction and feeding sites. • To set up a biological collection of aquatic communities (benthos, nekton, plankton and aquatic macrophytes). • To set up bioindicator parameters to carry out environmental aquatic system monitoring. • To identify, georeference, map and characterise major ecological impacts in different aquatic and associated land ecosystems. • To propose procedures to mitigate and compensate impacts on aquatic ecosystems. 		
1.2.2. Ichthyofauna monitoring, fisheries biology and statistics		
<ul style="list-style-type: none"> • To assess ichthyofauna composition, considering migrating species and focusing on threatened, rare and commercial ones. • To assess baby fish dispersion belonging to ichthyoplankton throughout program's study area. • To list, characterise and georeference areas and determine productive and economic aspects of aquaculture enterprises. • To design and implement a fisheries statistics system, considering regional socioeconomic and environmental aspects. • To subsidise the Native Ichthyofauna Recovery Program in the region. • To carry out an inventory and characterise fishing practices, arts of fishing and boats used throughout program's study area. • To carry out feeding and reproduction studies about the ichthyofauna throughout program's study area. • To identify and map introduction, reproduction and feeding sites of exotic ichthyofauna. 		
1.2.3. Aquatic macrophyte monitoring and control		
<ul style="list-style-type: none"> • To identify and characterise meadows and macrophyte communities throughout program's study area. • To monitor meadows and macrophyte communities in terms of species diversity and biomass. • To propose management and environmental control procedures for meadows and macrophyte communities throughout 		

program's study area.

- To design a forecasting system to set future scenarios for macrophyte communities in program's study area.

1.2.4. Limnological and water quality monitoring

- To monitor water quality in program's study area based on physical, chemical and biological variables studies to support the São Francisco Basin environmental management.
- To assess sediment transport in program's study area and analyse its impact on water physical, chemical and biological characteristics.
- To monitor aquaculture areas in program's study area and analyse its impact on water quality.
- To monitor upstream and downstream lubricant oil and grease traces as far as dams are concerned.
- To resize the fish production capacity zoning in net-tanks in program's study area.
- To monitor sediment pesticide concentration in different spots in program's study area, considering land use practices around it.
- To propose to frame water from different aquatic ecosystems into a system determined by ANA – National Basin Agency's Water Quality Index.

Action 2. TO DETERMINE THE INFLUENCE OF SÃO FRANCISCO RIVER DISCHARGES AND ITS DISPERSION OVER THE CONTINENTAL PLATFORM ON COASTAL SYSTEM CHANGES			Period	
Activities and Products			Months	US\$
2.1. To define the minimum ecological discharge to be kept in São Francisco mouth in face of water regime changes			12	200,000
<ul style="list-style-type: none"> • Knowledge about the minimum ecological discharge to be kept, enabling the establishment of an ecological discharge regime, both necessary to maintain biodiversity and the equilibrium of environmental dynamics in São Francisco mouth. • Knowledge about implications of minimum ecological discharge value(s) to support multiple water use planning both as regards river water use and management of existing and planned dams. 				
2.2. Assessment of the need and viability to execute artificial floods to improve morphological and environmental conditions in riverbed.			18	1,000,000
<ul style="list-style-type: none"> • Analyses of existing dam operations in São Francisco River as regards natural and artificial floods. If the operation has succeeded in lowering the magnitude and frequency of natural floods, the following activities must be carried out: 				

Technical, economic and socio-environmental study

- Analyses of natural discharges' magnitude, period and frequency in Lower São Francisco before and after implementation of hydropower plants (1931-2005) in the rainy season (November to April).
- Identification of São Francisco River marginal lakes, floodplain and its tributaries from Xingó power plant to the river mouth.
- Register of human settlement and use in marginal lakes and small floodplains.
- Inventory of human constructions within small registered floodplains, focusing on hydraulic buildings (e.g. dikes, wall gates, channels), farmed land and other facilities which may be impacted by artificial floods and cause economic losses.
- Planaltimetric survey to determine extent of flooded area based on field information. Such areas must be defined by the São Francisco River water level quotas which correspond to different discharges obtained through artificial floods.
- Topo-bathymetric survey of São Francisco River sections coupled with IBGE quota to identify those quotas obtained at the beginning of floods.
- Characterisation of urban and rural land uses and their relation to the river quota.
- Identification and characterisation of governmental and private projects implemented in program's influence area and their relation to different river quotas.
- To carry out mathematical simulations of artificial floods in São Francisco River to determine its discharges and duration which yield water current speeds good enough for the **piracema** (when fish shoals go upstream to deposit their eggs) and to fill in marginal lakes (considering several alternatives with different number of lakes and filling levels in each of them).
- To analyse energy costs and potential legal ones for each alternative mentioned above.
- To develop computer program which uses a hydrodynamic model for discharge and level propagation from the Xingó power plant to the river mouth.
- To determine how artificial floods interfere and interact with enterprises within the influence area.
- To characterise how artificial floods interact with regional economic, social and environmental realities (identification and evaluation of economic and socio-environmental impacts).

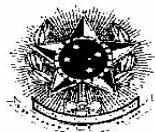
Artificial Flood Project, which must encompass every procedure to implement an artificial flood event, with determined discharges, duration, period and rationale as well as:

- Relevant contents set up for the Environmental Study described above.
- Implementation costs.
- List of institutions/representatives in charge of actions to implement the artificial flood.
- Preparation of local human populations to be impacted by the flood.
- Mitigation procedures to lessen the negative impacts and maximize the positive ones caused by the flood.
- Detailed timetable.

Flood Monitoring Plan, which must keep track of every situation before, during and after the flood (natural or artificial). The plan must describe procedures, include survey forms, detailed timetable and budget, list of organizations involved, equipment

and materials.

2.3. Identification of advantages and disadvantages to implement re-regularization dams in Lower São Francisco	18	200,000
<ul style="list-style-type: none"> • To identify potential agriculture irrigation projects which will use water from the dam to be implemented and quantify economic benefits brought about by the dam's implementation. • To identify potential hydroways from Xingó to the river mouth and quantify economic benefits brought about by the dam's implementation. • To identify potential tourist projects within the dam's region, as well as from the APM – Pão de Açúcar Multiple Use Dam to the river mouth, and quantify economic benefits brought about by the dam's implementation. • To identify potential fish farming from Xingó to the river mouth, including <i>onshore</i> or <i>offshore</i> shrimp farming, and quantify economic benefits brought about by the dam's implementation. • To assess the validity of licitation modelling to implement the APM Pão de Açúcar through PPP – Public-Private Partnership. • To assess the validity of APM's power generation concession being transferred to the Federal Government through ELETROBRAS/CHESF, considering new power plant's implications on Xingó. • To propose dam cost sharing criteria (major dam and spillway) among users, considering economic benefits they get, and aggregating generation circuit costs (water capture, conveyance systems and power house) to energy production investment values, which will be paid by the target consumer. • To identify advantages and disadvantages to implement re-regularization in APM Pão de Açúcar. 		



MINISTÉRIO DO PLANEJAMENTO, ORÇAMENTO E GESTÃO
Secretaria de Assuntos Internacionais
Esplanada dos Ministérios, Bloco K, 5º andar
Brasília – DF – CEP: 70040-906
Telefone: 3429-4463 - seain@planejamento.gov.br

Ofício nº 76 /2006-MP

Brasília, 29 de novembro de 2006.

Ao Senhor
OLIVIER DELEUZE
Coordenador Executivo
Escritório de Coordenação do GEF
Programa das Nações Unidas para o Meio Ambiente
P.O. Box 30552
Nairóbi - Quênia

Assunto: Projeto GEF – ***"Gerenciamento Integrado das Atividades Desenvolvidas em Terras na Bacia do São Francisco" – MSP***

Prezado Senhor,

Refiro-me ao projeto em epígrafe, endossado por este Ponto Focal por meio do Ofício nº 182/2004/MP/SEAIN, em 01 de julho de 2004.

2. Sobre o assunto, comunico a Vossa Senhoria que a CHESF - Companhia Hidrelétrica do Rio São Francisco manifestou ao Ministério do Meio Ambiente seu interesse em participar ativamente do projeto ***"Gerenciamento Integrado das Atividades Desenvolvidas em Terras na Bacia do São Francisco" (MSP)***, comprometendo-se em aportar recursos da ordem de US\$ 2,940,000.00, para os exercícios de 2006 e 2007.

3. Diante do exposto, informo que este Ponto Focal Operacional manifesta-se favorável à solicitação daquela Companhia.

Atenciosamente,

CARLOS EDUARDO LAMPÉRT COSTA
Ponto Focal Operacional do GEF no Brasil

ISLR

Rough translation:

Date: Brasilia 29 March 2006

From: Brasilia GEF Focal Point to UNEP/GEF

Re: São Francisco MSP

I am referring to the above mentioned project and the endorsement letter of the Brazilian focal point dated 01 July 2004.

I wish to let you know that CHESF, the Electrical Company of the São Francisco River informed the Ministry of Environment of its interest in participating actively in the São Francisco MSP and is committed to bring resources in the order of USD 2,940,000 for FY 2006-2007.

On the basis of the above, please note that the Brazilian Operational Focal Point is strongly supporting the offer from CHESF.

Regards.

Carlos Lampert
Brazilian GEF Operational Focal Point



AGÊNCIA NACIONAL DE ÁGUAS

Ofício nº 247/2007/AA – ANA
Documento: 00000.017643/2007



Brasília, 23 de agosto de 2007.

Mr Shafqat Kakakhel
O-i-C
Division GEF
United Nations Environment Programme
Nairobi – Kenya

Subject: Projeto Gerenciamento Integrado de Recursos Hídricos na Bacia do Rio São Francisco e na sua Zona Costeira (GEF)

Prezado Sr. Kakakhel

1. Informo Vossa Senhoria que a Agência Nacional de Águas endossa o **Projeto Gerenciamento Integrado de Recursos Hídricos na Bacia do Rio São Francisco e na sua Zona Costeira**, a ser financiado pelo GEF, e confirma sua contrapartida interna no valor equivalente a US\$190.000,00 (cento e noventa mil dólares norte-americanos), conforme demonstrado no documento anexo.

Atenciosamente.


JOSÉ MACHADO
Diretor-Presidente

Setor Policial - Área 5 - Quadra 3 - Bloco "B", "L" e "M" - Brasília-DF, CEP 70610-200 - telefone (61) 2109-5400 - Fax (61) 2109-5404 - imprensa@ana.gov.br

AP/ANA

PROJETO DE PORTE MÉDIO – MSP(ANA/GEF/PNUMA/OEA)

Contrapartida in-kind da ANA

1. DESPESAS DE PESSOAL DA ANA NA COORDENAÇÃO DO MSP SÃO FRANCISCO

1US\$= R\$ 2,00

PESSOAL	CARGO	CUSTO ANUAL (US\$)	TEMPO DEDICADO AO PROJETO (%)	DESPESA ANUAL (US\$)	DESPESA TOTAL EM 2 ANOS (US\$)
Paulo Varella Neto	Superintendente da SIP	50.000,00	20	10.000,00	20.000,00
Humberto Gonçalves	Superintendente Adjunto da SPR	50.000,00	30	15.000,00	30.000,00
Carlos Motta	Assessor Técnico da SIP	45.000,00	35	15.750,00	31.500,00
João Lotufo	Superintendente da SPR	50.000,00	15	7.500,00	15.000,00
Sérgio Soares	Gerente da SPR	45.000,00	15	6.750,00	13.500,00
Rodrigo Flecha	Superintendente da SAG	50.000,00	15	7.500,00	15.000,00
Rosana Garjuli	Superintendente Adjunto da SAG	45.000,00	15	6.750,00	13.500,00
Joaquim Gondim	Superintendente da SUM	50.000,00	15	7.500,00	15.000,00
Devanir Garcia	Gerente da SUM	45.000,00	15	6.750,00	13.500,00
Lidiane Barreto	Assistente Adm. Financeiro da SIP	18.000,00	40	7.200,00	14.400,00
TOTAL				90.700,00	181.400,00

2 - DESPESAS COM MATERIAIS E ESCRITÓRIO

DESPESAS	CUSTO UNITÁRIO (US\$)	QUANTIDADE	CUSTO EM 1 ANO (US\$)	CUSTO EM 2 ANOS (US\$)
2. Equipamentos				
Móveis de Escritório	50,00	4	200,00	400,00
Computadores	750,00	4	3.000,00	6.000,00
3. Insumos				
Papel	10,00	12	120,00	240,00
Toner	100,00	2	200,00	400,00
4. Gastos diversos				
Comunicações, conexão de internet, etc.	780,00	1	780,00	1.560,00
TOTAL			4.300,00	8.600,00
TOTAL GERAL			95.000,00	190.000,00

Resumo da Contrapartida in-kind da ANA	
	Despesa Total em 2 anos (US\$)
Despesas de Pessoal	181.400,00
Despesas com Material e Escritório	8.600,00
Total	190.000,00



Original version: Portuguese
(Unofficial translation)

Ofício nº

Brasilia, 23 August 2007.

Mr. Shafqat Kakakhel
O-i-C
GEF Division
United Nations Environment Programme
Nairobi – Kenya

Subject: Integrated Water Resources Management of the São Francisco River Basin and Its
Coastal Zone (GEF Project)

Dear Sir,

I would like to inform you that the National Water Agency - Brazil (ANA) endorses the ***Integrated Water Resources Management of the São Francisco River Basin and Its Coastal Zone Project (GEF Project)*** and confirms that it will provide in-kind resources in the amount of US\$ 190,000.00, as illustrated in attached document.

Sincerely,

JOSÉ MACHADO
Director President

Setor Policial, Área 5, Quadra 3, Bloco “M” – BrasíliaDF, CEP 70610200 – Telefone (61) 21095400 – Fax (61) 21095435



Organización de los Estados Americanos
 Organização dos Estados Americanos
 Organization des Etats Américains
 Organization of American States

FAX

Cover Sheet

Date: 8/23/2007

Code:

Recipient Information

To: Mr. Shafqat Kakakhel, Officer in Charge, UNEP/DGEF
 UNEP

Fax: (254-2) 0762-4041

Phone: (254-2) 62-4166

Sender Information

From: Scott Vaughan, Director, Department of Sustainable Development

Fax: (202) 458-3560

Phone: (202) 458-3013

General Information

of Pages: 1

CC: Isabelle Vanderbeck, UNEP Program Manager

Subject: Co-financing San Francisco Project

Comments:

Dear Mr. Kakakhel,

The Organization of American States, through the Department of Sustainable Development, fully endorses the Project GEF - Integrated Water Resources Management of the São Francisco River Basin and Its Coastal Zone, and is in a position to confirm the in-kind co-financing in the amount of the US\$ 50.000,00, subject to the internal approval of the project.



Organization of American States
 17th & Constitution Ave. N.W.
 Washington, D.C. 20006

ANNEX 8

RECONCILIATION BETWEEN GEF ACTIVITY BASED BUDGET AND UNEP BUDGET BY EXPENDITURE CODE (GEF FINANCE ONLY)

Project No:

Project Name: Sao Francisco IWRM

Executing Agency: GS/OAS

Source of funding (noting whether cash or in-kind):

GEF

(Preliminary budget breakdown subject to)

UNEP BUDGET LINE/OBJECT OF EXPENDITURE		LOCATION BY CALENDAR YEAR		
		Year 1 US\$	Year 2 US\$	Total US\$
10	PROJECT PERSONNEL COMPONENT			
1100	Project Personnel w/m (Show title/grade)			
1101	Technical Coordinator @USD 4000/m	48,000	48,000	96,000
1199	Sub-Total	48,000	48,000	96,000
1200	Consultants @ USD 4000/m on average (Give description of activity/service)			
1201	Ecological discharge specialists - A1	16,000	16,000	32,000
1202	Model engineers -A1	16,000	16,000	32,000
1203	IWRM experts - A2 + A3	12,000	8,000	20,000
1204	Economists - A2 + A3	12,000	8,000	20,000
1205	System experts - DSS - GIS - A4	16,000	12,000	28,000
1299	Sub-Total	72,000	60,000	132,000
1999	Component Total	120,000	108,000	228,000
20	SUB-CONTRACT COMPONENT			
2200	Sub-contracts (MoU's/LA's for non-profit supporting organizations)			
2201	Coastal Analysis/ecological discharge modeling	200,000	66,000	266,000
2202	Institutional arrangement - Basin Agency	100,000	30,000	130,000
2203	Investment portfolio	103,000	100,000	203,000
2204	ICARM	22,000		22,000
2205	DSS	10,000	10,000	20,000
2299	Sub-Total	435,000	206,000	641,000
2999	Component Total	435,000	206,000	641,000
30	TRAINING COMPONENT			
3200	Technical Workshops			
3201	International Dissemination Symposium		100,000	100,000
3299	Sub-Total		100,000	100,000
3999	Component Total	0	100,000	100,000
50	MISCELLANEOUS COMPONENT			
5500	Evaluation (consultants fees/travel/DSA, admin support, etc. internal projects)			
5501	MTE	5,000		5,000
5502	FE		15,000	15,000
5503	Monitring activities	5,500	5,500	11,000
5599	Sub-Total	5,000	15,000	31,000
5999	Component Total	5,000	15,000	31,000
TOTAL COSTS		560,000	429,000	1,000,000

Annex 9 – CHESF Budget breakdown in UNEP format

RECONCILIATION BETWEEN CHESF ACTIVITY BASED BUDGET AND UNEP BUDGET BY EXPENDITURE CODE (TOTAL GEF & COFINANCING)

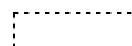
Project No:

Project Name: CHESF São Francisco (Lower and Coastal zone)/MSP São Francisco

Executing Agency: GS/OAS

Source of funding (noting whether cash or in-kind): CHESF

UNEP BUDGET LINE/OBJECT OF EXPENDITURE		Co-financing CHESF	Total
		Cash	
		US\$	US\$
10	PROJECT PERSONNEL COMPONENT		
1100	Project Personnel w/m		
	(Show title/grade)		
1101	Assistant Coordinator @USA 4,000	96.000	96.000
1199	Sub-Total	96.000	96.000
1200	Consultants @USD 4000/m		
	(Give description of activity/service)		
1201	Sediment Specialists	30.000	30.000
1202	Aquatic Ecosystem Specialists	30.000	30.000
1203	Water quality Specialists	50.000	50.000
1204	Model engineers	16.000	16.000
1205	Coastal System Specialists	30.000	30.000
1206	Hydrologists	60.000	60.000
1207	Economists	60.000	60.000
1299	Sub-Total	276.000	276.000
1300	Administrative support w/m		
	(Show title/grade)		
1301	Administrative Costs	147.000	147.000
1399	Sub-Total	147.000	147.000
1600	Travel on official business (above staff)		
1601	Travel on official business (above staff)	90.000	90.000
1699	Sub-Total	90.000	90.000
1999	Component Total	609.000	438.000
20	SUB-CONTRACT COMPONENT		
2200	Sub-contracts (MoU's/LA's for non-profit supporting organizations)		
2201	Sediment analysis	600.000	600.000
2202	Aquatic ecosystems inventory	116.000	116.000
2203	Ictyofauna Monitoring	116.000	116.000
2204	Aquatic vegetation Monitoring	100.000	100.000
2205	Limnology Monitoring	100.000	100.000
2206	Ecologic Flow Analysis	100.000	100.000



2207	Artificial Flow Viability	719.000	719.000
2208	Tourism, water way Studies	100.000	100.000
2209	Analysis of existing and future dam	150.000	150.000
2299	Sub-Total	2,101.000	2,282.000
2999	Component Total	2,101.000	2,101.000
30	TRAINING COMPONENT		
3200	Technical Workshops		
3201	Sediment Flow Workshops	25.000	25.000
3202	Ictyofauna aquatic vegetation and limnology WS	40.000	40.000
3203	Ecologic Flow Workshop	30.000	30.000
3204	Dams Analysis Workshops	35.000	35.000
3299	Sub-Total	130.000	130.000
3999	Component Total	130.000	130.000
40	EQUIPMENT & PREMISES COMPONENT		
4100	Expendable equipment (items under (\$1,500 each, for example))		
4101	Office supplies	5.000	5.000
4102	Library acquisitions	5.000	5.000
4103	Computer Software	5.000	5.000
4199	Total	15.000	15.000
4200	Non-expendable equipment (computers, office equip, etc)		
4201	Computers	10.000	10.000
4299	Sub-Total	10.000	10.000
4999	Component Total	25.000	25.000
50	MISCELLANEOUS COMPONENT		
5200	Reporting costs (publications, maps, newsletters, printing, etc)		
5201	Editing and printing of reports	40.000	40.000
5202	Video	15.000	15.000
5299	Sub-Total	55.000	55.000
5500	Evaluation (consultants fees/travel/ DSA, admin support, etc. internal projects)		
5501	Monitoring	20.000	20.000
5599	Sub-Total	20.000	20.000
5999	Component Total	75.000	75.000
TOTAL COSTS		2,940.000	2,940.000

