



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project
THE GEF TRUST FUND

Submission Date: October 15, 2007

Re-submission Date: 15 February 2008

PART I: PROJECT IDENTIFICATION

GEFSEC PROJECT ID¹: 3620

GEF AGENCY PROJECT ID: 4058

COUNTRY(IES): Azerbaijan, I.R.Iran, Kazakhstan, Russia, Turkmenistan

PROJECT TITLE: The Caspian Sea: Restoring Depleted Fisheries and Consolidation of a Permanent Regional Environmental Governance Framework

GEF AGENCY(IES): UNDP

OTHER EXECUTING PARTNERS: UNOPS

GEF FOCAL AREA (S): INTERNATIONAL WATERS

GEF-4 STRATEGIC PROGRAM(S): IW-SP 1

PROJECT FRAMEWORK (Expand table as necessary)

INDICATIVE CALENDAR	
Milestones	Expected Dates
Work Program (for FSP)	April 2008
CEO Endorsement/Approval	September 2008
GEF Agency Approval	September 2008
Implementation Start	October 2008
Mid-term Review (if planned)	April 2010
Implementation Completion	November 2011

Project Objective To support the littoral states' efforts to restore depleted fisheries in the Caspian Sea and to fully operationalize and make sustainable the Caspian Sea's regional environmental governance framework.

Project Components	Indicate whether Investm ent, TA, or STA**	Expected Outcomes	Expected Outputs	Indicative GEF Financing*		Indicative Co-financing*		Total (\$)
				(\$)	%	(\$)	%	
1. Ecosystem based management of aquatic bioresources.	See Outputs	a) Aquatic bioresources management practices/policies/c apacity improved /built through Ecosystem based Approach (EBA)	a) EBA oriented stock assessment and Optimum Sustainable Yield methodologies (STA)	2,725,000	8	31,200,000 (consistin g of \$ 27,850,000 from states, \$ 700,000 from EU, \$ 1,750,000 from private sector, \$ 400,000 from FAO, \$300,000 from WB, and \$200,000 from UNDP)	92	33,925,000
		b) Increased scientific knowledge on the environmental status of the sea including bioresources, habitats and productive dynamisms	b) Biodiversity and habitats mapped and modeled as EBA bioresources management tool, (TA, STA)					
		c) EBA oriented knowledge base decision making capacitated and promoted	c.1) Regional bioresources governance and capacity building for bioresources management (TA)					
			c.2) Environmental Monitoring Programme implemented,					

¹ Project ID number will be assigned initially by GEFSEC.

			harmonized environmental data and information QA/QC (TA, STA)					
		d) Invasive species introduction mitigated	d.1) Joint Action Plan with the Black Sea and Baltic Sea in partnership with Globallast to control IS traffic between the seas d.2) Implementation of Beroe release and to the Regional Monitoring Programme (TA, Invest)					
		e) Policies & measures to increase hatcheries efficiency identified, promoted and initiated	e) - Pilots to improve hatcheries efficiency including location consideration , pan-culture techniques, (TA, Invest)					
		f) Policies & measures to rehabilitate/ expand natural spawning grounds identified, promoted and implemented	f) Pilots to rehabilitate /expand natural spawning grounds, public awareness campaigns, (TA, Invest)					
		g) 1 - 2 Marine Protected Areas introduced /capacity strengthened	g) 1 to 2 MPA Management Plans designed and initiated (TA, Invest)					
		h) Local coastal communities livelihoods improved	h) Matched Small Grants Programme and grants programme (Invest)					
2. Strengthened Regional Environmental Governance	All TA and STA	a) Political and legal commitments to implementation of FC protocols functional Secretariat financed by littoral states; effective donor coordination; M&E used to guide basin wide actions	a) Insitutional support to the Convention Secretariat, developmenet of additional protocols to the Tehran Convention	1,550,000	43	2,050,000 consisting of \$1,050,000 from States, \$700,000 from EU and \$300,000 from UNDP	57	3,600,000
		b) Coordination and synergy with other Caspian projects and initiatives in particular those	b.1) Donor Coordination Group formed with clear TOR and mandate ; inviting major Ifs to SCM,					

		supported by GEF, EU, UN agencies, World Bank, EBRD and ADB	thematic partnerships formed					
			b.2) Partnership with private sector including a DABLAS type process /mechanism to promote identification and financing of investment projects in the region working closely with major Ifs including EU. WB. EBRD and ADB					
		c) Updated CAP and NCAPs supported by increased scientific knowledge /data and information. The CAP will be approved by Ministerial Resolution at the Convention COP. NCAPs., as integral elements for the implementation of the CAP, will be developed and implemented under the direct authority of the governments	c) Updated knowledge base and enforceable CAP and NCAPs developed , initiated, and monitored for enforcement					
		d) CAP/NCAPs implementation by states on target	d.1) Enhanced and effective inter-ministerial coordination					
			d.2) Effective regional M& E framework based on GEF 4 SP 1 Indicators towards improved compliance and enforcement of regionally agreed measures					
		e) Multi stakeholders awareness and support for CAP priorities	e) Support to NGO forum , public education and Friends of Caspian Network					

		f) Enhanced stakeholders access to information on the status of the Caspian Sea environment	f) Data/information sharing mechanism -Web- based Caspian Information Centre (CIC) incorporating environment status data to support the work of the Convention Secretariat					
3. Project management				425,000	12	3,000,000	88	3,425,000
Total project costs				4,700,000	11	36,250,000	89	40,950,000

* 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. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	Project Preparation*	Project	Agency Fee	Total
GEF	300,000	4,700,000	500,000	5,500,000
Co-financing	270,000	36,250,00	0	36,520,000
Total	570,000	40,950,000	500,000	42,020,000

* Please include the previously approved PDFs and planned request for new PPG, if any. Indicate the amount already approved as footnote here and if the GEF funding is from GEF-3.

C. INDICATIVE CO-FINANCING FOR THE PROJECT (including project preparation amount) BY SOURCE and BY NAME (in parenthesis) if available, (\$)

Sources of Co-financing	Type of Co-financing	Amount
Project Government Contribution	Unknown at this stage	32,170,000 (includes cash for Secretariat, budget expenditures, and in-kind)
GEF Agency(ies)	Grant	500,000 UNDP 300,000 World Bank
Bilateral Aid Agency(ies)	Grant	1,400,000 from EU
Multilateral Agency(ies)	Grant	400,000 form FAO
Private Sector	Grant	1,750,000 (multinational oil companies)
Total co-financing		36, 520,000

D. GEF RESOURCES REQUESTED BY FOCAL AREA(S), AGENCY (IES) SHARE AND COUNTRY(IES)*

GEF Agency	Focal Area	Country Name/ Global	(in \$)			
			Project Preparation	Project	Fee	Total
UNDP	IW	Regional	300,000	4,700,000	500,000	5,500,000
Total GEF Resources			300,000	4,700,000	500,000	5,500,000

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

PART II: PROJECT JUSTIFICATION

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

Summary:

1. The Caspian Environment Programme (CEP), with substantive support from GEF since 1998, has had three major achievements namely: conducting *knowledge-based analytical/diagnostic and policy development* work through the TDA/NCAP/SAP process; establishing a regional *environmental dialogue and governance mechanism* - Tehran Convention development and entry into force in 2006 and its Interim Secretariat; and *resource mobilization initiatives* encouraging considerable environmental investment by the littoral countries and modest investment by the private sector .

2. Building on these achievements the present project seeks to provide support to the littoral states' efforts *to halt the decline in bioresources and to restore depleted fisheries in the Caspian Sea, through the implementation of agreed actions defined in the Caspian SAP*, and to fully operationalize and *make the Caspian Sea's regional environmental governance mechanism sustainable*.

3. In line with the new GEF 4 IW SP 1, the major focus of the GEF involvement will be to assist the countries to agree on the political commitments made to ecosystem-based joint action on sustainable fisheries; introduce institutions and reforms to catalyze implementation of policies reducing over-fishing and benefiting communities. A multi-agency partnership will also be established to catalyze replication of innovations. The key outcomes sought under the project are: a) improved /built EBA based aquatic bioresources management; implemented policies & measures to increase hatcheries efficiency, rehabilitate expand natural spawning grounds and improved local coastal communities livelihoods and b) a functional Convention Secretariat owned and run effectively by the littoral countries including compliance with the TC and the associated protocols accompanied with effective donor coordination and engagement including a DABLAS type resource mobilization mechanism built on and supported with a Caspian Action Programme and National Action Plans updated, adopted at the COP and appropriate national levels and complied with.

4. The important indicator of the project success will be the establishment of the National Interministerial committees to ensure the participation of all responsible governmental structures in the SAP implementation on the national level. The use of the GEF tested methodology for TDA/SAP development will make sure the project is in compliance with the current GEF trends and it is encompassing lessons learned from the wider IW community. Finally, the use of GEF 4 IW Indicators by the M&E framework in the Caspian will allow to monitor impact of the project on the ground and establishment of the functioning Convention secretariat will ensure countries ownership of the process.

5. Based on the 2007 review and updating of the TDA, the four reconfirmed priority areas of concern for the Caspian environment are i) unsustainable use of bioresources; ii) threats to biodiversity, including those from invasive species; iii) marine and coastal pollution, in particular POPs and other PTS; and iv) unsustainable coastal area development, including groundwater impacts. The TDA Update and the contributing research and studies also indicate that the Sea is still not fully understood at least as far biodiversity and productivity dynamics are concerned and more work is needed to build an ecosystem based understanding of the complex interactions between factors such as biodiversity, bioresources, pollution, invasive species and habitats including benthic communities. In other words, while this project will focus on restoring depleted fisheries as a top priority issue in the Caspian, this needs to be undertaken in the broader context of sustainably managing the wider Caspian ecosystem. In line with SP1, the proposed project will concentrate on strategically targeted interventions to address the long-term decline in the Caspian's commercial bioresources. Catches of sturgeon, herrings, sprats and some other commercial fish have continued to decline in recent years. Official data indicate that the sturgeon catches have dropped from an average 13 thousands tons a year in the period from 1950-1960 to 3 thousands tons in 1996-1999 and to less than one thousand tons in 2004-2005. Factors contributing to the fishery decline include overfishing and poaching, loss of spawning habitat, impact of invasives, and perhaps pollution. The decline in the sturgeon, kilka and other species catches directly affect livelihoods and food security for the local people, as well as having broader socioeconomic impacts due to high value placed on these bioresources. The presence of persistent organic pollutants, in particular pesticides, are also a major source of concern, especially their accumulation in the long-living species – mollusks, seals, and sturgeons. This project targets some of these root causes inter alia through promoting the development and application

of protocols and ecosystem-based management approaches for bioresources. More broadly, the project will strengthen the region's institutional capacity for cooperative implementation of the SAP and NCAPs through support to the Interim Secretariat, effective donor coordination and stakeholder engagement, and practicable M&E using GEF IW Indicators framework (Process, Stress Reduction & Environmental Status). The project will monitor implementation of the CAP and the NCAPs and will assist the countries to revisit and update the CAP and the NCAPs in the last year of the project upon being satisfied of implementation progress. In this way the project will provide limited assistance to the states for the key initial regional actions under the Framework Convention which came into force in August, 2006. The latter assistance would be for a period of 12-18 months only, and will be phased out during implementation of the project as the Secretariat gains in experience and management capacity and becomes financially self-sustainable. The role and importance of the Caspian Sea region in the global energy and climate change debate is steadily increasing. Continuing environmental cooperation between the littoral states will not only help to manage the increasing anthropogenic pressure, including degradation of water quality and overexploitation of Caspian bioresources, but may also contribute to stability and security in the region and provide an impetus to tackle other regional challenges and problems.

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

6. The proposed GEF project would build on the growing national political commitment shown by the Caspian littoral states to engage in effective regional environmental cooperation. A major milestone was achieved with the entry into force of the Tehran Convention in 2006, and convening of the 1st Conference of Parties in May 2007. Significant progress has been made by all five states in NCAP implementation, including integration of the NCAPs into national development strategies and budget planning. Given the important competing development priorities and political sensitivities in the region, however, cooperation on transboundary environmental problems, including issues of global significance such as organic pollutants, shared bioresources, biodiversity and invasive species is not automatic. Continued GEF support will ensure that the GEF-catalyzed achievements of the past eight years will serve as the foundation for concerted national and regional actions to protect the unique biodiversity of the Caspian and ensure that coastal communities will still be able to rely on Caspian bioresources to support their livelihoods. The national and regional concerns regarding the status of the Caspian environment and the need to collaborate regionally and internationally to address these environmental challenges facing the Sea is well captured in Points 11 and 12 of the Caspian Presidents Tehran Declaration of October 2007 which states:

Point 11: The Parties, recognizing their responsibilities to the present and future generations to protect the Caspian Sea and the integrity of its environmental system, emphasize the importance of extending cooperation to address environmental issues including coordination of national policies to protect the environment and collaboration with the international environment protection organizations in order to establish a regional order to protect and maintain biological diversity and to wisely utilize, propagate and culture Bioresources.

The parties accept that the environmental conditions of the Caspian and its sturgeon stocks call for extended and speedy collaborative efforts to avoid undesirable environmental consequences. In this connection the parties will continue to establish priority legal-contractual basis which are required for the regional cooperation to protect the environment of the Caspian on the basis of the Caspian Legal Regime Convention.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH GEF STRATEGIES AND STRATEGIC PROGRAMS:

7. The project fits well with both strategic long-term objectives of the GEF International Waters (IW) focal area, i) to foster multi-state cooperation on priority transboundary water concerns, and ii) to catalyze transboundary action to address these concerns. Furthermore, the proposed project conforms with GEF-4 IW Strategic Programmes Restoring and Sustaining Coastal and Marine Fish Stocks and Associated Biological Diversity (Caspian Sea and associated river basins). The restoration of fish stocks represent an immediate response to the global environmental values defined under the CEP Transboundary Diagnostic Analysis (TDA)/SAP Environmental Quality Objectives (EQO).

D. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

8. Through support to the Convention Secretariat, the proposed project will provide an important coordination function to facilitate co-programming and information sharing among the large community of donors contributing to the region's strategic objectives for sound environmental and bioresources management, and will also support monitoring and evaluation to measure project impact and regional progress in meeting these objectives. Main

international partners contributing to the region's strategic objectives include the EU, FAO, the World Bank, and two major international oil companies. The proposed project will be closely coordinated with related GEF-funded initiatives in the wider Caspian, which may include a regional and/or national climate change adaptation projects, national POPs projects in Azerbaijan and Iran, a lower Volga biodiversity project, and a GEF Kazakhstan wetland conservation project. The project will also serve as the Caspian coordination node for global GEF initiatives including GloBallast and IW:LEARN. It is anticipated that close coordination will be established between this project and the proposed GEF IW project for the Kura-Aras, a major tributary to the southern Caspian. This coordination will allow the member countries to this project and to the Kura-Arax project to selectively engage in projects joint activities.

9. Furthermore, the project will work closely with the major IFIs in the region, in particular the WB and European Bank for Reconstruction and Development (EBRD) and the Asian Development Bank (ADB), to encourage countries to seek strategic investment partnerships in support of the SAP, NCAPs and/or Convention Action Plan implementation. During the project preparation there will be close coordination with the major IFIs to ensure that the project is in line with and complementary to the IFIs' country strategies. WB, EBRD and ADB have to various degrees been engaged in supporting environmental projects in the countries of the Caspian region. EBRD has an extensive portfolio of major water projects in the region including the Baku Water Project. EBRD also has a pipeline of waste water treatment projects worth 70 million euros identified for the Kura basin. Major IFIs will be invited onto the Steering Committee and other major regional events towards maintaining a continuous constructive dialogue.

10. The previous GEF CEP project in the region (1998-2007) was able to establish a good partnership with Private sector, especially with the international oil companies operating in the Caspian region, their support to the seal conservation activities was very instrumental and it is foreseen that the private sector will co-finance several activities of the present project, especially the one related to the sustainable bioresources management. Specific activities to be co-financed by the PS will be defined during the PPG implementation. In addition to engaging the oil and gas industry attempts will be made to encourage involvement by the private sector involved in dealing with fish trade, in-particular caviar trade.

11. The full-size project in conjunction with its sister projects in the wider Caspian, e.g. Kura-Aras, will work to create a mechanism similar to the Danube Black Task Force (DABLAS) for the whole Caspian Sea basin to encourage strategic investments in the environment and water sectors. The highly successful DABLAS which was set up in 2001 and provides a platform for cooperation between the countries, IFIs, bilateral donors and regional and international organizations and has been one of the driving forces behind GEF's highly successful Danube/Black Sea pollution reduction investment programme. The current CEPsAP and Kura projects have already begun approaching the EBRD and EU with a view to explore potential for the establishment of a Caspian Task Force and its linkage with CEP SAP implementation and the Kura-Aras SAP development.

12. During the project Implementation UNDP jointly with EBRD will initiate the development of a partnership type investment programme for the region, once TDA/SAP process have been strengthened and regional/country priority investment needs have been established.

E. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING:

13. Cooperation on fisheries management in the region is fraught with political sensitivities, and while other donors (FAO, WB) do contribute with some short-term technical assistance, it is critical that sustained attention be given through the Framework Convention process to help the states integrate fisheries recovery measures into an integrated ecosystem management approach for the Caspian. A GEF-supported project is key to achieving this goal. Without external support from GEF, it is unlikely that the littoral states will be able to reach agreement on practical measures for sustainable, ecosystem-based bioresources management. Also, while significant progress has been made by the States with the entry into force of the Framework Convention, continued support from GEF and the international community is needed to assist in the full operationalization and sustainability of a functional Secretariat for the FC. Without this active support it is likely that the momentum would be lost, and cooperative work on the broad program outlined the SAP would falter.

F. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MEASURES THAT WILL BE TAKEN:

14. The main risks to achievement of the project objectives relate to the excessive and unbalanced exploitation of the Caspian's natural resources which in the absence of mitigation measures can results in increased stress on the

Caspian environment. Risks also include institutional issues such as the challenge to promote a constructive dialogue between the regional and national bodies entrusted with the management of bioresources on one hand and the protection of the environment on the other hand. Insufficient organizational capacity to address the environmental issues on an ecosystem based approach is also a risk. The Framework Convention process, including planned support for ecosystem-based bioresources management instruments, is designed to mitigate the political and institutional risks. The project team will need to be prepared to adapt to changing circumstances if necessary. The establishment and smooth functioning of the permanent Framework Convention Secretariat presents several risks, including agreement by the states on its location and fulfillment of their funding commitments for Secretariat costs. These risks are mitigated through initial support to establish the Secretariat based on international best practice, with appropriate managerial and technical skills for coordination of the regional program. This support is time-bound to the initial period. Project through the TDA/SAP process will also assist the riparian countries to build management flexibility needed to adapt to the most severe climate change scenarios.

G. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:

15. Cost effectiveness data will be developed during project preparation through analysis of the updated NCAPs and a workshop to synthesize the results of a series of national studies on the Economics of Caspian Bioresources Utilization. It is expected that these data will inform the project design by providing specific baseline and target parameters, in particular for overutilization of bioresources, cost of groundwater pollution, losses from invasives, etc. It is anticipated that the proposed GEF IW project would prove highly effective in leveraging some \$37 m plus from donors and countries to implement measures that would abate the losses - noting that losses from invasive species on the Iranian side alone each year is estimated to be around \$ 20 million.

H. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY:

16. The GEF is viewed by the littoral states as a major international partner and leader in regional and transboundary environmental initiatives, in collaboration with the various UN agencies, IFIs and the EU. UNDP's strengths in governance and institutional strengthening, increasing public awareness, enhancing multi-stakeholder participation, and promoting demonstration projects will help support the region's efforts towards a more sustainable environmental framework. UNEP's strengths in preparing and supporting negotiations on legal and management frameworks will assist the region in achieving consensus on these issues. The continued support of GEF for the CEP and the resulting Convention process will ensure that momentum is maintained to optimize results of regional cooperation to address the key transboundary issues. UNDP-GEF has implemented a suite of projects that have resulted in the high-level adoption of 11 SAPS, of which seven are now under implementation with continued UNDP support. In addition to this, it has assisted in the creation or strengthening of 14 multi-country marine/coastal, river and lake basin Commissions, including establishment of the world's first two Large Marine Ecosystem Commissions in 2006 (Benguela Current & Guinea Current LMEs). Its efforts to achieve nutrient reduction goals have led to the establishment of the innovative Strategic Partnership with the World Bank, European Union and other partners on nutrient reduction in the Danube/Black Sea basin which has resulted measurable reductions of nutrient and other pollution loads. In addition to this, the merger of the UNDP-GEF IW cluster with UNDP's Water Governance Programme means that the agency is well positioned to provide support in integrated water resources management, and water supply and sanitation. Thus it can be stated that UNDP has established itself as one of the leading international organizations supporting the improved governance of transboundary waterbodies.


17. In addition to its extensive experience and results delivered for SAP implementation and regional institutional development projects of this type, UNDP also brings \$0.500 m. in co-finance to the project through its core funding to Khazar project in Turkmenistan as well as to environment oriented initiatives in all the five countries including "mechanism placed for management of international waters" in Azerbaijan; "tackling coastal pollution" in Iran, "increased capacity of the National Council of Sustainable Development", and "expanded cooperation with the private sector and other stakeholders in the area of natural resources management" in Kazakhstan, and support to environment as "major area of focus" in Russia.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S) OF IRAN, KAZAKHSTAN, RUSSIA AND TURKMENISTAN : (Please attach the country endorsement letter(s) or regional endorsement letter(s) with this template).

<i>Nurlan Iskakov , Minister, Ministry for Nature Protection , Kazakhstan</i>	<i>Date: October, 5, 2007</i>
<i>Igor Maydanov, Director of International Cooperation, Ministry of Natural resources , Russia</i>	<i>Date: October, 9, 2007</i>
<i>Mahtumkuli.Akmuradov, Minister, Ministry of nature Protection , Turkmenistan</i>	<i>Date: October, 10, 2007</i>
<i>Eshagh Alhabib, Director General , Ministry of Foreign Affairs, Iran</i>	<i>Date: October, 14, 2007</i>
<i>(Enter Name, Position, Ministry)</i>	<i>Date: (Month, day, year)</i>

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.	
 John Hough UNDP-GEF Deputy Executive Coordinator, a.i.	Vladimir Mamaev Project Contact Person
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