



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project

THE GEF TRUST FUND

Submission Date: 15 October 2007

Re-submission Date:

PART I: PROJECT IDENTIFICATION

GEFSEC PROJECT ID¹: 3521

GEF AGENCY PROJECT ID: 3797

COUNTRY(IES): Russia, Mongolia

PROJECT TITLE: Joint Actions to Reduce PTS and Nutrients Pollution in Lake Baikal through integrated basin management.

GEF AGENCY(IES): UNDP

OTHER EXECUTING PARTNER(S): UNOPS

GEF FOCAL AREA (S): International Waters

GEF-4 STRATEGIC PROGRAM(S): SO-1, SP-4

NAME OF PARENT PROGRAM/UMBRELLA PROJECT: N/A

INDICATIVE CALENDAR	
Milestones	Expected Dates
Work Program (for FSP)	April 2008
CEO Endorsement/Approval	February 2009
GEF Agency Approval	March 2009
Implementation Start	May 2009
Mid-term Review (if planned)	January 2011
Implementation Completion	April 2012

A. PROJECT FRAMEWORK (Expand table as necessary)

Project Objective: The development of a framework to reduce persistent toxic substances contamination and nutrient over-enrichment in the Baikal Lake Basin through a transboundary integrated water resource management regime.

Project Components	Indicate whether Investment, TA, or STA**	Expected Outcomes	Expected Outputs	Indicative GEF Financing*		Indicative Co-financing*		Total (\$)
				(\$)	%	(\$)	%	
1. Transboundary diagnostic analysis (TDA) for BLB	TA	Priority transboundary issues, root and immediate causes identified	TDA; Monitoring level of PTS and nutrients releases at demonstration sites	300,000	35.3	550,000	64.7	850,000
2. Development and endorsement of a Strategic Action Programme (SAP) including basin-wide Integrated Water Resources Management Plan (IWRMP)	TA	Multi-country agreement on legal, policy and institutional reforms to address priority transboundary issues with the focus on reducing levels of PTS and nutrients. Political and legal commitments made to utilize IWRM policies towards sustainable water use.	Ministerially endorsed SAP; IWRMP	232,000	34	450,000	66	682,000
3. Strengthening the regional cooperation mechanisms between Russia and Mongolia	TA	Institutions and reforms introduced to catalyze implementation of policies for basin-scale IWRM-	Effective bilateral cooperation mechanism; Regional cooperation and data sharing on PTS and nutrients monitoring	200,000	36.3	350,000	63.6	550,000
4. Building institutional capacities for the national level SAP implementation and promotion of integrated planning	TA	National institutions in Russia and Mongolia are equipped and committed to implement SAP. Enforcement of IWRM demonstrated by national	National capacities for IWRM; National capacities for monitoring PTS	500,000	26.3	1,400,000	73.7	1,900,000

¹ Project ID number will be assigned initially by GEFSEC.

and management framework for BLB		basin management agencies.	and nutrients contamination; functioning interministerial national committees.					
5. Demonstration of innovative IWRM techniques and sustainable approaches to BLB management	TA	Reduction of nutrient and PTS contamination from land based sources in 4 sites. Community partnerships demonstrated.	Nutrient reduction demos, PTS reduction demos, Replication strategies	950,000	29.2	2,300,000	70.8	3,250,000
6. Public awareness, consultation and coordination mechanisms for the successful SAP implementation, capture and transfer of knowledge and best practices	TA	Stakeholders at all levels fully aware and involved in Lake Baikal IWRM. Identification of best practices and replicable lessons in effective and sustainable IWR management that can be captured and disseminated through IW:LEARN.	SAP implementation supported by a constituency of stakeholders, The Project would specifically aim to deliver pertinent Knowledge Products to the IW:LEARN	185,000	48	200,000	52	385,000
7. Project management				263,000	30.8	590,000	69.2	853,000
Total project costs				2,630,000	31	5,840,000	69	8,470,000

* 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	120,000	2,630,000	275,000	3,025,000
Co-financing	140,000	5,840,000		5,980,000
Total	260,000	8,470,000	275,000	9,005,000

* 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	Cash and in-kind	5,430,000
GEF Agency(ies)	Cash and in-kind	200,000
Bilateral Aid Agency(ies)		
Multilateral Agency(ies)		
Private Sector	Cash	200,000
NGO	Cash	50,000
Others	Unknown at this stage	100,000
Total co-financing		5,980,000

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	Agency Fee	Total
UNDP	International Waters	Regional	120,000	2,630,000	275,000	3,025,000

		Russia, Mongolia				
Total GEF Resources			120,000	2,630,000	275,000	3,025,000

* 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:

Lake Baikal, situated in eastern Siberia on the Russian border with Mongolia, is the world's oldest (>25 million years old) and deepest lake (1,637 m). It contains 20 percent of the Earth's fresh surface water and supports a diverse and highly endemic flora and fauna. Although the lake is in Russia, the catchment around this vast freshwater reservoir (Baikal Lake Basin) is a transboundary resource extending over a 500,000 km² area shared between Russia and Mongolia, with over 300 rivers and streams. Ongoing pressure to expand the economy in both countries is driving the largely uncontrolled expansion of industrial, agricultural and urban developments within the watershed on both sides of the lake. These developments have increased the number and types of inputs and the release of nutrients and persistent toxic substances. While the lake waters remain relatively clean (due to mixing and the sheer volume of the lake) localized contamination and eutrophication events have reportedly increased, particularly within certain heavily impacted areas. Continuation of this pressure on the watershed has serious implications for the local indigenous population and the wildlife supported by this once pristine lacustrine ecosystem. In recognition of their shared responsibility for this preservation of this globally important ecosystem, the countries have attempted to establish joint monitoring and management programmes. The intention of the proposed Project is to assist the countries to revitalize these agreements, harmonize policies and facilitate the establishment of an effective transboundary integrated water resource management regime to reduce land-based sources of contamination and ensure the sustainable use of this vast, ancient and unique fresh water reservoir for the benefit of future generations.

The Baikal Lake Basin and the rich biological resources it hosts are of critical importance to both countries and to the indigenous peoples (Evenks and Buryats) whose origin and identity are highly connected with the lake. The lake supports more than 1,200 species of fauna and over 1,000 species of flora, 80 percent of which are endemic. Among these are the Baikal seal or Nerpa (*Phoca sibirica*) which is the only freshwater seal on earth, and a rare sub-species of the Omul fish (*Coregonus autumnalis migratorius*). In recognition of the global importance of the Baikal Lake Basin, the Selenga Delta, Lake Baikal's largest wetland area, was added to the RAMSAR list of international wetlands in 1994, and the lake and the adjoining Russian territory were declared a UNESCO World Natural Heritage Site in 1996. However, alongside the rich biodiversity found within the Baikal Lake Basin, the region also has a wealth of commercially important mineral deposits (e.g. gold, coal, oil and gas, rare metals) and these form the basis of a highly intensive mining industry in both Russia and Mongolia, and the expansion of associated industrial and urban developments that presently threaten this fragile ecosystem.

Over the past decade mining activities around the lake have grown rapidly, particularly in Mongolia. The most heavily mined region is in the Selenga River Basin, in north-eastern Mongolia. The Selenga River is the main input to Lake Baikal responsible for almost one-half of Baikal's water supply. Contaminants related to the use of inefficient and outdated mining technologies (e.g. cyanide, mercury, cadmium, lead, zinc, fluorine, chloride) are released into the river and pose a serious threat to the lake ecosystem. Other land-based activities that threaten the watershed include: municipal and industrial waste water from the major conurbations, steel works and wood works and pulp and paper mills. The agricultural sector in the Basin has also expanded and this result in the diffuse release of a range of substances (pesticides, fertilizers, fuel and oil). Coal powered plants generate air-borne pollutants that enter the system via precipitation processes. The cumulative impact of these land-based activities on the Lake Baikal Basin have increased levels of persistent toxic substances (PTS), including POPs, heavy metals and suspended solids, as well as nutrients (nitrogen and phosphorus) and pathogens (e.g. *E. coli*) in the lake's coastal areas. The effects of these contaminants on the ecosystem include eutrophication, population declines of freshwater fish populations, as well as those of the Baikal seal, which experienced massive mortalities between 1997 and 1999. Furthermore, the region's industrial activities and associated infrastructure have resulted in a drastic alteration of the riparian landscape in some areas, deforestation along the banks of the rivers and lake, impacting the associated terrestrial and aquatic fauna and flora².

² Brunello *et al*, 2004

The following major transboundary threats to the BLB were identified:

Loss of water quality due to land-based activities: Land-based activities within the Baikal Lake Basin are contributing towards the contamination of the lake through both point sources and non-point sources. The main activities that are contributing towards the pollution in the lake are municipal and industrial wastewater inputs and other activities such as mining, pulp and paper plants, agriculture, and coal-burning power plants. These activities release persistent toxic chemicals, including POPs, heavy metals and suspended solids, and biological pathogens (*E. coli*), and nutrients (nitrogen and phosphorus). The main source of pollution is the Selenga River Basin, which receives contaminated water via two major tributaries (Chikoy and Khilok rivers). Major pollution hot spots within the Selenga River Basin are associated mining operations, where often inefficient and outdated mining technologies result in the contamination of the local water systems. Mining activities include the gold and metal mines in the Dzhidinski District, along the tributaries of the Dzhida River (Zakamensk Rayon, Buryatia Republic), with gold operations by the Krasny Chikoi and the Menzhy River (Chita Oblast), the Priargunskiy Mining and Chemical Combine in Chita Oblast, and the Mongolian mining districts Zaamar, Boroo, Tolgoi and Naran-Tolgoi. There is also the open-cast coal mine in Selenginskii Rayon between the city of Gusienozerk and the Selenga River. Contaminants released from mining (e.g. cyanide, mercury, cadmium, lead, zinc, fluorine, chloride) pose a serious threat to the lake ecosystem as well as to human health. Other land-based activities that introduce contaminants to the Baikal Lake Basin include point source releases: municipal and industrial waste water from the major conurbations (e.g. Ulan-Ude, Selenginsk, Irkutsk and Ulaan Baator), steel works and wood works (e.g. Petrovsk-Zabaikalsky, and the Khiloksky and Krasnochikoysky districts) and pulp and paper mills (e.g. Selenginsk and Baikalsk).

Land degradation, removal and modification of critical riparian watershed habitats: The expansion of industrial activities and associated infrastructure within the Baikal Lake Basin have resulted in a drastic alteration of the riparian landscape in some areas, the removal of forested areas along the banks of rivers and around the lake. These activities have altered the flow dynamics of the watershed and the buffering and filtration capacity offered by these habitats. In addition the removal and modification of the habitats has associated impacts on terrestrial and aquatic fauna and flora.

A preliminary assessment of the root causes of these threats are:

- (i) Limited understanding of the major transboundary problems and concerns in Lake Baikal and its watershed: There is limited comparable environmental datasets for the two countries as Mongolian and Russian standards for collecting scientific environmental data are very different, making it difficult to merge data on transboundary waters. The TDA process will allow for essential assessment of existing datasets from both Russia and Mongolia, comparative analysis where possible, and identification of critical data gaps, and the major problems and priority issues;
- (ii) Lack of coordinated regional strategic planning for the mitigation of transboundary concerns: At present many of the policy related decisions for the Baikal Lake Basin are concerned with the lake itself, as opposed to the watershed and the majority of these are solely the concern of Russia (e.g. "Territorial Comprehensive Scheme for the Protection of Nature in the Area of Lake Baikal", 1989 and the Baikal Law, 1999, Baikal Commission established in 1993). The involvement of Mongolia in strategic plan for the management of the Baikal watershed is the key to successful governance. Particularly as the Selenga River Basin in Mongolia provides over 50 percent of fresh water, and possibly an equivalent level of pollutants. Expected economic growth in Mongolia, and the subsequent rise in pollution levels, could cause an increase in pressure between the two nations. Consequently, there is a need for a regional coordination mechanism and integrated management framework which allows both countries to coordinate through their respective Federal environment ministries in land-use, monitoring and restoration projects for the basin.
- (iii) Weak regional coordination mechanism and management framework for the mitigation of transboundary concerns: In 1995 Russia and Mongolia signed a Bilateral Agreement on the "Protection and Use of Transboundary Waters". The working group is still active and recently prepared a bilateral programme "Assessment of transboundary parts of Selenga river, its tributaries and risk for human health in Russia and Mongolia". However the implementation of this programme has been stalled. There is a need now to review and refresh this existing bilateral agreements and the establishment of a transboundary commission.

- (iv) Limited national capacity for integrated planning and management framework: In 1999, the Russians passed the Baikal Law, which is the first land-use law to be passed. The law identifies the key problems in the region, the maximum allowable levels of pollutants in some areas and three core zones. The Baikal Law also lacks specific definitions on how environmental standards should be achieved or the specific boundaries of the 3 cores zones; and a strong enforcement agency. The Baikal Commission was abandoned in 2000 and replaced by the Russian Federal Environmental Protection Agency for Baikal (*Baikalpriroda*), and then resumed again in 2007 by Government Order. Despite the importance of the Commission in the watershed management, financial and human capacities are reportedly variable and inadequate³.
- (v) Limited understanding of alternative sustainability mechanisms for BLB: The lack of secure financing for the Baikal Commission and for the bilateral arrangements between the Russia and Mongolia has been a major hindrance in the countries efforts to protect this vital watershed. Long term sustainability of management within the BLB will need innovative parallel fiscal and financial mechanisms. There is limited availability of information on cleaner environmentally sound technologies or involvement of the private sector in the management of their own waste. The formation of partnerships in developing sustainable financing, through generating incentive schemes, using polluter-pays principles, would provide replicable lessons. Indeed, these demonstrations could also capture and replicate other best practice examples from the GEF IW Portfolio, e.g. the TEST Project (Transfer of Environmentally Sound Technologies), where economics was used to demonstrate cost savings achievable through improvements in waste management.
- (vi) Limited involvement of public and stakeholder participation transboundary implementation.

These preliminary root causes will be further analyzed and addressed through directly related Outcomes as part of the proposed Full Project. The countries are now seeking GEF incremental funding to assist them in establishing and implementing the transboundary management structure and mechanism and to aid in effective capacity building and strengthening of institutes and personnel in order to ensure the long-term sustainability of these structures and mechanisms. The countries and their national/regional partners are prepared to commit substantial co-financing to the project development process, and to the long-term evolution and maintenance of the transboundary management regime, both directly to the regional body and through its national delivery mechanisms.

The project Objective is the reduction of nutrient over-enrichment and persistent toxic substances contamination from land based sources (industrial, agricultural and municipal) in the Baikal Lake Basin (BLB) through implementation of a transboundary integrated water resource management regime. To achieve this objective the Project will develop a nationally endorsed Strategic Action Programme, and an integrated water resource management plan, for the transboundary management of the Baikal Lake Basin between Russia and Mongolia and develop and implement demonstrations to test Integrated Water Resources Management strategies for innovative approaches to address the key concerns and reduce the environmental stress in the Baikal Lake Basin. The project will achieve this through the following **Activities**:

- Review existing data and understanding of the status and threats to the BLB to identify the major perceived problems and issues (MPPI), their root causes, and possible future interventions, through a Transboundary Diagnostics Analysis (TDA);
- Negotiation and national endorsement of a Strategic Action Programme (SAP) that includes a basin-wide Integrated Water Resources Management Plan (IWRM) to address the identified priority transboundary concerns;
- Strengthening the mechanisms for regional cooperation between the Russian Federation and Mongolia, through the review and revision of existing bilateral agreements and the establishment of a transboundary commission;
- Facilitate national level implementation by establishing inter-ministerial committees and identification of reforms necessary to develop an integrated planning and management framework (policy, legislation and compliance) to meet the commitments to manage the BLB;
- Identification and implementation of innovative demonstrations to test Integrated Water Resources Management strategies for innovative approaches to address the key concerns and reduce the environmental stress in the Baikal Lake Basin as well as sustainability mechanisms to support the long term management of the BLB to minimize and mitigate the negative impacts through co-financing and partnership agreements, and;

³ Brunello *et al*, 2004

- Improvement of public awareness, consultation, and coordination mechanisms across all stakeholders for the successful transboundary implementation of the SAP, and capture and transfer of knowledge products and best practices through GEF/IW:LEARN.

The Project will build upon the countries prior achievements and by the end of the project the integrated framework and strategic plans for the transboundary management of Baikal Lake Basin between Russia and Mongolia will be firmly established. The TDA process will secure bilateral agreement on the transboundary problems, priority issues and interventions that need to be addressed. The legal framework for the protection of the Baikal Lake Basin and commitments to the long term sustainable IWRM will be secured through the regional agreement. Regional mechanisms for coordination will be strengthened, through the possible establishment of a joint Commission. At the national level, the establishment of inter-ministerial committees will facilitate the harmonisation of development and environmental policies, and assist in the development of integrated planning and water resource management frameworks. The enhanced capacity and legal frameworks at national level activities will also catalyze the implementation of basin-scale IWRM. Improved public awareness and stakeholder involvement through consultation within the development of the strategic plans for the Baikal Lake Basin will increase participation and the long term success of the project. Transboundary waters institutions will be strengthened and financial and institutional sustainability.

These improvements achieved during the project will be monitored and verified at the ‘ground-level’ using an appropriate suite of indicators, including the following process indicators:

- TDA adopted by Project Steering Committee;
- Ministerially-agreed Strategic Action Programme and BLB IWRM plans adopted.
- Documentation of functioning national inter-ministry committees;
- National water resource and IWRM reforms/policies adopted;
- Regional/basin agreements and institutions strengthened;
- Stakeholder involvement plan and progress reports.

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

Several significant steps have been taken towards the protection of Baikal Lake and its watershed. Russian National Biodiversity Conservation Strategy and Action Plans include the Baikal Lake in the list of priority conservation hot spots. A special Federal Law “On protection of the Baikal Lake” was adopted in 1999 and revised in 2004. A large portion (33 %) of the lake is legally defined as a protected area. The 1989 “Territorial Comprehensive Scheme for the Protection of Nature in the Area of Lake Baikal”, allowed for the creation of a central protection zone around the lake and buffer zones in the watershed. In 1993, the Russians established the Baikal Commission to coordinate policies between the three sub-federal governments in the region. In 1999, the Baikal Law, identified the key land use problems, the maximum allowable levels of pollutants in some areas and three core zones. Despite this progress, the Commission has received inconsistent levels of support, and the legislation and enforcement capacity is weak. Progress towards initiating transboundary management of the basin has already had variable success. In 1995 Russia and Mongolia signed a Bilateral Agreement on the “Protection and Use of Transboundary Waters”. The working group for this agreement recently decided to extend the list of polluting substances to be monitored by both sides (e.g. heavy metals, oil products, mercury). The group prepared a bilateral programme "Assessment of transboundary parts of Selenga river, its tributaries and risk for human health in Russia and Mongolia", but the implementation of this programme has been stalled. The proposed project intends to revitalize the Baikal Commission that will result in an operational transboundary institutional framework for the implementation of the Bilateral Agreement. .

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

The Project is fully in line with both **GEF strategic objectives** but particularly SO-1 “To foster international, multi-state cooperation on priority transboundary waters concerns through more comprehensive, ecosystem-based approaches to management”, resulting in bilateral political commitments in support of the sustainable integrated management of the Baikal Lake Basin. The project will address the GEF strategic programme SP-4 (as outlined in the GEF strategy for 2007-2010) that aims Reducing Persistent Toxic Substances in the water basins. In compliance with the GEF focal area guidance, this will be achieved through the reduction of human and ecosystem health risks from PTS at demo sites; application of Integrated Water Resources Management (IWRM) policies and enhanced functioning of joint management institutions; and incorporation of pollution prevention strategies for PTS into private sector operations. The project will also address the emerging issue in the Lake Baikal that shows signs of eutrophication: decreased transparency and

increased concentrations of algae and nutrients, thus responding to **SP-2: nutrient over-enrichment from land-based pollution**.

D. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

In 1996, the GEF funded a \$20 million Russian Biodiversity Conservation Project, implemented by the World Bank. One of the distinct results of the project was development of the Lake Baikal Biodiversity Conservation Strategy. The Strategy provides an assessment of the state of Baikal biodiversity, political and institutional context and outlines recommendations for protection. The project was managed from Moscow and didn't create any permanent institutional structure in the BLB. The project will largely build upon the detailed assessment of the pressures on the Lake's watershed and barriers to its effective protection and on the lessons generated by the WB/GWEP project. In addition to the WB/GEF conservation project, there is a number of on-going national and international interventions targeting integrity of Baikal Lake ecosystem that this project will be coordinated with. During PPG the project will establish cooperation with on-going projects and institutions working in the BLB, including local NGOs and international/bilateral organizations. US Agency for International Development (USAID) recently funded an effort to promote low-impact tourism at Baikal by developing the "Great Baikal Trail". UNESCO World Heritage Committee regularly monitors the state of environment in the Baikal WHS. Above that, UNESCO is implementing a project on sustainable development education in the Baikal Lake basin aiming to create the Baikal world model territory for sustainable development. TACIS supported an initiative on sustainable land management in the Russian portion of the Baikal Basin. German bilateral assistance to Baikal conservation and monitoring programmes has had a long history. Baikal Economic Forum established in Russia in 2000 became a significant venue for provincial, national and international cooperation in economic and sustainable development projects including conservation initiatives. The proposed GEF project will establish linkages with the Forum to benefit from its outreach to business community and regional governments. In Mongolia, this project will be coordinated with the UNDP/GEF sustainable land management project under development in the areas of community land management.

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

It is well known that the sources of the pollution of the watershed and the lake are transboundary in nature, the past 14 year experience demonstrated the ineffectiveness of existing mechanisms to address this, and both states have not enough incentives for the clean up or undertake joint actions GEF assistance is necessary to play a catalytic role in the protection of these unique region. In 1996 Lake Baikal was added to the United Nations Educational, Scientific, and Cultural Organization (UNESCO) list of World Heritage Sites, citing Lake Baikal as "the most outstanding example of a freshwater ecosystem" (UNESCO, 1996). In addition, in 1994, Lake Baikal's largest wetland delta area, the Selenga, was listed on the RAMSAR international wetland list for its significant flora and fauna, as well as its important role in filtering pollution flowing into the lake. The outcomes of the proposed project will contribute to the protection and preservation of these globally significant areas, over 1,500 endemic species of fauna and flora. The preservation of the ecosystem's integrity will preserve the system for alternative livelihoods (e.g. development of the tourism industry, in particular eco-tourism), which is an important upcoming economic sector within the Baikal Basin. Besides helping to preserve globally significant biodiversity, the project will catalyze greater and more effective trans-boundary dialogue and cooperation in the Baikal Lake Basin. Value added from the GEF intervention will include introduction of effective basin management and strategic planning instruments such as SAP and IWRM accompanied with institutional capacity building to national and trans-boundary agencies.

In the absence of continued GEF support, the technical and political inter-sectoral networks established will not be formalized and their potential as instruments to direct reforms and investments within integrated water resources management approaches in the project area will not be realized. Despite the considerable baseline investments these will be implemented from a narrow sectoral perspective and without a regional, transboundary focus, thereby limiting opportunities for knowledge sharing, cross-fertilization of best practices and technologies, and IWRM approaches.

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:

Risk	Rating	Mitigation Strategy
Potential conflicts between participating countries	Low	The risk is assessed as low, considering the previous existence

over shared resources and their exploitation/management		of a bilateral agreement, and the strong intentions of both countries to make a bilateral framework functional and efficient.
Difficulties in amending national legislative acts and normatives	Low to medium	Foreseeing this risk, the Government of the Russian Federation has recently re-established an inter-agency governmental commission on Lake Baikal, which is to mitigate this risk and facilitate any reasonable solutions at national and international levels.

DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT: The catalytic role that GEF can play in TDA/SAP development cannot be overemphasized. In order to consolidate the sustainability of long-term, comprehensive commitments jointly agreed by both countries, the Project aims to provide support to build capacity and institutional strengthening for a coordinated management regime of the shared water basin. The Baikal Lake Watershed project will enable a diverse range of key institutions in both countries, to come together in order to coordinate, exchange, and harmonize cross-sectoral/ministerial actions to provide for ecosystem based management approaches for the basin.

During the PPG a qualitative cost effectiveness analysis will assess the range of alternatives that are available to strengthen national capacities and international cooperation for the conservation and management of regional important Baikal Lake Watershed.

It is anticipated that the proposed GEF IW project would prove highly effective in leveraging some \$3m plus from national budgets.

G. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY:

Within UNDP's Effective water governance area over 80 programme countries have water projects, with a total portfolio value of over \$300 million. In terms of international advocacy, UNDP has championed the global water crisis and stressed the importance of water for life and water for livelihoods in its 2006 *Human Development Report* titled "*Beyond scarcity: Power, poverty and the global water crisis*". UNDP's priorities within this area include:

- Improving national and local water resources management for poverty reduction and sustainable development
- Increasing access to adequate and safe water supply and sustainable sanitation for the poor
- Promoting cooperation on shared water resources and global water challenges
- Gender mainstreaming in water governance
- Capacity development for Integrated Water Resources Management (IWRM)

In accordance with the GEF Agencies Comparative Advantages paper, UNDP will build upon its comparative advantages in capacity building and technical assistance to support beneficiary governments in the project development and implementation, specifically in the areas of integrated policy development, institutional strengthening and community participation.

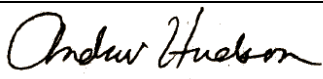
PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):

(Please attach the [country endorsement letter\(s\)](#) or [regional endorsement letter\(s\)](#) with this template).

Igor Maydanov, Director of Department of International Cooperation, Ministry of Natural Resources of Russian Federation	Date: October, 1, 2007
A. Enkhbat, Director Sustainable Development and Strategic Planning Department, Ministry of Nature and Environment of Mongolia	Date: <i>October 12, 2007</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.	
 Andrew Hudson UNDP-GEF Officer-in-Charge	Vladimir Mamaev Project Contact Person
Date: 15 October 2007	Tel. and Email:vladimir.mamaev@undp.org