



**PROJECT TYPE: FULL SIZED PROJECT
THE GEF TRUST FUND**

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Date of submission: 15 October 2007
Re-submission Date: 1 February 2008
Re-submission Date: 22 May 2008

PART I: PROJECT IDENTIFICATION

GEFSEC PROJECT ID¹: 1375
GEF AGENCY PROJECT ID: 2272
COUNTRY(IES): Armenia, Azerbaijan and Georgia
PROJECT TITLE: Reducing Transboundary Degradation in the Kura-Aras basin
GEF AGENCY(IES): UNDP
OTHER EXECUTING PARTNERS: UNOPS
GEF FOCAL AREAS: International Waters
GEF-4 STRATEGIC PROGRAM(S): IW SP3: Balancing overuse and conflicting uses of water resources in transboundary surface and groundwater basins

INDICATIVE CALENDAR	
Milestones	Dates
Work Program (for Full-sized Projects)	June 2008
CEO Endorsement/Approval	August 2008
GEF Agency Approval	October 2008
Implementation Start	November 2008
Mid-term Review	April 2010
Implementation Completion	November 2011

A. PROJECT FRAMEWORK (Expand table as necessary)

Project Objective: To create an enabling framework for the long-term, sustainable integrated management of the Kura-Aras River Basin following IWRM principles and avoid overuse and conflicting uses of water resources.								
Project Components	Indicate whether Investment or TA	Expected Outcomes	Expected Outputs	Indicative GEF Financing*		Indicative Co-financing*		Total (\$ mil)
				(\$ mil)	%	(\$ mil)	%	
1. Institutional strengthening of Kura-Aras Environmental Programme	TA	KAEP established to coordinate initiatives, national institutions and donors to effectively promote the implementation of IWRM principles in the basin.	1.1. GIS-based Information Management System and project website (with IW:LEARN support) created 1.2 KAEP Institutional Arrangements agreed 1.3. Integrated multi-partner work plan agreed. 1.4. Technical Working Groups established 1.5 Interministerial committees established and functioning in all countries	250,000	16	1,300,000	84	1,550,000
2. Completion of Transboundary Diagnostic Analysis	TA, STA	Transboundary issues and causes more fully understood through additional analyses and the resulting more comprehensive TDA	2.1 Information gaps filled for the TDA (water quantity, hydrological flow data, land-based source of pollution, etc.) 2.2 Environmental and Water Resources Status baseline established to inform TDA process and long-term SAP M&E, to be carried out in close coordination with EU Tacis	450,000	12	3,450,000	88	3,900,000

¹ Project ID number will be assigned initially by GEFSEC.

			Kura-Aras project. 2.3 Final TB issues prioritized and immediate and root causes identified 2.4. Final TDA revised and updated 2.5. Final TDA widely disseminated					
3. Preparation of the Strategic Action Programme (SAP) and national IWRM plans/NAPs	TA	Regional and national policy, legal and institutional frameworks in place to address agreed priority transboundary issues using IWRM approach; Sustainable financial arrangements agreed for SAP implementation.	3.1. SAP formulated and endorsed, at ministerial level 3.2 National IWRM plans formulated and endorsed in Az and Ge and implementation of key elements of IWRM plan in Armenia. 3.3 M&E framework developed for SAP implementation which incorporates GEF IW Indicators framework (P, SR, ES) 3.2. Donor conference held to mobilize resources for SAP and IWRM implementation	1,000,000	27	2,700,000	73	3,700,000
4. Basin wide stakeholder involvement activities	TA	Stakeholder involvement in project activities ensured; Public awareness raised on transboundary issues in the basin	4.1 Support to the Kura-Aras NGO and Stakeholder forums 4.2. Targeted awareness raising and education activities	200,000	29	500,000	71	700,000
5. Conflicting water use demonstrations	TA	Reduced risk of water-related conflict through pilot demonstrations. Reduction of human and ecosystem health risks from PTS and other pollutants at selected demo sites.	5.1 Pilot demonstrations Setting of ecological flows at key locations in the Kura-Aras basin to establish bounds for water resource development. Introduction of cleaner production approaches at key industrial manufacturing hotspots in Yerevan, and mining hotspots in the Syunik province of Armenia, to be linked to strengthened regulatory framework.	740,000	33	1,500,000	67	2240,000
6. Project management				260,000	22	900,000	78	1,160,000
Total project costs				2,900,000	28	10,350,000	72	13,640,000

* List the dollar amount by project components.

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

	Project Preparation	Project	Agency Fee	Total
GEF Grant	723,328*	2,900,000	362,000	3,985,328
Co-financing	864,427	10,350,000		11,214,427
Total	1,587,755	13,250,000	362,000	15,199,755

*PDF-B FROM GEF 3 RESOURCES

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE (\$), IF AVAILABLE

Co-financing Source	Cash	In-kind	Total
Project Government Contribution	500,000	600,000	1,100,000
Bilateral Aid Agency(ies)	1,500,000	0	1,500,000
Multilateral Agency(ies)	7,750,000	0	7,750,000
Total co-financing	9,750,000	600,000	10,350,000

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	723,328	2,900,000	362,000	3,985,328
Total GEF Resources			723,328	2,900,000	362,000	3,985,328

PART II: PROJECT JUSTIFICATION

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

1. Summary: Through the TDA process the countries have identified the major transboundary issues in the Kura-Aras basin to be: variation and reduction of hydrological flow; deterioration of water quality; ecosystem degradation in the river basin; and increased flooding and bank erosion. All these issues are forecast to be exacerbated under IPCC climate change scenarios for the region. The final TDA will take into account key gap filling activities to be undertaken as part of this project and the EU funded Kura-Aras Regional Project, due to commence summer 2008. A key activity informing both the TDA and the SAP will be the establishment of ecological flows at key locations in the basin. This work will be undertaken as a pilot project determining a agreed regional methodology which will account for the needs of anadromous fish populations and set the bounds development in the Kura-Aras basin.
2. To address these issues the proposed *long-term* objective of this project is to create an enabling framework for the long-term, sustainable integrated management of the Kura-Aras River Basin following IWRM principles. In line with GEF SP3, a major focus of the project GEF involvement will be to assist the countries to avoid the overuse and conflicting uses of water resources. During project implementation political and legal commitments will be made to utilize IWRM policies towards sustainable water use (component 2 and 3). Institutions and reforms will be introduced to catalyze implementation of policies for basin-scale IWRM and increased water use efficiency in the basin (component 1 and 5). Communities in all countries will benefit from access to water-related benefits in tests of innovative demonstrations of balancing water uses (component 4 and 5). The SAP development will be closely linked to national IWRM plans, which, because of the extensive basin coverage in all three countries will replace the customary National Action Plan. This will allow the greater harmonization and develop strengthened country ownership of both the NAP and SAP by raising the political profile.

3. During the implementation the project will seek political and legal commitments by the participating countries to utilize IWRM policies towards sustainable water use. The project will support national institutions and reforms to catalyze implementation of policies for basin-scale IWRM and increased water use efficiency in the Kura-Aras basin. By the end of the project the local communities will benefit from access to water-related benefits in tests of innovative demonstrations of balancing water uses in selected areas of the basin.
4. The establishment of the National Interministerial committees during the implementation of the project will ensure full buy in of related governmental structures in the SAP and IWRM 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 Kura-Aras basin will allow to monitor impact of the project on the ground.
5. The project in conjunction with its sister project the Caspian Environment Programme (CEP) will work with EBRD and the EU to create a mechanism similar to the Danube Black Task Force (DABLAS) to encourage strategic investments in the environment and water sectors in the Caspian basin. The project will also contribute to the establishment of permanent legal and management frameworks in the Kura-Aras basin jointly with a number of parallel initiatives led by the EU, UNDP and UNEP.
6. Subsequent implementation of the SAP will be coordinated under the Kura-Aras Environmental Programme (KAEP) and any future secretariat and will be monitored by the participating states using the M&E framework, including a set of agreed IW Indicators to measure project impact.
7. Background: The Kura-Aras river basin is a transboundary system shared by five countries in the geopolitically dynamic Caucasus region. This project will target three of those countries: Armenia, Azerbaijan and Georgia. The Kura-Aras covers almost all of Armenia and Azerbaijan, and covers a sizeable part of the populated and urbanized parts of Georgia. All the south Caucasus countries rely heavily on the Kura-Aras river system as a principal source of water for all sectors and users: industry, agriculture, energy and domestic uses. Although less crucial, at the national level, to Islamic Republic of Iran and Turkey, the basin is important to the livelihoods of sizeable populations in these countries. Many of the region's poorest communities live within the basin and the South Caucasus region is heavily dependent upon the Kura and Aras rivers for economic development and sustenance of the population. According to World Bank statistics the average GNI per capita (adjusted for purchasing power parity) is less than \$1375 USD, and the prevalence of poverty as indicated by percent of undernourished population can be as high as 29% in parts of Armenia. The rural human populations make up approximately 52% of the entire population in the basin, and these communities often lack access to improved water or basic sewage treatment. The dependence on agriculture in the region remains high and the energy, extractive, light and heavy manufacturing industries are highly dependent upon the Kura and Aras waters causing in some reaches conflict for water. The rivers ecological requirements were established during the Soviet era and do not reflect modern best practice. Increasing demand from agriculture, in particular the rehabilitation of irrigation areas to Soviet levels on the River Kura and planned expansion on the River Aras is of concern. Reduced hydrological flows and alteration of the hydrological regime will further impact on the anadromous fish species of the Kura-Aras and Caspian Sea which suffered with the extensive impoundment of the basin in the 1960's and 1970's and are struggling to recover. In cities and towns, if there is any waste water treatment it is only primary screening of wastes. The economic growth in the Kura Aras Basin is improving yet it is sectorally driven and not evenly distributed throughout the region. Outdated technologies, combined with poor economic conditions have had a negative impact on the environmental conditions of the region. The lack of policy coordination between countries exacerbates the current circumstances, and as economic recovery begins to emerge, it is critical that these issues are addressed in a collaborative manner to make the best use of the existing water resources of the Kura Aras Basin.
8. A preliminary TDA jointly conducted by Georgia, Armenia, Iran and Azerbaijan during the PDF-B identified the following priority transboundary water resource/environmental issues:
 1. Variation and reduction of hydrological flow

2. Deterioration of water quality (e.g. pollution)
 3. Ecosystem degradation in the river basin
 4. Increased flooding and bank erosion, projected to be exacerbated under climate change scenarios
9. The *immediate* objective of the project is to create an enabling framework for the long-term, sustainable integrated management of the Kura-Aras River Basin following IWRM principles. IWRM seeks to integrate this approach into management of the overall water resource, taking into account factors outside of the water sector such as, for example, agriculture and energy and such issues as land degradation and climate change. This expanded approach makes possible a transition to adaptive management strategies for water resources. Through preparation and high level adoption of a Strategic Action Programme and other activities, the Project will develop mechanisms to ensure the cooperative and sustainable use of the land and water resources of the Kura-Aras River Basin; develop basin wide agreed upon short, medium, and long term management objectives and strategies for the river basin; build capacity for adaptive management approaches to river basin management; create a stakeholder involvement program; and strengthen basin wide institutions, particularly the emerging Kura-Aras Environment Programme (KAEP), to ensure the long term sustainability of interventions. The Project will create synergies with and build upon a range of initiatives being undertaken in the Basin by the four countries and donor community.
10. The focus of GEF involvement will be on addressing transboundary water resource and environmental issues towards the sustainable management of the basin, as identified in priority sequence through the completion of the Transboundary Diagnostic Analysis (TDA) process, and addressed in an agreed Strategic Action Program (SAP) of policy, legal and institutional reforms, and priority investments. GEF funding will be drawn upon for finalization of the comprehensive TDA and SAP, and the implementation of targeted water quality demonstrations identified as priorities in the preliminary TDA/SAP. The SAP development will be closely linked to national IWRM plans. The project will be implemented under an umbrella Kura-Aras Environmental Programme (KAEP), which is currently being negotiated with support of OSCE and UNDP under the Environment and Security Initiative (ENVSEC) and USAID. The KAEP will incorporate the current South Caucasus USAID water programme, the NATO-OSCE South Caucasus monitoring programme, the EU's Transboundary River Management Project for the Kura basin and EU support through the Caucasus Regional Environmental Centre (REC) for the development of legal framework for coordination of water management in the Kura basin. Proposed Steering Committee members will include the organizations mentioned above UNEP, the World Bank and EBRD.
11. The global environmental benefits will be achieved through the use of Integrated Water Resources Management (IWRM) policies that have been identified as the answer to balancing competing and conflicting uses of water resources to inform and consider tradeoffs being made in socio-economic development objectives and ecosystem protection. The project will establish an enabling framework for the preservation of transboundary water resources in an extremely political sensitive area facing challenges from reduction of hydrological flow, deterioration of water quality; ecosystem degradation in the river basin; and increased flooding and bank erosion. Additional global benefits will be achieved through the maintenance of the hydrological flows and patterns, and riverine environment that are important in the conservation of natural spawning grounds of the sturgeon and other anadromous fishes of the Caspian sea; Through linkages with the well-established Caspian Environment Programme, the Kura-Aras project could serve as a pilot towards broadening of the CEP to a truly basin-wide management framework similar, to what has emerged in the Danube-Black Sea basin with GEF assistance.

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

12. All countries in the region are committed to sustainably managing water resources and this commitment is reflected in national development and environment policies and plans, including MDG-based Poverty Reduction and Development Strategies, and National Environmental Action Programmes. Moreover, these policies and plans give due emphasis to the management and protection of the Kura and Aras rivers and the importance of the IWRM approach in achieving the objectives. Each of the countries has a growing non-

governmental community and academic sector to complement the work of governmental organisations in this sector. Over the past ten years, working with the World Bank and USAID, Armenia has greatly strengthened its water and environmental policy, legislation and planning process based on the IWRM approach and it is now entering into an aggressive investment phase. The other Caucasus countries would like to develop similar programmes and both Azerbaijan and Georgia have requested assistance from UNDP in the development of National IWRM plan as a first stage. Striving for accession to the European Union, Armenia, Azerbaijan and Georgia have signed with the EU the European Neighborhood Policy Action Plans (2006). Under these plans each of the countries is committed "to identify possibilities with neighboring countries for enhanced regional co-operation, in particular with regard to water issues". Under Individual Partnership Action Plans with NATO the countries have committed to participate with their neighbors in the Science for Peace project on transboundary impact of pollution on the environment. Also, the Former Soviet Union countries participate intensively in:

- the EU Water Initiative EECCA (Eastern Europe, Caucasus and Central Asia) Component, which seeks to improve the management of water resources in the EECCA region (Eastern Europe, Caucasus and Central Asia) through a partnership established between EU and the EECCA countries at the World Summit for Sustainable Development in 2002;
- the Global Water Partnership, a working partnership among all those involved in water management: government agencies, public institutions, private companies, professional organizations, multilateral development agencies and others committed to the Dublin-Rio principles consisting of a partnership created by the World Bank,;
- and, the Environment and Security Initiative (ENVSEC) in which UNDP, UNEP, OSCE, NATO, UNECE and REC have joined forces in ENVSEC to offer countries their combined pool of expertise and resources towards the aim of peacefully resolving the overriding political, economic and social concerns of our time, including mechanisms to address the links between the natural environment and human security.

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

13. The project is consistent with the 1st Strategic Objective of the IW Focal Area: to foster international, multi-state cooperation on priority transboundary water concerns through more comprehensive, ecosystem-orientated approaches to management and squarely fit with the 3rd Strategic Program in GEF-4: Balancing overuse and conflicting uses of water resources in transboundary surface and groundwater basins. The project aims to assist countries to assess the problems and issues relating to transboundary water resource management and develop a management framework to address them. As called for in SP-3, the project explicitly adopts a hydrological unit-based IWRM approach as the optimal strategic framework to balance competing and conflicting uses of water in the basin, both from a water quantity and water quality perspective. An IWRM approach can also help ensure maintenance of necessary ecological flows and enhance regional and national capacities to adapt water resources management to natural and anthropogenic climate change. By providing direct support to the preparation of IWRM plans the project will also support advancing the WSSD IWRM targets from Johannesburg.

D. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

14. A small PCU will be established based (probably) in Tbilisi, with a regional CTA and an economist. There will be two sub-offices in Yerevan and Baku to oversee the environmental flow and water quality demonstration projects. UNOPS will, as in the project preparation phase, be the Executing Agency. In each capital there will be a National Coordinator whose major tasks will be to ensure sectoral engagement in the process, which is at the heart of the IWRM approach, and parallel and congruent development of the NAPs with the SAP. Coordination efforts with other related initiatives supporting the sustainable management of the basin are well advanced and will continue throughout the project implementation. During the project preparation the coordination efforts have been realized among the major donor partners through the creation of a 'Friends of the Project' group which has met every three months and has enabled the parties avoid duplication of effort and

maximize synergy. Particular efforts have been made to coordinate with the USAID regional and national water programmes. With the assistance of UNDP, UNEP and OSCE the countries are developing their proposals for a Kura Aras Environmental Programme (KAEP), an umbrella programme modeled on the highly successful Caspian Environment Programme (CEP). The KAEP will be underpinned by a declaration by the countries and donors to work together to protect and improve the environment and use the resources of the Kura-Aras basin in a sustainable manner. As part of the institutional strengthening of KAEP the GEF project will help develop an integrated multi-partner workplan which will guide the harmonization and coordination of the on-going and forthcoming initiatives of the main donor organizations (USAID, EU, EBRD, OSCE, NATO, WB UNEP and UNDP) and the countries. The project will be linked to the rehabilitation of the anadromous fisheries of the Caspian Sea which is being supported by GEF under the new proposed Caspian Sea project. The ecological flow requirements to be addressed under a specific pilot project and will take account the needs of sustainable natural fisheries. The potential for removing impoundments and restoring lost spawning sites will also be explored.

15. The project will work closely with the major IFIs in the region, in particular the WB and EBRD, to encourage countries to make strategic investments in support of the SAP implementation and the water sector. During project preparation there will be close coordination with the WB and EBRD to ensure the project is inline with and complementary to the organizations country strategies; both WB and EBRD are members of the Kura-Aras Friends of the Project group and will be invited onto the Steering Committee. In the Kura basin the WB's ten year restructuring programming of the water sector in Armenia is particularly impressive and is seen as a model by the other Caucasus states. EBRD has an extensive portfolio of major water projects in the region including the Baku Water Project and Lake Sevan Environment Project, funded by a mix of loans and grants worth 50 million euros. EBRD also has a pipeline of waste water treatment projects worth 70 million euros identified for the Kura basin and will be a key player in shaping the SAP.
16. The full-size project in conjunction with its sister project the Caspian Environment Programme (CEP) project is committed to 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, regional and international organizations, has been one of the driving forces behind GEF's Danube/Black Sea pollution reduction investment programme. The project has already approached the EBRD and EU with a proposal for the establishment of a Caspian Task Force and its linkage with CEP SAP implementation and the Kura-Aras SAP development. Finally the project is designed to ensure close cooperation with other GEF projects in the region, in particular, the Caspian Environment Programme and will explore the potential for expanding the IWRM approach in the wider Caspian basin.

E. DESCRIBE THE INCREMENTAL REASONING OF THE PROJECT:

17. The Kura-Aras Basin although small is an internationally important shared water body seriously threatened at many levels, which cannot be effectively addressed through single country approaches. The preliminary TDA prepared during the pdf-b identified four initial priority transboundary water resource and environmental issues: variation and reduction of hydrological flows (and associated ecosystem impacts, including the critical sturgeon fishery in downstream Caspian) deterioration of water quality (e.g. pollution), ecosystem degradation in the river basin, and increased flooding and bank erosion. The Kura-Aras has also been identified as one of the principal sources of PoPs (pesticides and PCBs) to the Caspian Sea; however, direct intervention under the CEP SAP is not possible because the Kura-Aras basin lies outside its geographical coverage; hence the particular importance of this project as part of a multi-faceted strategy to address transboundary pollution issues in the Caspian. There is therefore an unmet need for a more comprehensive regional Transboundary Diagnostic Analysis (TDA) and for the development of a regionally based SAP to prioritize and mobilize interventions to mitigate transboundary environmental and water resources concerns. The proposed project will help fulfill these needs, thus helping to strengthen regional cooperation on water governance.

18. The Former Soviet Union (FSU) states continue to emerge from the legacy of Soviet environmental mechanisms that emphasized reporting standards to match regulations rather than actual conditions, and therefore there is a dearth of reliable information prior to 1991. These countries have been struggling to improve water management systems and are eager to work together and learn from each others experiences. In order to build capacity in the Kura basin there has been significant support from USAID, NATO, SIDA, OSCE, and EU. Without GEF intervention, transboundary issues in the basin would not be addressed in a systematic manner through TDA/SAP process, links between the Kura-Aras and Caspian Sea programmes would not be strengthened and less significant consideration would be given to climate change adaptation in the basin wide IWRM strategies. .

F. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED. OUTLINE THE RISK MANAGEMENT MEASURES, INCLUDING IMPROVING RESILIENCE TO CLIMATE CHANGE, THAT THE PROJECT PROPOSES TO UNDERTAKE.

Risk		Risk Mitigation Measure
Strong and high level government commitment is not sustained	M	Increasing political commitment from the countries towards regional cooperation to manage the natural resources exists manifested in multilateral and bilateral agreements, including bilateral negotiations between Georgia and Azerbaijan on water sharing, regional discussions on the formation of the KAEP. The project should ensure good information flow to the political decision makers regarding the economic value and importance of the basin's water resources and the need to manage them collectively..
Low acceptance of the TDA/SAP/NAPs process by the participating governments	M	The basin countries have indicated a willingness to work within the TDA/SAP/NAP process and have already prepared a TDA and preliminary SAP; however, it is not clear what level of inter-sectoral coordination is currently on-going. The project will assist the countries to improve coordination at the national level and regional level through the IWRM plans and SAP to ensure political buy-in from all the relevant sectors throughout the TDA/SAP process.
Bi-lateral relations between basin states may impact on project implementation.	M	Relations between Armenia and Azerbaijan remain tense and the project management will have to be constantly sensitive to this issue and consult regularly with the Ministries of Foreign Affairs in both countries
The transboundary priorities vary between countries in the Kura and Aras basins and may hinder SAP agreement	M	During the TDA development the countries of the Aras basin expressed their wish, as a first step to the introduction of IWRM, to focus on water quality issues which are seen as a priority and more problematic than water quantity issues, which are currently dealt on a bilaterally basis through historical agreements. This situation contrast with the situation in the Kura where both sets of issues are critical.
Currently planned interventions will not bring effective results due to adverse effects of Climate Change	M	Project through the TDA/SAP process will assist the riparian countries to the build management flexibility needed to adapt to the most severe climate change scenarios.

G. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT (e.g. \$/tons of CO₂ abated). IF COST EFFECTIVENESS IS NOT PRESENTED, OUTLINE THE STEPS THAT PROJECT PREPARATION WOULD UNDERTAKE TO PRESENT COST-EFFECTIVENESS AT CEO ENDORSEMENT:

19. The project will realize its cost effectiveness through supporting countries efforts to reinforce joint management of the basin rather than separate management of the shared water resources. In the three participating states (Azerbaijan, Armenia and Georgia) the project will work to prepare national IWRM plans which will be fully compatible and congruent with the regional IWRM plan, in the form of the SAP. In achieving this level of parallel development and harmonization the regional support is expected to reduce transaction costs to address transboundary problems significantly compared to individual support given to countries.

H. JUSTIFY THE GEF AGENCY COMPARATIVE ADVANTAGE: UNDP is within the Comparative Advantage Matrix.


PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINTS AND GEF AGENCIES

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the [endorsement letter\(s\)](#) with this template).

Vardan Ayvasyan, Minister of Nature Protection of the Republic of Armenia	Date: Dec 14, 2004
Husein Bagirov, Minister of Ecology and Natural Resources of Republic of Azerbaijan	Date: Nov 18, 2004
Malkhaz Adeishvili, Head, Department of Projects Coordination, Ministry of Environment Protection and Natural Resources of Georgia	Date: Aug 13, 2004

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	Project Contact Person Vladimir Mamaev, UNDP/GEF Regional Technical Advisor, Europe and the CIS
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