

Dear EB

The comment is related to the application of the criterion implied in paragraph 2 (a) of the referred guidelines (EB 54, annex 15) for the geographic location of the project activity in a special underdeveloped zone of the host country identified by the government before 28 may 2010.

It is not clear how to demonstrate that the geographic location of the project activity is in a *“special underdeveloped zone of the host country identified by the government”* before 28 may 2010.

In most developing countries there are national and regional statistics about poverty and even ranking and maps of poor zones in order to plan social investment, but there is not a title as *“Special undeveloped zone identified by the government”*. In the other hand, a zone not being located at the poorest zone of a developing country does not mean that is not an extreme poverty area. In several developing countries, only few regions can be considered not under developed zones and most rural areas are extremely poor. Besides, we have to consider that income inequity is extreme in developing countries, for example countries as Brazil have areas rich as Europe and other poor as LDCs.

To make things easier and real access to these simplified modalities to undeveloped zones in developing countries, we propose to use in addition to the criteria already proposed, the alternative of using international or national standards to define underdeveloped zones. The idea is to compare official national statistics against these standards. Those areas below the standards should be eligible to this simplified modalities. It should be a very simple standard in order to guarantee the access to several extremely poor areas in developing countries.

For these standards we can use indicators such as Millennium Development goals such as:

- Target 1.1: Proportion of population below \$1 per day
- Target 7.8: Proportion of population using an improved drinking water source

These statistics on MDG goals are readily available and would be easy to make reference to without having to provide more sources.

Other standard could be the low income criterion used in the criteria for identification of the LDCs. This criterion consists of three-year average estimate of the gross national/zone income (GNI) per capita under \$750. The GNI per capita statistics are available for most areas and communities in developing countries and therefore could be used broadly. A more complex criterion needs data that probably are available at national level but not to regional, provincial, district or community level. This would allow poor areas similar to the LDCs to have access to these simplified modalities.

Regards,

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