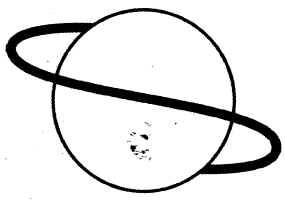
Project Implementation Review

1997



PROJECT IMPLEMENTATION REVIEW OF THE GLOBAL ENVIRONMENT FACILITY

1997

The Global Environment Facility (GEF) is a financial mechanism that promotes international cooperation and fosters actions to protect the global environment. The grants and concessional funds disbursed complement traditional development assistance by covering the additional costs (also known as "agreed incremental costs") incurred when a national, regional, or global development project also targets global environmental objectives. The GEF has defined four focal areas for its programs: biological diversity, climate change, international waters, and ozone layer depletion. Land degradation issues, primarily desertification and deforestation, as they relate to these four areas, are also being addressed. The GEF operates the financial mechanism for the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change. GEF projects are carried out by three implementing agencies: the United Nations Development Programme (UNDP), the United National Environment Programme (UNEP), and the World Bank.

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EXECUTIVE SUMMARY

As of June 1997, the GEF had allocated funding in approved work programs to 230 projects totalling almost US$1.6 billion. Cumulative disbursements increased to US$479 million by the end of FY97. Disbursements during the year, however, were slightly lower than in FY96. The average time for a project to move from allocation to commitment to implementation decreased significantly during the year. (see pp. 3-6)

The 1997 PIR included 105 projects that had been implemented for at least a year. Half were biodiversity projects; a third addressed climate change. Agencies rated 34 percent of the PIR projects "highly satisfactory" on implementation progress or prospects for achieving global environmental objectives, 18 percent on both. Sixteen percent were rated "unsatisfactory" on at least one measure, slightly more than last year. (see pp. 7-8)

The PIR reviewed portfolio highlights and insights gained during the year in each focal area (see pp. 9-16), 3 cross-cutting issues identified in advance for special attention, and 3 others that emerged from the review. The importance of broad and continuous ***stakeholder involvement*** in projects is increasingly clear. For participation to be effective, stakeholders must be actively engaged in decision making processes. Periodic consultations about project activities are not enough. Many GEF projects are doing this with success, but others are not. Actively involving stakeholders is not easy and takes a lot of time. Local institutions often need to be strengthened to allow for effective participation. Pursuit of genuine stakeholder involvement can meet with resistance from governments not used to working this way; they may need support to rethink their own roles and approaches. Strong ***commitment by recipient countries and organizations*** is a major determinant of project implementation success, and even more so for long term sustainability. To gain recipient ownership and commitment, projects have to respond to national or local interests in addition to seeking global environmental benefits. Careful integration of project interventions with national policies and priorities is needed to help ensure that links between project efforts and global environmental benefits can be effectively made and sustained. One effective way of ***involving the private sector*** as partners is providing opportunities for direct interaction with government agencies on issues that affect them. The PIR also underscored the need to be sure that incentives used to attract private businesses do not make continuation of project activities difficult once GEF funding ends. (see pp. 17-23)

Capacity building efforts have trained hundreds of people involved in projects, strengthened environmental organizations, and created networks to exchange experiences. But more precisely defining the intended results and impacts of capacity building and institutional strengthening is a high priority. A lesson that emerged clearly from the PIR was the importance of ***information dissemination and public awareness-raising*** activities in stimulating the adoption of new technologies or behaviors, strengthening ownership of projects, and creating a more favorable enabling environment for policy and attitude changes. Finally, more systematic effort is needed to identify and disseminate information on ***performance indicators*** for GEF projects and programs. (see pp. 23-27)

I. INTRODUCTION

1. At the request of the GEF Council, project implementation reviews (PIRs) are carried out annually by the GEF implementing agencies (IAs) and secretariat (GEFSEC). These reviews have two purposes: (1) to examine the status of GEF projects, especially with regard to implementation progress and the prospects of achieving global environmental objectives, and (2) to identify lessons learned from GEF experience and share them broadly within the GEF family and with other interested parties. The 1997 PIR was the third annual implementation review conducted by the GEF.

2. The PIR process is designed to complement and strengthen internal portfolio management procedures used by the implementing agencies. Based on recommendations of the 1996 PIR and discussions among GEFSEC and the IAs, minimum common reporting guidelines were issued by GEF's Senior Monitoring and Evaluation Coordinator. Each agency was asked to prepare a financial analysis of its GEF portfolio, an overview emphasizing key trends in this portfolio and lessons learned to date, and individual reports for all projects that had been in implementation for at least a year as of June 30, 1997. Each project report rated implementation progress and the likelihood that its global environmental objectives would be achieved. In addition, agencies were asked to address two cross-cutting issues in their overviews and project reports: (1) experience in obtaining stakeholder involvement and assuring that projects are country-driven and reflect recipient commitment, and (2) the extent of private sector (NGO and for-profit) involvement in the project and any factors that may limit such involvement. As long as these minimum guidelines were met, agencies were free to adjust their reporting formats to suit their internal management priorities.

3. The three IAs reviewed internally the portion of their GEF portfolios covered by the PIR. Each then shared the results of its review with GEFSEC and the other IAs. These reports became the basis for an inter-agency review meeting organized by the Senior Monitoring and Evaluation Coordinator held in New York on November 20-21, 1997. It featured discussion of five detailed presentations, involving nine projects, which highlighted the cross-cutting issues chosen for the 1997 review. In addition, the status of each project rated as unsatisfactory, and actions being taken to address implementation problems affecting them, was discussed.

4. It is clear from the 1997 review that the PIR process is becoming increasingly integrated with implementing agencies' internal procedures. It is also serving as the basis for broader portfolio management approaches being applied in the IAs. For example, UNEP used the occasion of the PIR to hold the first comprehensive internal review of its GEF portfolio. It involved not only its project managers and GEF coordination staff, but also the offices responsible for monitoring and evaluating projects in UNEP generally. UNEP's GEF Coordination Unit reports that this has encouraged mainstreaming of GEF activities and an expanded dialogue on monitoring and evaluation approaches within the organization. UNDP used the PIR guidelines as the basis for a standardized, automated report for its GEF projects. This is facilitating integration of performance information with existing data bases. UNDP's GEF Coordination Unit included in this reporting format information on stakeholder involvement, capacity building, and project success factors that was used to conduct substantial analyses. For the first time, UNDP included impact ratings for each project. The 1997 review was the first time the PIR was conducted simultaneously with the World Bank's annual review of portfolio performance (ARPP). This integration will become closer in 1998, when GEF projects start to use a fully electronic reporting format along with all other Bank projects.

5. Many people, including task and project managers and staff in IA GEF coordination units and the secretariat, contributed to making the 1997 PIR a successful review. In particular, the GEF recognizes the frank, informative and insightful reports prepared for the Biodiversity Conservation and Natural Resource Management Program in Papua New Guinea and the Biodiversity Conservation in the Chocó Region project in Colombia. These reports made an extremely valuable contribution to our understanding of the factors that influence stakeholder involvement and project success.

6. This report presents the results of the 1997 PIR. Section II contains an analysis of the entire GEF portfolio through June 30, 1997. Section III provides an overview of the projects covered in the 1997 PIR. The principal chapters of the report are Section IV, which highlights the portfolio in each GEF focal area, and Section V, which summarizes the discussion of cross-cutting issues selected for special attention in the 1997 PIR, as well as a few other key topics that emerged from the review. These sections also draw on the findings of the study of GEF Project Lessons[1] conducted for the secretariat's monitoring and evaluation team during 1997. Finally, Section VI discusses actions taken as a result of the PIR and recommendations for future PIRs. Copies of the overview reports from each implementing agency are included in Appendix B.

[1] *Lessons Learned During the GEF Pilot Phase,* Resource Futures International, Ottawa, Ontario; December 1997. The Project Lessons study was the first examination of project experience conducted by GEF's Senior Monitoring and Evaluation Coordinator. The study assessed experience to date under projects approved during the Pilot Phase to identify factors that account for GEF project success or problems. It entailed a general review of 30 projects, with field visits to 5 and more detailed analysis of 6 of these projects. It focused particular attention on three areas identified as high priority by project managers: (1) building partnerships and understanding among project implementers and communities, (2) integration of project activities with national policies and priorities, and (3) approaches to ensure effective private sector involvement in GEF projects. The study will provide the basis for a series of "Project Lessons Notes" planned by the GEFSEC Monitoring and Evaluation team beginning in 1998.

II. PORTFOLIO ANALYSIS

A. *OVERALL GEF PORTFOLIO*

7. As of June 30, 1997, a total of 230 projects[2] had been allocated funding in approved GEF work programs. As shown in Table 1, 118 (51 percent) of these are administered by UNDP, 99 (43 percent) by the World Bank, 10 (4 percent) by UNEP, and 2 (1 percent) by more than one GEF implementing agency. One project (PRINCE) is administered directly by the GEF secretariat. Funding for these projects totaled US$1,594 million, of which US$1,064 million (67 percent) was in World Bank projects, US$460 million (29 percent) in UNDP projects, US$36 million (2 percent) in UNEP projects, US$31 million (2 percent) in multi-IA projects and US$3 million administered by GEFSEC. A total of US$733 million was approved for 116 projects during the GEF Pilot Phase and US$861 million for 114 projects during GEF1. In addition, as of June 1997, US$22 million had been approved during GEF1 using expedited procedures for 107 enabling activities under the biodiversity and climate change conventions.

8. Figure 1 illustrates the growth of the GEF portfolio, including amounts allocated, committed and disbursed, from June 1991 through June 1997. During FY97, 44 projects with GEF funding of US$374 million were approved by the GEF Council. This represents an increase over the US$321 million approved the previous year. During the year ending in June 1997, 16 GEF projects were operationally completed.

9. Table 2 shows the distribution of the GEF portfolio as of June 1997 by focal area. It included 97 biological diversity projects (US$585 million), 95 climate change projects (US$606 million), 19 international waters projects (US$180 million), 11 projects to phase out ozone depleting substances (US$113 million), and 8 multi-focal area projects (US$110 million). Regionally, Asia and the Pacific and Sub-Saharan Africa each account for the largest portion of approved GEF projects (21 percent), followed by Latin American and the Caribbean (18 percent).

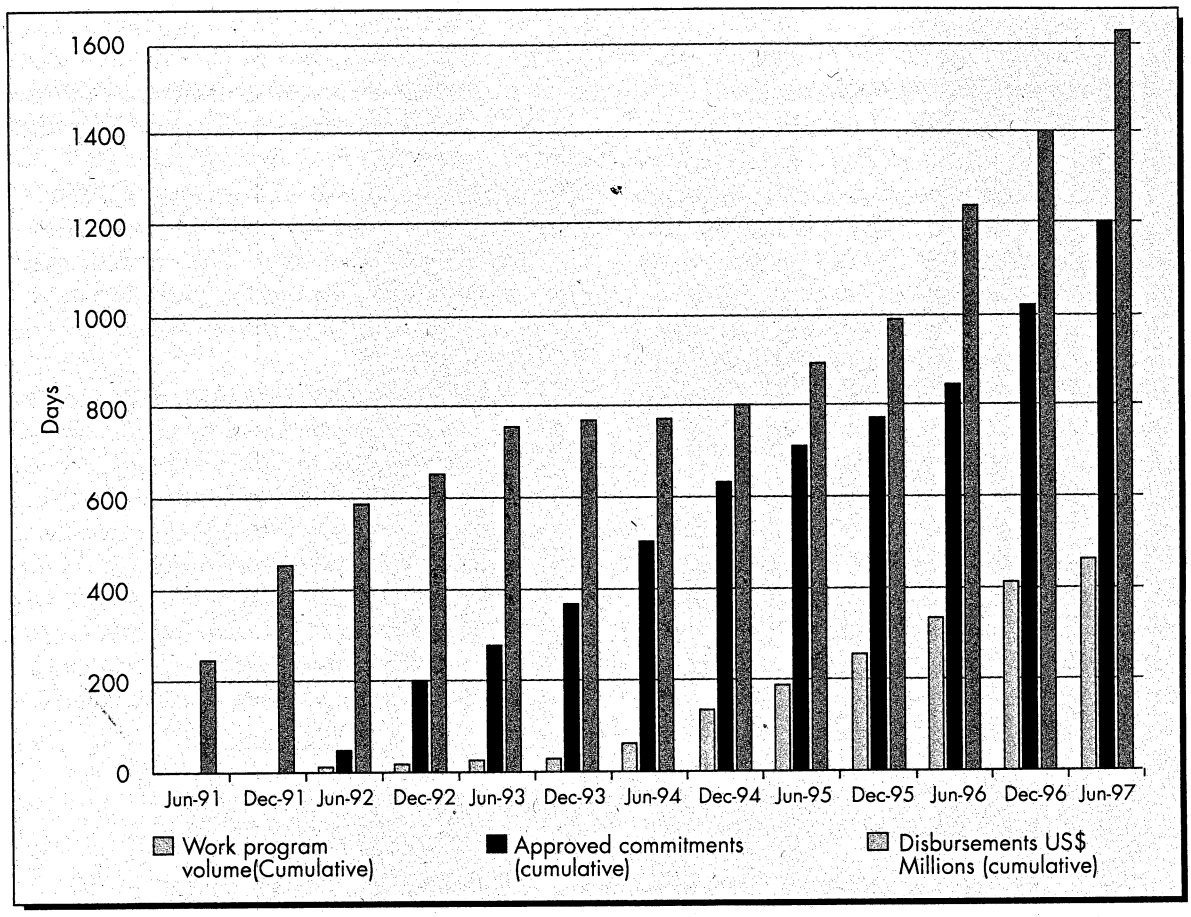
TABLE 1.
GEF FINANCED PROJECTS BY IMPLEMENTING AGENCY (AS OF JUNE 1997)

	Pilot Phase		GEF (FY Feb 95-Jun 97)		Total	
	# Projects	US$ Millions	# Projects	US$ Millions	# Projects	US$ Millions
UNDP	56	256	62	204	118	460
UNEP	6	22	4	14	10	36
World Bank	53	452	46	612	99	1064
All 1As	0	0	2	31	2	31
Others*	1	3	0	0	1	3
Total	116	733	114	861	230	1594

* PRINCE project managed by GEF secretariat

[2] Unless otherwise noted, the numbers in this section exclude enabling activities and pre-investment funds.

FIGURE 1.
CUMULATIVE GEF PORTFOLIO - ALLOCATION, COMMITMENTS AND DISBURSEMENTS 1991 - 1997



B. COMMITMENTS AND DISBURSEMENTS

10. The amount of commitments (the value of projects approved by IAs) in relation to amounts allocated in approved GEF work programs was 70 percent as of June 30, 1997. This compares to 68 percent in June 1996. For the World Bank, commitments were 68 percent of allocations, for UNDP 72 percent, and for UNEP 85 percent. These figures reflect the time required by the implementing agencies to complete final project design and approval following work program allocations. They generally do not mean that project amounts are reduced from those allocated in work programs.

11. ***Cumulative disbursements for the entire GEF portfolio increased during FY97 to US$479 million. However, disbursements under almost all projects included in this year's PIR were well below initial projections.*** This shortfall is generally due to over-ambitious estimates in project designs—many included activities for which there were few precedents on which to base projections—and to the considerable amount of time it has proven to take to expand stakeholder involvement under many GEF projects. Disbursements in relation to commitments rose to 43 percent as of June 1997, up from 40 percent in June 1996 and 26 percent in June 1995. Active portfolio disbursement rates for the World Bank increased to 33 percent at the end of FY97 compared to 30 percent a year earlier; for UNDP, disbursements increased to 62 percent from 57 percent, while for UNEP, disbursements declined slightly to 61 percent from 63 percent of amounts committed.[3] Disbursements are equivalent to 48 percent of commitments for the World Bank's overall (non-GEF) portfolio, although a direct com-

[3] The difference in disbursement rates between the World Bank, on the one hand, and UNDP and UNEP on the other, is largely explained by the fact that more of the Bank's GEF projects are large investment projects which initially disburse more slowly.

TABLE 2.
GEF FINANCED PROJECTS BY FOCAL AREA (AS OF JUNE 1997)

	Pilot Phase		GEF (FY Feb 95-Jun 97)		Total	
	# Projects	US$ Millions	# Projects	US$ Millions	# Projects	US$ Millions
Biodiversity	58	332	39	253	97	585
Climate Change	41	259	54	347	95	606
International Waters	12	118	7	62	19	180
Ozone	2	4	9	109	11	113
Multi-Focal	3	20	5	90	8	110
Total	116	733	114	861	230	1594

parison is misleading since the Bank's average project age is higher and its portfolio includes a number of large, quick-disbursing adjustment loans. Disbursements are 70 percent of commitments in UNDP's non-GEF portfolio. UNEP was unable to provide a comparable disbursement rate for its non-GEF projects due to a difference in internal procedures.

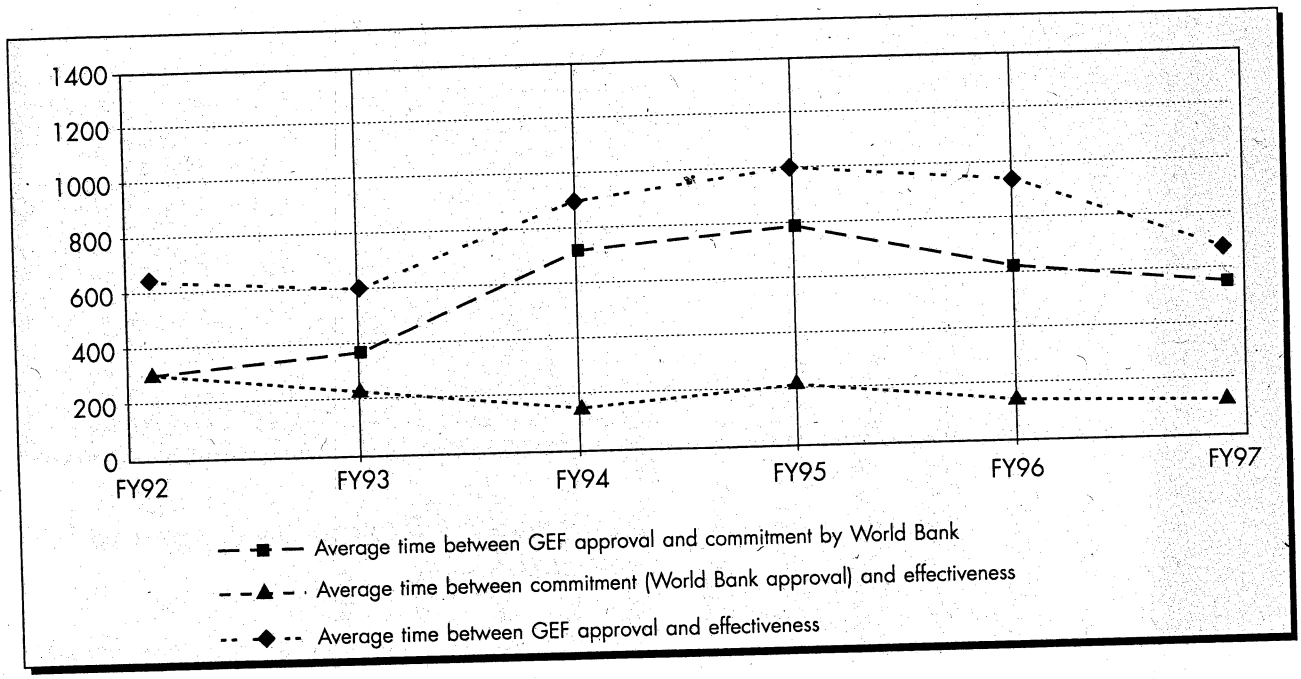
12. ***Amounts disbursed for GEF projects were US$141 million during the year, down from US$153 million in FY96.*** There were slight decreases from 1996 to 1997 across the board: from US$58.5 million to US$54.5 million for the World Bank, from US$88.2 million to US$82.0 million for UNDP, and from US$6.4 million to US$4.7 million for UNEP. For UNDP and UNEP, this decrease was because many of their Pilot Phase projects are reaching completion and the period of significant disbursements is past, while their GEF1 portfolios either have not yet fully come on stream or, in the case of UNEP, are made up largely of enabling activities and PDF-B grants that are much smaller in size. The World Bank attributes the decline in its disbursements to the fact that several projects with "lumpy" disbursement patterns—for example, projects that involve the capitalization of biodiversity trust funds where disbursements are made all at once, or projects executed by the International Finance Corporation (IFC) where funds are released by the Bank in tranches only 2-3 times over the life of the project—did not have as substantial disbursements during in FY97 as in the previous year.

C. TRENDS IN TIME FROM ALLOCATION TO IMPLEMENTATION

13. GEF's implementing agencies continue to make progress in reducing the time between work program allocations, final agency approval (commitment) and the beginning of project implementation. As shown in Figure 2, in FY97, on average, ***projects approved by the World Bank took significantly less time to reach the commitment stage than during the previous year*** (536 days compared to 625 days in FY96). If two projects that took an especially long time to be presented for Board approval are excluded from the analysis, the decrease is even more substantial: Bank projects took just less than a year on average to reach the commitment stage in FY97. For GEF projects approved by the Bank in FY97, moreover, the average length of time between commitment and the beginning of implementation ("effectiveness") decreased from 150 to 137 days.

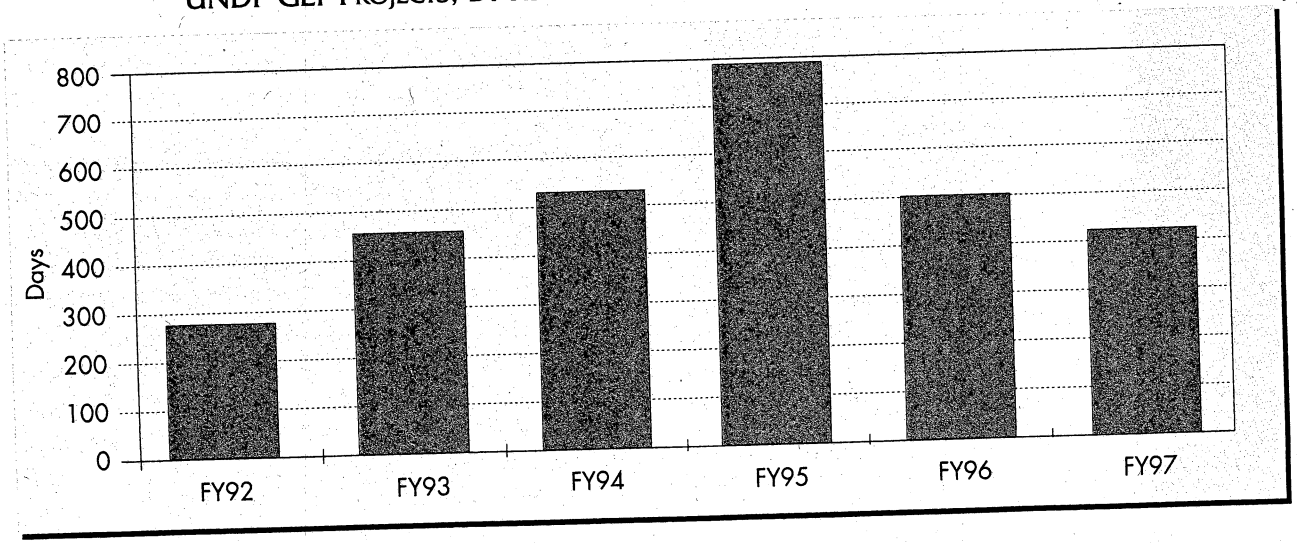
14. Likewise, as illustrated in Figure 3, the average time for a UNDP GEF project to move from work program allocation to the beginning of implementation (signature of the project agreement) fell from 495 days to 425 days in FY97, continuing improvements begun in 1996. UNDP reported that 52 percent of its projects had signed project agreements within a year of allocation, and 73 percent in less than 18 months. These improvements reflect greater decentralization of project approval authority and the identification of GEF "focal points" within each UNDP country office to liaise closely with governments and executing agencies.

FIGURE 2.
AVERAGE TIME BETWEEN GEF ALLOCATION, COMMITMENT AND EFFECTIVENESS FOR WORLD BANK PROJECTS, BY FISCAL YEAR OF COMMITMENT



15. This favorable trend is also seen in UNEP's GEF project portfolio. The time between allocation and implementation in all three IAs peaked in FY95 as the changes brought about by restructuring were put into place and as the GEF Operational Strategy was defined. Significant improvements in moving to implementation in a more timely manner since 1995 reflect streamlined procedures put in place based on experience and improved quality of proposals at the time of presentation in work programs compared with the early Pilot Phase. In recent years, in fact, the remaining Pilot Phase projects have sometimes substantially inflated the overall averages.

FIGURE 3.
AVERAGE TIME BETWEEN GEF APPROVAL AND PROJECT AGREEMENT SIGNATURE UNDP GEF PROJECTS, BY FISCAL YEAR OF PROJECT AGREEMENT SIGNATURE



III. Coverage of the 1997 PIR

A. Portfolio Reviewed

16. The PIR for 1997 covered 105 projects that had been in implementation for at least a year as of June 30, 1997, an increase from the 92 projects reviewed in the 1996 PIR. Table 3 shows the regional and focal area distribution of these projects, and Appendix A contains a list of these activities. While previous PIRs included projects only from the GEF Pilot Phase, the 1997 review included 8 projects from GEF1.

17. Taking into account projects that have been completed, the PIR portfolio includes about half of the projects for which GEF funding has been allocated in approved work programs—slightly more in biodiversity, substantially less in climate change. The portfolio reviewed was made up of 51 biodiversity, 37 climate change, 9 international waters, 5 ozone and 3 multi-focal area projects. A total of 49 of these projects are administered by the World Bank, 47 by UNDP, 8 by UNEP, and one by the secretariat. The PIR included 23 projects in Asia and the Pacific, 23 in Sub-Saharan Africa, 18 in Latin America and the Caribbean, 14 in Europe and Central Asia, and 12 in the Arab States/ Middle East. Fifteen of the projects reviewed were global or grouped activities in several countries across regions.

B. Performance Ratings

18. Each agency rated the implementation progress (IP) and prospects for achieving development/global environmental objectives (DO) for each of its projects in the PIR. This was done using a 4-point scale: highly satisfactory (HS), satisfactory (S), unsatisfactory (U), and highly unsatisfactory (HU).

19. ***A total of 35 projects, or 34 percent of the PIR portfolio, were rated "highly satisfactory"*** by the implementing agency on either IP or DO, and 19 projects (18 percent) received this rating on both measures. By agency, UNEP reported that 3 (37 percent) of its projects were performing highly satisfactorily,

Table 3.
Projects Included in 1997 Project Implementation Review

	Biodiversity	Climate Change	International Waters	Ozone	Multiple	Total
Global	4	8	0	0	3	15
Africa	13	7	2	1	0	23
Arab States/ Middle East	4	5	3	0	0	12
Europe/ Central Asia	7	2	1	4	0	14
Latin America and the Caribbean	12	5	1	0	0	18
Asia and Pacific	11	10	2	0	0	23
Total	51	37	9	5	3	105

UNDP 17 (37 percent), and the World Bank 15 (31 percent). By focal area, 37 percent of biodiversity projects, 31 percent of climate change, 33 percent of international waters, and 40 percent of ozone projects were reported as performing highly satisfactorily. Half of the PIR portfolio (53 projects) was rated "satisfactory" by the implementing agencies.

20. The remaining ***17 projects, or 16 percent of the PIR portfolio, were rated "unsatisfactory"*** or "highly unsatisfactory" by the implementing agency on either IP, DO or both. Of the biodiversity projects included in the PIR, 12 percent (6 projects) were performing unsatisfactorily, as were 22 percent of climate change (8) and international waters (2) projects and 20 percent (1) of ozone activities. The World Bank reported that 9 (18 percent) of its projects included in the 1997 PIR were making unsatisfactory progress; UNDP had 8 (17 percent) unsatisfactory projects; UNEP had none. These ratings compare to 6 percent (World Bank) and 13 percent (UNDP) unsatisfactory ratings in the 1996 PIR. This increase was attributed to the aging of the portfolio, i.e., implementation problems become more apparent after 2-3 years, as does a better informed judgment about the prospects of a project achieving its objective. In addition, the World Bank adopted this year additional tools to evaluate the realism of its performance ratings. In the case of the Bank, 18 percent unsatisfactory GEF projects compares favorably to a ratio of 30 percent unsatisfactory projects for its overall portfolio. (UNDP and UNEP do not rate the performance of their regular projects, so comparisons are not possible.)

C. Review of Problem Projects

21. At the interagency PIR meeting, the status of the 17 projects identified as making unsatisfactory progress—as well as three Pilot Phase projects which are still not approved by implementing agencies—was reviewed in detail. In general, implementation problems are most frequently due to failure to involve stakeholders in project design, weak government commitment and/or institutional capacity, a large number of complex activities involving multiple executing agencies, the adverse security situation in several countries, and international executing agencies pursuing their own agendas which may not be fully consistent with the objectives of the GEF-funded project.

22. Actions being taken to address the problems affecting these projects were discussed and, in some cases, additional suggestions made. Solutions include moving implementation responsibilities to the field (for the World Bank), giving greater attention to stakeholder participation during implementation, accelerating mid-term reviews and/or restructuring projects to make them simpler, and putting more emphasis on site work when national capabilities are weak. In some cases, projects may be terminated unless long-standing problems are resolved.

IV. Portfolio Highlights By Focal Area

23. This section provides a summary of the portfolio of projects in implementation in each of GEF's four focal areas. It highlights areas of significant progress identified during FY97. Although there are now over 100 GEF projects for which there is significant implementation experience, the complexity of addressing global environmental issues and the multitude of settings in which these projects are carried out calls for a certain degree of caution and modesty in drawing lessons from and generalizing about this experience. With this caveat in mind, however, this section of the report and the next one discuss insights gained in implementing GEF projects over the past year and the principal challenges that appear to be facing each portfolio.

A. Biological Diversity

24. About half of the projects included in the 1997 PIR were in the biodiversity focal area. The majority focus on improved conservation of protected areas or coastal zones, directly through support of field-based activities and/or indirectly by strengthening the ability of government agencies and NGOs to manage these areas better. Several projects concentrate on building capacity for planning and management, including through training and support for preparing inventories of biological resources and for biodiversity data management. A smaller number of projects—e.g., Burkina Faso Wildlife Ranching, West Africa Pilot Community-Based Natural Resource and Wildlife Management—directly address issues of sustainable use of biological resources (some of the protected areas projects also deal with sustainable use as an element of their conservation strategies). Finally, a few projects from the Pilot Phase support research or collections projects in areas of especially rich biological diversity, e.g., Indonesia and Ethiopia.

25. According to the implementing agencies' performance ratings, the biodiversity portfolio is generally progressing well. To date, however, this reported success has been largely in terms of processes—testing and applying participative, community-based approaches; institutional development; and raising awareness about the need to conserve biological diversity. There has not yet been sufficient time to expect, nor are there yet adequate indicators or baselines to measure, the impact of GEF-supported activities on the actual conservation of biodiversity.

26. Among the insights highlighted in the PIR are the following:

- ***Active and full engagement of communities in all stages of project design, implementation and monitoring is a key determinant of success.*** A number of projects (e.g., Nepal Biodiversity Conservation, Dominican Republic Conservation of Biodiversity in the Coastal Zone, Mauritius Biodiversity Restoration, Philippines Protected Areas, Colombia Biodiversity Conservation in the Chocó Region, and Papua New Guinea Biodiversity Conservation and Natural Resources Management) have devoted major efforts to involving communities in decision-making processes. They are generating a wealth of experience that now needs to be more actively disseminated. ***Actively engaging a wide range of stakeholders can be an extremely time-consuming process. It often requires developing new skills among project staff (including NGOs), and constant reinforcement of their efforts.***

- ***Biodiversity projects need to combine conservation efforts with activities that address more immediate local and/or national socio-economic needs and are sensitive to political processes.*** These might take the form of developing alternative income sources (e.g., retraining of turtle shell carvers in the Seychelles—see Box 1); educating local farmers about how the deterioration of an important resource was adversely affecting their livelihood, as was done in the Azraq oasis in Jordan; or taking advantage of the interest of indigenous groups in participating more broadly in national political issues, as occurred in the Colombia Chocó project. Experience in Papua New Guinea has shown that ***working patiently with communities to help them identify their own alternative development options works better than offering material incentives that may bring quick returns but do not change communities' conviction for conservation.*** Without such conviction at the community

Box 1.
Identifying Alternative Livelihood Sources: The Seychelles Biodiversity Conservation Project

One of the objectives of this project implemented by the World Bank is to conserve two threatened species of sea turtles by implementing a comprehensive set of actions to reduce their exploitation. These include (1) defining sustainable exploitation levels and implementing management plans consistent with these levels; (2) assessing the feasibility of Hawksbill turtle ranching; (3) retraining artisans who produce souvenirs from turtle shells; and (4) educating tourists on the ecological consequences of trade in turtle products to discourage the purchase of turtle shell handicrafts. Harvesting of turtles has now been prohibited by law, monitoring of turtle populations is underway, and a tortoise management plan is being developed.

The project was very successful because government commitment was strong and an effective communications effort created awareness and built support for project activities. Perhaps most significantly, turtle shell artisans were directly involved in planning and designing the retraining program. This activity was implemented by CODEVAR, an association of local artisans, under an agreement with the Ministry of Environment and the Department of Industry. Following the legal ban on turtle harvesting and sale of turtle momentos, CODEVAR contacted the 37 carvers, all of whom were members of the association, to explain that funds were available to facilitate their leaving the profession. They were offered either cash compensation, credit funds for training and the purchase of equipment to help start a new business, or a combination of the two. Their entitlement was based on the quantity of shells they had purchased and were holding ready to carve. Six took all their compensation in cash and retired. The remaining 31 received a combination of compensation and credit assistance to start a new business. About half became model boat makers, several went into coconut souvenir carving, a few into beach clothing production, and one became a taxi driver.

level, interests that offer higher short-term returns for resource extraction may later undermine conservation efforts. Another lesson from Papua New Guinea is that the ability to successfully address socio-economic concerns should be a key criterion in selecting sites for conservation activities.

- ***Activities at the field level are most effective when undertaken in the context of national strategies for biodiversity conservation.*** As experience in Cameroon, Congo, Papua New Guinea, Laos and elsewhere shows, if projects are not aligned with national policies they will often lack government commitment and support. This can undermine sustainability and even short term success (for example, through the granting of logging or mining concessions).

- ***A simple project design with modest objectives that is within the ability of executing agencies to manage is a key to success.*** While this sounds obvious, some GEF projects—for example, Congo Wildlands, Cameroon Biodiversity (see Box 2)—have been plagued by a large number of complex and dispersed activities in environments of weak institutions and government commitment. This can be the result of pressures to respond to the interests of international NGOs, other donors offering co-financing, or institutional incentives favoring larger projects. Overly ambitious projects can raise expectations beyond what can be met. As a solution to this, some more recent biodiversity projects (e.g., the Patagonia conservation project in Argentina) have attempted to split longer-term and potentially complex projects into separate phases and to build activities incrementally, often beginning with capacity building efforts.

- Long-term biodiversity conservation efforts often need to be accompanied by short term measures (for example, the creation of Rhino Protection Units to curb poaching in the Indonesia/Malaysia Conservation Strategy for Rhinos project) or small scale pilot activities to determine the need for and help design large scale programs (e.g., the Romania Danube Delta project).

- Activities supported under various Pilot Phase projects to increase awareness, strengthen institutional capacity, and expand biodiversity data collection and management have often provided a foundation for enabling activities to assist countries implement the biodiversity convention.

27. A number of key challenges facing GEF's biodiversity portfolio can be identified from the PIR. They include:

- ***The sustainability and long-term financing of biodiversity conservation efforts remain unanswered questions.*** Clearer expectations of the roles of national governments and the international community in meeting these costs are needed.

- The underlying causes of biodiversity loss are still often poorly understood and are likely to be much broader than the GEF can address. This requires designers to give ***greater attention to the policy and socio-economic environment within which biodiversity projects are carried out, not only technical or site-specific factors.*** It also means that biodiversity projects cannot be implemented in isolation from other national or donor-funded programs, and that greater collaboration and policy coherence are required.

BOX 2.
CAMEROON BIODIVERSITY CONSERVATION AND MANAGEMENT PROJECT

The objective of this project implemented by the World Bank is to help the Cameroon government consolidate and upgrade the management of protected areas with high global priority for biodiversity conservation. It focuses on 6 ecological regions including 10 national parks and other reserves. Field activities are carried out by 10 international NGOs, with cofinancing from 9 donors in addition to the GEF. A central coordinating unit (CNC) in the Ministry of Environment and Forests is responsible for overall project management.

Despite progress in some field activities, the project has been plagued with major difficulties. The CNC does not have the resources to play an effective role in coordinating the large number of dispersed activities, each with a different foreign NGO executing agency that often has its own agenda and funding from a bilateral donor. Project activities represent different approaches to biodiversity conservation in the absence of a national strategy. CNC staff operate within a rigid, top-down, and procedure-dominated government structure, do not have skills needed to perform their assigned role, and lack salary and other incentives. This has led to poor communication and coordination among the project, executing agencies and the ministry. Subprojects have developed independently of each other.

Participation of communities, government agencies, and other stakeholders was limited and superficial during project design; most design work was done by international consultants and NGOs. Government commitment to community forestry is weak, and support for extractive exploitation is often a higher priority than conservation. While some NGOs and donors have emphasized participation at field sites, there is no sharing of experiences. Only limited efforts have been devoted to involving private hunters and loggers in project activities. The CNC is staffed mostly by forest specialists and has little expertise in promoting participatory approaches.

In retrospect, three lessons are clear from this experience: (1) the project is overly complex for the institutional environment in which it is placed; (2) significant policy and institutional changes are required to meet the project's objectives, including creation of a legal framework that includes adequate conservation incentives, fosters private sector support, and provides a basis for enforcing relevant laws and community agreements; and (3) stakeholder participation is essential for the success of conservation activities—it must start at the earliest stage of project activity and be nurtured by a supportive policy environment, staff skilled in participatory methods and conflict resolution, and continual exchanges of experience. These lessons are now being reflected in discussions to restructure the project as a result of an intensive mid-term review.

- While substantial effort has been devoted to involving community groups in GEF biodiversity projects, ***a remaining challenge in many projects is to get support from the full range of government (including local and regional agencies) actors and private sector stakeholders,*** especially extractive industries such as logging and mining interests, wildlife traders and hunters.

- There is generally an absence of good baseline information on biodiversity. There have been isolated and ***generally uncoordinated efforts to identify indicators to measure the biological and human impacts of projects and programs,*** but this is very much a work in progress and ***requires major attention.*** Issues about the appropriate timeframe for measuring impact and how to attribute results to GEF projects present particularly difficult challenges.

B. Climate Change

28. Climate change projects made up the second largest focal area portfolio in the 1997 PIR. Broadly speaking, this portfolio contains four types of activities: (1) capacity building and research, usually carried out through regional or multi-country projects; (2) increased energy efficiency, primarily through demand side management among urban electricity consumers; (3) expanded use of renewable energy sources (wind, solar, geothermal and biomass), several of them directed at rural households off national electric grids; and (4) short-term response projects from the Pilot Phase, e.g., the Coal Bed Methane and Sichuan Gas Transmission projects in China and the Poland Coal-to-Gas Conversion project. The Coal Bed Methane project illustrates how this latter group of projects have been successful at influencing policy change and stimulating private investment in activities with a potential to reduce greenhouse gas emissions (see Box 3).

29. Compared to the biodiversity portfolio, fewer climate change projects were rated highly satisfactory. The largest number of projects with implementation problems was in this portfolio. In general, where there have been implementation difficulties they are reportedly due to the failure to adequately engage stakeholders in the design process. This resulted in low recipient commitment to projects and lengthy delays as stakeholders have been belatedly involved during implementation. In addition, two projects which seek to generate energy from municipal waste—Tanzania Takagas and Pakistan Lahore Landfill (for which GEF funding was allocated in 1992 but which has still not been approved)—have experienced difficulties identifying suitable sites for project activities.

30. Approximately one-third of the climate change projects included in the 1997 PIR involve research, capacity building, or other activities aimed at assisting countries to implement the climate change convention. These projects include CCTRAIN, Country Studies on Sources and Sinks of GHG, Country Studies on Climate Change Impacts and Adaptation Assessments, START, Alternatives to Slash and Burn, Monitoring GHG including Ozone, ALGAS, Building Capacity in the Maghreb to Respond to the FCCC, and Cooperation to Support Global Change Research in the Inter-American Institute for Global Change. They are implemented by UNDP and UNEP, and are regional or multi-country projects that include activities in a number of countries, sometimes together with the development of study methodologies. They usually involve efforts to promote exchanges of experience among participating countries. In a number of cases, these projects have helped refine data collection approaches being used for, or trained people who are actively involved in preparing, countries' communications under the FCCC. These projects have worked best when the recipient country's executing agency is the national focal point for the climate change convention. The multi-country nature of these projects has promoted the sharing of lessons and, in the case of the Monitoring GHG including Ozone project, has also led to "twinning" arrangements between developing and developed country scientists and institutions. Nevertheless, a continuing challenge for this type of project, and for the growing number of individual enabling activities, is to improve communications and the exchange of information and experience among countries. UNDP and UNEP are currently jointly developing a new support program to address this challenge.

31. Demand side management projects to increase energy efficiency in Thailand, Jamaica, Mexico, Poland, Chile and Côte d'Ivoire/Senegal were included in the 1997 PIR. Many involved production and sale of compact fluorescent lightbulbs for residential and school use and in street lights. The Chile project aims to increase the efficiency of electric motors used by mining companies, while in Côte d'Ivoire/Senegal the focus is on increasing the energy efficiency of buildings. A key insight resulting from this year's review is that the ***success of demand side management activities***

BOX 3.
THE CHINA COAL BED METHANE PROJECT

China accounts for a third of worldwide methane emissions from human activity, mostly as a byproduct of coal mining. Less than 10 percent of the methane generated by China's coal mines is recovered. In the early 1990s, coal bed methane was viewed mostly as a safety risk and disposing of it a cost of production. There was little knowledge about methane's economic potential or awareness of the environmental impact of venting it into the atmosphere. Pricing policies were a disincentive to exploit this prospective energy source, and there were no financial mechanisms or management structures to coordinate methane recovery.

In response to this situation, in 1992 UNDP began a US$10 million GEF-funded project aimed at (1) demonstrating technologies that reduce methane emissions and recover the gas for use as a fuel; (2) assessing the methane resources of coal mines and the potential for using methane gas as a domestic energy source; and (3) increasing the awareness of top policy makers of the benefits of coal bed methane recovery and use.

The project successfully demonstrated at three sites a wide variety of techniques and technologies that Chinese coal mines can employ to reduce atmospheric methane emissions and recover methane as a fuel. Training workshops were held at these sites in resource assessment and related technologies. The project also prepared a detailed assessment and data base of China's coal bed methane resources, and strengthened national capacity to conduct resource assessments on an on-going basis. The China United Coal Bed Methane Development Corporation was created in 1996 as a joint venture between 3 government agencies to formulate policies and regulations, appraise investment opportunities, and negotiate joint ventures between domestic and international companies. As a direct result of these activities, several exploration and/or development agreements for joint ventures have been signed with international investors (including Amoco, ARCO and Philips-US), and more are under active discussion or negotiation.

Over 500 people took part in overseas study tours, domestic workshops and international training programs sponsored by the project. They included senior policy-makers, executives of national corporations, and managers and chief engineers of major coal mines. This, together with other project activities, helped bring about a major change in the policy environment. Recovery of coal bed methane has now been established as a national priority, preferential policies and a new financial mechanism to stimulate recovery and exploitation of methane have been introduced, and China has allocated about US$80 million for the capture and use of coal bed methane in its 1996-2000 Five-Year Plan.

is strongly linked to effective public awareness and information campaigns. These projects have also had generally successful experience involving private businesses and NGOs. NGOs have played an especially important role in education and awareness-raising activities.

32. A number of projects included in the review—e.g., India Energy Efficiency, India Small Hydel Resources in Hilly Regions, Zimbabwe Photovoltaics, Mauritania Wind Energy, Benin Woodlots, Mali Household Energy—focus on adoption of alternative energy sources in rural areas. While most have been relatively successful in achieving their project outputs, this has often been due to the use of subsidies or other extra-market incentives. ***The effect of these subsidies and other special arrangements on the sustainability of these programs once GEF funding is completed remains a key question.***

33. Finally, as was also the case in the 1996 PIR, one of the main conclusions of the review was that the ***policy framework and enabling environment are extremely important for the successful adoption and replication of alternative energy and more energy-efficient products and technologies.*** In Chile, the energy efficiency project appears to have created conditions for independent energy service companies (ESCOs) to operate with the mining sector. The Indian government is reevaluating its screening of small hydro

projects based on experience under the GEF project. In some cases, operations that blend World Bank and GEF funding have catalyzed regulatory and pricing changes. In general, however, this appears to be an area where greater attention could be given by GEF implementing agencies.

C. International Waters

34. Nine international waters projects were included in the 1997 review. Three projects focus on prevention of oil spills and/or ship waste. Two, in Jordan and Yemen, are single-country projects, although they are linked conceptually to the regional Red Sea/Gulf of Aden project approved in the November 1997 work program. Three others—Gulf of Guinea, Lake Tanganyika, and Prevention and Management of Marine Pollution in the East Asian Seas—provide support for a number of specific activities within the framework of a regional project.

35. With one exception, the PIR portfolio is not representative of the current emphasis in the international waters focal area on supporting Transboundary Diagnostic Analyses (TDAs) and Strategic Action Programs (SAPs). To date, GEF efforts have led to the development and endorsement at the ministerial level of SAPs for the Black Sea, Danube River Basin, Red Sea, and the South Pacific Small Island Developing States. For example, through the Environmental Management of the Black Sea project, a plan that sets clear policy goals for the next 2-3 decades has been agreed upon, and enough of the institutions in the region now have sufficient technical capacity to implement the plan. However, the ability of the Black Sea countries to mobilize sufficient financial resources and political commitment to carry out the actions called for in the plan will determine the long-term success or failure of this effort. An additional 15 SAP development projects are underway or about to begin.

36. The international waters projects reviewed have employed a range of mechanisms—including multisectoral committees, national working groups, and technical commissions—to engage stakeholders from government agencies, NGOs, private businesses and the science and academic community. For example, the Southwest Mediterranean Oil Pollution Management, Black Sea and East Asian Seas projects all report positive experiences in building new cooperation mechanisms, both within and among countries. These projects have created or strengthened numerous interinstitutional linkages and networks. The Red Sea/Gulf of Aden SAP (see Box 4) and a number of PDF-Bs under implementation by UNEP provide a positive experience in building on existing regional conventions. These conventions have also served as a vehicle for getting stakeholder involvement from governments, as well as NGOs and national science and academic communities.

37. Projects in the Gulf of Guinea and Yemen have resulted in stricter enforcement of licensing and other regulations governing fishing. In Jordan, the project has led to new construction methods for the installation of power cables and thermal power pipes. And under the China Ship Waste project, national standards for oil spill contingency plans, originally expected to cover only 6 ports, will now be applied to all ports throughout the country.

38. Implementation experience has highlighted the ***importance of extending the geographic coverage of projects to coincide with the natural limits of the ecosystem*** (e.g., large marine ecosystem, river basin) under consideration. In addition, the ***broad targeting and inclusion of stakeholders beyond those in the environment sectors has proven to be an important lesson.***

39. The PIR identified a number of key challenges facing GEF's international waters portfolio:

- ***A major challenge will be implementing the numerous SAPs currently underway,*** through national, private sector, and other donor investments. GEF funding for the implementation of SAPs will be modest. Expectations in this regard need to be realistic and made clear to our partners from the outset.

- There is a ***need to identify or refine indicators to measure and document the global environmental benefits and impacts from international waters projects,*** the success of SAPs, and the contribution of GEF to these results.

- A key to the successful implementation of international waters projects will be dealing effectively with occasional unwillingness of governments or industries to share data, or of governments to encourage NGO participation.

BOX 4.
THE COLLABORATIVE PROCESS OF DESIGNING A GEF INTERNATIONAL WATERS PROJECT: THE CASE OF THE RED SEA/GULF OF ADEN

In October 1995, the preparation of a Strategic Action Program (SAP) for the Red Sea and Gulf of Aden was initiated with GEF support. The SAP process was led by the Regional Organization for the Conservation of the Marine Environment of the Red Sea and Gulf of Aden (PERSGA) and was supported by all 3 GEF implementing agencies. It resulted indirectly from two Pilot Phase projects in the region: Egypt Red Sea Coastal/Marine Resource Management and Yemen Marine Ecosystems of the Red Sea Coast. Although both projects were just getting underway, they acted as important catalysts for broader regional cooperation. For example, a regional capacity building component provided a mechanism for collaboration among GEF's implementing agencies and led to the identification of the need for a regional action program.

The development of the SAP used a participatory process for reaching agreement on environmental trends, threats and priorities at the regional level. Country teams undertook national surveys and prepared national reports. National workshops were conducted to identify priority actions required by each country as an input to the reports. Participants included representatives of national and local governments, academic and applied research institutes, non-governmental organizations, and community groups. The priorities emerging from the national reports formed the basis for those identified in the SAP. In addition, navigation risk workshops were held in Egypt and Yemen, and a living marine resources workshop was held in Saudi Arabia. A task force of PERSGA, country members, and IA representatives finalized these priorities through a series of meetings. The resulting SAP was endorsed by PERSGA's Council of Ministers.

The SAP provided the basis for a new US$19.3 million GEF project approved in the November 1997 work program. Its activities will include institutional strengthening to facilitate regional cooperation, reduction of navigation risks and marine pollution, sustainable use and management of living marine resources, development of a regional network of marine protected areas, support for integrated coastal zone management, and enhanced public awareness and participation. The project will be implemented by all 3 IAs, based on roles clearly defined among them at the outset of the SAP process: UNEP is responsible for institutional strengthening to facilitate regional cooperation; the World Bank for coastal zone management and reducing navigation risks and marine pollution; and UNDP for public awareness, sustainable use and management of living marine resources, developing a regional network of marine protected areas, and monitoring and evaluation of program impacts. Co-financing is expected from PERSGA and other donors including the Islamic Development Bank and the European Union.

- ***Greater attention needs to be given to consultation in the earliest stages of project identification, and to coordination among GEF's implementing agencies*** to avoid duplication and overlap and to build on existing programs (e.g., UNEP's Regional Seas Program) whenever possible.

D. ELIMINATION OF OZONE-DEPLETING SUBSTANCES

40. Only 5 projects in this focal area were included in the 1997 PIR. Four were World Bank ODS phase-out projects in Eastern and Central Europe (see Box 5). The other was UNDP's regional Monitoring and Research Network for Ozone and GHG in the Southern Cone project.

41. A key lesson from the experience under the phase-out projects is the ***need to update financial reviews of targeted enterprises to ensure their viability if there are delays in implementation.*** The Bulgaria, Hungary and Slovenia ODS phase-out projects were delayed following appraisal waiting for GEF's ODS policy to be clarified by the Council. The changing economic situation in the region, slow progress on privatization, and substantial pre-project financing provided by firms in anticipation of downstream funding affected the financial viability of the enterprises

BOX 5.
PHASE OUT OF OZONE DEPLETING SUBSTANCES IN HUNGARY

The ODS Phase-Out project in Hungary is one of the first funded by the GEF in this focal area in Central and Eastern Europe and the former Soviet Union, countries not eligible to receive assistance from the Multilateral Fund for the Implementation of the Montreal Protocol. Begun in early 1996, this US$6.9 million project implemented by the World Bank seeks to phase out the use of chlorofluorocarbons (CFCs) in refrigeration, foams, aerosols and solvents through the adoption of new, cost-effective CFC-free technologies, and to phase in the operation of a national network of recovery/reclamation/recycling (3R) of refrigerants.

The 3R subproject is implemented by the Hungarian Association of Refrigeration and Air Conditioning Enterprises. Twelve investment subprojects were selected based on their impact on CFC consumption and eligibility criteria developed for the Multilateral Fund. The project helps finance investments in private industries which together account for more than half of Hungary's ODS consumption. They include producers of hot water storage tanks, refrigerators and freezers, sandwich panels, printed circuit panels, and gas-sterilizer cartridges. Participating firms are contributing approximately US$1.5 million toward ODS phase-out investments. Because the enterprises assisted must be financially viable, the project has had to continually monitor their financial health and make adjustments accordingly. For example, one subproject was delayed because of a change of company ownership, and another was removed from the project when the firm ceased the activity which uses ODS. The project has taken part in regular workshops organized by the World Bank with representatives of similar GEF activities in Slovenia, the Czech Republic and Poland. This has proven to be an effective way to share experiences and learn from each other; in fact, the Slovenia program provided a model for some activities in Hungary.

originally selected. This resulted in adjustments to sub-project design and, in some cases, the choice of enterprises to be included in the project. On the other hand, experience in the Czech Republic showed that strong economic incentives—in this case, entry into the European market—can help accelerate the pace of implementation. The ODS phase-out projects have also ***benefited from rotating workshops to share lessons and exchange information.***

V. Cross-Cutting Issues

42. This section summarizes conclusions on cross-cutting issues identified for special attention in the 1997 PIR and a few additional topics highlighted during the review.

A. Stakeholder Involvement

43. The importance of genuine, broad and continuous stakeholder involvement in projects is increasingly clear from the implementation of the GEF portfolio. ***For their participation to be fully effective, stakeholders must be actively engaged in decision making fora and processes. Periodic consultations with participants about project activities are not enough.*** Many GEF projects are doing this, with considerable success. Some of their experiences are highlighted in this section and elsewhere in the report. However, others are not, and some Pilot Phase projects (e.g., India Small Hydel Resources in Hilly Regions) are having to compensate for very limited stakeholder involvement in their design—often at the cost of significant implementation delays and project restructuring.

44. Biodiversity projects have most often devoted efforts to expanding the involvement of NGOs and communities in protected areas and coastal zones. However, even where major progress has been made in involving these groups, participation of the full range of government actors (including local and regional agencies), private business interests, and the science community with a stake in project outcomes requires more attention.

45. The variety of climate change projects in the PIR portfolio—including research activities, capacity development, demand-side energy efficiency, introduction of alternative energy sources, and large industrial activities—has meant that a wide range and large number of possible stakeholders need to be involved. In rural areas, participation issues are similar to those facing biodiversity projects. In other projects, the involvement of private businesses and their customers has been very important. ***Going beyond the primary government executing agency or focal point to engage a full range of public sector agencies is critical when policy and regulatory issues are keys to project success and sustainability.***

46. The international waters projects reviewed had mixed experience engaging stakeholders. In some cases—e.g., East Asian Seas and Gulf of Guinea—there has been very active and diverse involvement. In others, for example in the Lake Tanganyika project, there has been much less success, due in part to the security situation in that region. Building on an existing mechanism such as a regional convention to bring together a wide range of stakeholders, from national and local governments to private industries to academic institutions to NGOs and community groups, has been a feature of the Strategic Action Program process that now characterizes much of the international waters portfolio.

47. ***Actively involving stakeholders is not easy. Local institutions of all kinds often need to be strengthened to allow effective participation.*** Experience from all focal areas shows that it can be a ***very political process to build and maintain support for project initiatives from a large number of stakeholders with disparate interests and perspectives.*** To sustain participation, underlying structural issues such as property rights, empowerment, and local governance must be addressed. ***Pursuit of greater, genuine stakeholder involvement has sometimes encountered resistance from governments, who are not used to working this way and may need support to rethink their own roles and approaches.***

48. One important dimension of this process is the ***identification or development of broad coordination or policy formulation mechanisms that link local stakeholders and activities with national policies and actors.*** These mechanisms provide a vehicle for a variety of stakeholders to voice their interests and develop a sense of ownership for decisions. In fact, those involved with the Colombia Chocó Biodiversity project report that putting in place these coordination mechanisms is as important to project success as community participation (see Box 6). Colombia's experience indicates that these mechanisms are more effective when they are initially focused on the completion of specific short term tasks. This tends to make these bodies more committed to obtaining concrete results, and gives them a stronger basis for evolving into more comprehensive vehicles for

participation. In addition to the Colombia project, there are a growing number of examples of coordination mechanisms and active local participation in decision-making in the GEF portfolio, including under the East Asian Seas, Black Sea, Turkey In-Situ Conservation of Genetic Diversity, Mauritius Restoration of Natural Forest, Southwestern Mediterranean Oil Pollution Management, and Gulf of Guinea projects, as well as the biodiversity trust funds established in Peru and Uganda.

Box 6.
Stakeholder Involvement and Development of Coordination Mechanisms in Colombia: The Biodiversity Conservation in the Chocó Region Project

This project, one of the first funded by the GEF, is implemented by UNDP and began in 1992. It seeks to support a new development strategy for the Chocó Biogeographic Region that would conserve and sustainably use biological resources based on scientific knowledge and the participation of local communities. Initial stages of implementation were difficult given a complex project design set in a fluid institutional environment involving a diverse variety of stakeholders and covering a large geographic area. Government agency mandates and leadership changed regularly at national and local levels, with responsibilities for environmental concerns divided among many organizations and indigenous groups with different territorial jurisdictions. The project was designed by national government officials with some consultation with—but little real participation from—people in the region. The project's offer to fund community-driven initiatives created unrealistic expectations and was met by a large number and variety of proposals, many of which lacked a coherent focus and/or were ineligible for GEF financing. They overwhelmed the project's ability to handle them administratively.

Two key changes were made in 1995 in response to these problems. First, stakeholder representation was made official through the establishment of an "Expanded Project Team" which included members from Afrocolombian and indigenous people's communities. The team served as a vehicle for fully incorporating communities in decision-making at both the project coordination and national steering committee levels. The Expanded Team has become a mechanism for genuine participation, for reaching agreement on development approaches and priorities, and for evaluating project results and impact. It has improved the quality and ownership of project activities and strengthened prospects for long-term sustainability. Second, responsibilities were decentralized to the project area. Working groups of local and regional government institutions, community organizations, and NGOs were formed to develop "Territorial Programs" that define land uses for globally significant areas and identify management activities responsive to local needs and consistent with conservation and sustainable use priorities. The Territorial Programs gave needed focus to conservation planning and management in the area and provided the tools for resource use and development in the Chocó. In addition, the working groups have become effective mechanisms for participation by and coordination among the wide variety of organizations and interests.

From its initial struggles, the Chocó project has become a highly successful model of interinstitutional coordination and genuine community participation in decision-making, not only for the project but elsewhere in Colombia. This took substantial time and human and financial resources to organize and to overcome resistance to new concepts and behaviors. Still, several challenges remain. More effort needs to be made to involve central government and private sector stakeholders in the participatory mechanisms pioneered to date. The Expanded Team and Territorial Program approaches are not yet fully institutionalized. The creation of one vehicle for continuing project activities, namely the Environmental Research Institute for the Colombian Pacific Region, while reflective of the project's participatory approach, required extensive rounds of consultations and is just getting started. These are all priorities for a second phase of the project planned to begin in 1998 with Colombian government support. Maintaining financial commitment through successive administrations will be crucial to sustaining project results.

49. For the implementing agencies, it is often very time consuming to involve a broad range of stakeholders and encourage effective coordination mechanisms. It ***requires that substantial resources specifically be devoted to promoting participation.*** This is especially true when working with communities. For example, the South Pacific Biodiversity Conservation Program reported that it took 2-3 years of awareness raising to enlist community support. Reports from the Papua New Guinea Biodiversity project—which was unable to overcome cultural, political, and economic hurdles at its first site and had to terminate activity there when it became clear that its conservation objectives were unlikely to be met—have documented a wealth of experience and insights on this process.[4] They are supported by reports from other community-based conservation projects included in the review, e.g., biodiversity projects in the Darien region of Panama, Nepal, the Philippines, and Colombia, among others. ***In order to build effective partnerships with communities and earn their trust, considerable effort often must be devoted to understanding community perspectives, decision-making structures, and capabilities. The way project staff interact with communities, especially at the outset, is critical for gaining and keeping their respect, and avoiding expectations of rapid or easy returns.*** New skills are frequently needed by project staff and organizations (including NGOs). So is patient and continual support from project executing agencies. ***Project implementers often need to resist pressures for rapid project implementation in order to have time to build sufficient trust and understanding in communities.*** Only in this way can they help communities identify their own solutions and development options, which are critical steps in long term conservation and sustainable use of biodiversity and natural habitats.

50. Experience under three of the biodiversity projects included in the 1997 PIR shows that community involvement can give rise to short run difficulties as communities and other groups have a voice for the first time. This can be especially true when project implementers do not have the right skills or when attention to social issues is inadequate. In Cameroon, efforts to involve communities exacerbated potential conflicts among stakeholders by bringing them into the open. In Uganda, local politicians tried to direct funds intended for conservation to broader community needs. And in Panama, issues arose about the extent to which traditional authorities represented the views and interests of forest communities. These problems do not argue for avoiding increased stakeholder involvement. On the contrary, resolving issues like these may well be essential for achieving long term sustainable development and global environmental benefits. But they illustrate some of the complications more participative approaches can entail.

51. NGOs are reported to have been very successful at reaching out to stakeholders, especially rural communities, in many projects reviewed in the PIR. Nevertheless, there were instances in the projects reviewed where local communities reported that NGOs do not necessarily represent their views, and where differences between international and national/local NGOs reportedly caused implementation difficulties. Different institutional cultures and perspectives between NGOs and government agencies have also sometimes limited NGO participation.

52. Two other issues regarding stakeholder involvement were highlighted during the review. First, there was little explicit treatment of gender issues in the PIR reports. This requires further attention in future reviews. Second, while considerable progress has been made in engaging stakeholders more actively in GEF projects, ***better measures of how expanded participation leads to the actual achievement of global environmental objectives are needed.***

B. Recipient Commitment

53. ***Strong commitment by recipient countries and organizations is a major determinant of project implementation success, and even more so for long term replication and sustainability.*** In projects reviewed in the 1997 PIR that were having implementation problems, weak recipient commitment was usually a factor. In a few cases, this led to a shift in implementation responsibility from national institutions to the implementing agencies. Where this was done it may have had positive short term benefits in accelerating project implementation, but the long term effect of such a shift on sustainability remains a question.

[4] For a full discussion if this experience, see Race for the Rainforest: Evaluating Lessons from an Integrated Conservation and Development "Experiment" in New Ireland, Papua New Guinea, by Rob McCallum and Nikhil Sekhran, UNDP, 1997.

54. A clear conclusion of this year's review is that, in order to gain recipient ownership and commitment, ***projects have to respond to some national or local interest in addition to aiming to achieve global environmental benefits.*** In projects that work with communities and seek to change their behaviors, activities must address community needs. While economic interests are obviously a large part of this, they are not the only interest that national or local groups can have in a GEF-funded project. The PIR identified a number of ways that global environmental projects can and have responded to important needs:

- by identifying and supporting alternative sources of income—e.g., in biodiversity projects in the Seychelles, Jordan, China, and Ukraine's Danube Delta, among others

- by increasing prospects for economic savings or returns—e.g., the capture of methane and reduction of natural gas transmission losses in the two China climate change projects, and in the energy efficiency projects reviewed

- by making conservation or restoration of an important resource a rallying point—e.g., the Jordan Dana and Azraq Protected Areas project (see Box 7)

- by increasing mine safety—e.g., the China Coal Bed Methane project

- by creating a vehicle for greater political participation by indigenous groups—e.g., the Colombia Chocó biodiversity project

- by creating an opportunity and forum for the private sector to influence policies and regulations—e.g., the Batangas Bay subproject of the East Asian Seas project (see Box 8)

Box 7.
Developing Support for Conservation in Jordan's Azraq Oasis

The Azraq oasis is a large wetland complex recognized for its biological uniqueness when it was designated as a Ramsar Convention site in 1977. It has been an important cross-roads for millennia, and until recently, was a major stopping point for migratory birds. However, as the result of water extraction for agriculture and to meet the needs of a rapidly growing urban population in and around Amman, the entire Azraq wetland became totally desiccated in 1992.

Through the UNDP/GEF-funded Conservation of Dana Wildlands and Azraq Wetland project in Jordan, this trend has been reversed and the oasis is coming back to life. Although a long-term solution will require fundamental changes to ease pressure from growing urban water demands, a start has been made. A key factor in this success was securing agreement to pump water back into the oasis for the restoration effort. This was done by persistent efforts over more than two years to generate political and community support. The project developed an information campaign, including media coverage of the plight of the oasis and the communities who depend on it. At the same time, a very effective project director built contacts with government agencies and universities, and lobbied them on behalf of this effort. The project also provided local farmers with information from project-funded surveys of groundwater quantity and quality, irrigation water quality, and salinization to highlight the effects of the deterioration of the oasis on their livelihood, and the need for changed practices. This led to greater cooperation as they began to see the project as a partner.

Perhaps most importantly, the project helped create a local organization, Friends of Azraq, through which, for the first time, the surrounding villages have become empowered to address environmental issues related to the oasis. Friends of Azraq includes conservationists and agricultural interests—potential adversaries—who both participate openly in group debates and policy decisions. Prior to the formation of the organization there was little cooperation between the two villages of the area, nor was there a mechanism for direct communication with government agencies responsible for water issues. Friends of Azraq has become a strong advocate for rehabilitation and sustainable management of the wetland and surrounding area.

55. Important lessons were documented in the review on how increased involvement of government, private sector and community stakeholders can lead to greater ownership of project activities and initiatives, and to greater commitment to project outcomes and objectives. For example, including private business representatives in decision-making processes can lead to better compliance with government regulations. In addition, the dissemination of information and campaigns to raise awareness about environmental issues and the benefits of participating in project activities have had a positive effect on recipient commitment in several projects.

56. ***Careful integration of project interventions with national policies and priorities is needed to help ensure that links between project efforts and global environmental benefits can be effectively made and sustained.*** One way of doing this is to relate project activities to national environmental strategies. This was reported to be one of the explanations for the very different implementation experience under GEF biodiversity projects in the Seychelles and Cameroon. In the Seychelles, project activities were selected within the framework of a national environmental action plan. They were successfully implemented. In Cameroon, however, there was no such plan when the project was designed. As a result, the project has suffered from a lack of strategic focus and is basically a basket of individual field activities carried out by separate NGOs with very little central government ownership. Through a UNEP-funded enabling activity, the GEF is now assisting Cameroon develop a national biodiversity strategy, and as a result of the 1997 PIR, this work will be harmonized with the mid-term review of the Cameroon biodiversity project.

57. The PIR has demonstrated clearly that projects operate within a political context. The Project Lessons study offers a number of insights based on GEF experience on how this can be taken into account. They include seeking and continually nurturing the support of a wide range of political interests in addition to senior government officials and middle managers who implement government policies; recognizing the impact of elections and other changes in leadership and how this can affect support for the project and the pace and extent of policy changes; and often aiming to produce quick, tangible results in order to gain political support. This last point, of course, underscores the difficult challenges and balancing act that project implementers often face, since—as discussed in the previous section of this report—projects working with communities often need to be allowed sufficient time to help them identify their own solutions and development options.

C. NON-TRADITIONAL IMPLEMENTATION ARRANGEMENTS

58. The 1997 PIR focused attention on two types of "non-traditional" implementation arrangements: ways to stimulate greater participation of private businesses in GEF activities, and the creation of conservation trust funds under several biodiversity projects.

59. Climate change projects have made great efforts to involve private businesses as suppliers and installers of solar energy equipment or as manufacturers and distributors of energy-efficient lightbulbs. Most of the GEF projects reviewed that aim at increasing energy efficiency or introducing alternative energy technologies have underwritten a variety of subsidies or other incentives as a way of attracting private sector participation. As this first phase of GEF projects begins to come to a close, however, it is becoming increasingly clear that these incentives run the risk of hindering replication and the long term sustainability of project activities and benefits. For example, subsidized importation and warehousing of solar equipment by the Zimbabwe Photovoltaics project weakened local manufacturing capacity. Thus, ***an effective balance needs to be found between attracting private businesses and distorting the marketplace in ways that will make continuation of these initiatives difficult.***

60. In many countries GEF projects work with established businesses. As the Project Lessons study has documented, however, in others like Zimbabwe, expanding private sector participation has required efforts to strengthen small, young businesses providing new products or services, in this case the installation of PV equipment in rural areas. This can include expanding their awareness and understanding of the marketplace. Some GEF projects have also increased the quantity and quality of private sector services by helping set and enforce industry quality and performance standards. Industry associations have played a role in this process, especially where continued participation in project activities depends on remaining a member in good standing.

BOX 8.
INVOLVING THE PRIVATE SECTOR AS A PARTNER IN ADDRESSING GLOBAL ENVIRONMENTAL ISSUES: REDUCING POLLUTION IN THE PHILIPPINES' BATANGAS BAY

Batangas Bay is a "demonstration" site under UNDP's Prevention and Management of Marine Pollution in the East Asian Seas project. The bay has a deep-water port which is developing quickly and expected to become the second largest in the Philippines. It is lined with over 50 industrial plants—from oil refineries to food processing to ship building—and supports 1,000 fishermen. A portion of the bay contains coral reefs that attract thousands of tourists every year. Industrial effluents, municipal sewage and organic wastes from agriculture discharge into the bay. As development occurs, increased risk of degradation from land-based activities and oil and chemical spills from maritime operations and accidents is expected.

The East Asian Seas project helps the provincial government of Batangas undertake preventive and corrective measures to keep the bay clean. The main vehicle for this was the creation of the Batangas Bay Council for Integrated Coastal Management. The Council has been delegated authority to oversee the formulation, adoption, implementation and policy direction of a strategic environmental management plan for the Batangas Bay region and related actions. It includes members from the provincial government, municipal governments in the bay area, the Coast Guard, Ports Authority, and other government and non-governmental organizations.

Significantly, the Council also includes a member from the Batangas Bay Coastal Resource Management Foundation, an association formed in 1991 by key private industries, including three multinational oil companies. In fact, participation in the project provided the stimulus needed to revitalize the Foundation. It has been a practical way for businesses to become involved as a group, rather than individually. Through it, some members have provided technical assistance to help other firms develop waste audits and management plans. The Foundation also plans to hire a person to work with the Council to raise awareness about environmental problems in the bay and encourage other companies to participate in the project.

Membership on the Council gave the private sector an incentive and a forum for becoming actively involved in addressing pollution problems in Batangas Bay. It provided an opportunity to influence government policies and decisions. As a result, private companies have negotiated voluntary agreements with central and local governments on waste reduction, maintained oil spill equipment and conducted response exercises, and participated in pollution management audits and the marine pollution monitoring program. The Council has been involved in helping identify infrastructure needs and prospects for joint private-public investments in marine pollution prevention, control and mitigation.

61. Beyond using the private sector to supply goods and services, several projects included in the 1997 PIR have gained valuable experience on how to involve private businesses as partners in addressing global environmental issues. For example, the Gulf of Guinea and East Asian Seas projects have involved businesses in groups that have made a direct input into the development of new regulations to control and limit pollution and to monitor pollution levels. These projects have found ***that to engage private industry effectively as partners, a forum has to be created.*** Even when this is done, private sector participation is not automatic. Incentives need to be found to encourage their involvement. As the experience in Batangas Bay in the Philippines under the East Asian Seas project demonstrates (see Box 8), ***one incentive that can be particularly effective is providing the opportunity for direct involvement with government agencies in decision-making on issues that affect them.*** This can require changes in government attitudes, including greater willingness to delegate responsibilities to local government and to the councils on which private businesses are represented. Such fora can also help remove unproductive labels and stereotypes that often cloud communication and understanding between businesses and government.

62. Four of the biodiversity projects included in this year's PIR include the creation of conservation trust funds: Peru National Trust Fund, Uganda Mgahinga

and Bwindi Park Conservation, Bhutan Trust Fund, and Mexico Protected Areas. In all but Mexico, these funds were operational for all of FY97. They have supported management plans for parks and other protected areas by financing improved park administration, research and community development activities. All are serving as multi-stakeholder fora, building new partnerships among governments, NGOs, community groups, scientists and others (see Box 9). For example, in Uganda, representatives of several NGOs and of the Local Community Steering Group are members of the Board of Trustees. Trust funds have also attracted other sources of funding for biodiversity conservation beyond GEF's contributions. As of June 1997, the three trust funds that were in operation had received US$24.2 million in additional resources.

63. While these trust funds appear to be off to a good start, they—and others created through GEF projects—will need to be closely monitored to be sure that financial management procedures and controls are in place to preserve the value of the funds' capital while generating sufficient returns to finance field-level projects; that administrative costs are kept under control; and that appropriate mechanisms are being implemented to guarantee that subprojects are consistent with the biodiversity purposes for which the funds were created and with GEF's specific selection criteria, including incremental costs.

D. Capacity Building

64. Building capacity and strengthening institutions is a primary focus of GEF projects carried out by UNDP and UNEP. Through these efforts, hundreds of people have been trained, national environmental agencies and NGOs have been created or strengthened, and regional and global networks have been

Box 9.
Conservation Trusts: Supporting New Partnerships for Biodiversity Conservation

Whether operating within existing private foundations or by creating new non-profit entities, conservation trust funds have served to bring together key public and private stakeholders as joint decision-makers to carry out a variety of conservation activities.

- In Uganda, the Mgahinga and Bwindi Park Conservation Trust is managed by a board of 9 trustees drawn from the public park and forest services, NGOs, research institutions, private tourism companies, and local residents of the two parks. A steering committee of local government and community representatives and NGOs provides advice to the Board on interactions at the local level.

- In Peru, the Protected Areas Fund (FONANPE) created by the GEF project is managed by a non-profit entity with 7 board members representing the government, NGOs and an international donor. A good working relationship has been formed with the National Institute of Natural Resources, a coalition of government agencies servicing the parks, leading to a takeoff in project operations within 14 parks and protected areas.

- The Bhutan Trust Fund was created to launch a comprehensive nationwide environmental program. In addition to achieving its objectives of expanding conservation implementation capacity and attracting additional capital, it has raised conservation awareness within the country and abroad. In 1996, the Fund amended its charter so that the current board comprised of 5 government and one international NGO members will, in 2001, take on a broader representation of government, local NGOs and the private sector.

- In Mexico, GEF funds were used to create an endowment within the non-profit Fondo Mexicano para la Conservación de la Natureleza (FMCN) aimed at providing basic conservation support directly to selected protected areas and their communities. While the FMCN board provides general oversight of the fund, a 7-member technical committee of public, private, social, academic and conservation groups will provide the overall management and direction.

created to share experiences. UNEP's activities give particular emphasis to enhancing the technical and scientific capacity that developing countries need to understand, monitor and respond to global environmental issues better.

65. Capacity building is a component of most country projects reviewed in the 1997 PIR. In addition, the portfolio includes a large number of regional or multi-country "umbrella" projects with specific capacity building objectives. Through workshops, multi-country training courses, and the promotion of networks, these umbrella projects have served as effective vehicles for linking people working on similar problems throughout the world. Regional and multi-country projects, however, often require considerable effort devoted to logistics and coordination.

66. GEF projects are training pools of experts who are contributing to countries' ability to implement the biodiversity and climate change conventions. UNEP-funded country studies and the Biodiversity Data Management project (see Box 10) are providing the scientific and information basis for national biodiversity strategies and national communications under the global conventions. The methodologies developed under these projects are helping other countries with their own strategies and communications. The Inter-American Institute for Global Change project financed a large training effort in Latin America which is reportedly supporting national and regional assessments of land-use changes that are feeding into the process of national communications to the climate change convention. The Global Monitoring of Greenhouse Gases project has established monitoring sta-

Box 10.
Building Capacity for Biodiversity Data Management

GEF's Biodiversity Data Management Capacitation in Developing Countries and Networking Biodiversity Information project, begun by UNEP in 1994, is helping build national capacity and exchange of information between Parties to the CBD. Focusing initially on data compiled in the GEF Biodiversity Country Studies project, the BDM project aims to mobilize these data as key tools in building enhanced national capacity for planning biodiversity strategies and actions for conservation and sustainable use. Ten countries (Bahamas, Chile, China, Costa Rica, Cuba, Egypt, Ghana, Kenya, Papua New Guinea and Thailand) have conducted national institutional surveys of existing capability for data management, and prepared national plans to manage and apply biodiversity data in support of the CBD. For example, the Kenya Wildlife Service has used the project to organize the information being used to manage the country's national parks. Egypt has standardized all data related to its national protected areas and is making it available free of charge to all interested users within the country.

To support these activities, and promote their application in other countries, the project has prepared and field tested guidelines and resource materials in several areas. Guidelines for national institutional surveys help countries assess their capacity to manage biodiversity information. A guide to information management describes a step-by-step information cycle comprising agreement on priority issues, determination of information needs, design of information products, and stakeholder involvement. An electronic resource inventory provides a wide range of information and reference directories on software, hardware, methodologies, standards, common practices, data sources, key organizations and exemplary projects related to biodiversity data management. The resource inventory has promoted both North-South and South-South cooperation. These supporting materials greatly facilitated development of BDM plans in the 10 participating countries by providing valuable information on methodologies, software, data sources, and organizations with relevant expertise that planners could draw upon to supplement national skills.

The 10 countries participating in the project are expected to complete their BDM plans by the end of 1997. As a final project activity, a participatory evaluation process is being planned to consider how the project can contribute to the CBD Secretariat's Clearing House Mechanism, how to assist the 10 countries implement their BDM plans, and how to extend the benefits of the project to other interested countries in the most cost effective manner.

tions in 6 countries and provided training for national staff who have been "twinned" with experts from developed country meteorological institutions. Under the ALGAS project, over 160 national technical experts in Asia have received training in GHG inventories, mitigation and project identification. These experts are now providing inputs to national communications and helping identify climate change mitigation projects for future funding. Through the Research Program on Methane Emissions from Rice Fields project, more accurate estimates of methane emissions from rice production have been calculated and training has been provided to the country teams working on the ALGAS project. These estimates reportedly are being used throughout Asia and will form an important part of the national communications of countries in the region.

67. There are indications that the various GEF-funded capacity building projects are at a stage of potentially producing global environmental benefits, depending on countries' ability to put this capacity to effective use. However, ***while most projects are monitoring the quantity of training and other <u>outputs</u> produced, the review noted the absence in most projects of clear statements of intended capacity building <u>outcomes</u> or impacts. Likewise, there is little baseline information and very few indicators to measure the effectiveness and results of capacity building, especially in terms of global environmental objectives.*** The more widespread use of the logical framework for new GEF projects will address this to a considerable extent, but the need to define more precisely the intended impacts of, and develop indicators for, capacity building and institutional strengthening projects was identified as a high priority for future attention.

E. Public Awareness

68. A lesson that emerged clearly from the 1997 PIR was the ***importance of information dissemination and public awareness-raising activities in stimulating the adoption of new technologies or behaviors, strengthening buy-in to and sustainability of conservation projects, and creating a more favorable enabling environment for policy and attitude changes.*** This lesson does not appear to have resulted from a conscious strategy across GEF projects, however. The review concluded that information dissemination and awareness raising should be expanded in GEF projects and programs, and that more effort is needed to disseminate experience in this area.

69. The success of demand-side energy efficiency projects in the PIR climate change portfolio can be strongly linked to effective public awareness campaigns. For example, in Poland, professional advertising and an educational campaign at schools resulted in heightened public awareness and greater use of compact fluorescent lighting (see Box 11). In Jamaica, good community response to the Demand Side Management project was attributed to an NGO-designed public awareness campaign that includes media coverage and school campaigns.

70. ***Greater awareness of project benefits can stimulate behavior changes and investments beyond project-funded activities.*** A public information campaign in support of the Poland Coal-to-Gas conversion project led to overwhelming expressions of interest from potential participants, surpassing expectations and leading to more widespread conversions funded outside the GEF project. In Jordan, a public awareness campaign on sound environmental practices under the Gulf of Aqaba project led to changes in practices by coastal hotels.

71. Information provided to communities increased their participation in conservation projects. One example of this was reported in Ghana, where the Coastal Wetlands project distributed the results of bird and turtle studies to communities with a resulting increase in voluntary protection activities. An effective way of promoting dialogue with communities is by involving them in monitoring the physical and socio-economic results of the project. For example, respected members of the community play an important role as park managers in Jordan's Dana Reserve, and act as witnesses to the effects of improved area management. The Belarus Biodiversity project found that disseminating project results to communities enhanced their sense of participation and support for changes in conservation management practices.

72. One of the insights gained in implementing the Papua New Guinea Biodiversity project is that to establish an enabling environment for conservation, projects need to invest in education. This requires that attention be given to media outreach, involving churches and other local institutions, developing school curricula, and providing training to teachers and other educators. The Sustainable Development in Sabana-Camaguey project in Cuba and the Coastal Zone Management projects in Belize and the Dominican Republic report similar lessons.

BOX 11.
PUBLIC AWARENESS RAISING AS A KEY INGREDIENT TO SUCCESSFUL ADOPTION OF ENERGY EFFICIENCY PRACTICES: THE CASE OF POLAND

The Poland Efficient Lighting Project (PELP) is a US$5 million project implemented by the International Finance Corporation (IFC) and executed by private sector entities in partnership with several national and international NGOs. Now nearly completed, its objective is to reduce GHG emissions by decreasing electricity consumption from residential lighting, as well as in utility services in selected municipalities, by stimulating the Polish consumer market for efficient lighting products. To achieve this PELP undertook five programs: (1) compact fluorescent lamp (CFL) subsidies; (2) CFL luminaire subsidies; (3) pilot demand-side management (DSM) activities; (4) public education; and (5) monitoring and evaluation (M&E) of project impacts.

Consumer reluctance to make high up-front investments in unfamiliar energy efficient light bulbs was identified as a principal barrier to greater widespread market penetration of CFLs in Poland. Over a two year period PELP matched US$2.6 million in subsidies to reduce initial CFL purchase prices with a US$430,000 consumer education and awareness strategy to increase the public's knowledge of efficient lighting products and their benefits. The result was the sale of over 1.2 million CFLs at a modest per unit subsidy to largely first-time buyers.

PELP's CFL, luminaire and DSM components were accompanied by promotional campaigns supporting efficient lighting products built around a special logo backed by Polish consumer, environmental and energy efficiency partner organizations. The logo was affixed to energy efficient lamps and luminaires to increase consumer awareness of, and confidence in, such products. The project and its logo were promoted through posters, professional publications, newspapers, magazines, public and press events, and television advertisements. The logo is now widely recognized in Poland, and is commonly requested by first time CFL buyers. The public education component also included energy efficiency education for Polish grammar schools, as well as programs for professional lighting designers and the public on energy efficiency awareness. Finally, through consumer and more general surveys, the M&E component is testing the extent to which awareness and attitudes have changed, and what effects this is having on markets for efficient lighting products.

Preliminary results suggest that PELP has been very successful in raising consumer awareness of CFLs. Over 98% of consumers who purchased CFLs during PELP's first season of subsidies were at least "satisfied" with their purchase, and almost 80% said they intended to buy more CFLs during the second season. Almost twice as many Polish households as at program inception now own at least one CFL. The ultimate measure of PELP's success is how much it will reduce electricity demand, and consequently GHG emissions. Preliminary estimates show that its direct effects have reduced emissions by over 200,000 tons of carbon, and PELP's broader effects on the Polish lighting market will likely lead to much greater emission reductions.

73. The PIR concluded that, although media outreach can be time-consuming, ***GEF projects should be more aggressive in pursuing opportunities to use the media as a vehicle for disseminating information and raising awareness*** about project activities and global environmental issues generally.

F. PERFORMANCE INDICATORS/MONITORING AND EVALUATION

74. A number of PIR reports identified specific activities that have been carried out to select performance indicators and use them in monitoring and

evaluating project results. As the experience under the China Nature Reserve Management and the Philippines Protected Areas projects shows (see Box 12), these efforts are beginning to provide lessons on the process of developing good monitoring and evaluation plans and insights about which indicators will be most useful in monitoring the progress and impact of projects in GEF's focal areas.

75. Despite the progress that has been made, however, over half of the GEF projects reviewed appear not to have identified, nor to be using regularly, clear results-oriented objectives or indicators to monitor and evaluate their impact. Little work has been undertaken to define precise strategic objectives and corresponding indicators for GEF's operational programs. UNDP is placing increased emphasis on logical framework training and, like the World Bank and UNEP, requires logframes with performance indicators for all new projects. The World Bank will retrofit all of its GEF projects with monitoring indicators by June 1998. The Bank has also issued monitoring and evaluation guidelines for its GEF biodiversity, climate change and international waters projects, and these have been provided to the other implementing agencies to use, as appropriate. It is near completing a comprehensive revision of the biodiversity guidelines, which were originally issued in 1992.[5] The revised version focuses on measuring the biophysical impact of project activities, and will be used throughout the World Bank for all biodiversity projects. An update of the climate change guidelines is planned in 1998.

76. While these are positive steps, the PIR concluded that ***a more systematic effort should be led by GEF's Senior Monitoring and Evaluation Coordinator to catalog existing work on and experience with performance and impact indicators at both the project and program level, to identify indicators that would be especially appropriate for GEF projects and operational programs, and to disseminate this information within the GEF family,*** together with a list of resources on which implementing agencies and the secretariat can draw.

BOX 12.
EXPERIENCE DESIGNING MONITORING AND EVALUATION PLANS, INCLUDING PERFORMANCE INDICATORS

Under the World Bank's China Nature Reserves Management project, the process of developing an M&E plan in a participatory manner took nearly a year. Several workshops were held in the field and involved multiple stakeholders. The final plan focuses on simplicity, cost-effectiveness and sustainability and the understanding that indicators should be: (1) useful to the management of the protected area, (2) inexpensive to collect and maintain, (3) integrated with nature reserve research programs, (4) practical, (5) pertinent and relevant, and (6) reliable. Valuable lessons learned through this process included the good team building experience that participatory efforts bring about.

Timing is also important. Developing an M&E plan before completing the final project design or beginning implementation can cause the plan to be overly complex and the capacity to implement it overestimated, as initially experienced by the Philippines Protected Areas project. Subsequent to the initial design of the M&E plan in this project, a simplified, easier to implement plan was reformulated and is now being used.

[5] Guidelines for Project-Based Monitoring and Evaluation of Biodiversity (Draft, September 1997). The World Bank, Global Environment Division, Environment Department, Washington DC. 80 pp.

VI. Actions Taken and Recommendations for the Future

77. As a result of the 1997 PIR, four specific actions were agreed upon among the GEF secretariat and implementing agencies:

- In addition to the publication of reports of its evaluation studies and project implementation reviews, the GEF will initiate a series of "dissemination notes" to highlight particularly interesting case studies and lessons from experience. Initial topics for this series would draw on the Project Lessons study and analysis from the PIR. The Monitoring and Evaluation team in the secretariat will take the lead on this effort, although individual notes could be prepared by implementing agencies.

- The GEFSEC Monitoring and Evaluation team will lead, working closely with the three focal area task forces and GEF coordination units in the IAs, a systematic effort to identify performance and impact indicators appropriate for GEF projects and operational programs.

- An effort to take stock of experience with various institutional arrangements in regional projects will be carried out over the next year. It was agreed to ask GEF's international waters task force to lead this activity. The results will be discussed during the 1998 PIR.

- The review agreed on one country-specific action to increase coordination between activities funded by more than one implementing agency. In Cameroon, the mid-term review of the World Bank GEF biodiversity project will be harmonized with elaboration of the national biodiversity strategy through a UNEP-funded enabling activity, with the aim of helping define a more strategic context for project activities.

78. In addition to these actions, several steps were agreed upon to further improve the project implementation review and the dissemination of its findings:

- The 1997 PIR report will be distributed at the April 1998 GEF Council/Assembly meeting in six languages. A workshop will be organized at the Assembly to discuss the 1997 PIR results. In addition, the Senior Monitoring and Evaluation Coordinator, in collaboration with the implementing agencies' GEF coordination units, will actively seek other ways to disseminate PIR results, especially to give feedback to project officers who have provided input to the review.

- It was agreed that including a review of focal area portfolios by the respective GEF task forces would make a valuable input to the interagency review. The 1998 review will involve task force reviews of the PIR portfolio prior to the interagency meeting.

- The participants in the 1997 review believed that the practice of identifying 1-2 cross-cutting topics as a focus for PIR reports and the interagency meeting worked well and should be continued. Candidate topics for 1998 include the GEF's progress at leveraging additional resources and actions to address global environmental issues, capacity building/institutional development, and experience with regional projects.

- Preparations for the 1998 PIR should start as early as possible. In order to further integrate the PIR exercise into IAs' current monitoring procedures, the guidelines for the FY98 review will be issued in January 1998.

APPENDIX A
LIST OF PROJECTS INCLUDED IN THE 1997 PIR

Multi focal areas

	IA	Project Description	Work Program	IA Approval	Effective Date	US$ mios	Disbursed as of 6/30/97	% Disbursed
1	UNEP	BD Country Studies Phase 1	Dec-91	Mar-92	Mar-92	5.00	3.02	60
1	GEFSEC	PRINCE (as of 01/31/1997)	Jul-93	Jul-93	Nov-94	2.60	1.06	40.69
2	WB	Small and Medium Scale Enterprise Program	Apr-94	Dec-95	Mar-96	4.30	1.20	27.91
3	UNDP	Small Grants Programme	Dec-91	Mar-92	Jun-92	14.94	14.82	99.20
		Total				21.84		

Biodiversity

	IA	Project Description	Work Program	IA Approval	Effective Date	US$ mios	Disbursed as of 6/30/97	% Disbursed
1	WB	ALGERIA El Kala National Park/Wetlands	May-91	Apr-94	Sep-94	9.20	2.90	31.52
2	UNEP	BD Country Studies Phase 1	Dec-91	Mar-92	Mar-92	5.00	4.48	89.60
3	UNEP	BD Country studies Phase 2	Dec-92	Jun-94	Jun-94	2.00	1.56	78.00
4	WB	BELARUS Biodiversity Protection	May-91	Sep-92	Dec-92	1.00	1.03	103.00
5	UNDP	BELIZE Sustainable Development in Coastal Resources	Dec-91	Feb-93	Mar-93	3.00	2.51	83.67
6	WB	BHUTAN Trust Fund for Conservation	May-91	May-92	Nov-92	10.00	10.51	105.10
7	UNEP	Biodiversity Data Management	Dec-92	Jun-94	Jun-94	4.00	2.05	51.25
8	WB	BOLIVIA Biodiversity Conservation	Apr-92	Nov-92	Jul-93	4.50	3.97	88.22
9	UNDP	REGIONAL Ecologial zoning and geographic monitoring of the Amazon River	May-91	Jan-93	Mar-93	4.50	4.22	93.78
10	UNDP	BURKINA FASO Optimization of biodiversity in game Ranching systems	Dec-92	Feb-95	Jul-95	2.43	0.35	14.40
11	WB	CAMEROON Biodiversity Conservation and Management	May-93	Mar-95	Dec-95	6.29	0.55	8.74
12	WB	CHINA Nature Reserves Management	Feb-95	Jun-95	Aug-95	17.90	6.28	35.08
13	UNDP	COLOMBIA Biodiversity Conservation in the Choco Region	May-91	Feb-92	Sep-92	6.00	5.17	86.17
14	WB	CONGO Wildlands Protection	May-91	Dec-92	Oct-93	10.00	5.66	56.60
15	UNDP	COSTA RICA Conservation of La Amistad and Osa Conservation Areas	Jan-93	Apr-93	May-93	8.00	5.37	67.13
16	UNDP	COTE D'IVOIRE Aquatic Weeds Control	Dec-92	Jun-95	Nov-95	3.00	0.42	14.00
17	UNDP	CUBA Protecting Biodiversity and Establishing Sustainable Development Sabana-Camaguey Ecosystem	Dec-91	Jul-93	Dec-93	2.00	1.75	87.50
18	WB	CZECH Republic Biodiversity Protection	Dec-91	Oct-93	Jan-94	2.30	1.86	80.87
19	UNDP	DOMINICAN REPUBLIC Conservation and Management of Biodiversity in the Coastal Zone	Oct-93	Nov-93	May-94	3.00	2.03	67.67
20	WB	ECUADOR Biodiversity Protection	Apr-92	May-94	Jul-94	7.20	5.12	71.11
21	WB	EGYPT Red Sea Coastal/Marine Resource Management	Apr-92	Nov-92	Dec-94	4.75	1.02	21.47
22	UNDP	ETHIOPIA Conservation of Plant Genetic Resources	Dec-92	Apr-94	Sep-94	2.50	0.45	18.00

Biodiversity (cont'd)

	IA	Project Description	Work Program	IA Approval	Effective Date	US$ mios	Disbursed as of 6/30/97	% Disbursed
23	UNDP	GABON Effective Management of Wildlife Trade	May-91	Jan-94	Jul-94	1.00	0.73	73.00
24	WB	GHANA Coastal Wetlands	Dec-91	Aug-92	Mar-93	7.20	1.96	27.22
25	UNEP	Global Biodiversity Assessment	Dec-92	May-93	May-93	3.30	3.02	91.52
26	UNDP	GUYANA Programme for Sustainable Forestry	May-91	Apr-92	Feb-93	3.00	2.22	74.00
27	WB	INDONESIA Biodiversity Collections	Apr-92	Jun-94	Jul-94	7.20	3.41	47.36
28	UNDP	JORDAN Conserv. of Dana Wildlands and Azraq Wetland and Institutional Strengthening of RSCN Arab States	May-92	May-93	Oct-93	6.30	5.11	81.11
29	WB	LAO PDR Wildlife and Protected Areas Conservation	May-91	Feb-94	Jan-95	5.00	1.33	26.60
30	UNDP	LEBANON National Capacity for Biodiversity Protection	May-95	Feb-96	Feb-96	2.50	0.35	14.00
31	WB	MALAWI Lake Malawi/Nyasa Biod'y Conservation	Dec-91	Dec-94	Jul-95	5.00	1.88	37.60
32	WB	MAURITIUS Biodiversity Restoration	May-95	Nov-95	Feb-96	1.20	0.44	36.67
33	UNDP	MAURITIUS Restoration of Native Forest	May-93	Jun-95	Jun-95	0.20	0.08	40.00
34	WB	MEXICO Protected Areas Program	May-91	Mar-92	Apr-93	26.20	7.04	26.87
35	UNDP	NEPAL Biodiversity Conservation	Dec-91	Jun-93	Sep-93	3.80	1.55	40.79
36	UNDP	PANAMA Biodiversity Conservation in Darien Region	May-91	Feb-94	May-94	3.00	0.78	26.00
37	UNDP	PAPUA and NEW GUINEA Conservation and Resource Management Programme	Dec-91	Jul-93	Oct-94	5.00	3.55	71.00
38	WB	PERU National Trust Fund for Protected Areas	Dec-91	Mar-95	Sep-95	5.00	5.22	104.40
39	WB	PHILIPPINES Conservation of Priority Protected Areas	May-91	May-94	Oct-94	20.00	3.70	18.50
40	UNDP	REGIONAL - INDONESIA AND MALAYSIA Conservation Strategy for Rhinos in Southeast Asia	May-93	Dec-94	Dec-94	2.00	0.97	48.50
41	WB	ROMANIA Danube Delta Biodiversity	Apr-92	Jul-94	Feb-9	4.50	2.08	46.22
42	UNDP	SAMOA REGIONAL South Pacific Biodiversity	May-91	Jan-93	Apr-93	8.20	2.55	31.10
43	WB	SEYCHELLES Biodiversity Conservation & Marine Pollution Abatement	Dec-91	Nov-92	Mar-93	1.80	1.58	87.78
44	WB	SLOVAK Republic Biodiversity Protection	Dec-91	Sep-93	Oct-93	2.30	1.99	86.52
45	UNDP	SRI LANKA Wildlife Conservation	Dec-91	Jan-92	May-92	4.10	2.44	59.51
46	WB	TURKEY In-Situ Conservation of Genetic Biodiversity	Apr-92	Feb-93	Mar-93	5.10	3.91	76.67
47	WB	UGANDA Bwindi and Mgahinga Gorilla National Park Conservation	May-91	Jan-95	Jul-95	4.00	4.35	108.75
48	WB	UKRAINE Danube Delta Biodiversity	Apr-92	Jun-94	Aug-94	1.50	0.77	51.33
49	WB	UKRAINE Transcarpathian Biodiversity	Dec-91	Jul-93	Oct-93	0.50	0.57	114.00
50	UNDP	VIETNAM Wildlife Conservation	May-91	Jan-92	May-95	3.00	2.95	98.33
51	WB	West Africa Pilot Community Based Natural Resource and Wildlife Mgmnt Project	May-91	May-91	Jul-95	4.00	0.66	16.50
		Total			264.47			

Climate Change

	IA	Project Description	Work Program	IA Approval	Effective Date	US$ mios	Disbursed as of 6/30/97	% Disbursed
1	UNDP	BENIN - Management of Woody Savanna	Dec-92	Jul-93	Jan-94	2.50	1.61	64.40
2	UNEP	Capacity Building and Infrastructure	Jun-94	Jul-94	Jul-94	2.80	2.80	100.00
3	UNDP	CHILE Reduction of GH Gas Emissions	Dec-92	Jun-95	Jun-95	1.70	0.41	24.12
4	UNDP	CHINA Development of Coal-Bed Methane Resources	May-91	Apr-92	Jun-92	10.00	9.43	94.30
5	WB	CHINA Sichuan Gas Transmission	Apr-92	May-94	Jun-94	10.71	0.60	5.60
6	UNDP	Climate Change Training (Phase II)	May-95	Mar-96	Mar-96	2.70	1.04	38.52
7	WB	COSTA RICA Tejona Wind Power	Dec-93	Dec-93	Nov-95	3.30	0.00	0.0
8	UNDP	West Africa Energy Efficiency	Dec-92	Dec-94	Aug-95	3.50	1.40	40.00
9	UNEP	Country Case studies on Green house gases	Dec-91	Jul-92	Sep-92	4.50	4.32	96.00
10	UNEP	Country Studies on Climate Change Impacts	Feb-95	Feb-96	Mar-96	2.00	1.00	50.00
11	UNEP	Economics of Greenhouse Gas Limitations	Feb-95	Mar-96	Apr-96	3.00	0.86	28.67
12	UNDP	Global Change System for Analysis, Research & Training (START)	May-92	May-93	May-93	4.10	3.94	96.10
13	WB	INDIA Alternate Energy	Dec-91	Nov-92	Sep-94	26.00	19.38	74.54
14	UNDP	INDIA Bio-methanation Process	May-92	Jan-94	Mar-94	5.50	0.92	16.73
15	UNDP	INDIA Optimizing Development of Small Hydel resources in the Hilly Regions of India	Dec-91	Jan-94	Mar-94	7.50	1.14	15.20
16	WB	IRAN Teheran Transport Emissions Reduction	Apr-92	Oct-93	Jan-94	2.00	1.74	87.00
17	WB	JAMAICA Demand Side Management Demonstration	May-93	Mar-94	Aug-94	3.80	1.05	27.63
18	UNDP	GLOBAL Alternative to Slash and Burn Agriculture (Phase II)	May-95	Jun-96	Jun-96	3.00	3.00	100.00
19	WB	MALI Householf Energy Project	Dec-92	Jun-95	Oct-95	2.50	0.68	27.20
20	UNDP	MAURITANIA- Decentralized Wind Electric Power for Social and Economic Development	Dec-92	Jun-94	Sep-94	2.00	0.45	22.50
21	WB	MAURITIUS- Sugar Bio-Energy Technology	May-91	Feb-92	Dec-93	3.30	0.87	26.36
22	WB	MEXICO High Efficiency Lighting Pilot	Dec-91	Mar-94	Feb-95	10.00	10.72	107.20
23	UNDP	Monitoring GH Gases	May-91	Oct-92	Oct-92	4.80	4.08	85.00
24	WB	MOROCCO Repowering of Power Plant	Dec-92	Sep-94	Apr-96	6.09	0.37	6.08
25	UNDP	PAKISTAN Fuel Efficiency Transport Sector	Apr-92	Jul-95	May-96	7.00	0.24	3.43
26	WB	PHILIPPINES Leyte-Luzon Geothermal	May-91	May-94	Mar-95	30.60	25.62	83.73
27	WB	POLAND Coal-to-Gas Project	Dec-91	Nov-94	Jun-95	26.00	0.38	1.46
28	WB	POLAND Efficient Lighting Project (PELP)	Dec-94	May-95	Aug-95	5.00	4.70	94.00
29	UNDP	REGIONAL Asia Least Cost GHG Abatement Strategy (Philippines)	Dec-91	Aug-93	Aug-94	9.50	5.47	57.58
30	UNDP	REGIONAL Building Capacity in Mahgreb for CCC (Morocco)	May-93	Sep-94	Dec-94	2.50	0.36	14.40

Climate Change (cont'd)

	IA	Project Description	Work Program	IA Approval	Effective Date	US$ mios	Disbursed as of 6/30/97	% Disbursed
31	UNDP	REGIONAL Cooperation to Support Global Change research in the Inter-American Institute for Global Change IAI) (Brazil)	May-92	May-93	Jan-94	2.90	2.21	76.21
32	UNDP	Research Programme on Methane Emissions from Rice Fields	May-91	Jan-92	Jul-92	5.00	3.90	78.00
33	UNDP	SUDAN Rangeland rehabilitation for Carbon Sequestration and biodiversity	Dec-92	Aug-94	Oct-94	1.50	0.60	40.00
34	UNDP	TANZANIA - Electricity, Fuel and Fertilizer from Municipal and Industrial Organic wasteTAKAGAS	May-93	Dec-93	Mar-94	2.50	0.75	30.00
35	WB	THAILAND Promotion of Electricity Energy Efficiency	Dec-91	Apr-93	Nov-93	9.50	5.75	60.53
36	WB	TUNISIA Solar Water Heating	May-93	Nov-94	May-95	4.00	0.50	12.50
37	UNDP	ZIMBABWE - Photovoltaics	May-91	Feb-92	Sep-95	7.00	4.78	68.29
		Total				240.30		

International Waters

	IA	Project Description	Work Program	IA Approval	Effective Date	US$ mios	Disbursed as of 6/30/97	% Disbursed
1	WB	CHINA Ship Waste Disposal	May-91	May-92	Dec-92	30.00	31.60	105.33
2	WB	JORDAN Gulf Aqaba Environmental Action Plan	Oct-95	Jun-96	Jun-96	2.70	0.30	11.11
3	UNDP	REGIONAL Environmental Management & Protection of the Black Sea (Turkey)	May-92	Dec-92	Oct-94	9.30	9.23	99.25
4	UNDP	REGIONAL Gulf of Guinea (Cote d'Ivoire)	Dec-91	Oct-93	Oct-94	6.00	3.37	56.17
5	WB	REGIONAL Oil pollution Management Project for the Southwest Mediterranean	Apr-92	Apr-94	May-94	18.26	4.53	24.81
6	UNDP	REGIONAL Pollution Control and Other measures to Protect Biodiversity in Lake Tanganyika	Dec-91	Oct-93	Feb-95	10.00	2.18	21.80
7	UNDP	REGIONAL South East Asian Seas (Philippines)	Dec-91	Jul-93	Nov-93	8.00	3.87	48.38
8	WB	REGIONAL Wider Caribbean Initiative or Ship-Generated Waste	May-93	Jun-94	Sep-94	5.50	2.42	44.00
9	UNDP	YEMEN Marine Ecosystems of the Red Sea Coast	May-92	Apr-93	Jun-93	2.80	1.62	57.86
		Total				92.56		

Ozone

	IA	Project Description	Work Program	IA Approval	Effective Date	US$ mios	Disbursed as of 6/30/97	% Disbursed
1	UNDP	REGIONAL Southern Cone Monitoring	May-92	Jun-94	Oct-94	1.90	1.86	97.89
2	WB	BULGARIA ODS Phase-Out	May-95	Nov-95	May-96	10.50	0.60	5.71
3	WB	CZECH Republic - Phaseout of Ozone Depleting Substances	Dec-92	Aug-94	Dec-94	2.30	2.04	88.70
4	WB	HUNGARY ODS Phaseout	May-95	Nov-95	Feb-96	6.90	4.50	65.22
5	WB	SLOVENIA Phaseout of Ozone Depleting Substances	May-95	Nov-95	Dec-95	6.20	4.20	67.7
		Total				27.80		
		Grand Total				646.97		

APPENDIX B.1.
UNITED NATIONS DEVELOPMENT PROGRAMME
GLOBAL ENVIRONMENT FACILITY PROJECT IMPLEMENTATION REVIEW 1997

1. *OVERVIEW*

The annual GEF Project Implementation Review (PIR) complements UNDP's regular monitoring system composed of the Tripartite Project Review, the Programme Performance Evaluation Reports, the Mid-term Report, and the Final Completion Report. The goal of the PIR is to identify challenges and successful strategies specific to GEF projects, and to share them with a broad audience for the continual improvement of portfolio performance.

This year's UNDP-GEF PIR is the first product of a major effort to further enhance monitoring and evaluation procedures. Many projects have engaged specialists in monitoring and evaluation to train staff and beneficiaries on proper procedures. The core management team relocated resources and appointed a professional staff member dedicated to developing and implementing a framework for M & E that will help to incorporate a series of measurable indicators into all new projects.

For the 1997 PIR, all full projects under implementation for more than one year as of June 30, 1997 were reviewed and individual reports were submitted to UNDP-GEF headquarters. This year's PIR also includes all pre-investment funds such as PDFs, PRIFs, and PPAs active for over one year that have not yet resulted in the submission of a Project Brief.

The 1997 PIR form covering all aspects of implementation was sent electronically to UNDP Country Offices that have projects meeting the review criteria. This 10 page questionnaire probed a range of implementation issues including implementation and impact rating, stakeholder involvement, capacity development, and lessons learned. The new and innovative electronic data gathering process facilitates data processing and retrofitting into existing data bases such as the Project Information Management System. A few technical difficulties were identified which will further improve the electronic format for next year's PIR.

The PIR reports are the result of a collaborative effort, reflecting the experience of UNDP-GEF country office focal points, project managers, regional coordinators and technical advisors. The Small Grants Programme was not included in the PIR review. It was recently reviewed in a Mid-Term Management Review.

TABLE 1.
NUMBER AND DISTRIBUTION OF PROJECTS INCLUDED IN THE PIR BY REGION

Region / Project Type	Full Projects	Pre-Investment Facility	Total
Global	5	0	5
Africa	11	1	12
Asia & Pacific	13	5	18
Arab States	5	1	6
Europe & CIS	1	0	1
Latin America & Caribbean	11	0	11
Total	46	7	53

TABLE 2.
NUMBER AND DISTRIBUTION OF PROJECTS INCLUDED IN THE PIR BY FOCAL AREA

Focal Area / Project Type	Full Projects	Pre-Investment Facility	Total
Biodiversity	21	4	25
Climate Change	17	1	18
International Waters	3	1	4
Ozone	1	0	1
Multiple	4	1	5
Total	46	7	53

TABLE 3.
FINANCIAL DATA FOR ALL UNDP/GEF PROJECTS AS OF FY 1997

Region	Authorized Allocation ($'000)	Total Approved UNDP Budget ($'000)	Jan 92-Jun 97 Actual Exp. ($'000)
Global	27,359.9	26,428.4	21,968.3
Africa	111,905.7	63,385.5	30,272.9
Asia & Pacific	123,929.4	99,559.8	50,219.7
Arab States	60,149.1	32,257.2	10,972.7
Europe & CIS	35,602.1	22,095.7	19,965.9
Latin America & Caribbean	112,090.1	76,005.4	50,515.1
Small Grants Programme	38,943.2	42,441.4	36,515.1
Total UNDP/GEF Projects	509,979.8	362,979.8	220,043.1

2. *TRENDS AND LESSONS LEARNED*

2.1. *CAPACITY DEVELOPMENT*

Capacity building measures remained the backbone of all UNDP-GEF projects. Human resources are key to achieving project impact, and to ensuring participation and long-term sustainability. UNDP-GEF capacity building initiatives have successfully focused on increasing human resource and institutional strengths; on promoting networking and the creation of partnerships; on building public awareness; and on providing decision makers with information and training conducive to the development of appropriate policies. An unforeseen additional benefit of capacity building activities has come to light this year: while Enabling Activities are relatively small-scale efforts that help countries meet their immediate Convention obligations, large UNDP-GEF projects are training pools of national experts needed to fulfill those obligations over the long-term.

Capacity building begins with consultations at the grassroots and provincial levels, providing stakeholders with information about the GEF while engaging their participation in specific projects. Consultations also build capacity by bringing key people together to share experiences and create coalitions. Although the success of capacity building efforts are a highlight of the portfolio, the availability of qualified personnel remains a serious constraint in many countries. The strengthening of national institutions is often required for successful project implementation, and for the continuity of activities after completion of GEF support. In some cases, NGOs have filled administrative or technical gaps due to a lack of government

counterparts. Many projects expressed the need to increase workshops, information dissemination, and awareness activities for the public. Facilitating new perspectives on development requires investments in substantive education programmes, which will also build the stakeholder conviction crucial to long-term sustainability. One PIR stated that "living resource management interventions that are not community based are doomed to failure." The 1997 PIR shows that many national environmental agencies have been established around the world as a result of UNDP-GEF projects. Another area for capacity building is inter-agency cooperation—building inter-institutional networks and linkages have helped many projects achieve their objectives.

2.2. *Co-financing*

A clear trend is evident in the mobilization of larger co-financing resources during GEF 1 as compared to the Pilot Phase. Resource mobilization and networking efforts are being very successful in securing co-financing from a variety of sources including host governments, bilateral donors and multilateral Banks. Co-financing from UNDP core funds and resources that are managed by UNDP is also increasing. UNDP matched, for example, 100% of the GEF funding for a total of $5 million for an Ethiopian agro-biodiversity project. In Brazil, the government furnished a $4 million contribution for a climate change initiative.

2.3. *Impact Rating*

Measuring and evaluating changes using environmental indicators requires a longer time frame than the typical schedule for project implementation. Although most projects have not been active long enough to evaluate impacts, many PIRs note success in lessening the pressure on environmental resources. For some projects in the later stages of implementation, it is too late to benefit from the application of clear indicators to measure impacts. However, indicators are now being developed and integrated into the design of all projects as part of the logical framework approach.

One promising new tool is the use of satellite images of ground-cover or aquatic environments to measure baselines and project impacts. Geographic Information Systems (GIS) are operational in many countries for first time due to UNDP-GEF projects, and they are expected to yield information useful for measuring the impacts of GEF projects and other programme or policy interventions. GIS formats that employ versatile "manager's versions" were found to be more useful by a wider range of experts than those targeting strictly scientific users. In another link to capacity building, institutions and networks are being strengthened to carry out monitoring and evaluation of impacts over the long-term.

TABLE 4.
UNDP/GEF OPERATIONAL PHASE CO-FINANCING AS OF FY97 (IN US$ MILLIONS) FOR FULL PROJECTS

	GEF Financing $m.	UNDP Co-financing $m.	Gov't/NGO Co-financing $m.	Total Co-financing $m.	Total GEF Finan. & Co-finan. $m.	Co-financing as % of Total Finan.
Full Projects	163.0	25.2	184.9	210.1	373.1	56%

TABLE 5.
UNDP/GEF OPERATIONAL PHASE CO-FINANCING AS OF FY97 (IN US$ MILLIONS) FOR SMALL GRANTS PROGRAMME

	GEF Financing $m.	UNDP Co-financing $m.	Gov't/NGO Co-financing $m.	Total Co-financing $m.	Total GEF Finan. & Co-finan. $m.	Co-financing as % of Total Finan.
Small Grants Prog	24.0	0.8	6.7	7.5	31.5	24%

2.4. Stakeholder Involvement

As mentioned in the above section, the stakeholder consultation process often represents capacity building at the local level. In some countries (i.e. Lebanon), weak NGO capacity is a handicap to effective participation. In such cases, prior institution building is necessary to enable NGOs to become effective partners in implementation. UNDP-GEF projects report considerable success in identifying strategies for incorporating diverse stakeholders into project decision-making processes. A range of approaches are being tested and the results documented. Several projects (i.e. PNG Biodiversity) have made substantive efforts in shifting from consultation (passive participation) to active involvement (active participation). Some countries (Pakistan, S. Pacific Region) have reported success in applying traditional sanctions to ensure compliance with management stipulations. A careful and transparent analysis of decision-making structures, including institutional linkages and mechanisms, has shown to be crucial to implementation in a number of cases.

Steering committees are useful for ensuring ongoing participation, transparency in decision making, and linking the local and national/regional levels. The promotion of NGO involvement in project implementation has often necessitated rethinking on the part of governments of the roles of NGOs in the conservation and development arena. Several projects have reported considerable success in involving NGOs (i.e. the Jordan Dana & Azraq project). NGOs have a comparative advantage in implementing some tasks, but problems can arise when institutional cultures clash with those of participating government agencies. (In some cases NGOs have tended to follow their own agenda). It is important to note that NGO perspectives do not necessarily represent the general public, and every effort should be made to open consultations to the widest possible diversity of stakeholders.

In some cases, qualified NGOs have been subcontracted to organize components of the consultation process. Consultations help project executors to reduce overlap with other projects, and to identify areas of productive collaboration. Information exchange in the form of workshops, proceedings, reports, and brochures are important to developing an understanding of project goals among beneficiaries and others. Another important point brought out in the 1997 PIR is the need to regularly consult and reaffirm project concepts and methodology with all beneficiaries, project staff, and institutional personnel throughout the life of the project. Many projects have dedicated 25% or more of their budgets to the overall consultation process. Project documents should clearly spell out the roles and obligations of the government and other actors and define in detail objectives and activities. An unclear articulation of project objectives can lead to an inflation of expectations and conflict. The key lesson here is the importance of clarifying objectives and activities during project design, and deflate undue expectations at that stage if necessary. However, this task needs to be repeated during project implementation (Belize Coastal Zone project). At the outset of project activities, it is important to organize a training workshop to clarify administrative procedures for smooth implementation.

2.5. Regional Projects

Especially in the Biodiversity and International Waters focal areas, natural ecosystem boundaries rather than political boundaries are the ideal determinants of project size and scope. Projects encompassing ecosystems have the potential to unite neighboring countries for the task of preserving or rehabilitating shared natural resources. This has occurred in the Gulf of Guinea's Large Marine Ecosystem project, where 8 countries are now collaborating to protect and restore the region's critical habitat. They can provide considerable economies of scale in areas such as information sharing (including the results of demonstration projects), data management, technology exchange, and training. Successful implementation of such projects requires adequate resources for strengthening regional structures and translation services. Project design and budget allocation should be kept flexible to respond to challenges, which may arise due to the complexity of facilitating transboundary-boundary collaboration and coordination. The impact of unforeseen political problems can be minimized by designing country components individually as semi-independent projects that can proceed unhindered despite the possible rise of unfavorable conditions in adjacent countries.

2.6. Technical Committees

Several projects mentioned the unforeseen need to establish technical committees and/or networks of legal experts to guide implementation. UNDP-GEF projects often explore new approaches or technologies or address bioregions that have been previously neglected. As a result, experts with cutting-edge knowledge must often be consulted as project activities

uncover issues or opportunities that were not identified in the project document. The need to establish committees or networks of experts becomes particularly important for regional projects to address environmental monitoring and information, among other challenges. Establishing a network of experts is also important for identifying qualified project personnel when staff turnover affects projects.

2.7. LEGISLATION

The process of developing policies and legislation that represents project goals can be crucial to achieving them. Vietnam has introduced a decree on the Hunting and Trade of Wildlife, Fiji has imposed a moratorium on the hunting of sea turtles, and Belize and developed a policy on cruise ships. In many other countries, new policies await endorsement by government. A key lesson is that policy change is invariably a lengthy process requiring substantial consultations, especially when zoning plans are involved. Government regulations should involve the private sector in project design and decision-making meetings. During this type of inclusive process, the private sector often becomes interested in a partnership with government. Even if a partnership does not emerge, private sector involvement in formulating regulatory measures can produce more informed regulations and better compliance.

2.8. TIME FRAMES

The long-term nature of atmospheric, biodiversity, and international waters endeavors means that it may take 10-20 years to measure impacts. This particularly applies to environmental restoration initiatives. Project outputs should be timed accordingly.

3. FOCAL AREA HIGHLIGHTS

3.1. BIODIVERSITY

In this years PIR 21 full and 4 PDF projects in the Biodiversity focal area with a total value of $86,181,200 are included. In general, biodiversity-projects are showing good progress in terms of institution building, policy changes, and training of personnel. Many projects have had indirect impacts on threats, inter-alia, by effecting policy changes, improving stakeholder networking capacities, increasing knowledge and understanding of conservation issues, strengthening the position of conservation within the broader policy agenda, and building advocacy capacities. These changes are likely to improve the operating climate for conservation in the long-term, and are essential for sustainability. Immediate impacts are already visible. For example, the Cuba Biodiversity project (Sustainable Development in Sabana-Camaguey) catalyzed changes in physical construction plans, resulting in modifications being made to the design of new roads in order to protect critical habitats. In some cases, war (Yemen), or lack of adequate personnel in the field (Burkina Faso) delayed project implementation. In others, (Panama) recent guerrilla-type developments in the area might require additional flexibility in project implementation.

Capacity building: A great range of training opportunities have been facilitated by the various projects, including both informal (on the job learning) and formal training. The PNG Biodiversity programme has dedicated considerable resources to developing skills of community development workers to deal with conservation issues and to serve as conservation advocates in the field. These actors then disseminate skills at the village level. Where individuals have been selected for formal training, they are expected to impart skills to co-workers upon their return and training sessions are arranged for this purpose.

Conservation Awareness: Many projects have contributed to an increase in awareness on conservation issues relative to the baseline situation. This is reflected in the quality of debate on conservation issues in the media in countries such as Belize and PNG. An issue here is that media outreach is time consuming and allowance needs to be made for this in project design. Impacts are likely to be felt over the longer term, and sustained awareness campaigns are often necessary—especially for community based projects.

Time frame for implementation: In many cases, this was underestimated (i.e. for the Guyana Sustainable Forestry Project and PNG Biodiversity programme). The key lesson is that biodiversity projects operate in a complex socio-political arena, and efforts to mitigate threats will take time to bear fruit. For community based projects, a five year time frame is too short in most cases. Many projects are operating in remote locations (i.e. Costa Rica Biodiversity), lacking basic infrastructure and amenities, and allowances need to be made for this in determining time budgets for activity implementation.

UNDP is giving careful consideration to this point in the design of new projects. For instance, the Mesoamerican Biological Corridor project will be implemented over a period of 8 years. In some cases, a phased approach may be warranted to enable continuity while imposing a sense of discipline regarding implementation (i.e. to ensure that targets are met for each phase). This approach is being applied in the case of the Patagonia project in Argentina. In such cases, UNDP has conducted an extensive external evaluation of implementation progress and lessons learned, incorporating best practices into the design of follow-on projects.

Community involvement: Participation by local communities is proving to be the determinant of successful project implementation. Although most projects have enough participation from the beginning, projects such as the Colombia Chocó showed that the project move forward only when the participation issue was satisfactorily resolved. Several projects have noted difficulties in making linkages between the local and global agendas (i.e. linking local needs and priorities with the global need for biodiversity conservation). Biodiversity conservation can be an esoteric concept to local communities and it needs to be explained in terms of local values and needs. The operational strategy employed by the project needs to be guided by local socio-economic conditions and dynamics. Entry points vary from project to project. The Pakistan PRIF focused its efforts initially on the management of a few species deemed by communities to be economically important, as a precursor to development of a wider ecosystem management plan. The strategy emphasized the contributory values of biodiversity to the delivery of ecological goods and services.

Limited understanding of the determinants of biodiversity loss: The root causes of biodiversity loss were not fully understood when some pilot phase projects were designed. As a result, some projects were insufficiently geared to addressing the social, political and economic forces that have a bearing on conservation. Notwithstanding, the pilot phase has greatly improved understanding of the nature of underlying causes contributing to the loss of biodiversity. These are being documented. The PNG Biodiversity Programme has published a review of lessons learned, and participated in a comparative study organized by the IIED on the political economy of forest use. This material is being disseminated to stakeholders in PNG and elsewhere.

UNDP-GEF is addressing this issue by conducting root cause assessments as part of the threat analysis being performed for all new projects. The log frame approach is greatly facilitating this assessment. New project documents include a matrix showing lessons learned from similar projects in the region and the impact on project design.

An important lesson learned from the implementation of Integrated Conservation and Development Projects is that, while measures are needed to improve the environment for biodiversity conservation in the long term, short term response measures are also often necessary (i.e. the Indonesia/ Malaysia Conservation Strategy for Rhinos project has established Rhino Protection Units to curb poaching). This point was incorporated in the design of the new Vietnam PARC project which includes a blend of short term response measures aimed at improving policing capacities, and longer term interventions to improve and diversify the local livelihood base.

The issue of the field-level impact of projects will need further attention. The need to determine baselines for monitoring is important. Projects should perhaps have an initial module to assess biodiversity, local capacity, etc., via adequate and project-specific indicators, and periodically monitor these variables to show progress. A recurrent theme in the reports is the need to increase local absorptive capacity before the project starts. Training in operational procedures is essential as well as training of project staff on technical issues. (Panama, Colombia, Belize). Long-term training, rather than short-term may be preferred in some projects (Panama, Sri Lanka).

Staff stability throughout the life of the project is essential, and arrangements to this effect should be ensured. Attention needs to be paid to retaining trained staff in government service. Institutional rigidities mean that in many cases options for promotion, etc., may be limited, causing staff to seek employment in the private sector. While capacity remains in country, government implementing agencies may be weakened in the process.

3.2. Climate Change

The 1997 PIR reports demonstrate the reasonable progress that UNDP-GEF projects in the Climate Change focal area are making toward their stated goals. In this years PIR 17 full and 1 PDF project in the Climate Change focal area with a total value of $80,269,600 are included.

Projects further along in implementation are beginning to yield some useful lessons on designing present and future projects under the three Climate Change Operational Programmes. Some of the Pilot Phase projects, several of which can be considered "short-term" and others which are capacity building and targeted research, are having a significant impact feeding back into national enabling activities.

Under Operational Programme 5: "Removing Barriers to Energy Efficiency," the Chilean project, "Reduction of Greenhouse Gas Emissions," contains an interesting component focusing on ESCO creation for the promotion and adoption of energy efficient motors within the copper industry. Initially, the mining companies were reluctant to share their records and information with promoters of energy-efficient motors. However, the project team identified a way forward, and are now working both with "in-house" ESCO-like subdivisions and an independent ESCO. A particular success involves the establishment of an ESCO-like energy efficiency sub-division within one of the larger mining companies in (Codelco/El Teniente. Specific initiatives were targeted within seven other companies to ensure achievement of the project's goals.

Under Operational Programme 6: "Promoting the Adoption of Renewable Energy," two projects in Africa provide insight into the process of stimulating renewable energy industries and meeting the demand for electricity in rural areas remote from the grid. Both projects involve a mixture of technical assistance and demonstration activities centered around subsidized revolving loan funds. In the Zimbabwe "Photovoltaics for Household and Community Use" project, 7600 out of a targeted 9000 PV systems have been installed despite delays due to reorganization. The project will conclude in late 1997 or early 1998. Phase I of the "Decentralized Wind Electric Power for Social and Economic Development" project in Mauritania was completed in June 1997 and resulted in the provision of electricity from small wind producers to 900 households. Phase II will be financed by the French GEF and is expected to reach another 8,000 households. Both of these projects represent pioneering efforts and will be among the first UNDP-GEF renewable energy projects to approach completion. Both have either undergone or are undergoing extensive evaluations. An important question to be answered with more time is: how does the renewable energy industry in each case adjust to long-term sustainability following completion of project activities?

A Pilot Phase project under the Short-Term Window, the China "Coal-Bed Methane" project, has resulted in the creation of a state-owned Coalbed Methane Development Corporation. The project encountered some delays with implementation in one area (Songzao) due to non-delivery on the part of an international subcontractor who has since been replaced. In the other three regions, the project activities have been completed successfully and on-time. Because of the project's success, the Chinese government has allocated nearly $80 million to the development of coalbed methane resources in the next Five-Year Plan. In addition, the project has held a workshop for private sector investors, and it is anticipated that the private sector will be able to play a key role in the joint ventures critical to development of this sector in China.

Capacity-building successes are now providing specific answers to the fundamental question "capacity building for what?" For example, the "Global Change Systems for Analysis, Research and Training" project (START) has supported a large training effort in the Latin American region-estimates are that over 220 certificates have been provided. Capacities built through this project are supporting national and regional assessments of land-use changes that are feeding into the process of national communications to the FCCC. In Costa Rica, the project assisted in the preparation of land-use maps which are providing critical inputs into the Costs Rican inventory and its assessment of emissions from the land-use and forestry sectors. Under the "Research Programme on Methane Emissions from Rice Fields" project, scientifically accurate assessments of methane emissions from rice production have been estimated and training has been provided to the country teams working on the ALGAS project. These coefficients, are being used throughout the Asian region, and will form an important part of countries' national communications. In the ALGAS project, capacity has been raised through training over 160 national technical experts in elements of GHG inventory, mitigation and project identification. These experts are now providing inputs to the process of national communications and helping identify other climate change mitigation projects for future development. Under the "Monitoring of Global GHGs" project, training has been provided to national staff who have been "twinned" with experts from developed country meteorological institutions. Although significant training has been provided and the laboratories established, it will take 5 years to determine whether the project's

objective has been met because each laboratory must establish a scientifically valid record of GHG concentrations. This information will help IPCCC in the process of reducing the uncertainty surrounding the scientific basis for climate change. From these projects it is clear that UNDP-GEF capacity building projects have provided a wide-ranging contribution to the ability of developing countries to implement the UNFCCC.

Some projects appear to have made less than satisfactory progress this year. Among those projects that are moving slowly, one of the common missing elements has been the weakness in stakeholder participation at the project design stage. The projects were designed to be implemented by stakeholders or institutions with either limited capacities for implementation, unclear mandates, or limited commitments to the projects. Projects falling into this category are the Pakistan "Fuel Efficiency in the Road Transport Sector" project; the "Electricity, Fuel and Fertilizer from Municipal and Industrial Organic Waste in Tanzania"; "A Demonstration Biogas Plant for Africa" project; the Côte d' Ivoire/Senegal "Energy Efficient Buildings" project; and the Sudan and the Benin "Community Based Rangeland Rehabilitation" projects.

3.3. International Waters

UNDP-GEF International Waters projects provided particularly detailed and comprehensive responses to the 1997 PIR. Three full International Waters projects and one Pre-Investment project with a total value of $27,767,700 were reviewed under the PIR. Additionally there are two multi-focal area projects with a strong International Waters component, which are included in this section.

Of 5 full projects reporting, four listed their Impact Rating as Highly Satisfactory, and one as Satisfactory. There were numerous important impacts cited, and the following instances illustrate only a few of the highlights. The "Industrial Water Pollution Control in the Gulf of Guinea Large Marine Ecosystem" project cited the example of using historic satellite images of the region as a baseline for monitoring changes in mangrove coverage. The African Development Bank has expressed interest in a large scale reforestation programme as a result of an 'advisory' generated by the project on mangrove pollution and overcutting. In the "Prevention and Management of Marine Pollution in the East Asian Seas" project, significant capacity for integrated coastal management has been built, as well as enhanced capacities for regional pollution monitoring, information management and harmonization of legislation. The "Developing the Implementation of the Black Sea Strategic Action Plan" project has helped generate coastal zone management laws and decrees passed in Bulgaria and Russia. Increased public awareness has been achieved in all projects via workshops, seminars, beach clean-ups, school lectures, distributed educational posters, and increased national news media coverage due to project efforts.

Key lessons learned identified by the PIRs include:

1. Use local expertise built through the project to disseminate integrated coastal management experience to other regions and countries.
2. Maintain flexibility in project design and implementation.
3. Formalize government institutional commitments to enable the rapid launch of the project.
4. Involve stakeholders in national project coordinator selection process.
5. Don't underestimate the importance of identifying suitably qualified counterpart staff to take an active and productive role in planned project activities.
6. Use and strengthen existing regulatory structures for the management of transboundary natural resources when available.
7. Involve the private sector in project decision-making and consultation process, including formulation of new regulations.
8. Actions/interventions should strive to be community-based.
9. NGO's are often better placed to serve as vehicles for mass mobilization and outreach, with government help when appropriate.
10. Perceived competition of donor agencies with resultant overlap can be an impediment to achieving national/regional/global objectives.
11. Solving environmental problems requires changes in understanding, attitude and lifestyle.
12. Projects should be seen as just a first step in a long-term strategy where all stakeholders are engaged and actively financing baseline costs.

13. Policy actions need to be taken within appropriate geographic boundaries (e.g. drainage basin of enclosed sea).

Some delays were noted among the 1997 international waters PIRs: Tanganyika cited setbacks of project work due to civil war/coups in Congo and Burundi, and Yemen noted impacts from delays in staff recruitment and trainee selection, as well as complexities created by the large number of agencies involved in the project. The Black Sea reported that the difficult economic situation in the affected countries limited their financial support to selected institutions.

APPENDIX B.2.
UNITED NATIONS ENVIRONMENT PROGRAMME
GLOBAL ENVIRONMENT FACILITY PROJECT IMPLEMENTATION REVIEW 1997

OVERVIEW REPORT

INTRODUCTION

1. The UNEP GEF Project Implementation Review (PIR) for 1997 covered the following UNEP projects in the GEF Work Programme, all of which had been under implementation for more than one year (although many enabling activities had not been under implementation for more than a year, the experience in project development and implementation of enabling activities was considered important for the PIR):

- Support to the Preparation of Biodiversity Country Studies, Phases I & 2 (Bahamas, Burkina Faso, China, Colombia, Cuba, Egypt, Estonia, Georgia, Ghana, Guinea, Jordan, Lebanon, Madagascar, Malaysia, Morocco, Mozambique, Namibia, Nigeria, Papua New Guinea, Peru, Philippines, Poland, Syria, Tanzania, Thailand, Tunisia and Zaire).
- Biodiversity Data Management Capacitation in Developing Countries and Networking Biodiversity Information (BDM) (Bahamas, Chile, China, Costa Rica, Egypt, Ghana, Kenya, Papua New Guinea, Poland and Thailand).
- The Global Biodiversity Assessment
- National Biodiversity Strategies, Action Plans and First National Reports to the Convention on Biological Diversity (Bahamas, Barbados, Cameroon, China, Colombia, Côte d'Ivoire, Cuba, Egypt, Estonia, The Gambia, Hungary, Madagascar, Malawi, Mauritania, Mozambique, Panama, Poland, Russia, Seychelles, Solomon Islands and Vanuatu)
- Country Case Studies on Sources and Sinks of Greenhouse Gases (Costa Rica, Gambia, Mexico, Morocco, Poland, Senegal, Tanzania, Uganda and Venezuela)
- [a] Capacity Building and Infrastructure: Participation in the Assessment, Methodology Development and other Activities of the Intergovernmental Panel on Climate Change (IPCC).
- Country Studies on Climate Change Impacts and Adaptation Assessments (Antigua and Barbuda, Cameroon, Estonia and Pakistan)
- Economics of Greenhouse Gas Limitations - Establishment of a Methodological Framework for Climate Change Mitigation Assessment (Argentina, Ecuador, Hungary, Indonesia, Mauritius, Senegal, Vietnam, the SADCC and the Andean regions)
- Enabling Activities for the Implementation of the UN Framework Convention on Climate Change (Cameroon, Central African Republic, Lesotho, Mauritania, Mauritius, Tanzania, Turkmenistan, Zambia, Zimbabwe)

Further, UNEP's PIR also focused on its experience with implementation of its PDF-B activities that commenced execution prior to 30 June, 1997:

- Global International Waters Assessment
- Western Indian Ocean: Formulation of a Transboundary Programme for the Marine and Coastal Environment
- South China Sea: Formulation of a Transboundary Diagnostic Analysis and Preliminary Framework of a Strategic Action Programme
- Strategic Action Programme for the Red Sea and Gulf of Aden
- Formulation of a Strategic Action Programme for the Mediterranean Sea to address pollution from Land-Based Activities
- Reducing the Impact of Tropical Shrimp Trawling Fisheries on Living Marine Resources
- Enabling CEITs to Phase Out the Ozone Depleting Substances of the Montreal Protocol

- Country Programme Formulation and Technical Assistance /Investment Project Preparation for Turkmenistan, Uzbekistan and Cyprus for Implementation of the Montreal Protocol
- Country Programme Formulation and Technical Assistance /Investment Project Preparation for Georgia and Azerbaijan for Implementation of the Montreal Protocol
- Country Programme Formulation and Technical Assistance /Investment Project Preparation for Estonia and Moldova for Implementation of the Montreal Protocol
- Global Environmental Citizenship
- Country Programme Formulation and Technical Assistance /Investment Project Preparation for Latvia and Lithuania for Implementation of the Montreal Protocol
- People, Land Management and Environmental Change (funded as a prefeasibility study in the GEF Pilot Phase and which has culminated in a GEF funded project)

2. The objective of the PIR was to review the implementation of UNEP's GEF funded activities particularly focusing on UNEP's experiences in project preparation, planning and subsequent implementation as well as in the lessons learned. This year UNEP conducted its first internal PIR meeting which brought together 25 staff including the task managers, finance and evaluation officers and the GEF Coordination Office. Draft reports for the individual GEF projects were prepared and distributed in advance. The agenda for the PIR meeting was based on issues that the participants often confronted which are of utmost importance in the implementation of GEF activities.

PORTFOLIO STATUS

3. As of 30 June, 1997, UNEP's GEF portfolio consisted of 46 projects (including PDF-Bs) (total US$ $44.22 million) of which 7 projects (including PRIFs) (US $21.7 million) entered the work programme in the Pilot Phase and 39 projects (US $22.23 million) were approved by the Council in GEF1. Of these 46 projects (including PDF-Bs), there are 28 projects in biodiversity, 7 projects in climate change, 5 projects in international waters, 5 projects dealing with stratospheric ozone depletion and 1 project dealing with cross-cutting issues.

4. For the 1997 PIR, other than two projects (People, Land Management and Environmental Change[1] and the Strategic Action Programme for the Binational Basin of the Bermejo River), all the other UNEP GEF projects (excluding Enabling Activities) had been under implementation for more than one year as of 30 June, 1997. Including PDF-Bs but excluding Enabling Activities, these included 4 biodiversity projects (US $14.3 million), 4 climate change projects (US $12.3 million), 5 international waters PDF-B activities (US $1.39 million) and 5 stratospheric ozone depletion PDF-B activities (US $ 0.415 million).

5. Table 1 provides commitment and disbursement information for the projects covered by this PIR. UNEP had committed 100% of the funds allocated for the Pilot Phase projects; the total disbursements were US $20.8 million (72.7% of GEF allocated funds for projects covered by this PIR excluding Enabling Activities). In the biodiversity focal area, disbursements were US $11.11 million (77.7%), in climate change US $8.98 million (73.0%), in international waters US $ 0.397 million (28.7%) and ozone depletion US $0.18 million (42.5%).

6. The GEF Coordination Office is carefully monitoring the progress of all GEF projects. The procedures for transformation of GEF documents into UNEP project documents have been streamlined. For Enabling Activities, the time from UNEP approval to first disbursement is, in general, less than two months.

APPLICABLE LESSONS FROM PIR 1996

7. Many of the lessons identified in the 1996 PIR are applicable to the project implementation experience in 1997. Some of these lessons include:

- Funds for project preparation activities through the Project Development and Preparation Facility have been an important part of the project cycle. However, further experience has shown the need for more flexibility in PDF-B implementation for multi-country projects as explained further in the text.

[1] The project, "People, Land Management and Environmental Change" was included in the PIR in the context of its prefeasibility funded activities (PRIF) from the GEF Pilot Phase. The project was recently approved in GEF1.

- UNEP's projects, carried out at a global level, play a vital role at the national level in i) developing essential scientific, technical and policy frameworks for enabling activities; ii) enhancing institutional, scientific and technical capacity of developing countries; iii) strengthening links with the scientific community; and, iv) providing tools for national planning activities. Given the role that these activities play in guiding national processes, and taking into consideration the emphasis UNEP has placed on stakeholder involvement in their development and further refinement, it is necessary to adopt a more flexible approach that promotes project quality rather than simply attainment of a given output.
- The need for systematic dissemination of the results, products and lessons of GEF projects, (such as methodologies developed, assessments done) particularly in a form useful to policy makers, is important.
- Catalyzing partnerships particularly between governments, NGOs and academic institutions can often improve project quality and subsequent implementation. In particular, project coordinating committees involving a wide array of stakeholders are vital for effective project implementation.
- Working through regional or global networks is a useful tool for exchange of information or databases and technical and policy advice.

Key Implementation Issues and Lessons Learned in PIR 1997

8. ***Delays in the Project Cycle:*** Given that the attaining of written national Operational Focal Point (OFP) endorsements for multi-country projects can cause a considerable delay in the project cycle, the GEF Implementing Agencies should be able to discuss multi-country projects with the GEF Secretariat without necessarily having all national OFP endorsements on board. UNEP's experience in project development and implementation of multi-country projects has shown that sometimes even after using alternative routes such as UNDP's national office, obtaining letters

TABLE 1.
STATUS OF UNEP/GEF PROJECTS COVERED BY PIR 1997 AS OF 30 JUNE 1997
(EXCLUDING ENABLING ACTIVITIES)

Project	GEF Allocation (US$)	Commitment (US$)	Disbursement (US$)	Percentage of Total
1. Support to the Preparation of Biodiversity Country Studies Phase 1	5M	5M	4.48M	89.6
2. Biodiversity Data Management Capacitation in Developing Countries and Networking Biodiversity	4M	4M	2.05M	51.3
3. Support to the Preparation of Biodiversity Country Studies Phase 2	2M	2M	1.56M	81.5
4. The Global Biodiversity Assessment	3.3M	3.3M	3.02M	91.5
5. Country Case Studies on Sources and Sinks of Greenhouse Gases	4.5M	4.5M	4.32M	96
6. Capacity Building and Infrastructure: Participation in the Assessment, Methodology Development and Other Activities of the Intergovernmental Panel on Climate Change (IPCC)	2.8M	2.8M	2.8M	100
7. Country Studies in Climate Change Impacts and Adaption Assessments	2M	2M	1.0M	50
8. Economics of Greenhouse Gas Limitations - Establishment of a Methodological Framework for Climate Change Mitigation Assessment	3M	3M	0.86M	28.7

of endorsements for every single country participating in such projects has often delayed the project cycle process, the problem lying within a country's internal problems such as the work schedule of the OFP, the absence of a designated OFP or internal country conflicts rather than it not being considered a national priority. Although the relevant government agency has been involved in the project from the design phase and confirms the activity to be a national priority, the OFP endorsement has sometimes been longer to get.

9. To maintain the required pace of the project cycle, it should therefore be made possible for the Implementing Agencies to discuss multi-country projects with the GEF Secretariat without having all endorsements on board on the condition that any remaining national endorsements would be obtained before final approval of the project and provided the Implementing Agency proves that the project is indeed a national priority for each country involved. Similarly, for PDF As and Bs, if genuine interest from the relevant government agency can be shown, if its priority at the national level can be demonstrated and if evidence of efforts to get the OFP endorsement can also be shown, the absence of a letter of endorsement from the national OFP should not be a denying factor for PDF implementation. This is particularly the case when dealing with the priorities defined by intergovernmental forums since this is a formal agreement based on the national priorities of the participating governments.

10. ***Inadequate financing limits for PDF implementation in a multi-country context:*** In implementing a PDF-B project that involves several countries in a region, it is extremely difficult to develop a high quality project with funding restricted to US $350,000 or less,

TABLE 2.
STATUS OF UNEP/GEF PDF-B PROJECTS COVERED BY PIR 1997, AS OF 30 JUNE 1997

Project	GEF Allocation (US$)	Commitment (US$)	Disbursement (US$)	Percentage of Total
1. Global International Waters Assessment	0.290M	0.290M	0.124M	42.8
2. Western Indian Ocean: Formulation of a Transboundary Programme for the Marine and Costal Environment	0.325M	0.325M	0.05M	15.4
3. South China Sea: Formulation of a Transboundry Diagnostic Analysis and Preliminary Framework of a Strategic Action Programme	0.335M	0.335M	0.047M	14.0
4. Strategic Action Programme for the Red Sea and Gulf of Aden	0.095M	0.095M	0.062M	65.3
5. Formulation of a Strategic Action Programme for the Mediterranean Sea to Address Pollution from Land-Based Activities	0.340M	0.340M	0.114M	33.5
6. Enabling CETIs to Phase Out the Ozone Depleting Substances of the Montreal Protocol	0.120M	0.120M	0.084M	70.0
7. Country Programme Formulation and Technical Assistance/Investment Project Preparation for Turkmenistan, Uzbekistan and Cyprus for Implementation of the Montreal Protocol	0.145M	0:145M	0.040M	27.6
8. Country Programme Formulation and Technical Assistance/Investment Project Preparation for Georgia and Azerbaijan for Implementation of the Montreal Protocol	0.100M	0.100M	0.006M	6.0
9. Global Environmental Citizenship	0.235M	0.235M	0.151M	64.3
10. Country Programme Formulation and Technical Assistance/Investment Project Preparation for Latvia and Lithuania for Implementation of the Montreal Protocol	0.0495M	0.0495M	0.046M	92.9

particularly for regional projects that comprise of at least 7 and in some cases 20 countries. In light of this, when dealing with PDF implementation for multi-country projects, the limit on PDF-B funding needs to be raised with the approval of the GEF Council if project quality is not to be put at stake.

11. ***Time frame constraints for PDF implementation in a multi-country context:*** The time required to develop consensus at a regional multi-country level is considerably long particularly in relation to individual country projects and can often take more than the GEF requirement for international waters PDF-Bs of 18 months to do so. When tight deadlines for project implementation are imposed, experience has shown that governments are pressured to hire consultants to produce a particular output, at the expense of institutional strengthening and adequate planning. Given the extra time required to develop consensus at a regional multi-country level and the need to ensure that project quality is not forsaken at the expense of quickly producing a given output, the period for PDF implementation of regional and global projects needs to be extended.

12. ***Use of tools in guiding GEF project development via a multi-country project approach:*** UNEP's experience in developing the guidelines to enable countries to carry out, for example, country studies for inventorying biodiversity or, in the case of climate change, greenhouse gases, has shown that a multi-country project approach enables countries carrying out the same activity to share their experiences and have direct involvement in the evolution and refinement of the guidelines for these activities. This, in turn, helps to provide countries with the guidance needed to carry out these activities in a high quality manner. The necessity for developing tools, such as guidelines, methodologies, etc. for guiding implementation of certain key activities in the GEF needs to be recognized such as the need for having guidelines for development of more standardized Transboundary Diagnostic Analyses (TDAs) and Strategic Action Programmes (SAPs) in international waters so as to ensure a high quality of projects.

13. ***Need for improved information flow:*** In terms of harmonization of GEF projects implemented between the three GEF Implementing Agencies, information flow between the agencies should be improved. This should be done by availing to each Implementing Agency: i) information on what others in the GEF family are planning and/or doing, particularly through better informed inter-agency task forces; and, ii) information pertaining to lessons learnt. Joint pipeline reviews between UNEP and the other two implementing agencies have not taken place to date in spite of UNEP's proposal to initial tri-lateral review meetings.

14. ***Defining 'Country-driven':*** In addressing the issue of stakeholder involvement in the GEF and the need for projects to be country driven, there is a need to better define the concept of 'country driven'. The experience is that differing definitions are being used, such as: i) government driven; ii) priority of the country as a whole, including those priorities determined by civil society; iii) projects need to be carried out as individual country projects and global and regional projects are not country driven even when key issues can be best tackled when first dealt with at the global level.

15. ***Stakeholder involvement:*** The importance of NGO involvement in the various stages of the GEF project cycle is noted in the carrying out of UNEP's GEF activities, particularly UNEP's approved policy on NGO involvement in its GEF related activities. On the experiences in involving NGOs in the various stages of the projects cycle, a recommendation was made that the Implementing Agencies should ensure that the quality of the NGO contribution is an important part of such an analysis rather than simply a reporting of the fact that NGO involvement did take place.

16. ***Need for training and technical backstopping for certain activities:*** Experience has shown that shifting from a multi-country global umbrella project approach to an individual country project approach with activities dealing with the same issue has resulted in a more rigid framework in which to carry out activities without due consideration of the need to provide governments with much needed technical support. In some cases, the experience was that separate projects had to be developed to provide the needed technical support such as in the Global Support Programme for Enabling Activities now being developed by UNDP and UNEP.

17. The multi-country global umbrella project approach further provided countries with an avenue that enabled cross-learning between each other based on their individual experiences in dealing with the same issue thus supporting the exchange of 'lessons learnt', now considered an important element in the GEF. In addition, this approach proved to be more cost effective in that training could be carried out for several countries at a time further leveraging financing while

in the individual country approach, this has to be done separately for each country. The GEF should consider the benefits of the multi-country global umbrella approach for dealing with certain issues and the need for pooling some financial resources together from individual country projects for cross-cutting activities between countries such as for training and technical backstopping. Using the multi-country global umbrella project approach is an important vehicle for involvement of and collaboration among government agencies and other stakeholders. It would also enable the GEF to build on what has proved to have worked as an ideal mechanism that accounted for a large measure of initial project success.

18. ***Use of the GEF QOR:*** Experience has shown that the QOR does not enable one to easily discern the new projects added to the GEF Work Programme. For other projects already in the GEF Work Programme, it appears that its issuance on an annual basis (or at least half-yearly basis) would be appropriate for the kind of project management and financial information currently being sought. It would also be less time consuming, more cost effective and generating less paper.

19. ***Reporting on Disbursements:*** Several issues hamper reporting effectively for the QOR such as the fact that UNDP and UNEP function under a different fiscal year from that of the GEF Secretariat and this causes a problem in financial reporting to the GEF. The result is that UNEP has to provide estimates for some of the reporting dates required by the GEF. In addition, there is the issue of reporting on disbursements versus expenditures, disbursements being the funds sent out by UNEP to the executing agency while expenditures are the funds actually spent by the executing entity/ies. UNEP has a problem in this respect that is unique to itself among the three GEF Implementing Agencies. For instance, while UNDP's national offices make direct payments for project expenses that they can report on, UNEP follows a different process that involves first a disbursement from the organization followed by expenditures by the executing agency. Depending on the number of intermediaries involved in project execution, there can be several levels of expenditure carried out. Since the GEF requires information that will help determine when a project actually starts and its pace of implementation, it is recommended that UNEP instead reports first on disbursements and subsequently on expenditures. This procedure would greatly facilitate the work of task managers.

20. ***Evaluating the impacts of the GEF:*** An evaluation of the impacts of GEF projects should be done two to three years after project completion in order to determine the overall impact the GEF has had on the environment and to determining the sustainability of GEF activities.

21. ***In-country coordination:*** Experience has shown that insufficient coordination between government agencies in a given country has hampered the effective preparation and implementation of projects. In order to ensure adequate in-country coordination between government agencies, more attention needs to be given in the project design phase to help ensure that executing agencies take the respective actions needed to involve the appropriate agencies/entities that will have a stake in the project. In this regard, the GEF Operational Focal Points should be empowered to discharge their responsibilities.

22. ***In-house project approval and management procedures:*** Experience has shown that the internal UNEP project approval and management procedures that have been put in place have been streamlined and facilitate the pace of the project cycle.

CONCLUSIONS

23. UNEP's GEF PIR proved to be a useful exercise in identifying the common problems experienced in project development and implementation and in providing recommendations for removing these bottlenecks. The issues mentioned above will be discussed at the inter-agency PIR meeting and will be used in preparing the corporate PIR report to the GEF Council. It was, however, felt that while some of these problems have recently been identified, several of them have continued to manifest themselves since the Pilot Phase further hindering effective planning and implementation of GEF activities. A number of other issues that were raised in the PIR have resulted in direct recommendations to UNEP that will be discussed with its senior management in order to further enhance UNEP's performance in its GEF activities.

APPENDIX B.3.
THE WORLD BANK
GLOBAL ENVIRONMENT FACILITY PROJECT IMPLEMENTATION REVIEW 1997

THE IMPLEMENTATION REVIEW PROCESS

1. FY97 marks the first year that the Bank's portfolio review, the ARPP (Annual Review of Portfolio Performance) and the review of GEF operations, the PIR (Portfolio Implementation Review) were carried out simultaneously. Country-specific and regional reviews undertaken by the Bank's regional operational units began in June 1997, with general portfolio analysis beginning in July 1997 when supervision reporting data were frozen.

2. The methodology for assessing project performance in FY97 follows that of the ARPP. Projects are rated individually on their Implementation Progress (IP) and likely achievement of Development Objectives (DO). Portfolio health is measured in accordance with the concept of ***projects at risk,*** which includes both ***actual*** and ***potential*** problem projects. ***Actual*** problem projects are those for which IP and/or DO are judged to be unsatisfactory or highly unsatisfactory. ***Potential*** problem projects are those which although rated "satisfactory" by staff, face risks historically associated with unsatisfactory performance as evidenced through sub-ratings for factors such as counterpart funding, project management performance, financial management etc. For the FY97 ARPP analysis, two new indices of portfolio monitoring were added: a realism index which can identify over-optimism in ratings (characterized by a low realism index) and a proactivity index which indicates the timeliness with which actions are taken to upgrade, restructure or close problem projects (a high or rising proactivity index is desirable). The Bank also monitors the "disconnect" or differences in assessment between current and ex post evaluations of project outcomes and in inconsistencies between overall ratings and sub-ratings. Disconnect analysis for the GEF portfolio has not been possible in FY97 primarily because there is only one closed project in the FY97 portfolio. Disconnect analysis will be performed beginning with FY98, by which time 7 operations will have been closed and most will have undergone ex-post evaluation by the Bank's Operations Evaluation Department (OED).

PORTFOLIO SIZE AND COMPOSITION

3. The portfolio analysis which follows makes reference to three different views of the portfolio. The ***Bank-GEF portfolio*** includes all projects directly managed by the Bank, as well as those managed by the IFC and IDB (paragraph 4) which are "executing agencies" that have arrangements with the Bank as Implementing Agency as defined in the GEF Instrument. The ***Bank-managed portfolio*** is comprised of those operations approved and managed by the Bank: it is this portfolio that is used in comparator analysis with the Bank's portfolio performance results (i.e. for disbursement performance, projects at risk, etc.) to ensure comparability of results (see paragraphs 9, 10, 11, 13,) The ***FY97 PIR Group*** is made up of all projects in the Bank-GEF portfolio that have been under implementation for at least 12 months as of June 30, 1997 (see paragraphs 8, 12,13).

4. Through end-June 1997, the GEF Council had approved for inclusion in GEF Work Programs a total of 100 World Bank, IFC and IDB-managed projects with corresponding grant resources of US$1,054.71 million. Of these, five projects were dropped and three were divided into two projects in response to country and design needs, leaving a net total of 98 projects. Bank, IFC and IDB managements had approved 75 of these projects as of June 30, 1997 for a total commitment value of US$705 million.

5. Sixteen operations valued at US$ 198.7 million were approved by the Bank and IFC managements during FY97. This represents an increase of 27 percent in terms of number of projects and 39.3 percent in terms of commitment value in the total portfolio as of the end of FY96. Six projects exited the portfolio during the year. Two Pilot Phase and 21 GEF 1 projects were awaiting Bank and IFC management approval as of end-June 1997.

6. The Europe & Central Asia Region continues to have the largest number of projects (22 projects or 29 percent) in the portfolio, and Asia (East and South) continues to have the largest volume of commitments

($267.6 million or 38 percent). Africa has become the fastest growing region in terms of new projects (5 new projects or 50 percent increase to the Africa portfolio), with Asia realizing the largest growth in new commitments ($87 million or 48.2 percent increase).

7. Biodiversity remains the focal area with the greatest number of projects (34 projects or 45.3 percent) as well as highest value of commitments ($286.3 million or 40.6 percent). Climate change is the fastest growing focal area in both number of projects and commitments.

PORTFOLIO PERFORMANCE

8. Of the approved projects, 1 IDB, 3 IFC and 60 Bank-managed GEF grants were effective as of end-June 1997. Forty-nine of the related projects have been under implementation for more than 12 months and are therefore included in the FY97 PIR Group.

DISBURSEMENTS

9. Aggregate disbursements during FY97 for all 60 effective Bank-managed grants totaled US$74.5 million, representing an increase of 52 percent over cumulative disbursements at end-FY96. This is slightly less than FY96 aggregate disbursements ($78.3 million). The disbursement ratio[1] continues to improve, reaching 18.9 percent compared with 17.9 percent in FY96. The disbursement ratio also compares favorably with the Bank's ratio which is 20 percent in FY97. Bank-managed GEF grants disbursed are equivalent to 33 percent of grant commitments, while disbursements are equivalent to 48 percent of commitments for the Bank's overall portfolio. The difference in the commitment ratios of the two portfolios is accounted for by the following: (1) growth in the Bank's portfolio has stabilized in terms of the number of projects, whereas the Bank-managed GEF portfolio continues to grow robustly (26 percent), (2) the Bank portfolio has experienced a substantial decline in commitments in both nominal and real terms, while the GEF portfolio is still realizing substantial growth in commitments (35 percent in nominal terms) and (3) total disbursements rose substantially in the Bank portfolio, driven by an increase in disbursements for adjustment operations associated with debt restructuring. Adjustment operations are released in large tranches, rather than based on actual project expenditures as is the case with the GEF-supported investment operations.

10. The aggregate disbursement amount for the Bank-GEF portfolio totaled US$75.6 million in FY97 compared to US$ 84.4 million for FY96. The majority of projects are disbursing satisfactorily with overall performance improving over time. The decrease in nominal amount is largely attributable to a sizable proportion (24 percent) of the portfolio being comprised of projects that disburse with predictable large fluctuations due to (a) the tranching of release of funds to IFC (the Bank has disbursed to the IFC 2 or 3 times during project life), (b) up front release of the entire or substantial portion of the grant amount as is the case for conservation funds and (c) large-scale civil works or procurement of goods.

11. Experience to date with GEF 1 projects confirms the trend mentioned in the last PIR, namely that the average time for projects to become effective (i.e. begin disbursing) has been reduced from over 6 months for Pilot Phase operations to 3.6 months for GEF 1 operations. 59 percent of the GEF 1 projects were effective in 4 months or less, compared with 37 percent for the Bank' s overall portfolio. Projects with severe start-up lags (initial disbursement delayed nine months or more) are now all disbursing: no project approved since FY95 has encountered this problem.

IMPLEMENTATION PERFORMANCE AND ACHIEVEMENT OF DEVELOPMENT OBJECTIVES

12. Ten of the 68 projects in the Bank-managed portfolio (representing 14.7 percent in terms of number of projects and 14.4 percent in terms of commitments) received unsatisfactory ratings for either IP, DO or both, and are thus included in the "problem projects" category. The corresponding percentage for FY97 for the Bank's overall portfolio is 18 percent in terms of number of projects and 15 percent in terms of commitment value. In the FY97 PIR group of 49 projects, eight of the Bank-managed and one IDB-managed project (22.5 percent in terms of number of projects) are designated as problem projects. This compares with one problem project in the FY96 PIR group (34 projects) and two in the FY95 PIR group (21 projects).

1 The ratio of net disbursements during the year to the undisbursed balance at the beginning of that year. To avoid overstating performance, the Bank calculates the ratio by excluding Trust Fund projects (Bhutan Trust Fund, Peru Protected Areas Trust Fund, Uganda MBIFCT, Brazil Biodiversity Fund) that disburse their entire balances at the time of grant effectiveness.

13. The number of potential problem projects in both the Bank-managed portfolio and FY97 PIR group remains at three for FY97. The total number of projects at risk (actual plus potential or 13 projects) represents 19 percent of the Bank-managed portfolio in terms of number of projects and 16.8 percent in terms of commitments, compared with 30 percent and 26 percent respectively, for the Bank overall portfolio. In spite of increases in the number of projects at risk, the Bank-managed GEF portfolio continues to perform better than the Bank overall portfolio.

Portfolio Management

14. Of the two new indices for portfolio monitoring introduced this year, the realism index for the GEF portfolio at 77 percent shows an improvement over the FY96 index of 57 percent, indicating greater realism in rating projects, or diminishing over-optimism. The FY97 results, which are considerably higher than the Bank's overall index, must be interpreted with caution given the very small number of projects in the "at risk" category. The proactivity ratio at 25 percent is not a significant indicator of effective action on the portfolio since it represents the change in status of one problem project out of a very limited sample of four in that category in FY96.

15. The increase in Bank-managed problem projects may be a function of the portfolio maturing as the average age of projects has risen in FY97 to 2.9 years from 2.5 years in FY96. This would be consistent with findings of analysis carried out on the Bank's overall portfolio that indicates that issues related to implementation progress predominate in the early to middle years of a project's life, with " problems" recognized in project year three. The 10 projects in the Bank-managed portfolio are characterized by having problems in at least 2 of the following areas: (1) counterpart funding, (2) respect of legal covenants in agreements with the Bank, (3) project management and (4) government commitment. All projects are addressing these issues as part of standard supervision practice. To the extent these issues are systemic to a country, they are also addressed in the appropriate operational unit through a variety of portfolio management improvement activities. Monitoring of implementation issues affecting a particular sector is now being carried out by the Bank's new Sector Boards. A better understanding of the GEF portfolio's performance will be developed with full integration of GEF in the new management systems.

Main Findings and Lessons Learned From the PIR Group

16. Fifteen projects entered the PIR group this year, with 34 carrying over from last year. In terms of focal area distribution, 53 percent of the portfolio is represented by biodiversity (26 projects), 29 percent by climate change (14 projects), 8 percent each by international waters and ODS reduction (4 projects each), and 2 percent by multiple focal area operations (1 projects). Implementation of two biodiversity, two ODS reduction, one climate change and one international waters project ended during FY97, but these projects are included in this year's analysis.

Lessons for Project Performance/Cross-Cutting Issues

17. The review of the PIR portfolio yields a great diversity of lessons, many of which re-appear with some frequency throughout the portfolio. For this third PIR, lessons highlighted in the FY95 and FY96 PIR have not been repeated, to achieve greater focus on lessons which touched upon the cross-cutting issues identified in the May 1997 PIR Guidelines issued by the GEF Secretariat. The first of these issues covers experience with non-government entities, while the second addresses areas the Bank commonly associates with quality at entry. Last year's PIR raised the question of whether greater attention to quality at entry accounted in part or substantially for the better performance of the Bank-managed portfolio compared with the Bank overall. To address this, task managers were asked to try to relate GEF policy and procedures which could have impacted at project design to project performance. Specifically, these were: government commitment, stakeholder involvement and appropriate project design (which was to include the contribution of the Independent Technical Review).

18. Changes in task management and a continued large proportion of PIR projects originating in the Pilot Phase when there may have been less emphasis on the quality at entry factors, have resulted in less rich information on the design aspects and more on experience with implementation. What is clear is that the strongest association with GEF practices, policies and procedures is with stakeholder involvement, particularly involvement of communities and NGOs. The summary of lessons below builds on what has been reported in this area in previous PIRs prepared by the Bank.

19. ***Information dissemination is a powerful catalyst to stakeholder buy-in.***

- Success of all demand side management programs in the climate change portfolio can be strongly linked to effective public awareness campaigns. In the Thailand Promotion of Electricity Energy Efficiency, considerable momentum has been created with the help of a public education campaign. For Poland Efficient Lighting, professional advertising and an educational campaign at school level have resulted in heightened public awareness and greater use of compact fluorescent lighting. Similar results were obtained for Mexico High Efficiency Lighting Project. In the Jamaica Demand Side Management Project, good community response is attributed to an NGO designed public awareness campaign that includes media coverage and school campaigns.
- Information distributed to communities strengthens both initial buy-in and sustainability for conservation projects. In Ghana, the Coastal Wetlands project distributed the results of bird and turtle studies to communities with a resulting increase in voluntary protection activities. The Belarus Biodiversity Project found that disseminating project results to communities enhances their sense of participation and thus support for the changes in conservation management practices that have been introduced: this is expected to translate into commitment in the longer term. Under GEPRENAF, very high stakeholder involvement is attributed to an informal campaign by local authorities.
- For the Jordan Gulf of Aqaba Project, a public awareness campaign on sound environmental practices has already shown results in changes in practice in the hotel community.
- A public information campaign in support of the Poland Coal-to-Gas conversion project has led to overwhelming expressions of interest from potential participants, surpassing all expectations.

20. ***Project entities bringing together multiple stakeholders are effective in prioritizing actions and allocating resources (particularly in support of conservation) when backed by strong government commitment and adequate resources.***

- Evidence of this is seen in the group of conservation trust fund projects, most of which bring together government, private sector, NGO and community representatives. The Peru Protected Areas Trust Fund is now providing support to 14 parks and has been so successful in raising awareness and funds that the Government is considering expanding the fund concept to cover all environmental issues. The Peru and Uganda MBIFCT Funds, both with large civil society participation, have inspired donor interest and confidence in their ability to impact in ways government could not, leading to additional funding in the form of capital increases and complementary financing. The Bhutan Fund brings together many government stakeholders who are now strongly committed, but might never have focused on the importance of conservation without the creation of an endowment fund to provide a reliable source of financing for the long-term.
- A formal Steering Committee for the Congo Wildlands Project brings together government ministries, research institutes, NGOs and donors. While functioning effectively to ensure that field level activities under the project are making headway, the Committee is expected to evolve into a national oversight and policy-making body to achieve one of the Project's key institutional objectives.
- The Regional Committee under the Oil Pollution Management for the South Mediterranean Sea Project, is deemed to be a model of collaboration, as evidenced by the greatest progress having been achieved to date in the joint tri-national activities of the project.

21. ***Alternative livelihood funds are an important component of programs aimed at changing community behavior in areas under threat.***

- These funds are critical to obtaining community buy-in when conservation activities are perceived to impact on household income.
- The Seychelles Biodiversity Conservation and Marine Pollution Project is one example where livelihood fund success is linked to beneficiary (in this case turtle shell artisans) involvement at the stage of fund design.

- The Uganda MBIFCT which allocates 60 percent of its endowment income to communities has shown that the use of rewards to local communities for conserving biodiversity is workable.

22. With regard to working with private sector partners, it is no surprise that appropriate policy framework and enabling environment are cited frequently as key to success in developing new products or technologies. For the first time, NGOs figure prominently in demand-side management activities as complements to the for-profit private sector and a driving force in public awareness and outreach.

23. ODS projects in the portfolio have also given rise to one important lesson: *Projects or programs supporting change in an industry or in multiple enterprises must update financial reviews just prior to implementation to ensure firms' viability*. The Bulgaria, Hungary and Slovenia ODS Phaseout projects had all incurred delays following appraisal while waiting for ODS policy to be clarified by the GEF Council. The changing economic situation and substantial pre-financing provided by the firms in anticipation of downstream funding were two of the factors that affected the financial viability of the originally selected enterprises, necessitating adjustments to sub-project design and in particular changes in enterprises.