Global Environment Facility

Project Performance Report

1998

GEF

Project Performance Report

(Incorporating the Project Implementation Review)

1998

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EXECUTIVE SUMMARY

This GEF Project Performance Report presents the results of the 1998 Project Implementation Review (PIR), and draws on additional insights about the performance of GEF's programs from evaluations and other studies. This is a broader focus than in previous years. The report provides an assessment of important cross-cutting issues and lessons identified from implementation experience.

As of June 30, 1998, a total of 267 projects had been allocated over US$1.9 billion of GEF funding. Cumulative disbursements were US$612 million. Amounts disbursed for GEF projects during FY1998 were US$133 million, down slightly from FY1997, and considerably less than the US$336 million in new projects approved by the GEF Council during the year. In 1998, there was continued reduction in the time between work program allocations, final project approval by GEF's implementing agencies (IAs), and the beginning of implementation.

The PIR covered 119 projects, 25 of which were included for the first time in 1998. Twenty-eight percent of the PIR portfolio was rated "highly satisfactory" by the implementing agency, 59 percent was rated "satisfactory," and 13 percent was rated "unsatisfactory" or "highly unsatisfactory." Ratings improved on 15 projects from 1997 to 1998; they declined for 11 projects. The principal causes of unsatisfactory performance were lower than expected implementation capacity by executing agencies; participative approaches taking more time than expected; changes in market conditions, especially related to climate change projects; reductions in government counterpart and other contributions; lack of government commitment to project activities; and procurement delays.

Although there are exceptions, most project reports submitted for the 1998 PIR did not have satisfactory indicators to measure and monitor achievement of their intended outcomes and impacts. The PIR reports reflect a general lack of clarity in determining linkages between project goals, objectives, and outputs. Project monitoring systems focus more on processes (e.g., procurement) and production of outputs than on results. The need for greater attention to project indicators is a clear message from the 1998 review.

The conclusion that stands out most strikingly from the reports and discussions that made up the 1998 PIR is **the need for an approach to addressing global environmental problems that is longer term and more flexible than current project instruments.** Whether the challenge is conserving biodiversity, reducing the emission of greenhouse gases, or slowing the degradation of international waters, experience indicates that being able to make a commitment of support over a longer time period and adapt to changed circumstances and opportunities are often prerequisites to achieving and sustaining global environmental results. In many cases, this requires a phased approach that sets out firm benchmarks and provides assurance of support over ten years or longer if these benchmarks are met. Project proposals should identify clear objectives and performance indicators, but devote less effort to mapping out detailed implementation plans. Instead, project managers should be given flexibility to select and modify the activities and tactics needed to achieve these objectives, based on monitoring and evaluation systems that incorporate regular review of performance information.

A major implication of making a longer term commitment to address many of the challenges GEF and its partners face is that GEF will need a more strategic focus on the issues, problems, and places to which it is able to provide sustained support. With a change to a longer term, benchmarked approach, GEF should move from an organizational culture based on project approval to one more focused on achieving and measuring project and program results. In particular, this suggests the need for program managers in the GEF secretariat to take on a more strategic role, one based less on individual project reviews and more on assessment of program direction and results and on identifying and feeding back through the focal area task forces lessons about what is working in the field.

The report also highlights conclusions drawn from the PIR reports and several evaluations on three cross-cutting issues selected for special attention in the 1998 review—sustainability, leveraging, and capacity building:

Sustainability. Sustaining project activities following the completion of GEF funding is proving to be much more difficult than expected. Most terminating GEF projects face continued needs for external support. The implementation review highlighted five ingredients for sustainability: (1) a policy framework that provides appropriate incentives, including prices, for practices that produce global environmental benefits; (2) long term funding sources; (3) public awareness and understanding of the benefits of new approaches and activities; (4) local ownership, brought about by genuine participation and influence of all key stakeholders in decision-making and prioritization of activities; and (5) the ability of institutions, including private businesses, to use effectively the resources provided. Achieving sustainability in many of the efforts that GEF supports requires longer time horizons.

Leveraging. GEF should adopt a broader definition of leveraging for its programs and projects that reflects financial resources—both during design and implementation—and actions catalyzed by GEF activities.

Capacity Building. GEF projects are strengthening a wide variety of organizations, from government agencies, to scientific and research institutions, to national and international associations, to NGOs and community-based organizations (CBOs). The review concluded, however, that more emphasis needs to be placed on identifying specific capacity-building needs, so project design and implementation can be tailored to address key constraints and institutions. Considerably more attention is needed on defining the results and qualitative impacts of GEF's capacity building efforts. There is an urgent need to develop indicators that measure the application of knowledge gained and other changes brought about through capacity building efforts and the resulting benefits for the global environment. Assessment of qualitative impacts may be difficult within the timeframe of a typical project, however, since many of these changes occur over a longer period. This needs to be reflected in the monitoring systems developed, as well as the way GEF addresses the length of the commitment required to achieve its intended impacts.

Four topics were identified during the PIR for in-depth review in 1999. Specific plans for these thematic reviews will be developed by the corporate M&E team in conjunction with the IAs and program managers in the GEF secretariat. They may include detailed desk reviews, focus groups or workshops with project managers, and possibly limited field visits. The objective of these reviews is to build on the 1998 and previous PIRs to identify more comprehensively the lessons from experience and define more precisely issues requiring further evaluation. The results of these reviews should be available for the 1999 PIR. The four topics are:

- Achieving financial sustainability in biodiversity projects;

- Experience with GEF-funded off-grid solar photovoltaics projects, including their potential impact on global greenhouse gas emissions;

- Experience with multi-country implementation arrangements in GEF projects, including their requirements for collaboration among IAs and with other organizations; and

- The overall progress of countries receiving GEF assistance in the ozone focal area in implementing their ODS phase-out programs.

Finally, the review concluded that more needs to be done to disseminate the findings of the PIRs and project and program evaluations; to use the results of the reviews to identify important topics for in-depth assessment by GEF's M&E program, STAP and others; and to feed back the lessons of experience into new project and program design.

1. INTRODUCTION

1. This GEF Project Performance Report presents the results of the 1998 GEF Project Implementation Review (PIR). In addition, for the first time, this year's report goes beyond the implementation review to draw on additional information and insights about the performance of GEF's programs from evaluations and other studies. This broader focus complements Program Status Reviews prepared for each Operational Program (OP), and provides an assessment of important cross-cutting issues and lessons identified from implementation experience.

2. At the request of the GEF Council, PIRs are carried out annually by the GEF implementing agencies (IAs) and secretariat (GEFSEC). They have two purposes: (1) to provide a comprehensive overview of the GEF portfolio and trends in performance, and (2) to highlight themes or issues that may lead to (a) refining Operational Programs, (b) improving project design and management, (c) identifying scientific and technical questions for further consideration, including by GEF's Scientific and Technical Advisory Panel (STAP), and (d) identifying lessons from experience and topics for further examination through evaluations and other studies. The 1998 PIR was the fourth annual implementation review conducted by GEF.

3. Following guidelines developed by the Monitoring and Evaluation Coordinator, each agency prepared an analysis of its GEF portfolio, an overview emphasizing key trends 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, 1998. The agencies rated each project on implementation progress and likelihood that its global environmental objectives would be achieved. Agencies addressed in their overviews and project reports the prospects for sustaining and/or replicating project-supported activities following completion of GEF funding. In addition, they reported on two other cross-cutting issues: (1) experience in leveraging additional resources and actions for activities likely to achieve global environmental objectives, and (2) the extent to which projects had built recipient capacity and strengthened institutions.

4. The three IAs shared the results of their reviews and the individual project reports with GEFSEC and the other agencies. For the first time this year, these reports were the basis for reviews by GEF's focal area task forces of their respective portfolios—biological diversity, climate change, international waters, and phase out of ozone-depleting substances (ODS). Culminating the process, an interagency review meeting organized by the Monitoring and Evaluation Coordinator was held in Washington on December 15, 1998. It featured discussion of the highlights of the task force reviews and cross-cutting issues. Actions taken in response to the recommendations of the 1997 PIR were reviewed. In addition, the status of each project rated as unsatisfactory, and actions being taken to address implementation problems affecting them, was discussed.

5. It is clear from the 1998 review that UNDP's GEF Coordination Office has given high priority to its monitoring and evaluation function, including its use of the PIR process. It has dedicated staff resources to monitoring and evaluation, supported a series of logical framework workshops for its personnel and partners, identified and trained GEF focal points in its country offices, and put in place systems to reinforce implementation oversight in countries with difficult projects or where project ownership or its own institutional capabilities

are relatively weak. For a second year, UNEP used the PIR as an occasion to bring together its GEF staff and project managers to discuss design, implementation and procedural issues. From this discussion resulted an insightful overview report. On the other hand, the quality and timeliness of the World Bank's contributions to this year's PIR process were less satisfactory. In part, this reflects the institutional changes underway at the Bank as the 1998 PIR was prepared, which include moves away from the kind of narrative and issues-based reporting on implementation progress and lessons learned on which the GEF review process is based.

6. A large number of project managers and staff in the implementing agencies and the GEF secretariat contributed to making the 1998 PIR a successful review. In particular, the reports on nine projects were identified as worthy of recognition for their comprehensive review of implementation experience, candor, and strategic reflections on lessons learned:

- *Dominican Republic Conservation and Management of Biodiversity in the Coastal Zone*
- *Hungary Energy Efficiency Co-Financing Program*
- *India Alternate Energy*
- *India Development of High-Rate Bio-Methanation Processes*
- *Pollution Control and Other Measures to Protect Biodiversity in Lake Tanganyika*
- *Panama Biodiversity Conservation in the Darien Region*
- *Poland Efficient Lighting Project*
- *Nepal Biodiversity Conservation*
- *South Pacific Biodiversity Conservation Program*

7. Chapter 2 of this report contains an analysis of the entire GEF portfolio through June 30, 1998. Chapter 3 summarizes the 1998 PIR in two sections: (a) an overview of the projects covered and (b) portfolio highlights by GEF focal area. The PIR overview reports from each IA are included in Appendix C. Chapter 4 presents the main findings and conclusions of several project and program evaluations conducted by GEFSEC and the IAs during the past year. Drawing on the PIR and these evaluations, Chapter 5 discusses the cross-cutting issues selected for attention in the 1998 PIR. Finally, Chapter 6 is a synthesis of the principal conclusions and recommendations of this year's review.

2. GEF Portfolio Analysis

A. Overall GEF Portfolio

8. As of June 30, 1998, a total of 267 projects[1] had been allocated funding in approved GEF work programs. As shown in Table 1, 46 percent of these are administered by the World Bank, 42 percent by UNDP, seven percent by UNEP, and four percent by more than one GEF implementing agency. One project is administered by the GEF secretariat. Funding for these projects totaled US$1,923 million, of which 64 percent was in World Bank projects, 28 percent in UNDP projects, three percent in UNEP projects, and four percent in multi-IA projects. In addition, as of June 1998, over US$36 million had been approved during GEF1 for 185 individual country enabling activities under the biodiversity and climate change conventions.

9. Figure 1 illustrates the growth of the GEF portfolio, including amounts allocated, committed, and disbursed, from June 1991 through June 1998. During FY1998, 50 projects with GEF funding of US$336 million were approved by the GEF Council. This compares to US$374 million approved for 44 projects the previous year. Implementation of 22 projects was completed in FY1998.

10. Table 2 shows the distribution of the GEF portfolio as of June 30, 1998. By value, 39 percent were biological diversity projects, 38 percent climate change projects, 14 percent international waters projects, six percent projects to phase out ozone depleting substances, and three percent multi-focal area projects.

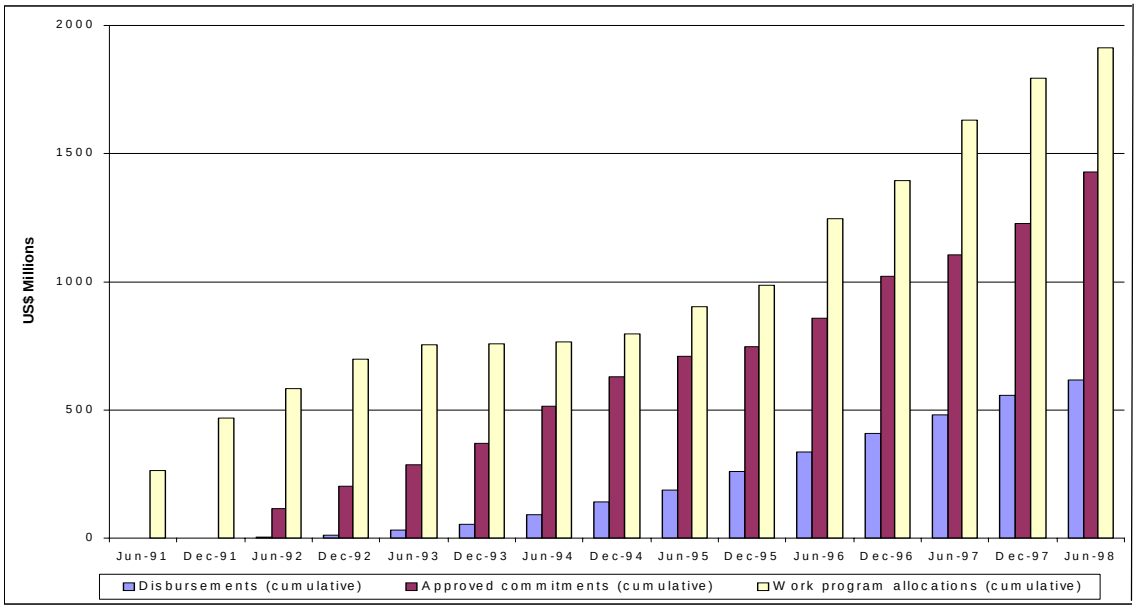
TABLE 1
GEF PROJECT ALLOCATIONS BY IMPLEMENTING AGENCY (AS OF JUNE 1998)

	Pilot Phase		GEF1 (February 95-June 98)*		Total	
	# Projects	(US$m)	# Projects	(US$m)	# Projects	(US$m)
UNDP	56	256	56	276	**112**	**532**
UNEP	6	22	13	38	**19**	**60**
World Bank	53	452	71	785	**124**	**1,237**
More than One IA	0	0	11	91	**11**	**91**
Others**	1	3	0	0	**1**	**3**
Total	**116**	**733**	**151**	**1,190**	**267**	**1,923**

* Source: *Operational Report on GEF Programs*
** PRINCE project managed by GEF secretariat

[1] Unless otherwise noted, the numbers in this section exclude individual country Enabling Activities and pre-investment funds.

FIGURE 1
CUMULATIVE GEF PORTFOLIO - ALLOCATIONS, COMMITMENTS, AND DISBURSEMENTS
1991 - 1998



B. Disbursements

11. **Cumulative disbursements for the entire GEF portfolio (including enabling activities and project development funds) increased during FY1998 to US$612 million.[2] Disbursements under many projects included in this year's PIR continued to be well below initial projections.** This shortfall is generally due to over-ambitious estimates in

TABLE 2
GEF PROJECT ALLOCATIONS BY FOCAL AREA (AS OF JUNE 1998)

	Pilot Phase		GEF1 (February 95-June 98)*		Total	
	# Projects	(US$m)	# Projects	(US$m)	# Projects	(US$m)
Biodiversity	58	332	62	413	**120**	**745**
Climate Change	41	259	51	468	**92**	**727**
International Waters	12	118	19	151	**31**	**269**
Ozone	2	4	13	111	**15**	**115**
Multi-Focal	3	20	6	47	**9**	**67**
Total	**116**	**733**	**151**	**1,190**	**267**	**1,923**

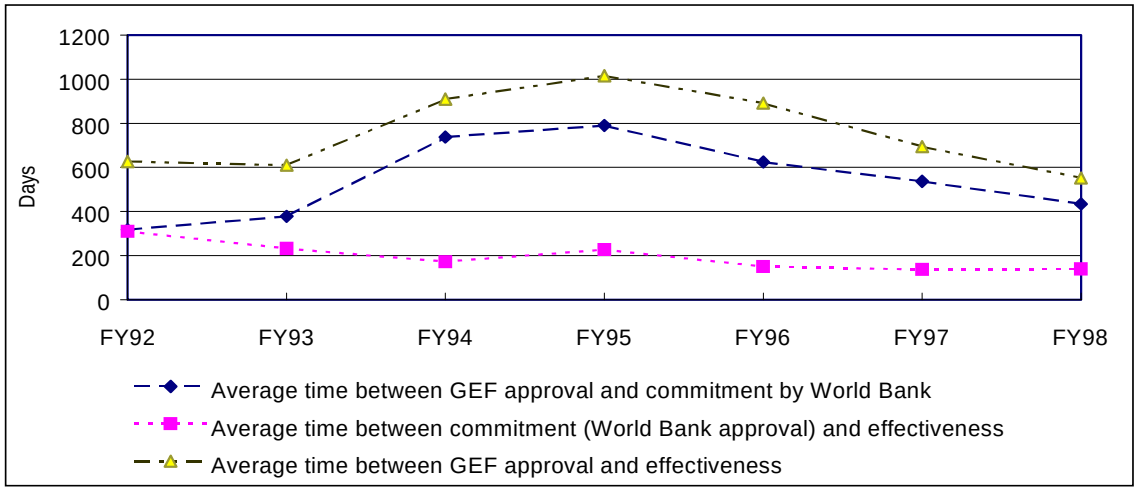
* Source: *Operational Report on GEF Programs*

[2] Source: Implementing agency quarterly financial reports; implementing agency PIR overview reports.

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 taken to expand stakeholder involvement under many GEF projects. Disbursements in relation to commitments were 43 percent as of June 1998, the same as in June 1997. Disbursements in relation to amounts committed by the World Bank increased to 34 percent at the end of FY1998, compared to 33 percent a year earlier; for UNDP, disbursements in relation to commitments remained at 62 percent, while for UNEP, disbursements declined to 52 percent from 61 percent of amounts committed.[3]

12. **Amounts disbursed for GEF projects were US$133 million during the year[4], down slightly from US$141 million in FY1997**. Disbursements remained basically the same for the World Bank (from US$75.6 million in 1997 to US$75.7 million in 1998), increased from US$4.7 million to US$6.9 million for UNEP from 1997 to 1998, but decreased from US$55.9 million to US$49.9 million for UNDP. The stagnation in annual World Bank disbursements results from decreases in infrastructure and trust fund projects that have large, lumpy disbursements; the Asia financial crisis, which slowed implementation of projects in that region; and late entry into the portfolio of several large IFC investment funds that had not begun to disburse before the end of FY1998. The decline in UNDP disbursements is due mainly to the completion of many Pilot Phase projects while GEF1 projects were only starting implementation.

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



[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.

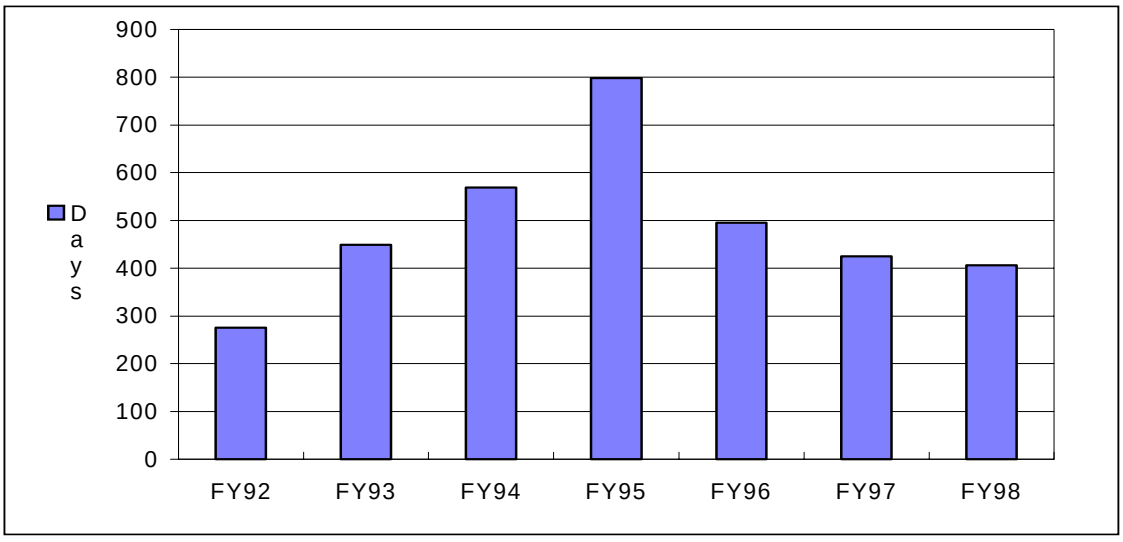
[4] Source: Implementing Agency quarterly financial reports; implementing agency PIR overview reports.

C. Time from Allocation to Implementation

13. In 1998 there was a further reduction in the time between work program allocations, final agency approval (commitment), and the beginning of project implementation in the World Bank and UNDP. As shown in Figure 2, **projects approved by the World Bank in FY1998 took less time on average to reach the commitment stage than during the previous year** (434 days compared to 536 days in FY1997). Fifty-six percent were approved within a year or less of allocation in work programs. For World Bank GEF projects which became effective in FY1998, the average length of time between commitment and the beginning of implementation remained basically the same (137 days compared to 139 days in 1997).

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 425 days in FY1997 to 406 days in FY1998, continuing trends begun in 1996. UNDP reported that 58 percent of its projects had signed project agreements within a year after work program allocation. These reductions 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. In addition, UNDP/GEF has invested heavily in training country office focal points, government officials, NGO representatives, and consultants on GEF procedures, eligibility criteria, and the logical framework methodology.

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



3. 1998 Project Implementation Review

A. Overview of Projects Covered in the Review

1. Portfolio Reviewed

15. The 1998 PIR covered 119 projects that had been in implementation for at least a year as of June 30, 1998, up from 105 projects in 1997. Table 3 shows the distribution of these projects; Appendix A contains a complete list. Ten projects included in the 1997 PIR were completed and not reviewed this year. In view of its recent evaluation (see Chapter IV below), the GEF Small Grants Programme, which was included in past PIRs, also was not reviewed. A total of 25 projects were included for the first time in 1998.

16. The PIR portfolio includes slightly less than half of the projects for which GEF funding has been allocated in approved work programs. The portfolio reviewed was made up of 57 biodiversity, 42 climate change, 12 international waters, six ozone, and two multi-focal area projects. A total of 62 of these projects are administered by the World Bank, 48 by UNDP, and eight by UNEP.

2. Performance Ratings

17. Each agency rated performance with regard to implementation progress (IP) and prospects for achieving development/global environmental objectives (DO) for its projects in the PIR. They used a 4-point scale: highly satisfactory (HS), satisfactory (S), unsatisfactory (U), and highly unsatisfactory (HU). Definitions for these ratings are in Appendix B.

18. A total of **33 projects, or 28 percent of the PIR portfolio, were rated "highly satisfactory"** by the implementing agency on either IP or DO. This is fewer than last year, when 34 percent of projects were rated highly

Table 3
Projects Included in 1998 Project Implementation Review

	Biodiversity	Climate Change	International Waters	Ozone	Multiple	Total
Global	4	6	0	0	2	**12**
Africa	15	9	3	0	0	**27**
Arab States/ Middle East	4	4	3	0	0	**11**
Europe/Central Asia	6	5	2	6	0	**19**
Latin America & the Caribbean	15	7	3	0	0	**25**
Asia and Pacific	13	11	1	0	0	**25**
Total	**57**	**42**	**12**	**6**	**2**	**119**

satisfactory on one or both measures. By agency, UNEP rated five (62 percent) of its projects as highly satisfactory, UNDP 14 (29 percent), and the World Bank 14 (23 percent). By focal area, 32 percent of biodiversity projects, 21 percent of climate change, 25 percent of international waters, and 33 percent of ozone projects were reported as performing highly satisfactorily. Approximately 59 percent of the PIR portfolio (71 projects) were rated "satisfactory."

19. The remaining **15 projects, or 13 percent of the PIR portfolio, were rated "unsatisfactory" or "highly unsatisfactory"** by the implementing agency on either IP, DO or both. In 1997, 16 percent of projects included in the PIR were rated unsatisfactory. Of the biodiversity projects included in the PIR, 9 percent were rated unsatisfactory, as were 14 percent of climate change and 33 percent of international waters projects. The World Bank reported that 11 (18 percent) of its projects included in the 1998 PIR were making unsatisfactory progress; UNDP had four (eight percent) unsatisfactory projects; UNEP had none. These ratings compare to 18 percent (World Bank) and 17 percent (UNDP) unsatisfactory ratings in the 1997 PIR.

3. Review of Problem Projects

20. The status of the 15 projects rated unsatisfactory was reviewed at the interagency PIR meeting. In addition, the GEF secretariat identified another 15 projects that were rated satisfactory, but that appeared to be having implementation problems, at least in some components. While ratings were not changed, these projects were also reviewed individually. In general, the principal causes of unsatisfactory performance were (1) lower than expected implementation capacity by executing agencies, including NGOs in several cases; (2) participative approaches taking more time than expected; (3) changes in market conditions, especially related to climate change projects; (4) reductions in government counterpart and other contributions, especially in Asia and Russia; (5) lack of government commitment to project activities; and (6) procurement delays. In four cases, projects were terminated and some or all GEF funding cancelled during the past year due to continuing performance problems. In others,

TABLE 4
PROJECT RATINGS

	HS Highly Satisfactory	**S** Satisfactory	**U** Unsatis-factory	**HU** Highly Unsatis-factory	Rating **Improved** since 1997	Rating **Declined** from 1997
Biodiversity	18	34	5	0	7	6
Climate Change	9	27	5	1	6	3
International Waters	3	5	4	0	0	2
Ozone	2	4	0	0	1	0
Multi-focal area	1	1	0	0	1	0
Total	**33**	**71**	**14**	**1**	**15**	**11**

projects are being redesigned or reformulated to reflect a more realistic assessment of implementation and financial capabilities, and more structured monitoring systems put in place.

B. Portfolio Highlights by Focal Area

21. This section provides a summary of the projects in implementation in each focal area. It highlights key issues and areas of significant progress identified during the PIR.

22. While there are now almost 140 GEF projects for which there is implementation experience (those included in the 1998 PIR plus another 19 completed projects), 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 discusses insights gained in implementing GEF projects and the principal challenges that appear to be facing each portfolio.

1. Biological Diversity

23. The 1998 PIR included 57 biodiversity projects: 31 from the World Bank, 22 from UNDP, and four from UNEP. Although most were approved during the Pilot Phase, before GEF's Operational Programs (OPs) were developed, they have been grouped by OP in the *Operational Report on GEF Programs*. Based on this categorization, 24 projects are in OP3 (forest ecosystems), 13 projects are in OP2 (coastal, marine and freshwater ecosystems), and four projects are in OP1 (arid ecosystems) and in OP4 (mountain ecosystems). Nine projects are regarded as short-term response measures, and three are considered global/regional support programs for enabling activities.

24. With regard to actual use of funds, approximately 65 percent[5] of the projects in the PIR focus on biodiversity conservation in protected areas. Twenty-six percent support the development of national biodiversity action plans and/or related research or studies. Twenty-four percent directly address issues of sustainable use of biological resources. Most projects are located in specific areas or regions within a country, although 19 percent provide support for broader national biodiversity programs.

25. The information provided in project reports and the discussion by the biodiversity task force reinforced the conclusions and lessons identified in previous years' reviews. This underscores the need for GEF to give more attention to disseminating PIR results and getting the lessons emerging from the review to those who can best apply them, especially field staff. In particular, the review of the 1998 PIR biodiversity portfolio reiterated that:

- **The active and full engagement of communities in all stages of project design, implementation, and monitoring is a key determinant of project success. It leads to greater "ownership" of project activities.** Several GEF projects (e.g., China Nature Reserves and the conservation trust fund projects in Mexico, Peru, and Uganda) have succeeded in bringing about more participative management processes for nature reserves. Some reported positive results from involving local stakeholders in decision-making and management through local committees (see Box 1). However, while stakeholder representatives have been successful in giving a voice to communities and safeguarding their interests, they are not always as effective in ensuring that information is

[5] These numbers are approximate and the categories are not mutually exclusive, i.e., a project could be counted in more than one category.

communicated back to those they represent. Engaging a wide range of stakeholders takes considerably more time than originally expected, and often requires those involved in carrying out project activities to develop new skills and approaches. In addition, the requirements (including reporting) of donors and the needs of local communities often contrast. These differences need to be identified and resolved early in project development. The needs of local communities must drive projects; otherwise, the sense of ownership vital to long-term success will be lost.

- **Biodiversity projects need to combine conservation efforts with activities that address more immediate socio-economic needs and are sensitive to political processes.** This may call for financing schools, health posts, or other community priorities, as was done through Uganda's Mgahinga-Bwindi Conservation Trust Fund, or developing alternative sources of income (e.g., retraining turtle shell carvers in the Seychelles). Experience from the South Pacific Biodiversity Conservation project, however, underlines the need to balance income-generation with conservation.

- **GEF biodiversity projects are generally overly ambitious, have too many objectives, and have implementation periods that are too short.** Project designers and managers often misjudge the complexity of the issues they are trying to address and underestimate the time needed for truly participative processes. A longer time horizon is needed to work through the complex institutional, policy, human resource development, and financing issues related to biodiversity conservation and sustainable use. A flexible, phased approach to design and implementation is required, one that is based on firm but achievable benchmarks set within the context of a long-term commitment. Project proposals should identify clear objectives, but leave flexibility for the selection of activities to achieve these objectives.

- **The long-term financing and sustainability of biodiversity conservation and sustainable use projects remain major questions.** While several GEF-assisted biodiversity projects have been successful at attracting significant additional amounts of funding from other sources (e.g., conservation trust funds in Bhutan and Peru, Guyana Iwokrama Rain Forest), many others have had disappointing experience with

BOX 1: INVOLVING COMMUNITIES THROUGH LOCAL COMMITTEES

- Ghana Coastal Wetlands – Local Site Management Committees (LSMCs) from five areas are working with executing agencies to identify problems and priority activities. The project has also constituted micro-enterprise review subcommittees to prescreen proposals for eligibility under the Community Investment Support Fund (CISF).

- Uganda Mgahinga-Bwindi Impenetrable Forest Conservation – the Local Community Steering Committee (LCSC) is represented on the board of directors of the Trust Fund and has considerable influence on the selection of activities financed by the Fund.

- South Pacific Biodiversity Conservation – Through Conservation Area Coordination Committees (CACCs), representatives of communities are now in direct contact with a number of government agencies, NGOs and national and regional institutions that have offered their time and support with projects. Community participation in these committees along with representatives of other organizations has given them access and contacts they previously lacked. As a result, institutions which in the past had little to do with these communities have now found new partners in their rural development programs.

fundraising. In several projects, proponents are actively looking at various approaches to long-term financing, including the creation of trust funds. For example, in a number of protected areas in the South Pacific islands, the Biodiversity Conservation project has promoted the creation of trust accounts with funds from income-generating activities to support the areas following project completion. A conclusion of the review is that the chances of achieving financial sustainability for biodiversity projects are likely to be greater by combining sources of finance (e.g., government budget, user fees, trust funds) rather than relying on a single source.

- **It is important to understand the root causes of the threats to biodiversity loss.** This often implies giving attention to the policy and socio-economic environment within which biodiversity projects are carried out, in addition to technical or site-specific factors.

- **Support is needed from the full range of government actors (including local and regional agencies) and private sector stakeholders** (including timber and mining companies, wildlife traders, and large landowners). Even in projects which have made considerable efforts to involve community groups, NGOs, and other stakeholders, the lack of active participation by private businesses has limited performance. This is the case in the Papua New Guinea Conservation and Resource Management Program, Colombia Biodiversity Conservation in the Chocó Region, Guyana Iwokrama Rain Forest, and Guatemala Conservation and Sustainable Development in the Montagua Region projects.

26. A lack of absorptive capacity (i.e., the ability of partners to carry out project activities) has sometimes delayed implementation. In some cases (e.g., Panama Darien Biodiversity Conservation, Uganda Mgahinga-Bwindi Conservation Trust, Guatemala Montagua Conservation and Sustainable Development, Lebanon Protected Areas), project executing agencies or implementation units were required to take on a broader role of building the capacity of NGOs and other organizations that were originally expected to carry a greater share of implementation responsibilities. On the other hand, the PIR identified several successful efforts to strengthen local NGOs. For example, in Jordan, the Royal Society for the Conservation of Nature (RSCN)—the executing agency for the Dana Wildlands and Azraq Wetlands project—now provides training courses in protected area management, public awareness techniques, and ecotourism development for Yemen, Syria, Lebanon, and the Palestinian Authority. Strengthening RSCN also allowed it to become an effective partner with the Jordanian government in developing national policy for protected areas.

27. Although some project reports provide good examples of indicators and systems for monitoring performance and impact, this remains an area where greater attention is needed. In general, project indicators in the PIR portfolio focus largely on inputs, outputs, and processes rather than the results or impacts of project activities. In part, the absence of good project indicators and monitoring systems appears to reflect a lack of focus on and identification of clear statements of project objectives, especially in terms of their intended biodiversity impact.

2. Climate Change

28. The 1998 PIR includes 42 climate change projects: 20 from UNDP, 19 from the World Bank, and three from UNEP. Based on the categorization in the *Operational Report on GEF Programs,* 13 of these projects are in OP6. They focus on one or more of five types of renewable energy sources: biomass gasification, wind, solar photovoltaics (PV) or water heating, solid waste, and geothermal. Eleven projects are

BOX 2: ADAPTING TO CHANGING MARKET CONDITIONS: THE CHILE REDUCTION OF GREENHOUSE GAS EMISSIONS PROJECT

Originally, this project had two components: one focusing on producing methanol from organic wastes, and the other to create energy service companies (ESCOs) to help reduce energy consumption by electric motors in the copper mining industry. Before the project began implementation, however, the first component was overtaken by events. Chilean imports of Argentine natural gas increased substantially, greatly reducing methanol prices. This component was reformulated to pilot the use of sustainably grown biomass to generate power through gasification in remote islands not connected to the electricity grid. More recently, the second component has also experienced significant difficulties. These were due to three factors: (1) reluctance by companies to divulge to ESCOs energy consumption data that they regarded as confidential and sensitive, (2) decreased electricity prices due to an increased number of power plants and the influx of natural gas, and (3) the willingness of mining industries to invest in more efficient motors on their own, without project assistance, for new facilities being built. As a result, this component, too, is being redesigned to focus on energy efficiency of small and medium-sized urban enterprises (e.g., food processing, light industry).

in OP5 and aimed at energy efficiency and conservation. There are five basic types of projects in this OP: demand-side management, efficient lighting, buildings, boiler conversion, and transport. Eight projects are classified as short-term response measures and another eight are regarded as enabling activities that help developing country parties to the United Nations Framework Convention on Climate Change (UNFCCC) prepare their national communications to the convention. The remaining two projects, both in Brazil, are included in OP7, reducing long-term costs of low GHG-emitting energy technologies.

29. A consistent conclusion from previous reviews of the climate change portfolio—the **importance of a favorable policy framework and incentives for the adoption of alternate energy and more energy-efficient products and technologies**—was again the topic of substantial discussion in the 1998 PIR reports. Several projects report positive impacts on policies and regulations that have led to greater private sector participation and investments. For example, the wind farm component of the India Alternate Energy project helped bring about policy changes by state governments that created incentives to attract private investment in wind power facilities. A local manufacturing base for producing wind generation equipment emerged as a result. In the China Sichuan Gas Transmission project, pricing policies were clearly identified as the key factor to sustain incentives for reducing gas leaks. Pricing policies were also found to be important to ensure financial viability of power entities involved in the Philippines Leyte-Luzon and Lithuania Klaipeda Geothermal projects. The implementation of China's Coal-Bed Methane project brought about policy and institutional changes that led to sizable investments through joint ventures. Where policy or regulatory frameworks have been adjusted to accommodate new technologies, opening of new markets has occurred. For example, in the cases of the Mauritius Sugar Bio-Energy, Costa Rica Tejona Wind Power, and Poland Coal-to-Gas projects, the original physical objectives of the projects have not been achieved, but other private and public investments were stimulated by creation of supportive policy frameworks.

30. Projects involving significant policy and regulatory reforms may require longer timeframes than a typical GEF project to adequately monitor market responses and

determine the results of these changes in terms of global environmental objectives. Legislative changes, price adjustments, and withdrawal of subsidies are often only beginning to have an impact by project completion.

31. The lack of stakeholder involvement has been a key reason for poor progress in several projects. For example, inadequate stakeholder consultations at the outset delayed implementation of the India Development of High Rate Bio-Methanation Processes and Optimizing Development of Small Hydel Resources in the Hilly Region projects. One crucial assumption—that beneficiary organizations would be willing and able to contribute 50 percent of the costs of individual projects under the Bio-Methanation project—proved to be incorrect once these consultations were held. Both projects have spent two years developing partnerships and collaboratively selecting project sites. The level of community participation in the Hilly Hydel project has led state governments in India to reconsider the importance of stakeholder participation in the small hydro sector. Lack of stakeholder consultations also created delays in the selection of sites for several projects (e.g., TAKAGAS in Tanzania, Waste-to-Energy in Pakistan). On the other hand, the China Methane from Municipal Waste project seems to be making good progress due to broad stakeholder participation, including key municipal agencies, in the design process.

32. Many problems associated with new technologies are not technical but relate to country-specific administrative and management issues. During the review, concern was expressed that the few projects in OP7—which seeks to reduce the long-term costs of new low GHG-emitting technologies—are often limited to one or two countries. This limits opportunities to gain experience under a variety of settings. There is a greater need to recognize the value of a "portfolio" of parallel but coordinated efforts in several countries under this OP.

33. Two areas were identified for further attention by the climate change task force, GEF's monitoring and evaluation program, and/or STAP. First, energy service companies (ESCOs) are significant actors in several projects carried out under OP5—removal of barriers to energy efficiency and energy conservation—including the Hungary Energy Efficiency Co-Financing and Chile Reduction of Greenhouse Gas Emissions projects. However, working with ESCOs is often difficult. They have a lot of potential, but legal, regulatory, institutional, and financial issues often limit their effectiveness. Barriers to ESCOs becoming commercially viable are considerable, even in relatively conducive environments. An assessment of experience with ESCOs could identify opportunities where GEF might best focus its attention in the future. Second, rural off-grid solar PV projects, such as the Zimbabwe Photovoltaics and India Alternate Energy projects, are an important part of GEF's portfolio in OP6—promoting adoption of renewable energy. Experience in Zimbabwe and India shows that it can be difficult to sustain project achievements. Strategically, an examination of lessons learned from the current portfolio of rural PV projects could help assess their potential impact on global greenhouse gas emissions and how many of these activities require GEF funding before they can reasonably be expected to be replicated with other resources.

3. International Waters

34. The 1998 PIR includes 12 international waters projects: six from UNDP, five from the World Bank, and one from UNEP. Three address transboundary environmental issues in water bodies shared by more than one country: the Black Sea, Rio Bermejo, and Lake Victoria. Three others—Industrial Water Pollution Control in the Gulf of Guinea Large Marine Ecosystem, Pollution Control and Other Measures to Protect Biodiversity in Lake Tanganyika, and Prevention and Management of Marine Pollution in East Asian Seas—provide support for a variety of activities within the framework of a regional

project. The first two of these projects originally built upon the interest of researchers. The latter focused on three demonstration projects within a regional context but not specifically on transboundary issues. Three projects are limited to one country—Jordan Gulf of Aqaba Environmental Action Plan, Yemen Marine Ecosystems of the Red Sea Coast, and Egypt Lake Manzala Engineered Wetlands—although two of these were later linked to a broader GEF-supported regional program in the Red Sea area. The remaining three—Oil Pollution Management for the Southwest Mediterranean, Wider Caribbean Initiative for Ship-Generated Waste, and Eastern Caribbean (OECS) Ship-Generated Waste Management—aim primarily to reduce pollution from ships; the Jordan Gulf of Aqaba project also includes components related to ship waste.

35. Proportionately, international waters projects were experiencing more implementation problems than projects in other focal areas. During the review, this was attributed primarily to two factors:

- The regional approach of international waters projects is institutionally complex. This is especially true where projects attempt to work through, or develop, regional mechanisms with weak institutions. A lesson drawn in the report on the Lake Tanganyika project is that the broad range of institutions involved has meant few resources are available to address each individual organization, limiting capacity building impact.

- Projects have tended to be too ambitious, and have not sufficiently sequenced actions according to agreed priorities. Project reports describe many activities that may be ancillary to the necessary policy, legal, and institutional reforms and priority investments envisioned by GEF's Operational Strategy. In fact, too many interventions on too many issues, some of purely domestic benefit, may be especially symptomatic of international waters projects approved during the GEF Pilot Phase.

One important lesson is that projects need a strategic phase when cooperating countries can set priorities and agree to focus on only the top one or two transboundary issues.

36. Many of the accomplishments reported in the international waters projects are procedural in nature. This is consistent with the strategic approach mentioned above. For example, both the Gulf of Guinea (see Box 3) and East Asian Seas projects have been successful at creating mechanisms to bring private businesses and other key stakeholders into the decision-making process.[6] However, it is too early to identify the long-term impact these actions may have in reducing the transboundary threats, and there is a need to link these "political" accomplishments eventually to technical achievements.

37. The Black Sea experience also highlights the **importance of inter-ministerial, cross-sectoral coordination in each country to achieving on-the-ground results.** The initial GEF project involved mostly environmental officials and experts, while the intent of the current follow-on project is to mobilize the agriculture, industry, and municipal sectors. Finance and planning ministries are also encouraged to participate.

38. **The international waters focal area is unique within GEF in depending on implementing agency collaboration to leverage policy, legal, and institutional reforms—and investments—to address**

[6] For additional information on experience involving private sector stakeholders in Batangas Bay, the Philippines, under the East Asian Seas project, see *GEF Lessons Notes* No. 4, November 1998..

BOX 3: LEVERAGING POLICY AND INDUSTRY COMMITMENTS IN THE GULF OF GUINEA

The Industrial Water Pollution Control in the Gulf of Guinea Large Marine Ecosystem project has overcome early implementation difficulties to become a satisfactory project. In part, this was because it moved from a narrow initial technological focus of interest to only a few research organizations in the region, to encouraging a broader process to create a framework for shared management of transboundary problems affecting the Gulf of Guinea ecosystem. The project has raised awareness and increased commitment at the policy level in several countries to address common pollution problems. This culminated in a ministerial declaration in 1998 in which governments agreed to sustain regional approaches—as opposed to unilateral actions—to solving shared environmental issues.

In addition, the Gulf of Guinea project has actively included private businesses in its consultative processes and decision-making structures. Industry involvement in formulating regulatory and other measures has made regulations more practical and increased the prospects of compliance. For example, creation of a Waste Stock Exchange Management System, an initiative of the private sector that received project support, is expected to lead to reduced pollution through reduction and recycling of wastes on a commercial, cost-effective basis.

complex trans-boundary water problems. It is important that the regular programs of IAs, as well as other donors, support recipient country needs in this area. As the Black Sea report notes, progress can be delayed when decisions on priority investments are not forthcoming. The World Bank is currently addressing this deficiency. It recently announced an initiative for priority investments in the six Black Sea countries that may constitute the basis for a strategic partnership, with GEF focusing on nutrient reduction in the basin. Elsewhere, there are also encouraging signs of IA collaboration. For example, concerns expressed in previous PIRs about the limited number of countries actively involved in the Gulf of Guinea project may now be resolved as UNDP and UNEP join forces with the Regional Seas Programme to address the entire large marine ecosystem. Still, more effort is needed to address the complexity of problems and challenges of coordination in the international waters area.

4. Phase Out of Ozone Depleting Substances

39. The 1998 PIR portfolio included six ozone projects, all from the World Bank.

40. There was little discussion in project reports of overall progress by countries in implementing their ODS phase-out programs, which form the framework for GEF-funded activities. The review concluded that more information about the status of these programs was needed to judge the impact of GEF projects. Broader country progress will be part of reporting on GEF project performance in the future. A complementary portfolio study will also be undertaken in 1999 to provide and analyze this information as a supplement to the reporting provided in the 1998 PIR. This may include the definition of specific project and country program milestones, where feasible.

41. Through its ozone projects, GEF has gained experience working in countries in transition—especially with private businesses there—that can provide insights valuable to other programs. Contacts with private companies were facilitated in the case of some products (e.g., refrigeration and foam) by the fact that all manufacturers buy their chemical inputs from a limited number of suppliers. This helped project managers to identify through these suppliers individual firms with which to work. This information would usually not have been available from government sources. In other subsectors (e.g., solvents), however, this supplier network does not exist and it has been much more difficult

to reach individual companies. It has been especially difficult to reach small and medium sized enterprises using ODS. A lesson from this experience is that projects should try to find upstream networking systems through which to reach individual enterprises whenever possible.

42. Another lesson from the ODS portfolio is the need for flexibility to adjust implementation arrangements and schedules until companies can get on a viable financial footing, especially in economies undergoing rapid economic change. The countries in which GEF ODS phase-out projects are now being completed are generally those that started reforming their economies early, i.e., Czech Republic, Hungary, Slovenia. Even in these countries, implementation has taken much longer than expected, and enterprises originally included in the GEF program were changed because some went out of business or stopped producing products using ODS. As illustrated by the case of Bulgaria (Box 4), in other countries that have not moved as rapidly to reform, even greater implementation flexibility and realism about the time required to carry out projects is needed.

BOX 4: THE EFFECT OF THE BROADER POLICY AND ECONOMIC CONTEXT ON THE PHASE-OUT OF OZONE DEPLETING SUBSTANCES IN BULGARIA

GEF's portfolio of ODS phase-out projects in Central and Eastern Europe has been especially affected by the pace of broader economic change. This is well illustrated by the project in Bulgaria. The project has been substantially delayed, although performance improved in 1998 due to measures taken by the government to strengthen its Ozone Task Force and exempt participating companies from paying Value Added Tax on goods purchased under the project. Activities at several enterprises originally included were canceled due to delays in privatization or because they were no longer financially viable. As a result, investment plans in participating companies had to be adjusted, other enterprises were considered for inclusion in the program, and funds were reprogrammed to new activities. The latter include training of refrigeration technicians in the use of non-ODS substances.

43. The ozone task force concluded that more effort was needed to communicate the lessons identified in implementation reviews to project managers and designers. The UNEP-IE Ozone Clearinghouse and others are developing checklists for project design based on experience under the Multilateral Fund of the Montreal Protocol. GEF should look for ways to contribute to this process.

4. Summary of Recent Evaluation Findings

44. Program evaluations and other reviews conducted by GEF's corporate M&E team and/or IAs provide insights and lessons that complement those from the PIR. This section summarizes the findings of five evaluations and other assessments carried out during the past year that are especially relevant to the themes examined in this year's review.

A. Evaluation of Experience with Conservation Trust Funds[7]

45. GEF has supported conservation trust funds in several countries as a means of providing long-term funding for biodiversity conservation. An evaluation was carried out in 1998 to determine the extent to which the advantages of trust funds have been realized, how concerns expressed about them have been addressed, what conditions are needed for funds to function effectively, and their impact to date on biodiversity conservation and sustainable use.

46. The evaluation analyzed the experience of 13 funds to identify lessons and make recommendations regarding future assistance to conservation trust funds. It focused on GEF-supported funds[8] and six others selected to include funds of various sizes and types, geographical balance, and insights on particular aspects of interest, such as innovative funding mechanisms. Visits were made to seven funds in six countries.

47. The evaluation showed that there is no typical conservation trust fund. A fund's structure, scope of activities, priorities, and procedures vary according to its purposes, and the situation of the country it serves. However, the team found it useful to group them into two general categories. "Parks funds" support specific protected areas within a national protected areas system. (The majority of GEF-supported funds fall into this category.) "Grants funds" channel resources to specific groups (typically NGOs and community-based organizations) for a broad range of conservation and sustainable development projects, and often include the development of civil society institutions among their objectives. These two types of funds tend to have significant differences in their relation to national strategies, and in their governance structures, program management, and the ways and ease with which they meet GEF criteria.

48. Conservation trust funds were often seen mainly as financial mechanisms that could take large amounts of money from debt swaps or international grants and "retail" them into smaller projects over long periods. Their boards of directors and staff reflected this emphasis. But a key conclusion of the evaluation is that the overall success of conservation trust funds depends on their ability to participate in developing national conservation strategies, to work with other public and private agencies to develop agile management approaches, and to nurture community groups and others becoming involved in biodiversity conservation for the first time—in short, to be more than just financial mechanisms. To succeed, trust funds need the governance structures, staff, and technical support to allow them proactively to influence their environment, monitor their results and learn from experience, maintain

[7] The full report of this evaluation, and a summary evaluation report, are available on the GEF web site (www.gefweb.org). Copies may also be requested from the M&E Team, GEF Secretariat, telephone: (202) 458-2548; fax (202) 522-3240; e-mail: geflessons@gefweb.org.

[8] GEF experience to date is largely with trust funds supported by the World Bank.

credible and transparent procedures, and support participatory approaches to conservation and sustainable development.

49. The evaluation found that trust funds have many accomplishments. They have:

- helped create new national parks and expand existing protected areas. By providing an increased "resource security" for their operations—the assurance that their basic operating costs and staff salaries will be covered—trust funds have allowed protected area managers to concentrate on conservation activities, attracting project funding, and collaborating with communities and interested organizations;
- generated and managed substantial financial resources;
- enabled the participation of civil society institutions in resource conservation;
- increased the level of scientific research applied to conservation issues; and
- increased public awareness of conservation issues.

50. Uncertainty remains, however, about trust funds' ability to show long-term biodiversity conservation impact. In part, this is due to the difficulty of measuring biodiversity impact, and of attributing results to a particular intervention, especially over the short term. It is also true that trust funds generate relatively small amounts of resources in relation to national conservation needs. The two types of trust funds are addressing concerns about achieving impact in distinct ways. An example from the "parks funds" is the protected areas fund in Mexico, which has used a logical framework methodology to define the impacts it intends to have in each protected area and in the system as a whole. Several "grants funds" have chosen a programmatic or geographic niche in which to focus their activities to achieve maximum impact.

51. Trust funds have leveraged substantial additional funding for conservation. This has happened at the level of the fund itself—for example, the six GEF funds with operating experience have raised more than US$33 million in non-GEF contributions—and at the level of projects financed by the fund, which generally include substantial counterpart contributions by recipients. However, only one of the funds studied has met its objectives for raising additional *endowment* funding. Most of the money raised has been short-term project financing or six-to-ten year sinking funds.

52. Most of the funds studied were private institutions with mixed public-private governing bodies. Non-governmental board members typically held the majority, with government sometimes limited to one or two seats. The team found advantages of larger over smaller boards, especially because of their ability to establish working committees to deal with the diverse issues that funds must address: financial management, fundraising, technical oversight, etc. Also, governing boards whose members are elected in their personal capacity—rather than as formal representatives of organizations or sectors—tend to develop a stronger sense of "ownership" of the fund as an institution, and work more effectively to implement the fund's mission. The more formally representative boards tend to see their role in terms of allocating resources among their various agencies and sectors.

53. The GEF-supported funds have successfully applied an asset management model developed by the World Bank. It includes development of investment guidelines that reflect a conservative risk strategy and portfolio diversification; competitive, international selection of experienced, professional asset managers; and active oversight by the fund's board of directors of investment performance compared to standard benchmarks. GEF-supported funds have generally established spending rules or practices that preserve capital and build cushions when investment returns are good that

permit them to continue program support during financial market declines.

54. Trust funds have attracted highly qualified personnel but still require capacity-building assistance to develop their potential as institutions. Among the community of trust funds there is a considerable store of experience and innovation, and potential for developing "learning networks" to share this knowledge.

55. An important factor influencing the management of trust fund programs has been the extent to which there is an "effective demand" for these activities among target groups. Contrary to original expectations, some funds have not been able to make grants with all of the resources they had available without first devoting considerable effort to helping NGOs and community organizations prepare project proposals and strengthen implementation capacity to meet their standards, or devising new approaches around burdensome government contracting or financial procedures.

B. Evaluation of the Small Grants Programme[9]

56. As of June 1998, GEF's Small Grants Programme (SGP) had set up 45 national programs and made grants to more than 1,100 projects at a total cost of US$42 million over six years. A comprehensive, independent evaluation was carried out for UNDP in 1998 to review the performance of the program, especially its "Operational Phase" from 1995 to 1998. It was based on interviews, visits to seven countries and studies on two others, and a self-evaluation questionnaire sent to the country programs.

57. The evaluation concluded that the SGP occupies a unique niche not only within GEF but within all international environmental efforts. Many national programs have engaged a wide range of actors in addressing global environmental problems, leading to new coalitions and partnerships. The SGP provides a stream of funding which, while modest, is unmatched by other environmental programs in terms of innovation, flexibility, and responsiveness. There is no comparable mechanism for raising environmental awareness and building capacity across such a broad spectrum of constituencies within the recipient countries. National ownership of the SGP and commitment to its participatory principles is shown by the talented and experienced people attracted to become national steering committee members, as well as enormous voluntary inputs from all levels of society.

58. The evaluation assessed program impacts in four areas: capacity development, leveraging of experience, sustainability, and raising awareness. In addition, it identified a number of program issues for attention by GEF.

1. Capacity Development

59. The evaluation found that the SGP had significant positive capacity building impacts in many countries, even without a systematically planned strategy. Progress in technical and organizational capacity among NGOs and community-based organizations (CBOs) has been impressive. It has enhanced the credibility of these organizations and their ability to make important contributions to solving local as well as global environmental problems. Many SGP projects have encouraged NGOs, CBOs, and communities to learn about

[9] This section is summarized from the "Report of the Second Independent Evaluation of the Global Environment Facility Small Grants Programme (GEF/SGP)". The report is on the UNDP/GEF web site (http://www.undp.org/gef/) or can be obtained from Marie Khan Kacou in the UNDP/GEF SGP management unit, telephone: (212) 906-5842, fax: (212) 906-6568, email: marie.khan.kacou@undp.org.

environmental issues and integrate them with their existing development programs, often where the environment had previously been ignored. Environmental knowledge and a variety of technical skills have been acquired by a large number of organizations, including the ability to analyze local natural resource issues, diagnose problems, and implement solutions. Organizational strengthening has taken place through the management of SGP-financed projects, with special emphasis on developing viable proposals, participatory planning, management of financial resources, and meeting donor reporting requirements.

60. SGP grants have been used to increase and diversify community access to sources of technical assistance and training, including government services, research institutions, and specialized NGOs. Interactions with government agencies have given communities confidence and led to working relationships that have persisted beyond the life of individual projects. Such links have provided valuable opportunities for government technicians and university researchers to work closely with grassroots communities. Grants have also fostered the development of networks and collaboration between different types of NGOs.

61. Women's groups have been given sizeable support and the special needs of women have received considerable attention in all of the SGP country programs visited as part of the evaluation. It was found that women are generally more receptive and sensitive to environmental issues than men. Grants have helped women enhance their role and capacities within their communities, and strengthened their will to increase their involvement in the development process.

2. Leveraging of Experience

62. The evaluation found that most country programs had attracted co-financing from other sources for their grants, although the amounts varied between countries. While they were substantial in some places, it found the potential for co-financing quite limited in countries where donor programs are shrinking, public funds are limited, and/or there is no tradition for philanthropy. The program also attracted extraordinarily high amounts of volunteer inputs to its projects. They come from universities and research institutions, government services, NGOs, private and public sector organizations and individuals, local government representatives, national and foreign experts with development projects, as well as the volunteer members of national steering committees. Some replication and scaling-up of promising projects has taken place.

63. Although the SGP encourages grants to be used for policy analysis and dialogue, the evaluation found that this opportunity remains undeveloped in most countries. The most obvious policy impact has been convincing key decision-makers of the benefits of a participatory approach to the design and implementation of development programs. In some countries, the SGP has also been able to influence spending policies of national environmental funding agencies.

64. Skillful use of the media has helped several national SGPs achieve recognition as programs focusing on environmental problem-solving, community action, and activities related to meeting the country's international obligations. The SGP is often the GEF showcase, more recognized by NGOs and the public than other GEF-supported activities.

3. Sustainability

65. A mix of approaches has been used to enhance project sustainability, but the evaluation concluded that it is too early to assess their impacts. The evaluation identified several characteristics associated with high potential for sustainability: (a) strong community adhesion to the project goals and approach; (b) addressing genuine priority needs of the community; (c) communities that are unified and/or experienced in implementing

small projects; (d) strong and consistent leadership from the implementing NGO/CBO and/or within the community; (e) the capacity to network or link with others, either technically, financially, or politically; and (f) viable income-generating components.

66. Working against sustainability, most SGP grants are for a maximum of two years. Most projects, especially those to inexperienced CBOs and communities, require additional support before serious progress can be anticipated. The evaluation found experience to be disappointing with income-generating activities, which it attributed to the fact that most country programs and their partner NGOs have limited small business expertise or experience.

67. The idea of country program sustainability remains unclear in most countries. So far, only the Mexico and Philippines SGPs have taken concrete steps toward financial and institutional independence, although both expect to need another three years or more under the SGP umbrella before their operations become sustainable. The evaluation concluded that a significant number of country programs have little prospect of achieving independence under existing donor and national government spending priorities.

4. Awareness Raising

68. The SGP has helped establish a new generation of NGOs in some countries, notably Poland and Jordan. SGP awareness-raising efforts have directly increased the participation of dynamic individuals and groups in environment issues in general, as well as in projects. Combined with skillful use of the media, this has led to substantially increased environmental awareness. Awareness raising related to GEF's focal areas has been most effective among NGO grantees and collaborating organizations, including government agencies, but was much less evident at the community level.

5. Major Programming Issues

69. The evaluation identified a number of programming issues for attention by GEF. Among them, three in particular stand out:

70. **Tension between community priorities and GEF's focal areas**. Many national SGPs are struggling to establish credible links between the community-level activities supported by their grants and the global environmental problems targeted by GEF. The prospect of meeting basic needs or capacity building often provides the SGP or its NGO grantees with their entry point to a community. But winning the confidence of communities—especially ones without a history of external assistance—and helping them organize takes time, involves much uncertainty, and is unlikely to succeed if it begins with an explicit emphasis on GEF focal areas. As a result, many SGP projects begin with activities that are not related to global environmental problems. Identifying projects which balance immediate community needs with the GEF focal areas has been especially challenging in countries where donor support has decreased and economies are struggling. In these places, many community and NGO programs have run out of funds and governments have not made up the difference. This pressures the SGP to support community basic needs instead of global objectives.

71. **Target projects and organizations**. The SGP projects which have moved fastest and shown the greatest progress are usually those involving experienced NGOs in urban or semi-urban areas. These projects also require far less management support and supervision, an important consideration in a program that has stressed keeping operating expenses low. However, this contrasts with the target of the SGP, which is to work with poor rural communities and inexperienced CBOs. Projects of this type have generally progressed much more slowly. The evaluation concluded that the program has so far given little attention to the important operational implications of the

choices between these types of projects and their different definitions of "community."

72. **Measuring performance and impacts, and disseminating lessons**. The evaluation found that the SGP did not have an effective strategy for measuring or assessing performance and impacts. It recommended that performance indicators be developed for projects and country programs and that effective monitoring and evaluation systems be established. In addition, it found that the program has disseminated little information on what has been learned from its experience. It recommended giving systematic attention to carefully documenting, objectively analyzing, and broadly disseminating lessons from SGP's experience.

C. UNDP Integrated Coastal Management Projects

73. UNDP funded four integrated coastal management projects in Latin America and the Caribbean during GEF's Pilot Phase: the Patagonia Coastal Zone Management Plan in Argentina; Sustainable Development and Management of Biologically Diverse Coastal Resources in Belize; Protecting Biodiversity and Sustainable Development of the Sabana-Camaguey in Cuba; and Conservation and Management of Biodiversity in the Coastal Zone in the Dominican Republic. Between January 1997 and August 1998, final project evaluations were conducted for these projects by the University of Rhode Island (URI). This section synthesizes the main findings and conclusions of these evaluations.[10]

74. The URI evaluations examine the performance of the four projects through the lens of a framework of an integrated coastal management "policy cycle" identified by the international Group of Experts on the Scientific Aspects of Marine Environment Protection (GESAMP), based on worldwide experience. While it recognized that none of the GEF projects were explicitly guided by this model, the framework was considered to be a useful tool to analyze their experience and compare it to similar projects. The policy cycle involves five steps: (1) issue definition, (2) selection of objectives, (3) formal adoption of management structures and funding, (4) implementation, and (5) evaluation. It is essential that actions and priorities at any given time be appropriate to the step in the policy cycle that a program has achieved. Experience suggests that eight to twelve years is usually needed to complete an initial cycle through these five steps. In addition to the steps of the policy cycle, the framework includes several principles and features associated with successful coastal management efforts. They include (1) stakeholder participation at all phases of the program; (2) strategic issue-driven program focus and decision making; (3) integrated approaches and methods; (4) a commitment to adaptive learning; and (5) building human and institutional capacity.

75. The four GEF projects differ somewhat in their scope and aims. In Argentina and Cuba, the projects focus on one specific region rich in biodiversity that is under considerable threat from development. Both sought to provide a scientific basis for integrated coastal management, sustainable development, and protection of biodiversity. The Patagonia project was led by a respected Argentine NGO. In Belize, the project sought to create a government policy framework and structure for coastal management, while the Dominican Republic project was carried out in four specific areas and was implemented exclusively through NGOs. All four projects concentrated on the early steps in the policy cycle, especially on data collection and planning, although only in

[10] Copies of the evaluation reports can be obtained from Martin Krause in UNDP's GEF Coordination Office, 304 East 45th Street, 10th floor, New York, NY 10017, telephone: (212) 906-5723, fax: (212) 906-6998, email: martin.krause@undp.org.

Cuba was the project explicitly conceived as the initial phase of a longer term effort that would be supported by GEF.

76. The evaluations found that the GEF projects were uniformly overly ambitious. At completion, all were at the initial stages of step 3 of the policy cycle, rather than beginning step 4, as they had envisioned. Furthermore, most lacked a clear conceptual framework for defining and carrying out their activities. As a result, they tended to support a broad range of activities rather than a focused set of initial interventions selected to build a better understanding of the issues confronting coastal zone management. For example, the evaluation concluded that the Belize project was unable to effectively make the strategic progression from an assessment of many management issues to a limited and well-focused agenda that balances institutional capacity with short and medium term actions. The result is a gap between technical analysis and planning on the one hand, and effective implementation on the other.

77. Experience under the four projects confirmed that integrated coastal management is informed by, but not driven by, science. Institutional and financial issues tend to be most important. Especially in Argentina and the Dominican Republic, this finding contrasted with the initial focus of the projects, which emphasized scientific issues and research. The evaluations highlighted the importance of linking data collection and scientific activities to institutional and policy issues, and of research being issues-driven. In Argentina, Belize, and the Dominican Republic, this was not done as effectively as it might have been. For example, in Argentina the evaluation concluded that the coastal zone management plan, while rich in information on biodiversity, gives limited practical guidance on how the emerging management process should unfold.

78. The evaluations also underlined the importance of education and awareness-raising activities. Several of the projects—especially in Argentina—achieved significant success in this area. A key factor in Patagonia was the decision to allow teachers to identify the issues and topics that were important, and to work with them to develop the curricula. Education efforts, like research and data collection, need to be focused on and related to institutional and policy issues, and sustained over long periods.

79. Local ownership of project activities and the planning process was generally good. In the Dominican Republic, participation of communities, NGOs, and national agencies was the primary emphasis and success of the project. Relevant government bodies were effectively involved even though the project design did not call for this. Activities at all four pilot sites demonstrated the power and many benefits of community-level participation in both research and the governance process. Cross-sectoral activities among scientists, government, developers, and architects were highly successful in Cuba in changing attitudes and minimizing adverse environmental impacts from development in the Sabana-Camaguey region. In Argentina, the project greatly strengthened a local NGO that draws together the community of natural scientists and conservationists in the Patagonia region. In Belize, however, project efforts primarily involved increased consultations with various government agencies. The evaluation concluded that greater efforts were needed to involve people living in coastal areas in planning efforts.

80. Looking at the four evaluations as a whole, it is clear that the Sabana-Camaguey project in Cuba was regarded as the most successful. It met or exceeded its objectives, and made substantial progress in integrating science, planning, and public policy formulation. The government's financial contribution increased from US$4 million to an estimated US$9 million. The project produced a comprehensive strategic plan for the Sabana-Camaguey region that identifies the major issues affecting sustainable development and biodiversity conservation, and the actions and

policy reforms required for its successful implementation. A major strength was the application of this planning process to ongoing tourism development, which led to tangible applications of elements of the strategy that have had significant impact on development standards in the region.

81. The evaluation states that Cuba provides, in many respects, an unusual social and institutional context for an integrated coastal management program: (1) many of the usual tensions between public and private sector are absent; (2) there are higher technical capabilities and an absence of corruption in the Cuban public sector, compared to government agencies in many countries; (3) the Cuban government has made a major commitment to reforming its policies and restructuring governmental institutions to follow the recommendations of Agenda 21, which provided a high degree of government support for the project; and (4) Cuba's scientific community is technically excellent and very dedicated. The evaluation found that the Sabana-Camaguey project exhibited a high degree of commitment to adaptive learning. It is also possible that the fact that the project was conceived from the outset as the first phase of a ten-year effort may have contributed to its success relative to similar projects in the region which did not benefit from being set in this longer term context from the beginning.

D. Evaluation of the Biodiversity Data Management (BDM) Project

82. The BDM project was implemented by UNEP in collaboration with the World Conservation Monitoring Centre (WCMC) to help developing countries strengthen their capacity to manage information on their biological diversity. It financed surveys to identify sources of biodiversity data, creation of information networks, and development of biodiversity data management plans in ten countries. The project also produced methodological guidelines for carrying out BDM activities in other countries.

83. The final evaluation of the BDM project was carried out in mid-1998 jointly by UNEP's Evaluation and GEF Coordination offices and GEFSEC's M&E team. It involved field reviews and reports by local consultants in each of the ten countries, a two-day workshop of all project participants and UNEP and GEFSEC evaluation staff and consultants, and a synthesis report prepared by an independent consultant.

84. The evaluation concluded that the BDM project was very appropriate for the participating countries. It allowed them to document information on biodiversity that was available, and to identify where data was stored, how it was managed, and the conditions under which it could be accessed. It helped countries take the first steps toward establishing national biodiversity information networks. It provided the opportunity to pull together a variety of organizations to develop common procedures for the collection, processing, storage, management, and exchange of biodiversity data.

85. The project helped build capacity for BDM in a variety of ways. Training and provision of equipment gave participating countries new tools to identify, organize, and access information, including expanded use of the internet. Institutional surveys gave data managers a more comprehensive knowledge of information available and linkages with others who collected or were interested in biodiversity data. In fact, it was only under the BDM project that many management officials became aware that they dealt with and possessed biodiversity data.

86. Some countries were more successful in implementing project activities than others. The key factors that contributed to success included:

- widespread political support and commitment, including the formation of project steering committees that had broad representation and met regularly;

- good telecommunications facilities and access to advanced information technology;

- active participation by a wide range of stakeholders, especially information suppliers and users, which led to greater sharing of experiences; and

- existing in-country technical expertise and project management abilities.

The use of local consultants also increased acceptability and credibility of project activities among stakeholders, contributing to successful project implementation.

87. The evaluation found that no training or capacity building needs assessments in the participating countries were carried out before project activities began. Given the high degree of technical competency in the rapidly evolving field of environmental information systems called for in the design, this contributed to differences in implementation performance among participating countries. Countries with higher levels of capacity in information technology were able to take greater advantage of project training than were others. The evaluation concluded that capacity needs assessments could have allowed activities to have been tailored to each country's circumstances and needs, for example, giving more emphasis to training in countries where technical skills were not as strong. The evaluation also reported that capacity building in some countries was limited due to staff turnover, especially by those who received computer training.

88. The evaluation concluded that sustainability of project activities needed more serious consideration. A number of BDM plans prepared under the project did not address the issue of funding. Others did not contain implementation schedules and budgets. More creative researching and identification of financing options for BDM plans and activities would have made a useful contribution to overall project success. The evaluation also concluded that the four-year project implementation period was too short, and that further donor funding was needed to continue some project activities.

89. Support for intra-country linkages was a major success. The project created a greater awareness of the wide variety of databases already existing in the participating countries, and increased possibilities of data sharing between organizations, particularly among government agencies and research institutions and universities. Nevertheless, in some countries, key institutions refused to participate in the project. The evaluation concluded that more stakeholder representation would have been beneficial in the national institutional surveys, in particular by planners, the media, NGOs, consulting firms, and other private sector organizations.

90. At the regional and global level, the evaluation concluded that the advantages that a multi-country umbrella project can potentially offer were not fully exploited during the implementation of the project. Linkages were formed between national institutions and UNEP and WCMC networks through information exchange, workshops, and activities related to project management. But there was little evidence of contacts between national and regional agencies promoted by the project, or linkages with other global networks, although many beneficial relationships could have been established, especially through the more active participation of the project's international advisory committee. Likewise, greater sharing of experiences among participating countries would have been beneficial. An extremely valuable feature of the evaluation itself was the promotion of exchanges among country

representatives at the final evaluation workshop. However, other opportunities of this nature were limited under the project.

E. World Bank Quality Assurance Group's Review of Africa Biodiversity Projects[11]

91. In November 1997, the World Bank's Quality Assurance Group (QAG) assessed the quality of the Bank's work on four biodiversity conservation projects in Africa; a fifth project was assessed in March 1998. Three of these are GEF projects or include GEF-financed components. The results of these assessments provide a number of insights that complement the lessons emerging from GEF's PIRs and other evaluation work.

92. While the Bank's biodiversity projects in Africa have been in the forefront of introducing stakeholder analysis and beneficiary participation into project design efforts, many of the conditions which normally help ensure project success at the outset are notably missing from the projects reviewed. The principal ones are:

- **Ownership**. Biodiversity is still primarily an agenda of the international community. This has meant little integration with the broader development agenda, shortages of counterpart funds, and staffing difficulties. Any ownership of a biodiversity or conservation agenda is likely to be at the level of the local population, rather than with the national government.

- **Clarity of Objectives**. Between lofty goals and specific outputs there need to be strategic objectives which focus the effort and bring real meaning to the program. In biodiversity, it has proven very difficult to specify meaningful strategic objectives, and the projects reviewed generally lacked such objectives.

- **Simplicity of Design**. Biodiversity projects are by nature complex. Biodiversity encompasses many sectors and activities. It requires interactions with multiple stakeholders, agencies, constituencies, and donors. Usually, the institutions charged with managing these inter-relationships are new and relatively powerless. While the projects were inevitably complex, they also tended to be overly ambitious relative to implementation capacity.

- **Technical Solutions**. Most Bank-financed activities are grounded in technical and economic solutions which are relatively well established by experience and analysis. This is less true for biodiversity conservation.

- **The Macroeconomic Context**. Biodiversity programs are particularly vulnerable to conditions in the national economy, especially in high-population density, low-growth countries. In most countries, exploitation of natural resources almost always takes precedence over conservation. Biodiversity projects are unlikely to be sustainable in stagnant or slow-growing economies, yet these are where many of the world's ecosystems are most diverse, abundant, or threatened.

93. From its assessment, the QAG identified four principal lessons that can contribute to successful Bank biodiversity operations in the future:

[11] This section is summarized from the World Bank Environment Department's *Dissemination Note* No. 62, dated July 1998, entitled, "Biodiversity Conservation Projects in Africa: Lessons Learned from the First Generation." Copies are available from the Environment Department, fax (202) 477-0565.

- **Biodiversity operations are not likely to be sustainable unless they are integrated into country and Bank development strategies, or financed indefinitely by the international community.** Future efforts should be designed with more emphasis on the underlying causes of biodiversity loss.

- **The biodiversity portfolio requires more aggressive supervision.** In the projects reviewed, problem definition was excellent. But often nothing happened: decisions were delayed or not taken, and no formal restructuring or redesign took place. Supervision of biodiversity projects must focus on learning and encourage change and adaptation. Greater continuity of staff and closer management attention is required.

- **There needs to be a more disciplined process in project design.** Most of the projects reviewed had undergone comprehensive technical and stakeholder reviews during preparation, which seemed to have little, if any, impact on the final design. GEF's requirement of independent technical (STAP) reviews that must be responded to formally has added objectivity and open debate to issues where special interest advocacy is still prominent, and can be a model of other Bank projects with complex and controversial design issues. More care should be taken to understand the interests of different stakeholders. Local resource users, international NGOs, and the private sector—which has been largely absent from the projects—all play a critical role.

- **Stronger leadership needs to be provided to sharpen focus on choices and priorities.** Several of the projects reviewed were notable for Bank leadership at the outset in stimulating debate and formulating programs. But as implementation began, the intellectual leadership of the Bank declined. Based on the experience to date, the Bank and GEF should become more proactive in helping to set the biodiversity agenda in the context of a country's overarching development needs.

5. Cross-Cutting Issues

94. Drawing on the PIR reports and evaluations summarized above, this section discusses three cross-cutting issues selected for special attention in the 1998 review—sustainability, leveraging, and capacity building—as well as three additional topics that arose during the task force and interagency discussions.

A. Sustainability

95. **Sustaining project activities following the completion of GEF funding is proving to be much more difficult than expected.** Most terminating GEF projects faced continued needs for external support. More recently, the financial crises in Asia and Russia have also aggravated the ability of these countries to sustain GEF-supported projects in the near future.

96. The implementation review highlighted five ingredients for sustainability:

- a **policy framework** that provides appropriate incentives, including prices, for practices that produce global environmental benefits;
- long-term **funding sources**;
- public **awareness and understanding** of the benefits of new approaches and activities;
- local **ownership**, brought about by genuine participation and influence of all key stakeholders in decision-making and prioritization of activities; and
- the **ability of institutions**, including private businesses, to use effectively the resources provided.

97. The relative significance of these factors varies among focal areas. In **biodiversity** projects, participation of the entire range of actors with a stake in the conservation or sustainable use of important resources is key. Reliable sources of financing are also extremely important, given the nature of many conservation activities and expenses. Conservation trust funds have been able in some countries (e.g., Bhutan, Mexico, Peru, Uganda) to provide a foundation for sustainable funding of protected areas and other conservation activities. But trust funds cannot be expected to provide all of the financial and other needs for biodiversity conservation activities to be fully sustainable over the long term. Ideally, funding should include a mix of resources, from user fees to revenues from sustainable economic activities to government budget allocations to project funding from domestic and external organizations.

98. The policy environment, and the incentives it provides for individual practices and corporate investments, is very important for projects in the **climate change** portfolio. Public awareness was also documented in both the 1997 and 1998 PIRs to be a key factor for the progress made by several climate change projects, especially those focusing on demand-side management of energy use. The development or identification of domestic sources of finance—mostly in the private sector—that do not rely on subsidies is also important if practices and technologies pioneered with GEF support are to be replicated widely and sustained. Subsidies have been useful in many GEF projects to provide incentives for change. However, more attention needs to be given to ways to maximize their impact and to phasing them out. The Poland Efficient Lighting Project (PELP) has provided interesting lessons in this regard, by focusing

subsidies for energy-efficient light bulbs at the wholesale level to leverage contributions by manufacturers and reductions in retail markups and sales taxes. These subsidies were consciously phased out while the project continued to support marketing and other awareness-raising activities.

99. In **international waters** projects, nurturing credible mechanisms to identify transboundary issues and priorities is key to the effective selection of activities and, ultimately, their sustainability. As experience in the Black Sea region has shown, it is important to involve a wide range of stakeholders at all levels in these processes to bring about the necessary awareness and ownership. External financing for the sizable public and private investments needed to address transboundary pollution is likely to be a major determinant of the sustainability of GEF-supported activities.

100. Sustainability in the **ozone** focal area is more straightforward—it is achieved by phasing out the use of ODS, usually in a limited number of manufactured products, within the context of country agreements under an international convention. The viability of enterprises that are the target of GEF-funded activities is a significant determinant of sustainability. This has caused delays and adjustments in several projects in Central European countries undergoing rapid economic change. The policy environment is also important, not only to assure that regulations and incentives encourage ODS phase-out and proper recycling programs, but also to enforce controls on imported goods containing ODS where neighboring countries have different ODS phase-out schedules.

101. Institutional capacity is a factor influencing sustainability across all focal areas. Where it is lacking, capacity building efforts may need to precede provision of substantial amounts of funding. (Capacity building is discussed more fully in section 5.C. below.) It is important to keep implementation arrangements simple, and integrate project activities and implementation units into regular national institutions and budgets. The PIR identified several examples of where the latter had been successful, helping to sustain activities funded by GEF. In Belize, the GEF project led to the creation of a Coastal Zone Management Authority (CZMA), a permanent institutional structure that absorbed project staff. The CZMA includes a multi-institutional Board of Directors (formerly the project steering committee), an Advisory Council (previously the project's technical committee) and a CZM Institute at the University College of Belize. Similarly, the coordination office for the Dominican Republic Conservation and Management of Biodiversity in the Coastal Zone project was given responsibility to coordinate biodiversity and environment policy projects generally, and will oversee a new World Bank National Environment Policy reform loan. The project coordinator will also coordinate the GEF biodiversity enabling activity in the Dominican Republic. Likewise, institutional mechanisms developed for involving stakeholders and making decisions on activities under the East Asian Seas project have been integrated into local government frameworks and budgets in Xiamen, China and Batangas Bay, the Philippines.

102. **Long-term sustainability of many of the efforts that GEF supports requires longer time horizons.** One three-to-five-year project will not be enough in most cases, especially in the biodiversity and international waters. **A longer term commitment, carried out within the framework of a flexible, iterative approach based on agreed benchmarks at key stages, is needed.**

103. The financial sustainability of biodiversity projects was identified as a topic for in-depth review during 1999. GEF's corporate M&E team will develop a proposal to conduct

the study, building on the recently completed evaluation of experience with conservation trust funds. It may involve desk reviews, focus groups or workshops with project managers, and a clearer definition of issues affecting financial sustainability for possible further evaluation. Results should be available for the 1999 PIR.

B. Leveraging

104. How to identify additional resources leveraged by GEF programs—and to attribute to GEF actions taken as a result of its programs—are fundamental questions in determining GEF's overall impact on the global environment. Leveraging was a focus of the *Study of GEF's Overall Performance*. It was included as a cross-cutting issue in the 1998 PIR to help further understand the broader effects of GEF activities and to inform the development of an improved definition of leveraging for use within GEF.

105. The *Study of GEF's Overall Performance* considered leveraging in narrow terms, i.e., funding identified during project design. However, the 1998 PIR guidance requested project and agency reports to examine leveraging in a broader context. The PIR discussion concluded that **GEF should adopt a broader definition of leveraging for its programs and projects that reflects financial resources—both during design and implementation—and actions catalyzed by GEF activities.** It was a conclusion of the PIR that, in the future, reporting on project performance should reflect this broader definition. This conclusion was based on two reasons.

106. First, limiting the calculation of funding leveraged to co-financing identified at the design stage can be misleading. UNDP documented in its PIR reports substantial financial resources that have been stimulated by GEF activities **during implementation.** For example, several climate change projects brought about increased private sector investments, often as a result of changes in policies and regulations. They include the Mauritania Wind Energy, India Alternate Energy, Tunisia Solar Water Heating, and Brazil Biomass Integrated Gasification/Gas Turbine projects. Substantial funding to carry on the Guyana Iwokrama Rain Forest project has also been provided by other donors as a result of project actions. Most of these financial resources were not explicitly anticipated or calculated as co-financing at the time of project approval. In addition, GEF-supported trust funds in Bhutan and Peru have attracted large amounts of funds from other donors that exceeded estimates at the design stage and would not likely have been available for conservation in the absence of these trust funds. The evaluation of the Small Grants Programme found that many country programs had attracted co-financing for their grants and high amounts of volunteer inputs to its projects.

107. Second, in addition to financial resources, the PIR reports identified many actions attributed to GEF projects that produced significant outcomes beyond those associated directly with project activities. They include:

- **Replication or expansion of activities based on demonstrations or models financed by GEF.** For example, restructuring of forestry enterprises under the China Nature Reserves Management project is providing a model for resolving land use conflicts elsewhere in China. In Jordan, the protected area management model and community-based approach carried out under the Dana Wildlands-Azraq Wetlands project was applied successfully to several other protected areas. Efforts to expand community participation in the Small Hydel Resources in Hilly Regions project, which considerably delayed implementation, are now leading state governments in India to adopt this approach more broadly. And in some cases, GEF support for new activities

has stimulated private investment even though GEF-funded activities themselves have not proceeded as planned. This is the case of wind energy in Costa Rica through the Tejona Wind Power project, conversion from coal to gas boilers in Poland, and development of biomass gasification from sugar wastes in Mauritius.

- **Development of common methodologies** for conducting biodiversity and climate change country studies and assessments through several UNEP-GEF projects has provided tools and models for countries not included in these projects to carry out similar assessments.

- **Changes in attitudes and awareness of global environmental issues**. For example, a successful regional "year of the sea turtle" campaign supported by the South Pacific Biodiversity Conservation project resulted in a one-year moratorium (later extended three more years) on commercial harvesting of sea turtles in one country. The Global Biodiversity Assessment commissioned by UNEP and financed by GEF has become a standard scientific reference on the main issues of biological diversity, and a large number of scientific organizations and donor agencies are using the assessment as a foundation for initiatives they are taking in this area.

- **Broader country policy or market-level changes stimulated by project activities or participants**. These changes can result from information or analyses provided to policy-makers and industry, direct involvement in preparing proposed legislation, and reviews of existing laws to advocate their stricter application. For example, the Cuba Sabana-Camaguey project successfully influenced the physical planning and construction of tourism infrastructure (see Box 5). In Belize, Bhutan, Colombia, Cuba, Jordan, and elsewhere, GEF projects participated actively in the elaboration of national policies on protected areas and integrated coastal management. India's Small Hydel Resources in Hilly Regions project and many SGP programs have convinced key decision-makers of the benefits of a participatory approach to the design and implementation of development projects and

BOX 5: INFLUENCING PHYSICAL PLANNING AND CONSTRUCTION STANDARDS IN SABANA-CAMAGUEY, CUBA

The Protecting Biodiversity and Sustainable Development of the Sabana-Camaguey project in Cuba actively promoted stronger links among the science community, government agencies, and development interests. As a result, construction practices have been significantly altered so that causeways no longer cut off circulation within lagoons, construction site disturbance is kept to a minimum, and the style of tourism facilities and infrastructure is more environmentally sensitive. Representatives of the tourism industry believe the scientific community has become more attuned to their needs and has a much greater understanding of the information and ideas that are useful to guide the development process. Similarly, scientists participating in the project noted a radical change in the attitudes of developers, architects, and the Ministry of Construction as they learned how to minimize environmental impacts and safeguard the biodiversity and environmental qualities of the region. Construction guidelines detailed in the draft coastal management strategy developed through the project—which reduce environmental impacts and construction costs—are being applied elsewhere in the Sabana-Camaguey region, and the new consultative approaches to planning pioneered by the project are having an impact well beyond the project area.

programs. And the Coal Bed Methane project in China shows how new policies and regulations, combined with the creation of institutions to promote new technologies, can lead to substantial investments and market restructuring.

108. The PIR reports also illustrate a variety of approaches that have been used by GEF projects to expand their leverage:

- A **strategic focusing** of effort has led to systemic change in Poland and Hungary. In Poland, PELP's demand side management activity concentrated on large-scale substitution of energy-efficient light bulbs in several small towns. Typically, utility companies view these bulbs primarily as a product that will decrease their revenues. But through this experience, the project was able to demonstrate system-wide effects to the utility company and show the potential benefits that could come from saving capital investments in generating capacity. In Hungary, the availability of technical assistance funding to support the development of energy efficiency projects is proving to be a valuable tool to influence the financing patterns of commercial banks.

- Another approach has been to work through **executing agencies that have linkages to other agencies with similar program interests.** One example is the Economics of Greenhouse Gas Limitations project (see Box 6). The relationship between the executing agency for the Mauritius Biodiversity Restoration project—a national NGO—and several European NGOs enabled it to take advantage of volunteers from Europe to work on project activities.

- **Involving key stakeholders** has multiplied project impacts. For example, including private business organizations in decision-making bodies in the Gulf of Guinea project and in Batangas Bay, the Philippines, under the East Asian Seas project has changed the attitudes of all major stakeholder groups toward each other and led to substantial voluntary private sector contributions to pollution control efforts. The participation of national researchers in the Alternatives to Slash and Burn project has reportedly had a marked influence on internal research agendas in their institutions.

- Finally, **flexibility to respond to targets of opportunity** with potential for significant leveraging was illustrated by the ODS phase-out project in Russia. Implementation was delayed due to concerns about the financial viability of a number of manufacturing enterprises using ODS. By indicating a willingness to reprogram funds allocated to ODS *consumption* subprojects to measures enabling the complete closure of all Russian ODS *production* sites, GEF has leveraged more than 200 percent additional resources and provided a key catalyst for carrying out the production program.

BOX 6: EXPANDING LINKAGES TO OTHER AGENCIES

The executing agency for the Economics of Greenhouse Gas Limitations project, the UNEP Collaborating Centre on Energy and Environment at Riso National Laboratory in Denmark, is also implementing a number of bilateral climate change capacity building projects and provides support to GEF enabling activities in three countries. This has allowed it to increase from eight to 15 the number of national teams participating in project workshops and the application and testing of methodological guidelines developed under the project.

C. Capacity Building

109. Capacity building and institutional strengthening are features of most GEF projects, and are closely linked to sustainability. This was identified as a cross-cutting issue for the 1998 PIR to gain insights into the ingredients of capacity building and the lessons emerging from the experience.

110. The PIR reports and evaluations summarized above show that GEF projects are strengthening a wide variety of organizations, from government agencies, to scientific and research institutions, to national and international associations, to NGOs and community-based organizations (CBOs). They do this in many ways, especially by:

- **Increasing knowledge and awareness of environmental issues**. Examples range from biodiversity and climate change country studies supported under several UNEP-GEF projects and the production of the Global Biodiversity Assessment, to study tours to acquaint project participants with how others are addressing issues similar to those they confront. Increased awareness of environmental issues by NGOs and CBOs was one of the key successes of the Small Grants Programme documented in the recent evaluation. The ALGAS project (see Box 7) is another example of a project that has increased the understanding of issues and options relating to climate change.

- **Transferring technologies or providing technical skills**, including the ability to diagnose problems and implement solutions. The provision of training and often new equipment is a feature of many GEF projects. Improving methodologies for analysis of global environmental issues is a focus of many of the projects in the PIR portfolio regarded as enabling activities, including the ALGAS project.

BOX 7: DEFINING CAPACITY TO ADDRESS GREENHOUSE GAS EMISSIONS

The Asia Least-Cost Greenhouse Gas Abatement Strategies (ALGAS) project helped 12 participating countries expand their capacity to quantify GHG emissions, prepare baselines and inventories of GHG emissions and sinks, identify least-cost options to reduce emissions or enhance sinks, develop national policy responses to implement these measures, and design national portfolios of technical assistance and investment projects to help reduce growth of GHG emissions. The project provided extensive training for scientists and others in the region, promoted networks and linkages among the participating countries and with similar projects in the region, and provided technical assistance from international and Asian experts.

Like many capacity building projects, ALGAS has struggled to define indicators of capacity that can be used to identify needs and measure results. During the interagency PIR meeting, a presentation on ALGAS put forward the following definitions developed by the project.

Technical capacity =
- level of understanding of issues and options related to climate change
- Asian experts able to contribute to IPCC global assessments
- improvements in IPCC GHG inventory methodology

Institutional capacity =
- level of involvement of national decision-makers
- cross-sectoral representation of government agencies, NGOs, research institutions, and private sector
- ability to update national GHG inventories, install and operate analytical models, and use models to identify least-cost GHG abatement strategies

- **Creating or reinforcing new institutional structures**. Examples include support for central coordination entities under the BDM project, a new coastal zone management agency in Belize that brought together under one agency all government agencies dealing with coastal zones, and creation of conservation trust funds.

- **Improving project design and management capabilities**. Especially for NGOs and CBOs, this is often the product simply of being involved with a donor project for the first time. The Mgahinga-Bwindi Conservation Trust in Uganda has dedicated considerable effort to helping community groups put together and carry out small projects. This has also been a major contribution of the Small Grants Programme.

- **Stimulating the creation of networks** among national or international institutions or individuals engaged in similar work. This has been a feature of most multi-country GEF projects, including ALGAS and BDM. The Gulf of Guinea project has built a network of 350 managers and scientists, linked by an electronic messaging system, on matters related to ecosystem degradation, socio-economic impacts, and management measures to improve environmental quality and livelihoods.

- **Promoting increased interaction** among government agencies, academic and business organizations, NGOs and community groups, and other donors. This has often led to greater and diversified access to resources, and a more enlightened debate about national and global environmental issues. More importantly, it has led to broader working relationships and institutional credibility that have lasted beyond individual project activities. This has been a result, for example, of the Small Grants Programme and the Conservation Area Coordination Committees created under the South Pacific Biodiversity Conservation project (see Box 1 on page 10).

111. **Considerably more attention is needed on the results and qualitative impacts of GEF's capacity building efforts.** With only a few exceptions, such as Nepal Biodiversity Conservation and Dominican Republic Coastal Zone, project reporting was limited to outputs (e.g., number of people trained or participating in workshops). Discussion of the ALGAS project during the interagency meeting included measures it has developed to measure technical and institutional capacity (see Box 7). However, in general there was little focus on or documentation of changes in skills or individual and organizational performance.

112. Moreover, in many cases there appeared to be an explicit or implicit assumption that lack of human capacity or skills is the main problem impeding accomplishment of global environmental objectives. This assumption does not tally with international experience that enabling or disabling characteristics of organizations can be attributed as much to their internal organizational processes and political, economic, cultural, or other contexts as to the skills and competence of their personnel. Indeed, an insightful discussion in the report on the Dominican Republic Coastal Zone project identified the following ingredients of institutional viability, which are very relevant to any discussion of capacity building: adequate budgets, equipment, trained personnel, scientific credibility, clear institutional mandate and linkages to other organizations, and political support and recognition through government administrations over time.

113. Motivation to apply knowledge gained from education and training depends very much on the enabling environment within a country. In fact, there was ample evidence from the review that benefits that should result from training and other capacity building inputs, especially in government agencies, are often

lost due to mistrust and poor relations among participating institutions, reluctance to change institutional structures, and staff turnover because of inappropriate policies, competition for their services from others, and/or changes in management resulting from politically driven decisions.

114. **More emphasis needs to be placed on identifying specific capacity-building needs, so project design and implementation can be tailored to address key constraints and institutions.** As the evaluation of the Biodiversity Data Management project showed, this is especially important for multi-country projects that involve nations with very different conditions. These projects, in particular, need the flexibility to adjust capacity building efforts and strategies to the situation in each country, since it is not likely that "one size fits all." At the same time, multi-country projects allow rich opportunities for participating countries to learn from each other and strengthen intra-regional consulting capacity. For example, under ALGAS, many "national" experts became "international" experts as the project provided chances for them to provide advice and experience to others within the Asia region.

115. **There is an urgent need to develop indicators that measure the application of knowledge gained and other changes brought about through capacity building efforts and the resulting benefits for the global environment.** Assessment of qualitative impacts may be difficult within the timeframe of a typical project, however, since many of these changes occur over a longer period. This needs to be reflected in the monitoring systems developed, as well as the way GEF addresses the length of the commitment required to achieve its intended impacts.

D. Project Leadership

116. **The quality of project leadership was identified in the 1998 review as a key determinant of project success.** More often than not, projects rated as highly satisfactory have dynamic and enterprising leaders, while those rated as unsatisfactory were plagued with ineffective leaders and rapid turnover of leadership. Successful leaders also served as local "champions" for their projects. The Small Grants Programme evaluation also found that the emergence of such individuals is often key to progress in the early phases of a project, although over-reliance on one or two people in an organization or community can eventually jeopardize sustainability.

117. The discussion by the international waters task force brought out the importance of project leadership. The East Asian Seas, Black Sea, and Gulf of Guinea projects are led by highly respected, charismatic international waters professionals. Their technical competence, political astuteness, and professional credibility allowed them access to the highest levels of government to, in some cases, turn around projects that strayed or to adjust projects to meet GEF's Operational Strategy. In addition, the SGP evaluation found that the competence and energy of the individual selected as the national coordinator stood out as the single most important factor determining the effectiveness of the country program and the quality of its portfolio.

118. This conclusion was echoed in other PIR discussions and evaluation findings. An important lesson is that **leadership attributes must extend beyond technical competence to include communications skills, entrepreneurial abilities, management expertise, and political skills.**

E. Multi-Country Organizational Arrangements

119. There were a sizable number of regional or multi-country projects in the 1998 PIR. They include most of the international waters portfolio and several "enabling activity"

projects implemented by UNDP and UNEP, e.g., the biodiversity and climate change country studies projects, BDM, and regional climate change capacity building or research projects in Africa, Asia, and the Maghreb.

120. A number of advantages of the multi-country umbrella approach were documented in PIR reports. They include sharing experiences among countries dealing with similar issues, developing and testing guidelines and methodologies intended to be applied in many countries under varying circumstances, and the ability to "bundle" technical assistance and training for several similar countries. These advantages are demonstrated by the Economics of Greenhouse Gas Limitations project (see Box 6 on page 32), the ALGAS project highlighted above (see Box 7 on page 33), and others.

121. At the same time, multi-country projects tend to be much more complex. They often involve the development of regional mechanisms built on weak local institutions. (For example, see Box 8 on the Lake Victoria Environmental Management project.) Resources available to address institutional weaknesses can be stretched thin by the broad range of institutions involved in some multi-country projects, limiting capacity building impact on any one organization. To be effective, regional efforts often require greater collaboration among GEF's implementing agencies (including their regular programs) and other donors, because of the scope of activities.

122. Despite the advantages a multi-country project can offer, UNEP's overview report identified a number of areas—including project development financing ceilings and deadlines, and obtaining country endorsements—where standard GEF practices and requirements are much more difficult for multi-country projects. In addition, experience has shown that moving from a multi-country approach to individual country projects dealing with the same issue has constrained the provision of technical support to governments. UNDP and UNEP have pointed to several such instances in the case of enabling activities, where GEF shifted from an initial emphasis on a multi-country approach (e.g, the biodiversity and climate change country studies projects and the regional capacity building projects in Africa, Asia, and the Maghreb) to enabling activity projects in individual countries. To some extent, this undermined the rationale for and interest in the earlier regional projects. This

BOX 8: THE NEED FOR LONG-TERM COMMITMENT TO COMPLEX, REGIONAL ISSUES: THE CASE OF LAKE VICTORIA

The Lake Victoria Environmental Management project is a five-year project involving more than US$77 million in financing, US$34 million from GEF. The project has ten components ranging from fisheries management, water hyacinth control, water quality, management of land use in the catchment area, wetlands management, pollution disaster contingency planning, and institutional support for lake-wide research and management. Funding is channeled through secretariats in each of the three participating countries to a variety of implementing agencies in the lake region. Implementation was seriously delayed by procurement issues and lack of counterpart funding. Many of these issues are now resolved and the project is at the point where it can begin implementation on the ground. But now only two and a half years remain to actually carry out the ambitious set of project activities.

Discussion of this experience during the 1998 PIR highlighted the need for a long-term (10-15 years) commitment to complex undertakings such as the one at Lake Victoria. Traditional projects, with their shorter timeframes and emphasis on a priori design, are not appropriate. Efforts to prioritize and simplify the Lake Victoria project and to develop a phased approach to addressing the many problems facing the lake are only likely to succeed in the context of a long-term commitment. Otherwise, it will be extremely difficult to reach agreement at this point to leave some activities for later while concentrating immediate attention on a few key priorities.

question is being examined in greater depth as part of an evaluation of biodiversity enabling activities currently being conducted by GEF's corporate M&E team.

123. One of the actions recommended by the 1997 PIR was a more in-depth examination of experience with institutional arrangements in regional projects. This was not done, and the 1998 review reiterated the need to move forward with an analysis of multi-country implementation arrangements to identify models, strengths and weaknesses of various approaches, coordination requirements among IAs and other organizations, and criteria for evaluating their effectiveness.

F. Indicators

124. Although there are several exceptions, **most of the project reports submitted for the 1998 PIR do not yet have satisfactory indicators to measure and monitor achievement of their intended outcomes and impacts.** The PIR reports reflect a general lack of clarity in determining linkages between project goals, objectives, and outputs. In addition, there is very little strategic use of evaluation assumptions. Project monitoring systems focus more on processes (e.g., procurement) and production of outputs than on results.

125. This may reflect the composition of projects in the PIR portfolio, most of which began during GEF's Pilot Phase when less explicit attention was given to identification of clear objectives and measurable impact indicators. Unfortunately, some GEF1 projects included in the PIR also share this shortcoming. A more thorough review of more recent projects, approved after use of the Logical Framework and similar methodologies were put into wider use, might reveal substantial improvements. Future PIRs will also provide a basis for judging the extent of these improvements.

126. The World Bank, which last year committed to retrofit all of its GEF projects with indicators by June 1998, fell considerably short of this goal. Only about one-third had indicators by that date, about the same as the Bank's overall average. The World Bank has stated that further work on retrofitting projects with indicators is a high priority for its GEF operations in 1999. In general, an explanation given by implementing agencies for some of the delay in developing indicators for GEF projects once implementation has begun is the need to discuss them with the countries concerned, and the resistance they sometimes encounter in this process.

127. The PIR concluded that **clearer and more specific guidance on monitoring indicators for GEF projects is needed, and should be a high priority for the corporate M&E team and focal area task forces.** In addition, broader dissemination should be given to existing resources and guidelines, such as the World Bank's recently revised *Guidelines for Monitoring and Evaluation of Biodiversity Projects* and its companion for climate change projects that is due to be published in early 1999.

6. Synthesis of Conclusions and Recommendations

128. As UNEP points out in its overview report, it is important that recommendations resulting from the PIR and evaluation reports be integrated into the management of GEF operations. Many people throughout the GEF family devote substantial time and effort to the annual implementation reviews and project and program evaluations. To justify this allocation of resources, the lessons emerging from their work must be applied. This final chapter of the 1998 GEF Program Performance Report summarizes the principal conclusions and recommendations from this year's review.

A. Flexible, Long-Term Approach

129. The conclusion that stands out most strikingly from the reports and discussions that made up the 1998 PIR is **the need for an approach to addressing global environmental problems that is longer term and more flexible than current project instruments.** Whether the challenge is conserving biodiversity, reducing the emission of greenhouse gases, or slowing the degradation of international waters, experience indicates that being able to make a commitment of support over a longer time period and adapt to changed circumstances and opportunities are often prerequisites to achieving and sustaining global environmental results. In many cases, this requires a **phased approach that sets out firm benchmarks (including adoption of appropriate policy reforms) and provides assurance of support over ten years or longer if these benchmarks are met. Project proposals should identify clear objectives and performance indicators, but devote less effort to mapping out detailed implementation plans. Instead, project managers should be given flexibility to select and modify the activities and tactics needed to achieve these objectives, based on monitoring and evaluation systems that incorporate regular review of performance information.** The World Bank has recently introduced a new Adaptable Program Lending (APL) approach, which embodies many of these features. Its use in GEF projects should be expanded. UNDP's new approach to the Small Grants Programme—which involves longer term commitments, performance benchmarks, and a greater emphasis on monitoring and evaluation at the project and overall program level—is a similar model that could be followed.

130. This approach puts a premium on the quality of project leadership and management systems in the institutions that make up the GEF family and their partners in recipient countries. As UNDP's experience in its climate change portfolio indicates, where field offices and national counterparts are strong, providing flexibility to change course in response to performance and new situations has worked relatively well. Where this is not the case, however, it has led to increasingly problematic projects that have been unable to adapt.

131. **A major implication of making a longer term commitment to address the challenges GEF and its partners face is that GEF will need a more strategic focus on the issues, problems, and places to which it is able to provide sustained support.** With a change to a longer term, benchmarked approach, **GEF should move from an organizational culture based on project approval to one more focused on achieving and measuring project and program results.** In particular, this suggests the need for program managers in the

GEF secretariat to take on a more strategic role, one based less on individual project reviews and approval and more on working with implementing agencies to (1) facilitate periodic assessments of program direction and results, and (2) through the focal area task forces, identify and feed back lessons about what is working in the field and what is not.

B. Indicators

132. The **need for greater attention to project indicators** is a clear message from the 1998 review. It is also essential for the longer term, phased approach described above to work. **GEF's implementing agencies must make firm commitments to retrofit each ongoing project with a significant implementation period still remaining with indicators that measure progress toward its objective.**

133. Two priorities for indicator development were identified during the review. First, GEF should **give more attention to analyzing capacity needs, and defining indicators to measure the results sought from its capacity building efforts.** Second, the international waters task force and the secretariat's M&E team should produce guidance to assist countries in understanding the purpose of GEF's framework of **international waters project indicators,** choose indicators appropriate to each activity, and monitor progress in achieving them. Guidelines for conducting Transboundary Diagnostic Analyses (TDAs) and Strategic Action Programs (SAPs) should be issued.

134. As indicators and M&E systems focus on longer term results, there will be a need to rethink how resources are programmed for monitoring and evaluation. Funding these activities only through projects will not be sufficient, since many of the results they will be designed to measure will occur after project activities and supervision are completed.

135. In addition to the project level, **identifying indicators to measure and monitor progress toward its *program* objectives is a high priority for GEF.** GEF must be able to communicate convincingly to its various stakeholders the collective results of all of its activities. Work began in early 1999 to identify program indicators for GEF's biodiversity and climate change programs.

C. Leveraging

136. **GEF should adopt a broader definition of leveraging for its programs and projects that reflects financial resources—both during design and implementation—and actions catalyzed by GEF activities.** In the future, reporting on project performance, including for PIRs, should reflect this broader definition. The precise details of such a broader definition should be developed during 1999 under the leadership of the GEF secretariat.

D. Topics for In-Depth Review for 1999 PIR

137. Four topics were identified for in-depth review during 1999 as a result of the PIR. Specific plans for these thematic reviews will be developed by the corporate M&E team in conjunction with GEFSEC program managers and the IAs. They may include detailed desk reviews, focus groups or workshops with project managers, and possibly limited field visits. The objective of these reviews is to build on the 1998 and previous PIRs to identify more comprehensively the lessons from experience and define more precisely issues requiring further evaluation. The results of these reviews should be available for the 1999 PIR. The four topics are:

- Achieving financial sustainability in biodiversity projects;

- Experience with GEF-funded off-grid PV projects, including their potential impact on global greenhouse gas emissions;

- Experience with multi-country implementation arrangements in GEF projects, including their requirements for collaboration among IAs and with other organizations; and

- The overall progress of countries receiving GEF assistance in the ozone focal area in implementing their ODS phase-out programs.

E. Dissemination of PIR Findings

138. More needs to be done to disseminate the findings of the PIRs and project and program evaluations; use the results of the reviews to identify important topics for more in-depth assessment by GEF's M&E program, STAP, and others; and feed back the lessons of experience into new project and program design.

F. The Role and Purpose of the PIR

139. Finally, the individual task force reviews and the interagency PIR meeting included useful discussions of the role, purpose, and future direction of GEF's annual implementation reviews. There was consensus that the increasing number of projects included in the review made it difficult for each PIR to cover all topics of interest in satisfactory depth. Therefore, future reviews should be more focused around key cross-cutting issues, while retaining a comprehensive tracking of performance and underlying forces. It was agreed that the quality and depth of reporting must be improved. But even when this was done, caution was expressed about the extent to which lessons could confidently be identified solely from the PIR process. Rather, the PIR was viewed as a good scoping exercise, that is a process to identify themes or issues that deserve follow-up through more in-depth evaluations and studies, including STAP selective reviews. The points raised in these discussions will be reflected in the guidelines for the 1999 project implementation review.

APPENDIX A
LIST OF PROJECTS INCLUDED IN 1998 PIR

Multi focal areas

	IA	Project Description	Work Program (A)	IA Approval (B)	Effective Date (C)	US$ millions	Disbursed as of 6/30/98	% disbursed
1	GEFSEC	PRINCE	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	2.40	55.81
		Total				6.90		

Biodiversity

	IA	Project Description	Work Program (A)	IA Approval (B)	Effective Date (C)	US$ millions	Disbursed as of 6/30/98	% disbursed
1	WB	ALGERIA El Kala National Park/Wetlands	May-91	Apr-94	Sep-94	8.99	3.37	37.49
2	UNEP	BD Country Studies Phase 1	Dec-91	Mar-92	Mar-92	5.00	4.51	90.20
3	UNEP	BD Country Studies Phase 2	Dec-92	Jun-94	Jun-94	2.00	1.57	78.50
4	UNDP	BELIZE Sustainable Development in Coastal Resources	Dec-91	Feb-93	Mar-93	3.00	2.70	90.00
5	WB	BHUTAN Trust Fund for Conservation	May-91	May-92	Nov-92	10.35	10.51	101.55
6	UNEP	Biodiversity Data Management	Dec-92	Jun-94	Jun-94	4.00	3.78	94.43
7	WB	BOLIVIA Biodiversity Conservation	Apr-92	Nov-92	Jul-93	4.62	4.42	95.67
8	WB	BRAZIL National Biodiversity Project	May-91	Apr-96	Dec-96	10.00	1.03	10.30
9	WB	BRAZIL Biodiversity Fund Project	May-91	Apr-96	Sep-96	20.00	10.00	50.00
10	UNDP	BURKINA FASO Nazinga Ranch	Dec-92	Feb-95	Jul-95	2.43	2.43	100.00
11	WB	CAMEROON Biodiversity Conservation and Management	May-93	Mar-95	Dec-95	5.96	2.21	37.08
12	WB	CHINA Nature Reserves Management	Feb-95	Jun-95	Aug-95	17.90	9.40	52.51
13	UNDP	COLOMBIA Biodiversity Conservation in the Choco Region	May-91	Feb-92	Feb-92	9.00	8.21	91.23
14	WB	CONGO Wildlands Protection	May-91	Mar-93	Oct-93	10.05	6.50	64.68
15	UNDP	COSTA RICA Conservation of La Amistad and Osa Conservation Areas	Sep-91	Apr-93	May-93	7.99	7.99	100.00
16	UNDP	COTE D'IVOIRE Aquatic Weeds Control	Dec-92	Jun-95	Nov-95	3.00	0.70	23.48
17	UNDP	CUBA Protecting Biodiversity and Establishing Sustainable Development Sabana-Camaguey Ecosystem	Sep-91	Jul-93	Dec-93	2.00	1.94	96.84
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	6.52	90.56
21	WB	EGYPT Red Sea Coastal/Marine Resource Management	Apr-92	Nov-92	Dec-94	5.29	2.11	39.89
22	UNDP	ETHIOPIA Conservation of Plant Genetic Resources	Dec-92	Apr-94	Sep-94	2.50	0.80	31.86
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	7.32	2.88	39.34
25	UNEP	Global Biodiversity Assessment	Dec-92	May-93	May-93	3.30	3.13	94.85
26	UNDP	GUATEMALA Conservation and Sustainable Development of the Motagua Region	May-95	Apr-97	Apr-97	4.00	0.87	21.65
27	UNDP	GUYANA Iwokrama Rain Forest Programme	May-91	Apr-92	Feb-93	3.00	2.71	90.25
28	WB	INDIA Ecodevelopment		Sep-96	Dec-96	19.70	3.09	15.69

29	WB	INDONESIA Biodiversity Collections	Apr-92	Jun-94	Jul-94	7.48	5.31	70.99
30	WB	INDONESIA Kerinci Sablat Integrated Conservation and Development	May-95	Apr-96	Aug-96	13.70	0.72	5.26
31	UNDP	JORDAN Dana/Azrak II	Aug-96	Oct-96	Apr-97	1.95	0.64	33.09
32	WB	LAO PDR Wildlife and Protected Areas Conservation	May-91	Mar-04	Jan-95	4.96	2.19	44.15
33	UNDP	LEBANON Protected Areas	Feb-96	Feb-96	Feb-96	2.50	0.84	33.41
34	WB	MADAGASCAR Second Environment Support Program (EP2)	Aug-96	Dec-96	Jun-97	20.80	0.65	3.13
35	WB	MALAWI Lake Malawi/Nyasa Biodiversity Conservation	Dec-91	Dec-94	Jul-95	5.00	3.27	65.40
36	WB	MAURITIUS Biodiversity Restoration	May-95	Nov-95	Feb-96	1.20	0.62	51.67
37	UNDP	MAURITIUS Restoration of Native Forest	May-93	Jun-95	Jun-95	0.20	0.08	40.00
38	WB	MEXICO Protected Areas Program	May-91	Mar-92	Apr-93	26.10	26.10	100.00
39	WB	MOZAMBIQUE Transfrontier Conservation Areas	Dec-92	Dec-96	May-97	5.00	0.70	14.00
40	UNDP	NEPAL Biodiversity Conservation	Dec-91	Jun-93	Sep-93	3.80	2.75	72.34
41	UNDP	PANAMA Biodiversity Conservation in Darien Region	Jan-92	Feb-94	May-94	2.00	1.37	68.40
42	UNDP	PAPUA and NEW GUINEA Conservation and Resource Management Programme	Dec-91	Jul-93	Oct-94	5.00	4.81	96.27
43	WB	PERU National Trust Fund for Protected Areas	Dec-91	Mar-95	Sep-95	5.00	5.22	104.40
44	WB	PHILIPPINES Conservation of Priority Protected Areas	May-91	May-94	Oct-94	19.01	5.15	27.09
45	UNDP	REGIONAL - INDONESIA AND MALAYSIA Conservation Strategy for Rhinos in Southeast Asia	May-93	Dec-94	Dec-94	2.00	0.97	48.50
46	UNDP	REGIONAL Ecologial Zoning and Geographic Monitoring of the Amazon River	May-91	Jan-93	Mar-93	4.50	4.22	93.78
47	UNDP	REGIONAL South Pacific Biodiversity (Samoa)	Jan-92	Jan-93	Apr-93	6.27	6.02	95.95
48	WB	ROMANIA Danube Delta Biodiversity	Apr-92	Aug-94	Feb-95	4.50	2.75	61.11
49	WB	RUSSIA Biodiversity Conservation	Dec-94	May-96	Nov-96	20.10	2.57	12.79
50	WB	SEYCHELLES Biodiversity Conservation & Marine Pollution Abatement	Dec-91	Nov-92	Mar-93	1.80	1.85	102.78
51	WB	SLOVAK Republic Biodiversity Protection	Dec-91	Sep-93	Oct-93	2.48	2.18	87.90
52	UNDP	SRI LANKA Wildlife Conservation	Dec-91	Jan-92	May-92	4.09	2.87	70.32
53	WB	TURKEY In-Situ Conservation of Genetic Biodiversity	Apr-92	Mar-93	Mar-93	5.40	4.64	85.93
54	WB	UGANDA Bwindi and Mgahinga Gorilla National Park Conservation	May-91	Jan-95	Jul-95	4.00	4.35	108.75
55	WB	UKRAINE Danube Delta Biodiversity	Apr-92	Jul-94	Aug-94	1.61	1.28	79.50
56	UNDP	VIETNAM Wildlife Conservation	May-91	Jan-92	Jul-92	3.00	3.00	100.00
57	WB	West Africa Pilot Community Based Natural Resource and Wildlife Mgmnt Project	May-91	Sep-95	May-96	7.02	1.11	15.81
		Total				375.38		

Climate Change

	IA	Project Description	Work Program (A)	IA Approval (B)	Effective Date (C)	US$ millions	Disbursed as of 6/30/98	% disbursed
1	UNDP	BENIN - Carbon Sequestration & Rangeland	Dec-92	Jul-93	Jan-94	2.50	2.01	80.32
2	UNDP	BRAZIL - Biomass Integrated Gasification/Gas Turbine	Sep-92		Sep-92	8.12	7.97	98.15
3	UNDP	BRAZIL - Biomass Power Generation: Sugar Cane Bagasse and Trash	Apr-96	Mar-97	Oct-92	3.75	1.08	28.73
4	UNDP	CHILE Reduction of GH Gas Emissions	May-92	Jun-95	Jun-95	1.70	0.71	41.53

5	UNDP	CHINA Development of Coal-Bed Methane Resources	Apr-92	Apr-92	Jun-92	10.00	10.00	100.00
6	WB	CHINA Efficient Industrial Boilers	Apr-96	Dec-96	Feb-97	32.81	1.50	4.57
7	UNDP	CHINA Promoting Methane Recovery and Utilization from Mixed Municipal Refuse	Apr-96		May-97	5.29	1.86	35.25
8	WB	CHINA Sichuan Gas Transmission	Apr-92	Jan-94	Sep-94	10.71	2.15	20.07
9	WB	COSTA RICA Tejona Wind Power	Dec-93	Dec-93	Nov-95	3.30	0.00	0.00
10	UNEP	Country Case studies on Greenhouse Gases	Dec-91	Jul-92	Sep-92	4.50	4.32	96.00
11	UNEP	Country Studies on Climate Change Impacts + Adaptation Assessments	Feb-95	Feb-96	Mar-96	2.00	1.82	91.00
12	UNEP	Economics of Greenhouse Gas Limitations	Feb-95	Mar-96	Apr-96	3.00	0.86	28.67
13	UNDP	GLO Climate Change Capacity Building	May-93	Jan-94	Sep-95	2.00	0.65	32.43
14	UNDP	GLO Research on Methane Emissions from Rice Fields	May-91	Jan-92	Jan-93	5.00		
15	UNDP	GLO Training Programme on Climate Change (CC:TRAIN)	May-95	Mar-96	Mar-96	2.56	2.14	83.49
16	UNDP	GLOBAL Alternative to Slash and Burn Agriculture (Phase II)	Jun-96	Jun-96	Jun-96	2.94		
17	WB	HUNGARY Energy Efficiency Co-Financing Program	Apr-96	Mar-97	May-97	5.00	0.00	0.00
18	WB	INDIA Alternate Energy	Dec-91	Dec-92	Apr-93	27.62	20.10	72.77
19	UNDP	INDIA Bio-methanation Process	Jan-92	Jan-94	Mar-94	5.50	1.57	28.55
20	UNDP	INDIA Optimizing Development of Small Hydel Resources in the Hilly Regions of India	Jan-91	Jan-94	Mar-94	7.50	2.97	39.60
21	WB	IRAN Teheran Transport Emissions Reduction	Apr-92	Oct-93	Jan-94	2.17	2.13	98.16
22	WB	JAMAICA Demand Side Management Demonstration	May-93	Mar-94	Aug-94	4.10	1.71	41.71
23	WB	LITHUANIA Klaipeda Geothermal Demonstration	May-95	Sep-96	Oct-96	6.90	3.48	50.43
24	WB	MALI Household Energy Project	Dec-92	Jun-95	Oct-95	2.50	1.21	48.40
25	UNDP	MAURITANIA- Decentralized Wind Electric Power for Social and Economic Development	Dec-92	Jun-94	Sep-94	2.08	2.07	99.47
26	WB	MAURITIUS- Sugar Bio-Energy Technology	May-91	Mar-92	Dec-93	3.38	3.39	100.30
27	WB	MEXICO High Efficiency Lighting Pilot	Dec-91	Mar-94	Feb-95	10.71	10.72	100.09
28	WB	MOROCCO Repowering of Power Plant	Dec-92	Sep-94	Apr-96	6.08	0.37	6.09
29	UNDP	PAKISTAN Fuel Efficiency Transport Sector	Jan-92	Jul-95	May-96	7.00	0.41	5.84
30	WB	PHILIPPINES Leyte-Luzon Geothermal	May-91	Jun-94	Mar-95	31.69	26.79	84.54
31	WB	POLAND Coal-to-Gas Project	Dec-91	Nov-94	Jun-95	24.92	0.85	3.41
32	WB	POLAND Efficient Lighting Project (PELP)	Dec-94	May-95	Aug-95	5.00	4.70	94.00
33	UNDP	REGIONAL Asia Least Cost GHG Abatement Strategy (Philippines) ALGAS	Dec-91	Aug-93	Aug-94	9.50	5.47	57.58
34	UNDP	REGIONAL Building Capacity in Mahgreb for CCC (Morocco)	May-93	Sep-94	Dec-94	2.37	0.41	17.24
35	UNDP	REGIONAL Cote d'Ivoire Senegal Energy Efficiency	Dec-92	Dec-94	Sep-95	3.50	2.06	58.98
36	WB	REGIONAL Planning for Adaptation to Climate Change (Caribbean) CARICOM	May-95	Mar-97	Apr-97	5.91	1.42	24.03
37	WB	RUSSIA Greenhouse Gas Reduction	Dec-92	Dec-95	Dec-96	3.20	0.29	9.06
38	UNDP	SUDAN Community-Based Rangeland	Aug-94	Aug-94	Oct-94	1.50	0.90	60.19
39	UNDP	TANZANIA - Electricity, Fuel and Fertilizer from Municipal and Industrial Organic Waste TAKAGAS	May-93	Dec-93	Mar-94	2.50	0.74	29.68
40	WB	THAILAND Promotion of Electricity Energy Efficiency	Dec-91	Apr-93	Nov-93	10.12	5.98	59.09
41	WB	TUNISIA Solar Water Heating	May-93	Nov-94	May-95	4.05	0.66	16.30
42	UNDP	ZIMBABWE - Photovoltaics	Dec-92	Feb-92	Feb-92	4.59	4.30	93.75
		Total				299.56		

International Waters

	IA	Project Description	Work Program (A)	IA Approval (B)	Effective Date (C)	US$ millions	Disbursed as of 6/30/98	% disbursed
1	UNDP	EGYPT - Lake Manzala Engineered Wetlands	Dec-92	Jun-97	Jun-97	4.50	0.44	9.82
2	WB	JORDAN Gulf Aqaba Environmental Action Plan	Oct-95	Jun-96	Jun-96	2.70	0.53	19.63
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	Dec-91	Oct-93	Jul-94	6.00	3.80	63.33
5	WB	REGIONAL Lake Victoria Environmental Management Project	Apr-96	Jul-96	Mar-97	35.00	2.38	6.80
6	WB	REGIONAL OECS Ship-Generated Waste Mgmt. (Caribbean)	Dec-92	May-95	Nov-96	12.51	0.48	3.84
7	UNDP	REGIONAL Pollution Control and Other measures to Protect Biodiversity in Lake Tanganyika	Dec-91	Oct-93	Feb-95	10.00	4.97	49.72
8	UNDP	REGIONAL South East Asian Seas (Philippines)	Dec-91	Jul-93	Nov-93	8.00	5.57	69.63
9	UNEP	REGIONAL Strategic Action Programme for the Binational Basin of the Bermejo River (Argentina - Bolivia)	Nov-96	Apr-97	Mar-99	3.22	0.00	0.00
10	WB	REGIONAL Wider Caribbean Initiative for Ship-Generated Waste	May-93	Jun-94	Sep-94	5.50	2.93	53.27
11	UNDP	YEMEN Marine Ecosystems of the Red Sea Coast	May-92	Apr-93	Jun-93	2.80	1.62	57.86
		Total				99.53		

Ozone

	IA	Project Description	Work Program (A)	IA Approval (B)	Effective Date (C)	US$ millions	Disbursed as of 6/30/98	% disbursed
1	WB	BULGARIA ODS Phase-Out	May-95	Nov-95	May-96	10.50	2.31	22.00
2	WB	CZECH Republic - Phase Out of Ozone Depleting Substances	Dec-92	Aug-94	Dec-94	2.49	2.42	97.19
3	WB	HUNGARY ODS Phase-Out	May-95	Nov-95	Feb-96	6.90	5.89	85.36
4	WB	RUSSIA ODS Consumption Phase-Out	Apr-96	May-96	Sep-96	60.00	2.82	4.70
5	WB	SLOVAK REP Investment Project for the Phase Out of Ozone Depleting Substances in the Production of Refrigerators and Freezers	May-95	Jun-96	Nov-96	3.50	2.66	76.00
6	WB	SLOVENIA Phase Out of Ozone Depleting Substances	May-95	Nov-95	Dec-95	6.20	5.90	95.16
		Total				89.59		

		Grand Total				**870.95**	**405.40**	**46.55**

APPENDIX B

DEFINITION OF RATINGS USED IN 1998 PIR

Assumption and Risk Ratings

The risk that individual assumptions relevant to the project may not prove to be accurate and, thus, may seriously affect implementation or prospects for achieving project objectives, should be rated on the following scale:

High (H)	There is a probability of greater than 75% that the assumption may fail to hold or materialize.
Substantial (S)	There is a probability of between 51% and 75% that the assumption may fail to hold or materialize.
Modest (M)	There is a probability of between 26% and 50% that the assumption may fail to hold or materialize.
Low (L)	There is a probability of less than 25% that the assumption may fail to hold or materialize.

Implementation Progress Ratings

Highly Satisfactory (HS)	Implementation of all components is in substantial compliance with the original (or formally revised) implementation plan for the project.
Satisfactory (S)	Implementation of most components is in substantial compliance with the original/formally revised plan except for a few that are subject to remedial action.
Unsatisfactory (U)	Implementation of most components is not in substantial compliance with the original/formally revised plan but remedial action has been agreed.
Highly Unsatisfactory (HU)	As in "U", but remedial action has not been agreed.

Global Environment/Development Objective Ratings

Highly Satisfactory (HS)	Project is expected to achieve or exceed all its major global environment/development objectives and yield substantial global environment benefits.
Satisfactory (S)	Project is expected to achieve most of its major global environmental/development objectives and to yield satisfactory global environmental benefits without major shortcomings.
Unsatisfactory (U)	Project is expected not to achieve most of its major global environmental/development objectives nor to yield substantial global environmental results.
Highly Unsatisfactory (HU)	Project is expected not to achieve any of its major global environment/development objectives nor to yield worthwhile global environmental results.

APPENDIX C.1

UNITED NATIONS DEVELOPMENT PROGRAMME
GLOBAL ENVIRONMENT FACILITY

Project Implementation Review 1998

Summary Performance and Lessons Learned Overview

1 INTRODUCTION

1.1 M&E in UNDP and the PIR process

The annual GEF Project Implementation Review (PIR) has become an integral part of UNDP's regular monitoring system composed of the Tripartite Project Review (TPR), the Annual Programme/Project Report (APR), the Mid-term Report, and the Final Completion Report. For UNDP/GEF the PIR is the moment to take stock and review the performance of its portfolio.

This summary of the 1998 PIR combines information provided by the specialized PIR reporting forms, by UNDP's monitoring and evaluation tools, and by other independent evaluations and lessons learned studies. The purpose of the PIR is twofold: (a) to report on the performance of the UNDP/GEF portfolio to the GEF Council, and (b) to identify and address new challenges and identify and disseminate successful strategies and lessons that are emerging from project implementation. Through the PIR and other M&E tools, UNDP/GEF provides feedback to its project partners, and if necessary the unit supports corrective measures to ensure that each project is progressing according to the objectives and timetables stated in the project document.

The PIR is indispensable for continual improvement of the portfolio, and for uncovering important information such as the fact that the process of leveraging co-financing continues throughout a project's implementation phase. This year's PIR shows that for every dollar (US) invested by the GEF in UNDP/GEF projects, an additional 3.45 dollars are secured in co-financing during preparation and implementation.

The PIR reports for individual projects are the result of a collaborative effort, reflecting the views of UNDP/GEF Country Office focal points, regional coordinators, and technical advisors. In this sense, the PIR is a UNDP review reflecting UNDP/GEF's consolidated view on its portfolio. The reporting format was sent electronically to UNDP Country Offices that have projects meeting the review criteria. At headquarters, the regional coordinators and technical advisors reviewed the completed reports.

The UNDP/GEF portfolio encompasses a variety of project types such as Full Projects, PDFs, PRIFs, and Enabling Activities. According to the PIR selection criteria, the PIR reports on only a subset of the total portfolio. Enabling activities and projects, which were operationally completed before June 10, 1997, are not included in the review. Projects, which started implementation after June 30, 1997, are also excluded.

The review under the Regular PIR includes all full UNDP/GEF projects (excluding enabling activities, PRIFs, PDFs) that have been under implementation for more than one year as of June 30, 1998. To be selected for the review, projects also had to have their Project Documents signed before June 30, 1997.

The review under the Status PIR includes all projects (including PDFs, and PRIFs), which were approved by the GEF Council before June 30, 1996, but which have not yet been formally approved (ProDoc Signature). It also includes all projects that have had their ProDocs signed before September 30, 1997, but which have not yet begun disbursement.

It is important to recognize that the vast majority (90%) of projects included in the PIR review are still Pilot Phase Projects.

Based on guidelines provided from the GEF Secretariat, PIR reports cover all aspects of project performance including implementation and impact rating, leveraging, capacity building, stakeholder involvement, and lessons learned.

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

Region / PIR Report	Full Report	Status Report	Total
Global	3	0	3
Africa	13	8	21
Asia & Pacific	13	5	18
Arab States	6	1	6
Europe & CIS	1	0	1
Latin America & Caribbean	11	6	16
Total	47	20	67

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

Focal Area / Project Type	Full Report	Status Report	Total
Biodiversity	22	11	32
Climate Change	19	6	25
International Waters	6	2	7
Ozone	0	0	0
Multi-Focal		1	1
Total	47	20	67

1.2 Statistical Analysis

The geographical distribution of projects included in the PIR reveals that Africa, Asia & Pacific, and Latin America & Caribbean account each for approximately one quarter of all projects reviewed under the PIR. Europe & CIS and Arab States account for approximately 10% of the remaining PIR projects. Large scale pipeline development and project implementation in the Arab States and Europe & CIS region has started later than in the other regions, which explains the small number of projects from those regions in the present PIR. The distribution by focal area shows that Biodiversity and Climate Change projects each account for approximately 45% of the total number of projects included in the PIR review. International Waters projects represent approximately 10% of all PIR projects. There are a number of IW projects which have started implementation recently and will be included in next year's PIR.

Table 4 clearly shows that UNDP/GEF is moving towards national execution of its projects. Already more than 60% of UNDP/GEF projects are nationally executed which contributes to enhanced national ownership of GEF projects and builds national capacity.

2 TRENDS AND LESSONS LEARNED

2.1 Cross Cutting Issues

2.1.1 Capacity Development

GEF goals such as sustainability, leveraging, awareness raising, and many other overriding objectives can only be achieved by enhancing the human and institutional capacities of recipient countries. The 1997 PIR highlighted the importance of consultations, inter-institutional networking, and awareness raising. UNDP/GEF's capacity development

TABLE 3: FINANCIAL DATA FOR ALL UNDP/GEF PROJECTS AS OF FY 1998

Region	April 91-Jun 98 Total Authorized Allocation (1) ($'000)	April 91-Jun 98 Total Approved UNDP Budget (2) ($'000)	Jan 92-Jun 98 Total Actual Expenditure (3) ($'000)
Global	27,425	25,985	24,940
Africa	136,109	95,080	46,030
Asia & Pacific	165,310	118,095	72,700
Arab States	83,270	30,880	10,760
Europe & CIS	58,175	37,570	21,300
Latin America & Caribbean	131,700	81,810	61,180
Small Grants Programme	38,900	38,900	28,670
Total UNDP/GEF Projects	640,889	428,320	265,580

(1) Authorized allocation refers to GEF allocation approved by GEF Council or GEFSEC CEO.
(2) Total approved UNDP budget refers to GEF allocation approved by UNDP as commitment.
(3) Actual expenditure refers to the actual disbursed amounts.

initiatives continue focusing 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. Developing such capacities is one of the central missions of UNDP. Hence capacity building measures are an integral part of almost all UNDP/GEF projects. The 1998 PIR systematically reports quantitative and qualitative data on human resource and institutional development.

2.1.1.1 Human Resource Development

Building human capacity through training and education remains one of the cross-cutting successes of UNDP/GEF projects. However, it is difficult to measure the impact of the training initiatives. More work is needed to develop objectively verifiable indicators, which measure the application of the gained knowledge and the resulting benefits for the global environment. Projects usually use indirect indicators such as "number of degrees and certificates earned," or "number of managers introduced to new methodologies."

Projects provide training and education through a large variety of mechanisms such as: internships and scholarships; short-term technical training; workshops; in-service training; staff exchanges; study tours; and many more. Depending on the objective of the project, human capacity is built in areas such as: natural resource management; pollution response; international conventions and national regulations; risk assessment/risk management; natural resource damage assessment; environmental impact assessment; GIS introduction; and many more. The recipients of capacity building efforts include key national and local stakeholders from governments, NGOs, academic, and private sector institutions.

TABLE 4: EXECUTING AGENCY TYPE

Type:	Number	Percentage
NEX/Government	29	61%
UNOPS	13	27%
Other UN Agencies	4	8%
Others	2	4%
TOTAL	47	100%

TABLE 5: PROJECT CONTRIBUTION TO INSTITUTIONAL DEVELOPMENT

Institution	Government			NGOs			For Profit Org.	Academic/ Research Institution	Others
	Natl.	Reg.	Local	Intl.	Natl.	Comm. Org			
Limited	53	21	41	19	14	6	17	10	12
Moderate	318	46	57	1	143	85	70	260	33
Substantial	239	65	175	10	36	164	6	127	15
TOTAL	610	132	273	30	193	255	93	397	60

* Information based on 37 projects

Project examples include:

- The *Regional Gulf of Guinea project* trained more than 600 scientists, managers and government officials. Their skills were upgraded and they were exposed to new approaches for pollution monitoring, information management, etc.

- The *Lake Tanganyika project* conducted a large number of training courses in subjects such as fishing practices, environmental education methods, GIS introduction, underwater survey training, etc.

- The *Vietnam BD conservation project* helped to build capacity through short-term international scholarships and study tours.

- The *Cuba Sabana-Camaguey project* trained more than 500 people in fields related to GIS, biodiversity, environmental research, etc.

- The *Lebanon Protected Areas Project* has build management expertise in a series of national NGOs which are today managing three protected areas under an innovative GEF-leveraged government mandate.

2.1.1.2 Institutional Development

Institutional development is the second pillar of capacity building efforts. All told, some 2,000 institutions have benefited from UNDP/GEF capacity building initiatives. On average each project has enhanced the capacity of 54 institutions. The majority of these institutions (43%) reported substantial increases in capacity. Most were governmental institutions either at the national, regional, or local level. 24% of the 2,000 institutions are NGOs, and another 20% are academic or research institutions. Ninety-two private sector organizations (4.6%) benefited from capacity strengthening activities — an average of almost 3 for-profit organizations per project. Table 5 summarizes the data gathered through the PIR process.

2.1.1.3 Conclusions and Lessons Learned

A capacity needs assessment seems to be a fundamental requisite to effectively address and tailor capacity building programmes to recipient countries, institutions, and relevant stakeholders. During project design, eventually at the PDF B level, and at early stages of implementation, more emphasis should be put on the identification of capacity needs.

Second phase projects such as the Belize Coastal Zone Management project or projects that can build on the capacity of an existing institution can afford to spend less energy and resources on capacity building.

People's motivation to participate in education and training measures and apply the new knowledge depends very much on the enabling environment within the country. E.g., a lack of legislation which could accord incentives to invest in renewable energy (tax compensation) discourages people from participating in capacity building efforts. Other constraints include: deeply rooted mistrust and poor relations between project beneficiaries and government; rapid turnover of senior government officials.

The efforts of UNDP/GEF projects in building human and institutional capacity are demonstrated by the large number of people trained and institutions strengthened. However, it is difficult to fully capture and measure the results or impacts of capacity building efforts. More emphasis should be put on developing appropriate indicators for capacity building. The successes of projects in terms of leveraging "actions" and financial resources which is one of the cross-cutting issues of this year's PIR, could be interpreted as one indicator.

2.1.2 Leveraging

Leveraging has many dimensions. This year's PIR is the first attempt to capture and fully report on leveraging efforts of UNDP/GEF projects. The leveraging report is divided into (a) "actions" leveraged and (b) financial resources leveraged. Financial leveraging can be seen as a result or indicator of leveraged actions such as greater awareness or changed attitudes. However, since our partners are not familiar with the process of reporting on leveraging, and because definitions need to be further refined, the information captured in PIR reports will not be complete until reporting on leveraging becomes a well established feature of the PIR.

2.1.2.1 Actions "leveraged"

Projects have stimulated and initiated a wide range of actions internal and external to institutions directly involved in projects. These actions are reflected in greater awareness about global environmental issues, changed attitudes, the establishment of new policies and regulations, and new regulatory mechanisms. The leveraged actions go beyond contributing to project specific goals. They also help to create an environment conducive to the achievement of GEF, CBD, and UNFCC goals.

Awareness

Capacity building and dissemination of information leads to heightened awareness about global environmental issues. For the majority of GEF partners, issues related to the global environment are still very new and are often not perceived as the most important and urgent ones. With many countries struggling to resolve economic, social, and political crises, it should be recognized that UNDP/GEF projects are playing an extremely important role by raising awareness of the global environment in situations where it would not be on the agenda at all. The recent evaluation of the SGP has also highlighted this key contribution.

Project examples include:

- The *Jordan Dana/Azraq II* and *Lebanon Protected Areas projects* have contributed towards enhancement of the overall enabling environment for conservation through awareness raising and dissemination efforts.

- The *Zimbabwe PV project* reports that project activities have led to more extensive media coverage of global environmental issues.

- The *Black Sea project reports* that proposals were discussed to introduce special chapters on ecology and environment protection into school education manuals.

Attitudes

Attitudinal change amongst key actors is an important prerequisite for impacting the course

of action beyond the scope of specific projects. Changed attitudes result in changed actions, which are sometimes difficult to capture in a reporting format such as the PIR. Nevertheless, attitudinal change is a strong indicator for leveraging, sustainability, and replication.

One way to help facilitate attitudinal change amongst decision-makers is through successful demonstration of new technologies or new approaches. Participatory approaches have proven to be successful, e.g., in the *Colombia Choco project* and *India's Hilly Hydel and GHG projects*. State governments in India are changing their policies to foster participation in setting up hydropower projects. The *Hilly Hydel project* has demonstrated that the participation of local communities is a key determinant of success in the establishment and operation of hydropower projects.

Some projects (e.g., *Regional South Pacific BD project* and *Guayana Rain Forest project*) report that the creation of employment opportunities for beneficiaries and income generating activities (ecotourism, etc.) has helped to change community's attitudes and practices towards wildlife preservation.

Other project examples include the following:

- Private sector involvement in the *Regional Gulf of Guinea project* resulted in attitude change amongst decision-makers in the private sector who are now more amenable to cooperation. The success of the *Brazil Biomass project* has contributed to Shell's decision to create a new company dealing with renewable energy resources.

- The *Belize Coastal Zone Management project* has helped to ensure the designation of a World Heritage Site, which will direct other donor funding to the project area and ensure environmentally sound practices by the private sector, e.g. in sewage and solid waste disposal methods.

- The *Global Alternatives to Slash & Burn project* highlights that as a result of attitudinal change environmental considerations are now being incorporated into national projects as a routine matter. For example, the Indonesian government has decided that all future environmental planning research should incorporate the ASB approach.

The East Asian Seas project has increased awareness and concern among participating countries regarding marine pollution and associated issues such as biodiversity conservation, transboundary pollution, land degradation, sea level rise, etc. This is reflected in the move by countries to ratify and implement international conventions on prevention of marine pollution—more than 30 since the commencement of the project. The institutional framework, capacities, and financial commitments have been integrated into the local governments' planning, operational, and fiscal cycle. Private sector support and public awareness have also been strengthened, thereby ensuring transparency and continuity in future actions. Replication of ICM sites has occurred at three sites in China, and is planned for three sites in the Philippines. Other participating countries (Malaysia, Thailand, Vietnam, Indonesia, Cambodia, and DPR Korea) have expressed a desire to set up ICM sites, as a follow-on action of the existing project.

Policies and Legislation

Projects have helped leverage development of new policies and regulations by providing law makers with information on win-win outcomes, co-formulating legislation, and demonstrating that existing legislation can be applied.

Projects provide important technical background information for lawmakers who use them as a basis for decision making. Projects have even been requested on occasion by national environmental authorities to submit papers, concepts and technical reviews for environmental legislation and review existing laws and co-formulate new legislation. Outstanding examples are: *Colombia Choco, Cuba Sabana-Camaguey, Vietnam Conservation Training,* and *Regional East Asian Seas.*

Chinas Coal Bed Methane project highlights that new sets of policies and regulations combined with the creation of a new entity to promote and manage the new technology are clear indicators that the project has helped to overcome barriers and initiated the restructuring of market segments.

Some more examples of policy and legislative reform catalyzed by UNDP/GEF projects include:

- The *Belize Coastal Zone Management project* has contributed towards development of a legislative framework (CZM Act) and establishment of a CZM authority.

- The *Regional Maghreb GHG project* has contributed towards integration of environmental impact assessment procedures into current policies.

- The *Regional African Energy Efficiency project* has proposed a regulatory framework for energy efficiency in buildings.

The Colombia Chocó project has contributed not only to the production of information and knowledge but also, and perhaps more importantly, to the development of innovative methodological tools and strategic instruments for basic and applied research by the scientific community and traditional knowledge bearers, strengthening of sustainable productive practices, community participation in decision-making processes, project management at the grassroots level, social communication, ethno-environmental education and inter-institutional territorial management. The experience acquired by the Project in developing a participatory strategy and mechanisms is viewed as a model for other GEF projects as well as some national, regional and local institutions.

- The formulation of National Action Plans on Climate Change in East Asian countries builds on results achieved through the *Regional ALGAS project*.

- The *Guatemala Motagua Region project* has significantly contributed towards decentralization of protected area management.

- The *Guyana Rain Forest project* has paved the way for other activities and programmes such as development of the National Protected Areas System, the establishment of the Environmental Protection Agency, the strengthening of the Guyana Forest Commission, and the National Resources Management Project all of which represent advances in policy and legislation.

- The *Regional South Pacific BD project* has influenced government decision-makers to extend a moratorium on commercial harvesting of sea turtles.

- The Gulf of Guinea States have adopted the "Accra Declaration," which is a direct result of the *Regional Gulf of Guinea project*.

2.1.2.2 Financial Leveraging

The recent Berlin LogFrame workshop has shown that actors within the GEF family interpret terminology differently. Part of the problem is that some terms have different connotations within the IAs. The terms "leveraging," "co-financing," and "associated

financing" cause particular problems as they imply different things within GEF and UNDP. In order to promote discussion and with a view towards standardizing use of terminology, a definition of these terms is provided.

Definition of financial leveraging (financial leveraging = co-financing): Monies leveraged in association with a GEF project to address global environmental objectives. This includes funds to reach the sustainable development baseline. Two types of leverage may be distinguished:

1. **Complementary funds:** New and additional monies leveraged to address the global environmental problem. This can include activities in the country's national sustainable development interest, required to fortify the baseline, or a portion of the incremental costs.

2. **Substitutional funds:** Baseline activities that have been modified (thematically or spatially) in order to address the global environmental problem (this may include in-kind contributions such as when a government agency reallocates staff time or office space, or cash outlays). The leverage relates to the amounts substituted.

Definition of Associated Financing: Funding associated with achievement of global environmental objectives that would be appropriated irrespective of GEF intervention (associated financing = realistic baseline).

Clarity needs to be brought to the relationship between co-financing and leveraging. UNDP treats financial and in-kind resources leveraged to cover sustainable development activities, necessary to capture global benefit, as co-financing. The rationale is, that without this leveraged support, the project would not be able to achieve its objectives, and even though it may be in the national interest to conduct these activities, they may not be as high on the national agenda as more immediate problems. This shift in national priorities demonstrates clear national commitment to conservation goals and should be considered as a source of co-financing to the project.

Only a fraction of leveraged resources is currently captured in the existing formats, namely those amounts which have been leveraged up front during project preparation and are reflected as co-financing in the project budget. Resources leveraged during project implementation are reported for the first time in the 1998 PIR.

UNDP/GEF projects have leveraged 3.45 additional dollars for each dollar allocated by GEF. Leveraged resources of the 47 projects included in the regular PIR amount to US$623 million (includes: co-financing reflected in the budget + in-kind contributions + resources leveraged during implementation; excludes: associated financing). The sum of GEF financing for all full PIR projects amounts to US$181 million. From the total of US$623 million only US$61 million (9%) are reflected in the project budgets as co-financing, constituting leveraging during project preparation.

This is the first time that UNDP/GEF has captured systematically leveraged resources in its reporting apart from the regular reporting on co-financing and associated financing. Although the definition of "leveraging" has to be further refined the PIR brings to light the extraordinary capacity of our projects to mobilize resources for global environmental protection.

Financial leveraging has many dimensions. It includes subsidies from project partners, follow on investments, support of specific project activities, and soft loans from revolving funds. The leveraged resources come from a multiplicity of sources such as private and public companies, governments, UNDP and

other UN agencies, regional development banks, bilateral agencies, and NGOs.

In several projects with strong private sector involvement, participating companies are subsidizing the project by contributing budgetary resources to cover costs related to travel, communication, remuneration, and other administrative expenses. These subsidies are only partially reflected in the project budgets under "in-kind" contribution. In the case of the *Brazil Biomass project* these costs amount to approximately US$4 million. The same is true for projects with strong NGO involvement, e.g., in the *Guatemala Montagua Region project.* The level of involvement in and support from private companies for renewable energy technology projects is a clear indicator of the leveraging capacity of projects.

Furthermore, several successful UNDP/GEF projects in the climate change area have attracted significant investments from the private sector. In the case of the *China Coal Bed Methane project*, these investments amount to more than US$500 million.

Projects leverage funds to secure additional support for project activities which cannot be funded directly through the project budget but which are complementary to the project and contribute to its development goals. The *India GHG project* has leveraged substantial resources (approximately US$1.8 million) from the government, beneficiary organizations, and UNIDO to support project activities in the leather sector. A revolving fund created under the *India Hilly Hydel project* has given soft loans to private companies and a NGO for setting up demonstration projects.

There are promising examples of co-financing from UNDP and other UN-agencies indicating UNDP's successes in its mainstreaming efforts. The *Lebanon Protected Areas project* and the *Guyana Rain Forest project* have been successful in leveraging funds from the UNDP/ Capacity 21 window and stimulated collaboration with UNDP's Global Programme on Forests. The UNDP Country Office in Lebanon has worked with FFEM on the formulation of a Wetlands/Coastal component of the Mediterranean Initiative, which amounts to US$250,000 from FFEM to be managed jointly by FFEM and *Lebanon Protected Areas project*. In addition, the Lebanon project has been extremely successful in mobilizing both the Arab and Lebanese private sector for contributions to the project and well over US$250,000 has now been mobilized from private Arab businessmen and philanthropists through targeted fund raising by the NGOs and the project management team.

Some other examples of successful financial leveraging efforts include:

- The *ALGAS project*, which has leveraged US$500,000 from the ADB;
- The *Costa Rica Osa-La Amistad project*, which has leveraged more than US$800,000 from government, bilaterals, and NGOs;
- The *Colombia Chocó project* has secured almost US$5 million from government and subcontractors;
- The *Guatemala Motagua Region project*: US$740,000 obtained from government and bilaterals;
- The *Guyana Rain Forest project* US$8.3 million secured from bilaterals, and UN programs such as Capacity 21 and ITTO;
- The *Regional South Pacific BD project*: US$1 million from different sources;
- The *Regional East Asian Seas project*: US$11.3 million.

TABLE 6: IMPLEMENTATION PROGRESS RATING

Project as a whole:	Percentage
Highly Satisfactory	11%
Satisfactory	80%
Unsatisfactory	6.5%
Highly Unsatisfactory	2.5%
TOTAL	100%

TABLE 7: IMPACT RATING

Project as a whole:	Percentage
Highly Satisfactory	34%
Satisfactory	60%
Unsatisfactory	6%
Highly Unsatisfactory	0%
TOTAL	100%

2.1.2.3 Conclusions and Lessons Learned

Leveraging is much more than showing co-financing amounts in the project budget. Leveraging also refers to resources mobilized during project implementation and "actions" initiated such as awareness raising, attitude changes, and changes in policies and regulations. Projects are reporting many examples of successful leveraging. Leveraging in fact is a process, which starts in the project formulation phase and continues during the project cycle. Only a small part of leveraged resources is documented (as co-financing) in the project budget. Large sums, leveraged during implementation, are not captured by the existing documentation. The PIR is the first attempt to report on leveraging.

Recommendation: Definitions should be further refined in order to capture all relevant resources and actions leveraged by GEF projects. Indicators for leveraging should be developed and consistently applied. UNDP/GEF suggests that the GEFSEC M&E team together with the IAs conduct a study to further explore this issue.

2.2 Performance Rating

Ninety percent of the projects reported that their implementation progress was either satisfactory or highly satisfactory. Implementation progress refers to: the delivery of inputs and achievement of outputs (focus on features such as workplan, timeliness, disbursement, procurement, quality of technical advice, goods and services created, etc.). Only 9% of the projects reported unsatisfactory or highly unsatisfactory progress. Explanations will be provided under the focal area sections. One indicator for implementation progress is the average timing of disbursement. The PIR shows that the percentage of planned vs. actual expenditures for all full PIR projects is 82.9%. Ninety-four percent of the projects report satisfactory or highly satisfactory impact. Impact is understood as: contribution to GEF's global objectives resulting in global environmental benefits (global objectives are laid down in the four focal areas, and 10 operational programs, and are usually reflected in the development objective of the project).

Only 6% of the projects report unsatisfactory or highly unsatisfactory impact. Explanations will be provided under the focal area sections.

2.2.1 Conclusions and Lessons Learned

Ratings are reflecting UNDP/GEF's consolidated view on project performance. Recently introduced tools such as the Logical Framework approach and the identification of objectively verifiable indicators contribute to base the ratings on more solid ground. Ninety percent of all regular PIR projects have started in the pilot phase where tools such as LogFrame and indicators were not systematically introduced. The PIRs for the years to come will increasingly benefit from the introduction of LogFrame tools and ratings

TABLE 8: TYPE OF STAKEHOLDER INVOLVED IN THE 3 PHASES OF THE PROJECT CYCLE

Project Phase	Government			NGOs			For Profit Org.	Academic/ Research Institution	Others
	Natl.	Reg.	Local	Intl.	Natl.	Comm. Org			
Design	39	13	12	16	18	13	11	30	7
Implem.	39	21	22	22	28	27	21	38	13
M&E	38	13	14	14	20	14	8	21	10
TOTAL	116	47	48	52	66	54	40	89	30

* Information based on 43 projects

will be based on objectively verifiable indicators. For the assessment of project impact many projects highlight that a longer assessment period is needed in order to make definite statements on trends in environmental quality.

2.3 Stakeholder Involvement

The 1997 PIR reported that several projects have made substantive efforts to shift from consultation (passive participation) to active involvement (active participation). These efforts continue, and are proving to be essential in order to enhance stakeholder "ownership" of conservation initiatives.

Table 8 shows that projects are involving a broad range of stakeholders in all stages of the project cycle. It is not surprising that the vast majority are involving government and academic institutions in design, implementation, monitoring, and evaluation. But it should be highlighted that community organizations and for-profit institutions are also active partners in many projects. Sixty-two percent of the projects involve community organizations in project implementation and 48% involve for-profit organizations.

2.3.1 Conclusions and Lessons Learned

Projects report that stakeholder involvement is a process which needs time, dedication, and also resources. Stakeholder Involvement is not just a single event covered by a stakeholder workshop but an ongoing task during the whole project cycle. A phased approach would be extremely helpful in allowing projects to start slowly, build trust amongst the major stakeholders, and lay a solid ground for a successful intervention.

3 FOCAL AREA HIGHLIGHTS

3.1 Biodiversity

In the PIR 1998 there are 22 Biodiversity projects under active implementation: 2 projects under OP1 (drylands), 6 projects under OP2 (coastal, freshwater, marine), 12 projects under OP3 (forests), and 3 projects under OP4 (mountains). (Some projects contribute to more than one OP, but for simplicity they are assigned to just one of them). The percentages of projects in the PIR and in the various OPs roughly correspond to their proportions in the overall portfolio. The total resource commitment from GEF for these projects is about US$69 million.

Implementation Progress

Except for the *Panama Darien* and the *Guatemala Montagua Region* interventions, all projects obtained at least a satisfactory implementation rating. Moreover, five projects reported Highly Satisfactory implementation ratings. The *Darien project* has passed through many difficulties, including local political instability and high personnel turnover for various reasons, including the harsh living conditions at the project site. UNDP just

Further examples of ex-post leveraged actions relate to education and awareness. Conservation education requires time to evoke attitudinal change, and needs to build a basic awareness and understanding among communities of conservation issues, before it is possible to have more in depth discussions of conservation needs, challenges, and strategies, and translate changing attitudes to conservation actions. One example is the successfully piloted innovative conservation education approaches in the *Papua New Guinea Biodiversity Program*, which in turn have served to bolster the conservation constituency. The program has forged linkages with local church groups working at the field site in Bismarck Ramu, developing messages that could be disseminated by pastors and other church personnel. This strategy builds on existing infrastructure and socio-cultural norms, although care has been taken not to show preference to any one group. Other projects have made heavy use of local radio, which provides an effective and cost-efficient means of reaching out to communities in remote locations. Increasing emphasis has been placed, throughout the portfolio, on raising the awareness of civil society on the genesis of conservation dilemmas, and the global and domestic benefits that accrue from biodiversity conservation.

completed an independent evaluation of the *Darien project* and will introduce measures to correct the course of the project to ensure the biodiversity of the Darien is protected.

In Guatemala, project inception needed to forge a mutual consensus between NGO and government partners regarding implementation modalities and strategies. Although GEF projects encourage NGO participation in projects, collaboration is often hampered by mutual distrust between NGOs and government agencies, or the dearth of existing working relationships, requiring an initial investment in conflict resolution (and longer lead times for design). These conflicts have recently been addressed, and progress has now been re-established.

It is important to recognize that while implementation progress is necessary for achieving impact, it is not a sufficient indicator of impact.

Impact

Impact estimates of all biodiversity projects in the FY 98 PIR indicate they are either likely, or very likely, to have significant impacts on the biodiversity of recipient Party countries.

Presently, all projects report on indicators for the short-term impact, such as people trained in the various disciplines or institutions strengthened. However, to evaluate the long-term impacts of these biodiversity conservation interventions, there is a need for longer term monitoring and evaluation systems to capture these impacts.

Capacity development

One long-term impact of capacity building and institutional strengthening will be an effective increase in the absorptive capacity in the country for new conservation initiatives, and in changing frameworks and attitudes towards conservation. Experience has shown (for example in the *Argentina Patagonia project*) that success of projects is tightly related to the presence in the country of qualified NGOs that can professionally carry out the needed planning and execution. In this PIR, several projects (*Ethiopia Plant Genetics, Lebanon Protected Areas, Mauritius Forests, Panama Darien*) expressed that they could have benefited from the presence of more technically qualified NGOs.

Actions "leveraged"

It becomes all the more important to capture ex-post impacts that also demonstrate evidence of country commitment, additional to national commitments made at the time of

submitting the project brief to Council for approval. There is already some evidence of how projects are starting to improve the overall country framework of attitudes towards the CBD and conservation. For example, the *Capacity Building and Demonstration project* in Lebanon reports an important role in training people and in raising national awareness about the importance of the CBD and the need to support it. Without the project the degree of awareness among people about the CBD would be much smaller; with it a new set of national options is starting to unfold. Although in several cases (*Colombia Chocó, Burkina-Faso Nazinga Ranch, Cuba Sabana-Camaguey, Jordan Dana/Azraq*), projects leveraged policies on issues directly related to the project, in others the projects were also sought as a source of advice for matters with important consequences for the national biodiversity frameworks (for example, *Jordan*, *Colombia*). These are all very important actions leveraged by UNDP/GEF projects that, although not fully quantifiable yet, should not be dismissed. The existing M&E systems do not capture leveraging in terms of long-term and profound impacts. New and additional capacity for long term (10 year horizon?) monitoring and evaluation should be established.

Financial leveraging

Similarly, experiences from project implementation are showing that important financial resources are being leveraged during project implementation, as well as after completion. Almost US$15.5 million of new resources were obtained by capacitated project participants during project implementation. The single most important new co-funding was for the *Guyana project* (US$8.3 million), but there were 11 other projects (mostly Pilot Phase projects) that brought new accumulated funding in amounts varying between US$200,000 to US$1.4 million. More important than the absolute sums, in these cases are the conservation-sustainability processes that have been triggered by the GEF projects. The total amount to be leveraged by these projects is still in progress. Recognizing that co-financing may be more effectively leveraged once new conservation prototypes have been demonstrated raises an important lesson. Conservation opportunities may be enhanced by extending the focus of fund raising activities to project implementation phase, and by generating residual capacity to continue raising funds after project completion, in addition to raising co-financing during the design phase of the project.

Sustainability

In general, the menu of options for reaching sustainability is limited. This is an issue linked to difficulties in capturing, in tangible terms, the positive externalities of biodiversity conservation. Projects report some success at doing this. The *Indonesia and Malaysia Conservation Strategy* for Rhinos has sought to achieve sustainability by developing eco-tourism facilities at Way Kampas National Park in Sumatra; profits from the venture will be channelled to the field patrol units established to protect rhinos. Bridging funds have been secured from other donor agencies to cover recurrent costs until the eco-tourism venture is fully operational. However opportunities to internalize biodiversity externalities need to be more fully explored, through institution of "user pays" mechanisms and other fiscal instruments (thus capturing rent from productive sectors). In some cases, trust funds will still be needed to cover the recurrent costs of management, particularly in cases where economic constraints mean that governments are unable to absorb these costs, and where national turmoil forecloses market opportunities for biodiversity conservation.

Recognizing the challenges of capturing long - term solutions for sustainable use and conservation of biodiversity emphasizes the need for short-term solutions to protect biodiversity in the meantime. Attention needs to be paid to enhancing basic policing, enforcement, and outreach functions—while at the same time

seeking to involve local communities in conservation efforts through integrated conservation and development programs. Such "carrot and stick" approaches, embodying both short-term response and longer term stabilization strategies, offer a blend of incentives and penalties to abet conservation management.

The success of early responses to a great extent hinges on the performance of protected areas staff and other key conservation workers. By building new ranger quarters and upgrading park infrastructure, the *Costa Rica Biodiversity Conservation La Amistad project* has improved working conditions for rangers and other parks personnel working at the forefront of conservation efforts in a bid to enhance work incentives. Although several projects have paid attention to this need, other opportunities for providing incentives need to be investigated. For instance, the possibility of providing insurance to conservation workers forced to operate in difficult conditions, with poor security (i.e., *Indonesia/Malaysia—Conservation Strategy for Rhinos project*), could be considered.

As part of its regular operations, UNDP monitors its projects and looks for lessons learned. During FY 98 UNDP prepared a desk study of coastal and freshwater projects (OP2) under implementation and produced a guide for its Country Offices that will help them in future project preparation. The document contrasts project approaches with current best practice and makes practical suggestions for project design under OP2.

Benchmarking

Two projects (*Belize, Cuba*) and one PRIF (*Pakistan*) successfully completed a first phase and recently submitted to Council project briefs for a consolidation and final phase. In all these projects there were important capacity building activities that led the proponents to conceptualize the consolidation phase and, judging from their previous performance, are likely to also be successful in the phase. As discussed in earlier PIRs, these projects showed that the time initially allocated to securing biodiversity global benefits was too optimistic, and another phase was needed. This PIR indicates that the *Gabon and Burkina Faso projects* may end up in this category.

A lesson emerging as projects enter finalization, and with second phase projects now included in the PIR, is the need to select a realistic timeframe. An alternative to simply increasing the time of project intervention, or planning a second phase towards the end of the first phase, is to lay out a benchmarked approach in designing projects. Benchmarking project interventions can reduce the risk of planning over a longer and more realistic timeframe, if the release of funds is contingent on milestones being met. In some cases, benchmarking may be orchestrated thematically, allowing social mobilization, planning, and policy change followed by activities to fully mature the conservation process. Selecting benchmark indicators as a basis for moving to the next phase may include the mobilization of financial resources, evidence of policy or regulatory change, where this is a necessary element of efforts to mitigate the root causes of biodiversity loss, and evidence of community commitment, such as sweat equity inputs. Several projects (notably the *PNG Biodiversity Conservation and Resource Management Programme*) have identified indicators of community receptivity to and the social feasibility of biodiversity conservation. While these indicators are socio-culturally specific, they may be modified to suit prevailing socio-economic and other specific circumstances.

The PIR provides good examples where benchmarking could have been advantageous. In *Gabon*, community-based conservation contradicts existing laws on resource management, hampering efforts to secure wider community participation in conservation efforts. Resolution of issues such as these often requires considerable attention to be paid at an early stage to advocacy—to

sensitize decision makers within key institutions to the benefits of new strategies and approaches. In this case setting legal reform as a benchmark for the next release of funds could have had a positive impact in creating the necessary conditions for securing community participation.

Stakeholder Involvement

The 1997 PIR reported that several projects have made substantive efforts to shift from consultation (passive participation) to active involvement (active participation). These efforts continue, and are proving to be essential in order to enhance stakeholder "ownership" of conservation initiatives. The *Colombia project* suggests that greater efforts are needed to involve stakeholders at the design stage of projects, to enable them to articulate their perspectives and needs, and shape activity design. The *South Pacific Biodiversity project* reports that getting all stakeholders involved in a constructive dialogue has taken about two years. This concurs with trends of generating stakeholder involvement found in other projects (for example, *Costa Rica, Colombia, Darien, and Guatemala*). Such emerging trends are showing that whereas stakeholder involvement is critical for project success, having them really committed to project goals and agreeing to participate as part of an integrated team, is challenging, time consuming, and perhaps one of the biggest challenges in the implementation of biodiversity projects. These initiatives show that the process of engagement should not be short changed but rather allocated additional time and resources (working within the constraints posed by absorptive capacity).

The complexities of generating stakeholder participation is multiplied by the very wide set of stakeholders often found in biodiversity focal area projects when compared to other focal areas. While the private sector is typically not involved as a stakeholder perhaps because of the protected areas nature of many of the projects included in the PIR, governments and various non-government and community-based organizations are regularly part of the stakeholders, steering committees, and training efforts. There is also often greater emphasis on women in biodiversity projects. This relates not only to the UNDP-wide policy towards women, but to the role women play as custodians of BD in many settings. In general, stakeholder involvement (for example, *Colombia, Panama, Guyana*) increased during project execution.

Status Report Biodiversity

Eleven PDFs and PRIFs are listed in the slow implementation category (Status Reports).

The *India Eco-Development project* produced a project currently implemented by the WB. Only closure of this project is pending.

Three African PDFs have had delays due to political unrest: *Congo Protected Areas, Lesotho Mountains Biodiversity,* and *Upper Guinea Rainforest*. As soon as situation permits, activities will continue.

India Gulf of Mannar has been slow in preparation but is expected to generate a Project Brief very soon. Another India PDF, *Andaman and Nicobar* has a very slow start but has recently commenced activities.

Regional Western Indian Ocean and *White Rhinos* are stopped. In the Western Indian Ocean case there is a discrepancy between GEFSEC and requesting countries in the goals of the project, whereas in the rhino case it is a discrepancy among participants.

The Brazil Juruena Non-Timber Forest Products (NTFP) PDF has been delayed for lack of agreements on the scope with authorities. An interesting outcome of this PDF is that it was found out that with current market prices and transport costs, concentrating on NTFP would not be a feasible strategy for conservation in the region. Therefore the work has been re-focused to treat NTFP as one element of a wider scope

brief that will soon be brought to bilateral consultations.

UNDP/GEF is concerned about the delays in the time required by some its PDFs and PRIFs in producing eligible Project Briefs, and is working to implement a procedure to expedite delivery.

3.2 Climate Change

This year's PIR includes 19 climate change projects that account for slightly more than US$ 96 million. Although a few Pilot Phase projects were operationally completed previously, several additional ones are winding down in this year. Until now, the PIR has focused exclusively on Pilot Phase Projects. This is the first year that the PIR has included projects from GEF1. Future PIRs can be expected to focus increasingly on GEF1 projects as the more successful Pilot Phase projects become operationally completed.

In terms of breakdown by Operational Program, the fit is not perfect as most of these projects preceded the programs. However, three projects deal very clearly with energy efficiency and belong in OP5. Six projects focus on some expanded utilization of renewable energy, belonging to OP6. Two projects fit into OP7 and four can be considered the full-project equivalent of Pilot Phase enabling activities. The remainder, considered short-term, include two carbon sequestration/rangeland management programs, one coal-bed methane project, and one targeted research and monitoring project.

For the three projects under OP5, the *Regional African Energy Efficient Buildings project* appears to be making very satisfactory headway. Significant training has taken place and the project is about to launch a program of demonstration incorporating new, more energy-efficient elements into West African buildings. The *Pakistan Road Transport project* finally seems to be getting off the ground, largely because the final impasse that was causing delays (i.e., whether the demonstration tune-up stations should be nationally procured or procured via UNIDO) was resolved in favor of the national executing agency, who have become extremely supportive and cooperative. The first such station established with project funds was opened at the end of September 1998.

More than any other project in UNDP/GEF's climate change portfolio, the *Chilean GHG Reduction project* is the one that has been most overtaken by external events. Originally, this project had two elements: the first focusing on improving the use of energy efficient motors in the Chilean mining sector and the second focusing on producing methanol from organic wastes. From the time when the initial project was approved, Argentine natural gas made headway into the Chilean economy, making it the source of arguably the cheapest methanol in the world. As a result, the methanol portion of the project was reformulated to focus on rural electrification through biomass gasification. This portion of the project seems to be making satisfactory progress this year. However, the portion of the project dealing with efficient motors has more recently encountered problems. Having convinced the mining industry that substantial savings could be achieved, there has still been no interest in the establishment of a revolving fund for the procurement of these motor drives as the mining companies are largely interested in and capable of self-financing the initiatives. In addition, some of the interest in saving electricity is being lost as, again due to the influx of natural gas and the privatization of the electricity sector, the price of electricity is expected to fall significantly over the coming two years. As a result, the project is currently undergoing yet another reformulation.

With one notable exception (discussed below), all of the 6 projects that fall into the realm of OP6 on renewable energy made satisfactory progress this year. The Zimbabwe PV project is being operationally concluded this year and has surpassed its stated goal of facilitating the dissemination of 9,000 PV systems. By current counts, nearly 10,000

systems have been distributed with the assistance of the project. The Mauritania project, which has also been operationally concluded this year, has electrified all of the 19 villages targeted in the project. While these all appear to be working, in a few cases there is a seasonal shortfall of electricity—a fact that reflects the weak information based upon which the project was built. These two projects both appear to have achieved their stated goals.

Both *India's Hilly Hydel* and *Biomethanation projects* have made satisfactory progress this year. In the case of the latter, four of the targeted 29 units are in operation. The remainder have been identified, selected, and should be under construction. Many factory owners are either reluctant to finance half of the investment due to the perceived risks of the return to the investment or the unfamiliarity with the technology. As more demonstration units become operational, this barrier is expected to come down. With respect to the former project, 18 out of 100 watermills have been built, with the remainder planned and scheduled to take place before the end of the project (December 1999). All 25 small hydro-electric sites have been selected and are under construction. Both of these projects have made considerable progress in the past year, as they both received unsatisfactory ratings on the PIR for 1997.

The one GEF I project found in OP6 that is included in the PIR is the *China Landfill Gas project.* This project has made satisfactory progress as indicated in the PIR. However, it is still too early to judge the performance characteristics of the landfill gas technology in the Chinese context.

The only one of the six projects under OP6 that received an unsatisfactory rating this year is the *Tanzania Takagas project*. This project was originally designed to accelerate the fermentation of organic wastes and utilize the captured methane. It also received an unsatisfactory rating last year. The plant itself still has not been built. As this is being written, the Tanzanian government, the Danish government, and UNDP have fielded a joint mission to consider which future alternatives should be pursued with this project.

The two projects under OP7 are both set in *Brazil* and are part of the same programmatic initiative to utilize biomass for advanced power generation. The *BIG/GT Phase II project* has now been operationally closed, having led successfully to the public/private consortium and the follow-on World Bank/GEF project. A final project evaluation report is available. The *Sugar-Cane Bagasse and Trash project* is a GEF1 project designed to apply the information learned in the BIG/GT project to the utilization of the same technology to utilize sugar-cane waste. It has made satisfactory progress this year and has already characterized sugar-cane trash for energy use; tested a dry-cane cleaning station; and tested a green-cane harvester. All of these are necessary preconditions to effectively utilize sugar-cane wastes for electricity generation.

Among the four enabling activity projects, all of the appear to have made successful progress this year. The *Regional ALGAS* and the *Africa regional projects* are already operationally completed, with only minor bookkeeping adjustments required. Both have final evaluation reports available in draft form. The *Maghreb regional project* should be completed by the end of 1998. All three of these projects were designed as enabling activities prior to the formal development of the phrase "enabling activities." In some ways, the development of the GEF guidelines for the enabling activities has undermined the rationale for and interest in these projects. Each had to adjust in a slightly different manner. For ALGAS, the project continued its planned approach of following the formal analysis from inventory to abatement analysis and project identification. The Maghreb project concentrated on sponsoring activities and the production of the materials, which could not be supported under the newly defined enabling activities. The Africa project redirected its efforts toward supporting the countries in preparing

their initial national communications. However, so far, only Zimbabwe has finalized and presented its initial national communication. All of these projects will have been successful despite being undermined by the later development of events. All of them have served to create strengthened national capacity in the climate change arena.

CC: TRAIN Phase II is the other project in the EA category. It is now in the second full year of implementation and is currently undergoing an independent mid-term evaluation that will be available in draft by COP4. The training materials developed under *CC: TRAIN* are now available for use by all parties to the UNFCCC.

Under the short-term window, the *China Coal-bed Methane project* appears to have been very successful. As has been indicated previously, the Chinese Government has created a new agency to oversee coal-bed methane development, and the project has spurred the development of numerous joint ventures to harness this resource. This project will be operationally completed during calendar year 1998. The two r*ange management and carbon sequestration projects (Benin and Sudan)* appear to have been very successful at improving forest and rangeland management in the project areas. The main emphasis of the Sudan projects was to take the pressures off the land by introducing alternative livelihood systems and modified rangeland practices so as to reduce the overutilization and thereby also improving carbon storage. Later this year, actual field data on carbon sequestration potential attributable to initiatives of this kind will be available to inform deliberations in the development of the carbon sequestration programme (OP12). In the context of the Sudan project, a series of publications are being planned to further highlight the carbon sequestration results in the project and potentials for carbon sequestration in the drylands.

Capacity Development

Many of the projects included in the PIR this year have played an important role in raising both capacity and awareness with respect to the challenges and opportunities posed by the climate change focal area. Many of the benefits from these capacity building efforts are synergistic—where efforts from one project benefit another—thereby becoming visible only with a portfolio-wide overview. Three examples come to mind from the perspective of a broader overview.

First, the *ALGAS project* has trained over 175 national experts from the 12 participating countries in the IPCC inventory methodology. In addition, it has trained experts on the measurement of methane emissions from rice paddy; on GHG abatement analysis; and on the development of abatement projects. This capacity-building initiative has laid a relatively solid foundation in the Asian region for future response in the climate change focal area. Similar experiences can be traced for both the *African and Maghreb regional projects*. All of these experts are now available to assist their countries and others in the preparation of climate change national communications. Unfortunately, only time will tell how much of this capacity remains in situ and how much is lost through attrition, but capacity building and training remain perpetual processes.

Second, the IAI component of the *START project* trained well over 200 national participants in GIS, remote sensing, and mapping, as required for environmental and land-use analysis. Many of these national experts are now involved not only in preparing national communications, but also in helping their countries plan and manage land-use and forestry and to be better able to document climate change trends and patterns. This project continues to have very strong support at the local level, merely because it was so effective in building capacity within the region.

Thirdly, the *Global Research project* on methane emissions from rice paddies has not only helped improve the global understanding

of this problem, but has also provided training to national professionals through the ALGAS project.

Actions "Leveraged"

A few of the examples listed below will show that many of the projects have had successful effects on leveraging activities elsewhere in government. The section below highlights some of these.

In India, both the *Biomethanation project* and the *Hilly Hydel projects* have appear to have had leveraging impacts. The *Biomethanation project*, which originally proposed that GEF would support the construction of 16 demonstration plants, so convinced the government of the value of these projects, that they increased both the funding and the target of the project to 29 demonstration plants. In the *Hilly Hydel project*, although the project was originally slow in reaching implementation, the government is now considering writing into their practice for all small hydro initiatives this approach to involving local decision-makers in the planning process.

In the case of *China's Coal-Bed Methane project*, the government has not only established a coal-bed methane agency, but they have been convinced to allow an entirely new set of joint ventures to be created to capture the resource. In *Mauritania*, the approach adopted under the *Wind Electric project* has been adopted not only in the follow-on project, but it appears to form the basis for all of the Government's thinking with respect to rural electrification.

Lessons Learned

Upon reflection, four lessons emerge from the experience of this year's PIR with relation to climate change. While two of these relate directly to the cross-cutting themes of capacity building and leveraging, the others are more general in character, relating to the implementation of GEF climate change projects.

In the first instance, it is clear that a number of the UNDP-GEF Pilot Phase projects have contributed to successful capacity building among recipient countries. These projects—such as *START, IAI*, or *Methane from Rice Paddies*—have contributed both to strengthen capacity in the countries involved and to raise public awareness of climate change generally in these recipient countries. In both last year's PIR and this year's, it has been pointed out that these projects had a positive impact on the enabling activity process, with successful carry-over from these projects to the nationally executed EAs. However, to date, there has been little or no systematic effort to share experiences and promote synergistic cooperation between these projects, which are largely executed in different regions with different participants. With a little thought and minimal resources, it should be possible to catalyze greater synergistic benefits from these different capacity-building efforts by adopting a cross-cutting, programmatic approach. Such activities would enhance both the benefits from these projects as well as the visibility of the GEF and its support for climate-change related activities in its recipient countries.

The second lesson relates to leveraging and commitment. Many of the Pilot Phase projects appear to have been prepared with minimal stakeholder consultations, as was discussed in the 1997 PIR. At the same time, they underwent no detailed incremental-cost analysis. This means that in many cases, there may be little or no counterpart budget and the commitment of national executing agencies may be tepid, at best. Across a number of these Pilot Phase projects, the willingness of national executing agencies to contribute human resources, financial resources, and policy analysis and changes to a project have been a major determinant of success. In several projects, governments have taken time to consider their position with respect to Pilot Phase projects. In the cases where they have responded favorably through larger commitments to the project, the projects have tended to be successful, even though they are delayed. In other cases where the GEF projects

did not leverage out a suitably large commitment from the government, the projects continue to struggle. The level and seriousness of the counterpart contributions leveraged out of governments provide an interesting indicator of commitment to the project, and may even be an indicator of eventual project success.

Two other issues relating to general project implementation are worth raising here. First, UNDP's ability to alter ongoing projects to fit changing needs and goals is one of the organization's advantages. This can be seen to have worked relatively well in offices where the UNDP office is strong or works with a strong counterpart within the government. Projects such as the *Chilean Reduction of GHGs, African Regional Capacity Building for the UNFCCC*, and several others have responded well and adapted to changing circumstances. In other cases where neither the government counterpart nor the UNDP office is sufficiently strong, this has led to increasingly problematic projects that have been unable to adapt.

Finally, it is interesting to note that based upon the experience of several projects, the persons hired to manage a project frequently need skills other than those normally associated with the technical substance of the project. Technical skills are important to carrying out project conceptualization, identification, and design, but for project implementation, a more entrepreneurial, managerial, or political profile is often required. For example, the technical aspects of energy efficiency are relatively straightforward by the time a project is ready to be implemented. At that stage, a technical specialist may not be appropriate as his or her tendency will be to spend too much time and effort focusing on the purely technical aspects of the work. In contrast, what is needed (as witnessed by several UNDP-GEF projects) is someone with business or entrepreneurial skills to sell the advantages of the energy-efficient investments to a wider audience consisting largely of the financial and business communities. There is a lesson to be learned from these experiences in the design of future projects. This understanding may exist in other fields of development assistance, but it should also be kept in mind within the climate change focal area.

3.3 International Waters

Basic Project Data

Five UNDP-GEF International Waters full projects under implementation for at least one year reported to the 1998 PIR. Reported financial data are summarized below:

Implementation Progress

The majority of International Waters projects report at least a satisfactory progress in implementation, with the East Asian Seas MPP rated highly satisfactory on the achievement of all objectives. The *Lake Tanganyika project* cited dedication of field staff under extremely difficult conditions as a key element contributing to what successes had been achieved. Difficulties relating to

Project	Planned Disburs. ($ million)	Actual Disburs. ($ million)	Budget ($ million)
Lake Tanganyika	N/A	N/A	10.0
Lake Manzala Eng. Wetland	.946	.442	4.5
Gulf of Guinea LME	4.53	4.65	6.0
East Asian Seas MPP	5.14	5.57	8.0
Black Sea SAP	1.78	1.34	1.79
TOTAL	12.396	12.002 (96.8%)	30.29

delays in choice and procurement of equipment were noted. In Egypt, the *Lake Manzala project* had been delayed due to restructuring of the EEAA as well as delays in the allocation of land on which the wetland will be constructed. These issues have been resolved, and the project has now started up at a relatively rapid pace. The *Black Sea* cited delays due to a passive Advisory Group, slow pace of cooperation with IFIs in organizing a loan portfolio, and limited management capacity in the PCU due to staff shortages. In the *Philippines and China, the EAS-MPP project* cited the use of ICM national demonstration sites to illustrate the potential benefits to be derived from management-focused monitoring efforts and the value of sharing information among managers of coastal sites. The *Gulf of Guinea project* noted the enthusiasm and strong support of the governments as a key success factor, as well as the recognition across a broad suite of stakeholders of the necessity of ICM Plans as management tools.

Impact

Again, the majority of IW projects report a highly satisfactory or at least satisfactory impact. Demonstrable impacts from the *Lake Manzala project* are not yet available due to the delayed start-up of project activities over the last three years. The EAS-MPP succeeded in demonstrating workable solutions to marine pollution prevention that can be replicated by the participating countries. Approaches used included national marine and coastal policy formulation, development of regulations, coastal planning and management, risk assessment and management of sub-regional sea areas, institutional organization, pollution monitoring, waste management, capacity building, and sustainable financing mechanisms. In the *Gulf of Guinea,* National Integrated Coastal Area Management Plans have been developed along with National Steering Committees to guide and promote the multi-sectoral management approaches required in these plans. An ongoing mangrove pilot reforestation efforts is being "ground truthed" using satellite images and

STAKEHOLDER INVOLVEMENT

Project	Government*	NGOs**	For profit	Academic
Tanganyika				
Design	n		x	x
Implem.	n,r,l	i,n,c	x	x
M&E	n, r	i,n		
Manzala				
Design	n		x	x
Implem.	n	c	x	x
M&E	n		x	
GOG-LME				
Design	n,r	i,n		x
Implem.	n,r,l	i,c	x	x
M&E	n,r,l	i,n,c	x	x
EAS-MPP				
Design	n,r,l	i,n,c	x	x
Implem.	n,r,l	c	x	x
M&E	n,r,l	c	x	x
Black Sea SAP				
Design	n	i,n		x
Implem.	n	i,n		x
M&E				

* n = national, r = regional, l = local; ** i = international, n = national, c = community

fishery statistics; while limited, it will serve as a baseline to track future improvements in stocks and marine biodiversity. Through both the regional and national Black Sea Strategic Action Plans (SAP/NAP), the *Black Sea project* has contributed to the global and regional objectives of GEF by establishing a mechanism which will allow countries to address transboundary environmental problems. The project is in the process of orchestrating a "basin-wide" approach to coordinating the joint efforts of 17 countries in addressing the priority transboundary problem in the region of eutrophication.

Sustainability and Replication

In *Lake Manzala*, it is hoped that through national execution, the technology transfer of knowledge during the design and implementation of the wetland will ensure the existence of local and national knowledge for similar future projects. In the *East Asian Seas*, sustainability at each of the demonstration sites has been achieved via the integration of the institutional framework, capacities, and financial commitments into the local government's planning, operational, and fiscal cycles. Private sector support and public awareness have also been strengthened, helping to ensure transparency and continuity in future environmental management actions. Replication of the ICM sites has already occurred at three sites in *China* and is planned for three sites in the *Philippines*. In the *Gulf of Guinea*, the recently adopted Accra Ministerial Declaration contains commitments on the part of the governments to sustain the regional approaches to solving shared environmental problems, as well as the replication of successful project components. A study of financial mechanisms to make this process self-sustaining is currently underway. In the *Black Sea*, the recent inability (due to the severe financial situation in the region) on the part of the riparian countries to financially sustain the PIU until the Secretariat is functioning and the new GEF basin-wide project established pose ongoing threats to both the short and long-term sustainability of this program.

In the *East Asian Seas*, management and coordination mechanisms (Batangas Bay Council for ICM/Xiamen Marine Management and Coordination Committee) were developed and institutionalized during the project and include representation from all stakeholder groups, at both the local and national levels. Project activities were implemented in collaboration and/or through contractual arrangements with diverse stakeholders including universities, research institutions, industry, international agencies and organizations, and national and local government units. In the *Gulf of Guinea,* representative stakeholders participate in the decision-making meetings (e.g., Steering Committee, TPR, at both regional and national levels) of the project. As members of the Black Sea Environmental Programme Steering Committee, representatives of governments and NGOs take an active role in the implementation and day-to-day management of the project.

Tanganyika noted that the strong technical/scientific bias in the project limited NGO involvement because few NGOs in the region had these capacities. In the *East Asian Seas*, a lack of focus by national and community NGOs on marine issues was observed to limit their participation in International Waters projects. In the *Gulf of Guinea*, despite modest funds allocated to NGO/CBO participation, the NGOs have been very successful at generating extra-budgetary funds in support of their activities. The Black Sea project noted that in recent times NGOs have become more donor-driven and thus they do not act solely as independent institutions with their own programs.

Leveraging Policy or Legislation Changes

The *East Asian Seas project* has set up a regional network on the legal aspects of marine pollution. Related initiatives have included drafting of national legislation to implement international conventions, model framework legislation on marine pollution, draft models for national coastal policy, and a training program focused on international conventions and national regulation development. These efforts have been reflected in the efforts by countries to adhere to international maritime conventions, over 30 of which have been ratified or implemented since the start of the project. In the *Gulf of Guinea*, selected countries/areas have adopted domestic and industrial waste management policies as well as preliminary fishing regulatory measures. Each country is also moving towards the creation, adoption, and implementation of Integrated Coastal Area Management Plans. Finally, increased awareness has been created in the region on existing International Conventions of relevance to marine and coastal resources. In several *Black Sea countries*, the NEAPs were expanded with a special chapter for the marine environment, the NBS-SAPs. Finally, the Vice President of the World Bank has announced the development of a major new initiative seeking a portfolio of up to US$500 million in investments related to the Black Sea environment over a period of three years.

CAPACITY DEVELOPMENT

Project	No. workshops	No. trained
Tanganyika	19	>200
Lake Manzala	N/A	N/A
GOG-LME	N/A	600
EAS-MPP	N/A	500
Black Sea SAP	N/A	N/A

Lessons Learned

For a project such as Lake Tanganyika in such a high-risk region, more resources need to be committed to operational planning prior to project start-up. Earlier and more thorough stakeholder consultations, especially at the local level, would have improved subsequent project performance. Countries need to feel that project financial resources are being partitioned equitably and this is best agreed upon at an early stage in a transparent manner.

Several valuable lessons were reported by the EAS-MPP project. Flexibility in program design allows a good manager to take advantage of opportunities for linkages with other projects and programs, to their mutual benefit. Enhancing the technical capacity of local governments and providing meaningful participation for local stakeholders were found to be essential elements

NUMBER OF INSTITUTIONS INVOLVED IN PROJECTS

	Government			NGOs				
Project	Nat'l.	Reg'l.	Local	Int'l.	Nat'l.	Comm.	For profit	Academic
Tanganyika	48	10	5	3	6	5	4	6
Lake Manzala	3							1
GOG-LME	104	15	50	8	100	25	25	60
EAS-MPP	N/A							
Black Sea SAP	6	6	36	0	30	3	6	25

of ICM projects. Finally, sustainable coastal and marine management requires that stakeholders understand the benefits to be derived before investments are made.

In the *Gulf of Guinea*, the importance of involving the private sector in project decision-making and in the consultative process, including formulation of regulations, was noted. The involvement of communities based around intervention sites in the consultation and decision-making process was also underscored, in order to give them a sense of ownership and commitment to sustain the selected actions/ interventions. Finally, since NGOs are often more effective in reaching grassroots populations, they may be better placed to serve as vehicles for mass mobilization and outreach programs, with government assistance as appropriate.

The *Black Sea* noted some of the following lessons learned:

1) Donor coordination and inter-agency coordination are vital in order to avoid overlaps and to avoid confusing recipients of support;

2) Networking existing institutions is an important first step towards consolidating technical support for program implementation and the networks should not be developed in such a way as to rely upon external support; and

3) Training activities should focus on small groups which can be "connected" to the problems through direct contact with the relevant stakeholders and specialists.

APPENDIX C.2

UNITED NATIONS ENVIRONMENT PROGRAMME
GLOBAL ENVIRONMENT FACILITY

Project Implementation Review 1998

Overview Report

1. PROJECT STATUS LIST

1.1 The UNEP GEF Project Implementation Review (PIR) for 1998 covered the following UNEP projects in the GEF Work Program which began implementation before June 10 1997 and were under implementation for part of FY 98:

1. Support to the Preparation of Biodiversity Country Studies, Phases I & 2 (Bahamas, Burkina Faso, China, Colombia, Democratic Republic of Congo [Former Zaire], Cuba, Egypt, Estonia, Georgia, Ghana, Guinea, Jordan, Lebanon, Madagascar, Malaysia, Morocco, Namibia, Nigeria, Papua New Guinea, Peru, Philippines, Poland, Syria, Tanzania, Thailand, and Tunisia)

2. 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)

3. The Global Biodiversity Assessment

4. Country Case Studies on Sources and Sinks of Greenhouse Gases (Costa Rica, Gambia, Mexico, Morocco, Poland, Senegal, Tanzania, Uganda, and Venezuela)

TABLE 1: STATUS OF UNEP/GEF PROJECTS COVERED BY PIR 1998, AS OF JUNE 30, 1998

Project	GEF Allocation (US $ millions)	Commitment	Disbursement
1. Support to the Preparation of Biodiversity Country Studies Phase I	5 M	5 M	4.51 M
2. Biodiversity Data Management Capacitation in Developing Countries and Networking Biodiversity	4 M	4 M	2.99 M
3. Support to the Preparation of Biodiversity Country Studies Phase II	2 M	2 M	1.57 M
4. The Global Biodiversity Assessment	3.3 M	3.3 M	3.13 M
5. Country Case Studies on Sources and Sinks of Greenhouse Gases	4.5 M	4.5 M	4.44 M
6. Strategic Action Programme for the Binational Basin Of The Bermejo River.	3.2 M	6.0 M	*
7. Country Studies on Climate Change Impacts and Adaptation Assessments	2 M	2 M	1.82 M
8. Economics of Greenhouse Gas Limitations - Establishment of a Methodological Framework for Climate Change Mitigation Assessment	3 M	3 M	1.69 M

* expenditure for this project not yet recorded.

5. Country Studies on Climate Change Impacts and Adaptation Assessments (Antigua and Barbuda, Cameroon, Estonia, and Pakistan)

6. 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)

7. Strategic Action Programme For The Binational Basin Of The Bermejo River.

1.2 UNEP conducted an internal PIR meeting to discuss, and exchange experiences between UNEP staff on the implementation of UNEP's GEF funded activities. The PIR focused particularly on UNEP's experiences in project preparation, planning, and subsequent implementation as well as lessons learned. In addition, each project task manager prepared individual PIR reports that detailed the experiences and lessons learned in project implementation for their projects. As of 30 June, 1998, UNEP's GEF portfolio consisted of 20 full size projects of which six projects entered the work program in the Pilot Phase and 14 projects were approved by the Council in GEF1. Of these 20 projects, there are seven projects in bio-diversity, four projects in climate change, five projects in international waters, three projects dealing with stratospheric ozone depletion and one project dealing with cross-cutting issues.

1.3 All UNEP GEF financed projects endorsed into the GEF Work Program before June 30, 1996, have been committed (i.e., internally approved by UNEP). In addition, all UNEP GEF financed projects that were committed before September 1997 had begun disbursements by June 30, 1998.

1.4 For the 1998 PIR, eight projects had been under implementation for more than one year as of June 30, 1998. The project "Capacity Building and Infrastructure: Participation in the Assessment, Methodology Development, and other Activities of the Intergovernmental Panel on Climate Change (IPCC)" has been officially closed prior to July 1997 and thus was not included in this year's PIR. Two UNEP projects: "Country Case Studies on Sources and Sinks of Greenhouse Gases" and "Country Studies on Climate Change Impacts and Adaptation Assessments" were operationally completed in GEF FY 98 and have been included in this year's PIR exercise.

2 Summary Performance and Lessons Learned Overview

2.1 Performance of GEF projects relative to comparable non-GEF projects - length of time from formal IA approval to first disbursement; analysis of disbursement history

Given the need for expedited procedures for both Enabling Activities and Medium-Sized Projects, UNEP undertook a process that has modified its internal procedures for projects falling under these categories so that the length of time from formal IA approval to first disbursement has now been reduced from an average of four months down to two weeks. For full size projects and PDF Bs, length of time from formal IA approval to first disbursement is approximately two weeks.

2.2 Ratings of Implementation Progress and accomplishment of development and/or global environmental objectives

On average, UNEP projects covered during PIR 98 had a rating of (S) for Implementation Progress. The ratings for regional and global projects were greatly influenced by the level and effectiveness of coordination and mobilization of the many institutions and individuals participating in project design and implementation. This factor had a significant impact on the projects' rate of implementation and in turn, on achievement of global

Project Title	GEF Allocation (US $ millions)	Cofinancing (US $ millions)	Total Cost (US $ millions)
1. Support to the Preparation of Biodiversity Country Studies Phase I	5 M	1.3 M	6.3 M
2. Biodiversity Data Management Capacitation in Developing Countries and Networking Biodiversity	4 M	1.4 M	5.4 M
3. Support to the Preparation of Biodiv. Country Studies Phase II	2 M	0.4 M	2.4 M
4. The Global Biodiversity Assessment	3.3 M	0.3 M	3.6 M
5. Country Case Studies on Sources and Sinks of Greenhouse Gases	4.5 M	1.8 M	6.3 M
6. Strategic Action Programme for the Binational Basin Of The Bermejo River	3.2 M	2.7 M	5.9 M
7. Country Studies on Climate Change Impacts and Adaptation Assessments	2 M		2.0 M
8. Economics of Greenhouse Gas Limitations - Establishment of a Methodological Framework for Climate Change Mitigation Assessment	3 M	0.27 M + 1.0 M in associated projects	3.27 M

environmental objectives and should not be addressed at the expense of reaching global environmental objectives.

With respect to the accomplishment of development and/or global environmental objectives, the average rating was (HS). UNEP's projects relating to biodiversity and climate change planning (the Biodiversity Country Studies, the Biodiversity Data Management project, the Global Biodiversity Assessment, the Country Studies on Sources and Sinks of Greenhouse Gases, the Economics of Greenhouse Gas Limitations and the Country Studies on Climate Change Impacts and Adaptation), have proven to be instrumental in building national capacity for developing national strategies for biodiversity and climate change mitigation and adaptation. These projects have also provided countries with the necessary scientific knowledge for planning. Methodological tools for these exercises were refined based on the countries' needs and have helped to ensure that countries have the necessary guidance for carrying out such national planning exercises. The results achieved can also be used to measure progress at the global level by supporting the efforts of the GEF and Conventions on Biological Diversity and Climate Change in comparably assessing progress of countries towards reaching particular global environmental objectives. For the "Strategic Action Programme for the Binational Basin of the Bermejo River," the main global environmental and development objectives are to identify priority transboundary concerns and needs within the Basin and to assist in developing a watershed approach for integrating environmental and development concerns into the planning programs of the Governments of Argentina and Bolivia. Towards reaching these objectives, the project has completed its basic data gathering activities and partial implementation of the demonstration projects. Assessment of the demonstration project performance and integration and analysis of data with a view to extracting strategic issues is proceeding.

2.3 Risk assessments for projects reviewed

The most common risk in projects implemented by UNEP is the complexity of coordination and mobilization of the large number of institutions and individuals, from several countries, who bring their distinct expertise and experiences to project design and implementation. As a result, UNEP projects on average have achieved an average rating of (S) on the rate of project implementation. The duration of regional and global projects tends to be longer than that for single country projects, often due to the need for managing the participation of a large number of organizations. However, UNEP's experience shows that the effectiveness of such projects in providing a mechanism for technical assistance and exchange of experiences between countries outweighs the risks. This case was clearly displayed in the Enabling Activity exercise where individual country projects replaced the global umbrella project approach and then needed an individual "support programs" for technical assistance for both biodiversity and climate change enabling activities.

2.4 Leveraging Additional Resources and Actions

While UNEP has acquired cofinancing for its projects, it should be noted that paragraphs 299 and 300 of the GEF Overall Performance Study recognized that UNEP is not a funding agency, stating that it was not reasonable to expect substantial co-financing from the organization.

In addition to leveraging financial resources and in-kind contributions, UNEP projects resulted in leveraged action for the benefit of the global environment:

- The Biodiversity Country Studies project has resulted in an agreed need for National Biodiversity Strategies and Action Plans. It also led to the Biodiversity Data Management Project.

- The Biodiversity Data Management Project catalyzed the formulation of Biodiversity Information Management Systems for some of the participating countries as well as information systems for National Park Systems. Several countries are now starting to implement their National Biodiversity Data Management and Information Action Plans. This will further help countries keep track of their biodiversity status, actions taken to address threats, and coordinate activities being undertaken at national and regional levels thus avoiding duplication. The Biodiversity Data Management Project is also facilitating countries' implementation of the Clearinghouse Mechanism of the CBD. In addition, the tested methodology tools and reference material produced for biodiversity information management are being used by other countries to carry out their National Institutional Surveys.

- The Global Biodiversity Assessment (GBA) has resulted in a compilation and analysis of the level of knowledge worldwide on biodiversity. It has provided a standard scientific reference on the main issues of biodiversity, helping policy-makers, scientists, and non-governmental organizations contribute better to the conservation and management of the planet's biological wealth. The assessment identified critical scientific issues on which consensus or disagreement exists as well as gaps in current knowledge, providing a firm basis for further scientific work. The level of leveraging brought about by this project has not been estimated although it has been confirmed that a wide variety of scientific organizations and donor institutions are using the data to provide the necessary background for initiatives they are undertaking. Many of these

organizations have initiated action to address the gaps identified through the GBA process.

- The Country Case Studies on Sources and Sinks of Greenhouse Gases project and the project on Economics of Greenhouse Gas Limitations-Establishment of a Methodological Framework for Climate Change Mitigation Assessment have leveraged actions by countries to develop National Climate Change Mitigation Strategies based on data collected in these projects. The Sources and Sinks project provided the required greenhouse gas inventory data with which countries can determine where action would provide the most effective result. The Economics of GHG Limitations project helped countries to determine where such action is more cost-effective. In general, these two projects have leveraged further action by contributing to the common methodological basis for national communications, as required by the UNFCCC. While the work on methodologies is still under development by SBSTA, the meeting in July 1997 of SBSTA established a work program on methodologies relevant for the UNFCCC as well as the national communication process. The UNEP GEF projects, complemented by the regular activities of UNEP/UCCEE in the area of mitigation analysis have been recognized as the main efforts in this area and follow-up actions are proposed as part of the methodologies work programme endorsed by SBSTA. In addition, the guidelines are being distributed to a number of countries which are in the process of preparing their first national communication, and the interest in guidance material and support is significant. More than 100 draft guidelines have been distributed so far. The two projects have also been instrumental in assisting countries in the process of integrating environmental and specifically climate change concerns with national and regional development priorities.

  The Economics of Greenhouse Gas Limitations project also leveraged the participation of additional countries from other capacity building projects financed from non-GEF sources. As a result, the methodological guidelines were tested by 15 countries instead of the original eight. In addition, non-GEF sources of cofinancing were used to undertake two workshops which were organized back to back with a related World Bank meeting, thus making more cost effective use of resources.

- The Country Studies on Climate Change Impacts and Adaptation Assessments leveraged action has leveraged the implementation of National Climate Change Adaptation Plans by some countries. In addition, the project was associated with a series of additional projects in which funding was leveraged from non-GEF sources to enable additional countries to carry out national adaptation and impact assessments. As a result, a handbook to assist countries with using tested methodologies was further refined and has been serving as a reference guide for additional countries seeking to carry out their climate change impact and adaptation assessments.

- The Bermejo River Basin project has put in place measures that will leverage further action by developing opportunities for the establishment of financial incentives, private sector investment, and cost recovery in environmental management. The project is leveraging action by instilling a high level of community and producer involvement and buy-in with the aim of replicating project experiences from its demonstration activities. It is also leveraging action towards the conservation of biological diversity in the territory between Baritu and Tariquia natural protected areas by evaluating the legal and biological feasibility of a biological corridor which will result in the formation of joint policies to address the situation. In addition, revolving loan

financing is being provided from federal sources to help farmers mitigate human pressures on the natural resources in the area.

2.5 Building Recipient Capacity

All UNEP projects reviewed for PIR 98 had some level of capacity building at national level. In some projects, there were significant capacity building components which contributed to the accomplishment of project objectives:

- The Biodiversity Country Case Study projects' (Phases I and II) primary objective was the building of national capacity to review the status of their biodiversity and identification of basic needs for effective conservation and sustainable use of biodiversity. The projects resulted in the establishment of National Biodiversity Units that included government, non-governmental institutions, and the scientific community and which now continues to play a strong role in the formulation of National Biodiversity Strategies. By building up the knowledge base of the countries on the status and level of biodiversity at national level, as well as strengthening the institutional base for this activity, the projects have built the capacity of countries to prepare their National Biodiversity Strategies and Action Plans;

- The Biodiversity Data Management Project had the objectives of the strengthening of national mechanisms and institutions for access to and dissemination of national biodiversity information, the enhancement of existing ability and skills to utilize the relevant technologies and know-how in data management, and the development of linkages with national, regional, and global networks and its exchange and management. As noted in the independent evaluation of the project, the development of national BDM capacity and biodiversity data management skills were considered outstanding achievements of the project. The independent evaluation of the project also concluded that it has raised awareness of biodiversity issues through its workshops. As a result, the project has built in-country capacity that has supported national policies on biodiversity and provided a framework for continued improvements in biodiversity data management in the future;

- The Global Biodiversity Assessment (GBA) has helped strengthen a network of scientific experts during its implementation as a result of bringing together scientists from a wide variety of disciplines. The assessment is now providing the necessary knowledge base for policymakers, scientists, and non-governmental organizations and donor organizations by acting as a comprehensive and scientifically based reference tool relating to the status of knowledge on biodiversity, thus linking science with national policy and decision making;

- The Country Case Studies on Sources and Sinks of Greenhouse Gases arranged for several institutions to provide technical assistance to specific countries undertaking case studies. A network between participating African countries was also catalyzed as a result of the project and has enabled countries to exchange experiences and lessons learned. In addition, the project built country capacity to develop national strategies for reducing greenhouse gas emissions. The data and methodology advanced by this project has contributed to the knowledge-base ability of governments to develop national policies and technologies that could minimize greenhouse gas emissions;

- One of the main objectives of the project on Economics of Greenhouse Gas

Limitations - Establishment of a Methodological Framework for Climate Change Mitigation Assessment was to enhance institutional capacity in the participating countries and in the participating regional "centres of excellence." The regional workshops held in April and May 1998 show that it is evident that the project activities have improved the capabilities of the national teams. This development is the result of a number of different activities including training workshops, technical assistance, extended research stays at UCCEE or LBNL, and working on the project activities and having the opportunity to interact with other teams involved in the same process. All national teams are organized through the national climate change focal point institution;

- The capacity building objectives of the project on Country Studies on Climate Change Impacts and Adaptation Assessments were: to advance in-country scientific and technical understanding of the adverse effects of climate change; to strengthen the capacity to address climate change issues in the countries where country case studies are conducted; and to develop networks among countries participating in the studies and other international/national experts working in the field of impacts and adaptation. Indeed, one of the Performance Indicators was "The extent of enhanced capacity in the four countries including technical capability, public awareness, and political interest" which has already increased during the implementation of the project. In addition, the project has produced the "UNEP Handbook on Methods for Climate Change Impact Assessment and Adaptation Strategies" which is expected to serve as a valuable technical resource for other country study teams developing climate change impact and adaptation assessments as part of their country's National Communications under the UNFCCC.

  For all the projects above using the umbrella country study approach, it was noted that this type of an approach enabled countries to share experiences, lessons learned, and best practices. This was an ideal mechanism for building in-country capacity and facilitated the effective implementation of project activities and achievement of global environmental objectives.

- The Strategic Action Programme for the Binational Basin of the Bermejo River is building recipient country capacity by increasing governments awareness on environmental problems in order for them to incorporate environmental concerns into policy development plans, institute change in development practices to include environmental sustainability and reduce transboundary impacts. In addition, data acquisition that will be part of the transboundary analysis and will form the basis for the determination of strategic actions to be proposed in the SAP is helping the countries build up the necessary knowledge base. This will enable them to integrate environmental considerations into decision-making concerning the management of the basin.

2.6 Stakeholder Involvement

In accordance with UNEP's approved policy on public involvement in its GEF related activities, UNEP ensures that all projects involve a broad spectrum of stakeholder participation in the development and implementation of projects:

- On UNEP's *biodiversity projects*, guidelines used in national biodiversity planning exercises were developed by a multi-disciplinary teams of experts worldwide and were revised and further improved based on feedback from national stakeholders familiar

with their practical application at a national level. At the country level, UNEP's national biodiversity planning exercises (the Country Studies projects and the Biodiversity Data Management) were carried out by national experts and institutions with minimum involvement of external consultants and only upon the request of national institutions. The biodiversity planning exercises involved a broad range of institutions including universities, research centres, NGOs, various governmental departments, and members of the scientific community in each country. The Global Biodiversity Assessment (GBA) has provided an independent scientific forum for discussing the state of knowledge on biodiversity, thereby strengthening links among the scientific community on this topic. Further, the GBA project is presently preparing a stand-alone volume from the perspective of traditional knowledge on biodiversity and the relationships between cultural and scientific biodiversity that has involved an extensive consultative and participatory process with indigenous and local communities.

- The implementation of UNEP's *climate change projects* has involved national teams comprised of the national climate change focal points, relevant government institutions, government-designated research institutions, and NGOs with overall coordination resting with the government. Where government institutions are responsible for project implementation, local research institutions and/or NGOs are involved in providing technical assistance. It was noted that the most effective approach to the implementation of these types of projects was the use of multi-disciplinary teams of experts from several national agencies, research institutions, and NGOs.

- In *International Waters*, one of the main components of the Bermejo River Basin project is focused on public participation. The objective involves helping both Argentina and Bolivia institute a system of public consultation on the implementation and development projects of general interest in the basin, so that they are environmentally sustainable and socially acceptable. One of the Performance Indicators of the project is the establishment of a public participation system. The project seeks to involve the Basin communities in practical, "hands on" type involvement in the identification and field testing of remedial measures, as well as in a dialogue process. As a result, actions formulated through the SAP process will have the advantage of benefiting from actual community insights and experiences, and of being acceptable to the communities as sustainable alternatives to presently destructive practices. The project has also made excellent efforts to integrate the work program elements with community, municipal, and provincial programs.

2.7 Experiences, Insights and Lessons Learned during the Past Year

2.7.1 Applicable Lessons and Unresolved Issues from PIR 1997

UNEP staff allocate a significant amount of time to the Annual GEF Project Implementation Review and other parallel GEF processes relating to monitoring, evaluation, and financial reporting. A prominent issue in this year's UNEP PIR was that of identifying what role the recommendations from the Implementing Agencies' PIRs could play in improving GEF project design, development, and eventual performance. Several issues arising from the 1997 PIR do not seem to have been adequately addressed by the GEF in the course of the past year. The following are some of the issues that still remain unresolved:

1. **Need for improved information flow:** Since the last PIR, there has been some progress in improving the information flow between Implementing Agencies, which is critical for promoting inter-agency coordination and collaboration. The agreement on annual portfolio planning meetings between the GEF Secretariat and the Implementing Agencies as well as between the Implementing Agencies themselves will go a long way towards improving information flow particularly in regard to upstream planning. More strategic use of the inter-agency focal area task forces in a manner similar to the IWTF is also desirable in the biodiversity and climate change task forces for more effective coordination of activities in the GEF pipeline and portfolio.

2. **Defining "country-driven":** While some attempts have been undertaken since PIR 97 to clarify the understanding of country-driven, misconceptions still arise when regional or global projects are submitted for GEF financing. The experience is that differing definitions are being used in these circumstances where recommendations from governments at inter-governmental meetings, particularly on issues which governments choose to implement actions in a regional or global context, are construed as not being of national priority. There is therefore still a need to better define the concept of country driven.

3. **Use of tools in guiding GEF project development via a multi-country project approach:** UNEP's experience in developing guidelines for inventorying biodiversity or greenhouse gas inventories has shown that a multi-country project approach enables countries 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. These include the need for guidelines for the development of more standardized Transboundary Diagnostic Analyses (TDAs) and Strategic Action Programs (SAPs) in international waters so as to ensure a high quality of projects across the board.

4. **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 constrained the provision of technical support to governments. This is particularly prevalent in cases where projects have common groups of activities in new and emerging issues. In some cases, separate projects had to be developed to provide the needed technical support such as in the UNDP/UNEP Climate Change National Communications Support and the Biodiversity Planning Support Programs.

5. The multi-country/global umbrella project approach also enabled cross-learning between countries based on their individual experiences in dealing with the same issues. This facilitates the exchange of "lessons learned," which is now considered an important element in the GEF. In addition, this approach proved to be more cost effective in that training could be bundled together for several countries. Since the last PIR, there does not seem to be much progress in the GEF in considering the benefits of the multi-country global umbrella approach for dealing with certain issues and the need for pooling 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.

6. **Delays in the project cycle:** Given that the attainment 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 submit multi-country projects to the GEF Secretariat without necessarily having all national OFP endorsements. 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. The problem often lies within a country's internal bureaucratic requirements rather than a project 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, delays in OFP endorsement have sometimes held up submission and review of the project. The 1997 UNEP PIR had recommended that, to maintain the required pace of the project cycle, it should be possible for the Implementing Agencies to submit multi-country projects to the GEF Secretariat without having all the endorsements on the condition that any remaining national endorsements would be obtained before final approval of the project and provided the Implementing Agency demonstrates that the project is indeed a national priority for each country involved.

7. **Inadequate financing limits for PDF implementation in a multi-country context:** Several issues such as those pertaining to transboundary natural resources can only be effectively handled in a multi-country context. The 1997 PIR notes that it is extremely difficult to develop a high quality project with PDF B funding restricted to US$350,000 or less, particularly for regional projects that comprise of at least seven and in some cases 20 countries.

8. **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 comparison to individual country projects and can often take more than the GEF requirement for international waters PDF Bs of 18 months. When artificially 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.

9. **Use of the GEF QOR:** It has been noted that the new format for the QOR has slightly improved and its bi-annual printing is more appropriate for the kind of project management and financial information currently being sought. However, an issue that still remains unresolved from the last PIR is that the information provided on projects does not allow one to always clearly identify the actual site, collaborating organizations'

roles or other implementation details of a given project. Some project descriptions are still too vague. Recognizing the limits on information which could be included in the printed GEF Operational Report, the GEF could examine the possibility of the agencies posting an up-to-date intra-GEF database on the GEF web site. These could be most useful in carrying out searches on the GEF Portfolio regarding key issues or identifying specific sites or areas where intervention is already being undertaken.

10. **Evaluating the impacts of the GEF:** While the GEF has embarked on efforts to evaluate the impact of the GEF on the global environment, there is still a need to evaluate the impacts of GEF projects two to three years after project completion in order to truly determine the overall impact the GEF has actually had on the environment and to determine the sustainability of its activities on the ground.

11. **In-country coordination:** Since the 1997 PIR, experience has shown that there is a need to strengthen coordination between government agencies in countries in order to have effective preparation and implementation of projects. More attention needs to be given to empowering the GEF Operational Focal Points to discharge their responsibilities.

2.7.2 Additional Experiences, and Lessons Learned in FY 98

1. **Project Level Issues**

To be addressed on a broader GEF-wide basis:

- The need for projects having a capacity building component was considered important for effective implementation of all projects;
- Performance Indicators for projects still need to be improved;
- Streamlining reporting requirements of the GEF is still needed;
- Recommendations resulting from individual project evaluations should be addressed by the GEF; the current perception is that evaluations of projects and other reporting requirements are simply generating more paper rather than feeding into the overall evolution of GEF strategies and policies;

To be addressed within IA:

- The feasibility of having a Project Preparatory Advance (PPA) similar to UNDP should be examined. It could assist UNEP in further streamlining its project cycle and expedite project implementation;
- As noted in the Final Evaluation of the Biodiversity Data Management project, mid-term meetings bringing together country representatives and others directly involved in the project can be crucial to the success of projects.

2. **OP Level Issues**

The requirement that projects must fall within only one or two of the GEF Operational Programs within the Biodiversity and Climate Change focal areas is proving to be an impediment towards implementation of guidance of CBD and UNFCCC recommendations to the GEF. Indeed, COP recommendations to the GEF from both Conventions require an integrated and comprehensive approach to addressing key environmental issues. There is therefore a need for adopting an approach that allows a selected number of projects to cut across the GEF Operational Programs so that more integrated and comprehensive planning and

research activities can be taken on globally important environmental issues and problems.

3. **Broader Portfolio Level Issues**

The effective implementation of projects requires a stronger base of Enabling Activities. The absence of basic elements or knowledge base for addressing key environmental problems could affect the sustainability of investment and capacity building projects. Therefore, it is necessary to broaden Enabling Activities to include such basic building blocks as national legislation,and biodiversity information systems.

4. **Key Trends in the GEF Portfolio**

As the GEF portfolio grows, there is a need for the GEF as a whole to maintain a holistic and strategic view of its portfolio. More integrated planning is still needed. While National and Regional Strategies/Action Plans should guide project selection, there is a need to ensure that the global perspective on priority areas and global environmental problems is maintained. This requires a more integrated approach to planning. It is therefore not enough to look at how the portfolio is doing within the borders of only the Operational Programs, but also to look at the portfolio from the perspective of it meeting COP guidance. In this regard, there is a concern that the GEF in the biodiversity portfolio is putting most of its emphasis on in-situ conservation at the expense of addressing other relevant COP guidance.

3. PROJECT REPORTS

3.1 Status Reports on Projects Slow to Move to Implementation

None of UNEP's GEF financed projects fall under the category of "slow" projects defined as projects not formally approved within two years of GEF allocation or projects that have not begun disbursements within nine months of IA approval.

3.2 Individual Project Reports

Individual project reports of the projects covered under this exercise are attached to this document. As in PIR 1997, the last two half-annual reports and the individual Annual PIR reports for each project are attached.

Conclusions

While the PIR can be a useful exercise in identifying the common problems experienced in project development and implementation and in providing recommendations for removing these bottlenecks, it should nevertheless be noted that when recommendations resulting from such exercises are not addressed adequately, the practical usefulness of the GEF PIR does get questioned. It is important that the lessons arising from the PIR be integrated in the management of GEF operations to facilitate more effective processes for development and implementation rather than becoming a mechanical exercise.

APPENDIX C.3

WORLD BANK-GEF PORTFOLIO

Project Implementation Review 1998

THE IMPLEMENTATION REVIEW PROCESS

1. For the second year, the PIR was integrated into the Bank's ARPP (Annual Review of Portfolio Performance). The ARPP process began in June 1998 with country-and sector-specific reviews undertaken by the Bank's regional operational units. General portfolio analysis began in mid-July 1998 when supervision reporting Operations Information System (OIS) data were frozen, and culminated with a report to the Bank's Board of Executive Directors in September 1998.

2. The methodology for assessing project performance in FY98 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. A realism index[1] is used to 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 a number of factors relating to portfolio management and impact that are verified expost. These are the "disconnect" or differences in assessment between current and ex post evaluations of project outcomes and in inconsistencies between overall ratings and sub-ratings, and the share of "satisfactory outcomes" which is based on the Bank's Operations Evaluation Department (OED) confirmation that a project has concluded satisfactorily. Both disconnect analysis and review of outcomes for the GEF portfolio are expected to begin in FY99, once OED reviews completion reports for those GEF operations that have closed in previous fiscal years.

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 approved projects directly managed by the Bank, as well as those managed by the IFC and IDB (paragraphs 4,5,6,7,11) which are "executing agencies" that have arrangements with the Bank as Implementing Agency in accordance with the GEF Instrument. The Bank-managed portfolio

[1] The ratio of actual problem projects to total projects at risk.

is comprised of those operations approved and managed by the Bank: it is this portfolio that is used in comparator analysis with the World Bank's portfolio performance results (i.e. for disbursement performance, projects at risk, etc.) to ensure comparability of results (see paragraphs 10,14,15). The FY98 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, 1998 (see paragraphs 9,15).

4. Through end-June 1998, the GEF Council had approved for inclusion in GEF Work Programs a total of 118 World Bank, IFC, IDB, and ADB-managed projects with corresponding grant resources of US$1,226.6 million. Of these, six projects were dropped and three were divided into two projects in response to country and design needs, leaving a net total of 115 projects. Bank, IFC, and IDB managements had approved 93 of these projects as of June 30, 1998, for a total commitment value of US$917 million.

5. Eighteen operations valued at US$211.5 million were approved by the Bank and IFC managements during FY97. This represents an increase of 11 percent in terms of number of projects and 30 percent in terms of commitment value in the Bank-GEF portfolio as of the end of FY97. Nine projects exited the portfolio during the year.[2] Twenty-one GEF1 projects were awaiting Bank, IFC, and ADB management approval as of end-June 1998. As the one remaining Pilot Phase project was dropped during the year, only GEF1 projects await approval by the Bank and Executing Agencies.

6. The Europe & Central Asia Region continues to have the largest number of projects (26 projects or 28 percent) in the portfolio, and Asia (East and South) continues to have the largest volume of commitments ($307.1 million or 34 percent). During FY98, LAC has experienced an acceleration in growth in terms of new projects (five new projects or 39 percent increase to the LAC portfolio), with global operations of the IFC realizing the largest growth in new commitments ($60 million or a nearly threefold increase to IFC's portfolio).

7. Biodiversity remains the focal area with the greatest number of projects (45 projects or 48 percent) as well as highest value of commitments ($371.2 million or 40.5 percent). In FY98, biodiversity was also the fastest growing focal area in terms of both number of new projects (11 projects) and commitments ($61.1 million).

8. In FY97, the average age of a project in the Bank-GEF portfolio was 2.9 years. A second year of major portfolio expansion has reversed the aging trend, so that average age of a project in the FY98 portfolio has declined to 2.5 years. This rejuvenation of the portfolio may make year-to-year comparisons of performance problematic, as project age is highly correlated to appearance of implementation issues/problems. Five of the oldest projects exited the portfolio during FY98, but the average age of those projects was only about 4.5 years. Most GEF projects were completed within their originally envisaged implementation period or, in cases where extension was necessary, with an extension of one year or less. For the Bank as a whole, the average age of active projects is 3.5 years, and 15 percent of investment operations are 15 years or older. The shorter real project life for GEF operations may result from the narrower scope and more focused design of the operations and/or more decisive actions by project executors or Bank supervision teams.

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[2] Three projects reported in the various PIR as having closed during FY97 were extended after the end of the FY and either closed in FY98 or are yet to close. In line with the Bank's practice, projects that closed during the fiscal year under review are included in all analyses.

PORTFOLIO PERFORMANCE

9. Of the approved projects, one IDB, four IFC, and 71 Bank-managed GEF grants were effective and active as of end-June 1998. Sixty-two of the related projects have been under implementation for more than 12 months and are therefore included in the FY98 PIR Group (see Annex: Bank-GEF Projects included in the FY98 PIR).

Disbursements

10. Aggregate disbursements during FY98 for all 71 effective Bank-managed grants totaled $73 million, representing an increase of 34 percent over cumulative disbursements at end-FY97. This is slightly less than FY97 aggregate disbursements ($74.5 million). The disbursement ratio[3] experienced a precipitous drop to 14.4 percent from 18.9 percent in FY97, largely due to substantial new commitments in recent years: 41 percent of the value of the Bank-managed portfolio was committed in FY97 and FY98. The disbursement ratio for the Bank as a whole has remained at 19 percent for the last two years, however, growth in the Bank's portfolio has stabilized in terms of the number of projects and nominal commitments and has contracted in terms of real commitments while the Bank-managed GEF portfolio continues to grow robustly (22 percent growth in number of projects and nominal commitments in FY98). Bank-managed GEF grants disbursed are equivalent to 32 percent of grant commitments, about the same level as in FY97. Total disbursements rose substantially in the Bank overall portfolio in FY98, driven by the massive quick-disbursing loans for financial crisis support in Asia: the considerable increase in non-investment lending leads to non-comparability of the disbursement/ commitment ratios of the Bank and Bank-managed GEF portfolios this year.

11. The aggregate disbursed amount for the Bank-GEF portfolio totaled US$75.7 million in FY98 compared to US$ 75.6 million for FY97. The cohort of 18 Pilot Phase projects with disbursement lags of 50 percent or over compared to original disbursement estimates, has been reduced to only six projects due to revision of disbursement schedules to reflect greater realism in implementation, efforts to redress the underlying problems (often related to procurement) that hindered normal disbursement, and project closings, both as anticipated and in advance through cancellation. Analysis of disbursement trends indicate that the stagnation in annual disbursements results from a combination of (1) a substantial decrease in the disbursements originating from the group of infrastructure and trust fund projects characterized by large, "lumpy" disbursements (these represented 62 percent, 66 percent, 46 percent, and 26 percent of annual disbursements respectively for the years FY95-98) as many are either just beginning (IFC investment funds) or approaching the end of project life (IW and CC infrastructure operations); (2) the Asia financial crisis (five Indonesia and one Thailand operation representing $71.6 million in commitments disbursed only $2.7 million in FY98); and (3) the late entry into the portfolio of large IFC investment funds that had not begun to disburse before the end of FY98.

12. Most operations entering the portfolio in FY98 became effective (i.e., met conditions precedent to disbursing) within four months of their approval, sustaining the positive trend established under GEF1. Two projects required

[3] 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, Restructured Mexico Protected Areas that disbursed their entire balances at the time of grant effectiveness).

more than nine months to be effective, although for the IFC's Terra Capital Fund, achieving effectiveness in 11 months (in this case capitalization of the Fund) is well above the norm and should be seen as very good performance in light of the difficult situation in world financial markets. Both projects are now effective and disbursing normally.

Implementation Performance and Achievement of Development Objectives

13. The Bank's approach to assessing Implementation Performance and achievement of Development Objectives is summarized in paragraph 2 above.

14. Twelve of the 80 projects in the Bank-managed portfolio (representing 15 percent in terms of number of projects and 21 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 FY98 for the Bank's overall portfolio is 17 percent in terms of number of projects and 15 percent in terms of commitment value. It should be noted that three of the new entry "problem projects" in the East Asia portfolio were designated as such primarily due to the Asia crisis.

15. In the FY98 PIR group of 62 projects, nine of the Bank-managed and one IDB-managed project (16 percent in terms of number of projects) are designated as problem projects (these results are less affected by the Asia portfolio performance). This compares with eight problem projects in the FY97 PIR group (49 projects) and one in the FY96 PIR group (34 projects). For projects that have received unsatisfactory ratings in the Implementation Progress area, the most recurrent problems are in the areas of poor project management, procurement (poor planning, bureaucratic delays, weak recipient capacity), and disbursement.

16. The number of potential problem projects in both the Bank-managed portfolio and FY98 PIR group is five for FY98. The total number of projects at risk (actual plus potential or 17 projects) represents 21 percent (17.5 percent corrected for Asia performance) of the Bank-managed portfolio in terms of number of projects and 23 percent in terms of commitments, compared with 21 percent and 23 percent respectively, for the Bank overall portfolio. Performance of the GEF portfolio is comparable to that of the Bank as a whole.

Portfolio Management

17. The trend in the Bank's indicators of active portfolio management are giving indications that GEF-supported operations are progressively better integrated in the portfolio management practices of the regions. A realism ratio of 71 percent is somewhat higher than the Bank's overall realism index (68 percent), but must be interpreted with caution given the very small number of projects in the "at risk" category. The proactivity ratio at 40 percent is showing steady improvement over the past (25 percent in 1997), but should still be considered inconclusive due to small sample size as it is based on upgrade of four out of ten projects that were in problem project status last fiscal year.

Main Findings and Lessons Learned From the PIR Group

Sustainability and Replicability

18. Beginning with the Pilot Phase, every GEF project addressed the basis for sustainability of the project activities at the end of "project life." A review of the original sustainability discussions indicates that issues that thwart sustainability were well known and analyzed for each project. This review also shows that issues and solutions tend to cluster by focal area as discussed in separate paragraphs below. However, one factor was cited in nearly every focal area as being key: institutional sustainability was seen to be linked to capacity building efforts undertaken within the project. As the discussion in

paragraph 37 on effectiveness in building recipient capacity indicates, additional work on capacity building impact will be needed to ensure this linkage is effective.

19. **Sustainability in Biodiversity.** Three areas for intervention were identified to ensure that biodiversity activities would be sustainable, and thus were addressed in the design of nearly every project: (1) public awareness including participation was included to ensure social sustainability; (2) capacity building was provided for to ensure institutional sustainability as noted above; and (3) a renewable source of revenue was anticipated to ensure financial sustainability. With regard to financial sustainability, the main sources of revenue targeted were: (i) government budget; (ii) economically sustainable activities under the program; (iii) special taxes and levies; and (iv) special mechanisms, particularly trust funds.

20. Dependence on government budgets (general revenue) has proven to be problematic. Late or non-provision of counterpart funding has been cited as a problem, making the budget a less-than-reliable contributor to sustainability: even those projects for which government funding had been forthcoming in a timely and reliable way have proven susceptible to unforeseen crises. As sustainable activities are just beginning in a number of countries that have used this approach, extensive experience is lacking from which to draw conclusions. The dialogue leading to government implementation of taxes and levies has proven to be a long one, with only Ecuador achieving success at this point in time. Ironically, within the long group of projects that cited conservation trusts and similar mechanisms, only India, Laos, and Bolivia have pursued this avenue, and only Bolivia has been able to design and initiate a trust fund during project life. The Eastern Carpathian Foundation, probably undercapitalized initially, has supported some important activities, but is far from ensuring funding for comprehensive management of the transboundary area it is intended to sustain. The body of knowledge on experience with other trust funds does, however, indicate that they are a contributor to sustainability, provided assets are prudently managed and the institution is well-conceived and managed.

21. **Sustainability and International Waters.** International waters projects approach sustainability through (1) consensus building among nations that must cooperate regarding shared water bodies and (2) studies of various cost recovery and financial incentives for subsequent implementation by governments. In nearly all cases, activities initiated in the projects are intended to be followed by downstream actions requiring substantive additional support. With the exception of creating a durable consensus (most projects claim success in this domain, or at least in bringing together parties that had not previously cooperated effectively), a sustainability test is most appropriately applied to the follow-on activities.

22. **Sustainability and Climate Change.** Climate change projects, drawn largely from the Pilot Phase, view sustainability in terms of: (1) creating a favorable enabling environment through appropriate policy and regulatory frameworks, (2) developing able institutions through capacity building, and (3) increasing sources of domestic finance to support new endeavors. “Policy/regulatory framework” was the factor cited most often in CC projects, particularly those promoting demand side management and introduction of new technologies, although the precise elements of “policy” needed to ensure sustainability were not always spelled out. Pricing was clearly identified to be the key factor to sustain incentives for obtaining more efficient use of energy resources (e.g., reducing leaks in gas delivery systems), to ensure financial viability of power entities or to encourage conversion from high carbon fossil fuels to gas. Increasing domestic finance (greater availability through intermediaries) was cited as the key element of energy efficiency projects with high replicability potential.

23. Where policy or regulatory frameworks have been adjusted to accommodate new technologies, opening of new markets has been observed in some cases during project life. As seen in wind and bagasse projects, even though the original physical objectives of a project were not achieved, other private and public ventures were stimulated by creation of supportive policy frameworks. Standard project life appears to be too short to fully document effects of pricing changes as these often occur gradually over time: subsidy/discount reductions have only begun in some cases, so that a firm foothold is not yet discernible.

24. **Sustainability and ODS Reduction/ Phaseout.** ODS projects relate sustainability to the enterprises supported remaining in business and continuing to use ozone-free technologies. Enterprise financial failure and backtracking have not been issues for the projects that have been completed. Upstream due diligence review of candidate companies, a standard practice for all ODS sub-projects, is seen to be the key to ensuring financial sustainability, as is the selection of appropriate cost-effective technologies.

25. **Sustainability and Private Sector Interventions through Intermediaries.** The SME program proposes two indicators of sustainability: (1) ability of intermediaries to repay and (2) intermediaries obtaining non-GEF funding to carry on activities similar to those supported by the SME program. There are currently no repayment issues under the Pilot Phase SME, but many sub-projects are still not fully mature. A forthcoming evaluation of SME will look at availability of additional financing in greater detail.

26. **General Observations**

(1) *Few biodiversity projects can achieve sustainability in the timeframe of a single project (3-5 years): a longer time horizon (15-20 years) is more appropriate to work through the complex institutional, policy, human resource development, and financing issues required for sustainability.* The first biodiversity intervention should provide a solid foundation for the future and lay out the vision for achieving sustainability, supported by realistic objectives and indicators for success. Newer delivery mechanisms designed for long-term intervention (such as the Bank's Adaptable Program Loan [APL]) may be more suitable to projects supporting protected areas and conservation programs.

(2) *Chances of achieving financing sustainability for biodiversity projects could be increased by combining sources of finance, (budget, taxes, levies, trust fund), rather than focusing on a single source.* Even sources deemed reliable have proven to have limitations (government budgets in times of crisis, difficulties in increasing trust fund capital).

(3) Similar to biodiversity projects, *climate change projects requiring substantive policy and regulatory reforms may also benefit from greater realism in the timeframe needed to achieve sustainability.* While many projects show hopeful signs at the end of their life, legislative changes, price adjustments and withdrawal of financial incentives are often only beginning to impact at end of project life.

CROSS-CUTTING ISSUES

Leveraging

27. *A Competitive Environment Leverages Private Finance and Local Action.* Whether seen as "leverage," "catalysis," or "synergy," GEF-supported operations give rise to a variety of complementary and downstream actions in a competitive environment. The most successful results are seen in climate change operations: under India Alternate Energy, success of the windfarm power

industry has attracted additional external and domestic sources leading to major expansion of installed capacity; Hungary Energy Efficiency will give rise to new ESCOs; Mexico HELP has inspired the Federal Energy Commission to pursue new support for replacement of CFLs; and under the Tunisia Solar Water Heating Project, a robust competitive market is created by five different brands of equipment that are now produced, with three constructed locally, while installed capacity has increased markedly through private actions. Perhaps the most notable lesson with respect to leveraging and competition is the relative speed with which the "leveraged" actions give results in a competitive environment.

28. *Effective Institutions.* As noted in the Evaluation of Conservation Trust Funds, CTFs emerge as very effective in leveraging additional financial resources for conservation. Peru PROFONANPE, Bolivia SNAP, Mexico FMCN, and Bhutan BTF are among the CTFs that have attracted additional official resources. While relatively young institutions with limited track records, most have highly qualified staff and sound decision-making structures that instill confidence.

Project Effectiveness in Building Recipient Capacity

29. *Expectations Suited to the Project Life.* The term "capacity building" evokes the broadest array of approaches imaginable to help new and current practitioners operate differently: these approaches include everything from use of local traditions in drama and storytelling to convey information key to changing community behavior, to an upgrade in curriculum of an existing institutions, to international conferences. However, few projects in the PIR group state clearly what the impact of their capacity building activities is in other than quantitative terms. A relatively short investment project life may make the critical qualitative changes more difficult to assess. Even in cases where specific technical training is completed and the training program is deemed replicable, it will undoubtedly be years before the training can be correlated to effective results. *Projects need to better identify the desired* qualitative impacts of capacity building activities and when these will be observed. It should be expected that many of the capacity building benefits will fall outside of project life. In such cases, provision should be made for monitoring and evaluation by the recipient institutions.

New Features of Stakeholder Involvement

30. *Making Stakeholder Representatives More Effective.* Projects in nearly all focal areas have made substantial progress in including representatives of key stakeholder groups in design activities as well as on formal bodies that have direct input into implementation decision-making activities. For biodiversity projects, communities are most often the stakeholders who gain representation given the impact of project decisions on buffer zone or protected area management. While formal stakeholder representatives have been successful in giving a voice to communities and safeguarding their interests, they are not always as effective as they could be in ensuring that information on the broader mandate and activities of their decision-making body are communicated back to the stakeholders they represent. Projects incorporating community representation should therefore ensure that stakeholder representatives understand the need for fully informing their communities and that they have the means to do so, through training and support for information dissemination.

31. *Women and Renewable Energy.* Renewable energy projects, particularly those aimed at increasing usage of efficient light bulbs, show a strong participation rate by women, as design and execution decision-makers as well as "beneficiaries" supporting new technologies. Women, particularly in Eastern European countries, participate in energy institutions as board members, administrators, and managers. They represent consumer federations that have supported the move to greater efficiency (Poland) and were viewed in India as candidates for entrepreneurial opportunities in solar PV. In the Mexico High Efficiency Lighting Project, participant surveys revealed women are the household decision-makers for choice of light bulbs. In light of this evidence, design of renewable energy projects should emphasize strong gender focus.