

Medium-Sized Projects Evaluation

Final Report

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Foreword

The GEF Council, at its meetings in December 1999 and May 2000, requested a review of GEF operations prior to the next replenishment, which began in 2001¹. This review, the Second Study of GEF's Overall Performance (OPS2), carried out by a fully independent team, is expected to be completed by the end of 2001. OPS2 is the third major GEF-wide review to take place since the Facility was created. The Second Study of GEF's Overall Performance is designed to assess the extent to which the GEF has achieved, or is on its way to achieving, its main objectives as specified during the restructuring in 1994 and the policies adopted by the GEF Council in subsequent years. The central theme of OPS2 is the assessment of impacts and results seen in the context of the four GEF focal areas of biodiversity, climate change, international waters, and ozone, as well as land degradation as it relates to these areas. OPS2 will also analyze how GEF policies, institutional structures, and cooperative arrangements have facilitated or impeded results².

To facilitate the work of the OPS2 team, GEF's Monitoring and Evaluation Unit, in cooperation with the GEF implementing agencies, decided to undertake a series of background studies on specific topics. One of the studies is the present evaluation of the medium-sized projects. This evaluation was undertaken by an interagency team led by independent consultants under the auspices of the GEF Monitoring and Evaluation Unit during 2001.

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¹ Joint Summary of Chairs, GEF Council Meeting, December 8-9, 1999, and GEF/C.15/11.

² Second Study of GEF's Overall Performance. Inception Report. February 2001.

Table of Contents

Executive Summary	vii
1. Introduction	1
Background	1
This Evaluation	1
MSP Portfolio Overview	4
Data Annex	8
2. Medium-Sized Project Benefits and Impacts	12
Capacity Development	12
Innovations and New Methodologies	13
Leveraging Experience and Investments	14
Awareness Raising	16
Prospects for Sustainability	16
3. To What Extent Have MSP Procedures Been Expedited?	19
Expedited Procedures for MSPs	19
Basis for Milestone Dates Analysis	19
Results of Milestone Dates Analysis	20
Time Elapsed Between Project Identification and Submission to GEFSEC	20
Time from PDF-A Approval to Project Start-Up	21
Time Elapsed in GEFSEC Review	22
Elapsed Time from CEO Endorsement to IA Internal Approval	23
Elapsed Time After IA Internal Approval Until Project Start-Up	24
Performance Changes Over Time	25
Performance by Focal Area	31
Performance by Geographic Region	31
Overall Findings of Milestone Dates Analysis	32
4. Factors Causing Lengthy Project Cycles for MSPs	33
Factors Highlighted by Milestone Dates Analysis	33
Examples of Delayed MSPs	36
Factors Highlighted by MSP Stakeholders	37
Impacts of Delays	39
5. The Role of Partners	40
Operational Focal Points	40
Implementing Agencies	42
UNDP	42
UNEP	43
World Bank	44
GEF Secretariat	45

NGOs	45
Other Partners	47
6. Strategic Issues for the MSP Portfolio	51
How Effectively Have MSPs Responded to Country Priorities?	51
Relationship With the GEF Small Grants Program	53
Were Expectations for Expedited Procedures Realistic?	54
Project Preparation Financing	55
Information Exchanges, Learning, and Best Practices	56
Awareness of MSPs (and GEF in General)	57
Uncertainty of Future Funding for MSPs	58
7. Conclusions	60
Benefits and Impacts	60
MSP Processing	61
MSP Strategic Issues	62
Recommendations	63
Overall	63
Preparation and Approval	64
Information and Knowledge Management	65
Country Ownership	66
Figures	
Figure 1.1 Medium-size Projects by Region	4
Figure 1.2 Medium-size Projects by GEF Focal Area	5
Figure 1.3 Medium-size Projects by Implementing Agency	5
Figure 1.4 Comparison of MSPs, Pipeline MSPs, and FSPs by GEF Focal Area	6
Figure 1.5 Comparison of MSPs, Pipeline MSPs, and FSPs by GEF Implementing Agency	6
Figure 1.6 Comparison of MSPs, Pipeline MSPs, and FSPs by Region	7
Figure 1.7 Percentage of Executing Agency Type of Approval	7
Figure 3.1 Average Elapsed Time from Project Identification to Proposal Submission to the GEFSEC	21
Figure 3.2 Elapsed Time of MSP Procedures for Each Implementing Agency	22
Figure 3.3 Average GEFSEC Comment Time	23
Figure 3.4 Average Time Elapsed Between CEO Endorsement and Implementing Agency Internal Approval	24
Figure 3.5 Average Time Elapsed Between Internal Approval to First Disbursement	24
Figure 3.6 Time from Concept First Received at UNDP-GEF to Initial MSP Proposal/Brief Received by GEFSEC	26
Figure 3.7 Time from Initial MSP Proposal/Brief Received by GEFSEC to CEO Approval (UNDP MSPs)	26
Figure 3.8 Time from GEF Approval to MSP Project Document Signature (UNDP MSPs)	27
Figure 3.9 Time Between Project Identification and Submission to GEFSEC (UNEP MSPs)	27

Figure 3.10 Time Between Date of Submission to GEFSEC and CEO Endorsement Date (UNEP MSPs)	28
Figure 3.11 Time Between Project Identification and Submission to GEFSEC (UNEP MSPs)	28
Figure 3.12 Time from Pipeline Entry to Submission to CEO Endorsement of World Bank MSPs	29
Figure 3.13 Time from Submission for GEF Comments to CEO Endorsement (World Bank MSPs)	29
Figure 3.14 Elapsed Time from CEO Approval to First Disbursement for World Bank MSPs, by Sequence	30
Figure 3.15 Average Elapsed Time by Focal Area	31
Figure 3.16 Average Elapsed Time by Region	32
Tables	
Table 1.1 MSP Activity for the Top 10 FSP Countries (Ranked by GEF Investment)	8
Table 1.2 Percentage of Top 10 Countries with Most Approved FSP Financing	9
Table 1.3 FSP Activity for the Top 10 MSP Countries (Ranked by Number of Approved MSPs)	9
Table 1.4 Percentage of Top 10 Countries with Most Approved MSPs	9
Table 1.5 Comparison of the GEF MSP Portfolio with FSPs and Forthcoming MSPs	10
Table 1.6 Number and Percentage of Executing Agencies by IA, Focal Area, and Geographic Area	11
Table 3.1 Summary of Figures Showing Milestone Dates Analysis Over Time by IA	25
Table 4.1 Elapsed Time of More than 100 Days by Milestones for World Bank MSPs	33
Table 4.2 Explanations Provided by World Bank for Unusually Lengthy MSP Processing	34
Table 4.3 Elapsed Time of More than 100 Days by Milestones for UNDP MSPs	34
Table 4.4 Explanations Provided by UNDP for Unusually Lengthy MSP Processing	35
Table 4.5 Elapsed Time of More than 100 Days by Milestones for UNEP MSPs	35
Annexes	
Annex 1: Terms of Reference	68
Annex 2: MSP Evaluation Team and Advisory Working Group	74
Annex 3: MSP Activities in the Countries Visited and Case Study Projects	76
Annex 4: Approved MSPs as of June 30, 2001	79
Annex 5: Comparison of Procedures for Full- and Medium-Sized Projects	94
Annex 6: Milestone Dates Analysis	98

Glossary of Terms

CBD	Convention on Biological Diversity
CBO	community-based organization
CEO	chief executive officer
CMU	Country Management Unit
COP	Conference of Parties
DOA	Document of Approval
GEF	Global Environment Facility
GEFSEC	Global Environment Facility Secretariat
FSP	full-sized project
IA	implementing agency
IGO	inter-governmental organization
INGO	international non-governmental organization
LNGO	local non-governmental organization
MSP	medium-sized project
NBSAP	National Biodiversity Strategy and Action Plan
NGO	non-governmental organization
OFP	operational focal point
OPS2	Second Overall Study of GEF's Performance
PDF	Project Preparation and Development Facility
ProDoc	project document
SGP	Small Grants Program
SIDS	small island developing state
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

Executive Summary

Background

The GEF Council approved a Proposal for Medium-Sized Projects (MSPs) in April 1996 to encourage the submission of proposals and execution of smaller projects by a broad range of groups and organizations. Originally, projects up to US\$750,000 could be approved by the chief executive officer (CEO) and sent to the GEF Council on a no-objection basis, although this limit was later increased to \$1 million. A principal objective of the MSPs has been to promote rapid and efficient project execution by simplifying preparation and approval procedures and by shortening the project cycle relative to GEF full-sized projects (FSPs). “Expedited procedures” for the MSPs were intended to simplify the steps required and to shorten the time needed to complete the GEF project cycle. The goal of “streamlining and simplifying all stages of the project preparation and implementation” was highlighted by the Council.

The GEF implementing agencies (IAs) for MSPs are UNDP, UNEP, and World Bank. The GEF Secretariat (GEFSEC) and the IAs developed an MSP Information Kit to provide guidance on preparing and submitting MSP proposals. Governments, non-governmental organizations (NGOs), research institutions, international organizations, and the private sector can all submit MSP proposals, which must be consistent with the eligibility criteria and incremental cost principles of the GEF. Endorsement by official government operational focal points (OFPs) is required for all MSPs. Project Preparation and Development Facility (PDF) funds can be approved by the IAs for up to \$25,000 to help finance preparation costs.

The GEF Monitoring and Evaluation Unit carried out a desk review of MSPs in mid-1998. There has been no further review of MSPs until the present evaluation.

This Evaluation

By June 2001, the GEF had approved 121 MSPs, committing \$90 million of GEF resources. The overall objective of the current evaluation was to undertake a comprehensive evaluation of these MSPs. The specific objectives were to:

- Assess whether MSPs are responsive to GEF objectives and policies as laid down in the GEF Operational Strategy, operational programs, the original Council paper (GEF/C.8/5), and other relevant documents
- Assess whether MSPs are filling a specific niche in the GEF that cannot be met by regular projects, small grants, or enabling activities
- Analyze whether the MSP project cycle procedures are effective and make recommendations for improving medium-sized project processing and effectiveness
- Identify the impacts and likely impacts of MSPs
- Make recommendations towards improving the MSPs.

The evaluation could not be comprehensive as only six of the 121 approved MSPs had been completed as the evaluation began, while comparable and reliable performance indicators

have yet to be developed for biodiversity, climate change, or international waters projects. The evaluation was planned and implemented on an accelerated schedule in order to provide timely inputs to the separate team carrying out the Second Study of GEF's Overall Performance (OPS2).

Country Visits and Project Case Studies

Ten countries were selected for country visits: Cambodia, Ecuador, Guatemala, Pakistan, Peru, Philippines, Poland, South Africa, Tanzania, and Vietnam. These countries were visited during May-July 2001, each for approximately one week. In addition, three MSP case studies were conducted by consultants supervised by the evaluation core team.

Questionnaire Surveys

Questionnaires were developed to give a wide range of stakeholders an opportunity to provide structured written inputs to the evaluation process, including:

- International conservation NGOs
- Local NGOs in GEF member countries
- Countries with fewer than anticipated MSPs
- National Coordinators of the GEF Small Grants Program.

The results of these questionnaires have been incorporated into this report.

Milestone Dates Analysis

It was clear in advance that the effectiveness of the expedited procedures for MSPs, i.e., the time taken to prepare and approve MSPs and to disburse project funds would be a critical issue. There was little reliable data on the time required to process MSPs as the evaluation began, however. The evaluation team therefore requested the IAs (i) to identify a series of eight to

10 "milestone dates" in their MSP project cycles, from first identification of the project concept through preparation and approval to the date of the first disbursement, and (ii) to develop a database containing each of these milestone dates for all of their approved MSPs. The preliminary results of the milestone dates analysis are described in this report, although the data continue to be refined.

MSP Portfolio Overview

By June 2001, the GEF had approved 121 MSPs, committing \$90 million of GEF resources with \$125 million of cofinancing. Two of these MSPs were approved during 1997, 21 in 1998, 40 in 1999, 44 in 2000, and 14 during the first half of 2001. The relatively small number of projects approved during early 2001 is mainly due to the GEF funding constraint that emerged in late 2000. At June 30, 2001, a further 43 MSPs were in the GEFSEC pipeline awaiting approval and 93 projects were under preparation using PDF-A funds.

Geographically, 29% of the MSPs are in LAC, 21% in AFR, 16% in EAP, 15% in ECA, 9% in MNA, 4% in SAS, and 7% are global or regional. About 60% of the approved MSPs addressed biodiversity, 24% climate change, 6% international waters, and 4% ozone, with 6% covering multiple focal areas. The World Bank is implementing 42% of the MSPs, UNDP 39% and UNEP 17%, while 2% had more than one IA.

NGOs as a whole account for the largest share of executing agencies with 41% of the total, followed by governments (34%), intergovernmental organizations (IGOs) (21%), research organizations (11%), and the private sector (2%). Of the 54 NGO executing agencies, 28 are international NGOs (INGOs) and 26 local NGOs (LNGOs).

³ Both this analysis and GEFSEC use the World Bank's definition of world regions, which is slightly different from that used by the UN system. AFR = Sub-Saharan Africa, EAP = East Asia & Pacific, ECA = Europe & Central Asia, LAC = Latin America & the Caribbean, MNA = Middle East and North Africa, SAS = South Asia (the World Bank's geographic regions).

⁴ Includes all FSPs from May 1991 to June 30, 2001, and the MSP database includes all approved MSPs from 1997 to June 30, 2001.

Three countries had more than three approved MSPs by June 2001—Ecuador (5), Philippines (4), and South Africa (5)—while six countries had three approved MSPs (see Chapter 1, Data Annex). If the GEFSEC pipeline and PDF-As under implementation are also included, then seven countries had six or more MSPs by June 2001—China (6), Ecuador (6), Mongolia (6), Peru (11), Philippines (9), Russia (7), and South Africa (7).

Main Findings

Benefits and Impacts

It is too early in the implementation of most MSPs to determine their specific impacts on biodiversity conservation, climate change, and international waters. Interim or indirect indicators of progress were assessed in capacity development, innovation, awareness raising, prospects for sustainability, and leverage. The most important types of MSP leveraging have been cofinancing, scaling up, and replication, in addition to positive impacts on government policies with implications for global environmental issues.

An encouragingly high proportion of the MSPs that have reached advanced stages of implementation have made substantial progress in these areas. MSPs are generally positively regarded by diverse stakeholders, and the local and participatory emphasis of most MSPs has helped create more favorable conditions for the achievement of long-term environmental goals. MSPs have notably generated the following benefits:

- Broadened and legitimized partnerships and multisectoral relationships that have improved collaboration between NGOs, government, research institutions, the private sector, and the IAs
- Improved local awareness of global environmental concerns, increased local ownership of environmental interventions, and strengthened local governance

- Increased capacity at local and national levels, including the capacity to access and participate in larger initiatives
- Demonstrated innovations that are providing more appropriate and effective approaches to environmental management
- Strengthened international networking with respect to complex technical issues, especially through the global and regional MSPs implemented by UNEP
- Achieved positive policy impacts by facilitating policy dialogues, applying research results or piloting new policy concepts, and relating these to research priorities
- Provided support—in some countries, the only support—for implementing environmental strategies and action plans, including those for biodiversity conservation and climate change
- Leveraged substantial cofinancing from a variety of sources
- Improved livelihood and income opportunities for key stakeholders
- Increased the profile of global environmental priorities and obligations within national government policy and planning processes in at least some countries.

MSPs have also contributed to keeping the global issues of biodiversity, climate change, international waters, and ozone on national political agendas as global issues. There is often a tendency to emphasize the local or national aspects of environmental issues and then to view the GEF as one of many external funding options. By promoting a global-level focus, GEF has been virtually the only institution that has consistently drawn attention to global obligations and responsibilities. MSPs have played a full role in this process and thereby played an important part in building GEF's brand name recognition.

From a technical perspective, the planning of some MSPs could have benefited from more focus on the specifics of project sustainability and replication, although the relatively short, 2 to 3-year duration of most MSPs does make these aspects very challenging. Some MSPs do appear too ambitious, and a few projects have specific design or implementation problems.

Although measurement and comparisons are difficult, the evaluation team members (including the local consultants) consider it very likely that the overall value/impact of GEF dollars invested in MSPs compares favorably with investments in many larger projects of either GEF or other donors, especially in the biodiversity focal area that dominates the MSP portfolio. The most important comparative advantages of MSPs appear to lie in partnership building, awareness raising, public participation, capacity building, and innovation, as well as the opportunity to engage a diverse range of highly motivated executing agencies. Further work is clearly needed to systematically assess the relative strengths, weaknesses, and cost-effectiveness of GEF and other projects being implemented on different scales.

MSP Processing

While there have been improvements in processing over time, MSPs have clearly not been expedited. Reality has fallen far short of the expectations that MSPs would be a relatively fast-moving and flexible funding opportunity. GEFSEC expected that it would take about 6 months between the time a project concept was approved and project implementation could begin. In practice, the average has been over 2 years, with several projects taking 3 or 4 years. Even this figure does not include the substantial time often required to prepare a project concept to the satisfaction of both GEFSEC and the IAs, which has varied from a few months to over 2 years.

Many dedicated and determined stakeholders as well as IA staff have become frustrated and discouraged by what to them seem interminable and inexplicable delays within the GEF bureau-

cracy, compounded sometimes by waves of review comments that are not always consistent. Even after their projects have finally been approved by the GEF, many exhausted proponents are then surprised to find that agreeing on contracts and procurement procedures with the IAs can also be a lengthy and difficult process.

Our analysis has highlighted a variety of factors responsible for the lengthy MSP project cycles:

- Obtaining MSP endorsements from national OFPs for NGO-executed projects has frequently been difficult and very time consuming.
- The extent to which new and inexperienced partners brought in by the MSP opportunity require additional IA support to navigate through GEF's language, procedures (including the incremental cost calculation), and priorities to prepare acceptable proposals was underestimated.
- Unclear and sometimes conflicting technical reviews from different sources in the IAs and GEFSEC have added considerable time to processing.
- There are variations in the capacities of the UNDP and World Bank country offices to initiate, facilitate, and supervise MSPs.
- Adjusting legal, procurement, and disbursement procedures to fit smaller projects continues to challenge the IAs, the World Bank, in particular.
- The GEFSEC review of an MSP proposal (project brief) can take up to 3 months.
- Some MSPs are perceived as having been delayed more because their country, focal area, or general approach has become less popular with the GEF than because of any technical or eligibility issue.

While these sources of delay can and should be addressed as a matter of priority, it is now clear

that some of the early expectations for rapid MSP processing were inappropriate. Some procedures for MSPs have been simplified and others shortened relative to full-size projects. But the MSP portfolio still contains many complex projects that are a considerable challenge for their proponents and require a level of IA management effort that is comparable to many larger projects. Thorough and detailed planning and preparation lasting at least 12 to 18 months for such projects does not seem unreasonable, particularly in the frequent cases where MSPs have relatively inexperienced executing agencies.

Some MSP proponents expected funding in the form of a grant, such as they might receive from a foundation, while the GEFSEC and IA view is that MSPs must be managed to the same technical standards as any of their other projects. This means significant IA input during preparation and design prior to GEF funding approval, then detailed supervision and management during implementation. While IA and GEFSEC staff are endeavoring – with mixed success – to speed up MSP preparation and approval and to ease project disbursements, they have deliberately not eased entry or “lowered the bar” for MSPs from a technical perspective and have received no guidance from the GEF Council or GEFSEC suggesting they should do so. As a result, it has not proven cost-effective to manage MSPs as scaled-down version of FSPs.

MSP Strategic Issues

The MSPs have clearly achieved the stated GEF Council objective of broadening the range of partners able to access GEF resources. The wide variety of MSP executing agencies includes a diverse range of government agencies, NGOs, research institutions, international and intergovernmental organizations, as well as the private sector. Private sector participation has been limited to very few projects, although it was significant in these projects. Engaging this broadened range of partners has generated clear, positive benefits for the GEF agenda.

The MSP niche is clearly an important one in the GEF family. The GEF Small Grants Program is able to support initiatives at the grassroots or community level, while full-sized GEF projects can support more visible national-level actions. MSPs are often able to bridge the gap, by addressing local concerns while at the same time supporting the implementation of the national development agenda. MSPs may not support actions across several provinces or regions within a country, but their activities are usually on a large enough scale for their successes to generate interest and attention at the provincial or national level. The size of the funding also allows some activities going beyond local community levels to include some capacity building and policy development for local and national government agency partners.

Complementing the national MSPs, UNEP in particular has developed a strong portfolio of multicountry global and regional MSPs that appear to be successfully addressing a range of issues that are less suited to individual country projects. While it is not always easy to demonstrate country ownership of these global and regional MSPs and the national activities are sometimes not widely known within the countries, this is a worthwhile set of projects that clearly adds value to the GEF portfolio. The case for UNEP to implement single country projects is less clear, except perhaps in the specialized technical areas where the agency has a clear comparative advantage.

The evaluation team is particularly concerned that there is now considerable uncertainty over future GEF funding for MSPs. When the MSPs began in 1996, the GEFSEC indicated that financial resources would be available to support all proposals that satisfied the GEF’s eligibility requirements and were technically satisfactory. This is far from current reality. Funding limitations have now become an important constraint, although the absolute limitation of funding seems to be less of a constraint than the uncertainty over the amount of funding and how this is likely to be split between regions, countries, focal areas, and types of projects. The lack of

clear information on resource allocations is causing considerable operational upheaval and inefficiencies while contributing to a loss of confidence in the GEF and undermining the institution's credibility and commitment to transparency.

Given the widespread dissatisfaction with the processing of MSPs, it is perhaps remarkable that so many high-quality projects have started to emerge. This is at least partly due to the persistence and enthusiasm of the responsible IA staff. For IA task managers, it is apparent that an MSP can be almost as much work as a FSP, although attracting a much smaller supervision budget. Unfortunately, the IAs are in some cases now discouraging potential MSP proponents. This is due to the uncertainty surrounding future GEF funding combined with incentives within their own institutions that favor full-sized projects, both compounded by unclear informal messages from GEFSEC on future program preferences. This is particularly unfortunate at a time when substantive positive impacts are emerging from the MSP portfolio and when there is a dramatically increasing demand for this level and type of funding from an increasing number of diverse executing agencies that are becoming committed to a common agenda with the GEF.

Expectations for MSPs to be expedited have proven unrealistic. There is an urgent need to revise the processing rules and targets for MSPs, and to address the contradictory expectation that reasonably complex and technically high-quality projects with less-experienced executing agencies are being expected to move quickly through the GEF project cycle.

Recommendations

Overall

Options for expediting processing by reducing the level of IA and GEFSEC supervision and technical responsibility, at least for smaller MSPs, should be explored jointly by GEFSEC, the IAs, and some of the organizations with experience as MSP execut-

ing agencies. The options considered should include the disbursement of some MSPs as grants rather than projects, possibly on the basis of an annual competition, and local approval of smaller MSPs by competent national intermediaries in certain countries.

It has become clear that allowing the IAs to determine how GEF funds will be allocated between FSPs and MSPs is unlikely to generate an optimal outcome for the GEF agenda, especially in a period of resource limitations. The GEF should allocate specific funding resources for MSPs to help ensure that these valuable projects are not subsumed by IA management preferences for FSPs driven by these agencies' internal incentive structures.

The prevailing 2 to 3-year time frame for MSPs is often too short, and few of the projects can be expected to achieve sustainability in this time. Projects should be encouraged to plan implementation over longer time frames if this suits local absorptive capacities and is likely to enhance sustainability. While MSPs should not be utilized for project development, a second phase for promising MSPs should be permitted if the original MSP has been successful in reaching its objectives, as is the case with FSPs.

As the size and complexity of the GEF project portfolios in individual countries increase, it becomes more important to explore options for country programming as a means of achieving synergies from the various GEF activities, including MSPs. While GEFSEC has already started exploring these options, such country programming does have costs as well as benefits, and needs to be approached cautiously. In particular, there is a risk that the broad range of partners and stakeholder input that has become such a positive feature of the MSP portfolio could be compromised.

Most MSPs are being funded close to the maximum level, now \$1 million. This means there is a significant gap between the MSPs and the successful SGP. There is a good case for increasing SGP individual grant limits from

\$50,000 to as much as \$150,000 and for allocating correspondingly more funding to this program. This would also respond to the needs of local NGOs and community-based organizations (CBOs) that are ready to build on their SGP-supported efforts but do not yet have the capacity needed to access MSPs. While the evaluation team does not recommend changing the \$1 million MSP limit, there is a good case for increasing the PDF-A support for multicountry projects (as is already the case for PDF-B support to multicountry FSPs).

The MSP milestone dates analysis launched during this evaluation has highlighted some significant bottlenecks in MSP processing. But this useful analysis is still incomplete. GEFSEC and the IAs should complete this analysis as soon as possible and, on the basis of the results obtained, document (i) how they plan to achieve further savings in time and effort, and (ii) how they will track future MSP processing to ensure that any avoidable delays can be rapidly identified and targeted by management for remedial action.

Preparation and Approval

The responsibilities and obligations of MSP proponents, the IAs, and GEFSEC should be identified much more clearly before beginning the preparation of each MSP, to make sure these are well understood and that mutual expectations are based on reasonable assumptions. Responsibilities for preparing, reviewing, and revising proposals and other key project documents should be documented, together with a detailed timetable which all parties should be held accountable to.

Major bottlenecks and delays in MSP processing need to be tracked more closely so that GEFSEC and/or IA management can intervene and address problems as they arise. Neither the IAs nor GEFSEC monitor centrally the status of individual MSPs as they move through the project preparation and approval cycle. A transparent tracking system should be established to enable project proponents and other interested parties to easily follow the status and progress of MSPs

under preparation through the various stages of GEF review and approval, for example, through a web page showing the status of each project at any given time. This could perhaps be addressed through the GEFSEC Project Management Information Database currently under development.

The MSP document review process needs to be completely overhauled. The type and number of project reviews as well as the time allocated needs to be rationalized and made more transparent. For example, technical reviews of single-country MSPs should primarily be the responsibility of the IA country offices (with allowances for MSPs managed centrally by the World Bank). The IAs' headquarters and GEFSEC should focus on eligibility, strategic fit, country portfolio-wide issues, and coordination between the IAs. All comments from one source (e.g., an IA headquarters) should be consolidated and checked for consistency.

It often comes as a surprise to the proponent after approval of the MSP that they have to comply with the sometimes confusing and demanding IA requirements for project implementation, many of which were designed to fit the needs and requirements of much larger projects. All IAs should develop clear and easy-to-reference guidelines for MSP contracting, disbursement, and reporting implementation and share these guidelines with project proponents at an early stage.

Special priority in processing should be given to those proposed MSPs that have been successful in leveraging other funds and partners crucial to the success and impact of the project. In such cases, delays on the part of GEF can jeopardize the financial and institutional mechanisms for implementation put into place. Stringent co-financing requirements for small NGO-led projects are often unrealistic and should either be relaxed or applied at an IA level. The incremental cost calculations for MSPs should be further simplified.

The IAs need to ensure more consistently that MSP proponents have sufficient capacity to execute MSPs. They should anticipate the need

to provide systematic capacity building to some of the less-experienced proponents, either directly or through subcontracts. The goal should be to broaden the base of local NGOs that can access GEF funds and participate effectively in MSP execution. One approach would be to encourage the submission of proposals by consortia consisting of a stronger lead executing agency, such as an international NGO, together with a local NGO partner. This could assist in developing capacity of local NGOs that could later develop and manage MSPs by themselves.

Many MSPs were unclear on the integration of gender concerns, with the participation of women often considered to have been achieved when women were observed to be in attendance during consultations. Further guidance is needed on how MSPs should address gender issues.

Information and Knowledge Management

Stakeholders in many countries lack information about MSPs and do not understand them. In other words, the people with the desire and capacity to act effectively through MSPs are not getting the information they need in usable formats. There is a clear need to improve information dissemination related to MSPs, although this must be done in a way that does not raise unrealistic expectations when funds are limited. The objective should be to increase the quality rather than the number of proposals submitted.

The MSP Information Kit needs to be completely redone in a much more user-friendly way. The impenetrability of GEF language and jargon needs to be addressed. The Kit should be augmented with best practice examples from approved MSPs under different situations and include answers to frequently asked questions. The kit should also be translated into local languages and placed into local contexts by IAs or through partner local NGOs with support from IAs.

Country Dialogue Workshops should be used for providing realistic information on MSPs, and followed up where appropriate, especially around

specific operational programs. The GEF NGO Network should also be mobilized to promote MSPs. The websites of both the GEFSEC and the IAs should be used more actively for MSP information dissemination, although it is important to bear in mind that Internet access is still rare and expensive in many developing countries. Information dissemination should include the role that the private sector could play in MSPs.

GEFSEC, the IAs, and other partners have an excellent opportunity to play much more of a strategic role in providing intellectual and practical leadership of learning processes for practitioners worldwide on technical themes within each of the GEF focal areas, drawing on the extraordinary wealth of GEF project experiences, including MSPs. This should include more active dissemination of best practices as well as cross-project, including cross-IA, learning, which is almost totally undeveloped at present.

A mechanism is needed for learning the lessons of implementation that support progress towards global environmental objectives made within the context of individual MSPs. It is important also to learn how individual MSPs “add up” to make more strategic contributions to, say, ozone layer protection or biodiversity conservation. There is a need to engage project participants on an ongoing basis. These stakeholders best understand the barriers to and opportunities for meeting global environmental objectives through the GEF, but they seldom have a chance to see how their particular project contributes (or not) to the bigger picture. There is clearly an opportunity for linking the global to the local more effectively, and GEF has both the portfolio and network to do so.

Country Ownership

The operational focal point endorsement system does not work effectively for MSPs in many countries, is of doubtful value as a demonstration of country ownership, and is often particularly hard for NGOs. The lack of capacity in the focal points is a fact in several countries and should be addressed with GEF support. The already

existing support to operational focal points should be better promoted and better utilized in countries. Focal points consisting of broadly representative and not-too-large committees have worked well in a few cases, particularly when these committees develop a GEF programmatic approach or country vision, although added bureaucracy and further delays could also result from such arrangements, and care would need to be taken to avoid further limiting NGO opportunities.

The ownership and strategic value of regional and global projects to the individual countries needs to be addressed more aggressively. National governments and local NGOs should be able to recognize their ownership of such projects. The requirement of OFP endorsement for each of the countries participating in global projects, however, has led to some very lengthy

approval processes. One possibility is to consider a global project as properly endorsed if its objectives are clearly linked to the country's strategies and action plans for biodiversity conservation, reduction of greenhouse gases, and/or protection of international waters, as appropriate. It should be noted, however, that in the case of truly global projects, for example, projects that globally address an issue critical to GEF operations through the involvement of the scientific community in a number of recipient countries, the linkage to individual countries' strategies and action plans may be less direct. In such cases, country driven-ness could be demonstrated more effectively through links to priorities identified by the national governments as a result of regional strategies, plans, and recommendations adopted at regional intergovernmental meetings.

1. Introduction

1. This chapter sets out the context for the evaluation, describes the evaluation methodology and approach, and provides a statistical overview of the GEF medium-sized project portfolio.

Background

2. The GEF Council approved a Proposal for Medium-Sized Projects (MSPs) in April 1996 to encourage the submission of proposals and execution of smaller projects by a broad range of groups and organizations¹. Originally, projects up to US\$750,000 could be approved by the chief executive officer (CEO) and sent to the GEF Council on a no-objection basis, although this limit was later increased to \$1 million. A principal objective of the MSPs has been to promote rapid and efficient project execution by simplifying preparation and approval procedures and by shortening the project cycle relative to GEF full-sized projects (FSPs). “Expedited procedures” for the MSPs were intended to simplify the steps required and to shorten the time needed to complete the GEF project cycle. The goal of “streamlining and simplifying all stages of the project preparation and implementation” was highlighted by the Council.

3. The GEF Implementing Agencies (IAs) for MSPs are UNDP, UNEP, and the World Bank. The GEF Secretariat (GEFSEC) and the IAs developed an MSP Information Kit to provide guidance on preparing and submitting MSP proposals. Governments, non-governmental organizations (NGOs), research institutions, international organizations, and the private sector can all submit MSP proposals, which must be consistent with the eligibility criteria and incremental cost principles of the GEF. Endorsement by official government operational focal

points (OFPs) is required for all MSPs. Project Preparation and Development Facility (PDF) funds of up to \$25,000 can be approved by the IAs to help finance preparation costs.

4. The GEF Monitoring and Evaluation Unit carried out a desk review of MSPs in mid-1998, at which point 170 concept papers had been reviewed by the GEFSEC and 11 projects approved by the CEO. The 1998 review found that: (i) the volume of proposals submitted had exceeded the resources of the IAs to cope with them, (ii) most project proponents faced difficulties understanding GEF requirements and did not find the Information Kit easy to use, and (iii) there were substantial time lags in project preparation and approval, and transaction costs were high for all stakeholders. There has been no further review of MSPs until the present evaluation.

This Evaluation

5. By June 2001, the GEF had approved 121 MSPs, committing \$90 million of GEF resources. The overall objective of the current evaluation was to undertake a comprehensive evaluation of these MSPs (see Terms of Reference, Annex 1). The specific objectives were to:

- Assess whether MSPs are responsive to GEF objectives and policies as laid down in the GEF Operational Strategy, operational programs, the original Council paper (GEF/C.8/5), and other relevant documents
- Assess whether MSPs are filling a specific niche in the GEF that cannot be met by regular projects, small grants, or enabling activities

¹ Document GEF/C.8/5, a Proposal for Medium-Sized Projects.

- Analyze whether the MSP project cycle procedures are effective and make recommendations for improving the medium-sized project processing and effectiveness
- Identify the impacts and the likely impacts of MSPs
- Make recommendations towards improving the MSPs.

6. The evaluation core team consisted of Michael Wells (independent consultant and team leader), Delfin Ganapin (independent consultant), and Juha Uitto (GEF Monitoring and Evaluation Unit), working under the direction of Jarle Harstad (GEF Senior Monitoring and Evaluation Coordinator). Liaison staff from the IAs were Martin Krause (UNDP), Sheila Aggarwal-Khan (UNEP), and Gonzalo Castro (World Bank). Hemanta Mishra provided liaison to GEFSEC and Jan-Gustav Strandenæs to the GEF NGO network. Additional staff from GEFSEC and the three IAs have collaborated extensively with the evaluation team and provided background materials, insights, and suggestions. Sulan Chen was Research Assistant.

7. An Evaluation Advisory Working Group was formed, chaired by the GEF Senior Monitoring and Evaluation Coordinator and consisting of members from the GEF Implementing Agencies and NGOs (Annex 2). The Working Group met twice—at the beginning of the evaluation in May 2001 and after the data collection phase in July 2001—and provided important and helpful suggestions to the evaluation team. The members of the Working Group also reviewed and commented upon drafts of the evaluation.

Country Visits

8. Ten countries were selected for country visits based on the following criteria:

- MSP activity (the number and type of MSPs active or under development)

- Representativeness of GEF focal areas
- Geographic balance
- Status of MSP implementation
- Balance of larger and smaller nations
- Balance of countries with different income levels
- Diversity of MSP executing agencies
- Time and budget constraints.

9. The ten countries selected were Cambodia, Ecuador, Guatemala, Pakistan, Peru, Philippines, Poland, South Africa, Tanzania, and Vietnam (see Annex 3 for a list of MSPs in these countries). A planned visit to Belize could not be scheduled for logistical reasons.

10. These countries were visited during May–July 2001, each for approximately 1 week. Guidelines for Country Visits were developed for and used by country visit teams. Each team was led by a core evaluation team member, a national consultant, and at least one staff member with relevant expertise from the GEF Secretariat or one of the IAs². The missions included field visits to selected projects, interviews, and, in most cases, one or two stakeholder workshops. Outstanding cooperation was received from government agencies, national OFPs, IA country offices, MSP executing agencies, and other stakeholders to facilitate these visits at short notice.

11. Each team produced a country visit report which followed a common format and included the following sections: (i) Impacts and likely impacts; (ii) Project preparation, implementation procedures, and lessons; (iii) Strategic issues; (iv) Role of key partners; (v) Generic GEF issues; (vi) Findings and conclusions; (vii) Recommendations to GEF Council, secretariat, and implementing agencies; and (viii) Best practices, with cases. These reports were then compiled and analyzed by the core team.

² Including the IA and GEFSEC liaison staff plus John Hough and Miguel Perez Torralba (UNDP), Kanta Kumari (GEFSEC), Kathy MacKinnon and Mahesh Sharma (World Bank), and Mark Zimsky (UNEP).

Project Case Studies

12. Three case studies of MSPs were conducted by independent consultants according to standard terms of reference developed by the evaluation core team. The cases were selected on the basis that they were representative of particular types of MSPs in the portfolio or contained some particularly interesting or unique features. The projects covered were:

- *Uganda: Kibale Wild Coffee Project*—One of several MSPs encouraging environmentally sustainable coffee production and marketing
- *West Africa: Conservation Priority-Setting for the Upper Guinea Forest Ecosystem*—A regional project involving Côte d'Ivoire, Ghana, Guinea, Liberia, and Sierra Leone, in an area underrepresented in the MSP portfolio
- *Hungary-Slovenia: Building Environmental Citizenship to Support Transboundary Pollution Reduction in Danube*—One of the few MSPs in the International Waters focal area.

13. Plans for a case study of a biodiversity project in Nepal had to be suspended due to political events unconnected to the MSP, which was nonetheless discussed with a variety of stakeholders.

Questionnaire Surveys

14. Questionnaires were developed to give a wide range of stakeholders an opportunity to provide structured written inputs to the evaluation process, including:

- International conservation NGOs
- Local NGOs in GEF member countries
- Countries with fewer-than-anticipated MSPs
- National Coordinators of the GEF Small Grants Program.

15. The international NGOs were requested to gather the needed information on the MSPs they

are involved in, or had good knowledge of, through their networks and field offices. Detailed responses were received from the African Wildlife Foundation, Bird Life International, CARE, Conservation International, IUCN, The Nature Conservancy, Wildlife Conservation Society, and World Wildlife Fund.

16. The questionnaires, designed to seek inputs from local NGOs in GEF developing member countries, were distributed through the regional focal points of the GEF-NGO network in Africa, Asia, Eastern Europe, Latin America and the Middle East. The questionnaires were distributed in English, French, and Spanish. Inputs were specifically sought from organizations representing indigenous peoples. Some confidentiality concerns were expressed by respondents, and the evaluation team offered to treat responses with full confidentiality. The overall response rate was, however, disappointingly low.

17. Another questionnaire targeted countries where there were fewer MSPs than would have been anticipated based on the size of the country and its overall GEF portfolio. These included the Small Island Developing States (SIDS), which have had few or no MSPs even though the MSP modality was originally anticipated to particularly suit the needs of this group. This questionnaire was distributed to GEF operational focal points in 25 countries. Brazil, Dominican Republic, Haiti, India, and Kiribati responded.

18. Finally, a questionnaire was distributed to the National Coordinators of the GEF Small Grants Program (SGP) managed by UNDP. The response rate here was good, and several of the SGP National Coordinators also met with the evaluation team during country visits.

Milestone Dates Analysis

19. It was clear in advance that the effectiveness of the expedited procedures for MSPs would be a critical issue, i.e., the time taken to prepare and approve MSPs and to disburse project funds. There was little reliable data on the time required to process MSPs as the evaluation began,

however. The evaluation team therefore requested the IAs to (i) identify a series of 8 to 10 “milestone dates” in their MSP project cycles, from first identification of the project concept through preparation and approval to the date of the first disbursement, and (ii) develop a database containing each of these milestone dates for all of their approved MSPs. These comprehensive data sets were compiled by each of the IAs during May-July 2001 (the GEFSEC project management information database is still under development and does not contain the information on MSPs that could contribute significantly to this analysis). All concerned agreed that this time-consuming and laborious analysis would provide a sound basis for an objective analysis, allowing MSP bottlenecks to be identified and remedial measures proposed. The preliminary results of the milestone dates analysis are described in this report, although the data continue to be refined. The methodology used is elaborated in Chapter 3 and in Annex 6.

Analysis of Findings

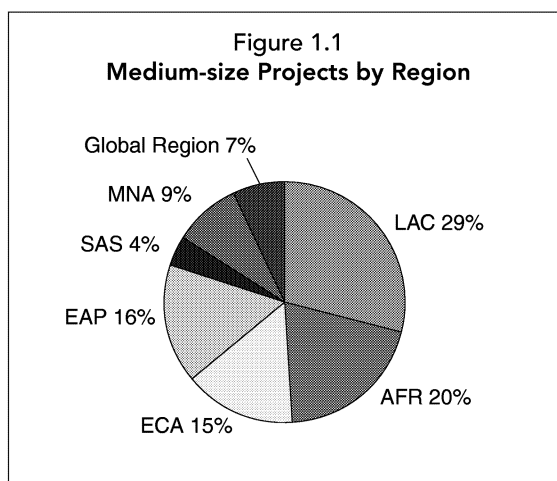
20. The core team plus the GEFSEC and IA liaisons and other staff involved in the evaluation participated in a 3-day workshop in late July 2001 to discuss and analyze the findings of the country visits, the commissioned case studies, the milestone dates analyses, the questionnaire responses, and other work carried out for the evaluation. The workshop participants agreed that the country visits had yielded a rich and representative body of information for analysis. The core evaluation team also met with a group of international conservation NGO staff in Washington in May and in July 2001 to discuss these NGOs’ submissions to the evaluation and to review preliminary findings. The entire evaluation was planned and implemented on an accelerated schedule in order to provide timely inputs to the separate team carrying out the Second Study of GEF’s Overall Performance (OPS2).

MSP Portfolio Overview

21. The remainder of this chapter provides a snapshot of the MSP portfolio as of June 30, 2001, by focal area, by geographic region, and by implementing agency. The characteristics of the forthcoming MSP pipeline projects are also reviewed, and the approved MSPs are compared to GEF’s portfolio of full-sized projects. Finally, the extent to which MSPs and FSPs have been initiated in certain key countries is reviewed. A Data Annex follows this chapter.

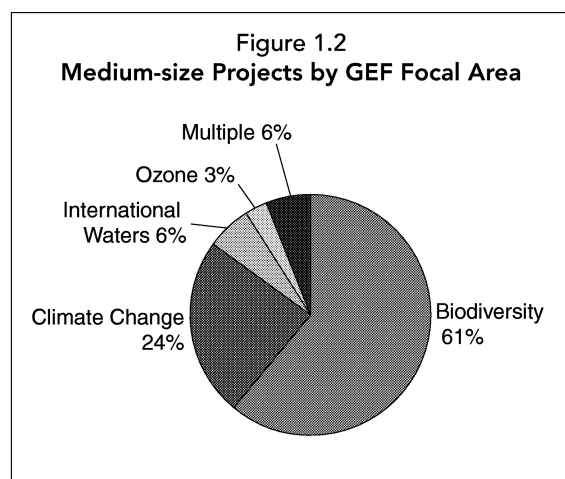
22. By June 2001, the GEF had approved 121 MSPs, committing \$90 million of GEF resources with \$125 million cofinancing. Two MSPs were approved during 1997, 21 in 1998, 40 in 1999, 44 in 2000, and 14 during the first half of 2001. The relatively small number of projects approved during early 2001 is mainly due to the GEF funding constraint that emerged in late 2000.

23. Geographically, 29% of the MSPs were in LAC, 21% in AFR, 16% in EAP, 15% in ECA, 9% in MNA, 4% in SAS, and 7% were global or regional (Figure 1.1)³. The regions with a greater share of MSP investment than FSPs are LAC (29% vs. 24%), AFR (20% vs. 15%), and MNA (9% vs. 5%), while the opposite holds for EAP (16% vs. 21%) and SAS (4% vs. 8%).

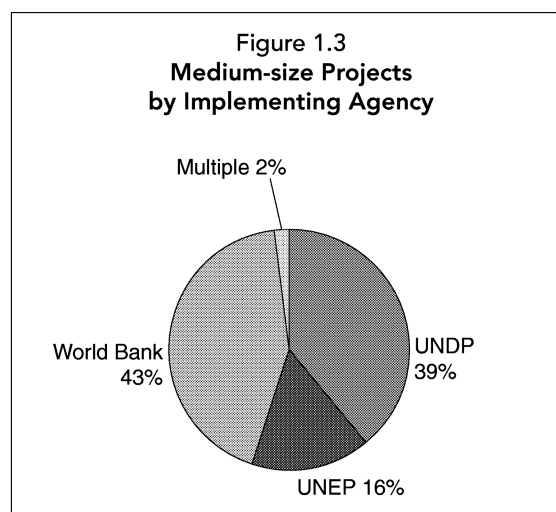


³ Both this analysis and GEFSEC use the World Bank’s definition of world regions, which is slightly different from that used by the UN system. AFR = Sub-Saharan Africa, EAP = East Asia & Pacific, ECA = Europe & Central Asia, LAC = Latin America & the Caribbean, MNA = Middle East and North Africa, SAS = South Asia (the World Bank’s geographic regions).

24. About 60% of the approved MSPs addressed biodiversity, 24% climate change, 6% international waters, and 4% ozone, with 6% covering multiple focal areas (Figure 1.2). Comparing the MSPs with the FSPs, there is a relatively larger MSP investment in biodiversity (60% vs. 41%) and a smaller MSP investment in both climate change (24% vs. 36%) and international waters (6% vs. 14%)⁴.



25. World Bank is implementing 42% of the MSPs, UNDP 39%, and UNEP 17%, while 2% had more than one IA (Figure 1.3). A relatively higher proportion of MSPs compared to FSPs are implemented by UNEP (16% vs. 5%) and UNDP (39% vs. 29%), while the World Bank (43% vs. 55%) implements proportionally fewer MSPs, although still more than either of the UN agencies.



Forthcoming MSPs

26. At June 30, 2001, a further 43 MSPs were in the GEFSEC pipeline awaiting approval and 93 projects were under preparation using PDF-A funds. Combining these two categories of potential future MSPs provides a glimpse into the future shape of the MSP portfolio. Here, biodiversity projects increase to almost 70% while international waters and ozone both decline slightly (Figure 1.4). The UNDP share increases to 56% while the World Bank's falls to 33% and UNEP's to 11% (Figure 1.5). The future MSP geographic balance shows moderate increases for EAP and SAS with moderate decreases for LAC and AFR (Figure 1.6).

⁴ Includes all FSPs from May 1991 to June 30, 2001, and the MSP database includes all approved MSPs from 1997 to June 30, 2001.

Figure 1.4
Comparison of MSPs, Pipeline MSPs, and FSPs by GEF Focal Area

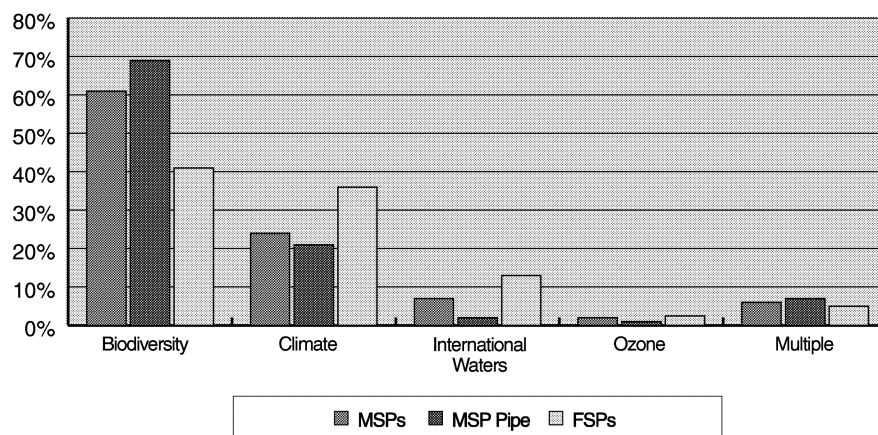


Figure 1.5
Comparison of MSPs, Pipeline MSPs, and FSPs by GEF Implementing Agency

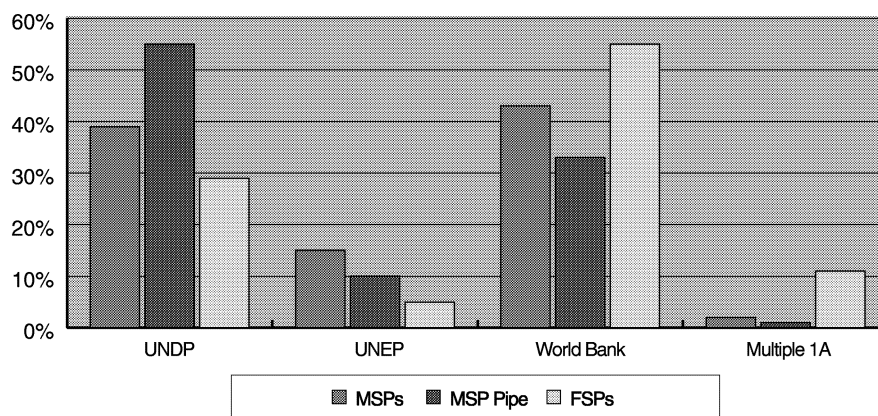
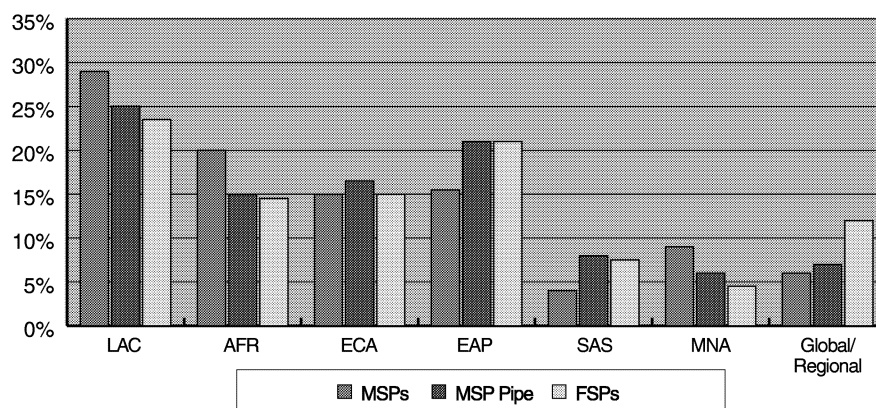


Figure 1.6
Comparison of MSPs, Pipeline MSPs, and FSPs by Region



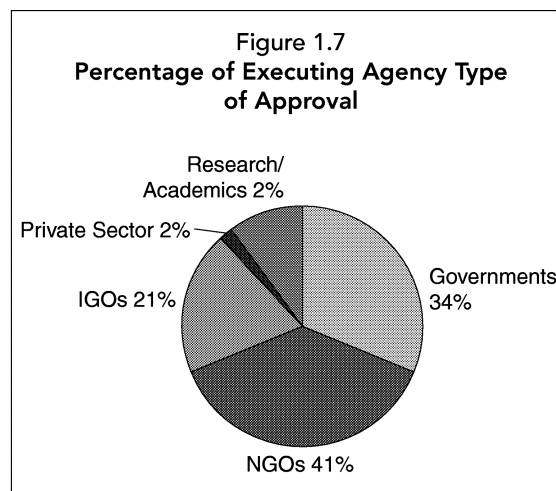
Executing Agencies

27. The approved projects have a variety of executing agencies. Some projects have more than one executing agency, and the 121 approved MSPs have a total of 131 executing agencies. NGOs as a whole account for the largest share of executing agencies with 41% of the total, followed by Governments (34%), intergovernmental organizations (IGOs) (21%), research organizations (11%), and the private sector (2%). Of the 54 NGO executing agencies, 28 are international NGOs (INGOs) and 26 local NGOs (LNGOs) (Figure 1.7).

28. The pattern of MSP executing agencies varies significantly according to IA, focal area, and geographic region (see Table 1.6 in the Data Annex). UNDP project executing agencies are slightly more Government (47%) than NGO (39%), while for the World Bank projects, the figures are 53% NGO and 26% Government. The majority of UNEP's projects are led by either IGOs (33%) or research organizations (25%), although the regional and global projects often include local and national executing agencies that are government agencies or NGOs.

29. Overall, 59% of the biodiversity MSPs have NGO executing agencies and 22% Government executing agencies, while the respective figures for climate change are 13% and 61%. Local NGOs are the most common executing agency in LAC (35%) and SAS (60%), governments in ECA (54%), and international NGOs in AFR (31%) and EAP (37%).

Figure 1.7
Percentage of Executing Agency Type of Approval



MSPs by Country

30. Three countries had more than three approved MSPs by June 2001, Ecuador (5), Philippines (4), and South Africa (5), while six countries had three approved MSPs (see below, Data Annex). If the GEFSEC pipeline and PDF-As under implementation are also included, then seven countries had six or more MSPs by June 2001: China (6), Ecuador (6), Mongolia (6), Peru (11), Philippines (9), Russia (7), and South Africa (7).

31. The “top 10” MSP countries combined account for 28% of the approved projects and 23% of the total MSP activity, while the “top 10”

FSP countries combined account for 25% of the approved FSPs by number and 39% by value⁵. This suggests that MSPs may be distributed more broadly among countries than FSPs. The 10 countries with the most MSP activity includes three of the 10 countries with the highest GEF investment in FSPs, China, Philippines, and Poland. Three of the four countries with the highest cumulative FSP investment have relatively little MSP activity. Brazil has one approved MSP and two in process, Mexico has two approved and two in process, while India has no approved MSPs and only one in process. Also on the “top 10” FSP list, Morocco has no MSP activity and Uganda has only one approved MSP.

Data Annex

Table 1.1
MSP Activity for the Top 10 FSP Countries (Ranked by GEF Investment)

	GEF Full-sized Projects		GEF Medium-sized Projects			
			Approved	GEFSEC Pipeline	Active PDF-A	Total MSP Activity
	No.	Amount (millions US\$)	Number of Projects			
China	21	\$319	3	0	3	6
México	11	\$167	2	2	0	4
Brazil	11	\$164	1	0	2	3
India	11	\$143	0	0	1	1
Russia	7	\$95	1	2	4	7
Indonesia	7	\$76	2	1	0	3
Philippines	6	\$63	4	0	5	9
Morocco	4	\$61	0	0	0	0
Poland	7	\$60	2	0	2	4
Uganda	4	\$46	1	0	0	1
Total	89	\$1,193	16	5	17	38

⁵ Similar results are obtained whether MSPs are analyzed by number or by value.

Table 1.2
Percentage of Top 10 Countries with Most Approved FSP Financing

	GEF Full-sized Projects		GEF Medium-sized Projects			
			Approved	GEFSEC Pipeline	Active PDF-A	Total MSP Activity
	No.	Amount (millions US\$)	Number of Projects			
GEF Total	36	\$3,092	121	43	93	257
Top 10 Total	89	\$1,193	16	5	17	38
Top 10 (%)	25%	39%	13%	12%	18%	15%

Table 1.3
FSP Activity for the Top 10 MSP Countries (Ranked by Number of Approved MSPs)

	GEF Full-sized Projects		GEF Medium-sized Projects			
			Approved	GEFSEC Pipeline	Active PDF-A	Total MSP Activity
	No.	Amount (millions US\$)	Number of Projects			
Ecuador	4	\$37	5	1	0	6
South Africa	2	\$17	5	1	1	7
Philippines	6	\$63	4	0	5	9
Colombia	4	\$35	3	0	0	3
China	21	\$319	3	0	3	6
Belize	2	\$8	3	0	0	3
Peru	4	\$25	3	2	6	11
Nepal	1	\$4	3	0	0	3
Mongolia	1	\$5	2	0	2	6
Poland	7	\$60	2	0	2	4
Total	52	\$572	34	4	20	58

Table 1.4
Percentage of Top 10 Countries with Most Approved MSPs

	GEF Full-sized Projects		GEF Medium-sized Projects			
			Approved	GEFSEC Pipeline	Active PDF-A	Total MSP Activity
	No.	Amount (millions US\$)	Number of Projects			
GEF Total	362	\$3,092	121	43	93	257
Top Ten Total	52	\$572	34	4	20	58
Top Ten (%)	14%	19%	28%	9%	22%	23%

Table 1.5
Comparison of the GEF MSP Portfolio with FSPs and Forthcoming MSPs

Geographic Region	Medium-sized Projects			Full-sized Projects			GEFSEC Pipeline +PDF-As		
	No.	mil. \$	%	No.	mil. \$	%	No.	mil. \$	%
LAC	35	\$26.5	29.2%	83	\$744	24.1%	33	\$29.30	25.4%
AFR	25	\$18.4	20.3%	70	\$457	14.8%	21	\$17.80	15.4%
ECA	18	\$13.6	15.0%	68	\$470	15.2%	24	\$19.30	16.7%
EAP	19	\$14.3	15.8%	59	\$662	21.4%	27	\$24.50	21.2%
SAS	5	\$3.6	4.0%	25	\$232	7.5%	13	\$9.40	8.2%
MNA	11	\$8.4	9.3%	22	\$157	5.0%	7	\$7.00	6.1%
Global/Region I	8	\$5.9	6.5%	35	\$372	12.0%	8	\$8.00	6.9%
Total	121	\$90.5	100.0%	362	\$3,092	100.0%	133	\$115.3	100.0%

Implementing Agency	Medium-sized Projects			Full-sized Projects			GEFSEC Pipeline +PDF-As		
	No.	mil. \$	%	No.	mil. \$	%	No.	mil. \$	%
UNDP	47	\$35.5	39.1%	153	\$900	29.1%	76	\$65.80	55.7%
UNEP	20	\$14.1	15.5%	20	\$150	4.9%	17	\$12.40	10.5%
World Bank	51	\$38.9	42.9%	153	\$1,700	55.0%	42	\$39.30	33.2%
Multiple IA	3	\$2.2	2.4%	36	\$341	11.0%	1	\$0.70	0.6%
Total	121	\$90.5	100.0%	362	\$3,092	100.0%	136	\$118.2	100.0%

Focal Area	Medium-sized Projects			Full-sized Projects			GEFSEC Pipeline +PDF-As		
	No.	mil. \$	%	No.	mil. \$	%	No.	mil. \$	%
Biodiversity	73	\$54.7	60.4%	164	\$1,257	40.6%	91	\$81.20	69.2%
Climate Change	29	\$21.6	23.9%	123	\$1,118	36.2%	27	\$25.40	21.7%
International Waters	7	\$5.8	6.4%	45	\$426	13.8%	3	\$2.50	2.1%
Ozone	5	\$3.1	3.4%	17	\$153	4.9%	1	\$1.00	0.9%
Multiple	7	\$5.3	5.9%	13	\$138	4.5%	13	\$7.30	6.2%
Total	121	\$90.5	100.0%	362	\$3,092	100.0%	135	\$117.31	100.1%

Table 1.6
Number and Percentage of Executing Agencies by IA, Focal Area, and Geographic Area

	Government		IGO		LNGO		INGO		Private Sector		Research/ Academics	
	No. of EA	%	No. of EA	%	No. of EA	%	No. of EA	%	No. of EA	%	No. of EA	%
UNDP	23	17.6%	4	3.1%	8	6.1%	11	8.4%	1	0.8%	2	1.5%
UNEP	3	2.3%	8	6.1%	2	1.5%	5	3.8%			6	4.6%
World Bank	14	10.7%	2	1.5%	16	12.2%	12	9.2%	2	1.5%	7	5.3%
Joint IAs	3	2.3%	2	1.5%								
Total	43	32.8%	16	12.2%	26	19.8%	28	21.4%	3	2.3%	15	11.5%

	Government		IGO		LNGO		INGO		Private Sector		Research/ Academics	
	No. of EA	%	No. of EA	%	No. of EA	%	No. of EA	%	No. of EA	%	No. of EA	%
Biodiversity	17	13.0%	3	2.3%	23	17.6%	22	16.8%	1	0.8%	10	7.6%
Climate Change	19	14.5%	4	3.1%	2	1.5%	2	1.5%	2	1.5%	2	1.5%
International Waters	1	0.8%	2	1.5%	1	0.8%	3	2.3%			1	0.8%
Ozone	5	3.8%	4	3.1%								
Multi-Focal Areas	1	0.8%	3	2.3%			1	0.8%			2	1.5%
Total	43	32.8%	16	12.2%	26	19.8%	28	21.4%	3	2.3%	15	11.5%

	Government		IGO		LNGO		INGO		Private Sector		Research/ Academics	
	No. of EA	%	No. of EA	%	No. of EA	%	No. of EA	%	No. of EA	%	No. of EA	%
AFR	5	3.8%	3	2.3%	4	3.1%	8	6.1%	2	1.5%	4	3.1%
EAP	6	4.6%	2	1.5%	2	1.5%	7	5.3%			2	1.5%
ECA	13	9.9%	6	4.6%	3	2.3%	1	0.8%			1	0.8%
LAC	8	6.1%	2	1.5%	13	9.9%	9	6.9%	1	0.8%	4	3.1%
MNA	9	6.9%	1	0.8%	1	0.8%						
SAS	1	0.8%			3	2.3%	1	0.8%				
Global/Regional	1	0.8%	2	1.5%			2	1.5%			4	3.1%
Total	43	32.8%	16	12.2%	26	19.8%	28	21.4%	3	2.3%	15	11.5%

2. Medium-Sized Project Benefits and Impacts

32. This chapter highlights the main benefits and impacts observed for the MSPs. Our assessment could not be comprehensive as only six of the 121 approved MSPs had been completed as the evaluation began, while comparable and reliable performance indicators have yet to be developed for biodiversity, climate change, or international waters projects⁶. The MSP benefits and impacts were therefore assessed in areas which provided interim or indirect indicators of progress: capacity development, innovation and new methodologies, leverage, awareness raising, and prospects for sustainability.

Capacity Development

33. The most direct MSP contributions to capacity development have resulted from its broadening the range of executing agencies to include NGOs—which have previously been limited to relatively minor roles in most traditional, larger GEF projects—as well as government departments and research institutions. Many of these executing agencies have significantly increased their capabilities as a result of their MSP experiences.

34. Many MSPs provided the first opportunity for NGOs to work together in partnerships with government agencies to address environmental issues on a relatively equal footing. For larger international NGOs, the interactions and mutual confidence building with IA staff provided a foundation for future opportunities to influence IA thinking and activities well beyond the scope of GEF projects. Substantive capacity development within certain smaller organizations has

been complemented by the additional credibility they have gained as a result of having executed a GEF project with one of the UN agencies or World Bank.

35. In addition to the MSP executing agencies, PDF-A funds for MSP preparation have frequently supported stakeholder consultations, often providing the first opportunities for smaller organizations to participate in such a process. This further broadening of participation has proven particularly useful in those cases where effective action on threats and barriers affecting biodiversity conservation or climate change concerns had been constrained by the limited capacity of diverse stakeholder institutions to synchronize their efforts.

36. *The Jozani Forest* MSP in Tanzania has supported an effective NGO-government partnership between CARE and the Zanzibar forest authorities that has led to the emergence of a promising community-based environmental organization. Several MSPs in the Philippines have catalyzed partnership building between government agencies and other stakeholders, including indigenous groups, public school teachers, protected area management authorities, and environmental NGOs. In China, delicate negotiations involving local governments, the provincial government, and the military facilitated by an MSP helped establish the boundaries of the new Lop Nur Nature Sanctuary and launch a series of cooperative training activities and exchanges.

⁶ In addition, the OPS2 team has noted that “a clear operational definition of global environmental benefits is still not well developed in the GEF. Without such definitional clarity, it is difficult to obtain precise measurements of the impact of GEF activities” (August 20, 2001, page 14).

37. MSPs have also provided government agencies with opportunities they would not otherwise have had. The Sri Lanka forestry department partnered with IUCN in a rainforest conservation MSP for technical expertise and training but also to minimize government bureaucracy. Similar experiences involving IUCN and government line agencies were reported in Pakistan and the Philippines. Government agencies with relatively little experience in the GEF focal areas have also built capacity through “learning by doing” MSPs, a benefit articulated clearly by government ministers as well as NGOs in both Cambodia and Vietnam. In Poland, the *Narew Wetlands* MSP has enabled national parks to implement cooperative management arrangements with local government and NGOs as full-fledged partners.

38. MSPs have also provided capacity building at the regional level. UNEP’s “*Methyl Bromide*” MSP⁷ has provided support for national and regional workshops as well as a regional demonstration project for Poland, Hungary, and Bulgaria. By linking technical issues to a country-wide education and awareness raising campaign, ozone issues are also high on policy agendas. As a result, capacity is being strengthened within the governments and the agricultural community to phase out methyl bromide and introduce alternatives. In some other cases, however, international cooperation has been less than anticipated—an international waters MSP focusing on the Danube resulted in what were effectively two separate projects in Hungary and Slovenia.

39. Also at a regional level, the *Central America Regional Capacity Building for Climate Change* MSP is training a large cadre of renewable energy specialists. The regional MSP supporting the Inter-American Strategy for Participation, particularly the Gulf of Honduras subproject, has helped establish a flourishing trinational NGO and government association, the only forum of its kind for consultation between Belize, Guatemala, and Honduras. As part of a particularly

broad set of consultations, the six-country *Conservation Priority-Setting for Upper Guinea Forest Ecosystem* MSP brought together 146 scientists and 100 local, national, and international institutions, culminating in a detailed consensus map showing biodiversity connections from Guinea to Togo. Finally, the *Arid and Semi-Arid Ecosystem Conservation* MSP has initiated transboundary cooperation involving NGOs and the governments of several countries including the warring states of Armenia and Azerbaijan.

40. MSP support for the Global Biodiversity Forum has increased partnerships and mutual understanding between elements of civil society and governments on complex global environmental issues. As a result, the broader range of stakeholders in each country delegation—government, ministries, NGOs, indigenous, and grassroots organizations—helps build stronger, more informed national positions for work at the CBD-COP. Some NGO participants have “graduated” from passive participants to active presenters and even participated in their country’s official delegations at the Convention on Biological Diversity (CBD) Conference of the Parties (COP) or scientific fora.

Innovations and New Methodologies

41. MSPs are providing the opportunity for innovations in implementation. For example, the *Inka Terra* MSP at the PDF-A stage in Peru seeks to establish an independent foundation with the help of a pioneering Peruvian ecotourism company to promote the effective conservation and sustainable use of an Amazonian reserve’s biodiversity. In the same country, another private sector initiative in the climate change focal area, RESPAR⁸, is pioneering economically viable technological solutions to providing environmentally sound rural energy. The *Albarradas* MSP in Ecuador has developed new approaches to conserving globally significant “cultural capital.”

⁷ *Initiating Early Phase Out of Methyl Bromide in Countries with Economies in Transition (CEITs) through Awareness Raising, Policy Development, and Demonstration/Training Activities*

⁸ *Renewable Energy Systems in the Peruvian Amazon Region*

42. Three Philippines MSPs are demonstrating what could prove to be more cost-effective and sustainable long-term approaches to a variety of biodiversity conservation and greenhouse gas concerns. The *Palawan Renewable Energy* project is piloting a rural energy service company in an off-grid area which, if successful, should encourage similar enterprises in other parts of the country. The *Zambales Mountain Range* proposal will explore how an indigenous peoples' organization can effectively manage ancestral lands hosting globally significant biodiversity. Then the *SuMMIT* project on Mount Isarog has supported the integration of biodiversity conservation into elementary school curricula surrounding the park.

43. The World Bank is implementing several MSPs focusing on shade-grown coffee, notably in El Salvador and Chiapas, Mexico. These projects are promoting shade-grown coffee that is certified as being ecologically sustainable and is expected to command a premium price. Admirably combining ecological, social, and economic considerations, these projects are making impressive progress towards generating improved livelihood opportunities for small-holder farmers pioneering an organic coffee technique that offers an alternative to environmentally destructive, large-scale cultivation methods.

44. Several MSPs being implemented by UNEP focus on methodology development. The *Development and Protection of the Coastal and Marine Environment in Sub-Saharan Africa* MSP is identifying marine and coastal hotspots of regional and global significance, determining causes and sources of degradation and associated scales of impact at the national, regional and global levels, and proposing priority actions. The Global International Waters Assessment process and methodology is being tested by this project and should be broadly applicable elsewhere. The *Land Use Change Analysis as an Approach for Assessing Biodiversity Loss and Land Degradation* MSP in East Africa is developing ways to identify and monitor landscape changes, identify root causes, and provide integrated data on land

degradation. The wetlands inventory methodology utilized in an MSP in Ecuador has since been adopted by the Ramsar Convention.

45. In some cases, MSPs have resulted in the generation of key information needed for national environmental planning that governments would otherwise have been unable to generate, including national biodiversity strategies and action plans (NBSAPs). The six-country *Conservation Priority-Setting for the Upper Guinea Forest Ecosystem* MSP executed by Conservation International has provided all government participants with the capacity to improve and update their NBSAPs as well as to develop proposals for further MSPs. Several MSPs in Ecuador have played similar, complementary roles.

Leveraging Experience and Investments

46. The most important types of MSP leveraging considered here are cofinancing, scaling up and replication, and impacts on government policies with implications for global environmental issues.

47. The 121 MSPs approved by June 2001 represent a total GEF investment of \$90.5 million that has attracted cofinancing of \$125.1 million, equivalent to 58% of total project costs. Among the different focal areas, international waters MSPs attracted the highest cofinancing (78%) and ozone the lowest (11%). Among the regions, MSPs in LAC attracted the highest cofinancing (76%) and SAS the lowest (42%). Cofinancing has come from proponents as counterpart funds as well as from international NGOs, other government programs, bilateral donors, and other partners. The process of seeking and obtaining cofinancing has taught many proponents how to be more innovative and resourceful. The prospect of GEF financing has considerably improved the ability of proponents to secure other sources of funds for high-priority activities that, while complementary to MSPs, are not eligible for GEF funding. The availability of GEF funds for the Quiché, Guatemala,

renewable energy MSP directly led the local indigenous community to mobilize their own resources, thereby increasing their commitment to project ownership and the prospects for sustainability.

48. Scaling up in the MSP context can take two forms. MSPs can either scale up smaller projects or be scaled up themselves by other initiatives. There are more examples of the former, which is not surprising at this early stage in MSP development. The *Jozani Forest* MSP in Tanzania provided an opportunity to very effectively step up the scale and intensity of a project that had already been in place for several years and to build on the valuable foundation already laid. Such continuity and expansion was critical to the credibility of the project as most other donors had suspended their programs on the island of Zanzibar and project termination would have put all previous investments as well as the local community's trust at risk. In Cameroon, the *Bamenda Highlands* MSP has allowed an existing project to expand to include nearby forest fragments. This project has had some success in supporting community-based conservation in a situation where the government has limited capacity and there is a lack of appropriate legislation. It is now being used as a model both in Cameroon and in neighboring countries.

49. MSPs are an important potential source for financing the scaling up of successful projects of the GEF UNDP Small Grants Program (SGP). A variety of MSPs under implementation have resulted from or are clearly linked to earlier SGP projects in Ecuador, Poland, and Philippines. Further SGP-linked MSPs are under preparation in Brazil, Costa Rica, Côte d'Ivoire, Ghana, Indonesia, Jordan, Pakistan, Senegal, Tanzania, Thailand, and Uganda. Existing and potential future links between the SGP and the MSPs are reviewed further in Chapter 6.

50. Although substantial scaling up of MSPs could hardly be expected at this relatively early stage in the portfolio's maturation, there are nevertheless some interesting and impressive examples. The *Central America Regional*

Capacity Building for Climate Change MSP has generated several follow-up project concepts that are now under consideration by a variety of other donors. The wide range of developing country participants attracted by the *Global Biodiversity Forum* MSP through IUCN has helped legitimize the Forum as well as the key environmental issues it has discussed. This has allowed IUCN to explore further funding for the Forum from bilateral donors, none of which would have been possible without the MSP.

51. Another MSP, the *Solar Thermal Electric (STE)* project in South Africa, supported a pre-feasibility study of STE options by ESKOM, a large utility. As a result of the positive results obtained, ESKOM has invested \$500,000 in a follow-up feasibility study for an STE plant. In this case, the actual amount of funding was less important than convincing ESKOM senior management, which had been skeptical of renewable energy technologies. The prestige associated with the GEF grant provided the needed incentive. Now ESKOM is not only considering building more than one STE plant in South Africa, it is also engaged in an active STE dialogue with other Southern African Development Community (SADC) countries.

52. Some MSPs have already had positive policy impacts resulting from research findings, support for the development of new policies, or the successful piloting of new policies. Three biodiversity MSPs in Tanzania are pioneering the practical implementation of recent government policy changes designed to improve the effectiveness of wildlife conservation and community-based resource management, focusing on mangroves, agricultural croplands, and a multiple-use wildlife management area. These projects should provide powerful models for replication. Implementation of the mangrove project has helped government agencies understand the importance of alternative energy sources to mitigate the effect of urban fuelwood demand on mangrove forests, thus highlighting the need for updated energy policies.

53. In other cases, key information generated by MSPs is helping to build foundations for future policymaking. An MSP in Vilcabamba, Peru, provided resources for the first-ever mapping of indigenous areas in the region, providing useful information for indigenous community efforts to sustainably manage their resources. Also in Peru, MSP support for the establishment of a legal framework for the Northwest Biosphere Reserve could provide a model for the rest of the country. In Georgia, the *Arid and Semi-Arid Ecosystem* MSP generated data that the Ministry of Environment has begun using for critical land use planning decisions related to oil exploration and hunting rights. In Ecuador, several MSPs are producing environmental information needed for planning purposes by the Ministry of Environment and other government agencies. The six-country priority-setting MSP for the Upper Guinea Forest Ecosystem has provided some of the very first reliable data sets for conservation planning in the region, thereby engaging the national governments in a variety of policy initiatives, notably in Côte d'Ivoire, Ghana, and Guinea. In the case of ozone depletion, several Eastern European and Central Asian governments have responded positively with new legislation, new regulations, and intensified cooperation to the MSP, *Promoting Compliance with the Trade and Licensing Provisions of the Montreal Protocol in Countries with Economies in Transition*.

Awareness Raising

54. In many countries, local awareness raising from community consultations was reported as one of the most important benefits from the MSP preparation phases under PDF-As. Stakeholders also acknowledged MSPs, even at the preparation phase, as bringing about notable improvements in local awareness and understanding of environmental issues.

55. NGOs have become key to promoting awareness-raising on environmental problem solving in several MSPs, and have generally been more effective than governments in reaching the wider public. In the *Gdansk Bicycle Infrastruc-*

ture project, for example, the Cities for Bicycles campaign of the Polish Ecological Club has used its networks and websites to promote the opportunity and need to invest in sustainable transport in line with Poland's international obligations—and so helped build public support for practical action on climate change.

56. In Guatemala, the *Renewable Energy-based Small Enterprise Development in the Quiché Region* project showed people how to use their river for micro-hydropower development, at which point the community recognized the river as a resource that needed protection. Neighboring communities are now anxious to participate and are seeking more information. A similar change in local attitudes towards natural resource use and conservation is being encouraged in the *Nanay River Basin* MSP in Peru. The *Conservation Farming* MSP in South Africa has begun to generate broader interest in learning and applying conservation farming techniques.

57. Similarly in Peru, the *Collaborative Management for the Conservation and Sustainable Development of the Northwest Biosphere Reserve* project has already shown significant successes in promoting awareness and collaboration between the various sectors. Land use planning/zoning based on local participation has been achieved in five departments, 13 workshops have been organized, and participative planning was utilized to create community development plans.

58. Awareness raising has not only taken place at local levels. The *Development of Best Practices and Dissemination of Lessons Learned for Dealing with the Global Problem of Alien Species That Threaten Biological Diversity* project has played an essential role in considerably raising the international profile of an issue that many experts consider one of the most profound threats to biodiversity in both developed and developing countries.

Prospects for Sustainability

59. The sustainability of the benefits and impacts of the individual MSPs will not become

clear for several years. Even the prospects for sustainability are difficult to assess at this stage, when so few of the projects have reached an advanced stage of implementation. The benefits and impacts discussed so far, however, i.e., capacity building, innovation, leverage, and awareness raising, are all potentially sustainable in terms of their direct impacts on global environmental issues, even though the MSPs will usually need to be reinforced by other complementary efforts.

60. Expectations concerning the sustainability of individual MSPs in terms of their direct impacts on biodiversity, climate change, or international waters should not be set too high. Most MSPs will be unable to measure their biodiversity or international waters impacts—a trait shared with much larger GEF projects—and their impacts on climate change will surely be tiny.

61. Most UNDP and World Bank MSPs are being implemented over 2 to 3 years, with a maximum length of 3 years having apparently emerged as an informal GEF expectation. For site-specific projects aiming to elicit changes in human behavior towards the environment, this is a very short period of time. There is ample evidence that projects focusing on community-level activities are unlikely to bring about significant change in much less than a decade. For example, the *Management and Protection of Laguna del Tigre National Park and Biotope* MSP in Guatemala aims to change attitudes and identify viable alternative income sources to reduce expansion of agriculture among communities, many of which consist of illegal colonists. This MSP's short implementation period, although extended from the original plan, seems unrealistic. MSPs that are part of a larger process appear to have greater sustainability potential, and those building on previous work where relationships with local communities were strong often had better prospects for achieving sustainability and positive longer term impacts.

62. Many MSPs have supported and catalyzed important initial steps towards solving, or at least mitigating, environmental problems. But to eventually generate long-lasting and significant

benefits, these efforts must be built on by other people, other projects, and other policies. The sustainability as well as the eventual scale and extent of MSP benefits and impacts will often depend on their adoption by institutional or individual “champions” committed to their continuation, something that is difficult to predict in advance or to build into project planning. Several MSPs in Ecuador will generate basic information necessary for effective conservation action and planning. In these cases, sustainability will depend on the commitment of government agencies and other stakeholders to take up and continue this process.

63. In some cases, it seems likely that the activities supported by MSPs will end with relatively little impact and a return to pre-project conditions unless the projects are extended or refinanced by other donors. This is not surprising. There has been considerable pressure within GEF to make MSPs comprehensive and over-ambitious rather than small and simple, and some of the projects have been encouraged to bite off more than they can reasonably be expected to chew, particularly given the relative inexperience of their proponents. Complex projects inevitably require substantial start-up periods, and those projects supporting relatively expensive project management units are likely to run out of money before they have made substantial progress. It would be unrealistic to expect new, million-dollar projects to become financially or institutionally sustainable in 3 years, especially in those countries where the likelihood of subsequent government funding is close to zero. These issues are very similar to those being played out in some of the GEF FSP projects, albeit on a smaller scale.

64. This is certainly not to say that sustainability can be ignored in project design. A South African MSP, *Conservation Planning for Biodiversity in the Thicket Biome*, is developing a GIS-based decision support system that the intended government end user has so far not developed the capacity to use. In the same country, an MSP on biological control of an invasive weed seemed insufficiently aware of a complex bureaucratic process required to approve the release of

biological control agents. This MSP was also insufficiently linked to a global MSP initiated in South Africa, *Development of Best Practices and Dissemination of Lessons Learned for Dealing with the Global Problem of Alien Species That Threaten Biodiversity*, thereby missing opportunities for replication and broader learning. Both of these projects would have benefited from more consideration of long-term issues.

65. The sustainability of MSPs has been improved by their size and niche. While one size can never fit all needs, a surprisingly varied range of proponents in different countries have reported that \$1 million is an extremely useful amount. This scale of funding appears to suit many different stakeholders: experienced national NGOs, international NGOs supporting emerging national partners, research institutions, national government agencies in smaller countries, and local government agencies or smaller ministries in larger countries. In countries that are just starting to access GEF support, such as Vietnam and Cambodia, the size of MSPs seems very compatible with the principal stakeholders' capacity to absorb and implement projects. This has helped build confidence among the NGO and government stakeholders that they will be able to obtain further GEF funding. MSPs also appear well suited to the needs of SIDS, although there are few examples so far.

66. Although processing times are a critical MSP issue, the relatively small size of MSPs compared to most other development agency projects can provide opportunities linked to speed and flexibility. The *Quiché* MSP in Guatemala, for example, responded quickly to play a major demonstration role that influenced a national debate on rural electrification strategy and catalyzed legislative changes. This experience also showed how timely and well-aimed MSPs can respond to specific needs and fill gaps in larger programs.

67. The sustainability of community-level MSPs will often depend on the extent to which economic benefits to local people have resulted, thereby cementing the links between environ-

mental protection and income generation. This frequently has proved difficult to achieve through larger projects over considerable periods of time, particularly when the economic viability or environmental benefits of the selected activities is not evident. An encouraging number of MSPs have resulted in improved livelihoods and higher income levels for key stakeholders, however. A Philippines MSP has supported seaweed farming for local communities as an alternative livelihood source to destructive fishing on the Tubbataha Reef World Heritage Site. In the Peru MSP, *Biodiversity Conservation and Community Natural Resource Management Project in the Nanay River Basin*, one of the expected impacts is biodiversity conservation through the involvement of local stakeholders in the diversification of sustainable natural resource economic practices. The *Choco-Andean* MSP in Ecuador is bringing together local operators to expand ecotourism activities and helping a variety of micro-enterprises to achieve economies of scale and improve profitability. Trophy hunting in Torghar, Pakistan, nets \$25,000 per trophy, with \$20,000 going to the community and \$5,000 going to the Forestry Department. Both the community and the government then use these parts of the fee to strengthen their protection activities.

68. The renewable energy MSP in Quiché, Guatemala, is providing a range of rural development benefits. While the project's micro-hydro electric and solar PV systems already provide energy for lighting and cooking, energy use for income-generating activities such as coffee drying or weaving are now being explored. This MSP has encouraged local women to be involved in project decision-making for the first time. The women have responded positively and have proposed to create their own association for future projects. Many of the other MSPs observed in this evaluation were less clear on the integration of gender concerns in their designs. The participation of women was often considered to have been achieved if women were observed to be in attendance during consultations. Further guidance is needed on gender issues and MSPs.

3. To What Extent Have MSP Procedures Been Expedited?

69. This chapter analyzes the overall operational performance of the IAs and GEFSEC in preparing, approving, and implementing MSPs, with particular emphasis on the time taken to move through the different phases of the project cycle from the initial concept paper to the first disbursement. An initial reference point was provided by the GEF policy documents describing expedited procedures of MSPs, including how long these were expected to take.

Expedited Procedures for MSPs

70. The GEF Council adopted a proposal for “expedited procedures” for MSPs in 1996, to “simplify the steps required and to shorten the time needed to complete the GEF project cycle.” The basis for expedited procedures was that MSPs would often “not require the same level of preparation and oversight as full projects.” The goal of “streamlining and simplifying all stages of the project preparation and implementation” was highlighted⁹.

71. The Council specified the steps to be followed in MSP preparation, approval, and implementation, and provided clear timelines with service standards for GEFSEC, IAs, and the STAP for these to be expedited. These timelines did not cover the entire project cycle but they included: (i) 15 days for review by national operational focal points, (ii) 15 days for internal GEF review (including IAs other than the proposing one), (iii) 10 working days for preparing recommendation of GEFSEC on the basis of comments made during the review period, (iv) 5

working days for CEO to decided upon approval of project proposal, and (v) 8 weeks from CEO approval to internal approval by the IA.

72. GEFSEC prepared an information kit to guide MSP preparation in 1997 with input from the IAs¹⁰. The kit outlines the steps for (i) preparing the project proposal, (ii) reviewing and approving the proposal, and (iii) preparing the project document and implementing the project. According to this kit, it was expected to “take approximately 6 months between the time a project concept is approved and project implementation can begin.”

73. In 2000, the GEF Council requested the IAs to report on how they could expedite the disbursement of GEF funds for small projects, including MSPs, PDFs, and enabling activities. The resulting report to the Council in May 2001 specified several steps designed to facilitate the start of project activities¹¹. Each of the IAs has taken a variety of steps to expedite or streamline their MSP procedures since 1997. Annex 5 shows the differences in the procedures that each IA currently applies to MSPs as compared to FSPs.

Basis for Milestone Dates Analysis

74. Neither the IAs nor GEFSEC monitor centrally the status of individual MSPs as they progress through the project preparation and approval cycle. As a result, there was little reliable data on the time required to process MSPs as the evaluation began, and no obvious way of comparing actual perfor-

⁹ Proposal for Medium-Sized Projects, GEF/C.8/5.

¹⁰ www.gefweb.org/operport/msp/mspbroch.htm

¹¹ Mechanisms and Arrangements for Expediting Disbursement of Funds for Small Projects, GEF/C.17/12.

mance with the standards set by the GEF Council and the MSP information kit.

75. To address this absence of usable data, the evaluation team requested each of the IAs to (i) identify a series of about 10 “milestone dates” in their MSP cycles, from first identification of the project concept through preparation and approval to the date of the first disbursement, and (ii) develop a database containing each of these milestone dates for all of their approved MSPs¹².

76. These data sets were compiled by each of the IAs during May-July 2001 and provide the basis for the analysis described in this chapter (GEFSEC does not maintain a database that could contribute significantly to this analysis). The IAs also provided explanations of any unusually lengthy MSP processing times that were highlighted by these data. These data sets are not entirely complete. There were discrepancies between the MSP data provided by the IAs and that provided by GEFSEC, in which cases we relied on the more comprehensive IA records. GEFSEC does not maintain reliable records of the dates on which proposals are received for review and later returned.

Results of Milestone Dates Analysis

77. This section of the report presents the results of our analysis of the elapsed time during key phases of the project cycle for the 121 approved MSPs, to assess actual performance against expectations. Variations in performance for the entire MSP portfolio have been further examined from three other perspectives: over time, between the different GEF focal areas, and by geographic region. These results are not fully comprehensive or comparable due to differences in the agencies’ respective project cycles and internal procedures.

This analysis required a substantial body of information to be compiled, refined, and examined in a short time, and the results should be considered preliminary until the IAs and GEFSEC have had further opportunities to refine and examine these data.

Time Elapsed Between Project Identification and Submission to GEFSEC

78. Our milestone dates analysis divides the MSP preparation and approval cycle into a number of phases. The first phase starts when a project concept is received by the IA and goes on to include all subsequent preparation work until the point where the MSP proposal is submitted to GEFSEC. This analysis is limited to UNDP and UNEP projects as World Bank data were not available for the project preparation period prior to PDF-A approval or pipeline entry.

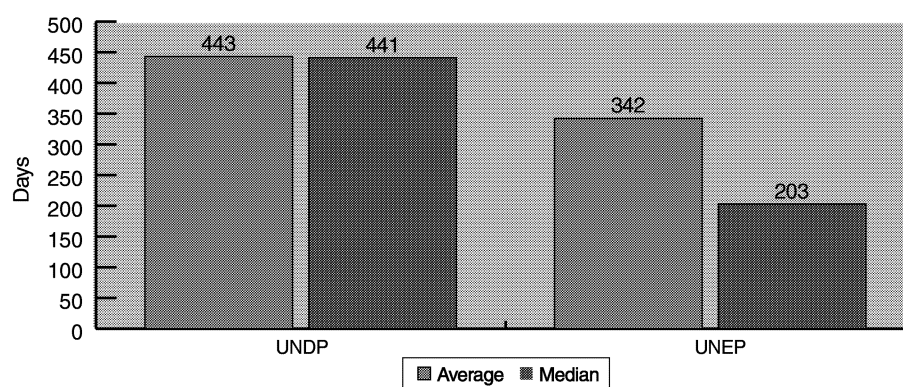
79. In the case of UNDP, the elapsed time between the date a concept was received by the agency until it was submitted to GEFSEC is 443 days (median 441, Figure 3.1)¹³. This average figure obscures the fact that projects with PDF-As take about twice as long to prepare as projects without PDF-As¹⁴. For projects with PDF-As, it takes on average 556 (median 549) days to prepare a project proposal to GEFSEC after UNDP receives the concept. For projects without PDF-As, the average time is reduced to 363 (median 341) days. The PDF-A implementation period is often an essential element of project preparation, particularly in the case of relatively complex projects involving a variety of stakeholders and inexperienced proponents. It would, therefore, be misleading to consider PDF-A implementation as a bureaucratic processing delay.

¹² UNDP selected 12 milestone dates from the MSP proposal first arriving at a country office to the signing of the project document. UNEP’s data cover 13 dates from project identification to the first disbursement date. The World Bank’s 10 dates start considerably later, with PDF-A approval or pipeline entry date, and then go through to the first disbursement date (for further details, please see Annex 6).

¹³ These data do not include nine MSPs whose ideas were submitted before August 1997 since MSP guidance was not available prior to this time, forcing UNDP to wait before proceeding with the projects.

¹⁴ The use of PDF-A funds for MSP preparation of up to \$25,000 is discussed further in Chapter 6.

Figure 3.1
Average Elapsed Time from Project Identification to Proposal Submission to the GEFSEC



80. For UNEP MSPs, the elapsed time from project identification to the submission of the brief to GEFSEC is on average 342 (median 203) days for all MSPs. Again, the average for projects with PDF-As is significantly higher than for those without PDF-As: 514 (median 470) days and 299 (median 139) days, respectively.

Time from PDF-A Approval to Project Start-Up

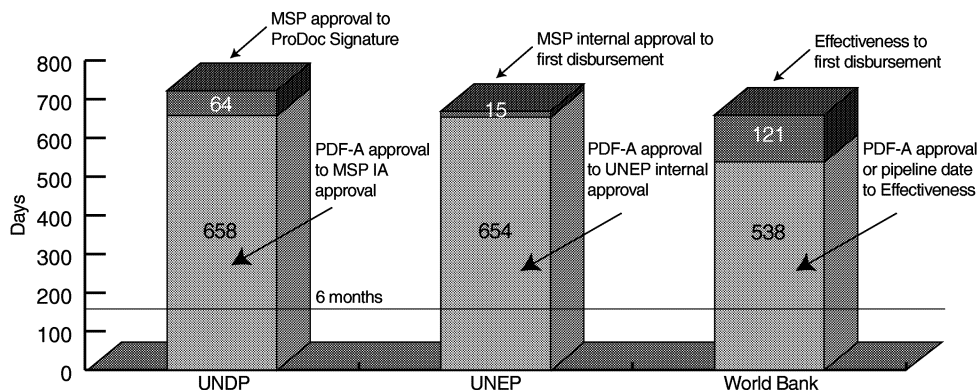
81. Figure 3.2 shows the time elapsed from PDF-A approval until the point where project implementation can begin, i.e., where there is a valid contract between the IA and the executing agency. The milestone dates are slightly different for the three agencies, but broadly comparable. This figure only contains information on the projects that have PDF-As, thus omitting 15 out of UNEP's 20 projects. The lower part of each stacked bar shows the average time that elapsed from approval of the PDF-A by the agency to project approval by the IA. It means the time taken from the point at which the IAs accept a project concept—through detailed project preparation, review, and approval—to the point where the project becomes effective, there is a legal agreement between the IA and the execut-

ing agency, and project activities can begin. GEF approval by the CEO takes place within this range but is not shown separately here (see the next section). It is important to note that the bars in Figure 3.2 do not capture total MSP preparation time. Considerable project preparation work will have often been done over an extended time period just to reach the beginning of the time interval depicted here.

82. The upper part of each stacked bar in Figure 3.2 shows the average time that has elapsed from project approval by the IA (as described in the paragraph above) to the first project disbursement for UNEP and World Bank, and to the Project Document (ProDoc) signature in the case of UNDP, which was unable to supply first disbursement dates.

83. For comparison, the performance anticipated in the GEF MSP kit is illustrated by the horizontal line depicting 6 months from the time a project concept is approved to the time when implementation can begin. Although the term used in the kit “approval of a project concept” is slightly ambiguous and open to alternative interpretation, it seems clear that this statement has proven overoptimistic.

Figure 3.2
Elapsed Time of MSP Procedures for Each Implementing Agency



N.B.: The figure includes the PDF-A implementation period, an important phase in MSP development that cannot be construed as a processing delay.

Time Elapsed in GEFSEC Review

84. As noted above, the GEFSEC review is included but not highlighted within the lower part of each stacked bar in Figure 3.2 depicting the period from PDF-A approval until IA internal approval. Figure 3.3 shows the time spent on GEFSEC review for UNEP and World Bank MSPs. The corresponding information is not available for UNDP MSPs. These data show that the average time taken for GEFSEC to respond with review comments on MSP briefs that are submitted for the first time is slightly more than 20 days. If the MSP has to be revised and resubmitted, the time of the second review by the GEFSEC is on the average much longer.

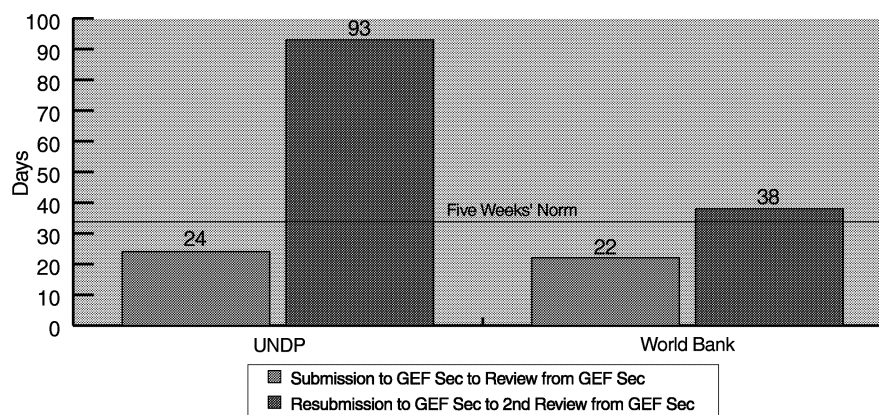
85. Figure 3.3 compares the actual time taken by GEFSEC with the service norm of 25 working days, represented by the horizontal 5-week norm line. According to GEF policy, this service norm consists of two phases: First, once the MSP has been submitted to GEFSEC, the other IAs, STAP,¹⁵ and, when required, the Convention

Secretariats have 15 working days to comment on the proposal. Second, after these comments have been received, GEFSEC's recommendation about whether the project proposal be submitted for approval, returned to the IA for revision, or not be developed further must be formulated within another 10 working days. As MSP proposals usually result in very few comments from the other partners, the response time is normally within the expected norm for projects that have been submitted for the first time. The notably slower GEFSEC response time for projects that have been resubmitted may reflect the fact that resubmitted MSPs involve policy or strategic issues that take longer to resolve.

86. There are, however, individual cases where the time required for GEFSEC review has exceeded the service norm, even for MSPs that were being submitted for the first time. During the course of the evaluation, several instances were recorded of GEFSEC losing track of MSP briefs awaiting review, some of which added months to the project cycle.

¹⁵ The Council document specified that MSP proposals under \$750,000 would not require a technical review by a STAP expert, unless the IA requested such review. Proposals above \$750,000 would require a STAP review.

Figure 3.3
Average GEFSEC Comment Time



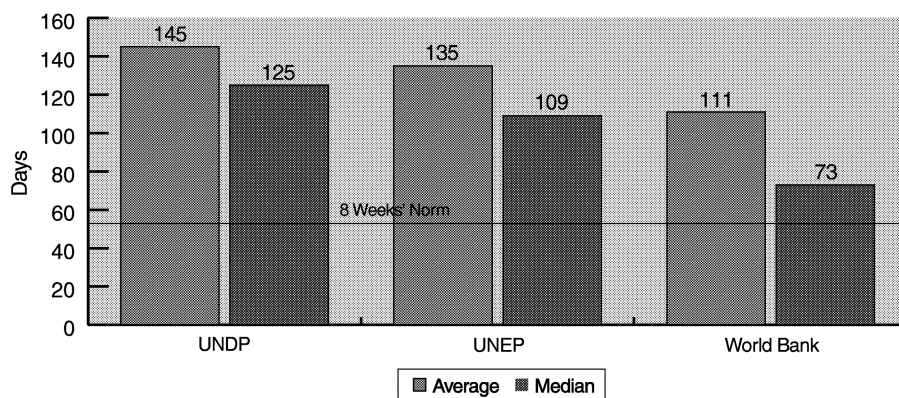
Elapsed Time from CEO Endorsement to IA Internal Approval

87. The next phase analyzed was the internal approval process of the IAs after the MSP has been approved by the GEF CEO. This phase includes the steps to be undertaken before a project becomes the subject of a legal agreement between the IA and the executing agency, at which point disbursements can begin. The elapsed time from the CEO endorsement to internal IA project approval varies between 111 and 145 days (median 73 and 125 days, Figure 3.4). This can be compared with the suggested service norm of 8 weeks (56 days) specified by the GEF Council. The shorter median periods reflect the negative influence on the average

values of a small number of projects with unusually long processing periods. The World Bank median of 73 days comes closest to approaching the 56-day service norm.

88. Although these times are significantly longer than anticipated, MSP processing still compares favorably with that of FSPs. The 2000 GEF Project Performance Report shows the average time for FSPs to move from CEO endorsement to internal IA project approval to be 339 days for UNEP and 490 days for the World Bank (the figures for UNDP are not available). Unfortunately, the relative gains in efficiency for MSPs when compared to a GEF full project are not apparent to most MSP executing agencies as they have not undergone the full project experience.

Figure 3.4
Average Time Elapsed Between CEO Endorsement and Implementing Agency Internal Approval



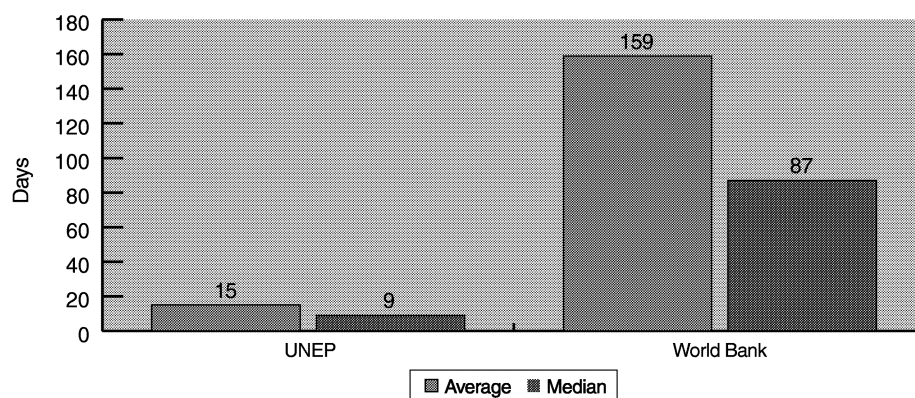
Elapsed Time After IA Internal Approval Until Project Start-up

89. The final phase analyzed is the period from IA internal approval until project start-up. Relatively little information is available for this period. For UNEP and the World Bank, data are available from internal approval until the first disbursement of project funds.

90. UNEP's MSP disbursements take place only 15 days on average after internal approval

(Figure 3.5). For the World Bank, the average period from Country Management Unit (CMU) approval to the first MSP disbursement is 159 days, a wait of almost 6 months before the first transfer of funds to the projects. However, comparing this average Bank figure with the much lower median (87 days) makes it clear that a small number of individual projects have taken an exceptionally long time from CMU approval to first disbursement. The reasons for these relatively long periods preceding the first disbursement are discussed in the following chapter.

Figure 3.5
Average Time Elapsed Between Internal Approval to First Disbursement



91. In the case of UNDP, the last recorded date is the project document (ProDoc) signature, which is a key final step before money can be disbursed. It takes on average 64 days from the internal approval to the signature of the project document for UNDP MSPs. UNDP has no central records of the date of first disbursement for its MSPs and was not able to supply these data.

Performance Changes Over Time

92. The milestone dates have also been analyzed over time, to explore whether performance has improved as GEFSEC and the IAs became more

familiar with the MSPs and learn from earlier experiences. For this analysis, the data for each IA have been subdivided into three phases and then tracked over time using 6-month intervals. The results are shown in Figures 3.6 through 3.14, as summarized in Table 3.1. It should be noted that the number of projects in each time period is relatively small, so individual projects can skew the averages significantly. Although the data are not entirely consistent between the agencies—the first World Bank milestone date is later and the last UNDP milestone date earlier than the others—this does not affect the analysis of trends over time.

Table 3.1
Summary of Figures Showing Milestone Dates Analysis Over Time by IA

	UNDP	UNEP	World Bank
Date 1	Concept received by UNDP-GEF Unit	Project identification	Pipeline entry
Date 2	MSP Proposal Brief submitted to GEFSEC	MSP Proposal Brief submitted to GEFSEC	MSP Proposal Brief submitted to GEFSEC
Date 3	CEO Approval	CEO Approval	CEO Approval
Date 4	MSP Project document signed	First disbursement	First disbursement
Phase 1 (Dates 1– 2):	Figure 3.6	Figure 3.9	Figure 3.12
Phase 2 (Dates 2– 3):	Figure 3.7	Figure 3.10	Figure 3.13
Phase 3 (Dates 3– 4):	Figure 3.8	Figure 3.11	Figure 3.14

UNDP

93. The UNDP data show a clear reduction in the interval between receiving an MSP concept and submission of the MSP proposal to GEFSEC, from close to 1,000 days in 1996 to around 100 days in 2000 (Figure 3.6). The unusually long periods in 1996 and early 1997 are due to many

project concepts having been received before the MSP approach was approved by the GEF Council and then put on hold. The next phase, to CEO approval, has also decreased although less clearly (Figure 3.7). The time from CEO approval until the signing of the project document has been significantly reduced (Figure 3.8).

Figure 3.6
Time from Concept First Received at UNDP-GEF to Initial MSP Proposal/Brief Received by GEFSEC

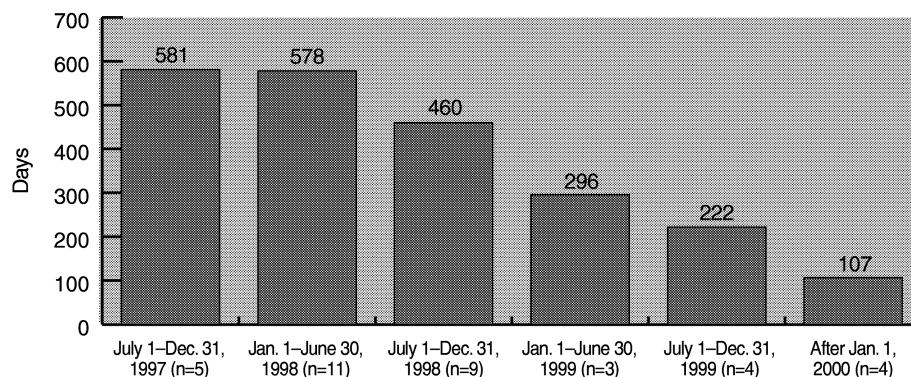


Figure 3.7
Time from Initial MSP Proposal/Brief Received by GEFSEC to CEO Approval (UNDP MSPs)

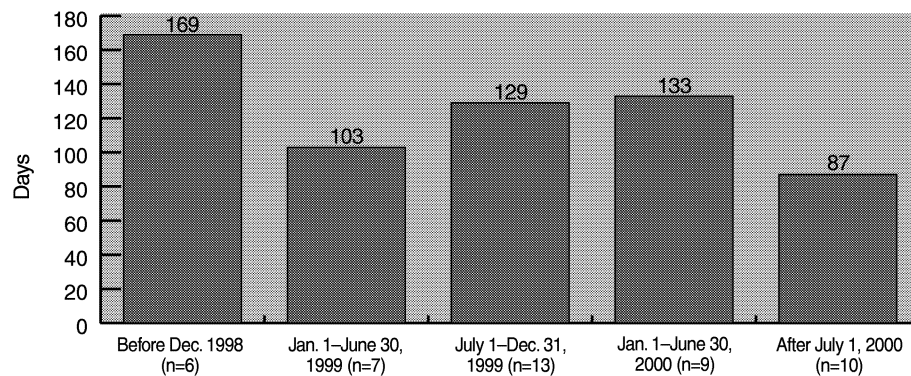
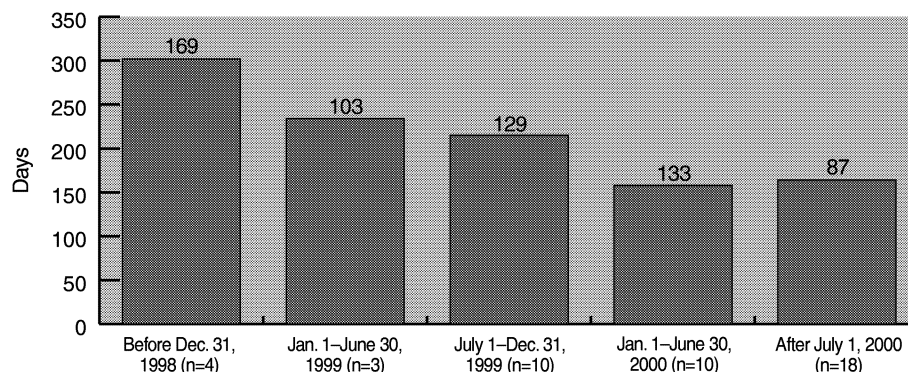


Figure 3.8
Time from GEF Approval to MSP Project Document Signature
(UNDP MSPs)



UNEP

94. The UNEP data are difficult to interpret due to the small number of projects in each time interval. Late 1997 is the only period where it has taken more than 300 days to move from project identification to proposal submission to GEFSEC (Figure 3.9). Moving to CEO approval

has been relatively quick (Figure 3.10), except for three projects that were substantially delayed during the 1999 fiscal year. The subsequent time required for UNEP internal approval has varied considerably but does not seem to be decreasing (Figure 3.11). The time taken to begin disbursement after internal approval has consistently been very short.

Figure 3.9
Time Between Project Identification and Submission to GEFSEC
(UNEP MSPs)

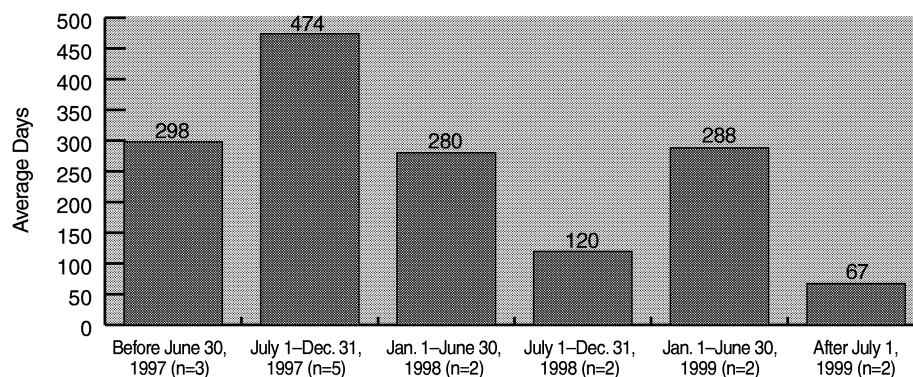


Figure 3.10
Time Between Date of Submission to GEFSEC and CEO Endorsement Date
(UNEP MSPs)

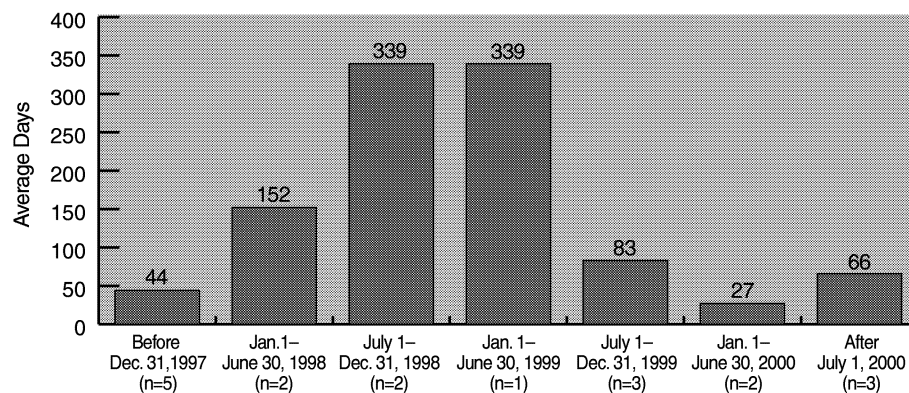
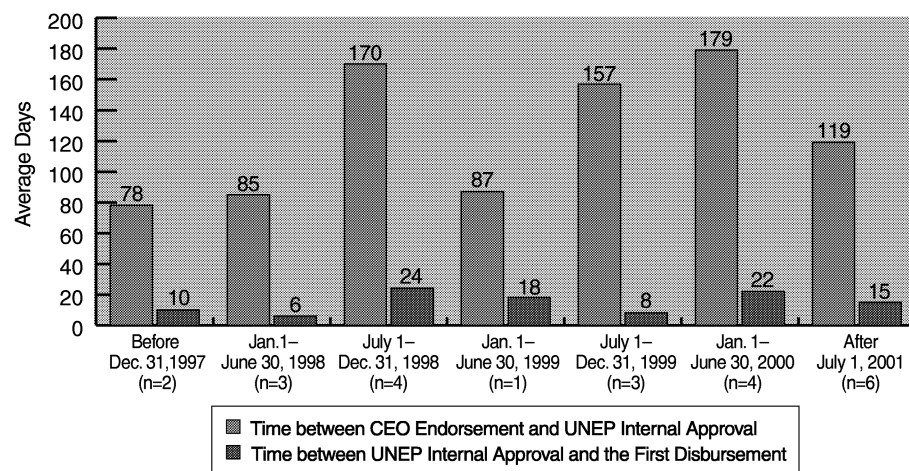


Figure 3.11
Time Between Project Identification and Submission to GEFSEC
(UNEP MSPs)



World Bank

95. For World Bank MSPs, the period from pipeline entry (either internal PDF-A approval or work program entry) to submission of a proposal

to GEFSEC has fallen from 459 days in 1997 to 172 days in the period since July 2000 (Figure 3.12). The next phase, to CEO approval, has varied in a narrow band between 80 and 100 days since mid-1998 (Figure 3.13).

Figure 3.12
Time from Pipeline Entry to Submission to CEO Endorsement of
World Bank MSPs

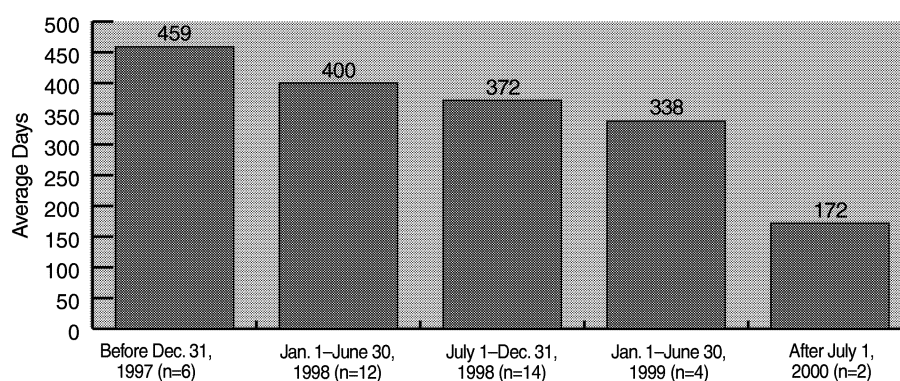
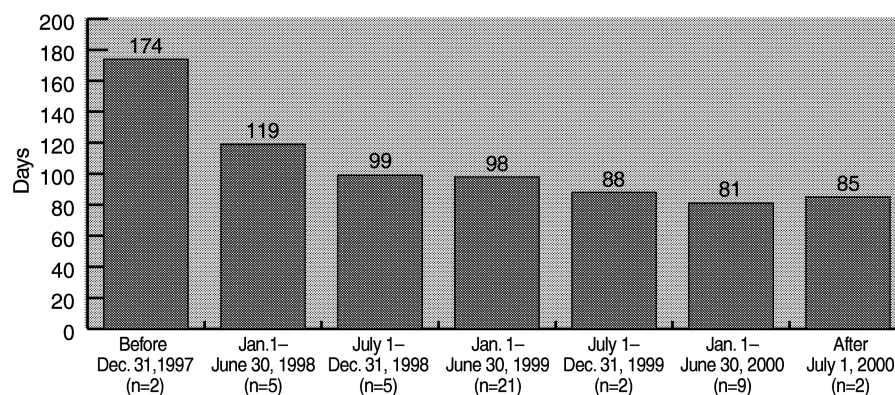


Figure 3.13
Time from Submission for GEF Comments to CEO Endorsement
(World Bank MSPs)



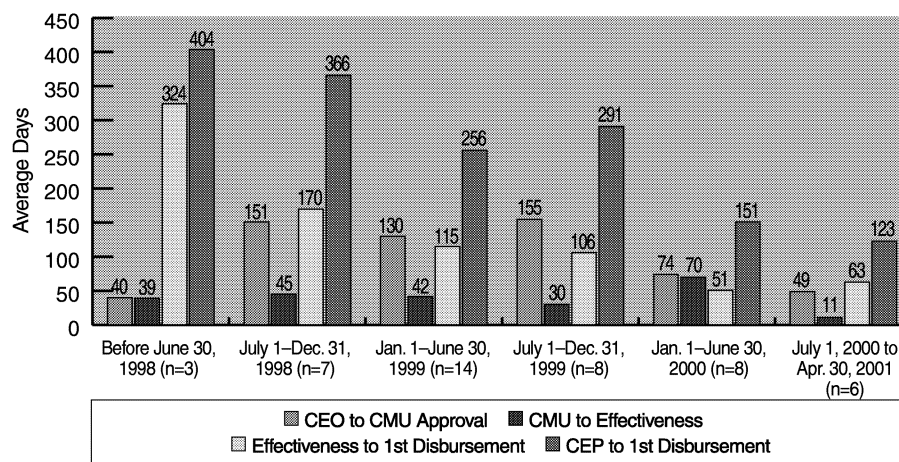
96. Relatively detailed information was compiled by World Bank staff for the evaluation on the phase between CEO approval and first disbursement, dividing this phase into three subsets (Figure 3.14).

97. It can be seen that the time from CEO approval to internal World Bank approval (by the CMU) has fluctuated from an average of 40 to 155 days. In some periods, including the latest for which data are available (July 2000-April 2001), the Bank has been able to keep the average below the service norm of 8 weeks proposed by the GEF. In other periods, the average time elapsed before CMU approval has been lengthened often due to a large variance. For example, in FY2000, the average time for World Bank MSPs was 135 days. Three of the MSPs were mainly responsible for this lengthy average: Each of the three

took more than 300 days to approval. Seven of the projects managed to get CMU approval within the 8-week service norm¹⁷.

98. Normally the time elapsed from CMU approval to project effectiveness has been limited ranging from an average of 11 to 70 days. However, the time between effectiveness and first disbursement of project funds was initially very long. This has decreased significantly over the years and in the current period is only 63 days. Significant reductions in the periods from CEO approval to CMU approval, and then to effectiveness and first disbursement, have all contributed to a steady reduction in time between CEO approval and first disbursement from over 400 days initially to 123 days for the most recent period.

Figure 3.14¹⁶
Elapsed Time from CEO Approval to First Disbursement for World Bank MSPs,
by Sequence



¹⁶ Note that the last column for each time period in Figure 3.14 should be equal to the sum of the three adjacent columns. Where this is not the case, the differences are caused by missing data concerning some of the projects.

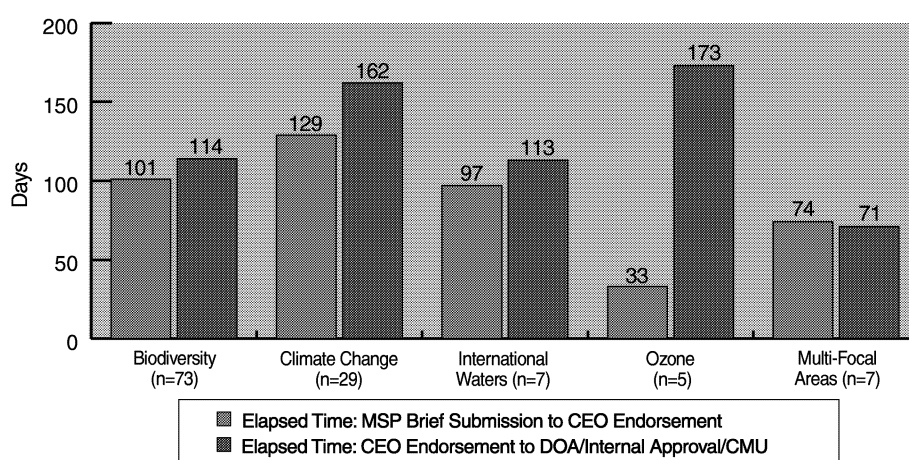
¹⁷ 2000 Project Performance Report.

Performance by Focal Area

99. A comparison of elapsed times by focal area shows (Figure 3.15), perhaps surprisingly, that processing for climate change MSPs takes significantly longer than for biodiversity or international waters projects, but that multi-focal area projects take the least time. Ozone projects

move quickly between proposal submission and CEO approval, averaging only 33 days, but require another 173 days for IA approval. To achieve comparability across the portfolio, these data start with proposal submission to GEFSEC, a relatively advanced stage of the MSP processing cycle.

Figure 3.15
Average Elapsed Time by Focal Area

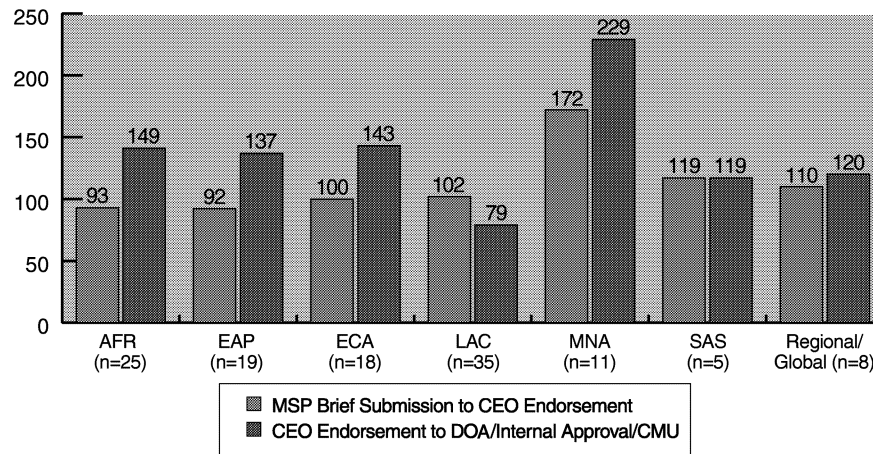


Performance by Geographic Region

100. The most obvious result from a regional comparison (Figure 3.16) is that the Middle East and North Africa region has significantly longer processing times once its MSP proposals have been submitted to GEFSEC, requiring about 400 days in total to move from CEO approval to effectiveness within the IAs. Five climate change and one international waters project in this

region were particularly slow-moving. The comparable data for the other regions vary between 180 and 240 days. The Latin America and the Caribbean region performs significantly better than all other regions in moving from CEO approval to project effectiveness, averaging only 79 days (although even this figure is well above the 8-week service norm).

Figure 3.16
Average Elapsed Time by Region



Overall Findings of Milestone Dates Analysis

101. The analysis in this chapter is incomplete to the extent that some uncertainties in the data have yet to be resolved, even after exhaustive work by the IAs and the evaluation team, particularly for UNDP and World Bank-implemented projects. The overall results are clear, however, and are unlikely to be affected by future data refinements. While there have been considerable improvements over time, and MSP processing compares favorably with FSPs, the actual processing times far exceed the original goals set for MSPs. Reality has fallen far short of the expectation that MSPs would be a relatively fast-moving and flexible funding opportunity. The GEFSEC prediction that it would take approximately 6 months between the time a project concept is approved and project imple-

mentation can begin has proven overoptimistic. In practice, the average has been over 2 years, with several projects taking 3 or 4 years. Even these higher-than-expected figures do not include the substantial preparation time often required to prepare a project concept to the satisfaction of both GEFSEC and the IAs, which itself has varied from a few months to over 2 years.

102. Considerable time is elapsing at a variety of different stages in the preparation, approval, and initial disbursement cycle due to a range of factors within GEFSEC, the IAs, governments, and proponents. In particular, the substantive preparation time needed for many MSPs does appear to have been significantly underestimated. The next chapter explores the processing of individual MSP and the factors causing unusual delays in more detail.

4. Factors Causing Lengthy Project Cycles for MSPs

103. This chapter investigates the factors causing some unusually long MSP processing times, focusing on examples which seem the antithesis of expedited procedures. The approach taken builds on the milestone dates analysis described in the previous chapter, looking at the reasons for delays reported by the IAs, by project proponents, and by other MSP stakeholders.

Factors Highlighted by Milestone Dates Analysis

104. Following the milestone dates analysis described in the previous chapter, the IAs were each asked to identify those MSPs where unusually long periods had elapsed between milestones, and to provide explanations for these delays. The agencies submitted these data in somewhat different forms and caution is needed

in making any comparisons of agency performance on this basis. However, these data do help to highlight some of the major factors adding significant time to the MSP cycle.

World Bank

105. The World Bank analysis covers the processing cycle from the point when the MSP proposal is submitted to GEFSEC, thereby excluding PDF-A preparation. The number of cases where more than 100 days elapsed time between any two milestones for a World Bank MSP are shown in Table 4.1. The 100 days is an arbitrary figure selected to highlight where lengthy processing times seem to be concentrated. This World Bank analysis shows most delays occurring after CEO approval.

Table 4.1
Elapsed Time of More than 100 Days by Milestones for World Bank MSPs

Milestones	Average (days)	No. cases >100 days (No. of records)
From MSP brief submission to comments received	22	0 (30)
From comments received to submission for CEO endorsement	58	7 (30)
From submission for CEO endorsement to CEO endorsement	33	0 (43)
From CEO endorsement to CMU approval	111	19 (46)
From CMU approval to effectiveness	41	6 (45)
From effectiveness to first disbursement	121	15 (43)

106. World Bank identified 20 individual MSPs that experienced what the agency regarded as unusually lengthy preparation and approval periods and then provided explanations on a project-by-project basis. These explanations were varied and have been broadly grouped in Table 4.2. More than one factor contributed to delays in some projects.

UNDP

107. The UNDP analysis starts at a considerably earlier phase in the MSP cycle than the World Bank's, when the MSP concept was first received by the UNDP country office. The average time from this point until MSP proposal submission to GEFSEC (excluding the period of substantive project preparation during PDF-A implementation) was 297 days (Table 4.3). Many of the delays reported by UNDP were experienced before MSP proposals were first submitted to GEFSEC, although lengthy times also elapsed after CEO approval.

108. UNDP identified 20 individual MSPs that experienced what the agency regarded as unusually lengthy preparation and approval periods. These explanations, which cannot be attributed to any single actor or cause, have been broadly categorized in Table 4.4. More than one factor contributed to delays in some projects.

UNEP

109. The UNEP analysis also starts at a relatively early phase in the MSP cycle and includes a number of intermediate dates such as informal review by GEFSEC. It is clear that considerable time is spent ensuring that proposed MSPs are eligible for GEF funding (Table 4.5). At later stages of processing, however, UNEP's experience matches those of the two other IAs.

110. UNEP identified four individual MSPs that experienced what the agency regarded as unusu-

Table 4.2
Explanations Provided by World Bank for Unusually Lengthy MSP Processing

Actor	No. of Cases	Explanation
GEFSEC	1	Procedural uncertainties and GEFSEC approval indecision in the case of an early targeted research MSP
World Bank	10	Slow procedures or technical factors within World Bank (6 MSPs), lack of experience or lack of established procedures (3 MSPs), delay in associated World Bank project (1 MSP)
Proponent	4	Lack of capacity or experience
Government	10	Various institutional problems/weaknesses (5 MSPs), lack of govt collaboration or focal point approval (2 MSPs), lengthy govt approval procedures (2 MSPs), allegations of corruption (1 MSP)

Table 4.3
Elapsed Time of More than 100 Days by Milestones for UNDP MSPs

Milestones	Mean (days)	No. cases >100 days (No. of records)
From first arrival to submission to GEFSEC (excluding PDF-A implementation period)	297	31 (35)
From MSP proposal received by GEFSEC to proposal cleared by GEFSEC	79	11 (44)
From MSP proposal cleared by GEFSEC to CEO endorsement	40	3 (43)
From CEO endorsement to DOA	145	19 (33)
From DOA to Project Document signature	65	6 (29)

Table 4.4
Explanations Provided by UNDP for Unusually Lengthy MSP Processing

Actor	No. of Cases	Explanation
GEFSEC	5	Lengthy review or repeated reviews (4 MSPs), instructions changed in the middle of project preparation (1 MSP)
UNDP	4	Time needed to refocus project and resubmit after comments (2 MSPs), low responses to comments, processing due to low priority (1 MSP), inexperience in dealing with a technically complex project (1 MSP)
Proponent	3	Slow preparation of project document (1 MSP), need for NGO financial and managerial capacity assessment (1 MSP), proponent withdrew during project preparation (1 MSP).
Government	11	Resistance to NGO involvement (6 MSPs), changes in priority due to changes in government (1 MSP), various institutional issues, slow procedures, inexperience or delays in focal point endorsement (4 MSPs)
Various	12	Project originally developed as FSP before expedited procedures in place (5 MSPs), project delayed pending OP 12 (2 MSPs), change of IA during preparation (1 MSP), PDF-A funds not replenished by GEF (1 MSP), political difficulties in the country (3 MSPs)

Table 4.5
Elapsed Time of More than 100 Days by Milestones for UNEP MSPs

Milestones	Mean (days)	No. cases >100 days (No. of records)
From project identification to response to proponent	58	2 (12)
From response to proponent to GEF eligibility review	88	1 (4)
From GEF eligibility review to informal GEFSEC review	427	4 (5)
From GEFSEC review to submission to UNEP SMG	118	3 (6)
From submission to UNEP SMG to submission to GEFSEC	11	0 (8)
From submission to GEFSEC to review from GEFSEC	24	0 (13)
From review from GEFSEC to resubmission to GEFSEC	61	2 (10)
From resubmission to GEFSEC to second GEFSEC review	93	2 (5)
From second GEFSEC review to submission to GEF Council	25	0 (4)
From submission to Council to CEO endorsement	25	1 (15)
From CEO endorsement to UNEP internal approval	135	12 (22)
From UNEP internal approval to first disbursement of funds	15	0 (21)

ally lengthy preparation and approval periods. The explanations were largely related to UNEP's mandate within the GEF family and the eligibility of proposals. In two cases, GEFSEC challenged the principle of UNEP implementing single-country projects. In both these cases, UNDP was proposed as an alternate but the proponents preferred to stay with UNEP and the

MSPs were eventually approved. In another case, a UNEP proposal submitted as an FSP was later agreed to be only partially eligible for GEF funding and was converted to an MSP. In the final case, there were delays in securing official focal point endorsements for a multicountry project.

Examples of Delayed MSPs

111. This section provides a selection of case study examples of unduly delayed MSPs to illustrate the variety of factors involved. The cases were by no means exceptions. For each experience described here, several others encountered during the evaluation could equally well have been presented with similar effect.

112. In Ecuador, the private sector proponent of the *Private Forests Management* MSP obtained OFP endorsement for a PDF-A proposal in November 1997 and presented the concept to the UNDP country office a month later. Instabilities and frequent political changes during next 3 years—including the dissolution of the Ministry of Environment in February 2000 resulted in the need for repeated renewals of the OFP endorsements. A new OFP raised new questions concerning the proposal in March 2000. After the Ministry of Environment was re-established following pressure from environmental groups, the OFP eventually endorsed the project in January 2001. This MSP has taken over 3 years trying to get a PDF-A approved.

113. In Guatemala, an MSP¹⁸ suggested in 1998 was submitted as a proposal to UNDP in January 1999 and revised following UNDP comments in May 1999. The NGO heard nothing more until January 2000 while UNDP addressed questions from the World Bank about overlap with a planned FSP in the same part of the country. A new UNDP technical officer then raised a number of issues that had already been discussed and resolved with the previous officer, although the PDF-A was approved in May 2000. Then personnel changes in the proponent NGO delayed the start of the PDF-A until February 2001. The project brief is now expected to be submitted to GEF by October 2001. If all now goes well, this MSP will have taken nearly 3 years to reach the CEO approval stage.

114. In South Africa, the *Solar Thermal Electric (STE)* MSP was executed by the South African power utility ESKOM. There was initially uncertainty within World Bank as to whether ESKOM, the Department of Finance, or another government department should be the executing agency, while the Bank task manager was changed three times. The STE project was originally conceived and submitted to GEFSEC as an MSP in 1997. GEFSEC decided it should instead be prepared under a PDF-B. ESKOM then revised and resubmitted the proposal in the PDF-B format. GEFSEC then suggested it should be a targeted research proposal. ESKOM again revised and resubmitted the proposal using the targeted research format. Then GEFSEC finally decided that this should be an MSP. These frequent revisions of position by GEFSEC reflected the characteristics of the project which did not, as normally required, include immediate greenhouse gas reductions as a project outcome. Frustrated by the series of delays, ESKOM started the project in April 1999 using its own funds and was subsequently reimbursed after the project was approved in April 2000. GEF funding was approved when an acceptable rationale for GEF eligibility was clarified. As described in Chapter 2, this turned out to be an excellent project and was completed in May 2001, the only single-country MSP that had been completed prior to this evaluation.

115. In Peru, an MSP¹⁹ concept presented to UNDP in November was agreed to in December 1999. After a 9-month silence, UNDP/GEF New York sent a consultant in September 2000. A PDF-A proposal was prepared in October 2000 and finalized in December 2000 following comments from UNDP/GEF. In March 2001, GEFSEC review comments suggested combining the MSP with another GEF project working with indigenous people in the Peruvian Amazon. But the projects are separated by 1,000 km of roadless forest, are addressing entirely different socio-economic situations, and could not con-

¹⁸ *Conservation of Biodiversity in the Western Plateau* MSP.

¹⁹ *Conservation of Biodiversity and Sustainable Development in Indigenous Land Ashánika in the Central Amazon* MSP.

ceivably be combined. As a consequence of this review comment, the PDF-A had not been approved by July 2001. This project is now approaching 2 years spent trying to obtain \$25,000 PDF-A funding.

116. A Latin American six-country MSP²⁰ was first proposed in May 1997 and the concept paper approved by UNEP in August 1997. Endorsements from five OFPs were obtained by July 1998, but one was not received until July 1999. The PDF-A was approved in February 1999 and the project brief submitted in December 1999 and approved in March 2000. The MSP became effective in September 2000. Apart from the delayed OFP endorsement, reviews from World Bank and UNDP were also significantly delayed, although these were positive and did help strengthen the proposal. GEFSEC review comments proved time-consuming to address. Finally, problems with the incremental cost calculation caused further delays. While the relationship between the executing agency and the IA remained positive throughout preparation and approval, a variety of different factors combined to delay approval until 3 years after the project was initiated.

117. In Mexico, an MSP²¹ with a local NGO partnering an international NGO was delayed for 8 months awaiting OFP endorsement. The World Bank country office insisted on additional PDF-A requirements after approval, which required considerable time and resources to develop. A planned PDF-A workshop had to be postponed due to late funds disbursement. The World Bank added further components to the MSP during preparation, again requiring considerable time and resources to develop. More time was then spent obtaining a local bank security guarantee required by World Bank to facilitate the transfer of funds. World Bank review comments submitted separately then necessitated several rewrites of the proposal. Finally, World Bank staff in

Washington rejected the additional requirements that had been insisted on by World Bank Mexico, and the local NGO was requested to revert back to the original proposal, necessitating further rewrites and the development of a new logical framework. The World Bank then required proponents to develop a 200-page finance manual to guide procurement and conduct an external audit of the \$25,000 PDF-A, which cost \$9,000 to undertake.

118. It is important to bear in mind that extended processing times have not always been to the detriment of MSPs. The evaluation team encountered several cases where relatively lengthy project preparation, although unwelcome, was retrospectively recognized by stakeholders as having been beneficial. Lengthy PDF-As for two biodiversity projects in Poland (Narew, Barycz) helped the local NGO initiators leverage additional funds and build support among stakeholders through a long-term, bottom-up process. The key to both of these cases has been a clear and sustained GEF commitment (i.e., there was no question that eventually the GEF would support the projects). This contrasts with the experience of a Polish FSP in Bialowieza in the early 1990s, where large sums of money were made available for biodiversity conservation without the necessary local capacity building, with the result that local governments, park agencies, and NGOs continue to be in conflict over resource management.

Factors Highlighted by MSP Stakeholders

119. The evaluation country visits, questionnaires, and interviews have revealed consistently high levels of dissatisfaction and frustration with MSP processing on the part of proponents, local IA staff, and other stakeholders. As indicated in the previous sections, the causes of these lengthy processing times are varied, although a few clusters of problems have emerged clearly. The

²⁰ *Catalyzing Conservation Action in Latin America: Identifying Priority Sites and Best Management Alternatives in Five Globally Significant Ecoregion MSP.*

²¹ *Private Lands Mechanism for Biodiversity Conservation MSP.*

most commonly reported sources of delay are described here.

120. Obtaining MSP endorsements from national GEF Operational Focal Points (OFPs) has frequently been difficult and very time-consuming. This problem was often exacerbated in the case of multicountry regional and global projects, and also when proponents were NGOs. OFPs are themselves often required to get approval from multiple ministries before endorsing projects, thereby further complicating the process. Further delays have often occurred when governments have changed, there was a period of political turmoil, and/or when OFPs have been replaced. The role of OFPs and the urgent need for strengthening their capacity is discussed further in Chapter 5. Broader institutional weaknesses within governments have also contributed to delays.

121. A significant number of MSP proponents have limited capacities in proposal writing and project design and very little GEF experience. These weaknesses have necessitated considerable support from the IA staff at all stages of the project cycle. Less experienced proponents, and even some of the more experienced ones, have consistently had great difficulty in understanding GEF or IA requirements or specialized language and have often struggled to respond to proposal review comments emanating from Washington or New York. Waves of MSP proposals from relatively inexperienced proponents have in some cases exceeded local IA capacities to process them, at least partly because the technical standards and processing needs for MSPs require almost as much IA staff time as FSPs. The incremental cost analysis is a ubiquitous source of confusion and delay. Consultants hired to write MSP proposals because of their GEF expertise are often long gone by the time review comments come back to the proponents.

122. Unclear and sometimes conflicting technical reviews from different sources in the IAs and GEFSEC have frustrated and discouraged many MSP proponents while adding considerable time to processing. Review processes are not transpar-

ent to proponents, who have little understanding of the respective review roles of the IAs and GEFSEC. These review roles are unclear in practice, and vary by country, by project, and by focal area. Some of the review comments early in the preparation cycle showed a lack of understanding of GEF eligibility, while some of the later review comments showed an insufficient understanding of local conditions combined with a lack of confidence in the ability of experienced and competent people on the ground to make sound decisions. Reaching consensus on eligibility issues between IAs and GEFSEC slowed a number of proposals. Those proponents with direct access to the IA headquarters or GEFSEC were sometimes able to shorten the preparation and approval process, especially international NGOs.

123. There are variations in the capacities of the UNDP and World Bank country offices related to GEF projects. Many of these offices have played very supportive roles and have been complimented by MSP executing agencies. Others either lack local environmental staff or have limited capacity to work on GEF projects. In these latter cases, proponents tend to work more directly with regional or headquarters staff. While most of these are very capable, they tend to be overloaded and are not always able to support inexperienced MSP proponents. Delays occurring within the IAs have variously been attributed to slow internal procedures, challenges resolving technical problems, lack of experience with certain issues or countries, lack of established procedures, and frequent staff changes. In some cases, IA staff have pressured unwilling proponents to scale up MSP proposals, causing delays in processing as well as jeopardizing implementation. The role of the IAs in MSPs are discussed further in Chapter 5.

124. Adjusting legal, procurement, and disbursement procedures to fit the capacities of smaller and less sophisticated project executing agencies continues to challenge the World Bank. While a \$1 million MSP has to be managed wisely, NGO proponents continue to be stretched by the demanding legal, procurement, and disbursement

requirements that often seem disproportionate to the relatively small amounts involved. Bank staff are well aware of this issue, which continues to present a considerable challenges 5 years after MSPs first started and is still being addressed on a region-by-region rather than an institution-wide basis. A protracted change in the Bank's accounting system during 1999/2000 also caused some significant MSP disbursement delays.

125. The GEFSEC review of an MSP proposal (project brief) can take up to 3 months. Time has been lost by GEFSEC losing track of MSP proposals that were subject to a 15-day turn-around target, sometimes by several weeks. The time required to make policy decisions on certain types of MSPs has occasionally held projects up for months.

126. Some MSPs are perceived as having been delayed because their country, focal area, or general project approach has become relatively less popular with the GEF. These perceptions have been reinforced by the very different speeds at which project proposals of apparently similar quality are approved and the "long silences" from GEF that many proponents refer to. The need for better communications and for more transparency concerning GEF priorities is discussed further in Chapter 6. A significant number of MSPs at different stages of preparation have also been delayed or put on hold indefinitely as a result of the funding limitation experienced by the GEF in 2000. The serious impacts of this funding constraint on the future prospects of MSPs are discussed further in Chapter 6.

127. Finally, it is arguable that at least some of the "delays" reported are perceptions produced

by the over-optimistic goals set initially for MSP processing. Widespread expectations that MSPs would be subject to less thorough technical oversight and supervision and review by IA and GEFSEC staff have turned out to be misplaced. GEF staff have explicitly not "lowered the bar" for MSPs in a project-quality sense even though they have tried to speed up the approval process. As a result, MSPs have in many ways been treated more or less in a similar way to larger projects. This issue is addressed further in Chapter 6.

Impacts of Delays

128. Long time lags between the submission of project concept and the approval and release of funds have undermined many of the positive impacts that MSPs could have achieved. Local staff that had worked on developing the project brief had sometimes moved on to different jobs or were working on other projects and could not focus on implementing the MSP at the time it was signed. Some MSPs that could have helped build trust and goodwill among local stakeholders, NGOs, the government, private sector, IAs, and the GEF instead caused tension in relationships when support took much longer than expected. Excessively long preparation and approval periods have also led to losses of cofinancing and missed opportunities to influence policy-making in a timely manner. In practice, project rationales and objectives lose their relevance while waiting years for approval, while of course resource degradation continues. Finally, the level of credibility and interest in the project among participating institutions and GEF focal points in each country naturally diminishes as time passes.

5. The Role of Partners

129. This chapter reviews the role of key MSP partners, including GEF operational focal points (OFPs), IAs, GEFSEC, national and international NGOs, and others.

130. The original proposal for medium-sized projects²² specified the goal of making MSPs “user-friendly” to a wide range of potential executing agencies, including governments, national institutions, international organizations, local communities, NGOs, academic institutions, and private sector entities. As the analysis presented in Chapter 1 has shown, MSPs have been successful in engaging a broad variety of executing agencies, with NGOs being the largest single category. Strategically, MSPs have thus been able to mobilize a broad group of stakeholders.

Operational Focal Points

131. Both MSP and full-sized project proposals must be endorsed by the GEF OFP, the person or entity designated by the national government as responsible for GEF projects. GEF has taken OFP endorsement to be a strong signal of country ownership of projects. Currently, MSPs only need to be endorsed once, although most of the projects considered here were subject to an earlier requirement for two OFP endorsements at both the PDF and project brief submission stages. The evaluation did not encounter any cases of MSPs under implementation that had not been endorsed by OFPs, although the nature of the reviews undertaken prior to approval varied significantly by country.

132. Although a simple procedure in principle, obtaining OFP endorsement has often been a very time-consuming, frustrating process for project proponents and has been cited by the IAs and many MSP proponents as a formidable hurdle to be overcome. Such delays often result from the need for OFPs to seek approvals from a variety of other ministries. For example, one MSP proposal in Tanzania had to be cleared by 15 government departments before the OFP would approve it. Successfully negotiating these political minefields requires considerable political skill as well as persistence on the part of the OFP or, more often, the responsible IA staff member. As described in Chapter 4, one PDF-A application in Ecuador had to be endorsed and re-endorsed by three successive OFPs over a 3-year period, with several submissions required for each endorsement.

133. OFPs have had a major influence on the selection and approval of MSPs, although the type of role played by the OFP varies considerably. In most countries, the OFP receives only completed project briefs or PDF-A applications and is relatively isolated from the identification and development of MSP concepts. The OFP role has become more complicated as the scope and scale of GEF activities has increased, and in some countries the OFPs are operating under severe handicaps. Many OFPs have at best only partial information on current GEF activities in their own countries, only limited understanding of the GEF itself, and inadequate resources with which to make their role more effective. In a few countries, the OFP interacts effectively with a representative interagency committee on GEF

²² GEF/C.8/5.

issues. Country ownership of all GEF projects is often clearer in these cases.

134. The need for OFP endorsement has been particularly problematic for NGO proponents of MSPs. Many countries lack clear systems for dealing with NGO-government requests, and NGOs then become lost in the bureaucracy. Some governments have blocked NGO proposals that are perceived as competing with government for limited GEF resources. In a few cases, the relationship between the government and the IA can preclude direct funding for NGOs that do not work in partnership with some form of government body, e.g., with UNDP in Ethiopia. Other governments are simply hostile to NGOs and consequently will not support their proposals. In practice, the need for OFP support renders access to MSPs difficult or impossible for many NGOs.

135. The evaluation team did encounter particularly well-informed and proactive OFPs in Peru, Poland, and South Africa. The GEF focal point in Peru is with the National Environmental Commission (CONAM). Focal point endorsement decisions here are rapid, and CONAM is perceived as a responsive and efficient facilitator, having overcome the poor relationships it had with environmental groups a few years earlier. CONAM is the national policy-making body for GEF issues, although committees involving specialized groups are used for technical review in the different focal areas. In common with most other countries, however, the OFP review for consistency with national priorities is a reactive approach to each individual project proposal, and the OFP has very little upstream involvement in MSP identification and development. CONAM provides information to project proponents concerning country priorities and is spearheading a recent government initiative to develop a GEF country strategy with support from the World Bank and FAO.

136. The focal point arrangement in Poland works very effectively. The OFP is the EcoFund Foundation, an environmental trust fund capitalized by debt-for-nature swaps. The OFP plays a

key role in all matters related to the GEF in Poland including MSPs. The chair of the political focal point is the Director of the Department for UN Social and Economic Affairs of the Ministry of Foreign Affairs. Members of the Focal Point Steering Committee appointed by the Minister of Foreign Affairs include representatives of a broadly inclusive group: the Ministry of Environment, GEF/SGP National Coordinator, Ozone Action Centre (an NGO), National Fund for Environmental Protection and Water Management, EcoFund Foundation, Institute for Environmental Protection, Institute for Sustainable Development (an NGO), Committee for EU Integration, and Ministry of Economy. This committee was set up once the operational and political focal points realized that national GEF activities had become too complex for one or two individuals to monitor or provide input to effectively.

137. Focal point goals and objectives are defined as follows: (i) to review projects put forward for GEF funding, (ii) to identify priority areas for cooperation with the GEF, (iii) to promote the GEF in Poland, (iv) to monitor the implementation of GEF projects, (v) to assist in the preparation of project proposals, (vi) to provide advice with respect to the Polish Government's position to be presented at the GEF Council, (vii) to provide advice on cooperation within the framework of the GEF constituency, (viii) to cooperate with and support GEF representatives during their visits to Poland, and (ix) to make recommendations to the Foreign Minister with regard to essential activities to be undertaken so as to ensure timely and proper project implementation. Partly funded by a GEF contribution of \$8,500, the OFP has developed a database on GEF projects in Poland (105 entries), prepared a brochure on results achievements and lessons learned in GEF projects, and translated and disseminated information on the GEF operational programs 11, 12, and 13. EcoFund has also declared its willingness to cofinance MSP projects and their subsequent replication. The OFP has a comprehensive future work program.

138. In South Africa, the OFP is Director General of the Department of Environmental Affairs and Tourism (DEAT). Senior DEAT officials have recently made it very clear to GEFSEC, UNDP, and the World Bank that they expect future GEF projects to correspond much more closely with South Africa's national development objectives, and a medium-term GEF strategy is now under preparation (discussed in Chapter 6). An internal screening process has recently been established to facilitate relevant ministry and departmental inputs to GEF proposals, including MSPs. These developments, although very positive from the perspective of increasing country ownership and developing a focused GEF program, have contributed to slowing down the GEF project endorsement process, exacerbated by recent staff changes at DEAT and frequent reorganizations in other ministries.

Implementing Agencies

139. The World Bank is implementing 42% of the approved MSPs, UNDP 39%, and UNEP 17%, while 2% had more than one IA. This is a somewhat different pattern from that of the GEF full-sized project portfolio. A higher proportion of MSPs compared to FSPs are being implemented by UNEP (16% vs. 5%) and UNDP (39% vs. 29%), while World Bank (43% vs. 55%) implements relatively fewer MSPs—although still more than either of the UN agencies. The IAs receive a fixed fee of \$146,000 for each MSP once the projects have received CEO approval.

140. While the previous data all apply only to approved MSPs, future MSPs have a somewhat different profile. Combining the GEFSEC pipeline and the PDF-As in implementation gives the “hard” pipeline. This shows the UNDP share increasing to 56% while World Bank's falls to 33% and UNEP's to 11%. Concept papers currently under consideration by the IAs as well as PDF-A proposals under preparation constitute the “soft” pipeline, although there is no consistent data on proposals in this category²³.

141. All three IAs have played key roles in the development of the MSP portfolio, resulting at least as much from the efforts of individual staff as from institutional commitments. These roles have notably included focusing and strengthening project concepts and designs, finding and negotiating cofinancing, facilitating OFP endorsement in the case of NGO-executed projects, finding partners, facilitating consensus among stakeholders, and helping explain GEF jargon and incremental costs. The agencies all deserve considerable credit for the high quality of the MSP portfolio, as described in Chapter 2. However, the agencies have also been responsible for at least some of the relatively long MSP processing times, as described in chapters 3 and 4. Communications and coordination with MSP proponents throughout the project cycle by all of the agencies could be improved. Some issues affecting all of the IAs are discussed further in Chapter 6.

UNDP

142. UNDP has relied significantly on its country offices and regional GEF focal area coordinators to help catalyze and then manage MSPs. There are considerable variations between the country offices in their capacities to support MSPs and their proponents. In common with the two other IAs, UNDP has taken MSPs seriously, at least partly because most environmental staff are convinced that MSPs can play a very important and useful role in addressing global environmental problems. Key UNDP individuals have contributed significantly to the high quality of MSP country portfolios in several countries visited, notably Guatemala, Peru, Poland, Philippines, and Tanzania. In some countries, MSPs have been set back as a result of UNDP staff changes.

143. UNDP has made a significant and largely successful effort to reach out to inexperienced NGOs in a genuine attempt to broaden the range of partners participating in MSPs, consistent with the spirit of the GEF Council MSP policy document. This has imposed a considerable

²³ See Data Annex to Chapter 1.

burden on the agency's GEF staff. Hundreds of MSP concept papers from inexperienced proponents have had to be reviewed. Especially in the early MSP phase, a significant number of these documents were insufficiently clear for their GEF eligibility or practicality to be assessed, often resulting in a lengthy and time-consuming dialogue. Even after having decided which of these organizations to work with, substantial handholding was often then required to assist emerging, inexperienced project proponents to navigate through the long and confusing path to GEF project approval.

144. Many UNDP country offices have excellent environmental professionals who are doing a very effective job and playing a key role in MSP promotion and management. Being on the ground gives them a good understanding of the local context and allows them to provide relevant guidance to project preparation and implementation. But some country offices and programs do not find it easy to integrate GEF priorities with their operations focusing on poverty mitigation and other national development goals established with host governments. This sometimes places a significant burden on regional GEF coordinators and other environmental staff in UNDP central offices to market MSPs and other GEF projects to those country offices lacking substantial environmental programs. Discussions with both headquarters and country office staff suggest that environmental mainstreaming or the integration of environmental concerns within other UNDP operations has been fairly modest and may not currently be an agency priority. Regional offices can also be an added layer in the MSP review bureaucracy if they cannot provide fast and excellent technical assistance in a proactive way.

UNEP

145. The UNEP MSPs are dominated by multicountry regional and global projects, unlike those of the other two IAs. These projects can be

divided into four categories: (i) environmental information and knowledge management (including targeted research), (ii) tools and methods to improve environmental management (including support for environmental conventions), (iii) management of transboundary ecosystems, and (iv) short-term emergency interventions.

146. UNEP faces two main challenges in implementing these MSPs. The first is how to ensure that these multicountry projects are country-driven and responsive to priority environmental problems. This is addressed by a judicious choice of projects and appropriate selection of executing agencies. The MSPs implemented by UNEP are mainly executed by intergovernmental organizations (40%) and research organizations (30%), most of which are evidently capable and experienced bodies with impressive international credentials and networking capacities. The evaluation team found that these organizations were genuinely the proponents of the high-priority global environmental issues and opportunities targeted by the MSPs, and the projects examined were not IA-driven. There are, however, a few cases where individual country participants in MSPs were only loosely connected to the regional or global projects and where prospects for sustainability were therefore rather limited. OFPs were not always or even often aware of global or regional MSP activities going on in their countries²⁴.

147. The second challenge for UNEP is the logistical problem posed by managing MSPs that are each supporting activities in a variety of different countries. UNEP has no field offices and task manages most of its MSPs from its headquarters in Nairobi and, for climate change projects, from Paris. This arrangement seems to work reasonably well overall, although it relies heavily on a small number of key individuals within UNEP, and there are cases where project participants have had problems communicating with Nairobi or Paris. Theoretically, UNEP is

²⁴ The national focal point in Poland (see page 47) was particularly concerned to learn of their national participation in the global *Alien Species* MSP from the evaluation team.

represented in individual countries by the UNDP Resident Representatives but this is not clearly evident in practice.

148. Overall, the MSPs implemented by UNEP represent a convincing and worthwhile set of projects that could not adequately have been addressed in single countries, and for which there are few alternative funding sources to the MSP mechanism. UNEP has made a serious institutional commitment to MSPs, although this has been weakened by the agency having been allocated significantly less GEF funding than expected during the last fiscal year. The case for UNEP to implement single-country MSPs is less clear and should be limited to very specific circumstances. The emergency response MSPs included some rather unconvincing interventions, and the principles governing how and under what circumstances these activities should be undertaken as MSPs require further consideration.

World Bank

149. The Bank made a concerted early effort to launch biodiversity MSPs in Latin America, and these still play a dominant role in the overall portfolio. Other regions and, to a lesser extent, other focal areas, began to catch up later. MSPs are obviously much smaller than World Bank's usual project size. While the fees from GEF have had some appeal to Bank departments wrestling with tight budgets, the relatively large number of MSPs seems more due to the persistence of individual task managers convinced that projects at the scale of around \$1 million can be effective in addressing biodiversity and other global environmental issues in certain contexts. This is not a unanimous view, of course, with other Bank staff arguing that the limited scale of MSPs makes them less useful than much larger projects. There is little clear evidence that MSPs have contributed so far to directly mainstreaming environment within Bank operations, although MSPs have helped develop new working relationships between Bank staff, NGOs, and some smaller government departments.

150. Compared to larger projects, MSPs may also provide more suitable opportunities for the

Bank to work in partnership with NGOs and other smaller executing agencies. This helps to explain why the World Bank has twice as many NGOs (55%) as government departments (27%) executing its MSPs. In contrast, UNDP has slightly more MSPs executed by governments (49%) than by NGOs (40%). One or more MSPs may offer Bank staff a greater degree of flexibility in addressing environmental issues than is available when they are limited to the relatively blunt option of a larger project.

151. Two important trends are now affecting the Bank's interest in MSPs, neither of them favorable. First, GEF funds have become more limited and the Bank is being forced to choose between different types of GEF projects (discussed further in Chapter 6); second, the Bank's own administrative and management budgets, including staff time, are experiencing considerable downward pressure. These two trends tend to combine to make larger scale projects more attractive to management, especially when there is little evidence so far that MSPs are significantly easier to manage. For example, it is currently evident that the Bank is only considering larger GEF projects in Pakistan, Peru, and Poland. World Bank MSP task managers receive \$19,000 and 3 staff weeks each year for MSP supervision. This can often only be viable in a situation where a task manager has one or more other projects running on a compatible timetable in the same countries or region as an MSP.

152. As with UNDP, the Bank's interest in and capacity to support MSPs varies by country. Several projects have been set back as a result of Bank staff changes. The Bank's support for and supervision of MSPs is more centralized than UNDP's, with fewer task managers in country offices. This has the advantage of exposing proponents and executing agencies to Bank staff that are closer to the GEF process than their counterparts in field offices, but suffers from the sometimes serious disadvantage that these same staff are physically remote and not always easy to contact, particularly for NGOs lacking the latest communications technology.

153. As described in Chapter 3, the Bank continues to struggle to match its legal, procurement, and disbursement procedures to the needs of smaller projects and the capacities of less-experienced executing agencies. While there has been learning and some progress, there are still too many cases where procedures more logically applicable to much larger projects still continue to impose an excessive burden on MSP proponents.

GEF Secretariat

154. A basic GEFSEC role is the dissemination of information concerning MSPs, eligibility criteria, and the procedures to be followed. There is a general consensus that the initial MSP information kit distributed by GEFSEC after consultation with the IAs needs to be improved significantly if it is to become a practical, user-friendly source of information. Currently the kit simply reinforces the GEF's unfortunate reputation for using a language of its own based on impenetrable jargon. There is little general understanding of terms such as incremental cost, global benefit, or sustainability in the GEF context, and the distinction between implementing agencies and executing agencies sometimes causes further confusion.

155. Any successor document to the MSP information kit should be distributed more effectively. The evaluation team encountered French-speaking MSP stakeholders only able to access a copy in English, in addition to many potential partners lacking Internet access who could not access the GEF website. Among those with Internet connections, a variety of well-informed and competent stakeholders reported having been unable to navigate effectively through the GEF website to find information they needed.

156. GEFSEC staff play a key role in reviewing project briefs for GEF eligibility, consistency with other projects in the same country, and fit with the overall GEF project portfolio. This strategic and programmatic screening should be the key GEFSEC role. It is a very challenging role as more and more GEF projects come under

implementation and new operational programs continue to proliferate and require practical interpretation. Despite the best of intentions, many overloaded GEFSEC program staff have essentially become buried in waves of paperwork with very limited access to the reality of GEF field projects. While some GEFSEC review comments on MSP proposals have been clear, constructive, and helpful, there are many exceptions. The proposal and project brief review system as it currently operates seems unsatisfactory at the GEFSEC level as well as within the IAs. The evaluation team encountered countless examples of unconsolidated, contradictory reviews, often causing unnecessary delays in MSP approval. More disturbingly, there are signs that proposals are not always being reviewed on their technical merits and eligibility alone. Unwritten or informal program priorities and changes in these priorities sometimes seem to influence project reviews also. This issue is discussed further in Chapter 6.

NGOs

157. Most of the national NGOs executing MSPs are relatively large, experienced, and technically skilled organizations based in capital cities, many of which already had relationships with stronger international NGOs based in northern countries. The NGO capacity is, nevertheless, variable. While the MSPs proposed by NGOs are often competently prepared and highly relevant to GEF, there are cases where the presented project concepts have not been equally well thought out.

158. Some national NGOs have received considerable support from international NGOs in the preparation and implementation of their MSPs. The international NGOs are often capable executing agencies. They have substantial human and financial resources to facilitate project preparation and implementation, have existing strong links with donor organizations, and can network with the international scientific community. They are also usually relatively well-connected to developments in the GEF, up-to-date with the policies and procedures within the

GEF, and able to help advise on what is “GEF-able.” There are, however, sometimes tensions between the international NGOs and their national partners that affect the scope or direction of MSPs and other projects, and their implementation approach. International NGOs have played particularly valuable roles in countries where local and national NGOs are still at an early stage of development, as noted in Cambodia, Tanzania, and Vietnam.

159. The national NGOs executing MSPs in Guatemala have a relatively high administrative and technical capacity as well as successful project implementation experience. However, these NGOs also have noticeably better-than-average access to information through their direct contacts with the IAs and their own government. Some MSPs in both Guatemala and Peru were initiated because of contacts with GEF representatives in Washington and New York. Similar observations were made in the Philippines, where the highly capable and credible NGOs executing MSPs are well connected with key government agencies. The World Bank, in particular, has strongly focused most of its MSPs on relatively sophisticated national NGOs with experience in managing international funds of \$1 million or more. MSPs are clearly not suitable for smaller or less experienced NGOs.

160. While two-thirds of biodiversity projects are NGO-executed, the same percentage of climate change MSPs is government-executed. Most climate MSPs are smaller versions of full-sized projects and undertake similar activities (application of renewable energy or energy efficiency technologies, barrier removal, capacity building, etc.) at a smaller scale with more modest targets. However, they do so with a lot of NGO involvement and/or leadership (e.g., *Reducing Greenhouse Gas Emissions Through the Use of Biomass Energy in Northwest Slovakia*, proposed by Biomasa, a local NGO, or *Tunisia Barrier Removal to Encourage Secure Market Transformation and Labeling of Refrigerators*, proposed by AME, a local NGO).

161. In certain cases, NGOs are the proponents of an MSP and have a key role to play even though they are not the executing agency. Without financial support, however, such a proactive role cannot be taken, and special provision is sometimes needed for NGO proponents to be involved in MSPs executed by other organizations. For example, the *Gdansk Bicycle* MSP in Poland is being executed the Ministry of Environment. The Gdansk City government is actually responsible for operational implementation and is being contracted to this effect by UNDP. The Polish Ecological Club, the prime mover in the project, is being contracted separately by UNDP to undertake awareness raising, outreach, and educational activities for the same project. Overall responsibility for execution is to be with the Ministry of Environment, which is to manage the project in all its aspects through the Local Project Management Committee, which involves all the project stakeholders. Perhaps needless to say, there is confusion over the terms and roles in both English and Polish.

162. There are frequently tensions between NGOs, executing agencies, and governments. Governments in some countries are suspicious of certain, if not all, NGOs. This was evident in virtually all of the countries visited, to varying extents. In these circumstances, NGOs often face an uphill battle to obtain support for their participation in an MSP. Even where relations are mostly cordial, there is often an underlying layer of distrust. This is partly due to NGOs having been critical about the efficiency, transparency, and even honesty of government agencies and officials in the management of public affairs. Some NGOs consider the OFP endorsement such an obstacle that they have withdrawn proposals upon learning of this MSP requirement. NGOs usually find government bureaucracies slow and inflexible, lacking in technical capacity, and over-inclined to make decisions based on political interests. Partnerships with government agencies are often resisted based on fears that stronger roles for government agencies could slow project implementation and impair flexibility. The historical

distrust between NGOs and governments is almost certainly inhibiting improved partnerships with government in MSP proposals. The tension and the underlying distrust also partly explain the delays in government endorsement.

163. In Poland, NGOs have usually played the role of project proponent, then helped identify the appropriate governmental executing agency with support from UNDP and the GEF focal point. One of the challenges here has been to make a selection that ensures government support over the lifetime of the project. Polish experience suggests that continued support for NGO involvement during the whole lifetime of an MSP is a key to ensuring continued engagement on the part of government agencies and other stakeholders. In Cambodia, Pakistan, and Vietnam, government participation in MSPs is expected to increase.

164. As proponents, NGOs have been able to implement participatory MSP approaches that often lead to more effective community “ownership” of the project, especially where participatory and community-based approaches are part of their operating principles. Many NGOs have been able to build on good relationships with local communities established during earlier activities.

165. Small, local NGOs face many challenges as MSP proponents. These include difficulty mobilizing cofinancing and the inability to cope with disbursement delays and commit funds in advance due to their limited cash flows. Smaller organizations do not have the financial resources to fund lengthy preparation processes and, in some cases, have been unaware of the availability of PDF-As. These organizations also lack information on the GEF and its programs, and thus have little capacity to write proposals and deal with concepts such as incremental cost. Local NGOs that are situated far from capital cities where IAs are headquartered also pointed to the distance and problem of access to these IAs as a constraint.

166. Many local NGOs have not submitted GEF MSP proposals because of their perception that bilateral donor procedures and approvals are much simpler and faster. Some NGOs in Ecuador commented that they find GEF to be such “a poor competitor” compared to other donors that they do not bother to seek GEF resources.

167. No matter who the proponent is, NGO participation in the MSP preparation process often leads to a consensus on the project among stakeholders, including communities, NGOs, government agencies, research/academic institutions, and the private sector. In Poland, for example, NGOs have shown the capability to marshal expertise and develop MSP partnerships with local governments and other government agencies. A similar situation is arising in Vietnam and Cambodia, where NGO proponents have emphasized the importance of partnering national and local government agencies if MSP projects are to succeed. NGO proponents in the Philippines have also emphasized the importance of linking with local governments.

Other Partners

168. The private sector as executing agency is the least active partner. Yet they can play strong roles in projects which have strong marketing potentials such as green products and services (e.g., shade-grown coffee, ecotourism) and renewable energy. The role of the private sector is one of the key unexplored areas for MSPs and an area of great potential for leveraging resources and impact in the future—especially given compatible initiatives such as the UN Global Compact. Private sector partners are not yet seen as opportunities for ensuring MSP implementation, scale-up, and replication. Opportunities for fuller engagement do exist, especially through local project management committees established around MSPs. Even in countries such as Poland, where there is rapid development of the private sector and growing inward investment, such opportunities have not yet been recognized. In the *Polish Wood Waste as Fuel* MSP, however, the Pumped-Storage Power Plants Joint Stock

Company is engaged directly both as co-investor and financial manager.

169. In some other countries, the potential is present for more active private sector participation. In Guatemala, a memorandum of understanding has been signed between ASOREMA, a national association of 38 environmental NGOs, and the private sector. The private sector in the Philippines also has a strong potential for cofinancing as part of their corporate social responsibility. However, this potential has not been maximized due to the lack of serious attempts to fully engage them in the process. There are also reservations about the private sector wanting something in return for its involvement.

170. Community stakeholders are also important, if not the most important, partners in MSP implementation. Their substantial contributions are in terms of time, indigenous knowledge, and local resources devoted to the project. Successful projects are also those where local stakeholders have taken "ownership" of existing initiatives and future tasks. In the *Costa Rica Conservation of Biodiversity in the Talamanca-Caribbean Corridor* project, bio-monitoring activities cannot proceed without the informed consent and participation of indigenous authorities. The participation of local guards ("guardarrecursos") was a key element of success in the strategy of preventing and controlling illegal hunting and logging in the corridor. In this project, the indigenous communities themselves have become an important resource in the project's implementation of ecotourism and ecotourism activities. Similarly, the *Albarradas in Coastal Ecuador: Rescuing Traditional Knowledge on Sustainable Use of Biodiversity* project is working with local indigenous communities to determine how the traditional common property resource management systems (albarradas or "artificial wetlands") have changed in response to changing social, economic, and political contexts and how it has affected the knowledge base and practices in construction and maintenance of the albarradas as well as the management of natural vegetation and agriculture. In terms of integrating key social actors, the project

has succeeded in forming an alliance with the local communities to gather knowledge on the management of albarradas and their use.

171. In Guatemala, the Maya-Quiché and Maya-Ixil indigenous groups actively participate in the decision-making processes of the *Renewable Energy-Based Small Enterprise Development project in the Quiché Region*. They provided the labor force for the construction of micro-hydroelectric facilities and the installation of the solar PV home systems. They have also started to prepare to maintain and replace the renewable energy equipment through innovative small-scale savings schemes. The women were for the first time included in decision-making. They have responded by planning the creation of their own association for a productive project.

172. In Zimbabwe, the *Traditional Medicines* project starting implementation this year is expected to work with local communities to promote conservation of wild and threatened medicinal plants. The project will build long-term incentives for local communities to sustainably use and manage these species. The traditional knowledge on the value and use of medicinal plants, accumulated over generations, is the building block of the project.

173. The *Biodiversity Conservation and Sustainable Resource Management in the Llanos Ecoregion of Venezuela* project seeks to contribute to the conservation of biodiversity through planning comprehensive strategies and implementing demonstration projects with stakeholder participation and citizen-business-government partnerships. An overall aim of the project is to achieve greater involvement of indigenous communities in conservation of biodiversity and greater knowledge of how to involve and empower indigenous groups in management of natural resources. Specifically, the project is supporting social/anthropological evaluations to assess land tenancy conflicts and sustainable use and resource management of wetland biodiversity by indigenous and rural peoples in the Llanos. This information is assisting in understanding their use of biodiversity and how these populations can be partners in conserva-

tion. The analysis will also determine existing incentives and disincentives for conservation and sustainable resource use in the Llanos.

174. In many other MSP projects, indigenous peoples are expected to provide key support as primary stewards of communal reserves (e.g., the *Vilcabamba* project in Peru), empowered partners in conservation, managers of community concessions and co-managers of core zones (*Laguna del Tigre* project in Guatemala), and key participants in the development of alternative income-generating activities (*Choco-Andean Corridor* project in Ecuador).

175. The participation of indigenous communities does not come easy. Suspicion and skepticism over outside support are common. This could be because of past mistreatment inflicted upon them. Their indigenous knowledge has also been often used without permission. Encroachment over ancestral lands has been so prevalent that getting participation necessitates building capacity related to securing claims to the land and its resources. For these reasons, the partnership between MSP executing agencies, mostly NGOs, and indigenous peoples has always to proceed from a highly participatory process to build trust. Empowerment of highly vulnerable groups can also only be achieved in the long term. The expectation that MSPs can achieve sustainability in 3 years time in this situation is thus highly questionable unless prior work has been done.

176. Other major MSP partners have emerged in the Philippines and Poland, where national non-governmental funds have become significant cofinancing partners as well as providing technical expertise to proponents. The Foundation for the Philippine Environment and, in Poland, both the Environmental Partnership Foundation and the Regional Environmental Center have played a key role in cofinancing and building stakeholder support for MSP and, further, have indicated a strong desire to continue in this role in the future. The EcoFund—Poland's debt-for-environment facility—has recognized the importance of this role and sought to make

the best use of the GEF investment by making significant additional investment funds available for cofinancing and replicating MSPs.

177. Academic or research institutions in the Philippines have been less successful MSP proponents than NGOs, and all of their submissions have been rejected. There seems to be an incompatibility between the GEF policy of supporting proven approaches and the researchers' interest in testing new and innovative ideas. In other countries, lack of awareness of GEF and MSPs among academic and research communities seems prevalent. Some academic and research institutions, however, have been involved in providing technical assistance, training, and incremental cost analysis to other proponents.

178. In some countries, no leadership from the academe/research institutions for MSPs exists. In others, where proponents come from the academe/research institutions, the PDF-A or the MSP is also seen as capacity building. The proposed PDF-A for the *Conservation of Traditional Varieties of Deepwater Rice and Associated Biodiversity in Kampong Thom Province* in Cambodia has a government research institute as the proponent. The execution of the PDF-A is seen as building capacity for the government research center on community-based and biodiversity-related research.

179. In Poland, there were no formalized links between GEF MSPs and academic institutions but it is widely recognized by stakeholders that such a link is of crucial importance at the implementation stage to monitor and evaluate progress in terms of contributions to environmental improvement. In the case of the ozone and methyl bromide projects, the Industrial Chemistry Institute has been able to assure relevant research and development support as Poland's leading industrial research institution. In the biodiversity projects, NGOs have marshaled relevant expertise from the academic community for input into GEF projects.

180. The results of the few innovative research-oriented MSPs in the climate change focal area have already been used to develop full projects. The results of the global *Redirecting Investment Decisions to Promote Clean Technology Transfer—A Private Sector Clearinghouse* MSP have been used to develop the *SANET—Global Technology*

Transfer Networks full project proposal by UNEP, while the results of the global *Fuel Cell Bus and Distributed Power Generation Market Prospects and Intervention Strategy Options* MSP were used in developing UNDP's four fuel cell bus full projects.

6. Strategic Issues for the MSP Portfolio

How Effectively Have MSPs Responded to Country Priorities?

181. The format for MSP project briefs specifically requires documentation of consistency with country priorities. The evaluation team noted that this procedure was carried out for all MSPs reviewed, at least to the extent of ensuring that the proposed activities were more or less in agreement with the priorities documented in a national environmental planning document. While this process worked well in some countries, it was less convincing in those cases where such environmental planning documents included lengthy, unprioritized lists of potential projects expressed in very general terms.

182. Some countries have taken steps to become more proactive in identifying national priorities in the GEF focal areas and in making sure MSPs correspond with these. For example, a year-long, biodiversity conservation priority-setting process just completed in the Philippines was carried out by more than 200 local and international scientists and representatives from 70 institutions representing the government, academia, civil society, and the private sector. Prior to this, most MSP and other GEF proposals had depended more on the location and initiative of active proponents rather than any prioritization methodology based on threats, endemic species, or lack of alternative support. Guidance had been limited to informal policies along the lines of “no MSP where there is an FSP and vice-versa” and “not more than two MSPs on one island.”

183. MSPs in a few countries are starting to contribute to a coherent program or portfolio of GEF projects, while in most others they appear relatively independent. The extent to which GEF

projects as a whole in a country can or should add up to more than the sum of the parts has become more important as (i) the number of GEF projects in many countries has now reached significant levels, (ii) other donors are cutting funding, and (iii) the limitations on GEF’s own resources have now come more sharply into focus. These issues are closely related to questions of country ownership and the extent to which GEF projects correspond with national priorities and programs. Some examples help to illustrate the relevant issues.

184. In Cambodia, the National Committee for Biodiversity has catalyzed consultation among all key stakeholders, and the Ministry of Environment now plans to play a coordination role with other ministries through this steering committee. In Ecuador, the Ministry of Environment acknowledges that relatively little MSP planning has been done so far to ensure that MSPs correspond with national priorities and insists that they will become more rigorous in ensuring the strategic fit of all GEF projects in future, even to the degree of outlining the size and type of projects the Ministry would expect to be presented within each GEF focal area.

185. The promising set of MSPs in Guatemala are addressing national environmental priorities, including renewable energy in rural areas and protected area management. Some of these MSPs could potentially play an important strategic role in providing well-targeted interventions within the context of larger country frameworks—except that such strategic frameworks do not exist at present. Following a lengthy period of considerable instability, the government now recognizes the need for a strategic framework within which the GEF portfolio can be devel-

oped. All projects, including MSPs, would then be considered from the perspective of their contribution to this framework.

186. Tanzania has a small but impressive MSP portfolio, all in biodiversity. The projects are generally innovative and well conceived, they are clearly eligible for GEF support, they involve a variety of local stakeholders, and they show signs of generating considerable positive impacts on the ground. They are also piloting new policies and correspond with priorities in the national biodiversity strategy and action plan. In other words, this has the potential to develop into an exemplary portfolio, which is particularly commendable as the capacities of both the government and national NGOs are very modest. Reflecting these capacity constraints, the MSP executing agencies are mainly international NGOs, with local NGOs and research institutions in relatively minor roles, and there seems to be little awareness of or enthusiasm for the MSP opportunity among the government departments responsible for natural resource use.

187. The positive qualities of the MSP portfolio in Tanzania are largely due to the drive and initiative of UNDP's regional biodiversity coordinator, who is based there. It could be tempting to interpret this situation negatively and to describe this set of projects as supply-driven by the IA with limited country ownership. But the reality in Tanzania is that government departments have only modest capabilities, while the emerging local and national NGOs concerned with environment are too small and inexperienced to initiate and manage an MSP. In contrast, some of the international NGOs executing the MSPs, particularly CARE and the African Wildlife Foundation, have convincing operational records in Tanzania and can demonstrate credible partnerships with local district governments. Without these externally driven initiatives, the important work being carried out by the MSPs would simply not be taking place, although there is obviously a critical need for simultaneous capacity building for government agencies and local NGOs, without which it may

be difficult for the current MSPs to be sustained, scaled up, or replicated.

188. The situation in South Africa provides an interesting contrast. Here the OFP is now working closely with the World Bank and UNDP on a GEF Mid-Term Priority Framework to spell out a framework for prioritizing GEF-supported activities in South Africa over 3 years while a long-term programmatic approach is being developed. This is, in part, a reaction to the current OFP's perspective that many GEF projects in South Africa have not consistently reflected national priorities, i.e., rural development, job creation, and poverty mitigation. GEFSEC is supporting this prioritization process. Concurrently, UNDP and the World Bank have considerably strengthened the environmental capacities of their country offices. The emerging draft South African framework paper was discussed with a group of stakeholders in July 2001. Significantly, the South African government has been given informal guidance on the magnitude of GEF resources that will be committed to South Africa over the next few years, thereby providing a more solid basis for developing a coherent program of GEF-supported activities.

189. This positive set of developments in South Africa have the potential to help ensure that future GEF programming meets some important criteria: consistency with national priorities—including commitments to conventions, country ownership, concentration in geographic and thematic areas where it can have its greatest impact, and minimization of redundancy and overlap with other programs. But some important issues will need to be addressed in the countries encouraged to follow this programming model:

- How much guidance can or should a GEF country program strategy provide? There is a lot to be gained by identifying geographic and thematic priorities but how will proponents/executing agencies be identified? Will projects be "allocated" among government agencies, which would certainly be contrary

to the spirit of MSPs, or will NGOs and other stakeholders be able to submit concept papers on an equal footing?

- How flexible will the country framework be? Will methodologies and approaches be specified in detail, thus discouraging innovation and adaptive management? Will a formally adopted program and its government custodians become yet another GEF gatekeeper or level of bureaucracy that baffled project proponents will need to navigate past?
- How broadly will stakeholders be consulted in the development of a programming strategy, bearing in mind that one of the key objectives of MSPs is to broaden the base of stakeholder involvement, and that public involvement in project design and implementation is a key GEF requirement?

190. It would clearly be much easier for countries and their IA partners to plan a coherent program if they had some guidance on how GEF resources are likely to be allocated in the future, although this would be contrary to current GEF practice and very few countries seem to have received such guidance. Otherwise it may be difficult for countries to progress beyond the programming implicit in existing strategies and action plans for biodiversity and climate change supported by earlier GEF enabling activity projects.

Relationship with the GEF Small Grants Program

191. The highly-regarded GEF Small Grants Program (SGP) is managed by UNDP and operates in about 50 countries under the local leadership of National Coordinators guided by National Steering Committees. Individual SGP grants have a maximum size of \$50,000 and average about \$20,000. SGP projects have built confidence and capacity among NGOs and CBOs while raising general levels of awareness and appreciation of the GEF. The success of these smaller projects has also helped convince a

variety of donors of the feasibility of expansion or replication. After a relatively slow start, a significant pipeline of strong future MSP proposals is now emerging from previous SGP grants. MSPs have so far resulted from or been clearly linked with earlier SGP projects in Ecuador, Poland, and Philippines. Some successful SGP grantees have become confident enough to seek MSPs, while in some cases SGP projects have been replicated or scaled up by MSPs. Further SGP-linked MSPs are under preparation in Brazil, Costa Rica, Indonesia, Jordan, Pakistan, Senegal, Tanzania, Thailand, and Uganda.

192. GEF stakeholders in many countries view successful SGP projects as ideal starting points for MSPs. The SGP has helped raise awareness of the MSPs as a separate funding opportunity, although National Coordinators have been cautious about raising expectations given the widely held view that these funds are no easier to access than FSPs and that the availability of GEF funding for MSPs is uncertain. Among the countries visited for this evaluation, the SGP National Coordinators in Pakistan and Poland have been notably proactive and effective in catalyzing MSPs.

193. Another challenge comes from the fact that SGP proposals can be written in local languages, while MSPs not only have to be in English but in the GEF version of English, parts of which are virtually impenetrable to many people. The expanding scale of activities expected from an MSP can also be a limiting factor. These two considerations forced a local indigenous organization in the Philippines, already successful with its SGP project, to forge a partnership with the Foundation for the Philippine Environment, a well-endowed national NGO, for its PDF-A proposal and implementation.

194. MSPs are only one of the possible sources of support for scaling up or replicating successful SGP projects, however. SGP grantees tend to be smaller organizations, and many are not ready to undertake the commitment involved in an MSP application, to take the risk of tying up their key staff, and, possibly, to cover project startup costs

from their own cash flow while waiting for reimbursement. As a result, only the largest and most experienced SGP grantees have seriously considered MSPs as a viable option. In Peru, for example, none of the SGPs have graduated into MSPs because the process for receiving an MSP was considered too challenging, although many SGP projects have continued their activities or expanded with funding from other sources.

195. Virtually all MSPs are at the maximum level, originally \$750,000 and now \$1 million. Although the reasons for this are not completely clear, there is a widely held sentiment among the IAs that the level of effort required for an MSP would not be worthwhile for a smaller amount of funding. Several proponents have indeed proposed smaller MSPs and were persuaded to expand them by the IAs. This means there is a clear unfilled gap between the upper SGP limit and the MSPs. As a result, there is considerable interest in an intermediary level of funding. There appears to be a strong case for selectively increasing the SGP grant limits beyond \$50,000, perhaps to \$150,000 in selected countries where there are strong and well-established SGPs and supportive National Steering Committees. Why \$150,000? The SGP grant disburses funds according to Memoranda of Agreement that do not require competitive bidding under the UNDP procurement rules as long as they do not exceed \$150,000. Increasing this limit would further emphasize the importance of transparent grant making.

196. It is important to note that increasing SGP grant limits is only a partial solution and that other aspects of SGP's operations may require adjustment. MSPs are available to every party to the global conventions while the SGP operates in only 50 countries. Any expansion of SGP coverage would need to be addressed concomitantly with SGP's management capacity. In addition, grant funds available to SGP are already spread relatively thinly; some countries have even opted for lower individual project ceilings in order to be able to spread their grants more widely among NGOs and CBOs. In Brazil, for example, the self-imposed limit is \$30,000

rather than \$50,000. This means that any increase in the SGP grant limits should be accompanied by an overall increase in SGP funding, otherwise the only effect would be to concentrate SGP activity into a small number of larger projects.

Were Expectations for Expedited Procedures Realistic?

197. Initial expectations that MSPs would be processed quickly have been significantly frustrated by the unexpected length and complexity of the MSP project cycle. It is now clear that the initial understanding of how MSPs would operate varied between the key stakeholders, even within the GEF family. While it was evident to all that the GEF sought to expand its range of partners and facilitate access to relatively small amounts of funding, the meaning and implications of the call for expedited procedures were less clear.

198. Some MSP procedures have been simplified and others shortened relative to FSPs. But the MSP portfolio still contains a large number of relatively complex projects that represent a considerable challenge for their proponents and require a level of IA management effort that is comparable to many larger projects. In other words, the fact that the MSPs are smaller does not translate automatically into faster processing.

199. Although relatively small in the GEF or IA context, a grant of \$1 million could still cause serious problems if carelessly managed. The MSPs are therefore subject to almost the same legal, financial, and technical procedures within the IAs as larger projects. Consequently, the expectation that MSP preparation, approval, and disbursement would often be as short as a few months—a view, documented by the GEFSEC, that was particularly prevalent among international conservation NGOs—was optimistic.

200. This does not mean that MSP processing delays are all attributable to the complexity of the projects themselves or the limited capacity of the proponents, and should therefore have been

anticipated. The reality is far from that. While there are technical and substantive reasons for expecting MSP project preparation to take more than a year, there is no doubt that massive frustration has been experienced by all parties due to avoidable bureaucratic processing delays. In some cases, these delays were due to inexperience with MSPs. Learning has taken place and there have been significant performance improvements over time. In other cases, further streamlining and rationalization is still needed. More careful weighing of the costs and benefits of intensively managing these projects is needed.

201. Disappointment with the slow speed of MSP processing has led to calls for the adoption of alternative mechanisms that are faster, more flexible, and more consistent with the original targets set by GEFSEC. In particular, the evaluation country visits frequently noted local and national NGO requests for local approval processes more sensitive to local needs and priorities. This was most often the case where the IAs lacked a strong environmental capacity in the respective country offices or where relatively isolated NGOs were operating in remote areas.

202. Various elements of alternative MSP disbursement mechanisms have been suggested, including national environmental funds setting up MSP funding windows, private consulting firms screening and ranking proposals, international NGOs acting as financial intermediaries for MSP disbursement, NGOs supervising funds on a regional or sub-regional basis (perhaps learning from the Leader with Associates program of USAID's Global Bureau), and so on. The rationale is that these organizations could package and disburse MSP-scale funds to the smaller MSP executing agencies more expeditiously than the World Bank or the two UN agencies. The Critical Ecosystem Partnership Fund, supported by GEF in partnership with Conservation International, the MacArthur Foundation, and World Bank, has recently pioneered the delegation of management of GEF funds to an NGO and may provide a useful precedent.

203. While some of these ideas may be worth exploring further, it is important to highlight the difference between grants and projects. Some MSP proponents expected funding in the form of a grant, such as they might receive from a foundation, while the GEFSEC and IA view is that MSPs must be managed to the same technical standards as any of their other projects. This means significant IA input during preparation and design prior to GEF funding approval, then detailed supervision and management during implementation. While IA and GEFSEC staff are endeavoring—with mixed success—to speed up MSP preparation and approval and to ease project disbursements, they have deliberately not eased entry or “lowered the bar” for MSPs from a technical perspective and have received no guidance from the GEF Council or GEFSEC suggesting they should do so. In fact, the IAs are experienced in managing grant funds with limited technical oversight or support, e.g., the World Bank's Development Grant Facility, where grant funds are disbursed as a single check after selecting potential grantees on the basis of an annual competition subject to transparent rules. But this is not how the IAs have been instructed to manage MSPs.

Project Preparation Financing

204. PDF-A funds of up to \$25,000 are available to support the preparation of MSPs. These are distinct from PDF-B funds of up to \$350,000 available to support the preparation of full-sized GEF projects. PDF-A funds have generally been used to conduct stakeholder workshops or to hire consultants to draft the MSP project brief. MSP proponents are expected to provide some level of self-financing and cofinancing for project preparation, including in-kind contributions. PDF-A requests must be endorsed by OFPs. The IAs approve PDF-A applications and then forward the submissions to the GEFSEC for information. Five out of 20 UNEP-approved MSPs and 19 out of 47 UNDP-approved MSPs received PDF-A funding. The World Bank data were not available.

205. Most climate change MSPs did not seek PDF-A funds, probably because their proponents tended to be relatively well-established organizations with adequate technical expertise that are more able to cover the costs of project preparation. Global or regional MSPs face a considerable challenge in stretching total PDF-A funds of \$25,000 over several countries.

206. The IAs receive a \$146,000 fee from GEF for each MSP once the project has been approved by the GEF CEO. Very few MSPs have received PDF-A funds and then failed to be subsequently approved by CEO. The IAs have strong internal incentives pushing them to make PDF-As low risk and likely to be approved successfully. In addition to the fee, entry of a project into an IA pipeline and work schedule now represents such a significant step in terms of the commitment of limited staff resources that the IAs try to weed out the less promising projects as early as possible.

207. The information requirements for successful PDF-A applications have steadily increased since the MSPs began in 1996, to the point where some proponents consider the preparation of a PDF-A application to be almost as demanding as the preparation of a project brief. This does seem a lot of work for \$25,000, although the reason is clear. IAs are anxious to minimize the risk of an MSP proposal failing at a later stage and are insisting on more complete documentation early on. Nonetheless, the evaluation team found that MSP preparation phases supported by PDF-A funds often played a valuable role in clarifying project plans, facilitating consultations, making sure that all key stakeholders understand their roles and share project goals, and in providing a valuable learning period for the IA and project proponent to work together. These benefits were particularly evident for relatively inexperienced project proponents. Some project proponents have complained that the innovative nature of their proposals became weighed down with unnecessary bureaucracy during this period, however. In a few cases, the amount of \$25,000 has proven inadequate, notably to support the cost of stakeholder consultations at remote sites.

208. One of the less satisfactory aspects of the PDF-A approach is the extent to which proponents seem compelled to hire relatively expensive consultants with the capacity to prepare a project document using a language and jargon that GEF can accept. These consultants have often moved on by the time review comments come back to the proponent from the IAs or GEFSEC, at which point the smaller organizations often lack staff with the skills or time needed to respond adequately.

209. While not a fault with the PDF-A facility itself, it is a major concern of many competent potential MSP proponents that they lack the capacity to participate in the GEF process due to their unfamiliarity with the specialized language of GEF documents, much of which they find incomprehensible and detached from practical reality. This is personified by the incremental cost calculation which, although relatively simple for MSP proposals, has now acquired legendary properties of complexity and is ubiquitously mentioned by stakeholders as epitomizing GEF's complex jargon. The incremental cost analysis is beyond most national NGOs. To be carried out accurately, it requires information that is often not publicly available or accessible to NGOs, including the detailed information needed to establish the baseline.

Information Exchanges, Learning, and Best Practices

210. The evaluation team noted very few examples of information exchanges between projects, cross-project learning, or the application of best practices, despite the fact that a significant number of MSPs have the objective of testing and disseminating "best practices." The GEF portfolio—FSPs as well as MSPs—has now gained an extraordinarily rich body of experience, particularly in fields such as biodiversity where the GEF has been by far the dominant source of international funding over the last decade. There appears to be a great opportunity for the GEF—including GEFSEC, the IAs, and other stakeholders—to play much more of a strategic role in leading learning processes,

drawing on GEF project experiences, and then disseminating to stakeholders the key lessons emerging from experience to date. A key challenge lies in establishing a mechanism for exchanging and understanding the experience of others between individual MSPs in each of the GEF focal areas. Links need to be made especially in the context of understanding how science, policy, and grassroots action can be built into individual projects to ensure their quality and success.

211. In biodiversity alone, conservationists are grappling with optimal approaches to problems such as protected area management and relations with local economies, site and ecosystem prioritization methods, interactions with indigenous communities, medicinal plants, and so on. The GEF portfolio, including the MSPs, has accumulated substantial experience in all of these areas. Based on these experiences, the GEF now has an opportunity to help move these debates forward and develop much-needed bridges between theory and practice. Even within the GEF family, there is considerable scope for increasing and solidifying interactions on substantive technical issues between the IAs, between task managers working on common issues, and between stakeholders and executing agencies who could learn from relevant experiences elsewhere in the portfolio.

212. Experience shows that these types of interactions will not take place to an adequate extent spontaneously. Staff are under too much pressure and budgets are too tight. A program of targeted learning within the GEF portfolio supplemented by more intensive dissemination of lessons learned in relation to specific technical issues would require specific resources. Some elements of such an approach are already in place (e.g., IW:LEARN and the Capacity Development Initiative). The evaluation team does not consider this a monitoring and evalua-

tion function, although lessons from evaluations should be utilized to their full extent.

Awareness of MSPs (and GEF in General)

213. Among government agencies with environmental responsibilities, the evaluation team found only limited awareness of or interest in MSPs as a separate GEF funding opportunity. Most government officials interviewed were unaware of the distinction between MSPs and FSPs. In some countries, the GEF identity itself seems unclear to any of the major stakeholder groups. Outside a very small circle in each country, there seems to be little understanding of the types of activities that GEF supports, and there are surprisingly few people who appreciate the difference between the GEFSEC and the IAs' headquarters, with many thinking it is all a conglomerate in Washington or New York. For example, while a GEF country dialogue workshop in Vietnam had catalyzed considerable interest in GEF, the level of understanding of GEF remains low. Awareness of MSPs was relatively high in Peru, Poland, and Philippines, all countries with relatively numerous and sophisticated NGO communities and strong MSP portfolios.

214. Officials and other stakeholders in all countries visited expressed concern that information on the GEF and its programs is very difficult to access in a form which they found usable. They pointed in particular to the specialized jargon, unclear guidelines, and reputation for lengthy bureaucratic procedures, and several respondents referred to a widespread conviction that the decisions on whether to support individual projects is actually based on informal, unwritten policies to which they simply do not have access. Stakeholders in several countries believe they are missing out on MSPs and other GEF opportunities because their institutions lack

the specialized knowledge and skills required to successfully pass through the various barriers to project approval.

Uncertainty of Future Funding for MSPs

215. The credibility of MSPs, if not the GEF as a whole, has suffered a setback as a result of the limitations in funding experienced during the last year. When the MSPs began in 1996, the GEFSEC indicated that financial resources would be available to support all proposals that satisfied the GEF's eligibility requirements and were technically satisfactory. This is far from current reality. Funding limitations have now become an important constraint, although the absolute limitation of funding seems to be less of a constraint than the uncertainty over the amount of funding and how this is likely to be split between regions, countries, focal areas, and types of projects.

216. The funding shortfall became apparent around October 2000. The IAs were subsequently allocated GEF resources based on historical patterns. However, the portfolio was at that time growing substantially, and the IA pipelines were already significantly greater than the amounts allocated. GEFSEC argued that the IAs had developed an unrealistically large pipeline. Although policy statements by GEFSEC emphasized the role of MSPs during the limited budgetary situation, in practice, the result of the funding shortfall was the opposite. UNEP received considerably less GEF funding than anticipated and, as a result, put their entire MSP portfolio on hold for several months, including several projects that were ready for CEO approval. UNDP and the World Bank allocated GEF resources to their regions on the basis of historical patterns. When combined with the GEF Council's simultaneous call for more climate change projects, the funding shortfall thus resulted in both biodiversity projects and MSPs in general being particularly hard hit relative to other GEF projects. The inevitable response in both UNDP and World Bank was to push back some MSPs that were ready to go the

Council, some for as much as 2 years, and to drop other MSPs. Postponing or dropping these eligible MSPs caused considerable dissatisfaction and resentment among the project proponents.

217. The IAs are in some cases now discouraging potential MSP proponents because of uncertain future funding combined with incentives within their own institutions favoring full-sized projects, especially in the case of the World Bank. This trend has been further complicated by unclear informal messages from GEFSEC and a general lack of confidence in the continuity of GEF funding. For example, Peru has been a clear MSP success story and the IA pipelines are now full of MSP proposals from Peru. While there is excellent potential to expand the MSP portfolio, local expectations cannot now be met due to the funding shortfall and the unwillingness of the World Bank and UNDP to accept new proposals. This has caused great disappointment, while the confused message reaching the two IAs in Lima is that no more biodiversity MSPs should be developed, but that MSPs in climate change, POPs, and integrated ecosystem management would be acceptable. In Ecuador, there is also a clear understanding among the IAs that no more MSPs will be accepted.

218. In some cases, the funding uncertainties have led to some strategic game playing, usually with incomplete information. For example, Poland's very effective GEF Steering Committee (see Chapter 5) assumes that Poland will get relatively few GEF projects (mainly due to impending accession to the European Union), tries to monitor what else GEF is supporting in Eastern Europe, and then tries to predict which projects are most likely to have success with GEF and which should seek other funding sources. Sometimes GEF priorities can shift quickly. While Poland has some promising and well-designed MSPs that have been in preparation over 3 years, the Gdansk bicycle project was approved in a few months. While this was a well-prepared project, it also fortunately coincided with a GEFSEC push for more climate change projects particularly in the transport sector.

219. Not surprisingly, the IAs and some of the more sophisticated OFPs and MSP proponents monitor such events and try to fine-tune their own GEF submissions to correspond with the latest trend in approvals. This effort has been confused by the pervasive influence of informal “corridor talk” on what kinds of projects are or are not likely to be favored by GEFSEC at any particular time. IAs as well as some governments and other GEF stakeholders are involved in a continual guessing game of trying to work out how much of the limited GEF resources will be available for a particular region, country, focal area, type of project, etc. In other words, all stakeholders are trying to work out what their quota is. For UNDP and the World Bank, trying to informally manage country office submissions in these circumstances naturally leads to further misunderstanding and miscommunication as unclear messages pass to field staff. By the time country offices can in turn signal proponents to react to a recent trend, the trend may well have changed.

220. One NGO summed up a widely held perspective by reporting to the evaluation team that “IA and GEF Sec comments on proposals are often difficult to interpret.... It is sometimes difficult to escape a sense that there are stronger GEF forces at work which are unwritten that may predispose the reviewer to certain responses without the project itself being given adequate review. It can appear that a review is more subject to inter-agency machinations, than to a genuine evaluation of the proposed project against the operational program objectives with a view to improving its content, direction, etc.”

221. The lack of clear information on resource allocations is causing considerable operational upheaval and inefficiencies while contributing to a loss of confidence in the GEF and undermining the institution’s credibility and commitment to transparency. As the analyses carried out for this evaluation demonstrate, preparing an MSP is no small undertaking for proponents, particularly relatively small organizations, and they should not be encouraged to do so without a reasonable chance of success.

7. Conclusions

Benefits and Impacts

222. It is too early in the implementation of most MSPs to determine their specific impacts on biodiversity conservation, climate change, and international waters. Interim or indirect indicators of progress were assessed in capacity development, innovation, awareness raising, and prospects for sustainability and leveraging influence. The most important types of MSP leveraging have been cofinancing, scaling up, and replication, in addition to positive impacts on government policies with implications for global environmental issues.

223. An encouragingly high proportion of the MSPs that have reached advanced stages of implementation have made substantial progress in these areas. MSPs are generally positively regarded by diverse stakeholders, and the local and participatory emphasis of most MSPs has helped create more favorable conditions for the achievement of long-term environmental goals. MSPs have notably generated the following benefits:

- Broadened and legitimized partnerships and multisectoral relationships that have improved collaboration between NGOs, government, research institutions, the private sector, and the IAs
- Improved local awareness of global environmental concerns, increased local ownership of environmental interventions, and strengthened local governance
- Increased capacity at local and national levels, including the capacity to access and participate in larger initiatives
- Demonstrated innovations that are providing more appropriate and effective approaches to environmental management
- Strengthened international networking with respect to complex technical issues, especially through the global and regional MSPs implemented by UNEP
- Achieved positive policy impacts by facilitating policy dialogues, applying research results, or piloting new policy concepts and relating these to research priorities
- Provided what in some countries is the only support for implementing environmental strategies and action plans, including those for biodiversity conservation and climate change
- Leveraged substantial cofinancing from a variety of sources
- Improved livelihood and income opportunities for key stakeholders
- Increased the profile of global environmental priorities and obligations within national government policy and planning processes in at least some countries.

224. MSPs have also contributed to keeping the global issues of biodiversity, climate change, international waters, and ozone depletion on national political agendas as global issues. There is often a tendency to emphasize the local or national aspects of the environmental issues and then to view the GEF as one of many external funding options. By promoting a global-level focus, GEF has been virtually the only institution

that has consistently drawn attention to global obligations and responsibilities. MSPs have played a full role in this process and thereby played an important role in building GEF's brand name recognition.

225. From a technical perspective, the planning of some MSPs could have benefited from more focus on the specifics of project sustainability and replication, although the relatively short, 2 to 3-year duration of most MSPs does make these aspects very challenging. Some MSPs do appear too ambitious, and a few projects have specific design or implementation problems.

226. Although measurement and comparisons are difficult, the evaluation team members (including the local consultants) consider it very likely that the overall value/impact of GEF dollars invested in MSPs compares favorably with investments in many larger projects of either GEF or other donors, especially in the biodiversity focal area that dominates the MSP portfolio. The most important comparative advantages of MSPs appear to lie in partnership building, awareness raising, public participation, capacity building and innovation, as well as the opportunity to engage a diverse range of highly motivated executing agencies. Further work is clearly needed to systematically assess the relative strengths, weaknesses, and cost-effectiveness of GEF and other projects being implemented on different scales.

MSP Processing

227. While there have been improvements in processing over time, MSPs have clearly not been expedited. Reality has fallen far short of the expectations that MSPs would be a relatively fast-moving and flexible funding opportunity. GEFSEC expected that it would take about 6 months between the time a project concept was approved and project implementation could begin. In practice, the average has been over 2 years, with several projects taking 3 or 4 years. Even this figure does not include the substantial time often required to prepare a project concept to the satisfaction of both GEFSEC and the IAs,

which has varied from a few months to over 2 years.

228. Many dedicated and determined stakeholders as well as IA staff have become frustrated and discouraged by what to them seem interminable and inexplicable delays within the GEF bureaucracy, compounded sometimes by waves of review comments that are not always consistent. Even after their projects have finally been approved by the GEF, many exhausted proponents are then surprised to find that agreeing on contracts and procurement procedures with the IAs can also be a lengthy and difficult process.

229. Our analysis has highlighted a variety of factors responsible for the lengthy MSP project cycles:

- Obtaining MSP endorsements from national OFPs for NGO-executed projects has frequently been difficult and very time-consuming.
- The extent to which new and inexperienced partners brought in by the MSP opportunity would require additional IA support to navigate through the GEF's language, procedures (including the incremental cost calculation) and priorities to prepare acceptable proposals was underestimated.
- Unclear and sometimes conflicting technical reviews from different sources in the IAs and GEFSEC have added considerable time to processing.
- There are variations in the capacities of the UNDP and World Bank country offices to initiate, facilitate, and supervise MSPs.
- Adjusting legal, procurement, and disbursement procedures to fit smaller projects continues to challenge World Bank in particular.
- The GEFSEC review of an MSP proposal (project brief) can take up to 3 months.

- Some MSPs are perceived as having been delayed more because their country, focal area, or general approach has become less popular with the GEF than because of any technical or eligibility issue.

230. While these causes for the lengthy MSP project cycles can and should be addressed as a matter of priority, it is now clear that some of the early expectations for rapid MSP processing were misplaced. Some procedures for MSPs have been simplified and others shortened relative to full-sized projects. But the MSP portfolio still contains many complex projects that are a considerable challenge for their proponents and require a level of IA management effort that is comparable to many larger projects. Thorough and detailed planning and preparation over at least 12 to 18 months for such projects does not seem unreasonable, particularly in the frequent cases where MSPs have relatively inexperienced executing agencies.

231. Some MSP proponents expected funding in the form of a grant, such as they might receive from a foundation, while the GEFSEC and IA view is that MSPs must be managed to the same technical standards as any of their other projects. This means there must be significant IA input during preparation and design prior to GEF funding approval, then detailed supervision and management during implementation. While IA and GEFSEC staff are endeavoring—with mixed success—to speed up MSP preparation and approval and to ease project disbursements, they have deliberately not eased entry or “lowered the bar” for MSPs from a technical perspective and have received no guidance from the GEF Council or GEFSEC suggesting they should do so. As a result, it has not proven cost-effective to manage MSPs as scaled-down version of FSPs.

MSP Strategic Issues

232. The MSPs have clearly achieved the stated GEF Council objective of broadening the range of partners able to access GEF resources. The wide variety of MSP executing agencies includes a diverse range of government agencies, NGOs,

research institutions, international and intergovernmental organizations, as well as the private sector. Private sector participation has been limited to very few projects, although it was significant in these projects. Engaging this broadened range of partners has generated clear, positive benefits for the GEF agenda.

233. The MSP niche is clearly an important one in the GEF family. The GEF Small Grants Program is able to support initiatives at the grassroots or community level, while full-sized GEF projects can support more visible national-level actions. MSPs are often able to bridge the gap, by addressing local concerns while at the same time supporting the implementation of the national development agenda. MSPs may not support actions across several provinces or regions within a country, but their activities are usually on a large enough scale for their successes to generate interest and attention at the provincial or national level. The size of the funding also allows some activities going beyond local community levels to include some capacity building and policy development for local and national government agency partners.

234. Complementing the national MSPs, UNEP in particular has developed a strong portfolio of multicountry global and regional MSPs that appear to be successfully addressing a range of issues that are less suited to individual country projects. While it is not always easy to demonstrate country ownership of these global and regional MSPs and the national activities are sometimes not widely known within the countries, this is a worthwhile set of projects that clearly adds value to the GEF portfolio. The case for UNEP to implement single-country projects is less clear, except perhaps in the specialized technical areas where the agency has a clear comparative advantage.

235. The evaluation team is particularly concerned that there is now considerable uncertainty over future GEF funding for MSPs. When the MSPs began in 1996, the GEFSEC indicated that financial resources would be available to support all proposals that satisfied the GEF’s eligibility

requirements and were technically satisfactory. This is far from the current reality. Funding limitations have now become an important constraint, although the absolute limitation of funding seems to be less of a constraint than the uncertainty over the amount of funding and how this is likely to be split between regions, countries, focal areas, and types of projects. Furthermore, in the context of funding constraints, MSPs would appear to be particularly valuable. The lack of clear information on resource allocations is causing considerable operational upheaval and inefficiencies while contributing to a loss of confidence in the GEF and undermining the institution's credibility and commitment to transparency.

236. Given the widespread dissatisfaction with the processing of MSPs, it is perhaps remarkable that so many high-quality projects have started to emerge. This is at least partly due to the persistence and enthusiasm of the responsible IA staff. For IA task managers, it is apparent that an MSP can be almost as much work as a FSP, although it attracts a much smaller supervision budget. Unfortunately, the IAs are in some cases now discouraging potential MSP proponents. This is due to the uncertainty surrounding future GEF funding combined with incentives within their own institutions that favor full-sized projects, both compounded by unclear informal messages from GEFSEC on future program preferences. This is particularly unfortunate at a time when substantive positive impacts are emerging from the MSP portfolio and when there is a dramatically increasing demand for this level and type of funding from an growing number of diverse executing agencies that are becoming committed to a common agenda with the GEF.

237. Expectations for MSPs to be expedited have proven unrealistic. There is an urgent need to revise the processing rules and targets for MSPs, and to address the contradictory expectation that reasonably complex and technically high-quality projects with less-experienced executing agencies are being expected to move quickly through the GEF project cycle.

Recommendations

Overall

238. Options for expediting processing by reducing the level of IA and GEFSEC supervision and technical responsibility, at least for smaller MSPs, should be explored jointly by GEFSEC, the IAs, and some of the organizations with experience as MSP executing agencies. The options considered should include the disbursement of some MSPs as grants rather than projects, possibly on the basis of an annual competition, and local approval of smaller MSPs by competent national intermediaries in certain countries.

239. It has become clear that allowing the IAs to determine how GEF funds will be allocated between FSPs and MSPs is unlikely to generate an optimal outcome for the GEF agenda, especially in a period of resource limitations. The GEF should allocate specific funding resources for MSPs to help ensure that these valuable projects are not subsumed by IA management preferences for FSPs driven by these agencies internal incentive structures.

240. The prevailing 2 to 3-year timeframe for MSPs is often too short, and few of the projects can be expected to achieve sustainability in this time. Projects should be encouraged to plan implementation over longer time frames if this suits local absorptive capacities and is likely to enhance sustainability. While MSPs should not be utilized for project development, a second phase for promising MSPs should be permitted if the original MSP has been successful in reaching its objectives, as is the case with FSPs.

241. As the size and complexity of the GEF project portfolios in individual countries increase, it becomes more important to explore options for country programming as a means of achieving synergies from the various GEF activities, including MSPs. While GEFSEC has already started exploring these options, such country programming does have costs as well as

benefits, and needs to be approached cautiously. In particular, there is a risk that the broad range of partners and stakeholder input that has become such a positive feature of the MSP portfolio could be compromised.

242. Most MSPs are being funded close to the maximum level, now \$1 million. This means there is a significant gap between the MSPs and the successful SGP. There is a good case for increasing SGP individual grant limits from \$50,000 to as much as \$150,000 and for allocating correspondingly more funding to this program. This would also respond to the needs of local NGOs and CBOs, which are ready to build on their SGP-supported efforts but do not yet have the capacity needed to access MSPs. While the evaluation team does not recommend changing the \$1 million MSP limit, there is a good case for increasing the PDF-A support for multicountry projects (as is already the case for PDF-B support to multicountry FSPs).

243. The MSP Milestone Dates Analysis launched during this evaluation has highlighted some significant bottlenecks in MSP processing. But this useful analysis is still incomplete. GEFSEC and the IAs should complete this analysis as soon as possible and, on the basis of the results obtained, document (i) how they plan to achieve further savings in time and effort, and (ii) how they will track future MSP processing to ensure that any avoidable delays can be rapidly identified and targeted by management for remedial action.

Preparation and Approval

244. The responsibilities and obligations of MSP proponents, the IAs, and GEFSEC should be identified much more clearly before beginning the preparation of each MSP, to make sure these are well understood and that mutual expectations are based on reasonable assumptions. Responsibilities for preparing, reviewing, and revising proposals and other key project documents should be documented, together with a detailed timetable to which all parties should be held accountable.

245. Major bottlenecks and delays in MSP processing need to be tracked more closely so that GEFSEC and/or IA management can intervene and address problems as they arise. Neither the IAs nor GEFSEC monitor centrally the status of individual MSPs as they progress through the project preparation and approval cycle. A transparent tracking system should be established to enable project proponents and other interested parties to easily follow the status and progress of MSPs under preparation through the various stages of GEF review and approval, for example, through a webpage showing the status of each project at any given time. This could perhaps be addressed through the GEFSEC Project Management Information Database currently under development.

246. The MSP document review process needs to be completely overhauled. The type and number of project reviews as well as the time allocated needs to be rationalized and made more transparent. For example, technical reviews of single-country MSPs should primarily be the responsibility of the IA country offices (with allowances for MSPs managed centrally by World Bank). The IA headquarters' and GEFSEC should focus on eligibility, strategic fit, country portfolio-wide issues, and coordination between the IAs. All comments from one source (e.g., an IA headquarters) should be consolidated and checked for consistency.

247. It often comes as a surprise to the proponent after approval of the MSP that they have to comply with the sometimes confusing and demanding IA requirements for project implementation, many of which were designed to fit the needs and requirements of much larger projects. All IAs should develop clear and easy-to-reference guidelines for MSP contracting, disbursement, and reporting implementation, and share these guidelines with project proponents at an early stage.

248. Special priority in processing should be given to those proposed MSPs which have been successful in leveraging other funds and partners crucial to the success and impact of the project. In such cases, delays on the part of GEF can

jeopardize the financial and institutional mechanisms arranged for implementation. Stringent cofinancing requirements for small NGO-led projects are often unrealistic and should either be relaxed or applied at an IA level. The incremental cost calculations for MSPs should be further simplified.

249. The IAs need to ensure more consistently that MSP proponents have sufficient capacity to execute MSPs. They should anticipate the need to provide systematic capacity building to some of the less-experienced proponents, either directly or through sub-contracts. The goal should be to broaden the base of local NGOs that can access GEF funds and participate effectively in MSP execution. One approach would be to encourage the submission of proposals by consortia consisting of a stronger lead executing agency, such as an international NGO, and a local NGO partner. This could assist in capacity development with local NGOs that could later develop and manage MSPs by themselves.

250. Many MSPs were unclear on the integration of gender concerns, with the participation of women often considered to have been achieved if women were observed to be in attendance during consultations. Further guidance is needed on how MSPs should address gender issues.

Information and Knowledge Management

251. Stakeholders in many countries lack information about MSPs and do not understand them. In other words, the people with the desire and capacity to act effectively through MSPs are not getting the information they need in usable formats. There is a clear need to improve information dissemination related to MSPs, although this must be done in a way that does not raise unrealistic expectations when funds are limited. The objective should be to increase the quality rather than the number of proposals submitted.

252. The MSP Information Kit needs to be completely redone in a much more user-friendly way. The impenetrability of GEF language and

jargon needs to be addressed. The kit should be augmented with best practice examples from approved MSPs under different situations and include answers to frequently asked questions. The kit should also be translated into local languages and placed into local contexts by IAs or through local NGOs partners with support from IAs.

253. Country Dialogue Workshops should be used for providing realistic information on MSPs, and followed up where appropriate, especially around specific OPs. The GEF NGO network should also be mobilized to promote MSPs. The websites of both the GEFSEC and the IAs should be used more actively for MSP information dissemination, although it is important to bear in mind that Internet access is still rare and expensive in many developing countries. Information dissemination should include the role that the private sector could play in MSPs.

254. GEFSEC, the IAs, and other partners have an excellent opportunity to play a much more strategic role in providing intellectual and practical leadership of learning processes for practitioners worldwide on technical themes within each of the GEF focal areas, drawing on the extraordinary wealth of GEF project experiences, including MSPs. This should include more active dissemination of best practices as well as cross-project, including cross-IA, learning, which is almost totally undeveloped at present.

255. A mechanism is needed for learning the lessons of implementation and recognizing the progress towards global environmental objectives made within the context of individual MSPs. It is important also to learn how individual MSPs “add up” to make more strategic contributions to, say, ozone layer protection or biodiversity conservation. There is a need to engage project participants on an ongoing basis. These stakeholders best understand barriers to and opportunities for meeting global environmental objectives through the GEF but they seldom have a chance to see how their particular project contributes (or doesn’t) to the bigger picture.

There is clearly an opportunity for linking the global to the local more effectively, and GEF has both the portfolio and network to do so.

Country Ownership

256. The operational focal point endorsement system does not work effectively for MSPs in many countries, is of doubtful value as a demonstration of country ownership, and is often particularly hard for NGOs. The lack of capacity in the focal points is a fact in several countries and should be addressed with GEF support. The already existing support to operational focal points should be made better known and be better utilized in countries. Focal points consisting of broadly representative and not-too-large committees have worked well in a few cases, particularly when these committees develop a GEF programmatic approach or country vision, although added bureaucracy and further delays could also result from such arrangements, and care would need to be taken to avoid further limiting NGO opportunities.

257. The ownership and strategic value of regional and global projects to the individual countries needs to be addressed more aggressively. National governments and local NGOs should be able to recognize their ownership of such projects. The requirement of OFP endorsement for each of the countries participating in global projects, however, has led to some very lengthy approval processes. One possibility is to consider a global project as properly endorsed if its objectives are clearly linked to the country's strategies and action plans for biodiversity conservation, reduction of greenhouse gases, and/or protection of international waters, as appropriate. It should be noted, however, that in the case of truly global projects, for example, projects that address an issue that is critical to GEF operations globally through the involvement of the scientific community in a number of recipient countries, the linkage to individual countries' strategies and action plans may be less direct. In such cases, country driven-ness could be demonstrated more effectively through links to priorities identified by the national governments as a result of regional strategies, plans, and recommendations adopted at regional intergovernmental meetings.

Annexes

Annex 1: Terms of Reference

Annex 2: MSP Evaluation Team and Advisory Working Group

Annex 3: MSP Activities in the Countries Visited and Case Study Projects

Annex 4 Approved MSPs as of June 30, 2001

Annex 5: Comparison of Procedures for Full- and Medium-Sized Projects

Annex 6: Milestone Dates Analysis