

Terminal Evaluation Review form, GEF Evaluation Office, APR 2015

1. Project Data

Summary project data			
GEF project ID		2806	
GEF Agency project ID		N/A	
GEF Replenishment Phase		GEF-4	
Lead GEF Agency (include all for joint projects)		UNEP	
Project name		Promoting Payments for Ecosystem Services (PES) and Related Sustainable Financing Schemes in the Danube Basin	
Country/Countries		Regional: Bulgaria, Romania, Information spread to: Serbia and Ukraine	
Region		Europe and Central Asia	
Focal area		Biodiversity, International waters	
Operational Program or Strategic Priorities/Objectives		BD2: Biodiversity: Mainstream Biodiversity in Production Landscapes/ Seascapes and Sectors IW2: Catalyze Transboundary Action Addressing Water Concerns	
Executing agencies involved		WWF-DCPO – WWF offices in Vienna (Austria), Sofia and Russe (Bulgaria) and Bucharest (Romania)	
NGOs/CBOs involvement		Lead executing agency; through consultation; Lead Executing Agency: WWF-DCPO; general participation: Bulgaria: Friends of Rusenski Lom Nature Park Association , Nature Tourism Association	
Private sector involvement		secondary executing agency; through consultations; general participation: Ciocanesti Fish Farm, Iezer Calarasi Fish Farm, private sector also in the Steering Committee	
CEO Endorsement (FSP) /Approval date (MSP)		08/25/2009	
Effectiveness date / project start		10/2009	
Expected date of project completion (at start)		12/31/2013	
Actual date of project completion		12/2014 (TE,p.5)	
Project Financing			
		At Endorsement (US \$M)	At Completion (US \$M)
Project Preparation Grant	GEF funding		
	Co-financing		
GEF Project Grant		0.96	0.87 (TE, p.85)
Co-financing	IA own	1.11 (PD, p.1)	
	Government	0.203 (PD,p.1)	
	Other multi- /bi-laterals		
	Private sector	0.014 (PD, p.1)	
	NGOs/CSOs	0.018 (PD, p.1)	
Total GEF funding		0.96	0.87 (TE, p.85)
Total Co-financing		1.35	2.94 (TE, p.87, actual level of materialization)
Total project funding (GEF grant(s) + co-financing)		2.31	The TE didn't specify level of co-financing used, thus it is unable to obtain this figure.
Terminal evaluation/review information			
TE completion date		11/2014	
Author of TE		Vyara Stefanova	

TER completion date	12/21/2015
TER prepared by	Chenhao Liu
TER peer review by (if GEF EO review)	Molly Watts

2. Summary of Project Ratings

Criteria	Final PIR	IA Terminal Evaluation	IA Evaluation Office Review	GEF EO Review
Project Outcomes	HS	HS	NR	HS
Sustainability of Outcomes	Risk to outcome (Low)	L	NR	L
M&E Design	NR	S	NR	S
M&E Implementation	NR	HS	NR	HS
Quality of Implementation	HS	S (UNEP supervision and backstopping)	NR	S
Quality of Execution	NR	HS (project management and implementation)	NR	S
Quality of the Terminal Evaluation Report	-	-	5	S

3. Project Objectives

3.1 Global Environmental Objectives of the project:

“The overall project goal is to secure global environmental benefits by mainstreaming payments for ecosystem services (PES) and sustainable financing (SF) schemes in integrated river basin management for large-scale international watersheds.” (TE, p.6)

3.2 Development Objectives of the project:

The project’s specific objectives reported by the PD are:” 1. To demonstrate and promote PES and other sustainable financing schemes in the Lower Danube river basin.2. To derive lessons of relevance for the Danube basin at large and for other international watersheds.” (PD, p.23-24)

The specific project objective adjusted based on feedback from the MTR is “to demonstrate and promote Payment for Ecosystem Services (PES) and related financing schemes in the Danube River basin, and to other international water basins” (TE, p.6)

“The specific project objective was planned to be achieved through three main outcomes:

Outcome 1: Models of public and private sector Payment for Ecosystem Services and related schemes developed and demonstrated within Danube basin in Bulgaria and Romania, and approach replicated in the wider region.

Outcome 2: Enhanced technical capacity of key stakeholders to develop and implement Payment for Ecosystem Services schemes and improve related policy increased in Romania and Bulgaria.

Outcome 3: Increased availability of information on and awareness of, Payment for Ecosystem Services concepts, schemes and opportunities increased in Danube basin and beyond. “(TE, p.6)

3.3 Were there any **changes** in the Global Environmental Objectives, Development Objectives, or other activities during implementation?

There were no changes in the project’s Global Environmental Objectives. The DO has undergone 1 revision after the MTR and became “to demonstrate and promote Payment for Ecosystem Services (PES) and related financing schemes in the Danube River basin, and to other international water basins.” (TE, p.6) The Danube PES project was granted a no-cost extension and the expected completion date at the time the TE was conducted was 31 December 2014. (TE, p.9)The project MTR (Mid-Term Review) was undertaken two and a half years into implementation of the project from May to July 2012. It identified a number of weaknesses and challenges in project design that needed to be addressed in order to ensure more effective delivery, sustainability and impact of project results.(TE, p.18) The project management agreed with recommendations provided in the MTR report and developed a Management response to address them. The logical framework, workplan and budget were revised and/or optimized according to recommendations and progress on related response was reported together with the Half Yearly Reports. (TE, p.19)

4. GEF EO assessment of Outcomes and Sustainability

Please refer to the GEF Terminal Evaluation Review Guidelines for detail on the criteria for ratings.

Relevance can receive either a Satisfactory or Unsatisfactory rating. For Effectiveness and Cost efficiency, a six point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess. Sustainability ratings are assessed on a four-point scale: Likely=no or negligible risk; Moderately Likely=low risk; Moderately Unlikely=substantial risks; Unlikely=high risk. In assessing a Sustainability rating please note if, and to what degree, sustainability of project outcomes is threatened by financial, sociopolitical, institutional/governance, or environmental factors.

Please justify ratings in the space below each box.

4.1 Relevance	Rating: Satisfactory
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The TE rated the project’s outcome relevance as “Highly Satisfactory”. In a binary scale (Satisfactory/Unsatisfactory), this TER will rate it as “Satisfactory”.

“The project is relevant to GEF Strategic Objective (SO2) Biodiversity: Mainstreaming Biodiversity in Production Landscapes/Seascapes and Sectors as well as International Waters SO2: Catalyze Transboundary Action Addressing Water Concerns.” (TE, p.22) The project was also related to “UNEP’s work on Ecosystem services and economics’ (ESE) (which) aims to support its effort in building capacity of stakeholders to generate scientifically credible information required for integrating an ecosystem service approach into national economic and development frameworks.” (TE, p.22))

The project also serves the strategic priorities of development at the regional and national level. In 2012, the European Commission (EC) launched the MAES (Mapping and Assessment of Ecosystems and their Services) initiative aiming at achieving Action 5 - Target 2 objectives under the 2020 EU Biodiversity Strategy to restore at least 15 % of degraded ecosystems by 2020 and to maintain the ecosystems and their services. The project is responding to this strategic priority, and the project team was providing

support to the implementation of MAES at the national level Bulgaria and Romania. (TE, p.21)Overall, “based on the assessment of project relevance to local and national priorities and policies, priorities related to relevant international commitments, and to GEF strategic priorities and objectives, overall project relevance is evaluated as Highly Satisfactory” (TE, p.22)

Thus, a rating of “Satisfactory” for the project’s outcome relevance is justified.

4.2 Effectiveness	Rating: Highly Satisfactory
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Relevant to the project’s outcome effectiveness, the TE rated both the i. project’s delivered results; ii. achievement of outputs as “Highly Satisfactory”, all of which are substantiated with solid and sufficient evidence. Following the TE, this TER will rate the project’s outcome effectiveness as “Highly Satisfactory”. The project has been highly successful to meet its preset outcomes, and the only small portion of underachievement is on its track to be achieved. The following analysis will support tis TER’s rating, drawing on evidence from the TE: (TE, p.27-37)

Outcome 1: Models of public and private sector PES (Payment for Ecosystems Service) and related schemes developed and demonstrated within Danube basin in Bulgaria and Romania, and approach replicated in wider region. (Achievement rating by TE: Highly Satisfactory)

Indicator: By the end of the project at least 2 national and 3 local Payment for Ecosystem Services schemes under implementation covering an area of at least 500,000 ha; (Achieved)

End of Project value:

National PES schemes: one fishery PES scheme under implementation in Romania, one fishery PES scheme with pending implementation in Bulgaria as well as two potential forest-related national PES schemes under development.

Local PES schemes: there are **four** functional PES/SF schemes developed: Persina pilot SF scheme (Bulgaria-BG); Rusenski Lom pilot PES scheme (Bulgaria-BG); Maramures pilot SF scheme (Romania-RO);Ciocanesti PES pilot scheme

Area covered directly by project’s PES and SF schemes: 83,595 ha

Indicator: By the end of the project at least 5 MoUs signed for public/ private partnerships covering PES schemes; (Achieved)

End of Project value: Three partnership agreements were signed. Two national schemes are being developed under the Fisheries OP (Operational Program), which can be also considered as official agreement for the implementation of the schemes (TE,p.33).

Indicator: At least 2 proposals for a PES scheme designed for Serbia and/ or Ukraine. (Achieved)

End of Project Value: Two proposals for PES schemes for Ukraine were developed; in Serbia potential PES schemes were proposed as a potential follow up of GEF project Serbia Transitional Agriculture Reform (STAR)

Outcome 2: Enhanced technical capacity of key stakeholders to develop and implement PES schemes and improve related policy increased in Romania and Bulgaria. (Achievement rating by TE: Satisfactory)

Indicator: At least 2 follow-up proposals for new PES schemes in Bulgaria and/or Romania led by key stakeholders developed; (Achieved)

End of Project value: In Romania, the two proposals for new PES and SF mechanisms were developed as well as one proposal for expansion of the PES scheme under implementation in Ciocanesti, led by the project's key stakeholders; In Bulgaria, proposals for five new schemes are under development, led by the project's key stakeholders.

Indicator: Payment for Ecosystem Services concept integrated into documents feeding into mid-term review of the national Danube river basin management plans and associated programs of measures; (Partly Achieved)

End of Project value: result not evident yet, process ongoing

Indicator: Payment for Ecosystem Services concept integrated into draft 2014-2020 Operational Program for environment, fisheries and rural development for Bulgaria and Romania; (Partly Achieved)

End of Project value: process ongoing, long-time needed

Outcome 3: Increased availability of information on and awareness of Payment for Ecosystem Services concepts, schemes and opportunities increased in Danube basin and beyond. (Achievement rating by TE: Highly Satisfactory)

Indicator: Project experiences and lessons learned ('how-to' manuals, good practices guidelines) captured and available to key regional stakeholders and international conservation and development community through project website; (Partly Achieved)

End of Project value: experiences and lessons learned were made available to stakeholders, disseminated, and published (in the form of presentation/case study) but were yet to be put on the websites.

Indicator: Increase in awareness scores of Payment for Ecosystem Services concepts, schemes and opportunities among pilot site communities, journalists and government agency staff (ministry of finance, agriculture and environment) in Bulgaria and Romania by mid-2013 compared with year 1 baseline. (Achieved)

End of Project value: The project reported more than 240 articles and publications related to PES concept during the Closing Conference; The TE witnessed a major publication on PES concept (4 full pages, 2 of which was on the Danube PES project experience) in the Bulgarian 'Capital' daily newspaper edition of 26 July 2014; Google analytical statistics show significant increase of the visits of the PES project section of WWF DCPO website between 2011 (0 page views) to 2013 (1,741 page views). The number of the visits for 2014 is going to be more, since it was already 1,157 by end of June 2014; a comparison of the scores of PES mentioning (done by searching keywords in internet) was developed by the project communicator. It reveals that by the end of 2013 PES was mentioned 36 times compared to 8 times in 2009; information about the project and PES concept was presented in more than 230 trainings and workshops for local and national PES schemes stakeholders, national river-basin management authorities, biodiversity experts, local, national and international NGOs, development experts and consultants as well as journalists. (TE, p.35-36)

In addition to the outcomes/indicators listed above, the post-MTR revision added the following indicator: "At least 1 international workshop held to disseminate project results and exchange experience on PES." (Achieved)

End of Project: “The project organized two workshops - one in April 2012, a round table on Ecosystem Services and PES (discussed in MTR). The High level Conference “Moving towards Resource Efficient Green Economy” was held in April 2013 in Sofia (BG).” (TE, p.37)

Overall, it is clear from the above analysis that the majority of project outcomes were achieved with high satisfaction, and in some cases targets were exceeded, and the only portion of underachievement is in fact impending achievement. Therefore, a rating of “Highly Satisfactory” is well justified.

4.3 Efficiency	Rating: Satisfactory
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The TE rated the project’s outcome efficiency as “Highly Satisfactory”, and this TER will rate the project’s outcome efficiency as “Satisfactory”. The project has been implemented in a cost-effective approach, but its delays may well pull down its efficiency rating.

According to the TE, “The cost-efficiency of the PES project has been very good. The Project has been built-in with WWF focal areas in the participating countries and benefitted from the existing studies relating to ecosystem services undertaken by WWF and others at the regional and national levels. WWF project team managed the financial resources carefully and the cost savings helped them to finalize the project activities in the most cost efficient way during the one-year no-cost extension.” (TE, p.7)

However, project delays, especially the extension of 1-year, even though at no-cost, can’t be neglected when assessing the project’s overall efficiency. The most significant delay occurred at the project’s start-up, which directly led to the no-cost extension (TE, p.45): “the project took 55.5 month from concept development to the beginning of implementation. “(TE, p.44) “The initial delays were partly due to the changes in the staff that prepared the project document and application both in WWF DCP and the member of WWF MPO who was supposed to provide PES technical guidance to the project team. Partly, it was to the lack of clear conceptualization of what PES was and what SF was.” (TE, p.22) This delay was caught up only after the MTR. (TE, p.44)

Overall, considering the project’s high-level efficiency in general and delays, a rating of “satisfactory” for the project’s outcome efficiency is well justified.

4.4 Sustainability	Rating: Likely
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Based on an assessment of the project’s sustainability of four sub-categories, the TE rated the project’s overall sustainability as “Likely”. This TER will adopt the same rating, according to the evidence presented by the TE as per below:

Financial Resource Sustainability-Moderate Likely

This TER will rate the project's financial resource sustainability as "Moderately Likely". There are good prospects for future financial commitment to sustaining the project, but many of these potential resources are so far unsecured, especially for the long-term.

"The two national PES/SF schemes are reliant on public funding while three of the local PES/ SF schemes – in Rusenski Lom and in Persina (Bulgaria), and in Maramures (Romania) are private schemes. Ciocanesti PES scheme has a mixed character – it started as a private pilot scheme, and then its experience was taken at national level in Romania and Bulgaria. "(TE, p.40) The project's long-term financial sustainability is unsecured. "The long term financial sustainability of the project depends generally on influencing the EU and national policy and decision makers to allocate sufficient funds to nature and water conservation activities and to recognize PES and other SF mechanisms as important tools for securing the maintenance and the restoration of the ecosystems."(TE, p.40) While there is positive evidence from participating countries in this regard as their MAES (Mapping and Assessment of Ecosystems and their Services) is being planned (which could be a source of financial support from the European Commission, TE, p.11), there still are certain concerns among regional stakeholders that the reduced EU leverage funding for nature conservation activities may hinder the long term sustainability of the projects (TE, p.40)

The prospect for short-term sustainability of the PES and SF mechanisms areas differs by areas. In **Ciocanesti and Persina pilot schemes** the continuation of the activities is dependent on the self-motivation and financial stability of the entrepreneurs, whom have expressed that their willingness to continue depends on securing public funds. Thus the short-term sustainability of these two projects can be expected. (TE, p.41) "The continuation of the schemes in Maramures and Rusenski Lom depends largely on the involvement of WWF team after the project end. The project team is seen as a driving force for these schemes despite the large number of private businesses involved. However, the limited funds gathered in the first year of implementation of the schemes and the still existing financial barriers may lead to decrease in the number of the participating stakeholders (which already happened in Maramures). The TE rating for Maramures scheme is Moderately likely, while for Rusenski Lom scheme the rating is Likely." (TE, p.41)

Socio-political Sustainability-Likely

The socio-political sustainability of the project is very likely. "From the outset the project engaged with stakeholders at all levels, from local communities and authorities, NGOs and researchers to government departments and ministries in the two participating countries. Not only did this increase awareness and capacity within the countries but also promoted some degree of ownership of the project results, all of which contribute to socio-political sustainability." (TE, p.41) "During the TE expert visits to the two countries, it was notable that the interest and enthusiasm among local communities for continued involvement in maintenance and conservation of ecosystem services has increased." (TE, p. 41)

There is evidence that results are being integrated into policies and programs within the target countries (Working group on payment for forestry ecosystem services and RDP in Bulgaria, MAES project in

Romania, Fishery OP in both countries). Interviews with the governmental PSC members confirmed that political changes cannot stop the integration process, although they can slow it down. “ (TE, p.41)

At the same time, according to some project staff “the regional development, demographic situation and the economic crisis may hinder the sustainability of the developed schemes (which are the project’s key outputs. “ (TE, p.41)But so far there has been no direct evidence of the linkage between these factors and the project’s sustainability in the short-run.

Institutional Sustainability-Moderately Likely

The project’s institutional sustainability is moderately likely. The project has received strong institutional support with evidence of continuance, but the project’s sustainability could be further secured through the increasing participation of local government authorities in the future.

“In 2012 the European Commission (EC) launched the MAES (Mapping and Assessment of Ecosystems and their Services) initiative to support the development of a coherent analytical framework to be applied in all Member States. The Ministries of environment in both Romania and Bulgaria are undertaking actions to map and assess the ES and introduce ES and PES concept in the main policy documents and related legislation and the TE holds the opinion the existing legal framework in the countries is supportive for the sustainability of the project results. “(TE, p.41-42)

“In both countries (Romania and Bulgaria), the low awareness and capacity of the key stakeholders were recognized as a serious factor limiting the delivery of the PES approach at the beginning of the project. After the needs assessment analysis the project organized a series of trainings for the key institutions of developing and implementing PES and SF schemes for the different ecosystems services. The loss of the institutional memory was a significant limiting factor at the beginning of the project, nevertheless, the involvement of the institutions in the project activities increased since 2012 onwards at national level. The interviews during the TE revealed that the commitment of local authorities is still insufficient. This was clearly communicated to the TE by the participants in some of the pilot schemes (Rusenski Lom and Maramures). “ (TE, p.42)

WWF’s Danube-Carpathian Program Office has created a new 3-year plan for the CEE region on adoption and implementation of the Payment for Ecosystems Approach, increasing the likelihood of institutional sustainability. (TE p.42)

Environmental Sustainability-Likely

The project’s environmental sustainability is likely. There are some identified risks to the project’s environmental sustainability, such as in Persina pilot site where, due to climate change, a warm winter season prevented the mowing of the reed, and postponed the implementation of the scheme. (TE, p.42) Meanwhile, the project’s benefits and their long-lasting impact are also evident, such as “The biodiversity benefits from Ciocanesti pilot site resulted in an increased number of bird species, nesting birds and improved water quality. (TE, p.42) The environmental benefits and sustainability from the rest of the schemes remain to be seen and measured, however, the positive attitude and awareness of local

communities is indicating a positive tendency as long as the expected project impact is that Danube ecosystem services are maintained by the local communities.” (TE, p.42) Overall, the prospect for the project’s environmental sustainability is promising.

5. Processes and factors affecting attainment of project outcomes

5.1 Co-financing. To what extent was the reported co-financing essential to the achievement of GEF objectives? If there was a difference in the level of expected co-financing and actual co-financing, then what were the reasons for it? Did the extent of materialization of co-financing affect project’s outcomes and/or sustainability? If so, in what ways and through what causal linkages?

As of June 2014, the materialization of co-financing is 2,940,778 USD, 218% of its anticipated level. (TE, p.87) Although the TE gave a “Highly Satisfactory” rating for the project’s overall attainment of project objectives and results, it didn’t specify the linkage between the above-average level of co-financing and the successful achievement of project outcomes/impact.

5.2 Project extensions and/or delays. If there were delays in project implementation and completion, then what were the reasons for it? Did the delay affect the project’s outcomes and/or sustainability? If so, in what ways and through what causal linkages?

The project was delayed at its early stage, which entailed a one-year extension. The project took 55.5 month from concept development to the beginning of implementation. (TE, p.44) “The project was originally intended to be submitted under the GEF-3 replenishment with an estimated starting date of 1 April 2006, but it was ‘postponed’ due to changes within the GEF and its funding. The development period from PDF-A approval to GEF approval was 51.5 months, and another 4 months were required to reach actual project start.” (TE, p.15) “The initial delays were partly due to the changes in the staff that prepared the project document and application both in WWF DCP and the member of WWF MPO who was supposed to provide PES technical guidance to the project team. Partly, it was to the lack of clear conceptualization of what PES was and what SF was.” (TE, p.22) This delayed process has negatively affected the project’s start-up for a number of reasons: “(1) the policy development processes that it aimed to influence originally have passed and the momentum that has been created for PES schemes was lost in both national authorities and local stakeholders; (2) some of the key experts and decision makers from national institutions were replaced during government changes in that period; and (3) key staff in WWF that led the project proposal development has been changed both in WWF DCPO (staff left) and later on in WWF MPO (staff changed focus of work). Thus, when the project started, the project management team was largely new to the project idea. This has led to an initial delay in the understanding of both the project logic and the PES schemes concepts. This delay was caught up only after the MTR. (TE, p.44) In the end, there is no linkage between the initial delay and the project’s outcome achievement and sustainability according to the information presented by relevant project documents.

5.3 Country ownership. Assess the extent to which country ownership has affected project outcomes and sustainability? Describe the ways in which it affected outcomes and sustainability, highlighting the causal links:

The TE rated the projects’ country ownership and drivenness as “Moderately Satisfactory”, due to the “limited role of national authorities, the continuing dependence of local partners on WWF support as well as the persisting notion about the project as “WWF’s project.” At both its design and implementation stage, government entities in each relevant country has mainly played a consultative role (such as their active participation in Steering Committee meetings and design of national PES schemes), but due to “i. Extended start-up of the project; ii. The trans-boundary focus of the project; iii. Small scale of the project and implementation arrangements (TE, p.50), their role and influence was limited, and this project is widely considered as a “pure” WWF project. At the same time, the project’s contribution to the ongoing and planned programs (operational programs for Fisheries, Environment and Rural Development, MAES, revision of Danube RBMPs) in the countries strengthened the sense of ownership at national level, and many of government officials “were particularly interested to take project results and PES schemes recommendation further and integrate them in the new EU Funds programming period.” (TE, p.50) The low-level participation of government entities, however, actually facilitated the project implementation, as “It enabled the development and implementation of PES schemes in Bulgaria and Romania without requiring institutional staff’s direct involvement. It also provided sufficient flexibility for the WWF Danube PES project team to test different development and implementation approaches for PES schemes outside the heavy governmental protocols”(TE, p.49)

6. Assessment of project’s Monitoring and Evaluation system

Ratings are assessed on a six point scale: Highly Satisfactory=no shortcomings in this M&E component; Satisfactory=minor shortcomings in this M&E component; Moderately Satisfactory=moderate shortcomings in this M&E component; Moderately Unsatisfactory=significant shortcomings in this M&E component; Unsatisfactory=major shortcomings in this M&E component; Highly Unsatisfactory=there were no project M&E systems.

Please justify ratings in the space below each box.

6.1 M&E Design at entry	Rating: Satisfactory
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The TE rated the project’s M&E design at entry as “Satisfactory”. This TER will adopt the same rating. Following the UNEP’s M&E standard/protocols, the project’s M&E design at entry is comprehensive and specific, and implementable, but with shortcomings. And, its shortcomings were revised after the MTR (Mid-Term Review).

“M&E design followed UNEP’s standard monitoring and evaluation procedure. “ (TE, p.56) It includes a result framework built upon the project’s log frame, execution plan, timeframe, budget, plans for (Half Yearly Reports) HYRs, (Project Implementation Reports) PIRs, mid-term and final evaluations, audits, and it has described the responsibilities of the different parties included in the M&E process. (TE, p.56)

Especially, it utilized the SMART principle when identifying indicators that measure expected outcomes. For example, it used “no. of MoUs signed for public/ private partnerships covering PES schemes” and “By the end of the project no. of national and local PES schemes under implementation” to measure the “Outcome 1: Models of public and private sector PES and related schemes developed and demonstrated within Danube basin in Bulgaria and Romania, and approach replicated in wider region.”

But the original M&E design is not perfect. “The MTR found a number of weaknesses in the original project’s logframe, such as having two objectives instead of one, lack of objectively verifiable indicators, too ambitious outcomes, lack of quantitative baseline information for some of the indicators, etc. “(TE, p.57)

“Following the recommendations of the MTR the logframe and the corresponding work plan were modified. The outputs were changed and verifiable and specific indicators were included. The targets were made more realistic. Thus the logframe quality was significantly improved. The revised logframe has been used in the PIRs to report progress toward objectives.” (TE, p.57)

6.2 M&E Implementation	Rating: Highly Satisfactory
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The TE rated the project’s M&E implementation as “Highly Satisfactory”, and this TER will adopt the same rating, due to clear evidence of a successful M&E implementation as per below:

“The M&E system envisaged in the inception report is operational and all required reports are produced (the final PIR was being drafted during the time of the TE).The principal means of tracking progress were through the Steering Committee meetings, Project Implementation Reviews (PIRs) for each financial year, and Half Yearly Progress Reports (HYRs). The TE reviewed the first three PIRs of the project (FY2010-2011, FY2011-2012, FY2012-2013). All reports contained information of the progress of the project implementation and ratings against the corresponding sets of indicators and the achievement of the activities (in per cent). In addition to these, half yearly progress reports with detailed description of the half year results achieved were prepared (although not originally required for the project) by the PM. Both types of reports are very detailed and have a very good quality giving significant information for the project implementing status. Quarterly financial reports were also submitted by WWF DCPO. “(TE, p.57)

In September 2012, a very detailed and comprehensive MTR report was produced which contains eight recommendations. Consequently, the PM (program manager) developed a management response to those and the actions taken for their accomplishment were reported in the 3rd PIR report. (TE, p.57) Finally, the logical framework, work plan and budget were revised and/or optimized according to recommendations and progress on related response was reported together with the Half Yearly Reports. (TE, p.19) This showcases a successful adaptive management.

The rating on M & E implementation is **Highly Satisfactory**. (TE, p.57)

7. Assessment of project implementation and execution

Quality of Implementation includes the quality of project design, as well as the quality of supervision and assistance provided by implementing agency(s) to execution agencies throughout project implementation. Quality of Execution covers the effectiveness of the executing agency(s) in performing its roles and responsibilities. In both instances, the focus is upon factors that are largely within the control of the respective implementing and executing agency(s). A six point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess.

Please justify ratings in the space below each box.

7.1 Quality of Project Implementation	Rating: Satisfactory
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Considering the definition of “project implementation”, The TE rated the following related area: UNEP supervision and backstopping (Satisfactory). Considering the highly satisfied performance of the project’s implementing agency, this TER will rate the quality of project implementation as “Satisfactory”.

“The oversight and supervision included supervision missions, active participation in the SC meetings, input during field missions on reports, working program revisions and PIRs. The PIRs provided detailed information on and assessment of project progress as well as actions needed to address identified problems. Three PIRs were prepared prior to the TE, All PIRs rated the overall status of the project as Satisfactory, commenting that towards the end the project is on track to reach High Satisfactory rate.

Both PD (Project Director) and PM (Program Manager) informed the TE consultant that they had a very good working relationship with the TM (UNEP Task Manager) and he provided also technical support to the project team and facilitated linkages with other relevant projects and contacts (he was helpful in identifying individuals to participate in the April 2012 workshop, and linked the PM with STAR project in Serbia), that enabled the project team to promote the PES approach and its adoption and use in the region.

The rating on **UNEP supervision and backstopping** is **Satisfactory**” (TE, p.56)

7.2 Quality of Project Execution	Rating: Satisfactory
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The TE rated the area of “Project implementation and management” as “Highly Satisfactory”. This area covered by the TE corresponds to the “Quality of Project Execution” in this TER. This TER will rate the quality of project execution as “Satisfactory”, based on the successful practices of project execution taking into account the performance of the project’s executing agency, which are presented by the TE:

“The project’s executing agency is WWF DCPO. Project Director (PD) was introduced to institutionalize the responsibilities of WWF DCP team leaders. The role of the International coordinator from WWF MPO was reduced and the PD and PM (Program Manager) took on most of his responsibilities. The PD

was based in Vienna in WWF DCPO headquarters and the PM was based in Rusenski Lom, one of the project pilot areas. The National project coordinator as all other project staffs are WWF DCPO employees and as such have other responsibilities too. On the one hand, this provides for sustainability of project results, whereby existing staff get their PES capacity built and improved, and continue to use it in future WWF projects. On the other hand, this is very demanding in terms of staff time and capacity where they have to cover other projects too.” (TE, p.46) “The TE finds it very satisfactory that the PM has developed detailed ToRs for all of the project staff (e.g. more than 20 WWF experts) as well as a procurement plan for all external consultants. “(TE, p.46) Additionally, to observe the WWF’s environmental safeguards, the entire project team aimed to reduce business travel for staff meetings and instead utilized the available online communications (e.g. Skype conference calls). This did not only save on transport costs but produced a direct positive environmental impact related to saving carbon emissions from travel. (TE, p.46)

The project’s adaptive management at the national and local levels are all adaptive and responsive the needs of PES schemes’ stakeholders. (TE, p.48) “At the level of the PES demonstrations sites, monitoring committees were also established and active in the discussions and decisions about their local PES schemes, which helped disseminate the results of the project at local level. (TE, p.48)” “The MTR provides detailed assessment of the project implementation and management arrangements at the design and the inception stage.” (TE, p.46) Apart from identifying the challenge of maintaining and increasing the capacity of the project team, the MTR suggested increasing staff time and hiring of a part-time person help the work of the PM, which was done for a period of 6 months after MTR. (TE, p.46). The recommendations of MTR were adopted accordingly, and a local expert in Maramures was engaged to help the national coordinator in Romania, which improved the relations and trust of local stakeholders. (TE, p.46)

The level of budget utilization (90%) and the distribution of spending per budget line and outcomes reveal a well-managed project budget closely linked to the implemented activities and outputs and delivering the expected project outcomes. (TE, p.52) “The project is audited annually by an international company, Price Waterhouse Cooper, which confirmed that the grant funds were “managed and expended in accordance with the project agreement terms.” (TE, p.53)

8. Assessment of Project Impacts

Note - In instances where information on any impact related topic is not provided in the terminal evaluations, the reviewer should indicate in the relevant sections below that this is indeed the case and identify the information gaps. When providing information on topics related to impact, please cite the page number of the terminal evaluation from where the information is sourced.

8.1 Environmental Change. Describe the changes in environmental stress and environmental status that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

As the project's approach mainly focuses on strengthening environmental governance and raising awareness, and the proposed new PES/SF schemes are still in the stage of development or initial implementation, relevant policy documents didn't specify any significant environmental changes. But it reported that "The area covered directly by project's PES and SF schemes is 83,595 ha of which 46,225 ha in Romania and 37,370 ha in Bulgaria." (TE, p.32)

8.2 Socioeconomic change. Describe any changes in human well-being (income, education, health, community relationships, etc.) that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

Relevant policy documents didn't report any change in this regard.

8.3 Capacity and governance changes. Describe notable changes in capacities and governance that can lead to large-scale action (both mass and legislative) bringing about positive environmental change. "Capacities" include awareness, knowledge, skills, infrastructure, and environmental monitoring systems, among others. "Governance" refers to decision-making processes, structures and systems, including access to and use of information, and thus would include laws, administrative bodies, trust-building and conflict resolution processes, information-sharing systems, etc. Indicate how project activities contributed to/ hindered these changes, as well as how contextual factors have influenced these changes.

a) Capacities

Relevant policy documents didn't directly report any change in capacity among relevant stakeholders. However, the change can be inferred as capacity building and raising awareness is one pillar of the project's three outcome components (outcome component 3), which is well supported by the following activities presented by the TE:

"Lessons Learnt Paper that has been presented at numerous events since then in collaboration with other WWF and UNEP offices. Furthermore, WWF Danube PES project was selected as a case study for an innovative solution to implement PES in Europe by the Directorate General for the Environment, under a project "Screening of regulation for innovation impacts in the field of water, as part of the European Innovation Partnership (EIP) on Waters." (TE, p.35)

"The project awareness raising activities documents are carefully documented by the team. The project reported more than 240 articles and publications related to PES concept during the Closing Conference (80 of those after the MTR). The TE witnessed a major publication on PES concept (4 full pages, 2 of which was on the Danube PES project experience) in the Bulgarian 'Capital' daily newspaper edition of 26 July 2014.

Additionally, information about the project and PES concept was presented in more than 230 trainings and workshops for local and national PES schemes stakeholders; national river-basin management

authorities; biodiversity experts; local, national and international NGOs; development experts and consultants as well as journalists. The project team took all opportunities to raise the awareness of local stakeholders. "(TE, p.36)

Two workshops - one in April 2012, a round table on Ecosystem Services and PES and the High level Conference "Moving towards Resource Efficient Green Economy" was held in April 2013 in Sofia (BG) as a part of the project's prompt for dissemination of the results and lessons learnt. (TE, p.37)

b) Governance

The first two pillars of the project's outcome components aim at strengthening the institutions on environmental governance, which were realized in the form of following changes/updates:

Development of two National PES Schemes:

- Romania- Ciocanesti PES pilot scheme was developed to test "the national measures and payments for improving the quality of water and biodiversity in commercial fishponds. The measures for management of water quality and reed in fish basins elaborated in Ciocanesti pilot were integrated in responsible aquaculture measures guidelines for beneficiaries of Operational Program for Fisheries 2007-2013." (TE, p.27)
- Bulgaria- the PES Scheme was developed "focusing on voluntary (State Aid) scheme for replacement of the grain fodder used in the commercial fish ponds with less polluting granulated alternative." (TE, p.28)

The Romania scheme has yet to be put into actual implementation, while the implementation of the Bulgarian scheme was in its initial stage. (TE, p.28)

At the level of local PES schemes under implementation, there are four functional PES/SF schemes developed by mid-June 2014: (TE, p.28)"

- Persina Nature Park/Karaboaz, Bulgaria, which focuses on a biomass scheme based on wetland management, reed harvesting and production and sale of reed and agricultural waste briquettes and pellets for fuel (regulating ecosystem service through carbon sequestration and storage);
- Rusenski Lom, Bulgaria, that is centred on a responsible nature tourism scheme at the Rusenski Lom Nature Park (cultural landscape value) and regulatory ecosystem services);
- Mara-Cosau-Creasta Cocosului, Maramures, Romania, again focused on development of a responsible tourism or ecotourism scheme that provides funding for conservation and sustainable development activities for up to seven protected areas (cultural landscape value)¹⁷;
- Ciocanesti, a privately managed fish pond, close to the north bank of the Danube River, south of Bucharest that breeds fish for other ponds (providing regulating and provisioning ecosystem services and one of only five fish breeding farms left in Romania)."

Three Partnership Agreements were signed for the local PES schemes in Rusenski Lom, Maramures and Persina. (TE, p.33); two proposals for PES schemes for Ukraine were developed; in Serbia potential PES

schemes were proposed as a potential follow up of GEF project Serbia Transitional Agriculture Reform (STAR) (TE, p.33)

In Romania the National Environment Protection Agency and Danube PES team developed a joint proposal on mapping and assessment of ecosystem services (MAES) at national level; consultations with the relevant stakeholders for the integration of PES/SF mechanisms into Danube RBMP are ongoing; consultations on the integration of the PES approach measures into the associated national Danube River Basin Management Plans for Bulgaria and Romania are ongoing; Integration of PES concept into draft 2014-2020 Operational Programmes for environment, fisheries and rural development for Bulgaria and Romania is also ongoing (TE,p.34-35)

8.4 Unintended impacts. Describe any impacts not targeted by the project, whether positive or negative, affecting either ecological or social aspects. Indicate the factors that contributed to these unintended impacts occurring.

Relevant policy documents didn't identify any unintended impacts.

8.5 Adoption of GEF initiatives at scale. Identify any initiatives (e.g. technologies, approaches, financing instruments, implementing bodies, legal frameworks, information systems) that have been mainstreamed, replicated and/or scaled up by government and other stakeholders by project end. Include the extent to which this broader adoption has taken place, e.g. if plans and resources have been established but no actual adoption has taken place, or if market change and large-scale environmental benefits have begun to occur. Indicate how project activities and other contextual factors contributed to these taking place. If broader adoption has not taken place as expected, indicate which factors (both project-related and contextual) have hindered this from happening.

The TE has provided the following information regarding follow-up/scale-up/replication: (TE, p.43)"

Major follow up or replication projects with Danube PES project participation

Worldwide

- Project manager has 2 visits to the project "Developing a feasibility study /strategy for payment for ecosystem services in the Mekong Delta" to assess the feasibility of PES and sustainable finance schemes to be applied for the Mekong delta.

Regional

- OPERA project (Bulgaria and Romania) (<http://operas-project.eu/>),
- Mainstreaming biodiversity and Ecosystem Services into policymaking in the Eastern region - UNEP/WWF approach towards 2020 - project concept that targets six Eastern Partnership countries of the EU, including Ukraine, with the aim to perform TEEB scoping and country studies for improved policy-making.

Bulgaria

- Linking nature conservation to sustainable rural development project" is funded by Bulgaria-Swiss-Cooperation Programme – 6 PES schemes are under development.

- National platform for ecosystem services and biodiversity, managed by the Ministry of Environment and water. The Platform provides funding for mapping, assessment of ecosystem services and PES and is funded by 2009-2014 EEA Financial Mechanism;
- Small-size project approved under Danube Competence Center, Biodiversity and Tourism call for proposals to develop a thematic trail for the European ground squirrel and link farmers applying extensive practices to tourism for Rusenski Lom pilot area.

Romania

- Project approved under Danube Competence Center, Biodiversity and Tourism call for proposals to build small tourism infrastructure and build tourism related capacity for Ciocanesti pilot area
- Support given to Padurea Craiului (Natura 2000 site in North of Apuseni Mountains – North-west Romania): establishment of local partnership for ecotourism destination, project proposal for definition of a finance mechanism
- Project proposal (WWF, ROSA, NEPA) to perform MAES – Mapping and Assessment of Ecosystem Services in Romania funded by BIODIV priority project of the 2009-2014 EEA Financial Mechanism;”

9. Lessons and recommendations

9.1 Briefly describe the key lessons, good practices, or approaches mentioned in the terminal evaluation report that could have application for other GEF projects.

The TE provided the following recommendations regarding different aspects of the project: (TE, p.64-65)
“

Project Management and Implementation

- The inception phase of innovative projects such as PES mainstreaming is particularly important not only for signing contracts and mobilizing the team, partners and budgets, but also for conceptual clarifications such as “what is a PES scheme and what is a SF scheme”; “what are the specific approaches for mainstreaming them in national policy and programmes”; “how shall we practically measure both the progress and achievement”, etc. The specific definitions to be used by the project have to be agreed at this stage.
- The inception phase is also very important for training the project team on the new concept or innovative approach to be applied in the project in order to reach a common level of understanding and unified direction of team’s efforts.
- Indicators and logframe need to be very carefully revised and evaluated at the beginning of the project to ensure their SMART-ness and verifiability. If necessary experts familiar with project implementation and the requirements of donor have to be used.
- The actual environmental impacts of most four-year mainstreaming projects are only likely to come after the end of the project. Therefore, it is important to introduce specific arrangements where post-project monitoring of environmental impact is ensured in a meaningful way for the Implementing Agency and the Executing Partner.
- For a project of this innovative nature, it is important to provide adequate and continuous technical support to the project team from the start (e.g., through involvement of specialized PES experts). Limited technical support during the first two years of the project hindered progress which was overcome when good expert with appropriate expertise was involved.

- On-going communication among all partners involved in project implementation is crucial, especially when it involves many partners in several countries and sites. There must be a common understanding among all concerned about the expectations and implementation approaches, including clear articulation of roles and responsibilities.

Stakeholder engagement

- Engagement and motivation of a wide cross-section of stakeholders at all levels - local communities, regional authorities, national governments and EU or international institutions is important in projects in which the achievement of the expected long term impacts is highly dependent on their actions.
- Inputs of stakeholders and potential partners into project design but also project adaptations and flexibility are very important for projects whose implementation and execution rely on their involvement. This helps to ensure that the project's design, objectives, activities, and expectations are in line with their capacity and capability, and promotes efficiency and ownership.
- Mainstreaming projects usually require changes in legislation, regulatory framework or policy documents and their sustainability depends on the country ownership and willingness to introduce them. Therefore, it is very important to have active participation of the government institutions and motivation of key decision makers.
- For future GEF projects, where the executing partner is an NGO and the governments have no direct funding, it is important that the implementing agency (UNEP or UNDP or else) use all its instruments to convince national governments to encourage high level representation in the PSC and improve country ownership of the project.

Payment for Ecosystem Services concept and Payment for Ecosystem Services schemes

- PES is an innovative economic instrument but it is not applicable in all situations, and it is difficult to apply the same approaches for different pilot areas even when located in one geographical region or country. For example, it will be hard to develop the same PES scheme for all Natura 2000 sites in Bulgaria (e.g. Rusenski Lom and Persina). Another example is the difference of contexts in Ciocanesti and Iezer Calarasi fishponds, which made it impossible for the PES scheme to be implemented in Iezer.
- The experience from the development of pilot PES schemes shows that it takes more efforts and time than initially planned or expected with a variety of emerging obstacles – lack of initial investments, lack of or inappropriate financial and tax regulations next to the low capacity, awareness and, sometimes, interest in nature conservation among decision makers. The real applicability of PES schemes for securing ecosystems services worldwide vis-à-vis the initial and total transaction costs for implementing them has to be further explored and assessed.
- Public funding in Europe (e.g. EU funds) can support the investment costs of certain PES schemes, which is very important for their overall financial viability. The existing public instruments need to be explored sufficiently early in the scheme design stage in order to fund the initial capital investments and to provide for better readiness to participate in the PES scheme. ”

9.2 Briefly describe the recommendations given in the terminal evaluation.

“The following are the recommendations of this evaluation report:

- **Recommendation 1.** It is recommended that the project team focuses on preparing sound technical reports from each of the developed schemes, incorporating key steps in the specific PES scheme design, governance arrangements, implementation stages, accumulated funds, spending of funds for ecosystems management (if such has occurred), monitoring and evaluation arrangements. The strengths and weaknesses of each pilot scheme should be articulated as well as its potential for up-scaling, replicating and mainstreaming into national policy. A specific focus should be placed on the potential for mainstreaming with clear and specific messages for policy makers.
- **Recommendation 2.** It is recommended that the project team discusses and explains its project-increased understanding and experience of what a PES scheme is and what a sustainable Financing scheme is in the Bulgarian and Romanian contexts, giving the invested efforts of the team in reviewing and improving the schemes. On a more conceptual level, the TE is doubtful whether the Maramures and Rusenski Lom schemes are truly PES schemes. The main concern of the TE is that the collected payments are going to be spent on improved tourism infrastructure such as trails (in Maramures) and observation tower (in Rusenski Lom) and only limited funds will go to purely conservation activities. The TE finds that the connection between this type of spending and the ecosystem service is indirect and therefore, the TE recommends that this aspect is specifically addressed and explained in the final reports of these two schemes
- **Recommendation 3.** It is recommended that WWF experts in Bulgaria and Romania develop short technical reports for the PES schemes which were not finally implemented such as the RO Iezer Calarasi and BG State Aid schemes. Lessons learnt from the “failed” PES schemes are particularly useful for future PES initiatives in both countries and the wider Danube region.
- **Recommendation 4.** It is recommended that the WWF experts in Bulgaria and Romania elaborate two types of Lessons learnt synthesis papers: (a) A synthesis paper for future PES scheme developers, and (b) A synthesis paper for Policy makers
- **Recommendation 5.** It is recommended that the project team translates the technical reports and the Lessons learnt synthesis papers in the national languages in Bulgaria and Romania, alongside the English versions. This will enable the experience transfer to non-English speaking stakeholders in the country who are the majority of the target group.
- **Recommendation 6.** It is recommended that the project team continues its efforts to influence the decision making processes in both Bulgaria and Romania by communicating widely and intensively the Lessons learnt synthesis papers at policy events in the remaining project implementation period. The final versions of the OP Fisheries, Environment and Rural Development as well as the 2nd round of DRBMP are also under intensive reviewing by end of 2014 and early 2015, and this opportunity should not be missed. Additionally, the team should ensure their official submissions to the relevant government institutions.
- **Recommendation 7.** It is recommended that the PD and PM appreciate and acknowledge active participation of PSC members, especially from government institutions by providing them UNEP/WWF certificates or diplomas. This is instrumental in two directions – on the one hand, it

recognizes past involvement, on the other hand, can maintain motivation for future mainstreaming of PES into national policy, which is a longer-term process.

- **Recommendation 8.** It is also recommended that the WWF experts in Bulgaria and Romania introduce long-term monitoring of the environmental, social and financial impact of the schemes. WWF team has already included the monitoring of PES pilot schemes and sites in its development strategy. WWF should raise additional funding to continue assessing the capacity and mainstreaming potential of the implemented and promoted PES schemes to deliver efficiently and effectively the target ecosystem services.
- **Recommendation 9.** It is recommended that UNEP undertakes a post project evaluation of the environmental impacts of the project and the associated operational costs (e.g. 5 years after its completion) in order to understand better the impacts of the GEF investments and to use them for future policy developments and projects support. Having in mind the time, efforts and costs that it took to start the pilot schemes, the TE shares the concerns expressed in the academic literature whether PES schemes are an effective, long-term and sustainable global tool for financing biodiversity conservation and preservation of ecosystem services and thus recommends monitoring and assessment of its real environmental, social and financial impact.” (TE, p.7-8)

10. Quality of the Terminal Evaluation Report

A six point rating scale is used for each sub-criteria and overall rating of the terminal evaluation report (Highly Satisfactory to Highly Unsatisfactory)

Criteria	GEF EO comments	Rating
To what extent does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives?	The TE provided detailed and specific assessment of achievement of project outcomes/objectives, through comparing the target values of specific indicators and EOP (End of Project) values of these indicators. A more clear-cut discussion on the project's impact will be preferable	Satisfactory
To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated?	The TE is internally consistent, the evidence presented complete and convincing, and ratings are well substantiated	Highly Satisfactory
To what extent does the report properly assess project sustainability and/or project exit strategy?	The project has thoroughly examined the possibility of the project's sustainability, but it didn't mention the project's exit strategy	Satisfactory
To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	The TE's "Lessons Learnt" section is adequate	Satisfactory
Does the report include the actual project costs (total and per activity) and actual co-financing used?	The TE reported the project costs per component in reference to the budget, and it reported the level of materialization of co-financing; however it didn't specify the level of co-financing used.	Moderately Unsatisfactory
Assess the quality of the report's evaluation of project M&E systems:	The TE's assessment of the project's M&E system is adequate	Satisfactory
		Satisfactory

11. Note any additional sources of information used in the preparation of the terminal evaluation report (excluding PIRs, TEs, and PADs).

In the preparation of this TER, no additional documents were referred to as the source of information apart from PIRs, TE, and PD.