

GEF EO Terminal Evaluation Review Form

1. PROJECT DATA				
GEF Project ID: 284		Review date:		
		at endorsement (Million US\$)		at completion (Million US\$)
IA/EA Project ID: 98	GEF financing:	2.27		2.04
Project Name: Capacity Building for GHG Emission Reduction	IA/EA own:			
Country: Romania	Government:			
	Other*:			
	Total Cofinancing	8.83		UA
Operational Program:	Total Project Cost:	11.09		UA
IA: UNDP	Dates:			
Partners involved: Ministry of Industry and Resources, UNOPS (executing agency)	Work Program date		10/01/95	
	CEO Endorsement		09/02/98	
	Effectiveness/ Prodoc Signature (i.e. date project began)		09/27/ 2000	
	Closing Date	Proposed: September 2005	Actual: October 2006	
Prepared by: Soledad	Reviewed by: Anna	Duration between effectiveness date and original closing: 60 months	Duration between effectiveness date and actual closing: 72 months	Difference between original and actual closing: 12 months
Author of TE: There is no name provided.		TE completion date: September 2006	TE submission date to GEF EO: 07/12/2007	Difference between TE completion and submission date: 10 months

* Other is referred to contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector and beneficiaries.

2. SUMMARY OF PROJECT RATINGS

Please refer to document "GEF Office of Evaluation Guidelines for the verification and review of terminal evaluations" for further definitions of the ratings.

	Last PIR	IA Terminal Evaluation	Other IA evaluations if applicable (e.g. IEG)	GEF EO
2.1 Project outcomes	N/A	HS ¹	N/A	S
2.2 Project sustainability	N/A	UA	N/A	MU
2.3 Monitoring and evaluation	N/A	HS	N/A	U/A
2.4 Quality of the evaluation report	N/A	N/A	N/A	MU

Should this terminal evaluation report be considered a good practice? Why?

No. The evaluation report lacks clarity. Conclusions and recommendations have been made without presentation of sufficient evidence to back them.

Is there a follow up issue mentioned in the TE such as corruption, reallocation of GEF funds, etc.? No

3. PROJECT OBJECTIVES AND ACTUAL OUTCOMES

¹ Ratings provided in the TE are on a four point scale so they are not directly comparable to those given in the TE review.

3.1 Project Objectives

What were the Global Environmental Objectives of the project? Were there any changes during implementation?
According to the TE, the project was designed as a Project Development Facility (PDF) for EE projects in Romania, to reduce greenhouse gas emissions in response to the UNDCCC.

What were the Development Objectives of the project? Were there any changes during implementation?

According to the Project Document, the development objectives of the project are to increase the energy efficiency in Romania by removing the existing technological, institutional, and financial barriers that limit and prevent sustainable energy efficiency investments in Romania and developing capacity.

3.2 Outcomes and Impacts

What major project outcomes and impacts are described in the TE?

According to the TE, the outcomes with significant bearing on the reduction of barriers to EE project financing are:

1. 34 investment proposals had become "definite" investments, for a total of US\$ 69.7 million.
2. Romanian banks become more aware of the investment potential of energy efficiency and gain more experience and increasing interest in financing this type of project.
3. The UNDP-GEF team worked closely with anumber of key institutions including ARCE, FREE lending institutions, local governments, and consultants in the EE sector.
4. Increased interest and capacity of the Romanian companies, municipalities and other target beneficiaries to analyze, prioritize, and develop bankable energy efficiency projects, and to present them for financing to financial institutions.
5. Increased capacity of ARCE to promote and support the development and implementation of relevant energy efficient measures
6. Strengthened capacity of the local NGOs and private sector to provide energy consultancy services, with a specific emphasis on EE
7. Enhanced cooperation between governmental and non governmental organizations on EE issues.

4. GEF EVALUATION OFFICE ASSESSMENT

4.1.1 Outcomes (use a six point scale 6= HS to 1 = HU)

A Relevance	Rating: S
According to the TE and the project document, the project objectives and outcomes are in line with the national strategy proposed by the Government for the reduction of GHG emissions. It is also consistent with the Government policies to improve energy efficiency, sustain economic development and the move towards a market-oriented economy. In addition, the project outcomes are relevant to the GEF OP 5 and 7.	
B Effectiveness	Rating: HS
According to the TE, the project substantially exceeded the project output guidelines. Furthermore, it exceeded investment targets which were \$ 10 million in new investments in the private sector and \$ 2.5 million in the public sector. At the time the TE report was prepared, 34 investment proposals had become 'definite' investments - meaning that a final financing or works contract had been signed, or that implementation was under-way or complete.	
C Efficiency (cost-effectiveness)	Rating: S
According to the TE, it is certain that co-financing was not provided by the Romanian government as supplemental funding for EE projects. In this instance, the Romanian government's failure to provide co-financing did not undermine the effectiveness of the Project. The Project was able to meet all Output requirements with funding made available from the GEF.	

4.1.2 Impacts

According to the TE, the project had a greater impact on the market than on policy. This is due to the fact that the UNDP/GEF PMT focused on project implementation and capacity building and did not interact with senior Romanian government officials in policy discussions on a regular basis.

Although a few Romanian banks have become more familiar with EE project financing, none of these banks will likely transition to project financing modalities in the near future. EE projects are not sufficiently large to drive this process.

4.2 Likelihood of sustainability. Using the following sustainability criteria, include an assessment of **risks** to sustainability of project outcomes and impacts based on the information presented in the TE. Use a four point scale (4= no or negligible risk to 1= High risk)

A Financial resources	Rating: MU
According to the TE, the Technical Assistance and Direct Contribution components would not be sustainable without additional special grant funds from the Romanian government, and this is not likely. In addition, while the UNDP/GEF Project was successful at moving projects forward to implementation, the identification of financial models for EE projects was not fully developed. In addition, while "leveraging" financial resources was an important aspect of the UNDP/GEF effort, and while a	

number of projects were financed by commercial institutions, the capacity to achieve this goal was limited by the lending practices of local commercial institutions. Nevertheless, the self-financing of EE projects represented a major accomplishment as local governments and industries in these cases assumed performance risk for the projects. This reflected the confidence of local officials in the following:

- the viability of EE projects
- the projected savings from EE investments
- the capacity of local firms to properly implement EE projects

B Socio political **Rating: ML**

The self-financing of EE projects represented a major accomplishment as local governments and industries in these cases assumed performance risk for the projects. This reflected the confidence of local officials in the following:

- the viability of EE projects
- the projected savings from EE investments
- the capacity of local firms to properly implement EE projects

According to the TE, the Project had a greater impact on the market than on policy. This is due to the fact that the UNDP/GEF Project Management Team (PMT) focused on project implementation and capacity building and did not interact with senior Romanian government official in policy discussions on a regular basis.

C Institutional framework and governance **Rating: ML**

According to the TE, the components of the project that are sustainable are mainly the capacity development and strengthening of local officials, banks, and industrial representatives. The UNDP/GEF Project was also given the mandate to forge new links with various government and non-governmental bodies to develop joint actions and strategies for EE and GHG projects. The UNDP/GEF team worked closely with a number of key institutions including ARCE, FREE lending institutions, local governments and consultants in the EE sector. According to the TE, the Project would have benefited from greater input from senior Ministry representatives.

D Environmental **Rating: L**

The project does not face any environmental risks

4.3 Catalytic role

a. Production of a public good

The project contributed to the acquisition of new knowledge through technical assistance, studies, and capacity development for the public and private sectors. According to the TE, the project increased awareness of the investment potential of energy efficiency projects among Romanian banks, with a corresponding increase in their experience and interest in financing EE projects;

b. Demonstration

Demonstration of the technical, economic, financial, environmental and social feasibility of energy efficiency investments by leveraging other financial resources in a number of key energy efficiency technologies.

c. Replication

d. Scaling up

4.4 Assessment of the project's monitoring and evaluation system based on the information in the TE

A. M&E design at Entry **Rating (six point scale): MU**

The TE does not include any information on M&E design. The project document presents an M&E plan that includes the M&E of the proposals accepted to be funded. There is not a plan to track progress or performance targets, though. In addition, the project document assigns responsibility for doing monitoring and evaluation of the projects to different organizations, depending on the component.

B. M&E plan Implementation **Rating (six point scale): U/A**

The TE describes very succinctly the project monitoring during implementation, but provides no analysis or conclusion in this respect. There is not enough information on how the project performance was tracked.

C.1 Was sufficient funding provided for M&E in the budget included in the project document? UA

C.2 Was sufficient and timely funding provided for M&E during project implementation? UA

C.3 Can the project M&E system be considered a good practice? No. There is a design, yet no clear indicators for its implementation are provided.

4.5 Lessons and Recommendations

Project lessons and recommendations as described in the TE

What lessons mentioned in the TE that can be considered a good practice or approaches to avoid and could have application for other GEF projects?

According to the terminal evaluation, Grant-financed Technical Assistance (TA) is more cost effective than grant-financed Direct Contributions (DC) [e.g. equipment], in terms of both value for money and level of effort. TA in the form of well defined expert services such as 'deal building', independent financial advice, 'walk through' technical assessments, preparation of outline technical and economic solutions, TOR drafting, procurement of consulting services, contracting and monitoring of Feasibility Studies by external consultants, all represent relatively low-cost high value expert services that investors are unlikely to be able to do well alone.

The project had no exit strategy. According to the TE, the sustainability and overall impact of the project would have been enhanced by a successful exit strategy to transition the Project Management Team to a private sector enterprise. This issue was raised during the MTR and a number of potential exit strategies were suggested.

List (or if detailed summarize) the recommendations given in the terminal evaluation

- Mid term reviews should not only seek to assess the performance of a project against established benchmarks, they should also offer specific recommendations to address areas where a project is underperforming.
- Capacity building for the design of financial structures and preparing "bankable" projects must be based on the conditions in the financial markets. Future GEF concept documents that call for development of "bankable" projects should require an assessment of local financial market conditions.
- Efforts to move banks toward project financing models, where energy savings are seen as collateral for lending, is not likely to succeed in the near term. Future GEF projects should focus instead on identifying surrogates for energy savings in financing designs that are acceptable to banks.

According to the TE, to enhance the sustainability of future PDF-type GEF projects, the following modifications in project design should be considered:

- The Project Document should call for the formulation of an exit strategy for the PMT and this strategy should be factored into the PMT's operation from the start of the Project
- Technical assistance provided to project beneficiaries should be provided on a reimbursable basis where the costs of studies are repaid at the time of project financing.

4.6 Quality of the evaluation report Provide a number rating 1-6 to each criteria based on: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, and Highly Unsatisfactory = 1. Please refer to document "GEF Office of Evaluation Guidelines for the verification and review of terminal evaluations" for further definitions of the ratings.

4.6.1 Comments on the summary of project ratings and terminal evaluation findings from other sources such as GEF EO field visits, etc.

4.6.2 Quality of terminal evaluation report	Ratings
<p>A. Does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives? The report lacks clarity Outcomes are mainly referred as money invested and number of projects, without further discussion.</p>	3
<p>B. Is the report internally consistent, is the evidence complete/convincing and are the IA ratings substantiated? There is not sufficient basic information for the ratings in the evaluation matrix included in the report.</p>	4
<p>C. Does the report properly assess project sustainability and /or a project exit strategy?</p>	4
<p>D. Are the lessons learned supported by the evidence presented and are they comprehensive?</p>	4
<p>E. Does the report include the actual project costs (total and per activity) and actual co-financing used? There is no information about actual project costs and actual co financing used, neither total nor per activity. The report includes solely GEF money invested in each type of projects approved by the Fund, but not for the whole project.</p>	2
<p>F. Does the report present an assessment of project M&E systems? No. This is one of the weakest sections of the report. There is only a cursory discussion on the M&E systems of the project.</p>	2

4.6.3 Assessment of processes affected attainment of project outcomes and sustainability.

Co-financing and Project Outcomes & Sustainability.

According to the TE, the Government of Romania did not comply with the commitment to put money and this

decreased the likelihood of sustainability of several project initiatives. "Based on discussions with PMT, the UNDP office and the Romanian government officials, the \$875,000 in co-financing from the Romanian government through the Special Fund did not materialize. Apparently other budget demands led to a termination of the Special Fund." It should be noted, though, that the Romanian government's failure to provide co-financing did not undermine the effectiveness of the Project. The Project was able to meet all Output requirements with funding made available from the GEF.

Additionally, in the first three years of operations, the Project's expenditures failed to closely track projected outlays in the Project Document. At the time of the MTE, expenditures were only 82% of projected targets. This factor, among others, led some stakeholders to suggest major revisions in the Project design and operations including a change in PMT personnel and merging of the Project with other related activities and programs in Romania.

Delays and Project Outcomes & Sustainability.

According to the TE, there were delays at the beginning of the project but these were beyond the Project Management Team and they did not affect project performance.

4.7 Is a technical assessment of the project impacts described in the TE recommended? Please place an "X" in the appropriate box and explain below.

Yes:

No:

Explain:

4.8 Sources of information for the preparation of the TE review in addition to the TE (if any)

Project Document
Last PIR (2006)