

Terminal Evaluation Review Form, GEF Evaluation Office, APR 2014

1. Project Data

Summary project data			
GEF project ID		542	
GEF Agency project ID		P009568	
GEF Replenishment Phase		Pilot Phase	
Lead GEF Agency (include all for joint projects)		World Bank	
Project name		Trust Fund for Environmental Conservation	
Country/Countries		Bhutan	
Region		Asia	
Focal area		Biodiversity	
Operational Program or Strategic Priorities/Objectives		OP – 4 Mountain Ecosystems	
Executing agencies involved		Forestry Department, Nature Conservation Division, UNDP, WWF, DANIDA (Danish International Development Agency)	
NGOs/CBOs involvement		WWF was a major financial contributor and participant.	
Private sector involvement		Not involved.	
CEO Endorsement (FSP) /Approval date (MSP)		May 1991	
Effectiveness date / project start		May 1 1992	
Expected date of project completion (at start)		Dec 31, 1997	
Actual date of project completion		Dec 31, 1999	
Project Financing			
		At Endorsement (US \$M)	At Completion (US \$M)
Project Preparation Grant	GEF funding		
	Co-financing		
GEF Project Grant		10	10
Co-financing	IA own		
	Government		
	Other multi- /bi-laterals	1	2.455 (Netherlands), 2.009 (Norway), .03 (Finland), 2.586 (Switzerland), 2.334 (Denmark), 0.174 (Bhutan)
	Private sector		
	NGOs/CSOs	1 (WWF)	1
Total GEF funding		10	
Total Co-financing		2	10.588
Total project funding (GEF grant(s) + co-financing)		12	20.588
Terminal evaluation/review information			
TE completion date		April 2, 1998	
TE submission date		April 2, 1998	
Author of TE		Jessica Mott was task manager	
TER completion date		Dec 11, 2014	
TER prepared by		Dania M Trespalacios	
TER peer review by (if GEF EO review)		Joshua Schneck	

2. Summary of Project Ratings

Criteria	Final PIR	IA Terminal Evaluation	IA Evaluation Office Review	GEF EO Review
Project Outcomes	Not Available	S	S	S
Sustainability of Outcomes	Not Available	L	L	L
M&E Design	Not Available	NR	NR	HS
M&E Implementation	Not Available	NR	NR	S
Quality of Implementation	Not Available	S	S	S
Quality of Execution	Not Available	S	S	HS
Quality of the Terminal Evaluation Report	-	-	S	S

3. Project Objectives

3.1 Global Environmental Objectives of the project:

The Global Environmental Objective is to assist Bhutan in the conservation of its forestry and rich biological diversity, which will increasingly be under pressure due to population growth and economic development. (PD pg. 2) Bhutan offers the last hope among the Himalayan region countries of preserving these resources for posterity. (PD pg. 8) Although the government of Bhutan's policies regarding biological diversity conservation are commendable, the country is facing serious financial, institutional, and human resource constraints in implementing conservation programs because of a small population, limited economic activity, and low government revenues. A nationwide program of biological diversity conservation is well beyond Bhutan's present and foreseeable financial capacity, and Bhutan's stated intentions regarding conservation are unlikely to be achieved through its regular budget. Implementation capacity is also severely limited. (PD pg. 1)

3.2 Development Objectives of the project:

The Development Objective of this project is to test the feasibility of trust funds as a mechanism for providing long-term and sustainable support for conservation of biological diversity. (PD pg. 2) Trust funds that generate income streams to support conservation activities were, at the time of project start, unprecedented in World Bank projects. The proposed project is designed to ascertain whether this form of trust fund is a suitable and replicable arrangement.

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

There were **no changes** in the global environmental and development objectives of this project.

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 project outcomes are consistent with the GEF's Biodiversity focal area. By assisting Bhutan to conserve its pristine ecosystems and its unique flora and fauna, the project would not only benefit Bhutan but also serve the broader cause of global biological diversity conservation. (PD pg. 5) GEF support would assist Bhutan to promote a more controlled and rational use of its resources through institutional strengthening and training; establishment of an ecological database; establishment of a protected areas system; and promotion of sustainable use of biological resources, all of which are fully in accord with the GEF Scientific and Technical Advisory Panel's (STAP) scientific and technical selection criteria.

The project is consistent with Bhutan's priorities. The concept for the Bhutan Trust Fund for Environmental Conservation as a mechanism to ensure sustainable financing for the preservation of Bhutan's biological diversity was developed by the government of Bhutan in association with WWF-US and UNDP in 1989, and the trust fund itself was established in March 1991. (PD pg. 1) The proposed Bhutan Trust Fund would require US\$20.0 million, of which Bhutan has requested US\$10.0 million funding from the Global Environment Trust Fund. (PD pg. 1) The GEF contribution would be used by Bhutan to leverage matching funds from bilateral donors, NGOs, and other agencies within the UN system. WWF-US and the Netherlands Government each committed US\$1.0 million by the start of the project. (PD pg. 1)

4.2 Effectiveness	Rating: Satisfactory
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The objectives of the GEF grant were to:

- (1) assist the government of Bhutan in initiating a comprehensive nation-wide environmental conservation program; and
- (2) test the feasibility of trust funds as a mechanism for providing long-term and sustainable support for conservation of biodiversity. (TE pg. iii, PD pg. 7-8))

The Project Document describes 2 main project components, each with specific and measurable expected outcomes (PD pg. 8-9):

1- Establishing Bhutan's Trust Fund for Environmental Conservation (BTF)

The project would contribute US\$10 million to the establishment of Bhutan's Trust Fund for Environmental Conservation (BTF), in two tranches: first US\$7 million, then US\$3 million upon successful completion of the first tranche.

2- First Five-Year program

The project would implement the BTF's first five years of work, which would cost US\$2.26 million, and would consist of 4 subcomponents:

- 1- Institutional Strengthening and Human Resource Development (US\$670)
 - a. Upgrading of Wildlife Division of Bhutan's Department of Forestry
The DOF will reorganize and upgrade the existing Wildlife Division into a Nature Conservation Division, to be headed by a senior official at the Joint Director level, to include an Inventory and Management Planning Unit and an Extension Education Unit, and to grow from 53 staff to 127 staff, including field staff for 2 existing protected areas Jigme Dorji and Royal Manas, and one new protected area Black Mountain.
 - b. Training of Bhutan's Forestry Institute
The project will support the Bhutan Forestry Institute to revise its curriculum to incorporate new subjects (wildlife conservation, protected areas management, community relations); and to provide short refresher courses on specific technical subjects (park management, ecology, wildlife, silviculture, extension, buffer zone management, survey/inventory methodologies) to higher level staff.
 - c. Increased Capacity for Biological Diversity Assessment and Monitoring
The Department of Forestry will expand its data collection, storage, and monitoring capability to include biological diversity parameters. The data will be interpreted and presented in a format which decision-makers and planners can readily use. All data will be entered into an existing national data base housed within the Department of Forestry, and will include digitization and GIS. The project will support the salary of one full-time staff to be seconded from the Wildlife Division, and will provide training and equipment.
- 2- Establishment of a National System of Protected Areas (US\$290)
The Wildlife Division will conduct a thorough review of the existing protected areas. It will include collecting baseline information, formal recognition of the network of protected areas, and official gazettelement of 4 protected areas. The end result will be a national protected areas system plan which will serve as a blueprint to guide RGOB's future programming and priorities in biological diversity conservation.
- 3- Management of 2 Existing Protected Areas: Jigme Dorji Wildlife Sanctuary and Royal Manas National Park (US\$960)
At Royal Manas, the project will include a demonstration project in an adjacent community, introduction of sustainable farming, ecological surveys of the PA, new park infrastructure, training of park staff.
At Jigme Dorji, ecological/economic surveys, staff training, development of management posts, basic infrastructure, conservation education, a demonstration project, and increase in staff: two rangers, four beat officers and ten guards.
- 4- Development of a New Protected Area: Black Mountain (US\$340)
Including a management plan for the new PA.

(PD pg. 9-16)

The TE reports that all of the project's expected outputs were satisfactorily achieved, including: the upgrading of the Wildlife Division and the increase to 127 staff; the revised curriculum of the Bhutan Forest Institute, the increased information management capacity of the Forest Service; a new system of protected areas, including four newly gazzetted PAs (Royal Manas

National Park, Jigme Dorji Wildlife Sanctuary, Black Mountain National Park, and Bomdelling Wildlife Sanctuary), and management plans for 2 PAs. (TE pg. 3)

What is most remarkable is that the project achieved all the benchmarks associated with the conservation program objective in three years, two years ahead of its anticipated five year deadline. (TE pg. 3)

The TE reports that the project has laid the basic foundation for an effective long-term conservation program in Bhutan by establishing a legal, institutional, and technical framework, and by expanding implementation capacity. (TE pg. 3) More than 60% of the land area remains under forest cover and 26% is officially set aside as protected areas, the latter far exceeding the desired target of 10% established by the IUCN.

The grant has helped to demonstrate the feasibility of a trust fund mechanism that has the potential to provide long-term, sustainable support for biodiversity conservation in Bhutan. BTF had significant accomplishments in conservation funding, financial management, and initial programs, and by project end was addressing longer-term program development. The Bhutanese government used the GEF grant to attract funds from other donors who have more than matched the GEF contribution of US\$ 10 million, and also to encourage the financing of other biodiversity programs separate from BTF. (TE pg. 4) The project has helped to create a permanent, well capitalized institution. The success of the BTF has been such that the Bhutanese government considered new financial arrangements for managing its foreign exchange reserves. (TE pg. 5)

The TE notes that, had the strategic plan been finalized and operational for at least six months, the project outcome would have been rated highly satisfactory. (TE pg. 9) It notes that there was a lag in implementation of the project components after the benchmarks were met on the third year. The grant design neglected to specify a process to ensure sustained program development with new benchmarks, after the initial benchmarks had been achieved. This was due in part to an assumption that the National Environment Strategy and Action Plan which was expected to be completed in 1992 would provide the framework to guide future BTF funding. (TE pg. 2) The TER evaluator honors this assessment, and finding almost no shortcomings, rates project effectiveness as satisfactory.

4.3 Efficiency	Rating: Highly Satisfactory
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The TE reports that, when examining the costs of the conservation program over a 5-year period, there was no significant deviation between the actual versus the appraised amounts of program costs. The total cost of the conservation program, from July 1992 to June 1997, was roughly US\$1.8 million, which is on the lower side of conventional donor-funded conservation investments with similar scope of activities. The TE notes that, as a comparison to the trust fund program, the cost of strengthening the management of just one national park in Bhutan (Jigme Dorji) would cost US\$2.54 million over five years. (TE pg. 20)

The TE reports that costs were controlled thanks to the careful use of foreign technical assistance on an as needed basis, and to the slowly growing implementation capacity, minimizing the likelihood of waste. (TE pg. 20)

The project benefitted from concurrent projects and activities that lightened the original load of the project. Much of the work on the national system of protected areas was undertaken under the Forestry Master Plan funded by the Asian Development Bank and for upgrading GIS capability within the Forest Resources Development Section by the Food and Agriculture Organization (FAO), the German Government, and World Bank-financed Bhutan - Forestry III project. (TE pg. 6) The TE does not report any bureaucratic, administrative, or political problems, or any implementation delays. Thus, project efficiency is rated highly satisfactory.

4.4 Sustainability	Rating: Likely
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Financial Risks – Sustainability Likely

The TE asserts that the trust fund is highly likely to be financially sustainable. (TE pg. 6) The sustainability of the trust fund in perpetuity is provided by management guidelines which preserve fund principal in real terms by disbursing only from investment income. Although the annual flow of earnings from invested capital will vary from year to year depending upon the behavior of investment markets and the performance of the BTF's asset manager(s), the guidelines that are currently in place on preserving the capital in real terms are expected to minimize any adverse impact on the asset value and income potential over the long term. (TE pg. 5)

Socio-political Risks – Sustainability Likely

The TE does not discuss sociopolitical risks directly, but does provide evidence that these risks are either minimal, or do not pose a threat to the sustainability of the trust fund. There is strong government support for the fund, and a pre-existing strong conservation ethic in Bhutan. The TE notes that there is room to broaden the range of local stakeholders, as both grant recipients and fund board members. (TE pg. 7)

Environmental Risks- Sustainability Likely

The TE reports that, by project end, more than 60% of the land area remains under forest cover and 26% is officially set aside as protected areas, the latter far exceeding the desired target of 10% established by the IUCN. (TE pg. 3-4) It does not report on any activities that may pose a threat to the sustainability of project outcomes.

Institutional Risks – Sustainability Likely

The TE reports that the Fund's institutional sustainability is likely, due to strong commitment from the government of Bhutan, a supportive policy environment for conservation, and the financial viability of the fund. (TE pg. 7) It notes that the trust fund is still developing as an institution, and the extent to which it reaches its full potential will depend upon institutional/management effectiveness. (TE pg. iv)

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?

Co-financing was essential for the achievement of project objectives. The Bhutanese Trust Fund for Environmental Conservation was developed to start with US\$20 million, for which the GEF

provided only US\$20 million. By project end, the total amount provided to the fund was almost US\$21 million, a bit more than expected at the beginning of the project. The TE states that, regarding financing for the conservation program, there were much greater than anticipated contributions from donors who responded to the Bhutanese government’s request for assistance. (TE pg. iv, 6) Cofinancing was provided by WWF-US, Government of Norway, Government of Netherlands, Government of Finland, Government of Switzerland, and Government of Denmark.

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?

There were no project extensions or delays. The project was completed on June 30, 1997, ahead of the official closing date of December 31, 1997. (TE pg. 6)

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:

There was very high country ownership in this project, and it was very important for the achievement of outcomes and project sustainability. The Bhutanese government was committed to the goals and implementation of the project, even before the GEF became involved. It contributed money, staff, and resources, helped secure additional funding, and helped ensure the sustainability of project outcomes after completion. The Bhutanese government bore 10% of the incremental costs of the trust fund expenditures, and provided the counterpart financing on time. (TE pg. 8) The TE reports that the project’s initial benchmarks were met two years ahead of schedule in part due to the government of Bhutan’s strong commitment (TE pg. 6)

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: Highly Satisfactory
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The Project Document prescribes a monitoring and evaluation program that includes SMART indicators, annual financial audits “of all agencies”, supervision missions each 6- 9 months, annual reporting requirements, and a mid-term and final review. (PD pg. 22-23) The TE reports that the project had clearly defined monitoring benchmarks. (TE pg. 5) An example of one of these benchmarks are the 7 SMART indicators that would indicate when Tranche 1 was complete, and when Tranche 2 funds would be eligible for disbursement. These indicators include: a fully functioning NCD with adequate staffing at headquarters and in the field offices; revision of the BFI curriculum to place more emphasis on wildlife and biodiversity protection and

community participation; development of a biological diversity information system within the DOF to facilitate preparation of management plans; adoption by the government of Bhutan of a revised national protected area system plan; gazetting of four protected areas; upgrading of two protected areas - Jigme Dorji Wildlife Sanctuary and Royal Manas National Park; and development of a detailed management plan for a new protected area (possibly Black Mountain). (PD pg. 22-23)

The completeness of the M&E design at project entry is particularly unexpected when compared to other projects designed and implemented during the early 1990's, when many of the GEF's first projects lacked any substantial M&E design. Thus, the M&E design at entry for this project is rated highly satisfactory.

6.2 M&E Implementation	Rating: Satisfactory
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The TE does not address M&E implementation in a dedicated section, and does not address the M&E plan specifically. It offers some evidence throughout the document of the satisfactory completion of an M&E plan. Table 5 lists the project objectives, implementation indicators, and key impacts expected during project implementation, and also states that project had clearly defined monitoring benchmarks, which were met. (TE pg. 15-18, 5) The TE also states that the project "achieved the monitoring mechanisms... consistent with its design". (TE pg. iv) The TE states that the World Bank's missions addressed key implementation issues such as asset management, financial reporting, format for monitoring and evaluation, and the development of a strategic plan, that performance ratings were appropriate, and that the missions were timed to overlap with BTF Board meetings and included field visits. (TE pg. 7-8) The TE also reports that the mid-term review mission included representatives from the Bhutanese government, UNDP, WWF-US, and Norway. (TE pg. 5)

In discussing the performance of the Bhutanese government, the TE states that comprehensive monitoring and evaluation has lagged slightly, but a consistent framework had now been developed. (TE pg. 8) The TE states that the project's draft final strategic plan includes a framework for monitoring and evaluating future trust fund performance, suggesting that M&E activities were present throughout project implementation, and continue to be important in the future. (TE pg. 11) Thus M&E implementation is rated satisfactory.

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.

7.1 Quality of Project Implementation	Rating: Satisfactory
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The implementing agency was the World Bank. The ICR rates World Bank performance as satisfactory, with a satisfactory performance during appraisal, and a highly satisfactory performance during supervision. (TE pg. 7)

The TE reports that the World Bank’s processing was rapid once the GEF mechanism was established. In the context of the time, the World Bank mission provided adequate technical, environmental, sociological, financial, and legal expertise and guidance. The World Bank’s close collaboration with the government, NGOs and the donors during the design and implementation of the project have been important in raising additional resources from other donors. (TE pg. 5, 7) The TE reports that was a strong and constructive partnership between the World Bank and UNDP.

During project implementation, the World Bank missions addressed key implementation issues such as asset management, financial reporting, format for monitoring and evaluation, and the development of a strategic plan. The World Bank’s performance ratings were appropriate, and the missions gave attention to biodiversity impact to the extent feasible for initial activities. The World Bank was instrumental in bringing about the necessary changes to the governance structure and financial management arrangements, and in prompting the Board to develop a strategic plan. World Bank staff showed flexibility, sensitivity to local situations, and practicality in suggesting and helping develop modifications. The World Bank continued to have fairly good relations with UNDP. The highly collaborative relationship between the World Bank, the BTF Board, BTF Secretariat, and WWF-US throughout the grant period helped World Bank staff to supervise efficiently and effectively. There was excellent continuity in World Bank staffing with only one change in task manager, which is quite unusual and surprising for a World Bank project in general. (TE pg. 7-8)

However, the TE notes that much of the work to develop the project concept and the stakeholder engagement was completed before the World Bank became involved. “. The concept and design for this project was initiated and developed by the Bhutanese government and its partners in WWF-US and UNDP. (TE pg. 7) The TE notes a shortcoming in the World Bank’s performance at appraisal: the World Bank did not devote sufficient attention to the specialized institutional and financial management aspects associated with trust fund design, and the mission did not include anyone experienced in foundation management who might better have analyzed and helped to shape the design of institutional policies and components. (TE pg. 7)

Due to minor shortcomings in World Bank performance, the quality of project implementation is rated satisfactory.

7.2 Quality of Project Execution	Rating: Highly Satisfactory
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The main executing agency for this project was the Bhutanese government’s Forestry department, with substantial involvement with the UNDP and WWF. The TE reports that the Bhutanese government’s performance was highly satisfactory at preparation, and satisfactory during implementation, and that project execution in general by all parties was satisfactory.

The Bhutanese government had a high level of commitment and initiative in this project: it arranged to obtain legal, financial, and technical advice from WWF-US and UNDP, and actively sought donor support from WWF-US, GEF, and bilateral donors. (TE pg. 8) The Bhutanese government’s reputation for integrity enhanced the willingness of donors to contribute to the BTF. The project also benefited from the government’s strong environmental sector policies and commitment to biodiversity conservation. (TE pg. 5) The Bhutanese government bore 10% of the incremental costs of the trust fund expenditures, provided the counterpart financing on time, and succeeded in obtaining additional contributions to the trust fund to ensure its long-

term financial sustainability and to extend its potential as a conservation funding mechanism. (TE pg. 8) The TE points out that there is room for improvement for the Bhutanese government, including clarification of funding policies, systematizing operating procedures, increasing communications with potential recipients and donors, and increasing funding for and participation of local communities.

There were important social conditions that were conducive to successful project implementation. The importance within Bhutanese culture of maintaining good relationships and making decisions through consensus established a constructive and warm atmosphere for all trust fund participants, and ensured commitment to the resulting decisions. The strong ethic of integrity within the Bhutanese civil service helped to avoid conflicts of interest. (TE pg. 5) The cultural importance of good relationships and consensus, generally a positive force, slowed the pace at which the BTF Board identified and addressed problems. (TE pg. 6)

The TE reports that UNDP, WWF-US, and other donors provided strong support both in funds and in advice. WWF-US and UNDP played a major and constructive role in providing assistance in terms of legal and financial expertise in preparation. (TE pg. 7) All parties, including the BTF Board, responded responsibly and flexibly to resolve the financial reporting and investment management deficiencies that were encountered. (TE pg. 5) The BTF Board members, UNDP and WWF established highly collaborative relationships with one another. (TE pg. 7)

When considering this strong project execution, it is not surprising that the project's expected outcomes were achieved in three years instead of five years. The quality of project execution is rated highly satisfactory.

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.

There were no changes in environmental stress or status reported during the implementation of this project. However, there is a large positive impact on environmental status expected from this project, since it improved the management of four protected areas, and set aside 26% of Bhutan's land area for protected area.

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.

This project did not report any changes in human well-being.

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- The TE reports the following changes in capacity:
- The staff of the Nature Conservation Division increased from 53 to 127. (TE pg. 2)
 - The Bhutan Forestry Institute now has an updated curriculum that increases the emphasis on wildlife, protected areas management, and community participation, as well as overseas training for three instructors. (TE pg. 2)
 - The project developed a biodiversity information system capability within the Division of Forestry's Management Section, including (i) the secondment of full-time staff to update, computerize, and process biological and socioeconomic data, and a GIS database for protected area management planning and monitoring, and (ii) short overseas training courses for two GIS technicians. (TE pg. 2)
 - The Royal Manas National Park and the Jigme Dorji Wildlife Sanctuary now have baseline surveys, preliminary annual work plans, and seven fully staffed offices. (TE pg. 2)
- b) Governance - The TE reports the following changes in governance:
- The trust fund established important precedents for a governance structure involving government officials and NGOs, and for establishing procedures to ensure transparency with donors and other stakeholders. (TE pg. 5)
 - The government of Bhutan revised the national protected areas system plan with clear protection categories and prioritization. (TE pg. 2);
 - Four protected areas were officially gazzetted, and three protected areas gained operational management plans. (TE pg. 2)

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.

The TE reports several positive unintended impacts. By drawing attention to the importance of Bhutan's biodiversity, and the Bhutanese government's commitment to biodiversity, the project precipitated a dramatic increase in donor financing for biodiversity, separate from the BTF itself. Bhutan's new experience with investment management, governance, and strategic planning has influenced the design of biodiversity trust funds for other countries, and opened up the prospect of trust funds for other sectors within Bhutan. Another indirect impact has been the increased experience and sophistication of senior Bhutanese government officials related to financial asset management in general, which they are now applying in their management of Bhutanese foreign exchange reserves. (TE pg. 32)

The project's activities have had several indirect impacts. The biophysical and socioeconomic baseline surveys and the establishment of a database for protected areas will enable monitoring and evaluation of change over time and more informed decision-making for allocation of scarce human and financial resources. The project also helped to increase the importance of stakeholder consultation and participation. (TE pg. 3-4)

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.

Scaling Up The Bhutanese government used the GEF grant to attract funds from other donors who have more than matched the GEF contribution of US\$ 10 million to the BTF, and also to encourage their financing of other biodiversity programs separate from BTF. (TE pg. 4)

Replication The grant launched the first trust fund set up under the GEF and the first demonstration anywhere of the conservation "trust fund" concept. It has and is continuing to provide useful lessons for future trust funds worldwide (e.g., Uganda, Peru, Brazil, Laos, etc.) and in Bhutan (e.g., health and culture). (TE pg. 5)

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 lists the following lessons learned (TE pg. 10):

- It is essential for trust funds to have a legal framework to institutionalize collaboration between donors and recipients, make decision making and implementation transparent, and make management accountable.
- Concrete conservation program benchmarks during the first five years served as useful incentives, as clear indicators of achievement, and as mechanisms to mobilize donor support additional to that which was initially provided by the trust fund. It would have been helpful if the benchmarks addressed not only conservation program achievements, but also institutional development of the trust fund entity itself.
- WWF-US provided valuable support during the start-up of the benchmark activities, separate from the uncertain investment income. During the initial period of trust fund establishment, it is essential to have reliable funding that does not depend upon investment income.
- RGOB's strong reputation for integrity in governance, its demonstrated commitment to conservation, and the small size of the country (with associated support from interested European countries) all contributed to willingness of donors to make relatively large contributions. These conditions may limit the likelihood of replicating comparable levels of support for trust funds in many other countries.
- Establishing internationally respected asset management arrangements and addressing financial issues immediately and openly as they may arise is important, if not essential, to

preserving donor and recipient confidence. If and when a trade-off arises, financial issues should be addressed prior to program issues. The unique characteristics of a trust fund should be recognized at the outset and the design and appraisal teams should include relevant expertise in financial asset management, trust fund institutional development, and trust fund program development. Such expertise is normally best found among senior officers working in such organizations.

- Providing trust fund support for ICDP has proved more complex than originally anticipated. The main challenge is to define and articulate criteria for how ICDP investments can successfully address biodiversity conservation objectives.
- BTF's experience confirms that multi-stakeholder involvement is beneficial (e.g., WWF-US and UNDP involvement in BTF Board communication with donors, involvement of local people in PA management planning, etc.)
- Trust fund performance should be evaluated from a long- term perspective, taking into account the needs of future generations. It should not be evaluated on the same basis as a traditional investment project.

9.2 Briefly describe the recommendations given in the terminal evaluation.

The TE does not list any specific recommendations.

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 reports the relevant outcomes and the achievement of project objectives. It lists the project's key indicators, but does not list the project's achievements beside these key indicators. The reporting of outcomes could have been more explicit and streamlined.	S
To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated?	The TE is internally consistent, and the ratings are well substantiated.	HS
To what extent does the report properly assess project sustainability and/or project exit strategy?	The TE thoroughly discusses the risks and expected sustainability of project outcomes, and outlines the future steps for continued involvement.	HS
To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	The lessons learned are comprehensive and supported by evidence.	HS
Does the report include the actual project costs (total and per activity) and actual co-financing used?	The TE offers various charts and graphs documenting project costs per activity, per donor, per year.	HS
Assess the quality of the report's evaluation of project M&E systems:	The TE discusses M&E design and implementation scarcely, indirectly, and insufficiently.	MU
Overall TE Rating		S

$$0.3 \times (a + b) + 0.1 \times (c + d + e + f) = 0.3(11) + 0.1(21) = 3.3 + 2.1 = 5.4 \sim 5$$

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

The TER reviewer used the World Bank's Independent Evaluation Group's ICR review.