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PROJECT IMPLEMENTATION REVIEW OF THE GLOBAL ENVIRONMENT FACILITY 1996

The Global Environment Facility (GEF) is a financial mechanism that promotes international cooperation and fosters actions to protect the global environment. The grants and concessional funds disbursed complement traditional development assistance by covering the additional costs (also known as “agreed incremental costs”) incurred when a national, regional, or global development project also targets global environmental objectives. The GEF has defined four focal areas for its programs: biological diversity, climate change, international waters and ozone layer depletion. Land degradation issues, primarily desertification and deforestation, as they relate to these four areas, are also being addressed. The GEF operates the financial mechanism for the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change. GEF projects are carried out by three Implementing Agencies: the United Nations Development Program (UNDP), and the United Nations Environment Program (UNEP) and the World Bank serve as the GEF Implementing Agencies.

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I. INTRODUCTION

1. At the request of the GEF Council, Project Implementation Reviews (PIRs) are carried out annually by the Implementing Agencies (IAs) and the GEF Secretariat (GEFSEC). The Project Implementation Reviews have two purposes: (1) to examine the status of GEF projects, especially with regard to implementation progress and prospective attainment of their objectives, to identify portfolio strengths and weaknesses and possible improvements, and (2) to distill lessons learned from GEF programs and share them broadly within the GEF family and with other interested parties. The first PIR was conducted for FY95.

2. The GEF PIR process is designed to complement internal procedures already followed by the Implementing Agencies. The PIR for 1996 was essentially conducted using the IA's own reporting formats and guidelines. However, some common reporting requirements were agreed upon between the Senior Monitoring and Evaluation Coordinator in the Secretariat and the IAs. These included project implementation status, the prospects for achieving project objectives, and a number of specific focal area issues. IAs prepared a brief report for each project which had been under implementation for at least one year that identified its objectives, implementation progress, prospects for attaining project objectives, and recommended actions to respond to any problems. In addition, implementation status (e.g., progress compared to project schedules or work plans) was rated on a four-point scale (from highly satisfactory to highly unsatisfactory). Prospects for attaining objectives were addressed in all projects, and rated according to the same scale by the World Bank, but not explicitly by the other two agencies (see paragraphs 17-19 below). Assessments of risks were generally made, but not rated according to a particular scale.

3. The three IAs internally reviewed the portion of their GEF portfolios covered by the PIR. Each agency then shared the results of its review with GEFSEC and the other IAs. These reports became the basis for an interagency review meeting organized by the Senior Monitoring and Evaluation Coordinator and held on February 11-12, 1997. Discussions at this meeting were guided by an issues paper prepared by the GEF Secretariat. The review highlighted 15 projects selected to represent the range of GEF programs. Detailed presentations were made on several of these projects to illustrate implementation issues and lessons applicable more broadly to the GEF portfolio.

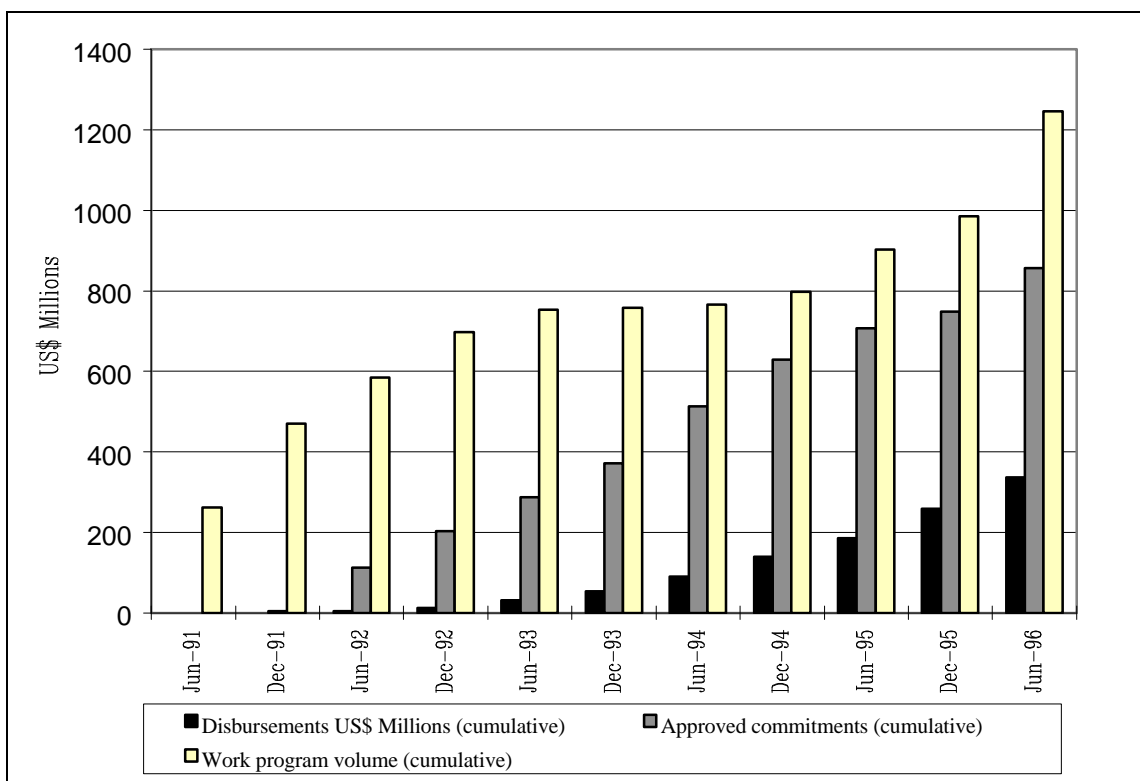
4. This report presents the results of the 1996 PIR. Section II contains an analysis of the entire GEF portfolio through June 30, 1996. Section III provides an overview of the projects covered in the 1996 PIR. Sections IV and V highlight issues and lessons from implementation experience, by focal area and several cross-cutting topics. Finally, Section VI discusses recommendations from the 1996 review for future PIRs. Copies of the summary reports from each Implementing Agency are included in Appendix C.

II. PORTFOLIO ANALYSIS

A. Overall GEF Portfolio as of June 30, 1996

5. At the end of fiscal year 1996, 132 GEF projects had been approved by Implementing Agencies. Of these, 59 were administered by the World Bank, 64 by UNDP, and 9 by UNEP.¹ Funding for these projects totaled US\$825 million, of which US\$513 million was in World Bank projects, US\$285 million in UNDP projects, and US\$27 million in UNEP projects.² In addition, US\$362 million had been approved by the Council in GEF Work Programs for 68 projects which had not yet been approved by IAs.³

FIGURE 1. CUMULATIVE GEF PORTFOLIO, COMMITMENTS AND DISBURSEMENTS, 1991-1996⁴



6. The GEF portfolio as of June 30, 1996, was made up of US\$733 million approved during GEF's Pilot Phase and US\$454 funded under the restructured GEF. Of these amounts, US\$30 million were for enabling activities under the biodiversity and climate

¹ Source: GEF Quarterly Operational Report, November 1996.

² Source: GEF Annual Report 1996, Table 7.1, p. 49 (minus World Bank PDFs).

³ Source: Totals in Table 1 minus projects/amounts per footnotes 1 and 3 and PRINCE Project, which is implemented by GEFSEC.

⁴ Source: GEF Project Implementation Review 1995, Table 2, p. 3 and GEF Annual Report 1996, p. 54. Includes pre-investment funds (PRIFs, PPAs, PDFs).

change conventions. An additional US\$48.6 million had been approved as pre-investment funds.⁵

7. Figure 1 shows the growth of approved GEF projects and disbursements from June 1991 through June 1996. In FY96, a total of 62 projects were approved by the GEF Council, with funding of US\$321 million.⁶ This represents a rapid increase in relation to the 33 projects (US\$133 million) approved in FY95.⁷ Table 1 shows the distribution of the GEF portfolio by Implementing Agency. Through the end of FY96, 52 percent of GEF projects were being carried out by UNDP, 38 percent by the World Bank and 9 percent by UNEP. In terms of funding, 68 percent was managed by the World Bank, 30 percent by UNDP, and the remaining 2 percent by UNEP.

TABLE 1. GEF EXISTING PROJECT PORTFOLIO* BY IMPLEMENTING AGENCY⁸
(AS OF JUNE 1996)

	Pilot Phase		GEF (FY95-96)		Total	
	# Projects	US\$m	# Projects	US\$m	# Projects	US\$m
UNDP	56	256	49	94	105	350
UNEP	6	21	12	7	18	28
World Bank	52	454	25	353	77	807
Others**	1	3			1	3
Total***	115	733	86	454	201	1187

* Excludes PDFs, Includes Small Grants Program

** PRINCE project (managed by Secretariat)

*** Rounded figures

8. The focal area distribution of the GEF total portfolio as of June 30, 1996 is shown in Table 2. A total of US\$473 million (40 percent) had been approved for climate change projects, US\$420 million (33 percent) for biodiversity, US\$157 million (13 percent) for international waters, US\$91 million (8 percent) for projects related to ozone depleting substances, and the remaining US\$46 million (4 percent) for multiple focal area projects. Regionally, the largest portion of approved GEF projects (22 percent) was in Asia and the Pacific, followed closely by Africa (21 percent) and Latin America and the Caribbean (16 percent).

⁵ Source: GEF Annual Report 1995, Annex D, and GEF Annual Report 1996, Table 1.2, p. 6.

⁶ Source: GEF Annual Report 1996, Table 1.1, p. 4.

⁷ Source: GEF Annual Report 1995, Table 1.2, p. 3.

⁸ Source: GEF Corporate Business Plan, FY 98-00, GEF\C.8\6, September 4, 1996, Table 1, p. 3.

TABLE 2. GEF EXISTING PROJECT PORTFOLIO* BY FOCAL AREA⁹
(AS OF JUNE 1996)

	Pilot Phase		GEF (FY95-96)		Total	
	# Projects	US\$m	# Projects	US\$m	# Projects	US\$m
Biodiversity	57	332	19	88	76	420
Climate Change	41	259	45	214	86	473
International Waters	12	118	2	39	14	157
Ozone	2	4	18	87	20	91
Multiple Focal Area **	3	20	2	26	5	46
Total***	115	733	86	454	201	1187

* Excludes PDFs

** Includes Small Grants Program, Small and Medium Scale Enterprises, and PRINCE

*** Rounded figures

B. Commitments and Disbursements

9. Commitments (value of projects approved by Implementing Agencies) in relation to amounts approved in GEF Work Programs were 68 percent as of June 30, 1996. For the World Bank, commitments were 63 percent of approved projects; for UNDP, 76 percent, and for UNEP, 100 percent.¹⁰ This represents a decrease compared to the commitment-to-approval rate of 78 percent at the end of FY95,¹¹ mostly attributable to the large increase in the value of projects approved in the April 1996 work program.

10. Cumulative disbursements for the entire GEF portfolio increased in FY96 to US\$337 million from US\$185 million the previous year. Disbursements in relation to commitments rose from 26 percent at the end of FY95 to 40 percent as of June 30, 1996.¹² Active portfolio disbursement rates were 31 percent for World Bank GEF projects, 56 percent for UNDP, and 56 percent for UNEP.¹³

⁹ Source: GEF Corporate Business Plan, FY 98-00, GEF\C.8\6, September 4, 1996, Table 2, p. 4.

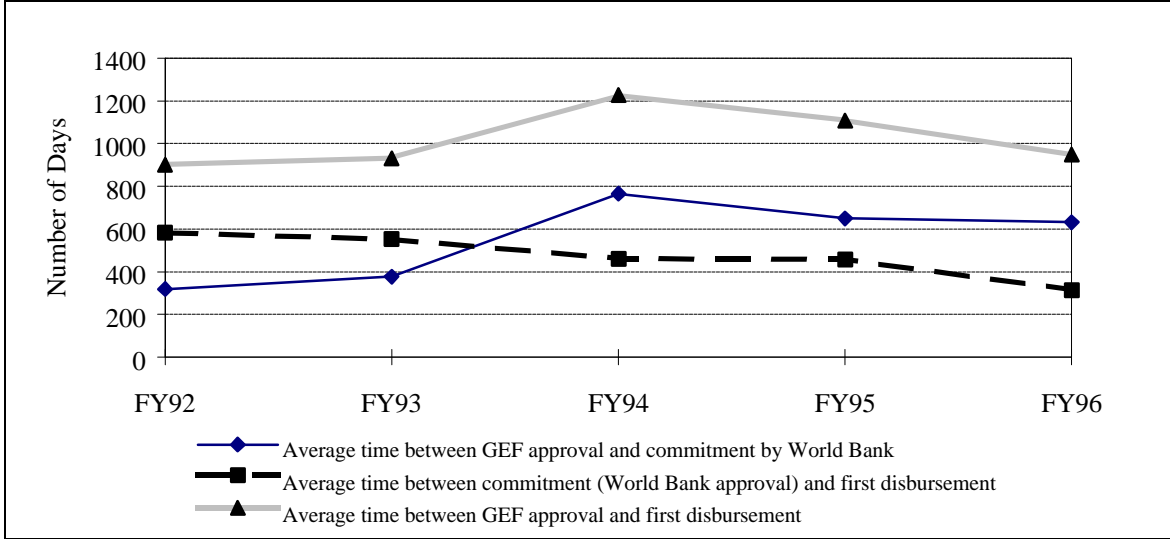
¹⁰ Source: GEF Annual Report 1996, Table 7.1, p. 49.

¹¹ Source: GEF Annual Report 1995, Table 7.1, p. 53.

¹² Source: Comparison of Tables 7.1 in 1995 and 1996 GEF Annual Reports.

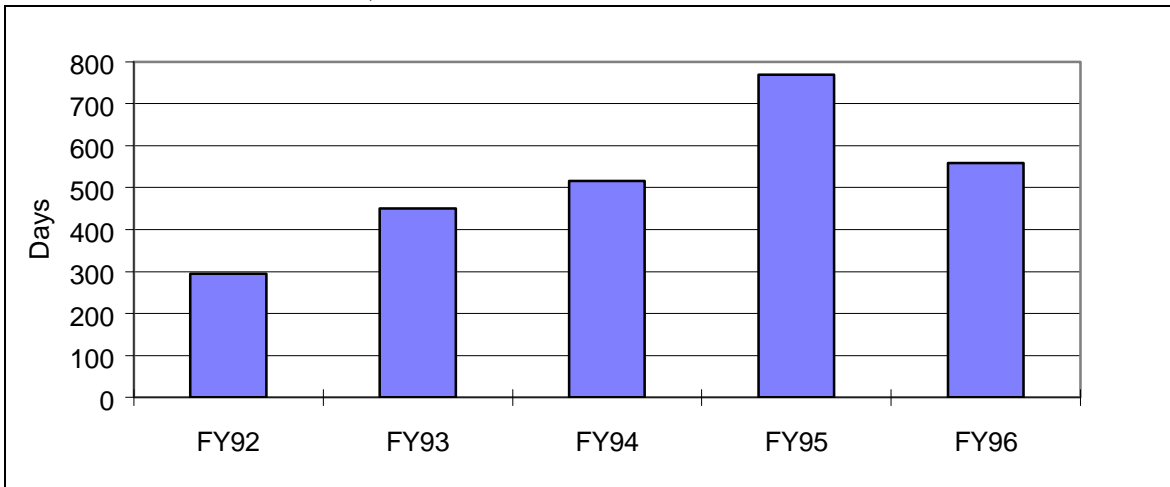
¹³ Source: GEF Annual Report 1996, Table 7.1, p. 49.

**FIGURE 2. AVERAGE TIME BETWEEN GEF APPROVAL, COMMITMENT AND FIRST DISBURSEMENT
WORLD BANK GEF PROJECTS, BY FISCAL YEAR OF COMMITMENT
(I.E., WORLD BANK BOARD APPROVAL)**



11. Implementing Agencies are making progress in reducing the time between GEF approval, IA commitment and the beginning of implementation. As shown in Figure 2, first in FY95 and again in FY96, GEF projects approved by the World Bank Board have taken less time to reach the commitment stage than during the previous year. In addition, the length of time between commitment and first disbursement of the Bank's GEF projects has been steadily declining since FY92. Similarly, as shown in Figure 3, the length of time since GEF approval decreased substantially for projects which UNDP signed (in effect, the beginning of implementation) in FY96.

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



C. Cofinancing of GEF-Funded Projects

12. As a facility intended to cover the incremental costs of projects associated with global environmental benefits, it is expected that many GEF projects would have a significant amount of cofinancing. The Pilot Phase portfolio of US\$720 million has associated cofinancing of almost US\$2,300 million, equivalent to 76 percent of combined project costs. Projects approved under the restructured GEF have leveraged an additional US\$1,500 million. Most of this cofinancing, however, is concentrated in a few large projects, all but one in the climate change focal area. Excepting one project, the World Bank's Philippines Leyte-Luzon Geothermal project, reduces total Pilot Phase cofinancing to just over US\$990 million. Removing three additional Pilot Phase projects reduces cofinancing to approximately US\$610 million, which is only 48 percent of the total costs of the remaining Pilot Phase GEF portfolio. Similarly, excepting the four projects in the restructured GEF portfolio with cofinancing in excess of US\$100 million, total cofinancing is reduced to approximately US\$900 million, equivalent to 64 percent of total project costs. By far the largest amount of cofinancing (88 percent in the Pilot Phase and 65 percent in the restructured GEF) is for climate change projects. Given the nature of the projects financed by each IA, the large majority of GEF cofinancing is associated with World Bank investment projects. The issue of leveraging additional resources--both financial and institutional buy-in by the IAs--under the GEF is an important one to analyze in greater depth in future PIRs and program evaluations.

D. Status of Unapproved Pilot Phase Projects

13. A total of four projects approved during the Pilot Phase have not yet been authorized by the respective IA and moved toward implementation. Two of these were endorsed by the Participants in May 1992, one in December 1992, and the other in May 1993. They total US\$21.8 million. The four projects are:

- (a) Pakistan Waste to Energy: Lahore Landfill (World Bank)
- (b) India Cost Effectiveness Options for Limiting Greenhouse Gas Emissions (UNDP)
- (c) Egypt Lake Manzala Engineered Wetlands (UNDP)
- (d) Zimbabwe Biodiversity Conservation in Southeastern Zimbabwe (World Bank)

Appendix B contains a brief status report on each project.

III. COVERAGE OF THE 1996 PIR

A. Portfolio Reviewed

14. The PIR for 1996 covered 92 projects which, as of June 30, 1996, had been under implementation for at least 12 months. In addition, reports were prepared on 20 Pre-Investment Facility (PRIF) grants. These projects involved total GEF funding of US\$572.8 million. Table 3 shows the regional and focal area distribution of the 92 projects reviewed, and Appendix A contains a list of these activities. As was the case last year, all of the projects reviewed for 1996 were funded under GEF's Pilot Phase.

15. The portfolio review included 46 biodiversity conservation projects, 32 climate change projects, and 10 international waters projects. Two projects related to ozone depleting substances and 2 covered multiple focus areas. The PIR included 22 projects in Asia and the Pacific, 21 in Latin America and the Caribbean, 14 in Sub-Saharan Africa, 12 in Europe and Central Asia, and 9 in the Arab States/Middle East. Fourteen of the projects reviewed were global.

TABLE 3. PROJECTS INCLUDED IN 1996 PROJECT IMPLEMENTATION REVIEW

Focal Area Region	Biodiversity	Climate Change	International Waters	Ozone	Multiple	Total	PRIFs
Global	4	7	1	0	2	14	1
Africa	7	5	2	0	0	14	3
Arab States/ Middle East	3	4	2	0	0	9	5
Europe/Central Asia	8	1	2	1	0	12	1
Latin America & the Caribbean	13	6	1	1	0	21	2
Asia and Pacific	11	9	2	0	0	22	8
Total	46	32	10	2	2	92	20

B. Rating Tendencies

16. It was acknowledged during the PIR meetings that the GEF portfolio is still quite young, and conclusive judgments about its performance--especially in meeting project objectives or having global environmental impact--would be premature. For example, the average age of the World Bank's projects included in the 1996 PIR was 2.7 years, compared to an average expected life-of-project of approximately 5 years. However, project ratings can give an idea of the direction of the GEF portfolio. Further, ratings and disbursement performance of the World Bank and UNDP projects can be compared to similar measures on their general portfolios.

17. Project ratings for the 1996 PIR were made using a four-point scale. However, each IA interprets and applies these ratings in its own institutional context, making comparisons between them difficult. The World Bank assesses several factors to rate projects on their implementation performance and likelihood of achieving development objectives. In 1996, a risk-adjusted view of project status and prospects (potential problem "flags" include availability of counterpart funds, project management, disbursement delays, country and sectoral history) was introduced to the Bank's overall portfolio to assess performance in more depth and identify areas requiring special attention. This analysis was also applied to the Bank-managed GEF projects. UNDP project managers rated each "immediate" project objective on a four-point scale by comparing activities and outputs against project schedules or work plans, but not overall project performance. UNEP provided detailed narrative reports on project objectives and activities, but did not rate implementation performance.

18. The World Bank identified two potential problem ("at risk") GEF projects, representing approximately 6 percent of its PIR portfolio. This rating indicates better performance than the Bank's overall portfolio. For example, almost 24 percent of the Bank's regular environment projects are at risk. In part, this may reflect the early age of the GEF projects; implementation problems often are recognized only later in the life of a project. However, World Bank representatives stated that the GEF emphasis on stakeholder participation and government commitment may have improved the "quality at entry" of its GEF portfolio, contributing to better GEF project performance relative to the Bank's experience generally. Comparisons of disbursement performance between the World Bank's GEF and comparable non-GEF portfolios presented in its PIR report appear to support this conclusion. The corresponding GEF portfolios had earlier and more rapid disbursements.

19. Performance ratings reported by UNDP on the immediate objectives of its projects were 48 percent highly satisfactory, 38 percent satisfactory, 12 percent unsatisfactory, and 1 percent highly unsatisfactory. UNDP's GEF portfolio was 56 percent disbursed as of the end of FY96. Annual disbursement rates in 1996 are reported as having improved over earlier years, and are close to the UNDP average of approximately 69 percent across all its activities.

IV. ISSUES AND EMERGING LESSONS FROM THE GEF PORTFOLIO, BY FOCAL AREA

20. Although it is still too early to draw definitive conclusions about the performance or impact of the GEF, several lessons are emerging from implementation experience. This section provides a brief summary of some focal area highlights of the GEF portfolio. They provide a context for the discussion in Section V of a number of cross-cutting issues and lessons identified during the 1996 PIR. Lessons learned and best practices will be a continuing focus of future PIRs, as well as two studies that will be carried out by the GEF Secretariat's Monitoring and Evaluation program in 1997: an evaluation of "GEF Project Lessons" and a review of "Overall GEF Performance" during its first five years.

A. Biological Diversity

21. Biodiversity projects made up half of the activities reviewed in the 1996 PIR. They are being conducted in all regions of the world. They are beginning to achieve important results. For example, UNDP's Patagonia Coastal Zone Management Plan project in Argentina has established a coordinated, multi-sectoral approach to conservation of coastal and marine biodiversity based on sound scientific information, analysis of the relationships between sectoral development and biodiversity, and an effective institutional framework to carry out an inter-provincial strategy. In Bhutan, the World Bank's Trust Fund for Environmental Conservation project established a national system of protected areas, improved management--involving local communities--in four priority sites, and created a trust fund that has leveraged US\$7.6 million in additional resources to support long-term biodiversity conservation.

22. Many GEF-supported biodiversity projects have taken longer to implement than anticipated. Building consensus about land uses among competing groups, as well as working toward changing policies and legislation to be more supportive of biodiversity conservation and sustainable use, is extremely complex, difficult and time-consuming.

23. The active participation of communities and other stakeholders has proven to be especially important in GEF's biodiversity programs. It is fundamental to understanding the root causes of the loss of biodiversity and the habitats that nurture it. Engaging in effective, participatory processes has also proven to be a lengthy process and one which often requires behavioral changes and new skills in many counterpart organizations--from government agencies to NGOs.

24. An important lesson emerging from GEF experience is that social and economic factors should play a key role in the selection of sites for biodiversity conservation. Biological or other scientific factors should not be the only criteria. Success often depends on the openness of people living in and around areas of high biological diversity to new, sustainable management techniques. These new approaches often require changes in behaviors and practices that some are not willing to make. Success also depends on the availability of sound market-based income-generating activities

that will compensate for the opportunity costs of not exploiting biological resources or their fragile habitats in the near term. In addition, government commitment to protection and conservation of particular sites, especially in the face of major (usually extractive) economic interests, is extremely important. A number of these lessons were highlighted by the experience of UNDP's Papua New Guinea Biodiversity Conservation project (see Box 1). Closely related to this is the need for creative approaches and long-term government or international commitment to meet the recurrent costs of protection and conservation of biodiversity and its habitats.

BOX 1: PAPUA NEW GUINEA BIODIVERSITY CONSERVATION AND RESOURCE MANAGEMENT

Through this project, UNDP is seeking to develop innovative methodologies for biodiversity conservation by helping establish pilot integrated conservation and development activities, and to create an institutional, legal, financial and policy framework for the expansion and maintenance of a conservation system in Papua New Guinea.

Papua New Guinea (PNG) presents a number of major challenges to biodiversity conservation. More than 97 percent of PNG's land area is held under customary tenure by local communities. These communities tend to be fractured internally and rarely have stable leadership. They often see conservation and development as mutually exclusive. Communities demand development benefits from outsiders using their forestry and mineral resources as leverage. Conservation managers, thus, are forced into competition with extractive industries. Many communities see royalties from logging as an attractive windfall, especially in comparison to self-help initiatives promoted by conservationists, which demand immediate work effort and sacrifice. PNG's high-risk business climate gives logging operators a short-term view of forest management. The government has become increasingly dependent on revenue from logging and mining companies; conservation policies and programs have a low priority.

The project's first site was selected for its high conservation value identified in the national Conservation Needs Assessment. However, it was an area already committed to logging. Among other activities, the project conducted an awareness and advocacy campaign, and prepared a proposal and business plan for a sustainable forestry enterprise and a carbon offset proposal to the United States Initiative on Joint Implementation under the Framework Convention on Climate Change. But the community considered the short-term opportunity costs of sustainable development to be too high. The project was unable to overcome the cultural, political and economic hurdles at the project site, and the activity was terminated when it became clear that its conservation objectives were unlikely to be met. The project has now begun work at a second site, building on four key lessons from its original effort:

- (a) interventions should be targeted in areas where some potential for achieving conservation goals exists;
- (b) social criteria should be factored in more heavily to the choice of project sites;
- (c) a careful approach to community entry, to downplay expectations and inculcate self-help attitudes, should be followed; and

education should be a critical component of early project activities.

B. Climate Change

25. Climate change projects made up about one-third of the 1996 PIR. They included activities to increase energy efficiency and to expand the use of alternative energy sources, as well as several aimed at expanding capacity to monitor greenhouse gas emissions. The latter, and similar ozone monitoring projects (see paragraph 31 below), have provided small amounts of funding to interested governments to set up monitoring stations. By focusing assistance only on those countries willing to make commitments to fund the recurrent costs of these stations, the GEF has leveraged its resources significantly. While a number of regional gaps in monitoring systems for GHG and ozone remain, the GEF projects reviewed have been effective in involving a number of additional Southern countries and closing some of the most important gaps. They have also drawn on the science community in these countries and built relationships and cooperation between them and other scientists in the international community. These relationships have strengthened research capabilities, expanded scientific and data networks, and often brought additional resources to complement GEF-funded activities.

26. A conclusion voiced in the PIR was that the principal issues in this focal area are not technical, but relate to the framework of policies, institutional structures, and financial factors affecting adoption and replication of alternative energy or more energy efficient technologies. For example, the World Bank's India Alternate Energy project has been successful in adapting and expanding technologies for electricity generation from wind farms, but widespread replication of these advances, as well as expanded use of solar photovoltaic systems, has been limited by policy and financial constraints (see Box 2). The World Bank's Mexico High Efficiency Lighting Pilot project has exceeded its objectives in part because of the leadership and continuity of key staff at the principal executing agency. These conditions may be a challenge to replicate in similar projects elsewhere. The Mexico project (see Box 3) also illustrates trade-offs between technology and costs that other projects in this focal area may face. More advanced and reliable light bulbs cost significantly more than simpler but slightly less reliable ones. As the project moves to broader replication of its initial gains, finding the proper balance between cost and level of technology will be an important determinant of success and the prospects for realizing substantial global environmental benefits. At the conclusion of this project, it will be interesting to examine the extent to which GEF funding was needed in order to carry out the very encouraging project activities which appear to have had high national benefits. Such an analysis could help to determine its potential for replication in other countries.

BOX 2: INDIA ALTERNATE ENERGY

This project, begun in 1993, seeks to expand the use of environmentally-friendly electricity generation through expanded private sector investments in wind farms and solar photovoltaic (PV) systems. By demonstrating existing efficient technologies, pioneering new finance and marketing systems, and conducting public education programs, the Indian Renewable Energy Development Agency (IREDA) has used project funds to increase wind energy generation to a scale that could create sustainable opportunities for private sector manufacturing and investment. Seven windfarms, with a capacity of 31MW, financed under the project are estimated to have avoided over 50 million kg of CO₂. However, competition from softer financing options, higher marketing costs, lower consumer awareness and limited ability to pay have created barriers to photovoltaic market penetration. As a result, the PV component has not yet achieved a demonstration impact and it is unlikely that the PV market will be sustainable at the end of the project. Sustainable expansion of neither form of renewable energy generation has been achieved under the present government energy pricing policies.

BOX 3: MEXICO HIGH EFFICIENCY LIGHTING PILOT

This project has reduced greenhouse gas emissions and local environmental contamination through the replacement of incandescent bulbs with compact fluorescent light (CFL) bulbs in two major Mexican cities. The project's simple design and objectives, clear delineation of responsibilities, and an efficient and flexible implementing organization with stable core staff have contributed significantly to meeting the project's objectives. Demand for CFLs has been high: the Federal Electricity Commission (CFE) has purchased the 1.7 million bulbs planned under the project plus another 700,000 with its own funds and money generated from the earlier CFL sales. Four types of CFLs are sold under the project. Three of them are more advanced technologically, but cost approximately three times more than the fourth, less advanced and slightly less reliable bulb. Consumers have regularly chosen to purchase the cheaper, simpler technology CFLs. Replicating and sustaining project impacts will require a careful balance between product specifications and costs.

27. Climate change projects require the significant involvement of and reliance upon private enterprises. In this focal area in particular, active engagement of the private sector is critical to achieving global environmental impacts. This dictates a focus in GEF projects on promoting public-private sector dialogue and policy, pricing and organizational environments conducive to sustainable supply of and demand for technologies that reduce greenhouse gas emissions.

C. International Waters

28. With one exception (China Ship Waste Disposal), all of the international waters projects reviewed involved multiple countries. These projects have often proven to be enormously complex and more time-consuming than expected. Several have engaged in participative approaches involving many actors--national, regional and local governments, NGOs, community groups, private businesses--both within countries and among countries sharing important water resources. Often, these organizations are not used to working together. This has been especially difficult when the countries involved have experienced political instability or have historically distrusted their neighbors. As a result, many of the projects in this area initially focused on building agreement around Strategic Action Programs (SAPs) for shared major watersheds or marine areas. The SAPs then serve as foundations for subsequent investments and other actions. In effect, the SAPs have played a role similar to enabling activities in the biodiversity and climate change focal areas.

29. The recently-completed Danube River Basin project (see Box 4), which is linked conceptually to two other GEF biodiversity projects in the Danube Delta and to the regional Black Sea Environmental Management project, illustrates many of these points. As this case shows, international waters projects also require substantial coordination between GEF Implementing Agencies and with other donor organizations. In fact, participation of several implementing agencies--each with its own comparative advantage in capacity building, science and technology, and expected baseline investments--is often crucial to the success of these projects.

BOX 4: ENVIRONMENTAL MANAGEMENT IN THE DANUBE RIVER BASIN

The purpose of this UNDP project was to help create a framework for a long-term solution to pollution of the Danube River basin. It funded collection of pollution emission data, creation of a series of regional data networks, identification of policy and legal options for preventing and reducing pollution, and pre-feasibility studies for potential national and international financing. The project led to the development of a Danube Strategic Action Plan and promoted contacts and networking among a variety of public and private groups in the Danube basin.

The project involved eleven countries with very different economic and social conditions. It also included the active participation of NGOs, private businesses, and international finance institutions. Workshops on basin use and management brought together government ministries, local authorities and NGOs. Consultations during preparation of the Strategic Action Plan involved local and national government agencies, industry and agricultural representatives, NGOs and the media. Innovative techniques, including the Internet, were used to keep the public informed of project activities. A Danube Environmental Program Task Force became a vehicle for active networking among ministries, national and local government bodies, industries, agricultural organizations, and NGOs within and between Danube countries. The Task Force also served as a forum for discussions with agencies like the World Bank and EBRD, and it enhanced opportunities to identify and implement financially feasible actions and investments.

(continued)

The project involved several specialized UN agencies and bodies (including UNIDO, WHO, UNOPS, and UNEP) and a variety of international organizations. Interagency agreements were used successfully with the World Bank and UNEP to execute prefeasibility studies and the Transboundary Diagnostic Analysis, respectively. Cofinancing for selected project activities was provided by the World Bank, EBRD, several bilateral donors and foundations.

Now that the strategic work is being completed and priorities identified, expected baseline investments, additional GEF-funded investments, technical assistance, and capacity building are needed to solve the identified priority problems.

D. Ozone Depleting Substances

30. Projects in this area focus primarily on short-term actions to phase out the production of ozone depleting substances, in particular chlorofluorocarbons (CFCs). Only one such project, in the Czech Republic, was included in the 1996 PIR, but the GEF portfolio includes several others that have begun more recently. The fragile and changing economic situation in Central and Eastern Europe and the hardship it is creating for private firms that are the object of most of these projects may require special attention to the financial viability of these activities over the next several years.

31. Results under the other project included in the PIR, UNDP's regional Monitoring and Research Network for Ozone and GHG in the Southern Cone project, have exceeded expectations and expanded the Global Ozone Observing System. Nine stations, versus 3 originally projected, will be able to provide total ozone monitoring, and 15 stations, instead of 11, will carry out UV-B measurements. For the first time, reliable total and surface ozone and UV-B data are available from a large part of South America. The project has also promoted effective interactions with universities and technical organizations, as well as linkages with partner institutions in the United States and Europe as a way of strengthening regional research capabilities.

V. CROSS-CUTTING ISSUES

32. This section summarizes some of the key cross-cutting issues and lessons identified in the 1996 PIR.

A. Disbursements

33. While the pace of disbursements for GEF projects increased in 1996, they still lag significantly compared to original projections. Early estimates were overly optimistic. That said, as noted in Section II, UNDP GEF annual disbursements have shown improvement in 1996 and are only marginally lower than those in UNDP's overall

portfolio, and the World Bank's GEF disbursements have occurred earlier and more quickly as compared to the Bank's non-GEF disbursements.

34. In part, slower-than-expected disbursements are due to the complexities encountered when implementing the GEF projects. They are also related to the emphasis placed on increased participation of stakeholders, which has proven to be very time-consuming. In addition, Implementing Agencies attribute some of the gap to the fact that GEF Pilot Phase projects often were approved more quickly or at an earlier stage in the project design process than their normal programs; some preparatory work then had to be completed after project approval, delaying the start of actual implementation.

35. Disbursement projections have now been revised for many projects. Some completion dates have also been extended as a result. These measures, and greater realism in projections for newer projects based on experience with the Pilot Phase projects, should improve disbursement performance relative to projections in the future. This will be closely monitored in subsequent PIRs.

B. Government Commitment and Counterpart Funding

36. The PIR reconfirmed the importance of gaining and sustaining full government commitment to donor-funded activities. The GEF's emphasis on country-driven programs reportedly has improved the "quality at entry" of projects, and numerous examples emerge from the PIR of government commitment to and leadership of GEF-supported activities and global environment objectives. For example, as a result of GEF activities in the international waters focal area, governments in 17 Eastern European/CIS countries have cooperated in the development and endorsement of Strategic Action Programs for the Black Sea and Danube River Basin. As part of the Sustainable Development and Management of Biologically Diverse Coastal Resources project, highlighted in Box 8 below, the Government of Belize has created a Coastal Management Authority which integrates, for the first time into a high-level decision-making body, the principal ministries responsible for management, use and conservation of coastal resources. However, implementation of several projects has been delayed due to lack of government interest or commitment. In particular, a number of projects included in the 1996 PIR have experienced delays in counterpart funding contributions. In part, this is a result of unexpected economic difficulties in affected countries. Sometimes, however, it indicates a more fundamental issue of government interest and priorities. Shortfalls have led the IAs to reduce counterpart requirements in some cases.

37. Counterpart funding issues affect all development projects, and the IAs report no higher incidence of these problems in the GEF portfolio than in their overall programs. Nevertheless, several lessons emerge from the PIR. Government commitment and country ownership of GEF projects must continue to be key criteria for project approval. It is important to involve government decision-makers at the

earliest stages of project identification and design to reach clear and realistic understandings about project contributions and long-term funding requirements. Projects should seek to diversify local sources of funding to include the private sector and innovative mechanisms such as environmental trust funds that place less reliance on recurrent government financial support. Finally, country economic circumstances and leadership changes must be monitored carefully and the implications of any changes in commitment and funding availability factored into judgments about the project's ability to achieve and sustain its objectives and global environmental results.

C. Participation and Stakeholder Involvement

38. The 1996 PIR confirmed the conclusion of last year's report that there is a strong interagency consensus that effective public involvement in GEF projects has contributed significantly to improving conditions for project performance. To be most effective, involvement of affected groups should begin at the earliest stages of project formulation and should reflect a willingness to delegate substantial decision-making responsibility to communities and local organizations. This requires an awareness of, commitment to, and capacity to undertake new approaches by government agencies and leaders, outside NGOs, and project advisors. Building this commitment capacity has required more attention and time than originally anticipated.

39. The involvement of various national-level stakeholders was often a feature of global projects. However, the PIR found fewer good examples of participation of communities, NGOs or government agencies below the national level in these projects.

40. The projects reviewed in the PIR demonstrate a wide range of approaches to stakeholder involvement. Where greater effort has been devoted to making this process genuinely participative, it has resulted in valuable engagement of communities, counterparts and other stakeholders, and greater ownership of project activities. In many of these GEF projects, participative approaches have not been limited to consultations during project design, but are continuing in the implementation phase of projects. A number of "best practices" on participatory approaches are being documented and applied by GEF's Implementing Agencies and other development organizations.

D. Involvement of NGOs

41. The GEF portfolio is rich in experiences with NGOs working in a variety of roles and circumstances. This variety, in fact, has increased the number of organizations that have been able to participate in GEF projects. NGOs have often proven to be effective vehicles for project management and participative approaches to design, implementation and evaluation. Project examples included in the 1996 PIR range from Optimizing Development of Small Hydel Resources in the Hilly Regions of India, to Zimbabwe Photovoltaics, Thailand Promotion of Electricity Energy Efficiency, Forest Biodiversity in Poland, Patagonia Coastal Zone Management Plan in Argentina, and

Ghana Coastal Wetlands, to the Philippines Conservation of Priority Protected Areas project highlighted in Box 6 below.

42. A primary GEF vehicle for working with NGOs is UNDP's Small Grants Programme (SGP) (see Box 5). Through June 30, 1996, the SGP had funded a total of 720 projects in 33 countries. The majority (65 percent) of these grants were in biodiversity, reflecting the program's community focus. UNDP has increasingly used the Small Grants Programme as a vehicle for expanding participation of communities and local groups. For example, the SGP is making available small planning grants to NGOs to give them the time and resources to complete an effective consultative process. There is also a trend toward funding community groups directly, with NGOs playing a technical support role. During the early years of the program, SGP activities were not well linked to other GEF activities. However, UNDP is now taking a more strategic approach, linking the SGP to the *GEF Operational Strategy* and using small grants to pilot test approaches that offer promise for broader scale impact.

BOX 5: SMALL GRANTS PROGRAMME

The GEF Small Grants Programme (SGP), managed by UNDP, supports grassroots action that addresses global environmental problems. A key challenge in this effort is to identify community-based approaches that are relevant to people's daily lives and needs, while at the same time making a contribution to one or more of the four GEF focal areas. During GEF's Pilot Phase, the program operated in 33 countries; at present it operates in 46 countries. The SGP has developed a decentralized management and implementation structure that is simple and flexible. In each country, a program strategy and country-specific selection criteria guides grant-making. A local national coordinator--half of whom are women--oversees in-country operations. Grants of up to US\$50,000 are awarded on a competitive basis to community groups and NGOs by National Selection Committees made up of government and NGO representatives, UNDP and technical specialists.

Although a range of activities have been supported, the primary emphasis has been on demonstration projects. Areas of activity have included:

- (a) raising community awareness and understanding of issues related to biodiversity conservation, climate change and international waters, and their links to local livelihood concerns;
- (b) identifying and testing options for the sustainable use of biological resources at the community level;
- (c) catalyzing community involvement in, and benefits from, biodiversity protection activities, particularly with respect to the management of protected areas;
- (d) demonstrating community-level renewable energy technologies;
- (e) supporting energy conservation at the household level and within small-scale enterprises;
- (f) identifying and testing community-based management systems and practices to promote the sustainable use of coastal and marine resources; and
- (g) promoting community efforts to reduce land-based sources of coastal and marine pollution

43. The PIR identified a number of lessons from GEF experience in working with NGOs. Attention must be paid to the organizational capacity of NGOs, and often, investments in capacity building must accompany or precede project funding. NGOs may need new skills to conduct participative approaches involving local communities. It is also essential that new NGO roles and relationships, for example in protected area management, be recognized and fully supported by all levels of government--national, regional and local. Where this does not exist, a focus on policy or legal change may be required. It is unrealistic to look to NGOs to represent the whole range of opinion within a community or society; NGO participation cannot substitute for direct community consultation and involvement. Finally, as illustrated by the World Bank Philippines Conservation of Priority Protected Areas project (see Box 6), NGO involvement sometimes involves trade-offs with project management efficiency. This project is being implemented by a consortium of local NGOs in conjunction with a government agency. Separate implementation units, together with the NGOs' belief in consensual decision making that tried to accommodate everyone's interests, led to difficulty in making hard decisions about priorities and duplication of administrative structures.

Box 6: Philippines Conservation of Priority Protected Areas

This World Bank project is helping establish a core National Integrated Protected Area System that will protect 10 areas of high biodiversity value. It seeks to improve the ability of the government's Department of Environment and Natural Resources (DENR) to manage protected areas, to incorporate local communities and NGOs into the protected area management structure, and to develop sustainable forms of livelihood for protected area residents consistent with biodiversity protection. The project has placed strong emphasis on community participation. Early efforts in this area, led by an international NGO, were not as successful as more recent activities directed by local organizations. Most project funding is now provided to a consortium of 18 Philippine NGOs (NIPA). NIPA has recruited host NGOs to help with field activities, community organizing and strengthening of protected area management boards (PAMBs) made up of local governments, NGOs and indigenous people representatives. PAMBs have been established for 9 of the 10 project sites, and broad consultations are taking place at each site. A strong belief in consensus has led internal decision-making within the consortium to be cumbersome, however, and NIPA management has been reluctant to be selective in sequencing project interventions. Multiple layers of administration, including parallel DENR and NIPA project units, have also hindered project management and contributed to delays in decision-making. The two units have moved to the same office space to improve coordination and collaboration, and streamlining of management arrangements within NIPA is under review.

44. A conclusion that cuts across the last three issues--government commitment, community participation, and NGO involvement--is that neither government, local community or NGO capacity and commitment is sufficient by itself to ensure success.

All must be present. This often requires new skills and sound organizational practices and structures. It also requires mutual recognition and support among all organizations of the roles the others can play, and a policy and regulatory environment that supports them.

E. Private Sector Involvement

45. While much of the initial focus in the Pilot Phase was on involving governments with the GEF, it is becoming increasingly clear that the desired global environmental benefits will not be realized and sustained without the active participation of the private sector. This is especially important for climate change and ozone-related activities, which work most directly with private firms. But it is also true for biodiversity and international waters programs. Resource-extractive firms can present serious threats to protection of biological diversity. However, the private sector also can offer opportunities for sustainable income generating activities compatible with biodiversity conservation. Private firms are often significant sources of pollution of international waters and must be included in watershed and marine area planning and action programs.

46. Recognition of the key role played by the private sector should lead to an emphasis on facilitating local private initiatives. This includes helping to assure supportive legal and regulatory environments for market-based income-generating activities compatible with global environmental objectives. It also includes exploring ways to improve public-private dialogue and understanding, especially around the value of regulations and incentives which respond to global environmental concerns. The GEF presents a potentially rich laboratory of approaches to remove barriers to private sector involvement that can be expected to generate many useful lessons in the coming years. For example, the UNDP Prevention and Management of Pollution in the East Asian Seas project has had considerable success in enabling substantial private sector participation in marine pollution monitoring. The World Bank's Mauritius Sugar Bio-Energy Technology and UNDP's Biomass Integrated Gasification/Gas Turbine projects have catalyzed private investment in technologies to generate electricity from alternative sources.

F. Sustainability and Replication

47. Many of the projects reviewed in the PIR, undertaken in GEF's Pilot Phase, were designed as experimental approaches for achieving global environmental benefits. Others were intended to strengthen the capacity of governments, NGOs and private businesses. As these projects conclude, attention must be given to the sustainability and broader replication of these experiments. Among the questions that must be considered are recurring costs and feasible sources to cover them; the impact of subsidies and other policies on investment patterns and the ability of governments to maintain them; and the challenges of replicating organizational factors which may have accounted for a large measure of initial project success. Several instances in which a

second phase of GEF support has, or may be, requested underscore a need for objective project evaluations and more clarity on criteria for follow-up projects.

48. The PIR highlighted three projects that appear to have been particularly innovative and successful at achieving conditions for long-term sustainability. UNDP's Monitoring and Research Network for Ozone and GHG in the Southern Cone project and its global Monitoring of Greenhouse Gases Including Ozone project (see Box 7) developed links to the international science community which provided financial and intellectual resources to support project activities. UNDP's Sustainable Development and Management of Biologically Diverse Coastal Resources project in Belize established well-functioning vehicles for involvement of and collaboration among government agencies, local and international NGOs, and university researchers and analysts (see Box 8). Strong commitment by the government to the project's objectives led to the creation of a legislative and organizational structure supportive of coastal zone management and the collection of fees to support on-going operations.

BOX 7: MONITORING OF GHG INCLUDING OZONE

This UNDP project, implemented by the World Meteorological Organization (WMO), is establishing stations in six countries to gather data needed for scientific assessment of global greenhouse gas emissions and ozone levels. Before project activity began, UNDP and WMO dedicated considerable effort to reaching agreement with each country on expected contributions and long-term recurrent costs. While this delayed implementation, it reinforced the country-driven nature of activities carried out, government commitment to the projects, and sustainability. In addition, the project developed "twinning" arrangements between local scientists and counterparts in other countries involved in monitoring GHG and ozone levels. This led to substantial unanticipated in-kind contributions and reinforced WMO activities to ensure continuing data quality.

**BOX 8: BELIZE SUSTAINABLE DEVELOPMENT AND MANAGEMENT
OF BIOLOGICALLY DIVERSE COASTAL RESOURCES**

This project seeks to preserve the biodiversity of Belize's globally significant marine ecosystem by strengthening national institutions, public awareness, and the information needed to ensure sustainable use and conservation of coastal resources. Through close cooperation between the government and NGOs, sufficient information on marine habitats and communities was gathered to designate a network of Marine Protected Areas and to nominate this network as a World Heritage Site. The project has established effective mechanisms for inter-institutional collaboration. A new Coastal Zone Management Authority integrates for the first time into a high-level decision-making body the principal government ministries responsible for management, use and conservation of coastal resources. NGOs and the private sector are

(continued)

represented on the Coastal Zone Management Technical Committee created by the project, ensuring active and systematic consultation and feedback. The government has created an Institute of Coastal Resources Studies, closely allied with the University College of Belize, that will provide facilities and technical expertise to government departments and NGOs. The project has formed partnerships with national and international NGOs and college faculty and students to supplement government staff and leverage additional resources. Volunteers from international organizations and NGOs have participated in surveys and scientific studies and provided training to national staff and students. Introduction of divers fees will provide funds to supplement government resources to support and sustain new institutional arrangements created under the project.

G. Cofinancing and Coordination Among IAs and with Other Donors

49. Several project reports reviewed in the PIR express the need for more efforts to leverage cofinancing for GEF projects. While cofinancing by other donors has often been a part GEF investment projects, it has been incorporated less frequently into technical assistance projects. However, there was wide agreement that more could be done and that good possibilities exist for encouraging more participation by other donors. That said, it was also recognized that cofinancing can sometimes complicate project implementation. For example, conditionality or other delays with parallel financing from other donors can affect overall project progress, even when no issues exist for the GEF-funded activities.

50. In the past there have been reports of difficulties in obtaining close collaboration between the three IAs on GEF operational matters. For example, the discussion during the PIR indicated that collaboration could have been better among two World Bank biodiversity projects in the Danube Delta and UNDP's Danube River Basin project, described in Box 4 above. However, general indications from the PIR are that collaboration is improving among the three IAs. High level interest in this topic within

the agencies has stimulated a number of initiatives to expand communications and cooperation. Interagency collaboration was considered particularly important for implementation and follow-up to global and regional projects

H. Global/Regional Projects and Transboundary Issues

51. Global and regional projects account for a substantial part of the GEF portfolio. Some global projects have run into implementation problems caused by inadequate agreement between the IA and the countries expected to participate in these projects. The PIR highlighted the importance of consulting national governments earlier, during project preparation, to ensure timely implementation. UNEP's experience shows the importance of spelling out responsibilities clearly in specific sub-project agreements.

52. Many regional projects, especially in the international waters focal area, are experimenting with new approaches for collaboration among neighboring countries, their governments, NGOs, and private businesses. While useful experience is emerging, there is no formula yet for what works. One example which illustrates some of the difficulties that can arise involved five related biodiversity projects funded by the World Bank in Central and Eastern Europe. Each project had transboundary sites, but each project was conceived as a national activity. This approach underestimated the difficulties of working in a transboundary area through national projects. Due to the concerted efforts of one supervision team that oversees all five projects, transboundary aspects were emphasized and collaboration encouraged and supported. The Bank has built this experience into its more recent biodiversity project involving several Central Asian countries, which is being designed from the outset as a regional effort. Other approaches to this issue identified in the PIR included the one applied in Central America, where complementary regional and national projects are being put in place together.

I. Global Environmental Benefits

53. One of the hallmarks of GEF projects is that they seek to achieve tangible global environmental benefits. However, the projects under review in this PIR, all approved during the GEF Pilot Phase, did not have specific requirements for how their success in this area should be judged. Nevertheless, the PIR documentation indicates that serious attention is being given to this subject and that Pilot Phase projects are employing a variety of ways to identify global environmental benefits in the project scope and achievements expected.

54. Generally, it is possible to distinguish three categories of global environmental benefits identified in the GEF Pilot Phase projects included in the PIR: a) those serving directly the global conventions and in this way providing global benefits; b) those seeking to achieve explicitly defined and measurable global environmental benefits; and c) those describing only very general global environmental benefits which are neither quantifiable nor measurable. Climate change projects are more often able to

identify explicit global environmental benefits. Biodiversity projects appear to have had the most difficulty in this regard to date.

55. In the future, the global environmental benefits GEF projects will be expected to achieve will often be identified by the Operational Program to which the project contributes. In addition, it was agreed at the PIR that greater attention should be given, including through mid-term evaluations of current Pilot Phase projects, to ways to define and measure the global environmental benefits are achieving.

J. Measuring Incremental Costs

56. While incremental cost analysis was not formally required during the Pilot Phase, many of the projects in this period tried to explore how the spirit of the incremental cost concept could be met under GEF projects. These projects provide valuable case materials and practical lessons for further refinements of GEF's incremental cost methodology.

57. The Program for Measuring Incremental Costs (PRINCE) was one of the Pilot Phase projects. Administered by GEFSEC, this project has produced a number of methodological papers and case materials, but the general feeling expressed during the PIR was that much more emphasis needs to be given to dissemination of these products and to getting practical tools to the IAs for them to use.

K. The Role of Science

58. GEF projects require a sound scientific base for project design and implementation. Several on-going global projects have made this a major focus of attention. UNEP's Global Biodiversity Assessment project has mobilized a vast array of scientific assessments from distinguished scientists from many countries around the world. UNDP's Monitoring of Greenhouse Gases project, highlighted in Box 7 above, has helped establish new global monitoring stations for gathering high-precision data for further scientific analysis. Scientific analysis is also a major objective of several regional and country projects. For example, UNDP's Regional Cooperation to Support Global Change Research project with the Inter-American Institute for Global Change helped 5 countries in Latin America expand scientific research and analysis. Under UNDP's Monitoring and Research Network for Ozone and GHG in the Southern Cone project, efforts to mobilize local scientific communities in research on global climate change and ozone depletion have been important factors in raising awareness in the media and among national politicians and decision-makers. In several of these projects, GEF has leveraged long-term government commitment to fund the recurrent costs of global monitoring stations. In projects of this nature, the role of GEF's Scientific and Technical Advisory Panel (STAP) will continue to be an important source of advice and scientific guidance.

59. Experience from these projects suggests that strengthening the scientific and technical infrastructure in recipient countries is essential for the development of sound regulatory policies and response strategies on the complex environmental issues in the GEF. In addition, relatively small amounts of GEF funding may contribute significantly to increased scientific understanding of global environmental issues and help translate global environmental issues into local concerns at the national and regional scale. In the long run, these investments should promote the development and implementation of country-driven GEF projects that are sustainable and cost-effective.

L. Clear Objectives and Responsibilities

60. The PIR identified the importance of formulating clear project objectives. There is a greater likelihood of success if projects have only a few objectives that are realistically achievable within the time and financial resources available and that can be quantified for purposes of monitoring and evaluation. In addition, it is important to establish clear responsibilities for project implementation among all participants at the outset. As noted above, experience has shown this to be particularly true for global and regional projects.

M. Capacity Assessments

61. Capacity assessments and provision for knowledge transfer, particularly knowledge of IA procedures, prior to project start-up are critical to successful implementation. This has been shown for a broad array of agents responsible for project execution, including financial intermediaries, local NGOs, new institutions, and international executing agencies. The PIR identified several ways for improving these assessments, including greater exchange of information among IAs working with different organizations, and drawing on the experience of the UNDP Small Grants Programme, especially as a source of information on local NGOs.

N. Monitoring and Evaluation

62. The Implementing Agencies were essentially using their own monitoring and evaluation guidelines and formats in the PIR for 1996, although some common GEF-wide reporting requirements were agreed upon. There is increasing work on the identification of performance indicators, although these are not always being tracked systematically. For example, the World Bank has issued monitoring and evaluation guidelines, including performance indicators, for three focal areas. The Bank reports that over 50 percent of its existing GEF biodiversity projects have performance indicators that are being tracked regularly. There is a general recognition that improved and more standardized reporting formats are needed, as well as improved monitoring and evaluation systems in projects which include indicators, baselines and further use of the logical framework system.

63. The availability of good data for use in project monitoring systems appears to be particularly difficult in the biodiversity focal area. The PIR also identified an urgent need to develop suitable indicators for measuring institutional strengthening, capacity building, and the impact of education and training programs.

O. Information Exchange and Dissemination

64. UNEP has several years of experience with data management under its global Biodiversity Data Management Capacitation in Developing Countries and Networking Biodiversity Information project. Achievements include publications such as Guide for Information Management and The Electronic Inventory, and the forthcoming Guidelines for National Institutional Survey. These are specifically focused on national reports to the Convention on Biological Diversity, but should also have wider interest to GEF biodiversity projects. It was agreed that these materials should be more widely disseminated.

65. More generally, the PIR identified a need for global projects to incorporate strategies for disseminating information about project results and operational lessons. These strategies should include provisions to ensure continuation of project-related information services beyond project completion to permit on-going distribution of project lessons and information about longer term impacts.

V. RECOMMENDATIONS FOR FUTURE PIRS

66. In order to allow the GEF Project Implementation Reviews to be mainstreamed as much as possible within the three IAs, it was agreed that the 1997 review would be held earlier in the year. Guidelines will be issued in April, reports from the IAs would be submitted to GEFSEC by early September, with the interagency PIR meeting scheduled for late October. This would allow the World Bank to mainstream its GEF portfolio review with its Bank-wide review. IAs will use a standard reporting format for 1997, which will incorporate assessment of a variety of risk factors in addition to overall ratings on implementation performance and achievement of development objectives. GEFSEC Monitoring and Evaluation staff will participate in IA review meetings and coordinate the interagency review. There was consensus that the 1997 PIR should focus on a few key issues, allowing more opportunity for in-depth discussions.

67. The 1996 PIR highlighted a number of areas in which continued attention is indicated, through future implementation reviews and the GEF's evaluation efforts. These include the effect of increased stakeholder participation and country ownership of projects on "quality at entry", GEF's ability to leverage resources and institutional commitment for greater global environmental benefits, ways to define and measure global environmental benefits and incremental costs, the sustainability and broader replication of innovative and promising GEF-supported activities, means of reducing

barriers to and otherwise encouraging expanded private investment in activities that will produce global environmental benefits, project disbursement performance in relation to estimates, and strengthened monitoring and evaluation systems, especially the development of useful performance indicators in GEF's focal areas and for institutional strengthening, capacity development and the impacts of education and training programs.

68. In the GEF, there is great value in the interplay between the functions of monitoring and evaluation. The richness of the PIR material will feed into and help define the Secretariat's evaluation work program. The evaluation agenda for FY 1998 has already benefited greatly from the findings of the 1996 PIR in formulating plans for three independent studies: a) an evaluation of GEF project lessons (from well performing and less well performing projects), b) an evaluation of GEF's project preparation and planning experience, and c) a program evaluation of GEF biodiversity activities.

APPEI

LIST OF PROJECTS INCLUDED IN 1996 PIR

GLOBAL PROJECTS (14 projects)

Biodiversity

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
1	UNEP	BD Country Studies Phase 1	Dec-91	Mar-92	Mar-92	5.00	3.02	
2	UNEP	BD Country studies Phase 2	Dec-92	Jun-94	Jun-94	2.00	0.61	
3	UNEP	Biodiversity Data Management	Dec-92	Jun-94	Jun-94	4.00	0.82	
4	UNEP	Global Biodiversity Assessment	Dec-92	May-93	May-93	3.30	2.53	

Climate Change

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
5	UNDP	Alternatives to Slash and Burn	Feb-92	Nov-93	Mar-94	3.00	3.00	
6	UNEP	Capacity Building and Infrastructure	Jun-94	Jul-94	Jul-94	2.80	2.75	
7	UNDP	Climate Change Capacity Building (CC: Train - Phase I)	May-93	Jan-94	Jan-94	0.90	0.89	
8	UNEP	Country Case studies on Green house gases	Dec-91	Jul-92	Sep-92	4.50	4.10	
9	UNDP	Global Change System for Analysis, Research & Training (START)	May-92	May-93	May-93	4.00	2.72	
10	UNDP	Monitoring GH Gases	May-91	Oct-92	Oct-92	4.80	3.94	
11	UNDP	Research Programme on Methane Emissions from Rice Fields	May-91	Jan-92	Jul-92	5.00	3.85	

International Waters

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
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12	UNDP	Support for Regional Oceans Training Programmes	Dec-91	Oct-92	Jul-93	2.60	2.52	
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Multi focal areas

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
13	GEFSEC	PRINCE (as of 01/31/1997)	Jul-93	Jul-93	Nov-94	2.60	1.06	
14	UNDP	Small Grants Programme	Dec-91	Mar-92	Jun-92	14.94	14.82	

AFRICA (14 projects)

Biodiversity

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
1	UNDP	BURKINA FASO Optimization of biodiversity in game Ranching systems	Dec-92	Feb-95	Jul-95	2.50	0.04	
2	WB	CONGO Wildlands Protection	May-91	Dec-92	Oct-93	10.00	4.37	
3	UNDP	ETHIOPIA Conservation of Plant Genetic Resources	Dec-92	Apr-94	Sep-94	2.50	0.16	
4	UNDP	GABON Effective Management of Wildlife Trade	May-91	Jan-94	Jul-94	1.00	0.48	
5	WB	GHANA Coastal Wetlands	Dec-91	Aug-92	Mar-93	7.20	1.54	
6	UNDP	Institutional Support to Protect East African Biodiversity (Co-financing Kenya, Uganda, Tanzania)	May-91	Mar-92	Sep-92	10.00	9.59	
7	WB	SEYCHELLES Biodiversity Conservation & Marine Pollution Abatement	Dec-91	Nov-92	Mar-93	1.80	1.17	

International Waters

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
8	UNDP	REGIONAL Gulf of Guinea	Dec-91	Oct-93	May-94	6.00	0.26	
9	UNDP	REGIONAL Pollution Control and Other measures to Protect Biodiversity in Lake Tanganyika	Dec-91	Oct-93	Feb-95	10.00	3.68	

Climate Change

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
10	UNDP	BENIN - Management of Woody Savanna	Dec-92	Jul-93	Jan-94	2.50	1.04	
11	UNDP	MAURITANIA- Decentralized Wind Electric Power for Social and Economic Development	Dec-92	Jun-94	Sep-94	2.00	0.35	
12	WB	MAURITIUS- Sugar Bio-Energy Technology	May-91	Feb-92	Dec-93	3.30	0.87	
13	UNDP	TANZANIA - Electricity, Fuel and Fertilizer from Municipal and Industrial Organic waste	May-93	Dec-93	Mar-94	2.50	0.69	

14	UNDP	ZIMBABWE - Photovoltaics	May-91	May-92	Sep-95	7.00	3.00	
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ARAB STATES/ MIDDLE EAST (Total of 9 projects)

Biodiversity

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
1	WB	ALGERIA El Kala National Park/Wetlands	May-91	Apr-94	Sep-94	9.20	1.56	
2	WB	EGYPT Red Sea Coastal/Marine Resource Management	Apr-92	Nov-92	Dec-94	4.75	0.52	
3	UNDP	JORDAN Conserv. of Dana Wildlands and Azraq Wetland and Institutional Strengthening of RSCN Arab States	May-92	May-93	Oct-93	6.30	4.07	

Climate change

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
4	WB	IRAN Teheran Transport Emissions Reduction	Apr-92	Oct-93	Jan-94	2.00	1.10	
5	UNDP	REGIONAL Building Capacity in Mahgreb for CCC	May-93	Sep-94	Dec-94	2.50	0.23	
6	UNDP	SUDAN Rangeland rehabilitation for Carbon Sequestration and biodiversity	Dec-92	Aug-94	Oct-94	1.50	0.26	
7	WB	TUNISIA Solar Water Heating	May-93	Nov-94	May-95	4.00	0.40	

International Waters

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
8	WB	REGIONAL Oil pollution Management Project for the Southwest Mediterranean	Apr-92	Apr-94	May-94	18.26	1.32	
9	UNDP	YEMEN Marine Ecosystems of the Red Sea Coast	May-92	Apr-93	Jun-93	2.80	1.36	

EUROPE and CENTRAL ASIA (Total 12 projects)

Biodiversity

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
1	WB	BELARUS Biodiversity Protection	May-91	Sep-92	Dec-92	1.00	0.89	
2	WB	CZECH Republic Biodiversity Protection	Dec-91	Oct-93	Jan-94	2.00	1.19	
3	WB	POLAND Forest Biodiversity Protection	May-91	Dec-91	Feb-92	4.50	4.46	
4	WB	ROMANIA Danube Delta Biodiversity	Apr-92	Jul-94	Feb-95	4.50	1.29	
5	WB	SLOVAK Republic Biodiversity Protection	Dec-91	Sep-93	Oct-93	2.30	1.66	
6	WB	TURKEY In-Situ Conservation of Genetic Biodiversity	Apr-92	Feb-93	Mar-93	5.10	3.02	

7	WB	UKRAINE Danube Delta Biodiversity	Apr-92	Jun-94	Aug-94	1.50	0.51	
8	WB	UKRAINE Transcarpathian Biodiversity	Dec-91	Jul-93	Oct-93	0.50	0.42	

Climate Change

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
9	WB	POLAND Coal-to-Gas Project	Dec-91	Nov-94	Jun-95	25.00	0.32	

Ozone

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
10	WB	CZECH Republic - Phaseout of Ozone Depleting Substances	Dec-92	Aug-94	Dec-94	2.30	1.31	

International Waters

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
11	UNDP	REGIONAL Danube River Basin	May-91	Feb-92	Sep-92	8.50	0.99	
12	UNDP	REGIONAL Environmental Management & Protection of the Black Sea	May-92	Dec-92	Oct-94	9.30	8.96	

LATIN AMERICA and the CARIBBEAN (Total 21 projects)

Biodiversity

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
1	UNDP	ARGENTINA Patagonian Coastal Zone Management Plan	Dec-91	Feb-93	Dec-93	2.80	2.65	
2	UNDP	BELIZE Sustainable Development in Coastal Resources	Dec-91	Feb-93	Mar-93	3.00	1.80	
3	WB	BOLIVIA Biodiversity Conservation	Apr-92	Nov-92	Jul-93	4.50	2.33	
4	UNDP	COLOMBIA Biodiversity Conservation in the Choco Region	May-91	Feb-92	Sep-92	6.00	5.00	
5	UNDP	COSTA RICA Conservation of La Amistad and Osa Conservation Areas	Dec-91	Apr-93	May-93	8.00	3.75	
6	UNDP	CUBA Protecting Biodiversity and Establishing Sustainable Development Sabana-Camaguey Ecosystem	Dec-91	Jul-93	Dec-93	2.00	1.32	
7	UNDP	DOMINICAN REPUBLIC Conservation and Management of Biodiversity in the Coastal Zone	May-92	Nov-93	May-94	3.00	1.34	
8	WB	ECUADOR Biodiversity Protection	Apr-92	May-94	Jul-94	7.20	2.97	
9	UNDP	GUYANA Programme for Sustainable Forestry	May-91	Apr-92	Feb-93	3.00	1.54	
10	WB	MEXICO Protected Areas Program	May-91	Mar-92	Apr-93	25.00	4.29	

11	UNDP	PANAMA Biodiversity Conservation in Darien Region	May-91	Feb-94	May-94	3.00	0.38	
12	UNDP	REGIONAL Amazon Strategies	May-91	Jan-93	Mar-93	4.50	0.76	
13	UNDP	URUGUAY Biodiversity in Eastern Wetlands	May-92	Nov-92	Feb-93	3.00	2.95	

Climate Change

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
14	UNDP	BRAZIL Biomass Integration Gasification/ Gas Turbine Project	Dec-91	Sep-92	Sep-92	7.70	7.64	
15	UNDP	CHILE Reduction of GH Gas Emissions	Dec-92	Jun-95	Jun-95	1.70	0.11	
16	WB	JAMAICA Demand Side Management Demonstration	May-93	Mar-94	Aug-94	3.80	0.47	
17	WB	MEXICO High Efficiency Lighting Pilot	Dec-91	Mar-94	Feb-95	10.00	8.29	
18	UNDP	PERU TA to the Center for Energy Conservation	Dec-91	Nov-92	Feb-93	0.90	0.88	
19	UNDP	REGIONAL Cooperation to Support Global Change research in the Inter-American Institute for Global Change (IAI)			Jan-94	3.00	1.05	

International Waters

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
20	WB	REGIONAL Wider Caribbean Initiative for Ship-Generated Waste	May-93	Jun-94	Sep-94	5.50	1.36	

Ozone

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
21	UNDP	REGIONAL Southern Cone Monitoring	May-93	Jun-94	Oct-94	1.90	1.55	

ASIA and the PACIFIC (Total of 22 projects)

Biodiversity

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
1	WB	BHUTAN Trust Fund for Conservation	May-91	May-92	Nov-92	10.00	7.00	
2	WB	INDONESIA Biodiversity Collections	Apr-92	Jun-94	Jul-94	7.20	1.61	
3	WB	LAO PDR Wildlife and Protected Areas Conservation	May-91	Feb-94	Jan-95	5.00	0.98	
4	UNDP	MONGOLIA Strengthening Conservation Capacity	May-93	Mar-95	Mar-95	1.50	1.32	
5	UNDP	NEPAL Biodiversity Conservation	Dec-91	Jun-93	Sep-93	3.80	1.05	
6	UNDP	PAPUA and NEW GUINEA Conservation and Resource Management Programme	Dec-91	Jul-93	Oct-94	5.00	3.55	
7	WB	PHILIPPINES Conservation of Priority Protected Areas	May-91	May-94	Oct-94	20.00	1.89	
8	UNDP	REGIONAL - INDONESIA AND MALAYSIA Conservation Strategy for Rhinos in Southeast Asia	May-93	Dec-94	Dec-94	2.00	1.01	

9	UNDP	REGIONAL South Pacific Biodiversity	May-91	Jan-93	Apr-93	8.20	0.29	
10	UNDP	SRI LANKA Wildlife Conservation	Dec-91	Jan-92	May-92	4.10	1.87	
11	UNDP	VIETNAM Wildlife Conservation	May-91	Jan-92	May-95	3.00	1.87	

Climate Change

	IA	Project Description	Work Program	IA Approv.	Effective Date	US\$ mios	Disbursed as of 6/30/96	
12	UNDP	CHINA Development of Coal-Bed Methane Resources	May-91	Apr-92	Jun-92	10.00	8.87	
13	UNDP	CHINA Green House Gas Emissions Control	May-91	Jan-92	Mar-92	2.00	2.01	
14	WB	CHINA Sichuan Gas Transmission	Apr-92	May-94	Jun-94	10.00	0.60	
15	WB	INDIA Alternate Energy	Dec-91	Nov-92	Sep-94	26.00	16.16	
16	UNDP	INDIA Bio-methanation Process	May-92	Jan-94	Mar-94	5.50	0.31	
17	UNDP	INDIA Optimizing Development of Small Hydel resources in the Hilly Regions of India	Dec-91	Jan-94	Mar-94	7.50	0.60	
18	WB	PHILIPPINES Leyte-Luzon Geothermal	May-91	May-94	Mar-95	30.00	19.43	
19	UNDP	REGIONAL Asia Least Cost GHG Abatement Strategy	Dec-91	Aug-93	Aug-94	9.50	2.60	
20	WB	THAILAND Promotion of Electricity Energy Efficiency	Dec-91	Apr-93	Nov-93	9.50	3.11	

International Waters

	IA	Project Description	Work Program	IA Approval	Effective Date	US\$ mios	Disbursed as of 6/30/96	
21	WB	CHINA Ship Waste Disposal	May-91	May-92	Dec-92	30.00	30.06	
22	UNDP	REGIONAL South East Asian Seas	Dec-91	Jul-93	Nov-93	8.00	2.50	

572.85 270.83

Pre-Investment Facility Projects Reviewed

- 1 UNDP CHINA Biodiversity
- 2 UNDP CHINA Sichuan Gas Transmission
- 3 UNDP EGYPT Wetlands Lake Manzala
- 4 UNDP ERITREA Coral Reefs
- 5 UNDP INDIA Eco-Development
- 6 UNDP INDONESIA Biodiversity Conservation
- 7 UNDP JORDAN Methane Reduction
- 8 UNDP MADAGASCAR Biodiversity
- 9 UNDP MONGOLIA Biodiversity Conservation
- 10 UNDP PAKISTAN Biodiversity in Rural Communities

- 11 UNDP REGIONAL Contaminated Caribbean Bays
- 12 UNDP REGIONAL Energy Efficiency Strategies
- 13 UNDP REGIONAL Plant Genetic Resources
- 14 UNDP Research on Population, Land Management and Environmental Change
- 15 UNDP SYRIA Electricity Demand Management
- 16 UNDP THAILAND Biodiversity
- 17 UNDP THAILAND Energy Efficiency

- 18 UNDP UGANDA Impenetrable Forest
- 19 UNDP VENEZUELA Methane Leaks in Maracaibo System
- 20 UNDP YEMEN LPG Substitution Program

Status of Pilot Phase Projects Not Yet Approved by Implementing Agencies

PAKISTAN Waste to Energy: Lahore Landfill (World Bank)

GEF Work Program Approval - 5/92 (US\$11 million)

STATUS: Recommended for cancellation in the 1995 GEF PIR. The GEF project is now delinked from an IDA project, which is being redesigned to focus on waste water problems. Preparation has been resumed, and the project will become a freestanding GEF operation, although it may still have some IDA co-financing. Approval by the World Bank is now not expected until January 1998.

INDIA Cost Effectiveness Options for Limiting GHG Emissions (UNDP)

GEF Work Program Approval - 5/93 (US\$1.5 million)

STATUS: The project brief originally identified the World Bank as the executing agency. After three years of consultations, the executing arrangements for this project were renegotiated and the government of India selected the "Indira Gandhi Institution for Development and Research" in Bombay as the executing agency for the project. The Institute is now in the process of finalizing formulation of the project. Appraisal is expected to be completed no later than July 1997.

EGYPT Lake Manzala Engineered Wetlands (UNDP)

GEF Work Program Approval - 12/92 (US\$ 4.5 million)

STATUS: The total cost of the project was estimated at \$12 million, but only \$4.5 million in GEF funds were available. Together with the government of Egypt, UNDP sought to find a co-financier for the remaining resources. After several project design missions in 1994 and 1995, a potential bilateral donor decided to fund other aspects of environmental management of Lake Manzala, not the engineered wetland project. In April 1996, it was decided to scale down the project to fit the available GEF resources. A new project design was prepared in October 1996. In addition, a new engineered wetland site was selected and the Egyptian government is finalizing arrangements for this new site. Once these are completed, which is expected to occur in April 1997, final approval can be given.

ZIMBABWE Biodiversity Conservation in Southeast Zimbabwe (World Bank)

GEF Work Program approval - 5/92 (US\$ 4.8 million)

STATUS: Appraisal was delayed by the restructuring of the Zimbabwe Department of National Parks and Wildlife Management. With the restructuring now complete, project preparation has recommenced. Pilot community conservation initiatives are being implemented in the Gonarezhou area, funded by a project preparation advance, to sustain local support while preparation is complete. The project will complement the GEF-funded Mozambique Transfrontier Conservation Areas project, approved by the Bank in December 1996. World Bank approval of the Zimbabwe project is now expected in July 1997.

UNITED NATIONS DEVELOPMENT PROGRAMME

Global Environment Facility

Project Implementation Review 1996

1. Overview

The annual Project Implementation Review (PIR) of the GEF portfolio has become a valuable component of the extensive monitoring and evaluation procedures required by the United Nations Development Programme for all projects under its purview. In addition to these formal exercises, GEF project development and implementation is monitored continuously through communications among project participants, government officials, UNDP country offices, and UNDP-GEF headquarters. For the 1996 PIR, detailed reports were submitted by the managers of 70 projects under implementation for more than one year as of June 30, 1996.

This year's PIR report builds upon the first one issued in 1995. Although the points brought out in last year's report remain valid, in order to uncover new lessons learned they are not reiterated here. Several new challenges specific to achieving GEF objectives have been illuminated this year because it marks the first time that projects can be observed in all stages of development from inception to the transition interval after conclusion. While the process of sharing lessons learned among UNDP-GEF projects has been ongoing, 1996 will see the beginning of a major initiative to disseminate this information among all operational staff in Regional Bureaux and Country Offices so that it may be shared with potential project proposers at the earliest possible stage in project development. Despite the operational differences among the implementing agencies, many of the lessons elaborated in this report may be useful to the GEF operations of UNEP and the World Bank.

2. Portfolio Status

Annex 1 gives a summary of the UNDP/GEF Portfolio, excluding Project Development Facility A (PDF A), and Small Grants Programme projects. Statistics on The Small Grants Programme can be found in section 5 in the main body of the text.

Annex 1 has three sections.

Section 1 shows both the distribution of projects, in the UNDP/GEF portfolio as of 30 June 1996, by project type and focal area,

Section 2 breaks down the portfolio, showing the distribution of projects that have been under implementation for over one year and are the subject of this PIR, and projects that have been under implementation for less than one year, and

Section 3 shows further detail of the distribution of those projects that are the subject of the 1996 PIR.

3. Portfolio Performance

Task managers were asked to rate the degree to which their projects had achieved the objectives stated in the project document. They were also required to write descriptions of the problems encountered and what measures were taken to resolve them. Overall, the major issue brought out by this PIR is that education, institutional strengthening, capacity building and training are becoming increasingly crucial to the incorporation of global environmental challenges into national development strategies. However, achieving these objectives is very time-intensive, and the results of UNDP-GEF projects targeting the development of these capacities are only now becoming clear. In order to accurately evaluate the success of such projects, there is an urgent need to develop indicators for measuring human and institutional capacities.

Table 3 below shows that disbursements for UNDP/GEF projects are on schedule.

Table 3: Disbursement Status of Projects Under Implementation For Over One Year as of 30 June 1996

Region	Total Approved Project Budget (\$ US Millions)	Cumulative Expenditure as of June 1996 (\$ US Millions)	Cumulative Expenditure as a % of the Total Project Budget
Global	20.46	17.01	83%
Africa	48.39	21.30	44%
Asia & Pacific	81.14	38.06	47%
Arab States	15.90	8.13	51%
Latin America & the Caribbean	59.43	36.83	62%
Europe & the CIS	18.53	18.12	98%
Total	243.85	139.45	57%

I. Biodiversity

Reports from the Country Offices indicate that the PRIFS have been remarkably successful in generating follow-up projects. The bulk of the biodiversity projects in the portfolio are still at the early to medium stage of implementation, and consequently the full impact of the interventions are yet to be obtained. Of the projects finishing, some (such as those in Argentina and Jordan) are demonstrably successful in protecting unique biodiversity clearly identifiable in the field. In other cases, where national or regional capacity building efforts have been made over large and very diverse geographical areas, (such as in Vietnam, Nepal, Amazonia, Mongolia, and East Africa), achievements have been made in terms of raising the capacity to protect biodiversity, although specific impacts are harder to measure than in the projects where the geographic scope is more limited. In Colombia, the UNDP-GEF project team was able to participate in the generation of regulations and national legislation to protect the globally significant Choco biota. These projects point out the need to develop a new set of indicators that measure the increased capacities--including human, institutional, and legislative--brought about by projects that educate and build capacities for biodiversity conservation.

UNDP-GEF projects have made great efforts to coordinate ample stakeholder consultations, and to fully incorporate those consultations into project activities. In many cases, however, global biodiversity benefits are being achieved at a slower rate than expected due in part to the complexity of achieving consensus over land uses among diverse and often contentious stakeholders (as for example in Panama and Colombia). The need to pass laws that change water uses and obtain consensus on management plans for the Uruguay project means that the optimistically rapid rate of implementing biodiversity protection that was originally envisioned will have to be scaled back. Insufficient implementation capacity within governmental agencies and other project executors is another reason that some project timetables are taking longer than expected. This bottleneck should decrease as in-country experience with GEF projects increase. On the other hand, the Argentina and Jordan projects are examples of projects that are successful because technically competent CTAs and NGOs existed in those countries.

Some current GEF projects clearly need to engage in more targeted research because biodiversity protection is intensive in the need for local know-how, especially in relation to people's attitudes regarding the distribution, abundance, and behaviors of biota subject to various types of interventions. To be successful, these projects need the time, more technically competent people, targeted research, and financial resources to carefully assess what land use options contribute most to conserving biodiversity on a socially and economically sustainable basis over the long term.

II. Climate Change

22 UNDP-GEF projects under the climate change focal area were subject to the 1996 PIR. In the area of enabling activities, over 20 countries are benefiting from significant support for Convention communications preparation under those projects that were developed during the pilot phase. Most enabling activity projects experienced initial delays, due mainly to the need to establish National Climate Change Country Committee. Once this committee is in place, the climate change work proceeds smoothly. UNDP's PRIFs have successfully come to maturity, with one PRIF alone (RER/94/G41) having spawned three different energy efficiency projects. Two short-term projects focusing on carbon sequestration and improved rangeland management (BE N/93/G31 /E and SUD/93/G31/E) are obtaining good community participation and could provide useful insights for designing a future GEF Programme in carbon sequestration.

The more advanced projects, (under Operational Programme 6: Promoting Renewable Energy), are making excellent progress while yielding important lessons that are transferable to other projects. One example is the Zimbabwe Photovoltaic project (ZIM/95/G31/C/1), which required the intervention of UNDP-GEF officers from headquarters and the country office in a major effort to bring all parties to agreement on operational arrangements. Since rectifying these difficulties, the project has gone on to oversee the successful installation of 4000 PV systems; to establish a well-managed revolving fund; and to facilitate the adoption of national standards for solar home systems and industry codes of conduct. Six projects that fund either targeted research or strengthened GHG monitoring capabilities were also reviewed favorably. Two project reports from Latin America, (under Operational Programme 5: Removing Barriers to Energy Efficiency), led to substantial strengthening in the human resource base capable of evaluating and analyzing energy efficiency needs. Another project in Latin America, the Brazil BIG/GT project (BRA/92/G31/E), points out the challenge presented by fluctuating natural resource prices. After making good progress with the development of a complex, and promising technology, the project must now overcome difficulties in securing a contract for provision of the requisite feedstock, prior to completing negotiations with the World Bank for the pilot phase 30 MW plant.

III. International Waters

Four of the seven UNDP-GEF projects in the international waters focal area have received cofinancing worth a total of \$13.81 million. 44% (\$20.79 million) of the total GEF allocation of \$46.9 million has been disbursed. All the projects are on schedule with minimal or no cost overruns. Several instances of enhanced capacities which will produce global environmental benefits were identified, including: development of investment plans to rehabilitate polluted bays; modernization and upgrading of scientific facilities; establishment of regional monitoring and information networks; and the introduction of new technologies. Stakeholder consultations, particularly among NGOs, have been particularly strong. All UNDP-GEF international waters projects are pursuing strategies toward ensuring long-term financial sustainability, including: holding donor meetings; examining the use of economic instruments to support trust funds; developing mechanisms to include public and private financing; and securing country responsibility for monitoring activities.

4. Project Design -- Lessons Learned

There are certain crucial issues to be taken into account during the project design stage to ensure effective project implementation:

Target limited numbers of main objectives. These objectives must be realistically achievable within the project timetable and budget, and they must be readily quantifiable for purposes of monitoring and evaluation,

Do not underestimate time or expenses required. Certain project activities, especially recruitment, procurement, and the establishment of legal frameworks often require more time than has been budgeted in past projects. Capacity building and ensuring full participation are very time consuming endeavors--several projects have identified 4 years as the minimum project time frame for broad participation and sustainable capacity building:

Allocate adequate resources: to expand income generation options for local communities, develop non-donor financing mechanisms based on market surveys, and consider how project objectives will be sustained 5-10 years after a project ends.

Identify and secure realistic counterpart contributions. Some projects have been hampered by the failure to receive timely counterpart contributions foreseen in the project document. Realistic assessment of contributions and timetables for the delivery of contributions must be included in the project document. Documented political commitments can make up for lack of ability to offer counterpart support.

Identify opportunities to leverage co-financing and complement other projects. Project developers should expend more effort researching potential project cofinanciers. Project design should be kept open and flexible to permit the participation of other donors

Establish clear responsibilities for project execution and project implementation. These responsibilities and procedures can be arrived at through a pre-implementation meeting among project participants.

Identify several potential procurement channels and subcontractors. Several project PIRs noted that delays were due to difficulties in the procurement and delivery of equipment and services.

Plan the smooth transfer of project management responsibility to government and civil society at end of project. The transition period at the end of a project has proven to be crucial to long-term sustainability of efforts to realize project objectives. Although many alterations in project activities will occur during the life of a project, it is possible to design specific mechanisms for the efficient transfer of project management.

5. Project Implementation -- Lessons Learned

Train project staff in UNDP operational procedures at earliest stage in project implementation; some delays were cited due to a lack of understanding amongst project personnel regarding implementing agency procedures.

Hold a pre-implementation workshop during which all parties involved in project management can clarify and agree on their respective roles and responsibilities in decision-making structures and project implementation.

Hold numerous introductory workshops for the local population. Projects must be designed with the participation of local populations, and a major effort must still be made to thoroughly inform all affected populations at the outset of project activities.

Compile a directory of relevant NGOs and experts. The project should be sure that contact is established and maintained with all relevant NGOs and leading local and national experts in the project's area of focus.

Gain the government's commitment on addressing the project's focal area. As project implementation proceeds, a governmental commitment on the project focal area will deepen the project's impact and help make it more sustainable. The projects can provide support to governments in developing related policies.

Build in contingency plans for the consequences of instability within governmental institutions. Governments should appoint key contact persons to ensure timely and effective interaction with the project, and projects should maintain sufficient flexibility to weather changes in governments that cause personnel replacements and an alteration in the policy environment.

Connect project to the Global Community. Site visits, out-of-country training, and the linking of institutions through the Internet and regional information systems can enhance project effectiveness through better information sources, and spread the benefits of knowledge gained through project activities.

6. The Small Grants Programme

I. Overview

Through 30 June 1996, the Small Grants Programme (SGP) has funded a total of 720 projects in 33 countries. Out of this total, the breakdown of projects by GEF focal area is: 472 projects in biodiversity (65 %); 172 projects in climate change (24%); 26 projects in international waters (4%); 8 projects in ozone depletion (1%); and 42 projects which cut across the GEF focal areas, primarily in capacity building (6%). It should be noted that a number of projects in coastal and marine areas are included under biodiversity.

Given the community-level focus of SGP projects, the relatively high percentage of biodiversity projects in the Pilot Phase reflects the closer links of this area with local needs and

priorities. The relatively low share of climate change projects reflects the much smaller number of NGOs and community-based groups involved in climate change (re: renewable energy and energy efficiency) issues. In the next phase of the programme, the breakdown by GEF focal area is projected to be biodiversity (50%), climate change (30%), international waters (10%), and cross-cutting activities in land degradation (10%).

The breakdown of projects by region is shown by table 4 below.

Table 4: Regional Distribution of the Projects in the Small Grants Programme

Region	Number of Projects	Percentage of the Total Number of Projects
Africa (10 countries)	152	21%
Arab States (3 countries)	47	6%
Asia/Pacific (8 countries)	211	29%
Europe (2 countries)	60	8%
Latin America/Caribbean (10 countries)	250	35%
Total	720	100%

Table 5 below shows the Portfolio's Performance in terms of financial disbursements.

Table 5: Disbursements of Funds to All UNDP/GEF Small Grants Programme Projects as of 30 June 1996.

Region	Total Approved Project Budget (\$ US Millions)	Cumulative Expenditure as of June 1996 (\$ US Millions)	Cumulative Expenditure as a % of the Total Project Budget
Small Grants Programme	18.24	17.72	97%

2. Lessons Learned -- Project Design & Implementation

The main issues and recommendations for project implementation and design of the Small Grants Programme that have arisen from the PIR exercise are:

- establish an overall strategic framework for the GEF/SGP that is clearly linked to the GEF Operational Strategy, and revise country programme strategies to ensure consistency with the global framework,

- establish a programme-wide framework for monitoring and evaluation, including with respect to assessing impact,
- revise and, as necessary, develop new programme operational guidelines,
- as appropriate, ensure that NSCs have adequate technical expertise in the climate change (renewable energy) and international waters focal areas,
- expand local access to information and expertise in the climate change (renewable energy) and international waters focal areas,
- while maintaining the focus on “demonstration” activities, expand the use of grant funds in the areas of capacity building; analysis, documentation and dissemination of experience; and in networking and policy dialogue,
- as appropriate, target GEF/SGP programming to complement and/or directly contribute to regular GEF projects,
- develop generic GEF/SGP training modules with respect to community-level action in the GEF focal areas and key areas of implementation, such as monitoring and evaluation,
- expand efforts globally and at country level to mobilize non-GEF sources of funding, and identify and implement measures to ensure the sustainability of the country programmes.

Annex 1. Statistical Summary of the UNDP/GEF Portfolio.

I. UNDP/GEF Work Program on 30 June 1996 (excluding PDF A).

Figure a. The Distribution of the Number of Projects in The UNDP/GEF Portfolio by Project Type

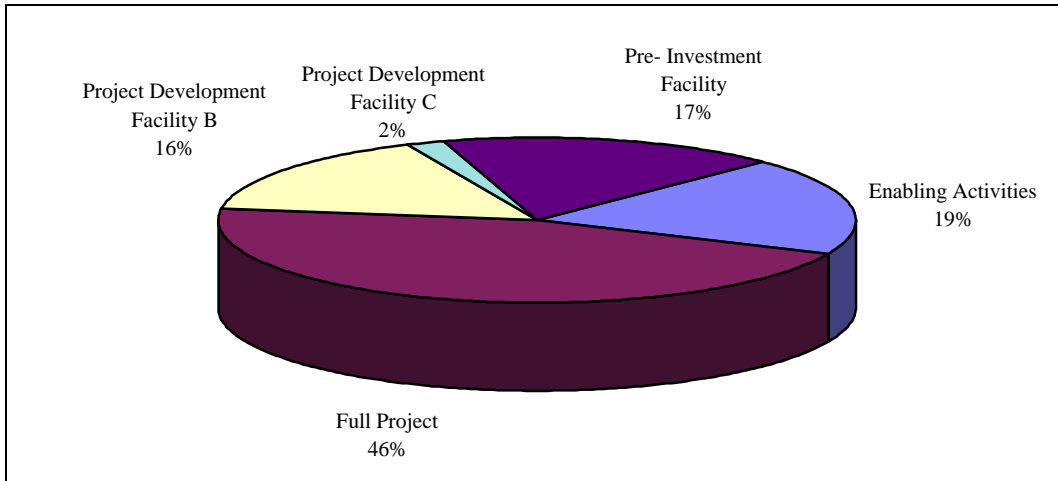


Figure b. The UNDP/GEF Portfolio by Project Type, Showing the Distribution of GEF Allocation (\$)

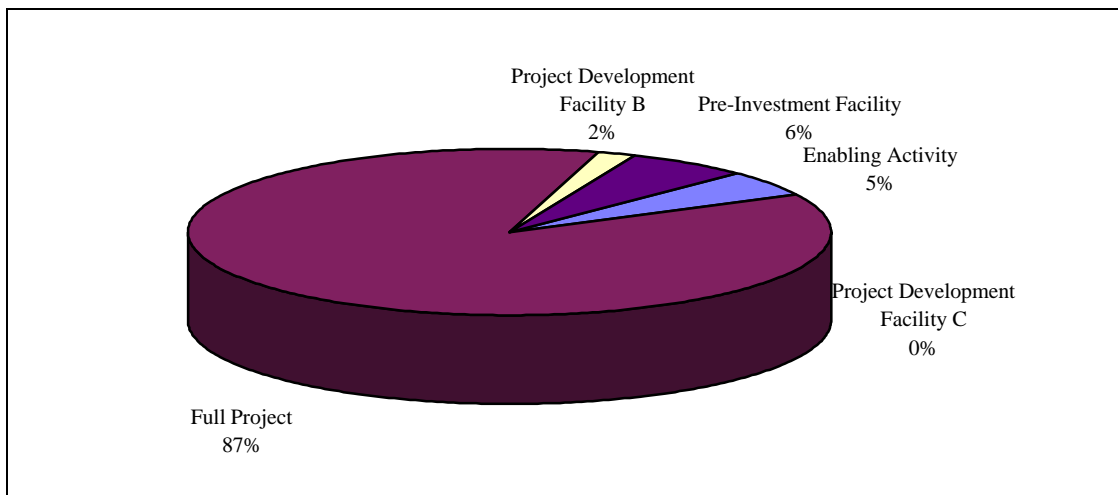
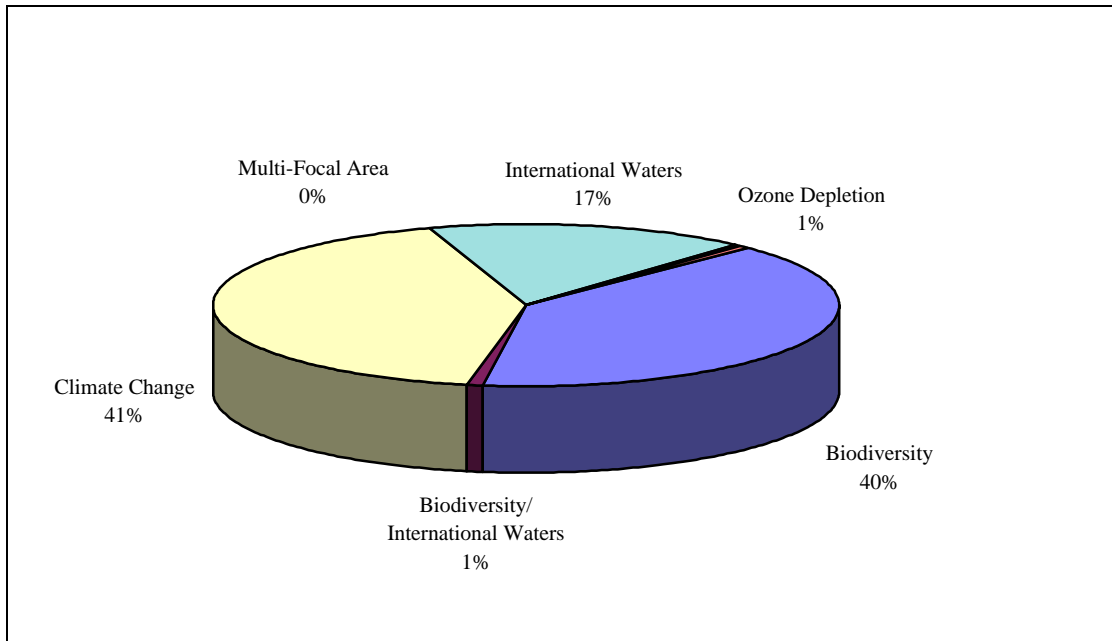


Figure c. The UNDP/GEF Portfolio by Focal Area, Showing the Distribution of GEF Allocation (\$)



II. Implementation Status of Projects in UNDP/GEF Work Program on 30 June 1996 (excluding PDF A).

Figure d. The UNDP/GEF Portfolio State of Implementation, Showing the Percentage by Number of Projects Under Implementation Less Than One Year and the Number of Projects Under Implementation More Than One Year.

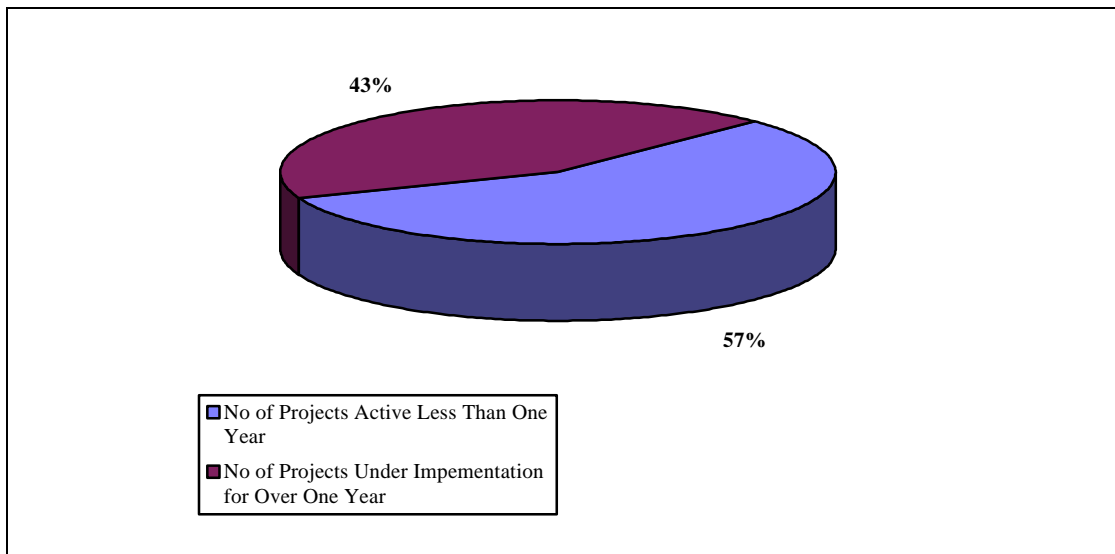


Figure e. The UNDP/GEF Portfolio State of Implementation, Showing Projects under implementation less than one year and projects under implementation more than one year by the Distribution of their GEF Allocation (\$).

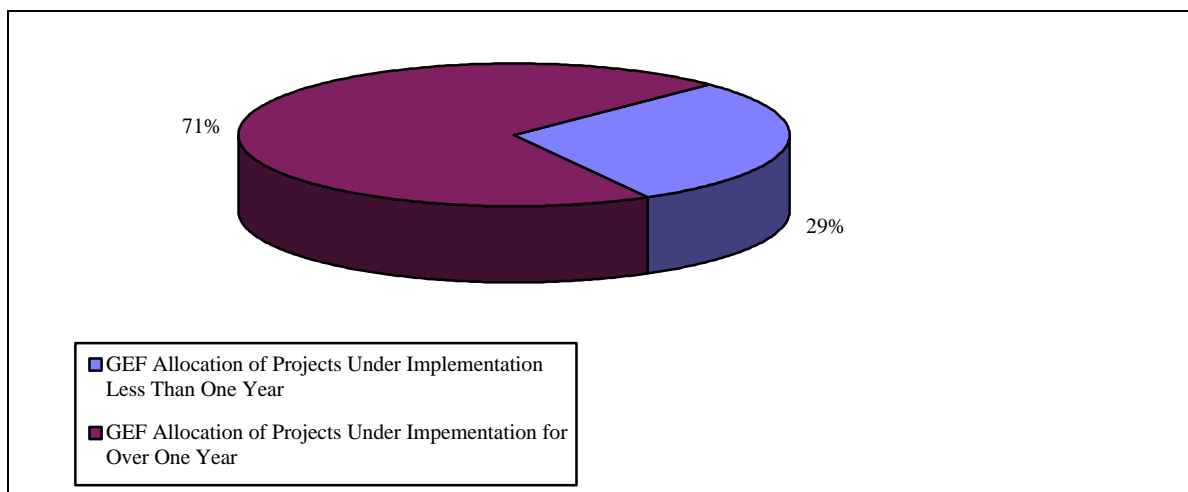


Table 1. The UNDP/GEF Portfolio State of Implementation Showing the Distribution of Projects by GEF Allocation (\$ US Millions)

Project Status	Enablin g Activitie s	Full Projects	Projects Development Facility B	Projects Development Facility C	Pre- Investment Facility	Total
GEF Allocation of Projects Under Implementation Less Than One Year	16.97	55.09	5.83	0.25	3.44	98.94
GEF Allocation of Projects Under Impementation for Over One Year	0	238.16	0	0	17.36	238.16
Total GEF Allocation of Projects in Work Program	16.97	293.25	5.83	0.25	20.8	337.10

III. UNDP/GEF Projects Under Implementation for Over One Year at 30 June 1996
(excluding PDF A).

Table 2. Number of Projects: Project Type by Region

Project Type	Global	Africa	Asia & Pacific	Arab States	Europe & the CIS	Latin America & the Caribbean	Total
Full Projects	6	10	13	4	2	15	50
Pre-Investment Facility	1	3	8	5	1	2	20
Total	7	13	21	9	3	17	70

UNITED NATIONS ENVIRONMENT PROGRAMME

Global Environment Facility

Project Implementation Review 1996

OVERVIEW REPORT

Introduction

1. The UNEP GEF Project Implementation Review (PIR) for 1996 covered the following six UNEP projects from the Pilot Phase, all of which had been under implementation for more than one year:

- (i) Global Biodiversity Assessment (\$3.3 M)
- (ii) Capacity Building and Infrastructure: Participation in the Assessment, Methodology-Development, and other Activities of the Intergovernmental Panel on Climate Change (IPCC) (\$2.8 M)
- (iii) Biodiversity Country Studies Phase I (Bahamas, Cuba, China, Egypt, Ghana, Guinea, Jordan Lebanon, Malaysia, Morocco, Mozambique, Nigeria, Papua New Guinea, Peru, Philippines, Syria, Tunisia) (\$5 M)
- (iv) Biodiversity Country Studies Phase II (Burkina Faso, Colombia, Estonia, Georgia, Madagascar, Namibia, Tanzania, Zaire) (\$2 M)
- (v) Biodiversity Data Management and Networking (Bahamas, Chile, China, Ghana, Kenya, Poland, Thailand) (\$4 M)
- (vi) National Inventories of Sources and Sinks of Greenhouse Gases (GHG) (Costa Rica, The Gambia, Mexico, Morocco, Poland, Senegal, Tanzania, Uganda, Venezuela) (\$4.5 M)

2. The objective of the PIR was to identify implementation successes and problems and improve operations, rather than ranking or rating project performance. The annual PIR of the GEF portfolio complements UNEP's monitoring and evaluation procedures. In addition to these formal exercises, GEF project development and implementation is monitored continuously through communications among project participants, government officials, UNEP's substantive units, and the UNEP/GEF Coordination Office.

3. In conducting the PIR, UNEP GEF managers, programme officers and task managers reviewed the portfolio and developed status reports for each project according to the standard format provided by the GEF Secretariat. The GEF team met to consider the findings and to develop more detailed summaries for the projects. As some of the projects had already been evaluated externally, the conclusions of these evaluations were incorporated into the reports. Supplementary financial status reports were also reviewed and included in the project analyses. UNEP's GEF Coordination Office oversaw the process, identified general implementation issues and lessons learned, and finalized the report for the PIR meeting at the GEF Secretariat.

Portfolio Status

4. As of June 30, 1996, UNEP's GEF portfolio consisted of 8 projects (\$26.6 million), of which 6 projects (\$21.6 million) entered the work programme in the Pilot Phase and 2 projects (\$5 million) were approved by Council in GEF-1. Of these 8 projects, there are 4 projects each in the biodiversity and climate change focal areas; \$14.3 million in biodiversity (54 %) and \$12.3 million (46 %) in climate change.

5. For the 1996 PIR, only the 6 UNEP/GEF Pilot Phase projects had been under implementation for more than one year as of June 30, 1996. These included 4 biodiversity projects (\$14.3 million) and 2 climate change projects (\$7.3 million). Table 1 provides commitment and disbursement information for the projects covered by this PIR. UNEP had committed 100% of the funds allocated for the Pilot Phase projects; the total disbursements were \$13.9 million (64%). In the biodiversity focal area, disbursements were \$6.98 million (48.8%) and in climate change \$6.92 million (94.7 %).

Table 1 Status of UNEP/GEF Projects Covered by PIR 1996, as of June 30, 1996

Project	GEF Allocation	Commitment	Disbursement
Biodiversity Country Studies Phase I	\$5 M	\$5 M	\$3.02 M
Country Case Studies on Sources and Sinks of Greenhouse Gases	\$4.5 M	\$4.5 M	\$4.17 M
Global Biodiversity Assessment	\$3.3 M	\$3.3 M	\$2.53 M
Biodiversity Country Studies Phase II	\$2 M	\$2 M	\$0.61 M
Biodiversity Data Management and Networking	\$4 M	\$4 M	\$0.82 M
Capacity Building and Infrastructure: Participation in the Assessment, Methodology-Development and other Activities of the Intergovernmental Panel on Climate Change	\$2.8 M	\$2.8 M	\$2.75 M
Total	\$21.6 M	\$21.6 M	\$13.9 M

Applicable Lessons from PIR 1995

6. In view of the fact that all the projects covered in 1995 were also reviewed in 1996, many of the key lessons identified during the FY95 PIR continue to appear in this year's portfolio. These lessons are validated by the experience gained in 1996:

7. The 1995 PIR process in UNEP identified the following key issues in project performance:

- (i) A more realistic assessment is needed of the time required to finalize administrative arrangements within UNEP and between UNEP and governments for project implementation.
- (ii) Larger projects require full-time task managers to ensure consistent management and to avoid delays in implementation.
- (iii) Greater emphasis should be placed on information, as opposed to data, management.
- (iv) Expert advisory groups for projects should be used more effectively.
- (v) Close cooperation among executing agencies in projects is essential for successful implementation.
- (vi) The portfolio demonstrated the value of the concept of enabling activities as distinct from earlier approaches to outside expert-prepared studies.
- (vii) The PIR concluded that it is important to get the appropriate country institutions involved in project implementation.
- (viii) The need for high-level and appropriate government support for the projects cannot be over-estimated.
- (ix) The PIR also concluded that greater effort is needed to enlist civil, scientific, academic and private sectors in project implementation.

Key Implementation Issues and Lessons Learned in PIR 1996

8. *Project Development and Preparation:* Experience has shown that Project Development Facility (PDF) funding plays an important role in reducing delays in project approval and implementation; several delays resulted from issues that could have been resolved had the Pilot Phase projects benefited from PDF funding. It took longer than expected to finalize the conclusion of sub project agreements with participating countries and in retrospect if consultations with government and follow up missions had been held earlier it could have expedited this process.

9. The country study approach introduced in the Pilot Phase was an innovation. The complexity of the task at the national level often required a negotiated collaboration between various national agencies, private companies, and NGOs. This contributed to delays in the

preparation of the national plans and budgets required before UNEP could complete country agreements (sub-project documents).

10. *New and Emerging Methodologies:* In many projects, delays have resulted from the fact that the Pilot Phase projects had to deal with emerging methodologies and therefore required modifications. For example, in the Greenhouse Gas (GHG) Country Case Studies project, the methodology used to develop the country studies was in draft form during the early period of the project and went through a number of revisions before the development of a final version. In some cases, countries had to adjust work plans and data gathering activities to incorporate the amendments in the GHG guidelines as they were periodically issued by the IPCC/OECD/IEA.

11. Moreover, as this was a draft methodology intended for global application, it was found that in some countries additional time was required to adjust the existing inventory methodology to reflect regional/national/ecosystem circumstances. In addition, in order to develop a satisfactory GHG inventory, a number of country teams elected to conduct some original research to develop country-specific emission factors. This research also delayed the completion of the final GHG inventory in a number of countries.

12. *Data Requirements:* In the biodiversity focal area, more information is needed on biodiversity than is readily available in some countries. Countries involved in the exercise have faced a number of constraints which have led to implementation delays. These include:

- Difficulties in gaining access to biodiversity data holdings both domestically and abroad;
- Difficulties in collating and synthesizing the substantial amounts of data that are eventually compiled;
- Inadequate capacity and inappropriate practices for storage and retrieval of data;
- Difficulties arising from the need for cooperation among various governmental agencies, research institutions, NGOs and the private sector.

13. In climate change, the GHG Country Case Studies project was a pilot project and was the first to develop full national inventories. It was found that data gathering actually required more time than anticipated for every national team. Although many country teams assumed that the requisite data was available, it was generally found that some of the available data was incomplete, conflicting, or even non-existent. As a result, it was necessary to review, re-interpret, or collect the required data.

14. *Impact on the Global Environmental Agenda:* The UNEP GEF Pilot Phase projects' outputs have had a significant impact on the global scientific and environmental agenda. For example:

- The Capacity Building and Infrastructure (IPCC) project strengthened the scientific and technical capacity of developing countries and countries with economies in transition through their experts' participation in IPCC activities. This contributed to the preparation of the IPCC Second Assessment Report, which provides a complete update of the science of climate change.
- The Global Biodiversity Assessment project provided a timely, independent and scientific forum for discussing the state of knowledge on biodiversity, thereby strengthening the links among the world's scientific community.
- Two projects developed the essential scientific, technical and policy frameworks for biodiversity and climate change enabling activities being funded by the GEF. Guidelines for National Biodiversity Strategies and Action Plans were developed in the Biodiversity Country Studies (Phase 1) project. Greenhouse Gas Inventory Guidelines were among the outputs of the Greenhouse Gas Country Case Studies project.
- As a result of the Biodiversity Data Management and Biodiversity Country Studies projects, many countries have enhanced their institutional capacity for dealing with biodiversity. Experience has been gained on methodologies for national biodiversity planning and a number of tools are now available and are being used.

15. *Follow-up Communications and Training:* It is clear that there is a need for systematic and enhanced dissemination of the results, products, and lessons from UNEP GEF projects, especially for policy-makers, in order to promote the diffusion of innovations and the introduction of methodologies, policies and technologies. For example, the Biodiversity Country Studies projects have demonstrated that a large amount of scientific and technical data exists in most countries, but that it requires collation, synthesis and presentation in a form which is usable by policy-makers and other interested parties. Guidelines and methodologies should be supported by technical advice on how they should be implemented. In the case of the Global Biodiversity Assessment, the PIR also concluded that electronic dissemination means should be explored to enhance public access to project outputs.

16. *Stakeholder Involvement:* All UNEP projects have benefited significantly from stakeholder participation, which has included implementation of project activities by non-governmental organizations, contributions to reports/guidelines, coordinating project activities, providing technical advice, conducting peer reviews, and evaluating projects. The PIR identified three approaches which have worked well:

- Institutional arrangements within countries to facilitate consultations and feedback. For example, in the Biodiversity Country Studies projects, National Biodiversity Units (NBUs) were organized to produce the country study reports. These NBUs were composed of representatives from various government agencies, universities, national museums, national and community-based NGOs, private sector, and international scientific organizations. National workshops in the Biodiversity Country Studies and Biodiversity Data Management projects have ensured a broad spectrum of stakeholder participation. At the regional level, projects have had advisory committees of experts or project coordinating committees composed of representatives of co-executing agencies of participating countries. The Biodiversity Data Management project has an advisory committee comprised of an independent group of experts from governments and NGOs.
- Co-management approaches involving governments and NGOs. Some projects have been executed jointly with international or national NGOs and academic institutions. In the GHG Country Case Studies project, regional and national NGOs provided technical analyses and public awareness programmes. In the Global Biodiversity Assessment project, the management, drafting and peer reviewing was done primarily by international experts, including from NGOs.
- Networking within countries and regions. Through a series of national workshops and regional consultations, several projects have established regional or global networks for exchange of information or databases and technical and policy advice. For example, the GHG Country Case Studies project established a region-wide electronic mailing and conferencing system among participating African countries to facilitate communications and information exchange.

Conclusions

17. UNEP's GEF team found the PIR effort to analyze and evaluate project performance, lessons learned and constraints an effective means to improve project design and implementation. In particular, the PIR helped identify implementation issues and global environmental benefits which might not have been covered by UNEP's regular monitoring procedures. With regard to future PIRs, it was felt that emphasis should be placed on further developing standard methodologies for rating projects and GEF Monitoring and Evaluation Guidelines. The PIR might also benefit from the selection of a practical number of strategic operational themes in each focal area for in-depth review of the implementation issues and lessons learned.

WORLD BANK

Global Environment Facility Portfolio

Project Implementation Review 96

Portfolio Size and Composition

Portfolio Size

1. Through end-June 1996, the GEF Council had approved for inclusion in GEF Work Programs a total of 80 World Bank, IFC and IDB-managed projects with corresponding grant resources of US\$ 843.2 million.¹⁴ Of these, five projects were dropped and three were divided into two projects in response to country and design needs, leaving a net total of 78 projects. Bank, IFC and IDB managements had approved 59 of these projects as of June 30, 1996 with a total commitment value of US\$ 506.3 million.

2. Fifteen operations valued at US\$ 126.1 million were approved during FY96. This represents an increase of 34 percent in terms of number of projects and 33 percent in terms of commitment value in the total portfolio as of the end of FY95. Three Pilot Phase and 16 GEF 1 projects were awaiting Bank and IFC management approval as of end-June (see Annex 2: Bank-GEF Portfolio as of June 30, 1996).

TABLE 1: GEF-BANK PORTFOLIO FY92-96¹⁵

<u>Number of Approved Projects</u>					<u>Nominal Commitment Value</u>				
FY92	FY93	FY94	FY95	FY96	FY92	FY93	FY94	FY95	FY96
5	9	17	13	15	72.8	69.9	137.8	99.7	126.1

¹⁴ For the purposes of the GEF, the IFC and IDB are “executing agencies” which have special arrangements with the Bank for the preparation and execution of GEF financed operations.

¹⁵ Includes IFC and IDB operations.

Portfolio Composition

3. In terms of regional distribution of the approved portfolio, Europe & Central Asia Region has the largest number of projects (19 projects or 32 percent), while Asia (East and South) has the largest volume of commitments (\$ 180.6 million or 36 percent). The greatest growth was realized in the Europe and Central Asia Region (8 new projects or 42 percent increase accounting for \$65.9 million in commitments with a 120 percent increase), driven largely by new ODS operations (see Table 2: Bank-GEF Portfolio Distribution by Region, FY92-96).

TABLE 2: BANK-GEF PORTFOLIO DISTRIBUTION BY REGION, FY92-FY96

Region	FY92				FY93				FY94			
	No. of Proj.	% of Total	Commitment Value (US\$M)	% of Total	No. of Proj.	% of Total	Commitment Value (US\$M)	% of Total	No. of Proj.	% of Total	Commitment Value (US\$M)	% of Total
AFR	1	20.0	3.3	4.5	3	33.3	19.0	27.2	-	-	-	-
EAP	1	20.0	30.0	41.0	1	11.1	9.5	13.6	5	29.4	72.2	52.4
SAS	1	20.0	10.0	14.0	1	11.1	26.0	37.2	-	-	-	-
ECA	1	20.0	4.5	6.2	2	22.2	6.1	8.7	4	23.5	6.3	4.6
MNA	-	-	-	-	1	11.1	4.8	6.9	3	17.7	29.5	21.4
LAC	1	20.0	25.0	34.3	1	11.1	4.5	6.4	5	29.4	29.8	21.6
Global	-	-	-	-	-	-	-	-	-	-	-	-
Total	5	100.0	72.8	100.0	9	100.0	69.9	100.0	17	100.0	137.8	100.0
Region	FY95				FY96				TOTAL			
	No. of Proj.	% of Total	Commitment Value (US\$M)	% of Total	No. of Proj.	% of Total	Commitment Value (US\$M)	% of Total	No. of Proj.	% of Total	Commitment Value (US\$M)	% of Total
AFR	4	30.8	17.5	17.6	2	13.3	8.2	6.5	10	16.9	48.0	9.5
EAP	1	7.6	17.9	17.9	1	6.7	15.0	11.9	9	15.3	144.6	28.6
SAS	-	-	-	-	-	-	-	-	2	3.4	36.0	7.1
ECA	4	30.8	36.8	36.9	8	53.3	65.9	52.3	19	32.2	119.6	23.6
MNA	2	15.4	10.0	10.0	1	6.7	2.7	2.1	7	11.9	47.0	9.3
LAC	2	15.4	17.5	17.6	2	13.3	30.0	23.8	11	18.6	106.8	21.1
Global	-	-	-	-	1	6.7	4.3	3.4	1	1.7	4.3	0.8
Total	13	100.0	99.7	100.0	15	100.0	126.1	100.0	59	100.0	506.3	100.0

4. Biodiversity continues to be the focal area with the largest number of projects (29 projects or 49 percent) as well as commitments (\$ 235.2 million or 46.5 percent) at end-year. ODS was the fastest growing focal area, but this will not be sustained given that most interventions are likely to occur only once in each of the economies in transition that qualify for GEF assistance in this focal area (see Table 3: Bank-GEF Portfolio by Focal Area, FY92-96).

TABLE 3: BANK-GEF PORTFOLIO: DISTRIBUTION BY FOCAL AREA, FY92-96**Number of Projects**

	FY92		FY93		FY94		FY95		FY96	
	No. of Proj.	% of Total	No. of Proj.	% of Total	No. of Proj.	% of Total	No. of Proj.	% of Total	No. of Proj.	% of Total
Climate Change	1	20.0	2	22.2	6	35.3	5	38.5	2	13.3
Biodiversity	3	60.0	6	66.7	9	52.9	5	38.5	6	40.0
Int'l Waters	1	20.0	1	11.1	2	11.8	2	15.4	1	6.7
ODS	-	-	-	-	-	-	1	7.6	5	33.3
Multiple	-	-	-	-	-	-	-	-	1	6.7
Total	5	100.0	9	100.0	17	100.0	13	100.0	15	100.0

Commitment Value (US\$M)

	FY92		FY93		FY94		FY95		FY96	
	Value	% of Total	Value	% of Total	Value	% of Total	Value	% of Total	Value	% of Total
Climate Change	3.3	4.5	35.5	50.8	59.1	42.9	42.5	42.7	10.1	8.0
Biodiversity	39.5	54.3	29.6	42.4	54.9	39.8	37.9	38.0	73.3	58.1
Int'l Waters	30.0	41.2	4.8	6.8	23.8	17.3	17.0	17.0	2.7	2.2
ODS	-	-	-	-	-	-	2.3	2.3	35.7	28.3
Multiple	-	-	-	-	-	-	-	-	4.3	3.4
Total	72.8	100.0	69.9	100.0	137.8	100.0	99.7	100.0	126.1	100.0

Portfolio Performance -- Projects in the FY96 PIR

5. Of the approved projects, 1 IDB, 2 IFC and 46 Bank-managed GEF grants were effective as of end-June 1996. 34 of the related projects, all in the Bank-managed portfolio, had been under implementation for more than 12 months and are therefore included in the FY96 PIR (see Annex: Bank-GEF Projects included in the FY96 PIR).

Disbursements

6. Aggregate disbursements during FY96 for all 46 effective grants totaled US\$ 84.4 million, representing an increase of 130 percent over cumulative disbursements at end-FY95. The disbursement ratio¹⁶ has seen marked improvement in FY96 increasing to 17.9 percent from 14.5 percent in FY95. Individual project performance is uneven, however: two climate change and one international waters infrastructure project accounted for 44 percent of the aggregate amount disbursed.
7. The active portion of the portfolio (all effective grants) is primarily comprised of Pilot Phase projects. As a result, reasons for disbursement lag have not changed from those identified during the FY95 PIR. These reasons included: prolonged delays in effectiveness, unrealistic disbursement projections at the time of appraisal and need for additional preparation work.
8. With respect to effectiveness delays, it should be noted that, with the exception of 1 ODS operation, GEF 1 projects have to date become effective on average 5.4 months after approval. This is considerably better performance than that for Pilot Phase projects which averaged 7.3 months from approval to initial disbursement.
9. It is also worth noting that while GEF-supported projects are disbursing with lags with regard to their own profiles, they are disbursing more rapidly than standard Bank operations in comparable sectors.

Implementation Performance and Achievement of Development Objectives

10. The basic measure of performance used in the Bank's Annual Review of Portfolio Performance (ARPP), i.e. the proportion of projects in the portfolio rated unsatisfactory or highly unsatisfactory in terms of DO and IP, was applied to Bank-managed GEF projects included in the PIR. In FY96, the concept of "projects at risk", a risk-adjusted view of the status and prospects of the portfolio, was introduced in the Bank's ARPP to assess performance in more depth and identify critical segments of the portfolio requiring special attention. This analysis was also applied to the Bank-managed GEF projects. The results of these analyses are described below.
11. Four of the 55 projects in the Bank's GEF portfolio (7.3 percent) received unsatisfactory (U) ratings for either IP, DO or both, and are thus included in the "problem projects" category. One of the four projects is included in the 34 projects of the PIR group. The FY95 PIR included two problem projects in the total portfolio of 42 projects as well as in the PIR portfolio of 21 projects.
12. Three projects in the Bank's portfolio (of which two in the PIR group) fall in the "projects at risk" category. This represents 5.5 percent of the total GEF portfolio. The percentages of problem projects and projects at risk in the GEF portfolio are considerably lower than the percentages for the Bank's overall portfolio (20 percent, and 32 percent respectively) in part because the GEF portfolio is a young one.
13. The design characteristics and review processes for the early GEF-supported Bank operations differ from standard Bank investment operations and may also account for the more positive implementation record of the former. GEF Pilot Phase projects were small in size (50 percent of the grants had a value below \$6 million) with a narrower scope and consequently a less complex design. The requirement that the projects support innovative technologies and approaches may have given rise to better risk assessment and mitigation, as well as more realistic expectations of their achievements. The GEF review process has focused on quality at entry. It incorporates independent (i.e. from outside the Bank) technical review at early design stage, and scrutiny by external governing bodies (initially the GEF Participants, and now the GEF Council). Client commitment and the participatory process have been promoted by the GEF since its inception. Because of the small sample size and relatively young portfolio, the relative contribution of the above factors to project success

¹⁶ This is one of the Bank's standard measures of performance which is the ratio of net disbursements during the year to the undisbursed balance at the beginning of that year. To avoid overstating performance, GEF calculations exclude Trust Fund projects which disburse their entire balances at the time of grant effectiveness.

cannot be assessed without further monitoring of the portfolio as it matures. Full integration of grant operations into the Bank's portfolio management practices will be necessary to better understand the performance of the GEF portfolio.

Main Findings and Lessons Learned

14. 13 projects entered the PIR portfolio this year, with 21 carrying over from last year. In terms of focal area distribution, 59 percent of the portfolio is represented by biodiversity (20 projects), 29 percent by climate change (10 projects), 9 percent by international waters (3 projects) and 3 percent by ODS reduction (1 project). Implementation of the Poland Forest Biodiversity Protection project ended during FY96, but the project is nonetheless included in this year's analysis.

Validation of Previous Lessons

15. Many of the key lessons identified during the FY95 PIR continue to appear in this year's portfolio. While this can be expected because of the 60 percent carryover from the previous year's portfolio, these lessons are also validated by many of the new entries to the current portfolio. The lessons, which are summarized briefly below, include:

- Stakeholder consultation and commitment are positively correlated with the pace and quality of project implementation.
- Clearly formulated project objectives and detailed advance preparation contribute to building support by agents of project execution and facilitate implementation progress.
- High level government support and commitment are highly correlated to project success, particularly when there have been close links between project objectives and national environmental management plans.
- Disbursement projections for early GEF-supported projects seriously underestimate the time required to build local capacity and hence underestimate the pace of project implementation.
- Stability in task management provides much needed continuity in the dialogue between the Bank and grant recipients, particularly when operations are complex and innovative.

New Lessons

Lessons for Project Design:

16. *Slow or no release of government counterpart funding can create serious bottlenecks in implementation.* This is especially evident for the biodiversity portfolio for which 25 percent of the projects experienced problems with availability of expected counterpart funds. Even in cases where no previous reliability issue had arisen, budget austerity measures can suddenly interrupt counterpart funds flow. Funding unpredictability or shortfalls could also have implications for the global benefits of projects which have based their financial sustainability on continued government support and merits further monitoring.

17. *The enabling environment required for effective NGO participation should be addressed as part of project design.* For NGOs to become effective operators, project design must address the legal constraints and

relationships with line agencies involved in transfer of authority as well as provide for early assessments and actions to strengthen NGOs' general operational capacity, accounting systems and management of complex consultation processes. Also, NGO and other external support systems cannot compensate for a lack of government commitment to conservation objectives. Early identification and assessment of NGO partners and government commitment are key elements of successful design.

18. *Successful stakeholder participation requires early definition of the approach to be followed and clear government commitment:* to set priorities for community involvement when working in multiple areas; to ascertain and address perceived needs of communities so that they accept the sustainable management practices which will change their lives; and to allow sufficient time for a newly introduced consultation process to become “institutionalized”. This is particularly important when local organizations are weak or NGOs are absent.

19. *Capacity assessments and provision for knowledge transfer, particularly knowledge of Bank procedures, prior to project start-up are critical to good take-off and successful implementation.* This has been demonstrated for a broad array of agents responsible for project execution, including financial intermediaries, fledgling institutions, local NGOs, and Executing Agencies. Adequate preparation resources should be made available to fund these activities.

BANK-GEF PROJECTS INCLUDED IN THE FY96 PIR

Project Title	Region	Focal Area	Effectiveness
Congo Wildlands	Africa	Biodiversity	21-Oct-93
Ghana Coastal Wetlands Managment	Africa	Biodiversity	12-Mar-93
Mauritius Sugar Bio-Energy	Africa	Climate Change	28-Dec-93
Seychelles Biodiversity Conservation & Marine Pollution Abatement	Africa	Biodiversity	08-Mar-93
China Ship Waste Disposal	East Asia	Int'l Waters	29-Nov-93
China Sichuan Gas Transmission and Distribution Rehabilitation	East Asia	Climate Change	16-Sep-94
Indonesia Biodiversity Collections	East Asia	Biodiversity	25-Jul-94
LAO PDR Wildlife & Protected Areas Conservation	East Asia	Biodiversity	10-Jan-95
Philippines Conservation of Priority Protected Areas	East Asia	Biodiversity	14-Oct-94
Philippines Leyte-Luzon Geothermal	East Asia	Climate Change	1-Mar-95
Thailand Promotion of Electricity Energy Efficiency	East Asia	Climate Change	29-Nov-93
Bhutan Trust Fund for Environmental Conservation	S. Asia	Biodiversity	05-Nov-92
India Alternate Energy	S. Asia	Climate Change	06-Apr-93
Belarus Biodiversity Conservation	ECA	Biodiversity	31-Dec-92
Czech Republic Biodiversity Conservation	ECA	Biodiversity	06-Jan-94
Czech Phaseout of ODS	ECA	ODS	15-Dec-94
Poland Forest Biodiversity Protection	ECA	Biodiversity	24-Jan-92
Poland Coal-to-Gas Conversion Project	ECA	Climate Change	16-Jun-95
Romania Danube Delta Biodiversity	ECA	Biodiversity	06-Feb-95
Slovak Republic Biodiversity Protection	ECA	Biodiversity	20-Oct-93
Turkey In-Situ Conservation of Genetic Biodiversity	ECA	Biodiversity	25-Mar-93
Ukraine Danube Delta Biodiversity	ECA	Biodiversity	04-Aug-94
Ukraine Transcarpathian Biodiversity Protection	ECA	Biodiversity	27-Oct-93
Alg/Mor/Tun Oil Pollution Management for the SW Mediterranean	MENA	Int'l Waters	20-May-94
Algeria El Kala National Park and Wetlands Management	MENA	Biodiversity	13-Sep-94
Egypt Red Sea Coastal and Marine Resource Management	MENA	Biodiversity	30-Dec-94
Iran Teheran Transport Emissions Reduction	MENA	Climate Change	03-Jan-94
Tunisia Solar Water Heating	MENA	Climate Change	19-May-95
Bolivia Biodiversity Conservation	LAC	Biodiversity	13-Jul-93
Ecuador Biodiversity Protection	LAC	Biodiversity	25-Jul-94
Jamaica Demand Side Management Demonstration	LAC	Climate Change	12-Aug-94
Mexico High Efficiency Lighting Pilot	LAC	Climate Change	10-Feb-95
Mexico Protected Areas Program	LAC	Biodiversity	15-Apr-93
Regional Wider Caribbean Initiative for Ship-Generated Waste	LAC	Int'l Waters	01-Sep-94

Shading denotes projects entering the PIR portfolio in FY96.